



Qualitative insight into the internet frauds within` the context of consumers in Bosnia and Herzegovina

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Abstract

Online shopping helps consumers search for information about products and services, makes it easier to compare prices and product features, and enables a quick and easy exchange of positive and negative experiences. However, through numerous positive advantages, there is inevitably a constant increase in the negative consequences of online shopping, especially from the consumer's perspective.

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From this comes the basic goal of this research, which is to provide insight into Internet fraud on a sample of consumers in Bosnia and Herzegovina. This study used a qualitative approach, specifically the content analysis method. More specifically, it analyzed customer reviews from various industries such as fashion, electric appliances, beauty products, hobby supplies, and food companies. A total of 511 reviews were collected from selected web shops, while 318 negative reviews were selected for analysis and giving the answers on specific research questions. The results offered two thematic categories, namely fraud with delivered products and fraud with deliveries. The study concludes with a summary, limitations, and suggestions for future research.

1. Introduction

Online shopping is a dynamic and intriguing field that is attracting a lot of attention from researchers around the world (Lester, Forman & Loyd, 2005). By providing new opportunities for attracting and retaining consumers, the development of the Internet has led to significant changes in the way of doing business and the behavior of consumers, as well as communication with consumers (Rose, Hair & Clark, 2011; Kursan, Milaković, Mihić & Rez, 2020), from which it follows that consumers have enormous importance for all companies. Practically speaking, the manufacturer is the one who does not have direct communication with the customer, while the retailer is in constant face-to-face verbal communication with the consumer. Also, the goal of sellers is for the customers to return to the place of purchase, and for that to happen, they must be satisfied with the service of the sales staff of the given facility (Vidović, 2020). What those who offer products or services must provide is the trust of customers and service users. In traditional transactions, the trust of customers and service users is easy to define. From the point of view of consumers, trust means that the customers get the product they want and that they can return the product in case of damage (Ding, Veeman & Adamowicz, 2013). When buying, physical presence allows for trying, looking at, and evaluating the product. From the point of view of the person offering the product or service, trust means that the customer will pay for the goods he takes and will pay on time (Lukić, 2015).

Online shopping helps consumers search for information about products and services, makes it easier to compare prices and product features, and enables a quick and easy exchange of

positive and negative experiences. All this saves time and money, increases the level of satisfaction, and shopping is often faster, easier, and more convenient to do from home. A large number of studies have indicated that the price factor has the greatest influence on purchase intention. Online group buying operators try to gather different customers through the web by providing price incentives for buying in large quantities. On the other hand, the emergence and development of information technologies brought about global changes in business (Trainor, Rapp, Beitelspacher & Schillewaert, 2011). The emergence of e-business occurred, which experienced the greatest expansion in trade and financial services. The main advantages of Internet shopping compared to traditional business are related to the increase in the quality of business, the appearance of new services, a cheaper way of doing business, a larger market share, and global business (Trivunčević, 2019).

However, through numerous positive advantages, there is inevitably a constant increase in the negative consequences of online shopping, especially from the consumer's perspective (e.g. Almousa, 2011; Aniello & Caneppele, 2018). When it comes to Bosnia and Herzegovina, the progressive development of technologies has developed a new market environment for online shopping. Related to the current waves, this development has created a modern consumer community where the banking field uses online banking platforms as the preferred payment medium (Lahsasna, 2018). However, a small number of Internet users in Bosnia and Herzegovina practice this type of shopping, and most often point out mistrust and concern for money and product safety as one of the reasons why they do not buy online. Therefore, it is not surprising that the data of The State Investigation and Protection Agency (SIPA) revealed alarming statistics on cybercrime. It was revealed that as of 2018, cyber fraud issues are considered to be the largest number of reported cases each year in Bosnia and Herzegovina. Therefore, organizations involved in e-commerce have to deal with fraudsters exploiting their website to cheat consumers and devise various strategies to gain the trust of customers and eradicate fraudsters from their platforms. From this comes the basic goal of this research, which is to provide insight into Internet fraud on a sample of consumers in Bosnia and Herzegovina, since this research context is unexplored, and the results of this research aim to close the identified gap. The study utilizes interviews as a qualitative research method. The subsequent section of the paper discusses the literature on internet trading, as well as general and specific internet frauds. Following that, the applied methodology is

described, and the research findings are presented. The paper concludes with a summary, limitations, and suggestions for future research.

2. Literature review

E-commerce, also known as electronic or internet commerce, is the process of buying and selling products, and transferring funds or data through the Internet. It provides companies with a faster and more efficient way of conducting business, making them more competitive. Since the rise of the IT revolution, companies have become aware of the importance of global competitiveness, regardless of whether they operate on a local or regional level (Lukić, 2017). The Internet as a marketplace is changing the way companies market and produce their products, as well as how consumers consume them (Perić, Milovanović i Vranešević, 2020).

When it comes to customer expectations, they are not fixed or predictable. They vary before, during, and after the purchase process due to various factors such as changes in market conditions and competition. Online shopping, or e-commerce, is now a common trend in today's society. It involves purchasing products or services over the Internet. In 2020, one-quarter of 300,000 global respondents were e-commerce users, and more than half (55%) were willing to use it in the future (Nielsen, 2020). Europeans are among the most enthusiastic online shoppers, and the European online shopping market is expected to grow to 5 billion euros by 2023. A wide range of products, including tickets, clothing, home accessories, electronic devices, food, and more, can easily be purchased online. Online shopping is now a lifestyle choice, thanks to the many advantages it offers, such as a wider selection of products, cost and time savings, and a convenient shopping experience (Wu i Wang, 2005).

Internet fraud refers to the act of using the internet to deceive someone into giving money with the promise of goods or services that don't exist or are falsely represented (Button et al., 2014; Cross et al., 2014). Online frauds such as romance scams (Buchanan & Whitty, 2014), fake online auctions, malware attacks, and e-commerce fraud can lead to both financial and non-financial loss (Bernama, 2019). The internet has provided numerous opportunities for scammers to take advantage of people. As of the first half of 2023, there were about 5.3 million internet users worldwide (Internet World Stats, 2023). The Austrian Competition and Consumer Commission

(ACCC) reported a total financial loss of €85,733 from 231 online shopping frauds in September 2015 alone (Smith, 2010). In Belgium, CyberSecurity reported that 4,117 out of 51.6% of cybersecurity incidents involved fraud, including online shopping fraud, which is expected to continue in the future. The Center for Cyber Security of Belgium (CCB) also reported that losses due to online fraud amounted to 68 million euros in 2020 compared to 51 million euros in 2019.

3. Methodology

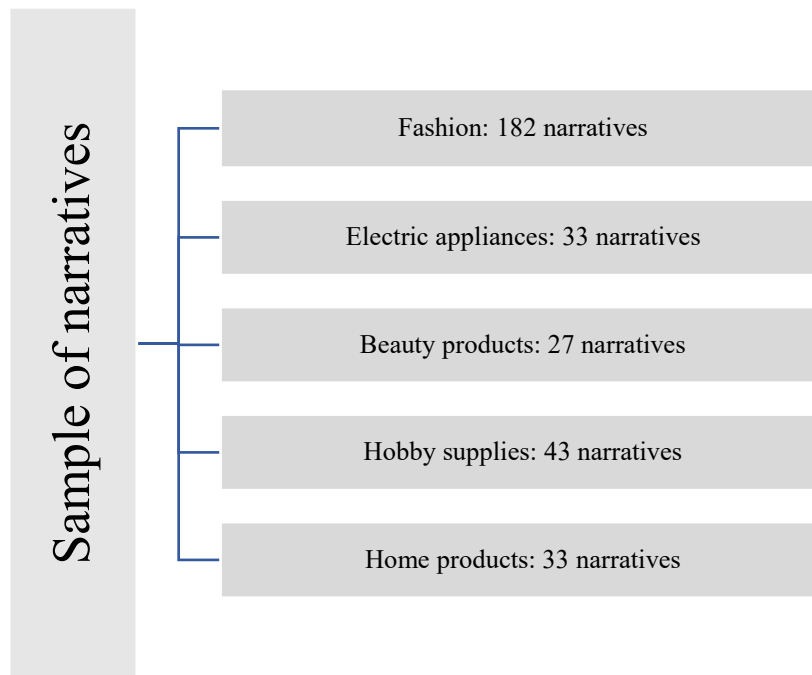
This study used a qualitative approach, specifically the content analysis method. This method involves analyzing verbal (and sometimes visual) data to identify specific categories and interpret abstract phenomena (Harwood & Garry, 2003; Hermann, 2008). The study analyzed customer reviews from various industries such as fashion, electric appliances, beauty products, hobby supplies, and food companies. A total of 511 reviews were collected from selected web shops, and 318 negative reviews were selected for analysis. The aim of the analysis was to answer the following research questions:

Q1: What are the negative experiences that consumers face when shopping online?

Q2: What are the potential sources of fraud and what are the biggest challenges and scams that they encounter?

Based on the customers' perception of the product they purchased and left comments on, Figure 1 presents the numerical structure of narratives for each product type. The collected narratives used for content analysis were available in a written text format (.doc) spanning 17 pages.

Figure 1: The numerical structure of narratives for each product type



Source: Authors' analysis

4. Results

Initially, the process of narrative analysis involved identifying the most important thematic categories related to Internet fraud from the customers' perspective. It was concluded that two categories can be distinguished: fraud with delivered products and fraud with deliveries. When it comes to fraud with delivered products, customers expressed their dissatisfaction with the bad quality of the products they received. They felt cheated by the seller. Below are some examples of narratives that express customers' dissatisfaction with the products they purchased.

„Our pillow is not anti-sweat because my child still sweats. This is a fraud.“

A.D., home products

„The perfume was delivered in a bottle that looked different from the one in the advertisement. It also had a different scent than the one I tried in the store. I wouldn't recommend purchasing it and falling for misleading ads.“

N.Č., beauty products

„I've contacted the seller more than ten times to get a refund for the faulty toaster but haven't been successful yet..“

A.B., electric appliances

"They claimed the product was 100% original, but it wasn't. A total disappointment."

M.M., beauty products

"In all the pictures, the dress I bought looked super high quality and well cut. I received a dress in the wrong color, with a different material and cut. I tried to get my money back but was not able to do so."

A.N., fashion

"The walking sticks broke on the seventh day of use. Terribly poor quality, I wouldn't recommend it to anyone."

S.H., hobby supplies

"The company claims that their wrinkle cream erases wrinkles after 20 days of use. Now my face is full of acne, red and the wrinkles are still visible. I feel cheated."

P.A., beauty products

„They are fake, just like everything they sell. Please do not buy anything from them as you will pay for nothing.“

S. P., hobby supplies

„I ordered a leather bag in dark green. They sent me an oversized bag in blue with fake leather. I am trying to take my money back, but still nothing.“

D.R., fashion

These are some isolated examples of narratives that fall under a category called fraud with delivered products. Based on the meaning of these narratives, we can draw some conclusions. Firstly, companies that sell their products online advertise them as superior, even when they are not. Some products that are promoted as superior can actually have the opposite effect, like in the case of the face cream review. They emphasize product quality as the core feature, but reviews do

not support it. Furthermore, improper delivery of products suggests that the ordering system of certain companies is disorganized, leading to customers receiving products they did not order. Lastly, many companies offer guaranteed money-back policies in case of customer dissatisfaction. However, reviews suggest that the refund system is not always practiced, which can be considered an additional fraud on customers.

The text below explains the concept of delivery fraud and how it differs from product fraud. Sometimes, a customer might feel cheated due to poor product delivery and this can be considered as a form of delivery fraud. However, it can also be related to product fraud as poor shipping can cause damage to the product. Therefore, some reviews may fall into both categories.

„They claimed that the product will be delivered in 3 days. I was waiting for 10 days after which I recieved a notification claiming that I was not available for delivering.“

(J.L., fashion)

„The product was not delivered at all.“

(M.M., beauty products)

„The product was damaged and nobody wants to take responsability for it. They cheated me.“

(A.M., home supplies)

„The courier service was so bad, they were calling me constantly but every time without a specific time to deliver the product. Finally they delivered it after eleven days which was too late due to the expire date of the product.“

(T.O., beauty products)

5. Conclusion

The purpose of this study was to investigate Internet fraud among consumers in Bosnia and Herzegovina. The study used a qualitative approach, specifically the content analysis method that involves analyzing verbal expressions given by specific sources. The study analyzed customer reviews from various industries, including fashion, electric appliances, beauty products, hobby supplies, and food companies. A total of 511 reviews were collected from selected web shops, and

318 negative reviews were selected for analysis. The results produced two thematic categories: fraud with delivered products and fraud with deliveries.

The first thematic category offered several important conclusions. Companies would rather use false promotions than be honest and fair in promoting their products. They highlight features that their products do not possess in order to increase their sales, without considering the long-term consequences. This strategy should be used with caution and only for unique and high-quality products that other companies cannot offer. Consumers, on the other hand, should be more aware of false promotions and search for additional information on products, including reviews from other people and other reliable sources. Taken together, it's a two-sided relationship where companies must provide truth and consumers must seek it.

The second thematic category is related to fraud with deliveries. The narratives in their essence highlight the irresponsibility of web shops and not taking the care of their consumers. It is well known that creating a base of loyal consumers is not an easy task. It rather requires a long-term effort in cherishing the offer and constantly improving not only the products but post-purchase service. However, selling based on only one purchase and bad reviews is not a path that should be followed in the time of available information, as consumers easily switch from one company to another one.

When it comes to limitations of this study, there are several of them. First, the analyzed data are collected only from a limited number of web shops. To obtain more reliable results, the sources of data should be extended to all web shops including more industries, which could be the first recommendation arisen from this study. Second, a traditional approach to analyze available narratives was employed. Instead, future research should apply a modern software for analyzing similar qualitative data in order to create more standardized results. Third, the study included only narratives available on selected web shops. It could not be claimed that they are reliable, as we are witnessing many Internet frauds even in creating accounts and making a damage to different companies for different reasons. Hence, further investigation of this phenomenon should include face to face approach in form of interviewing.

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Sažetak

Kupovina putem interneta pomaže potrošačima da traže informacije o proizvodima i uslugama, olakšava upoređivanje cijena i karakteristika proizvoda te omogućava brzu i jednostavnu razmjenu pozitivnih i negativnih iskustava. Međutim, pored brojnih prednosti, neminovno je stalno povećanje negativnih posljedica online kupovine, posebno iz perspektive potrošača. Iz ovoga proizilazi i osnovni cilj ovog istraživanja, a to je da se na uzorku potrošača u Bosni i Hercegovini pruži uvid u internet prevare. U studiji je korišten kvalitativni pristup, posebno metoda analize sadržaja. Konkretnije, analizirane su recenzije kupaca iz različitih industrija kao što su: moda, električni uređaji, kozmetički proizvodi, hobi potrepštine i prehrambeni proizvodi. Od odabranih web shopova prikupljeno je ukupno 511 recenzija, dok je za analizu i davanje odgovora na konkretna istraživačka pitanja odabrano 318 negativnih recenzija. Rezultati su ponudili dvije tematske kategorije, i to prevare s isporučenim proizvodima i prevare s isporukama. Studija se završava sažetkom, ograničenjima i prijedlozima za buduća istraživanja.

Ključne riječi: *internet prevare, kupci, prevare sa isporučenim proizvodima, prevare sa isporukama, Bosna i Hercegovina.*