# Food store choice factors among Generation Y in West Herzegovina

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**Master's thesis / Diplomski rad**

**2021**

*Degree Grantor / Ustanova koja je dodijelila akademski / stručni stupanj:* **University of Zagreb, Faculty of Economics and Business / Sveučilište u Zagrebu, Ekonomski fakultet**

*Permanent link / Trajna poveznica:* https://urn.nsk.hr/urn:nbn:hr:148:769941

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*Download date / Datum preuzimanja:* **2024-07-16**

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**Faculty of Economics & Business**

**Graduate study programme**

**Trade and International Business**

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**Marko Kolobarić**

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Master thesis

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# SUMMARY

Consumer behavior can be characterized as the dynamic interaction and active work associated with the securing, assessment, use, and removal of services and products. The purchasing system starts in the personalities of shoppers, prompting the disclosure of options between items that can be procured with their overall benefits and drawbacks. The decision to buy a product is a complex process that is influenced by many factors and consumers today have a wide range of retail forms to choose from. They choose these forms according to their wishes and needs. When making purchasing decisions in a particular store, consumers are guided by a number of criteria (characteristics) such as: distance, price of products and services, width and depth of range, services, parking options, etc. Food stores are stores which sell fresh or packaged foods mostly dealing in the retail sector. These decisions can be affected by many factors that can be both internal and external. Millennials in West Herzegovina as a group is not much researched. Consumers in B&H are more responsive to promotional promotions such as free gifts, bonus packages, coupons, free samples, sweepstakes and a range of other incentives created through sales promotional tools. The purpose of this study was to look into the elements that influence Millennials' food store choices in Western Herzegovina. An online survey of 111 respondents in Western Herzegovina was used for this study. Millennials in Western Herzegovina usually go food shopping almost every day of the week. They spend around 50-300 BAM in food stores weekly. The most important factor in choosing a food store for Millennials in Herzegovina is that the store has products that are fresh and of high quality. Most of them choose the supermarket as their store of choice. Millennials in Herzegovina attach a lot of importance to product quality, so most of them say they would travel 20 minutes because of a specialty grocery store. In addition, Millennials in Herzegovina overwhelmingly choose local stores over large malls when shopping for food. Family and friends have a big impact on the choice of products in this research group. However, the existence of ATMs in grocery stores has little effect on Millennials in Herzegovina. The vast majority of them feel that this is not a factor influencing their choice of grocery store.

Keywords: *food store, Millennials, Western Herzegovina, shopping habits, retail*

# TABLE OF CONTENTS

**1. INTRODUCTION** ..... 1
**1.1. Thesis subject and objectives** ..... 1
**1.2. Research methodology** ..... 2
**2. FOOD STORE CHOICE FACTORS** ..... 4
**2.1. Internal choice factors** ..... 4
**2.2. External choice factors** ..... 7
**3. SHOPPING HABITS AMONG DIFFERENT GENERATIONS** ..... 10
**3.1. Baby Boomers** ..... 18
**3.2. Generation X** ..... 20
**3.3. Generation Y – Millennials** ..... 22
**3.4. Generation Z** ..... 23
**4. WEST HERZEGOVINA RETAIL MARKET** ..... 25
**4.1. Overview of West Herzegovina** ..... 26
**4.2. Description of the retailing structure** ..... 27
**4.3. Consumers' consumption habits** ..... 28
**5. EMPIRICAL RESEARCH ON THE FOOD STORE CHOICE FACTORS AMONG MILLENIALS IN WEST HERZEGOVINA** ..... 30
**5.1. Research sample** ..... 30
**5.2. Research instrument** ..... 32
**5.3. Results and discussion** ..... 34
**5.4. Limitations of the study** ..... 46
**6. CONCLUSIONS** ..... 47
**REFERENCES** ..... 49
**LIST OF TABLES** ..... 56
**LIST OF FIGURES** ..... 57
**LIST OF GRAPHS** ..... 58
**SURVEY QUESTIONNAIRE** ..... 59
**BIOGRAPHY** ..... 65

# 1. INTRODUCTION

Millennials are known as the *Green Generation* and the *Generation of Changes.* They differ from other generations in the way that they make various decisions. This definition of generation provides an opportunity for professionals to more easily observe and understand their life cycle. Generational cohorts represent a great way in which it is possible to summarize the views of a certain generation on the technological and economic issues. Although younger and older people may differ in their thinking at some point, generational cohorts allow researchers to fully examine generational characteristics and draw valuable conclusions from it. Born between 1981 and 1996, Millennials were named after the apparent transition to the new millennium.

The division into generational cohorts has proved effective because as the world progresses the differences between the generations become more visible. That is why Millennials and Generation Z are frequent answers to topics of conversation when judging one's attitudes, thoughts, and actions. These two generations determine the characteristics that make them today positively defy many classical social norms and rules of conduct that are more familiar to older people. But each generation cohort has its own characteristics that make it unique and different, including these two.

Generation Y or Millennials are considered pioneers of the digital age and are the biggest users of Facebook as a social medium, and because of the *Like* click among their generation, they seek approval for their actions and thoughts.

## 1.1. Thesis subject and objectives

This thesis highlights of the Millennial buyer habits among Millennials in Grude, Ljubuški, Široki Brijeg and Posušje with a focus on food stores in Western Herzegovina. The lives of millennials have been shaped through economic crises, of which there have been several in the past, which is why most of them strive for financial stability. The 2008 crisis also affected their career development. Namely, they earn less and later buy real estate from previous generations, and it is questionable whether they will have enough time to successfully develop their careers due to the impact of global events. While Western Herzegovina is economically

one of the most developed parts of Bosnia and Herzegovina, there is a lack of research on consumer behavior and food store choices, as well as the behavior of Millennials.

Although Bosnia and Herzegovina is not one of the most economically developed countries in Europe, with a high rate of unemployment and poverty, Western Herzegovina is considered to be more developed than other parts of the country. So, it is assumed that people in this area have different purchasing habits. According to the authors' knowledge, there is currently no research that deals with the factors of choice in stores among the young population in Western Herzegovina. Moreover, there is no research on Generation Y in Herzegovina in general, so this research will certainly make a contribution in this field as well. So, this research is important to receive an insight to the food store choices and consumer behavior among Millennials in various types of food stores in Western Herzegovina. The results of this research can be used as a base for other similar research in this part of Bosnia and Herzegovina, the whole country and similar economies.

The main goal of this thesis is to show the consumer habits and food store choice factors among Millennials in Western Herzegovina through an online survey. Furthermore, this study sheds light on consumer behavior in Western Herzegovina.

## 1.2. Research methodology

In this research primary and secondary research methods were used. Primary sources refer to the processed surveys conducted on a sample 111 respondents, born between 1980 and 1996, of different marital and education status, with residency in West Herzegovina. The survey was conducted online between September 3rd and September 8th, 2021, among residents of West Herzegovina.

Secondary sources in this research consist of various literature in the writing process of this thesis. The secondary sources include scientific books, scientific, work and professional articles in journals published in English and Croatian language. Moreover, secondary sources include internet sources and official publications.

The thesis consists of six chapters.

The first chapter is the introduction to the thesis, where the problem, objectives, methods, and structure is defined and explained.

In the second chapter, food store choices were defined, with the mention of internal as well as external choice factors. These choice factors will later be used in the result interpretation and online survey.

In the third chapter shopping habits among different generations are shown. This chapter mainly focuses on the difference between shopping habits among Baby Boomers, Generation X, Millennials and Generation Z, with an insight into all of these generations' specific habits.

The fourth chapter deals with the West Herzegovina retail market. In this chapter an overview of the retailing structure and consumers' habits.

The fifth chapter shows the empirical research on the food store choices. In this chapter the research sample, research instrument are shown, as well as the results and discussion of the results, with the statistical analysis of data. Also, the limitations of the study ae shown in a separate subchapter.

The sixth chapter is the conclusion on the topic of the thesis.

# 2. FOOD STORE CHOICE FACTORS

Food stores or food shops are places where people can engage in a retailing process with a general range of fresh and packaged foods. The decision to buy a product is a complex process that is influenced by many factors and consumers today have a wide range of retail forms to choose from. They choose these forms according to their wishes and needs. When making purchasing decisions in a particular store, consumers are guided by a number of criteria (characteristics) such as: distance, price of products and services, width and depth of range, services, parking options, etc. (Brčić-Stipčević and Renko, 2007). The consumer is a complex being and his behavior is constantly changes over time as needs and desires change accordingly, and the reason is the constant influence of a large number of factors that the authors have sought to relate and show how they interact. Store factors are divided into internal and external and are explained in detail.

## 2.1. Internal choice factors

Many authors have their definitions of internal choice factors in retail, so Prasad and Aryasri (2011) state the following elements:

- assortment,
- looks,
- atmosphere,
- price,
- service,
- staff.

Retailers, in order to differentiate themselves from others, need to decide what range they will offer because it is necessary to define it precisely because it is important for the entire trading company, it is not achieved immediately and is not a static category. Some companies are flexible and can adapt the product range to market needs in the short term by introducing new products without major adjustments in capacity, labor and other business factors. However, certain companies with narrow specializations exist. They are usually less adaptable. Yet in

practice, most companies are between these two extremes. The authors describe the range as the overall offer of a trading company that it offers to consumers. The range depends on whether the store is a grocery store, non-food product or will offer both, and this depends on the type of store selection. It can usually be expressed by its width and depth. There are different variations of the range from a narrow variety with one product line, all the way to a wide variety of a large number of product lines. There are four main characteristics. The first is the number of all individual products regardless of their subcategories and categories. The second is the number of different brands that the store offers as part of its overall offering. The third characteristic of the range is the variety of products within one brand. The fourth feature is the number of product categories offered by the store (Brosdahl and Carpenter, 2011).

The first contact that the customer will make with the store lasts a few seconds and takes place before entering the store, that is, by passing in front of the shop window. In order for the customer to be interested in visiting the point of sale, it is important that the shop window is visually attractive, and that the displayed goods change frequently. In the category of soft drinks, these are usually retail forms such as neighborhood stores, supermarkets, hypermarkets, specialized beverage stores and other forms such as a gas station and a kiosk. Such retail forms usually do not have shop windows and attract customers by placing flyers or highlighting discounts on the product that is currently in demand. It is important to point out the entrance to the store with novelties and products at a discount, because the unwritten rule is that customers move to the left from the entrance to the store to the exit, ie the cash register (Soče Kraljević, 2007). The explanation for this is seen in the fact that most people are right-handed, so by placing the store counterclockwise, the shelves on the left do not go unnoticed. The interior must not be confusing to the buyer and thus force him to finish the purchase as soon as possible. What is expected from the retailer is that the goods are visibly presented, but also that the location of the product within the store leads the customer where they will move. It is also important to place products that are on special promotions on separate displays in the most frequent spaces. The last item of interior design are the shelves, and since it is a drink, refrigerators are often placed next to the shelves. For arranging shelves, it is known that positions at eye and arm level are the best display places (Dunković, 2018).

By applying certain factors differently, the atmosphere can be made positive or negative, and because of the importance of the message it conveys to the customer, it is important to create it carefully. One of the factors that creates the atmosphere is the color that not only affects

vision, but gives a feeling of warmth and coldness, evokes certain emotions and even associates with taste and smell. Warm colors such as red and orange have a big advantage when attracting attention. Most often, products such as sweets and toys are colorful so as not to miss the eyes of children, but warm colors are often used to highlight discounts and special offers. On the other hand, Cool colors may not grab attention, but they do have a calming influence, which helps to prolong the time of purchases. (Soče Kraljević, Vidačak and Mabić 2016).

Price represents the amount of money paid and received per unit of product or service10. These price definitions suggest that price represents to the consumer an economic loss that he must accept in order to buy a product or use a service. If the price is viewed as a loss, it reduces the consumer's level of wealth and thus negatively affects his purchasing decision. This understanding of price is characteristic of traditional economic theory. Price is a value expression of a good or service and coordinates the decisions of sellers and consumers in the market. In small companies, prices are usually set by the owners, while in large companies there are different pricing practices, such as management sets general price targets and policies, approves proposed prices by lower levels of management, and there are special price management departments - in industries where pricing policy is particularly important (Sands et al., 2009).

Retailers are the ones who make decisions regarding the type of services they will offer to customers. A service can be defined as an act that one party can offer to another that is completely intangible and does not result in possession of something. During the first decade of the new millennium, service has traditionally been a powerful and competitive retail tool. (Segetlija, 2006). The service levels offered by retailers are divided into self-service, self-selection, limited service, and full service. Typical retail services are pre-purchase services: picking up orders by phone, advertising, shop window display, fashion shows, replacing old with new. Then there are the services after the purchase: delivery, regular packaging, gift packaging, adjustment, installation and finally ancillary services: check payment, information, free parking, restaurants, credit, and so on (Arendt et al., 2011).

Staff who are polite, communicative, trained and kind have a big impact on customers and are one of the reasons why customers come back to the store again. Services provided to customers in stores are one way of communicating with customers. Communication programs can have a great impact on a business. Viewed from a long-term perspective, communication

programs serve to build and maintain a strong and unique brand of retailers and their stores (Cicatiello et al., 2017).

## 2.2. External choice factors

External choice factors can be the following (Prasad and Aryasri, 2011):

- location,
- image,
- environment.

The location is the most important instrument of a store and many of them are maintained thanks to a well-chosen location. The location of the store unit is a marketing instrument burdened with the greatest risk. It is the basis for long-term, strategic decisions that mostly require considerable investment. This marketing instrument contains a good deal of market research in its methods: in fact, it is the focus of applied market research in trade. The choice of retail location such as a supermarket takes into account the population density, the proximity of railway stations, schools, road infrastructure, the size of the area due to parking. In retail, the location includes sales space and auxiliary space (warehouse, parking lot, offices ...). The first thing to do is to agree on the location of the sales area. In a wholesale store, the location of the sales warehouse itself must first be determined. While in a retail store the warehouse and retail space are together, in a wholesale store they can also be separate. The choice of store location takes place on two levels: macrolocation and microlocation (Kim and Kim, 2017).

An image shows the picture of a company or a person, which represents the individual form of past and future experiences and actual specifications. As is well known, today business success depends on the successful creation of one's own business image, a kind of personality, a sign of recognition, an original, visual identity in distinguishing in a multitude of the same or similar companies or retail stores. The choice of retail store is influenced by many factors that the customer perceives and associates with a particular store. Various scientific studies and research shoe images and the effect these images have on the buying decisions on people. These images represent some physical attributes and functions and actually buying the

message that lies behind this image. It is extremely important for the store management to know which evaluation criteria customers use in its evaluation and how important each criterion is and what it is real compared to the desired image. Marketing decisions faced by all retail stores are present in the area: target market, retail store location, retail store range, price levels, functional characteristics of the retail store - atmosphere, availability of credit and other services and social responsibility. These factors make up the image of a retail store. It is essential that all the above factors are harmonized and that they are in the function of creating the desired image (Koistinen and Järvinen, 2009). Renko and Družijanić (2014) stress out the importance of technology in retailing. Technology has a significant impact on business and retail Retailers use technology in order to improve the customer service sector, to improve their management structure and to significantly reduce cost. Technology is not just a good thing for retailers, but also for customers, which use lines that are shorter, paying programs that are quicker and less pricing errors due to the technological improvements (Renko and Družijanić, 2014).

Today, consumers increasingly have a sense of awareness of nature and accordingly, stores need to adjust their attitudes, appearance and build a perception of environmental sensitivity and responsibility for the environment. Forms of retail that have this will be more acceptable to consumers and they will always decide to buy in stores that offer "domestic", eco products for the purpose of global environmental responsibility. Forms of retail that encourage an active policy of responsibility towards nature, various management strategies (recycling, donations, environmentally conscious advertising...) will have an advantage over those who neglect the same. Creating awareness of a particular product is the first step of marketing communication in achieving long-term success. Before creating positive impressions and a basis for purchase, customers must be familiar with the product and the features of that product. The role in promotional activities in protecting and improving the quality of the environment based on the marketing strategy-stimulating consumption-is focused on a much broader context of solving various problems of environmental pollution and a more humane attitude towards nature (Sachdeva and Goel, 2015).

Brčić-Stipčević and Renko (2004) also state that the environment of the political situation can have an impact on the retail store choices. For instance, the high degree of correlation between the gross domestic product and retail sales volume explains the increase in retail sales over the past years. In 2002, the highest real annual growth (+12.5%) in retail sales since 1997 was achieved, which was certainly contributed by macroeconomic stability and growth

in personal consumption, low inflation, increased competition in the domestic market (due to the expansion of domestic retail chains and the entry of large foreign retail chains), liberalization of foreign trade, reduced gray trade and reduced cross-border shopping (Brčić-Stipčević and Renko, 2004, p. 102).

# 3. SHOPPING HABITS AMONG DIFFERENT GENERATIONS

Studying the way individual customers, groups, or organizations choose, buy, use, and dispose of ideas, goods, and services to meet their needs and desires is known as consumer behavior or customer habits. It is the part of economic and business disciplines that relates to the consumer's market actions and the motivation behind his actions and behaviors. Retailers hope that with better knowledge of why people buy certain products and services, they will be able to better manage customers, that is, direct them towards their target desires (Pelet et al., 2018).

What is bought, how it is bought, where and when it is bought, and in what quantity it is bought depends on perception, concept of oneself as a buyer, social and cultural background, age and family cycle, attitudes, beliefs, values, motivation, personality, social layer and many other factors that are internal and external. The decision-making process that involves physical activities in order to buy, evaluate, use and dispose of goods is known as consumer behavior. This process begins first in peoples' minds, and they make conscious and unconscious decisions on the advantages and disadvantages of certain products. Internal and external choice factors can influence this. This is followed by the process of making a purchase decision, the purchase of the product itself, its use and other post-purchase activities of the customer, which is also very important because it gives retailers an indication of whether his product has succeeded or not (Pelet et al., 2018).

Table 1 shows the different processes when it comes to consumer behavior.

**Table 1.** The roles in the consumer behaviour processes

| Role | Explanation |
|---|---|
| initiator | A person who has established that he does not possess a particular need therefore compensates for it by purchase |
| Influencer | A person who intentionally or unintentionally influences the initiator to decide to buy |
| Buyer | A person who makes the purchase |
| User | A person who uses the products |

Source: (Pelet et al., 2018, p. 10)

Consumer behavior is an area that is constantly the subject of study by various scientists in the field of social, technical, and other sciences. Consumer behavior is a complex and wide range that contains a large number of variables that interact and influence each other. Consumer behavior models have been developed as a method of mitigating the complexity of this area and facilitating understanding for a wider audience. In the offered models, some authors tried to meaningfully connect the variables in the process which, in their opinion, results in making a purchase decision. (Kotler, 2017) is considered an authority in the field, and according to its division there are three groups of consumer behaviors that are interrelated (Kotler, 2017):

- social factors
- personal factors
- psychological processes.

This division became the basis for various researchers who later extended the division to a number of additional factors. Kesić (2006) states that consumer behavior is a dynamic process that involves the individual and the different groups with which the individual interacts. The individual and the groups with which the individual interacts are a fundamental process of studying consumer behavior in terms of the basis and starting point for making marketing decisions. Marketing decisions and marketing strategies are a changing category, especially today in the fast and advanced technological world. Accordingly, they require constant improvement and individualization, as one strategy cannot be generally applied to different products, markets and cultures.

Consumer behavior is the result of various internal and external factors. Social factors are external factors that influence consumer decision about the buying process. Kesić (2006) states that social factors are extremely important for understanding consumer behavior, and classifies them into the following groups:

- society and social classes
- social groups
- family
- culture
- situational factors.

In terms of consumer behavior, each person serves a double role in society, depending on whether he is a customer or a consumer of a product at any particular time. For every person there is someone that influences him in some way. These people can be divided into reference groups. According to Hoyer and MacInnis (2001), there are two reference groups:

- primary group - consists of individuals with whom it communicates regularly. Friends, family members, relatives, and coworkers are the primary groups. All of the above groups influence consumer purchasing decisions for several reasons. These reasons lie in the fact that they have already used that product or brand, and they know the characteristics of the product.
- secondary group - consists of all other social strata with which it does not communicate regularly, friends of friends, influencers, people who recommend a particular product, etc. This group of social factors greatly influences the purchase of products indirectly, but it is one of the most influential ways of influencing consumers or customers.

The reference group can be a formal or informal group. For example, a person may be an informal member of certain groups in society (his social circle, playgroups, groups of friends and acquaintances), while on the other hand he may be a formal member of a school, college, organization, etc. Individuals may be influenced by groups that an individual hopes to one day become a part of. For example, young people can identify with Olympic athletes hoping to follow a similar example one day (Zhao et al., 2021).

Reference groups are marked by individuals who are leaders in the group and shape the opinion of the group. Leaders are people who impact others in this way. They do not have to be people who are necessarily of higher rank, higher education or purchasing power, but others may consider them to be greater experts, people with wider experience or deeper knowledge of a topic. Others adapt to the expressed behavior of these people because they set the trend. If traders can find and identify the leaders of individual groups in the target market, attracting group leaders will allow them to attract the majority of members of that group. Shoppers approach a scope of informal organizations and online networks, consequently reference gatherings and pioneers are significant ideas in computerized advertising.

Advertisers should realize which reference bunches influence their objective fragments, just as who the assessment chiefs are inside those gatherings (Zhao et al., 2021).

Cultural elements such as culture, subculture, and customer socioeconomic class have a significant impact on consumer behavior. Culture is a significant cause of human aspirations and behaviors, and it is a part of every society. Culture has a different impact on buying behavior in different countries, so retailers must be very attentive when assessing the culture of different groups, regions, or even countries. Each culture contains different subcultures that differ according to geographical regions, and is made up of religions, nationalities, racial groups, etc. Traders might make use of these groups by breaking down the market into smaller divisions. Retailers, for example, can create products that cater to the demands of a specific demographic. Every civilization has some type of social class, which is significant for traders since people in the same social class behave in comparable ways. In this way, marketing activities might be customized to different social classes. Income is simply one component that determines social class; other ones include wealth, education, occupation, and so on (Zhao et al., 2021).

A certain form of social class is available in almost every society. A mix of elements, such as family background, money, individual education, income, occupation, authority, or reputation, determine social class. Just as culture influences consumer behavior by shaping perception, so social class can influence consumer behavior by shaping attitudes about needs and desires. Each person has their own desires and needs that are an individual thing and different from others. There are many personal factors that affect individuals ’consumer habits (Figure 1).

Kotler (2017) distinguishes several main personal factors that can influence consumer behavior:

- motives and motivation
- perception
- opinions
- personality traits
- values and lifestyle
- knowledge and education
- age
- sex.

**Figure 1**. Factors affecting consumer behavior

Source: (AnalyticStep, 2021)

Throughout life, people are constantly changing goods and services, so age is one of the key personal factors in the commercial sector and in examining consumer behavior. Shoppers experience many changes for the duration of their lives, and many organizations have made a specialty market by focusing explicitly on one age bunch for the labor and products they offer (Schiffman, Kanuk and Hansen, 2012). For example, many toy manufacturers use different messages in their ads aimed at attracting young parents and grandparents, addressing each age group in ways that suit their particular needs and lifestyle. Over the years, our health needs change, so many other needs change. Age brings changes in people's way of life, and thus their needs and personal values. People who are young spend more on their lifestyle needs, such as entertainment and movies, as well as fashion. As they get older, their costs for these

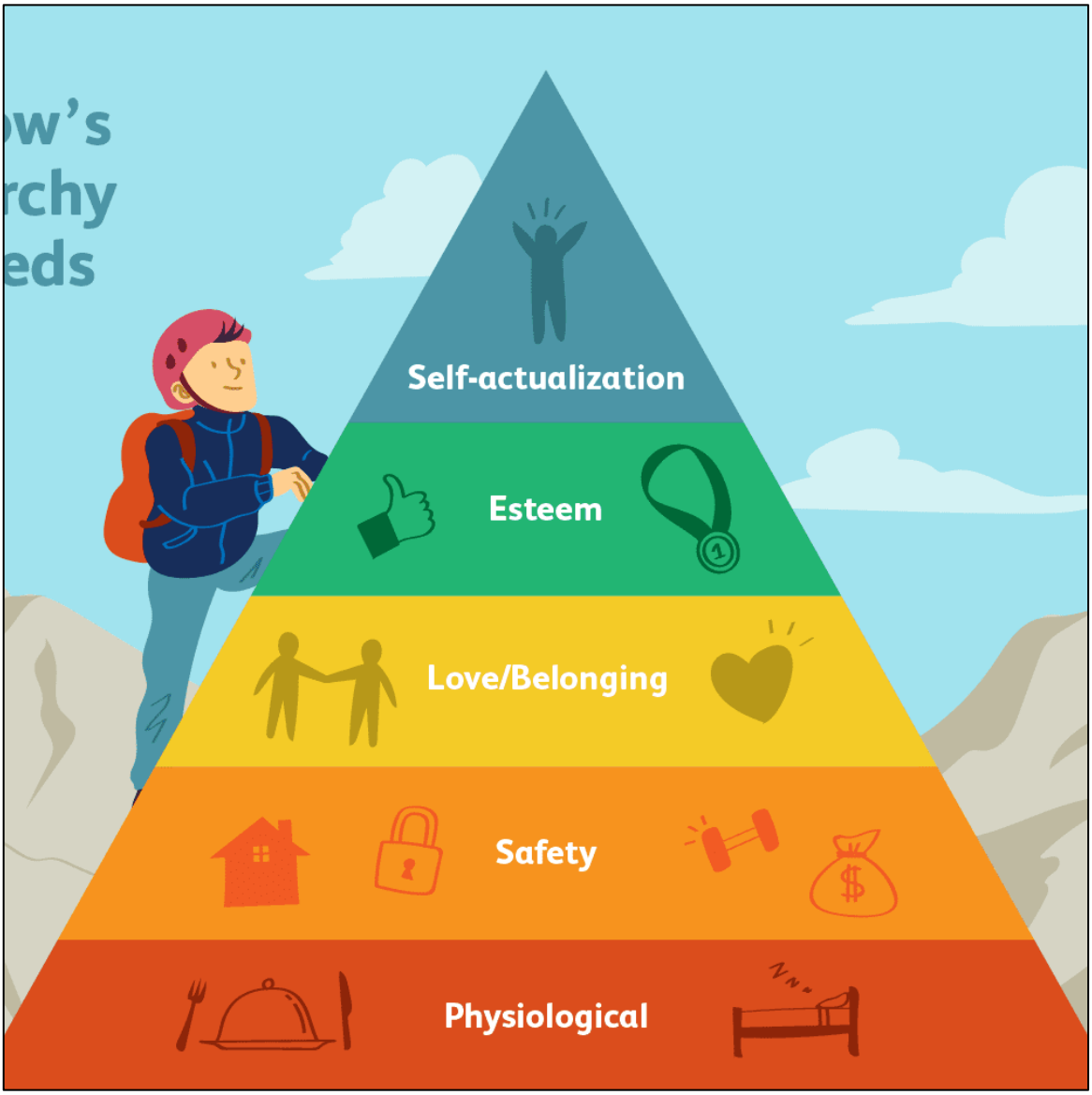
things decrease. Older people generally remain incarcerated; however, their health costs may increase. As a result, one of the fundamental demographic factors impacting customer behavior and purchase decisions is age (Pratap, 2017). Not only does age influence purchasing behavior, but it also has a significant impact on market segmentation and marketing strategy. Traders segment their target market based on age.

Sexual orientation division has for quite some time been set up as an approach to separate items available, particularly as far as dress, toiletries and magazines (Kotler, 2017). Be that as it may, sexual orientation jobs have been fairly eradicated as of late and sex is at this point not a precise method to separate shoppers in numerous item classifications (Schiffman, Kanuk and Hansen, 2012). This change has happened in huge part since people progressively acknowledge they have similar freedoms, and there are basically no hindrances to their equivalent decisions, yet there is still some proof that people vary in the manner purchasers decide and purposes behind their decision (Kotler, 2017).

Dr. Abraham Maslow (1943) identified the basic needs of every human (Figure 2). He argues that these needs are as follows:

- Physiological
- Safety
- Love/Belonging
- Esteem
- Self-actualization

**Figure 2.** Maslow's Hierarchy of Needs




Source: (VeryWellMind, 2021)

Traders must understand the motives of their potential customers in order to adequately research the market and the behavior of their customers. The customer has several motives and each changes with different elements. A term that explains why consumers apply certain behaviors under certain circumstances is called motivation. Customer behavior in this regard may encounter the following obstacles when purchasing a product (Kotler, 2017):

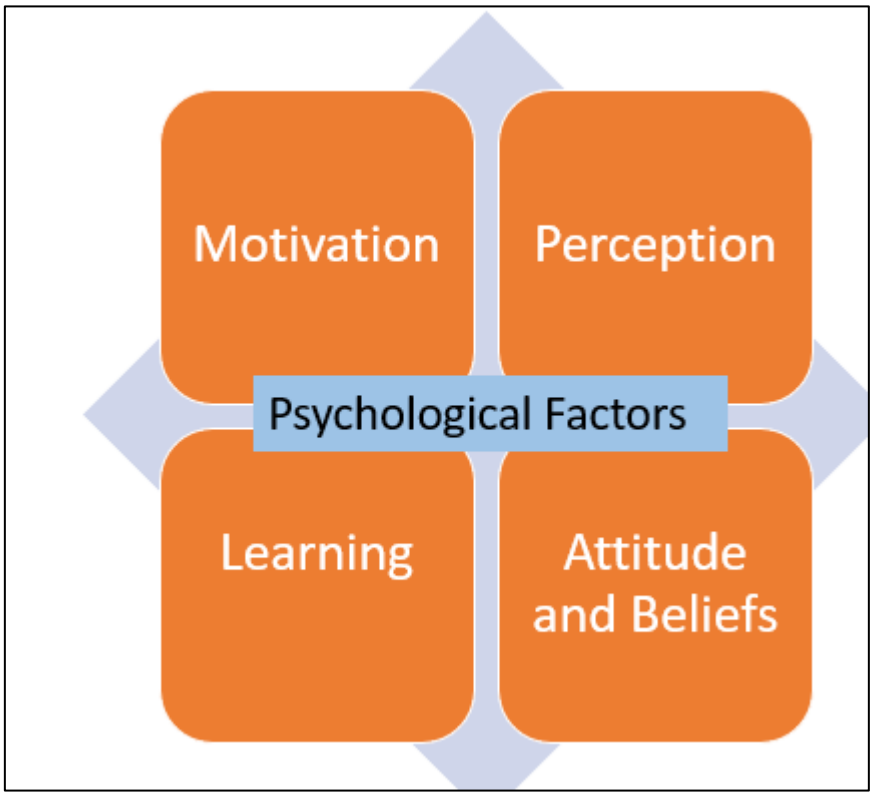
- barrier to access - when a customer has two options for similar products or services, this barrier arises. They are given equal weight by the consumer, who is unable to choose between them.

- barrier to avoiding access - This barrier arises when a buyer decides to buy a product but is dissatisfied with one of its features and wishes to avoid it. In such cases, the store may make a number of modifications to the existing product to make it more suitable for the customer.

Researchers in the field of marketing are particularly focused on the psychological processes of the individual when making purchasing decisions. The study of processes that lead to changes in behavior, attitudes, and information processing are key segments of these studies (Figure 3). According to Kesić (2006), psychological processes are the following:

- information processing
- learning
- change of attitudes and behavior
- group communication and personal influences.

**Figure 3.** Psychological factors affecting consumer behavior



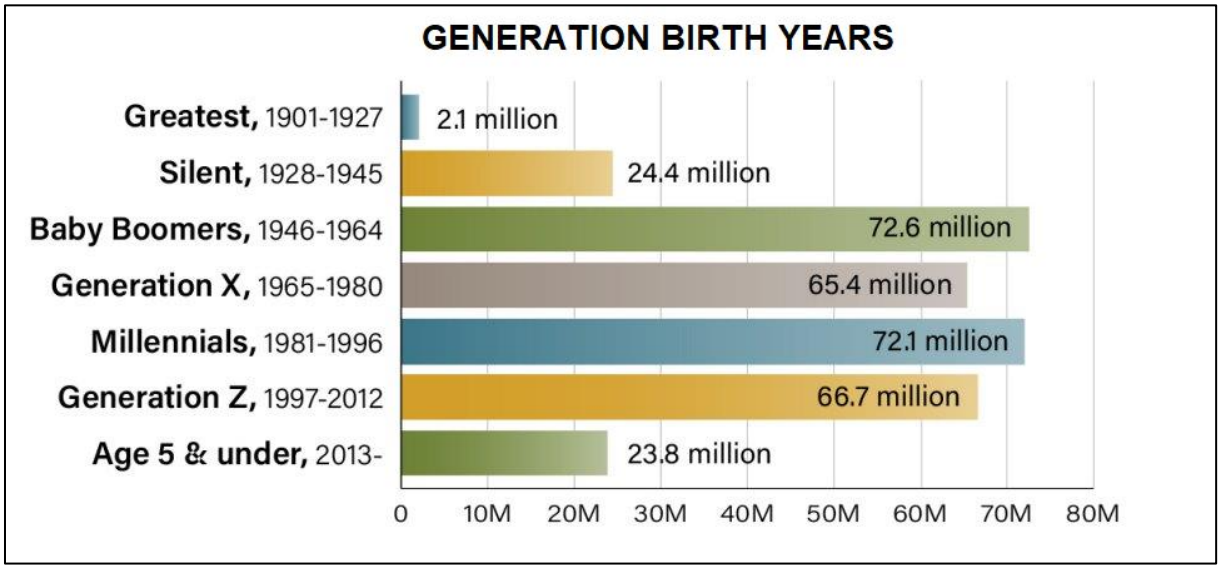

Source: (Clooktrack, 2021)

Kesić (2006) states that the process of information processing implies "collection, interpretation, processing and storage of stimuli for immediate or later use". Stimulants can be market-dominant stimuli or other types of stimuli, while the information processing process consists of a phase of exposure, attention, understanding, acceptance, and retention.

## 3.1. Baby Boomers

People born after World War II, after the Silent Generation, and before Generation X, are known as baby boomers. (Figure 4). Baby boomers are associated with rejecting or redefining traditional values (Knickman and Snell, 2002). Many commentators, however, dispute the extent of that rejection, noting the widespread continuity of values between the boomers and their parents. In Western Europe and North America, Boomers are to a great extent connected with advantages, as numerous grown-ups are in a time of expanded abundance, partially because of far and wide post-war government appropriations for lodging and schooling. Collectively, people born after WW2 were more extravagant, more dynamic and in great shape than any past age and were quick to genuinely anticipate that the world should work on over the long haul. They are additionally the age that has arrived at the most elevated level of pay in the working environment and could along these lines partake in the advantages of rich food, clothing, retirement programs, and even "mid-emergency" items. But this generation has also often been criticized for the rise of consumerism that others considered excessive (Yu and Miller, 2005).

**Figure 4.** Generation Birth Years




Source: (AARP, 2019,p. 1)

Boomers considered themselves a special generation, very different from previous and future generations. Baby Boomers have different shopping habits than other generation. When it comes to costumers, Baby Boomers are more demanding than costumers in Gen X, Y and Z. For example, in an overview directed in Canada, Baby Boomers were the probably going to discount a retailer if a business partner didn't see the value in their business if a store was muddled and in case returns were a problem (Rahman and Yu, 2018). 27% of Baby Boomers concur that shopping is an incredible method to unwind. That scale is way below than the ones in other groups, so one could say that Baby Boomers don’t think that shopping is very relaxing (Wuthnow, 2015, p. 87).

Moreover, it is known that Baby Boomers want and search for convenience; they place higher value than all other age groups on locations with easy access, store that are easy to navigate through and a clear return policy. Baby Boomers scored higher than every one of the more youthful socioeconomics for having a smart thought of the amount they pay for food and bundled merchandise. Just 12% of Baby Boomers say that they rely on family and friends when it comes to a purchase decision, so one can say that they are confident shoppers. And when it comes to shopping in or out of stores (internet shopping), Baby Boomers choose to shop in store in high percentages, with a percentage of 84%. That percentage was the highest among all research groups (Wuthnow, 2015, p. 84).

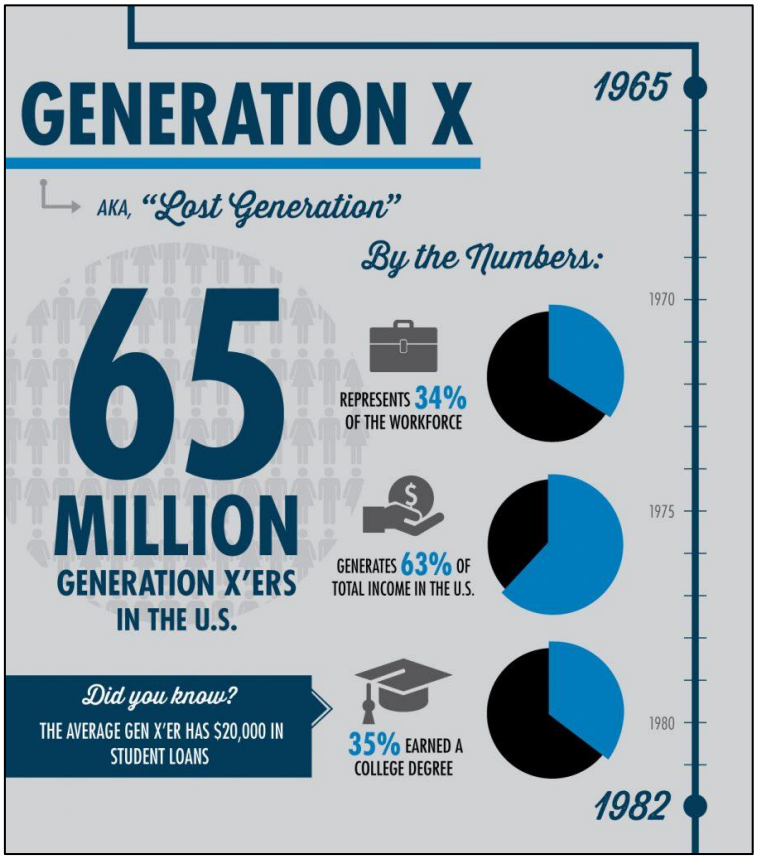
Boomers usually don’t shop looking around for products and spend less time browsing shopping webpages than Millennials. They address the main age that doesn't focus on purchasing the brands they utilized while growing up.

## 3.2. Generation X

Generation X (Gen X) is a term that denotes members of the generation born after the end of the baby boom generation in the Western world. They are considered mostly individuals brought into the world from the second half of the 1960s through the 1970s until the earliest reference point of the 1980s. The term was advocated by Canadian author Douglas Coupland utilizing it as the title of his 1991 book *Generation X: Tales for an Accelerated Culture*.

According to some research (Lundmark, 2021, p. 3) Generation X represents 65 million people in the United States of America (USA). That comes around to 34% of the workforce that generates 63% of the total income of the USA. 35% of Generation X have a college degree (Figure 5).

**Figure 5**. Generation X in numbers in USA




Source: (Lundmark, 2021,p. 3)

Generation X is the generation that cares most about their community; shopping at local independent businesses was the most important part for Generation X in one survey (Ritchie, 2002). Members of the Generation X, according to the mentioned habits, want to establish familiarity, trust, and loyalty. They want to purchase from a strong and trusted brand and 55% of them say that this is extremely important when it comes to retail shopping. Generation X members also give a lot of attention to loyalty programs in different retail stores (Reisenwitz et al., 2009, p. 23).

Generation X members pay in different ways – 48% of them say that they are comfortable in using cash, checks and various cards that they have used before. On the other hand, some members of Generation X still prefer wallets and a smaller number prefers contactless payment methods in their daily purchasing habits (Dhanapal et al., 2015, p. 97).

Some members of Generation X show some similarities with Boomers (due to the fact that they are older). This is the group that has the highest average income at an average age of 43.

This is also the generation that owns the most homes, with approximately 2.5 children per Generation X member (Lester et al., 2006, p. 95).

## 3.3. Generation Y – Millennials

Millennials are called the Green Generation. They are the generation that cares the most about the preservation of the environment (Atkin and Thach, 2012). 33% of Millennials surveyed said that price is the most important factor in their loyalty to a particular product, while 55% of them cited product quality as a factor influencing their loyalty. Likewise, Millennials prefer companies or brands that are present on social networks, so 34% of Millennials support more products that are present on the Internet, unlike other generations (only 16%). Millennials are a generation that buys more online compared to other generations which is not surprising given their growing up with the rapid advancement of technology, except for Generation Z (Melović et al., 2021, p. 8). The Millennial generation is a generation that knows what it wants, does not accept standard marketing advertising but strives to independently study and inform about the products and services they want to buy. They are aware of the benefits of the internet and therefore use all the information and benefits it provides them to ultimately make a decision about what they want or don't want to buy (Mangold and Smith, 2012).

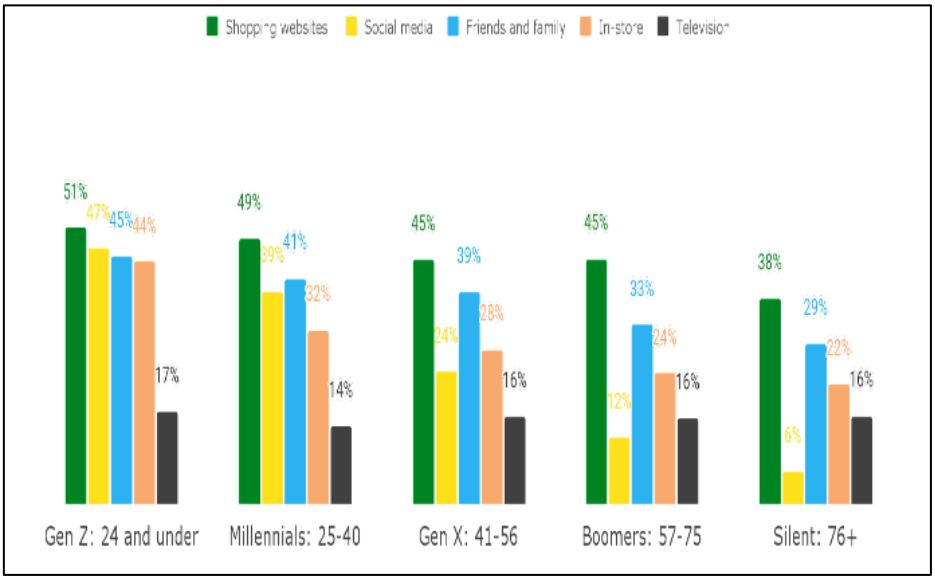
Another survey on the shopping habits of the Millennials segment showed the differences in their shopping behavior, for example their preferences and shopping habits. Brian Honigman (2013) states that 51% of Millennials trust the experiences or reviews they read online more than the advice and suggestions of their friends or family and that Millennials are more likely to shop online than older generations, with as many as 40% of men and 33% of women saying they would buy everything online when possible. Members of the generation of Millennials who are parents, are mostly guided by the price when buying, while before parenthood they mostly looked at the quality of the product (Honigman, 2013, p. 56). Moreover, more than half of the Millennials surveyed are prone to impulsive reactions in shopping and as many as 64% of them believe that companies should expand the possibility of sharing customer opinions and experiences with others on the Internet (Todd, 2014, p. 99).

Millennials also point out that they often research products and services on their smartphones during shopping, which confirms that this generation often relies on the Internet, for example information that can be found on the Internet, even when shopping in physical stores where others are available. Another indication that online communication is part of the daily life of Millennials is the percentage of 64% of those who said that companies should expand opportunities to share customer opinions and give advice to each other on the Internet. Millennials do not just look at price, appearance and product quality (Peluchette et al., 2013, p. 65).

## 3.4. Generation Z

Generation Z (Gen Z) is the generation that needs more from brands than simply moderate and excellent items. Brand legitimacy, straightforwardness, and maintainability are higher needs for this age companion than for more seasoned shoppers. This age grew up totally digitalized, so it is to expect that online media assumes an undeniably significant part in buying choices, with Gen Zers bound to utilize web-based media to associate with their number one brands, look for motivation, and examination items (Gutierrez, 2021). Apps that are used for payments such as Cash App, Venmo and Apple Pay are the apps that Gen Zers use the most and more than cash or credit cards. When it comes to brand loyalty, Gen Zers want brands that are affordable, authentic and transparent. Also, Gen Zers are the generation that is most likely to make purchases via websites and social media (Figure 6) (Gutierrez, 2021).

**Figure 6.** Generations and pushers for purchasing




Source: (Gutierrez, 2021, p. 8)

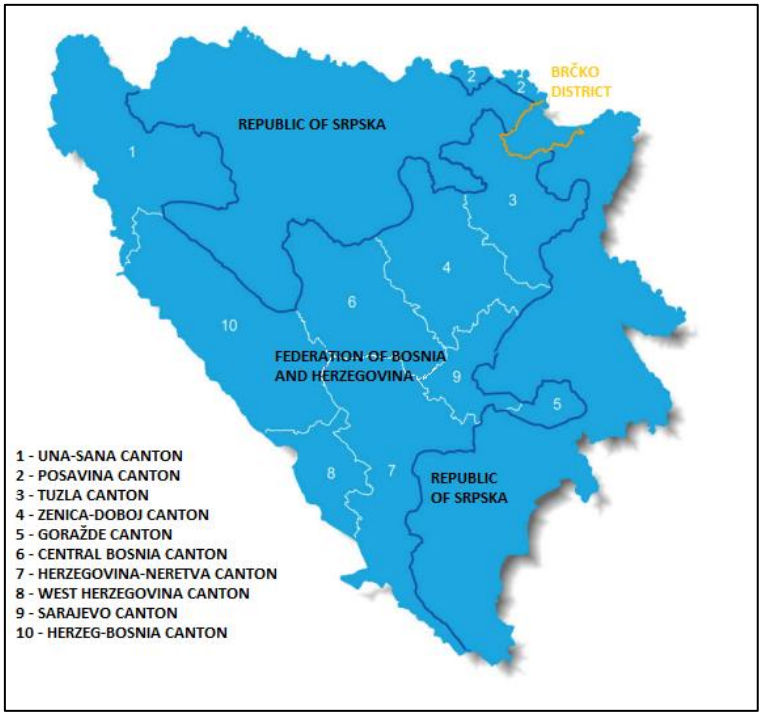
62% of the Gen Z generation say that reasonableness is critical to their buy choices, 32% say brand realness assumes a significant part in their choices and 25% consider brand straightforwardness to be the main key. The greater part (61%) of Gen Zers follow brands that they like via web-based media, contrasted to one out of three shoppers among the older generations. The individuals who follow brands via web-based media are substantially more prone to buy items from said brands: 43% say they are bound to do as such, contrasted and just 7% of the people who don't follow any brands (Gutierrez, 2021, p. 8).

So this generation is just around the corner with their entrance to the retail world; it takes a lot of research into their shopping habits to get to the heart of their shopping patterns. It is quite obvious that this generation is completely digital, so directing marketing propaganda to social networks is a good move if you are considering approaching this generation.

# 4. WEST HERZEGOVINA RETAIL MARKET

Bosnia and Herzegovina (B&H) (Figure 7) is a country situated inside the Balkan Peninsula. The Federation of Bosnia and Herzegovina (cro. Federacija Bosne I Hercegovine) and the Republic of Srpska (cro. Republika Srpska) constitute Bosnia and Herzegovina. Apart from the Federation of B&H and Republic of Srpska, the Brčko District (cro. *Distrikt Brčko*) operates as a separate administration that doesn't belong to neither of the abovementioned entities. Bosnia and Herzegovina's Federation is further divided into ten cantons, each with its own administration and responsibility. The Federation of B&H is composed of 10 cantons and these cantons are composed of cities and municipalities. As a consequence, Bosnia and Herzegovina has a complicated legal and regulatory system that is frequently redundant and conflicting (Belloni and Strazzari, 2014; Savić and Zubović, 2015). The Table 2 shows some facts about B&H.

**Figure 7.** Position of Bosnia and Herzegovina




Source: (BHAS, 2013, p. 3)

**Table 2.** Basic economic facts about B&H

| | |
|---|---|
| Population | 3,492,018 |
| Gross Domestic Product | 19,490,235,765.00 EUR |
| Gross Domestic Product rank | 111th |
| Gross Domestic Product per capita | 5,086.95 EUR |
| Unemployment rate | 15.7% |
| Salary (average, gross) | 752.38 EUR |
| Salary (average, net) | 486,99 EUR |
| Exports | 5,858,299,000.00 EUR |
| Imports | 8,643,786,000.00 EUR |

Source: (IMF, 2020, p. 1)

The official currency of B&H is the convertible (or bosnian-herzegovinian) mark (BAM) with the Central Bank of Bosnia and Herzegovina (cro. *Središnja Banka Bosne i Hercegovine*, SBBH) The BAM is pegged to the euro (EUR), where 1 EUR = 1.96 BAM (up to date: September 8th 2021) (SBBH, 2021). As a result, the BAM is one of Southeast Europe's most stable currencies. Bosnia and Herzegovina is recognized as one of Europe's most economically underdeveloped countries (Kondylis, 2010).

## 4.1. Overview of West Herzegovina

Western Herzegovina is the only part of BiH where Croats are the vast majority. Of the other nations, Bosniaks are the most represented. West Herzegovina is an area that consists of the municipalities of Grude and Posušje, and cities Ljubuški and Široki Brijeg. It is an area that has one of the most economically developed areas of the country, and demographically an area rich in young people and members of Generation Y, although there is a lot of emigration to developed countries. It is very important to study their factors of choice in food stores, so that traders in this area have a better insight into consumer habits which can help create their trade policies. This was primarily a problem in the 1970s and 1980s, when many went to foreign countries in search for a better life (Dmitrović et al., 2009). But the problem is unfortunately still present today. Many people continue to leave their homeland due to the bad economic situation in the country (Lazarev & Mironova, 2018), although Western

Herzegovina is an exemption of this rule. Table 3 shows the demographic profile of Western Herzegovina according to the data from the Agency of Statistics of Bosnia and Herzegovina (cro. *Agencija za statistiku Bosne i Hercegovine,* BHAS) from the last census from 2013.

**Table 3.** Demographic facts about Western Herzegovina

| city/municipality | area (km$^2$) | population |
|---|---|---|
| Grude | 218 | 17,308 |
| Ljubuški | 292 | 28,184 |
| Posušje | 461 | 20,477 |
| Široki Brijeg | 388 | 28,928 |

Source: (BHAS, 2013, p. 3)

Široki Brijeg is the biggest city in Western Herzegovina, with 28,928 inhabitants, while Posušje is the largest municipality when it comes to the size of the municipality area. The complete market of Western Herzegovina consists of 94,897 people (BHAS, 2013, p. 34).

## 4.2. Description of the retailing structure

In the Western Herzegovina retail market one can see a dominance of few retail stores, that take up most of the retail market in this part of B&H:

- Bingo d.o.o.
- Bili brig d.o.o.
- Namex d.o.o.
- Konzum d.o.o. Sarajevo
- Prodex d.o.o.

According to the data for the first six months of 2020, total retail trade recorded a real decline in turnover of 7.4%. In the first quartal of 2020, a growth of 3.8% was achieved, while in the second quartal a drastic drop in turnover of 16.9% was recorded (compared to the same period last year). The cause of the fall in the second quartal can be directly related to the appearance

of the Covid-2019 pandemic and its impact on the entire economy. The decline in retail turnover began in March and amounted to 7.4%, continued in April with a decline of 34.6%, in May 10.5% and in June 5.3%. The decline in total trade in the first quartal of 2020 was mostly caused by a decrease in real turnover in trade in motor fuels in specialized stores where a negative growth rate of 22.5% was registered. In addition to this, there was a decline in the retail sale of food, beverages, and tobacco products in specialized stores of 2.8% (BHAS, 2021, p. 6).

When talking about the retail trade in specialized stores it can be observed that there has been a decline in most categories with a few exceptions. Within the trade in non-food products, in the first half of 2020 there was a decline in most categories, so in the retail trade of other household equipment in specialized stores realized lower turnover by 8.1%, retail sale of information and communication equipment in specialized stores by 0.9% (BHAS, 2021, p. 7).

## 4.3. Consumers' consumption habits

To date, little research has been conducted on the consumer habits of B&H citizens, and especially on the consumer habits of the citizens of Herzegovina or western Herzegovina. The Federation of Independent Trade Unions of Bosnia and Herzegovina (cro. *Savez samostalnih sindikata Bosne i Hercegovine,* SSSBH) calculated that the average salary paid in B&H in March 2021 was 947 BAM (485 EUR). On the other hand, the consumer basket (cost of living for an average four-year-old family) is BAM 2,106 (EUR 1,078). That consumer basket has increased compared to the previous period (SSSBH, 2021, p. 1). An obvious change in life and consumer habits was visible during the global COVID-19 epidemic. At the beginning of the pandemic, disruption occurred in Herzegovina and the rest of the country when people piled up food in the period from April to June, but this stabilized immediately after the measures were relaxed. Tourism experienced a collapse, as did many service activities that depended on physical contact with people, such as shopping malls, but, on the other hand, food vendors fared somewhat better. However, online shopping has experienced a complete expansion, as in the rest of the world.

The dominance of foreign brands in B&H has been noticeable for many years, but for the first time there is a turnaround, where consumers in their valuation process pay more attention to the country of origin when buying and become more aware of the importance of buying

domestic products. In addition to quality and price, the country of origin stands out as the most important characteristic of the product when making a decision on the choice of products or services (Nanić, 2015).

In Herzegovina, but also in the rest of the country, there is a strong consumer entocentrism. The idea of purchaser ethnocentrism lately is progressively catching the consideration of advertising specialists and analysts in the field of buyer conduct. Purchaser ethnocentrism, to lay it out plainly, addresses a sort of revolution that customers feel towards all items and administrations that come from imports. There is a solid connection between the turn of events and development of little and medium ventures, from one viewpoint, and the interest for homegrown items, for instance expanding the level of shopper ethnocentrism, on the other, bringing about a decrease in unfamiliar import/export imbalance, GDP development, joblessness rate the advancement of the Federation of Bosnia and Herzegovina making a course for the European Union. Herzegovinians significantly buy domestic products compared to foreign ones and are loyal to domestic brands (Bešlagić, 2015).

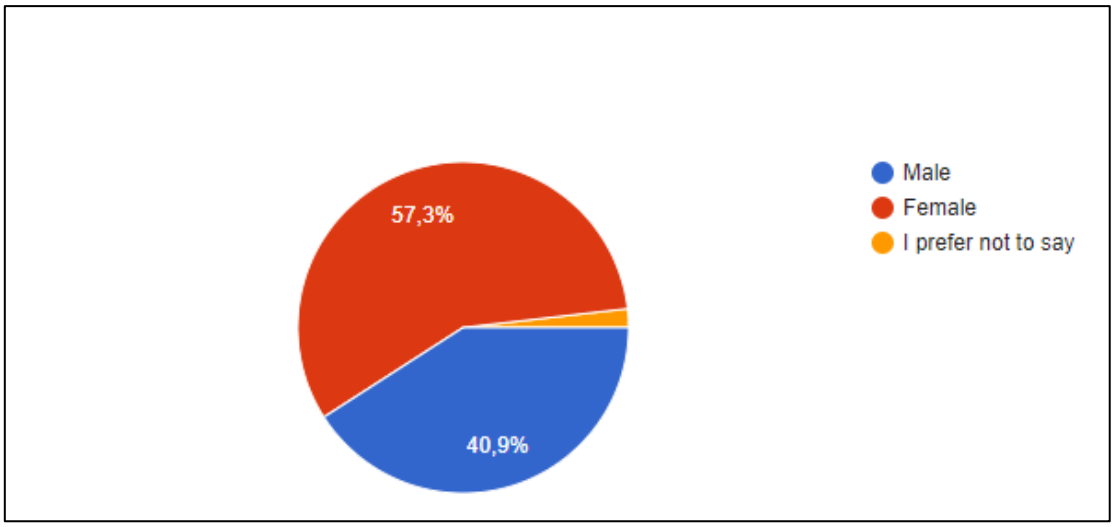
Discounts and the use of credit cards do not affect the impulsiveness of consumers in BiH. According to most theories, price reductions are one of the decisive factors influencing impulsiveness when buying. Consumers in B&H are more responsive to promotional promotions such as free gifts, bonus packages, coupons, free samples, sweepstakes and a range of other incentives created through sales promotional tools. The environment in the store: the size of the store, design, background music, smell, lighting are factors that affect the shopping habits of consumers in B&H. Among the demographic characteristics are gender and the number of family members that affect the propensity to buy impulsively. Other demographic characteristics (age, level of education and personal income) do not affect consumers' propensity to buy impulsively at B&H. As in most countries, it is women in B&H who are more likely to be influenced by various factors that can lead to a change in shopping habits. This is explained by the fact that women spend more time shopping, which creates a feeling of satisfaction, excitement and enjoyment, and they often buy impulsively to improve their mood. Women are more impulsive when it comes to buying clothes and cosmetics, and men when buying technical things and sports equipment. Although many researchers in their studies have concluded that the degree of caution towards impulsive shopping increases with the number of family members and that singles are more prone to impulsive shopping, in BiH it has been shown that families with 6 or more members have the greatest tendency to impulsive shopping (Kurtović, 2020).

# 5. EMPIRICAL RESEARCH ON THE FOOD STORE CHOICE FACTORS AMONG MILLENIALS IN WEST HERZEGOVINA

## 5.1. Research sample

111 participants took a part in this survey, voluntarily. The participants were residents of West Herzegovina, born in the millennial generation (from 1980 to 1996), with established shopping habits. This survey was filled out online. In total, 63 participants were females (57.3%) and 45 of them were males (40.9%), and 2 of them (1.8%) preferred not to state their gender (Graph 1).

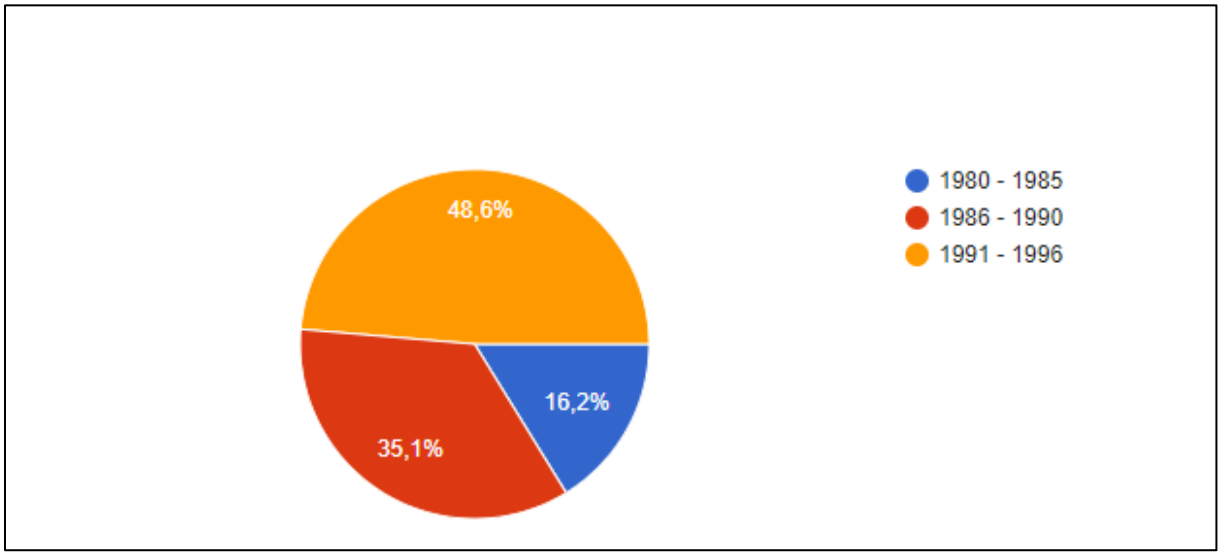
**Graph 1.** Sex distribution among participants




Source: Preparation of the author according to the research results

Most participants were born between 1991 and 1996 (54, 48.6%). The second largest group was the group from 1986 to 1990 with 39 participants (35.1%). The smallest number of participants was born between 1980 and 1985 (18, 16.2%) (Graph 2).

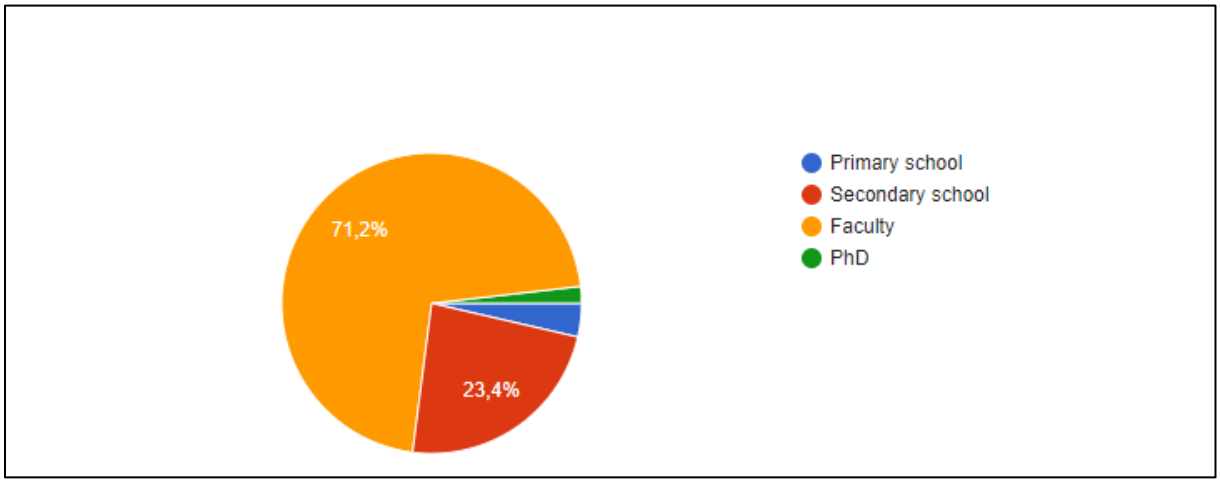
**Graph 2**. Area in which participants were born




Source: Preparation of the author according to the research results

When it comes to the education level, most participants had a faculty or higher education degree (79, 71.2%). Respondents with a secondary school education was the second largest group with 26 participants (23.4%). There were 4 respondents (3.6%) with only a primary school education, while 2 participants had a PhD degree (1.8%) (Graph 3).

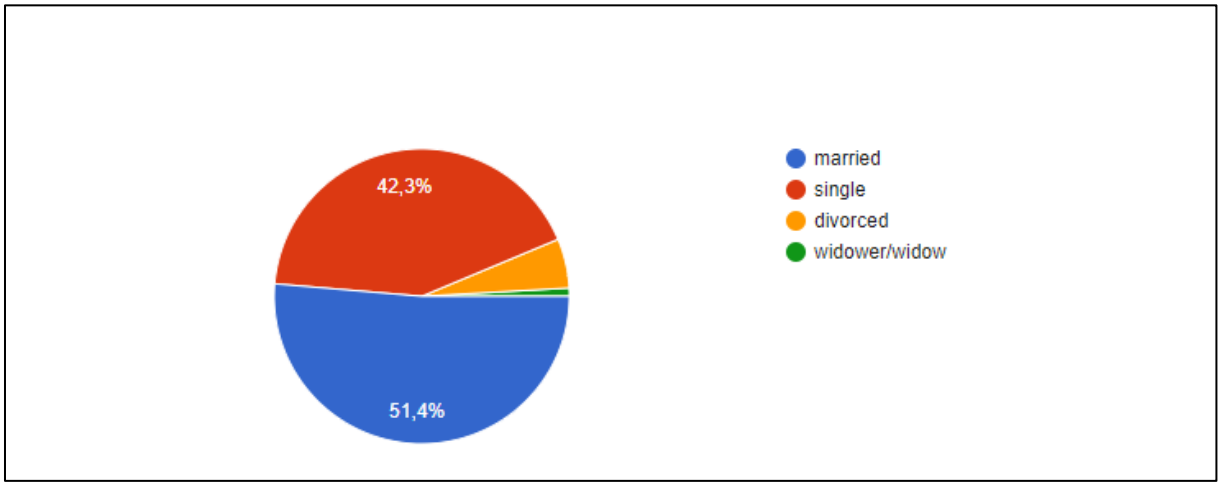
**Graph 3.** Education level among participants




Source: Preparation of the author according to the research results

Most participants were married (57 participants, 51.4%). The second group was the single group among participants (47 participants, 42.3%). There were 6 divorced participants (5.4%) and 1 widow/widower (0.5%) (Graph 4).

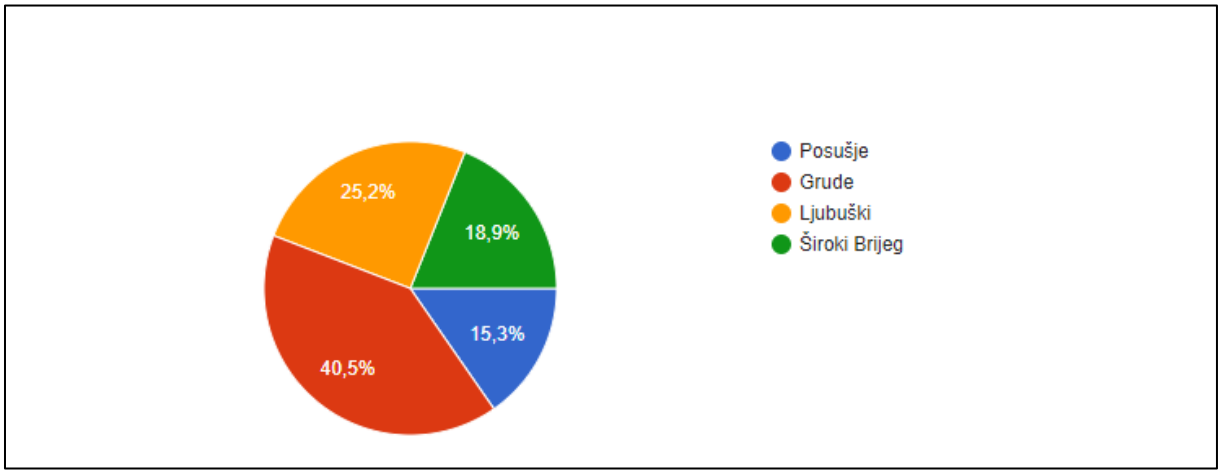
**Graph 4.** Marital status of participants




Source: Preparation of the author according to the research results

Most respondents were from Grude (45 participants, 40.5%), 28 participants were from Ljubuški (25.2%), 21 from Široki Brijeg (18.9%) and 17 from Posušje (15.3%) (Graph 5).

**Graph 5**. Residence of respondents




Source: Preparation of the author according to the research results

## 5.2. Research instrument

The online was available from September 3rd, 2021 to September 8th, 2021 for completion. As the Croatian language is official in the West Herzegovina province and is one of the authority dialects in Bosnia and Herzegovina, this overview was directed in Croatian and later

translated to English for the purpose of this thesis. The review comprised out of 18 inquiries. Inquiries from 1 to 9 were numerous decision inquiries with only one potential reply. The first nine questions were all multiple-choice questions with only one possible answer. Questions 10 to 18 consisted of statements with which respondents could agree or disagree based on the Likert scale for answers (Likert, 1932). They could choose an answer on a scale from 1 to 5, in regards to how they feel about a certain statement that was given. The statements are the following: 1-I completely disagree with the statement, 2-I disagree with the statement, 3-I neither agree nor disagree with the statement, 4-I agree with the statement, 5-I completely agree with the statement.

The Likert scale questions that respondents had to agree or disagree with were the following:

1. I would travel 20 minutes for a specialized food store.
2. Frequent discounts are the reason why I shop at a certain food store.
3. I would rather buy in local food stores than in big centers.
4. The kindness of the staff is the reason why I shop at a particular food store.
5. I buy at a certain food store because my family buys there.
6. I buy in a certain food store because it is the closest to my place of residence.
7. I buy at a certain food store because the employees at that food store know me.
8. The existence of an ATM in a particular food store is the reason why I buy there.
9. I shop in a certain food store because I like the way it looks.

Absolute numbers and mean values were used to display the results. The numbers were rounded to two decimal places. An example of the survey that was conducted can be found in the master thesis's appendix. After the collection of results, a statistical analysis was preformed regarding the Likert scale data. The statistical analysis included:

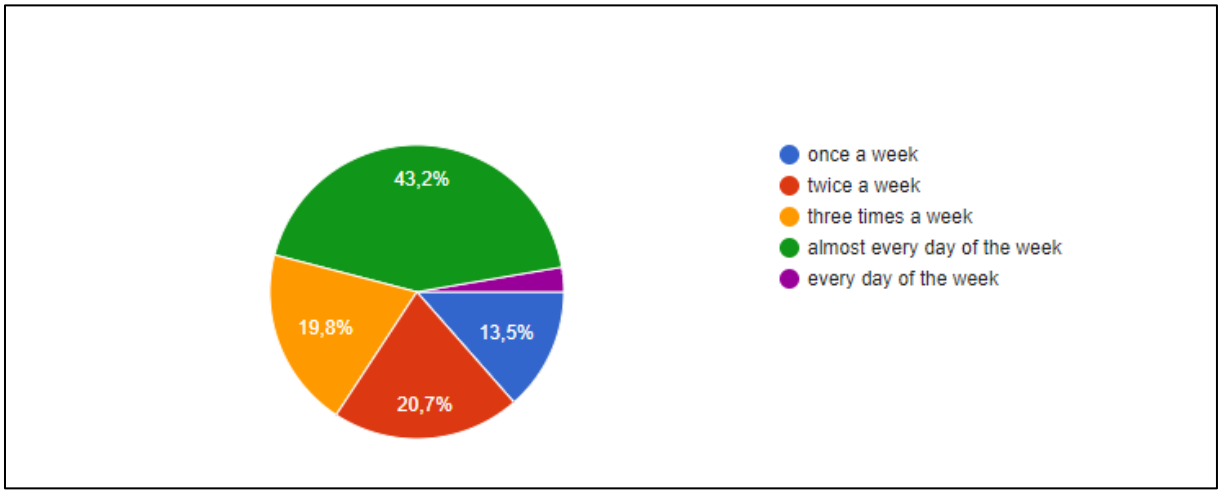
- mean value
- mode
- median
- variance
- standard deviation
- interquartile range
- kurtosis

- skewness.

## 5.3. Results and discussion

Respondents mostly stated that they go food shopping almost every day of the week (48 participants, 43.2%). 23 respondents (20.7%) stated that they visit the food store twice a week, while 22 respondents (19.8%) stated that they go food shopping three times a week. 15 respondents go food shopping once a week (13.5%). Only 3 respondents stated that they go food shopping every day of the week (2.7%) (Graph 6). These results are expected when we look at other research regarding this subject. A large number of respondents go food shopping once or twice a week. This can be related to the low salaries and low purchasing power among some of the respondents.

**Graph 6.** Frequency of going to the food store

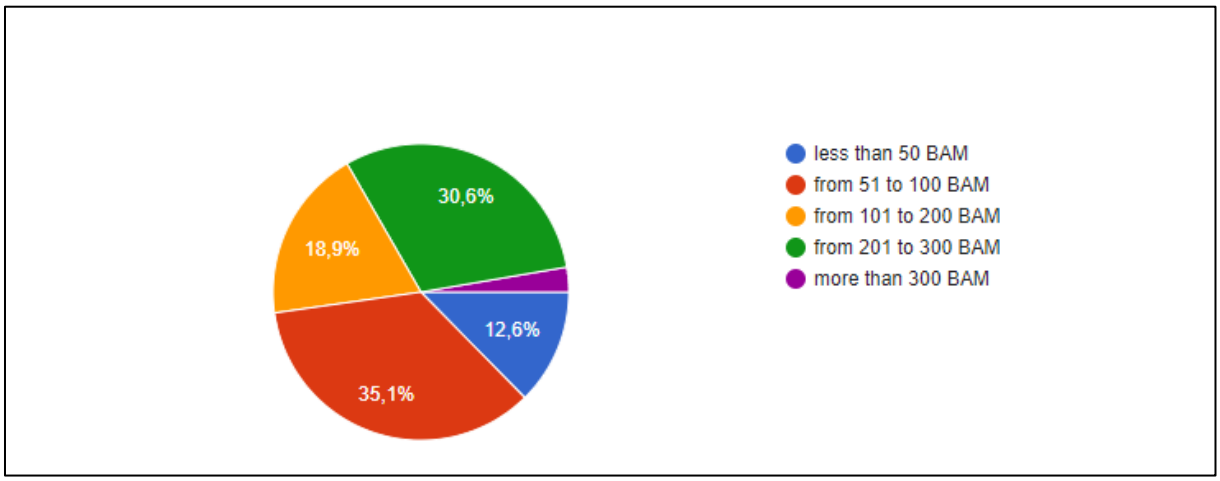



Source: Preparation of the author according to the research results

Most participants spend from 51 to 100 BAM in food stores a week (39 participants, 35.1%). 34 participants stated that they spend from 201 to 300 BAM in food stores a week (30.6%). After that, 18.9% of participants (21 participant) stated that they spend from 101 to 200 BAM in food stores a week. Only 3 respondents (2.7%) stated that they spend more than 300 BAM in food stores (Graph 7). It is interesting to see that a large number of respondents spend from 201 to more than 300 BAM in food stores weekly. Looking at the average salary in Bosnia

and Herzegovina, this sum is very high, so people in this area spend a large amount of money on food.

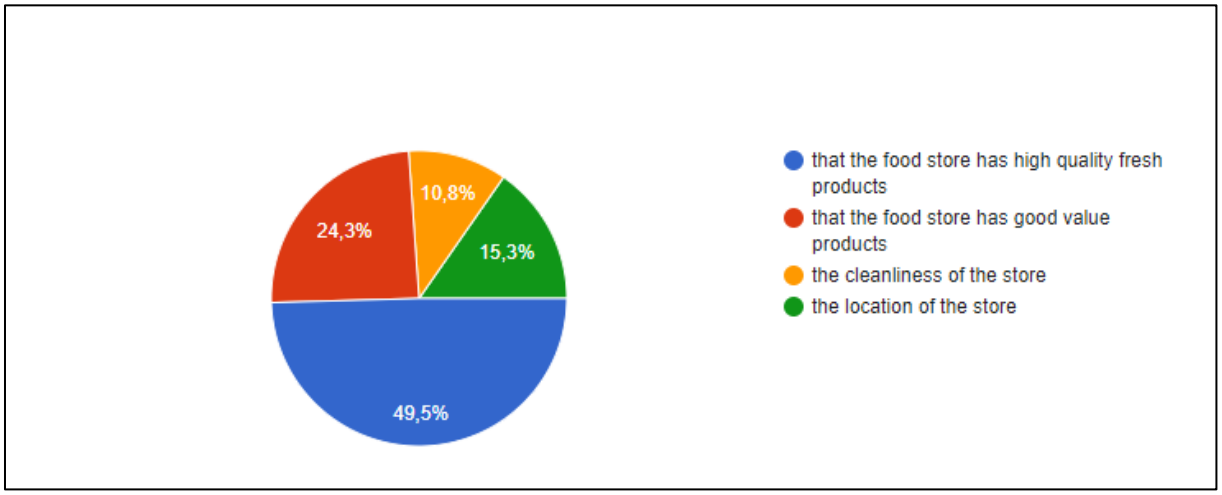
**Graph 7.** Amount of money spent in food store




Source: Preparation of the author according to the research results

When asked what is the factor that they consider the most when choosing a food store, respondents stated that they mostly search for high quality and fresh products in the store (55 respondents, 49.5%). After that good value products were the second most defining factor (27 respondents, 24.3%). 17 participants (15.3%) stated that the location of the store was the most important factor, while 12 respondents stated that the cleanliness of the store was most important to them (10.8%) (Graph 8). This can be expected as the high quality of food stores is the main factor among a lot of research and among a lot of generational cohorts. Location is not a considerable factor in this research. This can be associated with the urban or rural area in this part of B&H; people have food stores that are in proximity of their home location.

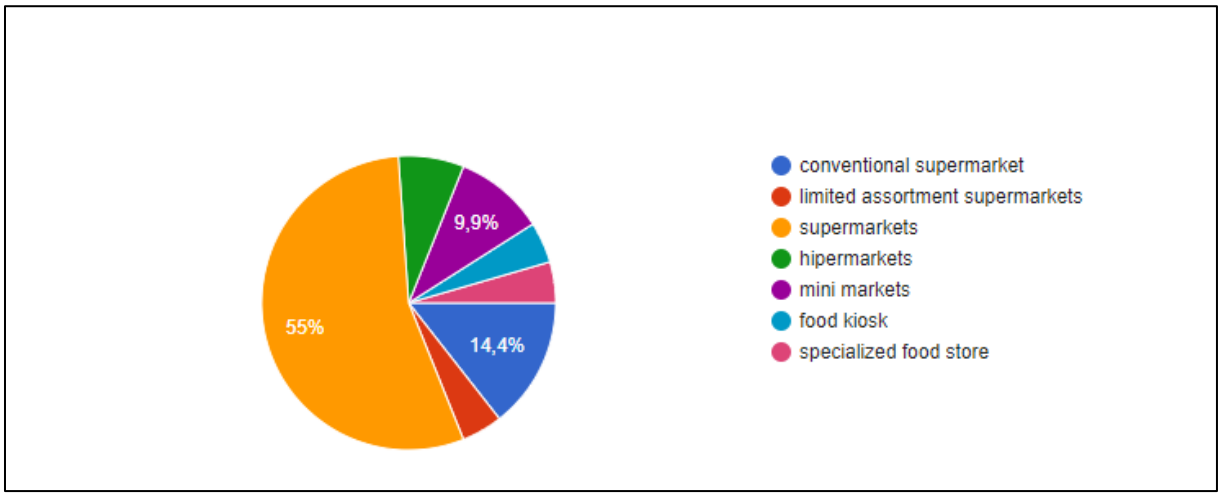
**Graph 8.** Factors taken into consideration when choosing a food store




Source: Preparation of the author according to the research results

Most respondents stated that they buy their food in supermarkets (61 respondent, 55.0%). Supermarkets were the most dominant choice and then conventional supermarkets (16 respondents, 14.4%), minimarkets (11 respondents, 9.9%), hypermarkets (8 respondents, 7.2%), food kiosks (6 respondents, 6.6%), limited assortment supermarkets and specialized food stores (5 respondents, 5.8%) (Graph 9). It is not surprising to see that most of the respondents choose supermarkets as their food store choice, because these types of food stores are most abundant in this area, with very little other specialized food stores.

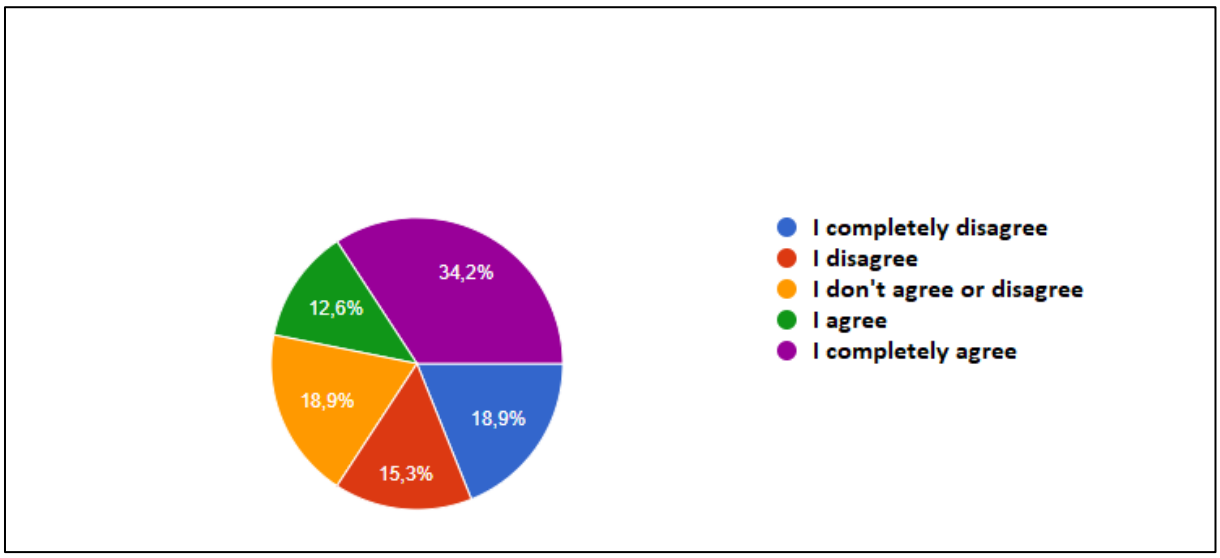
**Graph 9.** The food store that most Milennials in Western Herzegovina choose




Source: Preparation of the author according to the research results

When asked do they agree with the statement *I would travel 20 minutes for a specialized food store*, participants mostly stated that they completely agree with the statement (38 participants, 34.2%), while there were opposite opinions, such as I neither agree or disagree (21 participant, 18.9%). 17 participants stated that they don't agree with the statement (15.3%) and 14 participants expressed that they agree with the notion (12.6%) (Graph 10). The mean value for this question was 3.66, with the median value of 3 and mode of 5. This shows that participants mostly agree with this statement (Table 4). Food store choices are considered generally an important thing when it comes to Millennials in Western Herzegovina. They would mostly travel more than 20 minutes for a specialized food store.

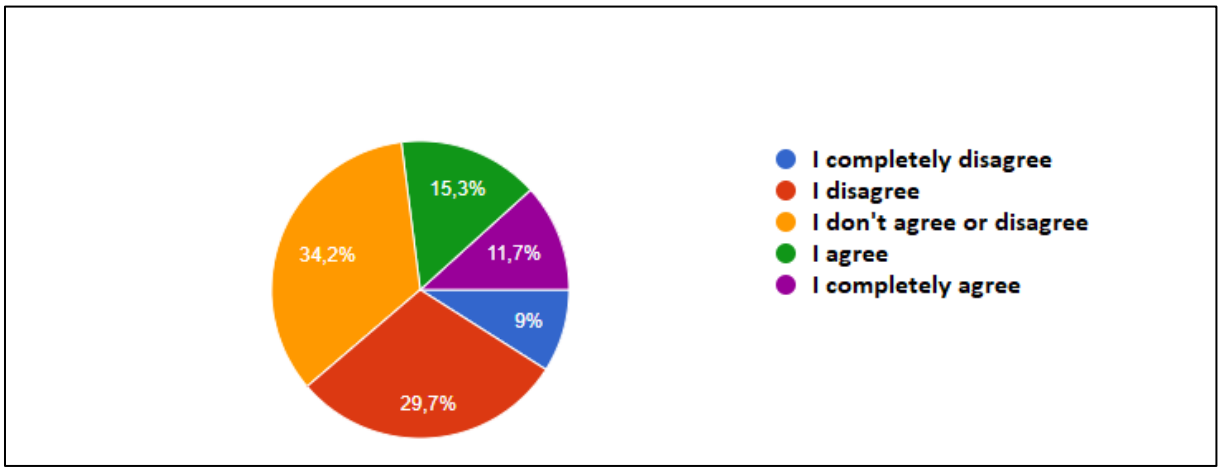
**Graph 10**. I would travel 20 minutes for a specialized food store




Source: Preparation of the author according to the research results

When asked do they agree with the statement *Frequent discounts are the reason why I shop at a certain food store*, participants mostly stated that they neither agree or disagree with the statement (38 participants, 34.2%) and that they don't agree with this statement (33 participants, 29.7%). 17 participants stated that they agree with the statement (15.3%) and 13 participants completely agree with the statement (11.7%). 10 participants expressed that they completely disagree with this notion (9.0%) (Graph 11). The mean value for this question was 2.91, with a median and mode of 3. These numbers show that participants neither agree or disagree with this statement (Table 4). It is interesting to see that Millennials in Western Herzegovina don't care much about discounts in food stores. More important factors to consider are the quality of food stores; Millennials would rather choose this factor.

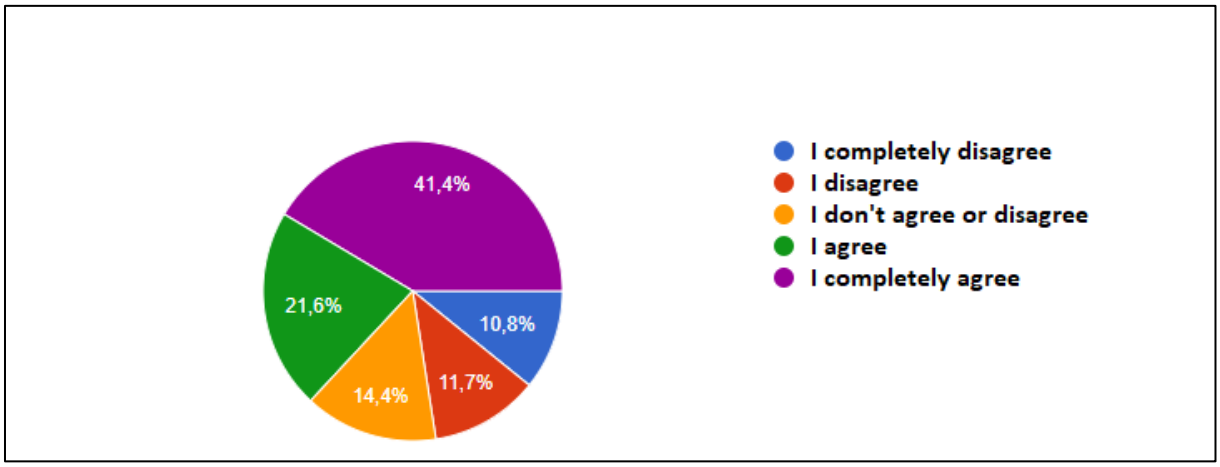
**Graph 11.** Frequent discounts are the reason why I shop at a certain food store




Source: Preparation of the author according to the research results

When the participants were asked, *I would rather buy in local food stores than in big centers*, most participants (46 participants, 41.4%) completely agree with this statement, while 24 participants (21.6%) agree with this statement. 16 participants neither agree or disagree with this statement (14.4%), 13 don't agree (11.7%) and 12 participants expressed that they completely disagree with this notion (10.8%) (Graph 12). The mean value for this question was 3.71, with a median of 4 and mode of 5. This shows that participants agree with the statement (Table 4). Millennials all around the world support their local community. They mostly buy in local food stores and have trust in local brands. This is also visible in the case of Western Herzegovina, where Millennials rather buy in local food stores than in big centers.

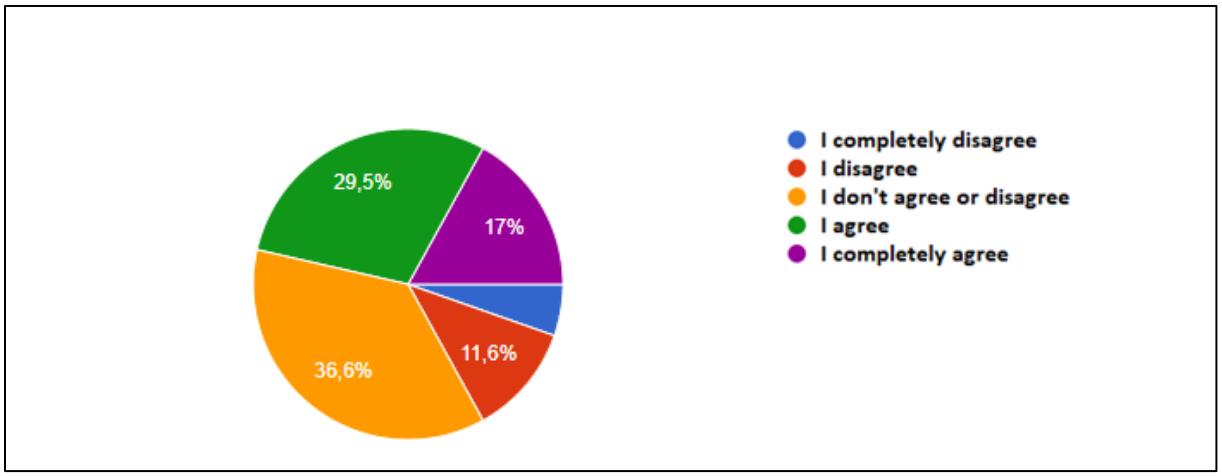
**Graph 12.** I would rather buy in local food stores than in big centers




Source: Preparation of the author according to the research results

When asked to agree or disagree with the statement: *The kindness of the staff is the reason why I shop at a particular food store*, participants stated mostly that they neither agree or disagree with the statement (41 participants, 36.6%) and that they agree with the statement (33 participants, 29.5%). 18 participants expressed that they completely agree with the statement (17.0%) and 13 that they don't agree with this statement (11.6%). 6 participants expressed that they completely disagree with this statement (5.4%) (Graph 13). The mean value for this question was 3.17, with a median and mode of 3. This shows that the participants neither agree or disagree with this statement (Table 4). Staff kindness is a key aspect when it comes to food store choices. However, this is not the case in Western Herzegovina, where Millennials don't consider this factor as considerably important. There is a possibility that this kind of behavior can be linked to the low impact of external factors on Millennials in this part of the country.

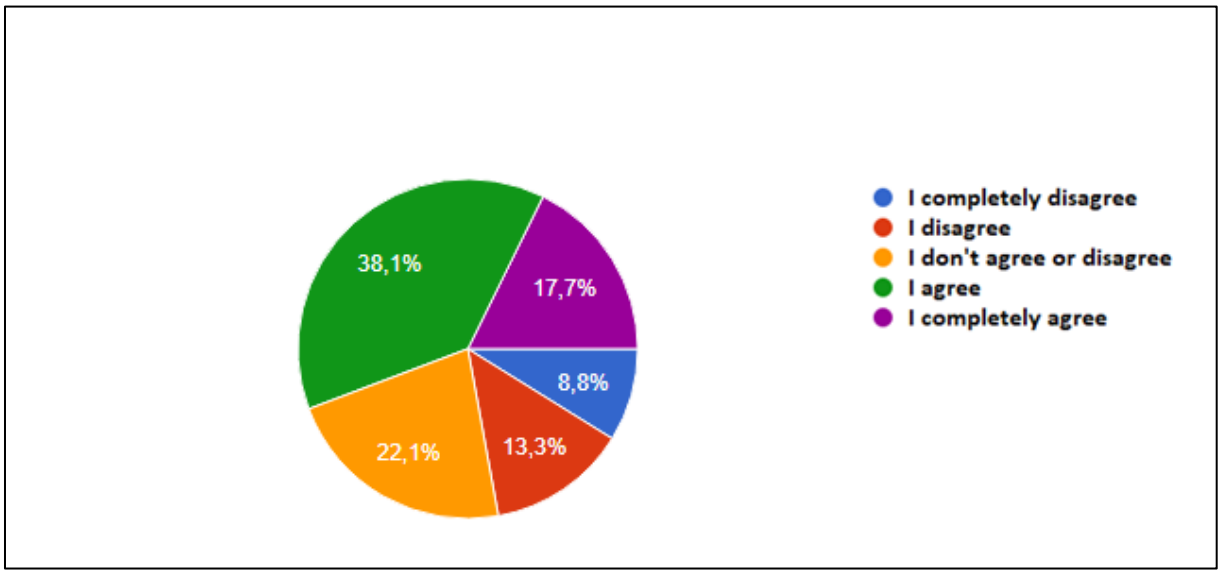
**Graph 13.** The kindness of the staff is the reason why I shop at a particular food store




Source: Preparation of the author according to the research results

When the participants were asked to agree or disagree with the statement: *I buy at a certain food store because my family buys there*, most participants (43 participants, 38.1%) agree with this statement and 24 neither agree or disagree (22.1%). 20 participants completely agree with this statement (17.7%), 14 participants don't agree with this statement (13.3%) and 10 participants (8.8%) (Graph 14). The value of the mean for this question was 3.56, with a mode and median value of 4. This shows that participants mostly agree on this statement (Table 4). Family is an important factor when it comes to the region of Herzegovina; this part of the country is traditionally more family-oriented. This can be seen also in the food store choice factors among Millennials – family has a big impact on their food store choices.

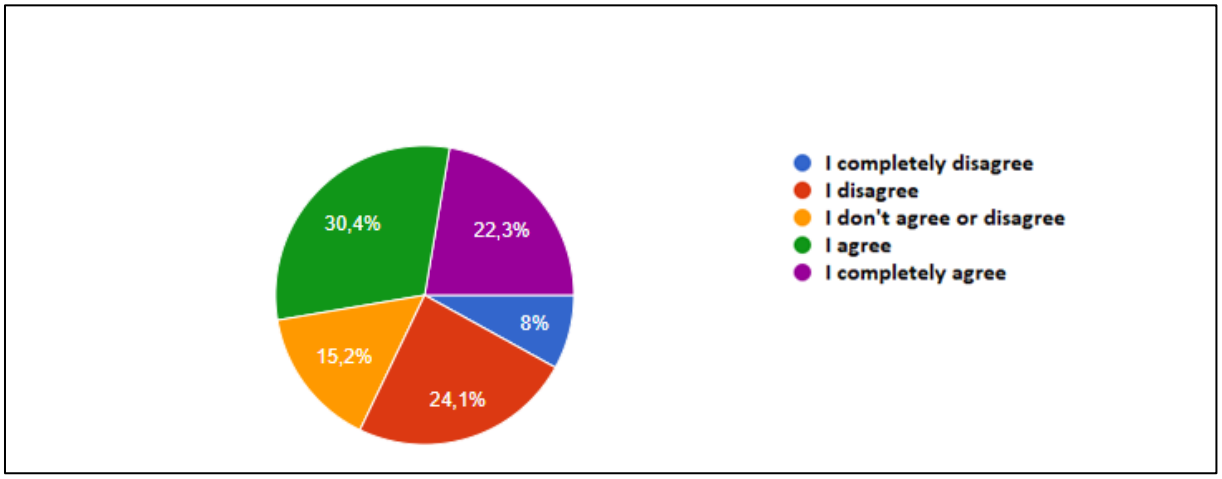
**Graph 14.** I buy at a certain food store because my family buys there




Source: Preparation of the author according to the research results

When asked to agree or disagree with the statement: *I buy in a certain food store because it is the closest to my place of residence*, 34 participants (30.6%) stated that they agree with the statement, 26 participants (23.4%) don't agree with this statement, 25 participants (22.5%) completely agree with this statement, 17 neither agree or disagree (13.3%) and 9 completely disagree with this statement (8.1%) (Graph 15). The mean value for this question 3.43, with a mode and median value of 4. This shows that participants neither agree or disagree with this statement (Table 4). The location of the food store, once again, didn't have a great impact on the food store choices among Millennials. This is in accordance with results mentioned above – the location of the store is not one of the primary factors when it comes to food store choices. Millennials in Western Herzegovina live in a more rural than urban location, so access to any food store is easy. There are no crowds or ques, so it is expected that Millennials don't consider a food store location a major factor.

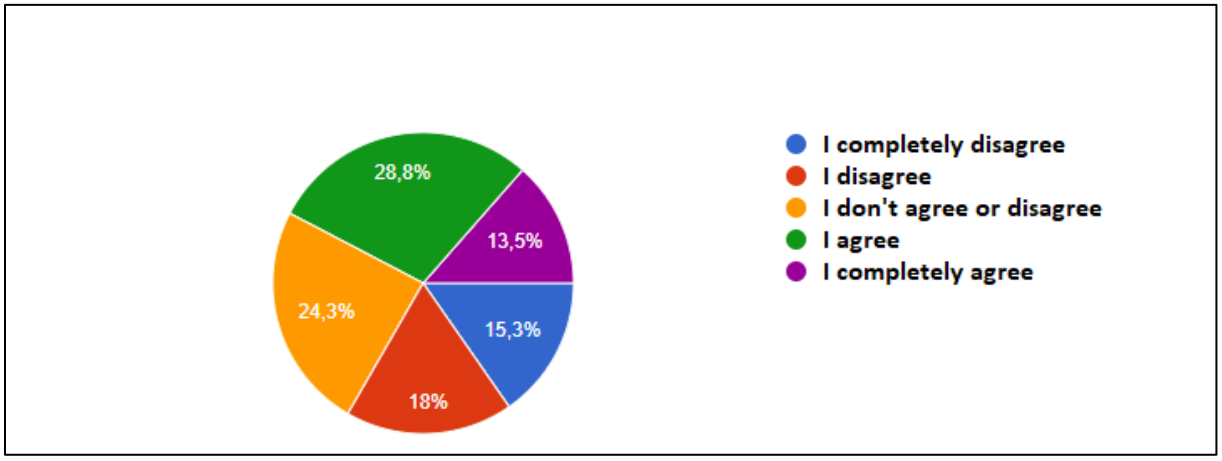
**Graph 15**. I buy in a certain food store because it is the closest to my place of residence




Source: Preparation of the author according to the research results

When asked to agree or disagree with the statement: *I buy at a certain food store because the employees at that food store know me,* 32 participants say that they agree with this statement (28.8%), 27 participants neither agree or disagree (24.3%) with this statement, 20 agree with this statement (18.0%), 17 completely disagree (15.3%) and 15 completely agree (13.5%). The mean value for this question was 3.05, with a median and mode of 3. This shows that participants neither agree or disagree with this statement (Table 4). Millennials were indecisive when it comes to the personal knowledge of staff working in certain food stores. Most of them consider this to be an important factor, but this majority is not high as in other factors.

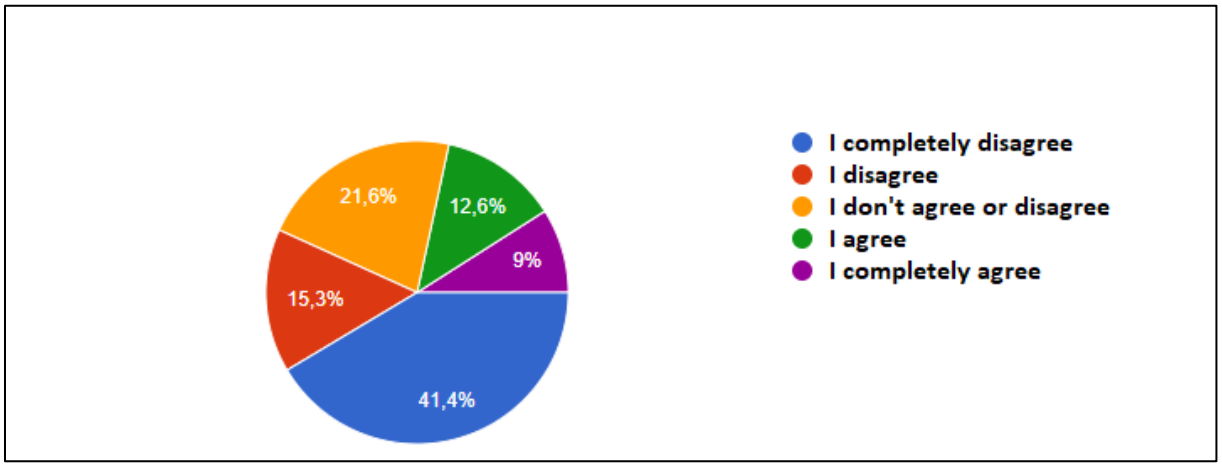
**Graph 16.** I buy at a certain food store because the employees at that food store know me




Source: Preparation of the author according to the research results

When asked to agree or disagree with the statement: *The existence of an ATM in a particular food store is the reason why I buy there*, participants mostly stated that they completely disagree (46 participants, 41.4%). 24 participants (21.6%) stated that they neither agree or disagree, 17 participants (15.3%) stated that they don't agree with the statement, 14 participants (12.6%) stated that they agree and 10 people (9.0%) stated they completely agree with this statement (Graph 17). The value of the mean for this question was 2.01, with a median of 2 and mode of 1. This shows that participants mostly disagree with this statement (Table 4). Millennials of Western Herzegovina are in accordance with their international colleagues – more and more of Millennials use credit cards and financial applications on their smartphone to make purchases. Cash is not as popular in Millennials as it is in Baby Boomers. So it is not a surprise that ATMs don't make a difference when it comes to food store choices.

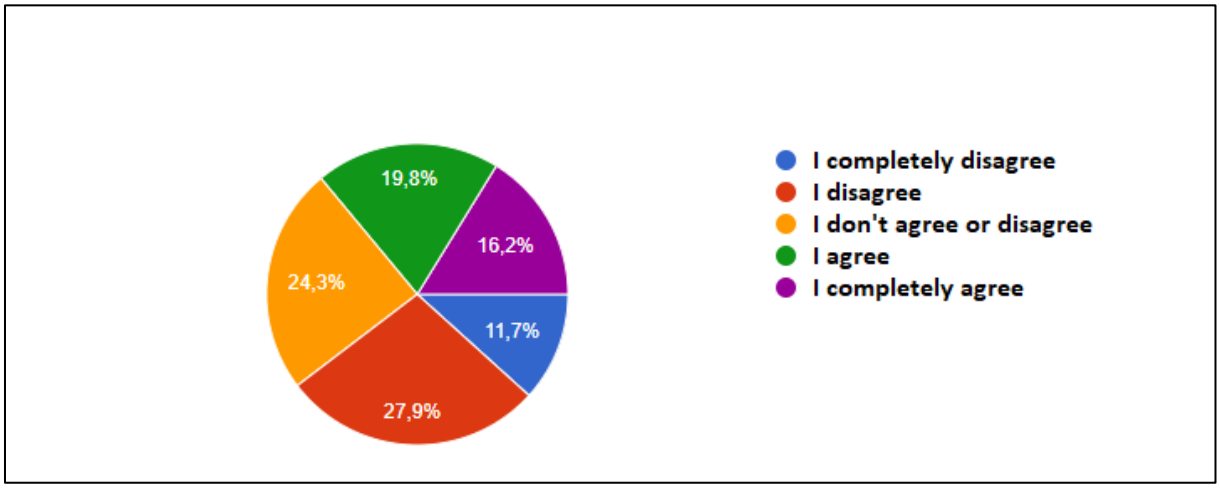
**Graph 17.** The existence of an ATM in a particular food store is the reason why I buy there




Source: Preparation of the author according to the research results

When asked do they agree with the statement: *I shop in a certain food store because I like the way it looks*, participants mostly stated that they don't agree with this statement (31 participants, 27.9%), 27 participants neither agree or disagree with this statement (24.3%), while 22 participants (19.8%) stated that they agree with this statement. 18 participants (16.2%) stated that they completely agree with this statement and 13 completely disagree with this statement (11.7%) (Graph 18). The mean value for this question was 3.07, with a median of 3 and mode of 3. This shows that participants neither agree or disagree with this statement (Table 4). The look of a food store doesn't make a difference on the buying habits of Millennials – they rather choose good products and high quality food stores.

**Graph 18.** I shop in a certain food store because I like the way it looks




Source: Preparation of the author according to the research results

**Table 4.** Statistical analysis for Likert scale answers

| Question | $\bar{x}$ | M | Mo | Q | $\sigma^2$ | Σ | $\alpha_3$ | $\alpha_4$ |
|---|---|---|---|---|---|---|---|---|
| 1. | 3.66 | 3 | 5 | 2-3-5 | 2.16 | 1.47 | -0.21 | -1.32 |
| 2. | 2.91 | 3 | 3 | 2-3-4 | 1.13 | 1.13 | 0.29 | -0.58 |
| 3. | 3.71 | 4 | 5 | 3-4-5 | 1.38 | 1.91 | -0.72 | -0.79 |
| 4. | 3.17 | 3 | 3 | 2-3-5 | 1.24 | 1.55 | 0.25 | -0.85 |
| 5. | 3.56 | 4 | 4 | 3-4-4 | 1.16 | 1.36 | -0.63 | -0.39 |
| 6. | 3.43 | 4 | 4 | 3-4-4 | 1.44 | 1.28 | -0.39 | -0.94 |
| 7. | 3.05 | 3 | 3 | 2-3-4 | 1.24 | 1.54 | -0.17 | -0.92 |
| 8. | 2.01 | 2 | 1 | 1-2-3 | 1.36 | 1.87 | 0.49 | -1.04 |
| 9. | 3.07 | 3 | 2 | 2-3-4 | 1.26 | 1.61 | 0.05 | -1.06 |

*$\bar{x}$ - mean value; M – median, Mo – mode, Q – interquartile range; $\sigma^2$ – variance; σ – standard deviation; $\alpha_3$ – skewness; $\alpha_4$ – kurtosis.

Source: Preparation of the author according to the research results

This movement is largely driven by younger demographics. The three main drivers for this behavior is healthier lifestyles, environmental impact and animal welfare for consuming foods and beverages that are healthier and plant based. Generation Z and Millennials crave authentic multicultural flavors without having to travel. The findings in this research are in accordance with these statements, as 34.2% of participants completely agree that they would travel 20 minutes for a specialized food store. Likewise, 49.5% of Millennials in this research state that high quality and fresh products are the main reason why they choose a certain food store.

Millennials also tend to buy from local food stores rather than from big shopping centers, supermarkets or hypermarkets (Meriläinen, 2019). Millennials continue to shape the food industry, as they favor organic and local products. They want more transparency in their food choices and want to know where their food products are coming from. 68% of Millennials would rather buy local ingredients even if that means that they need to pay more for them (QSR, 2017, p. 1). So, Millennials are one of the drivers of local business. The findings in this research are also in accordance with the results of various research around the world; 41.4% of participants in this research state that they would rather buy locally, than in big centers.

The Agency of Statistics of B&H (cro. *Agencija za statistiku Bosne i Hercegovine*, BHAS), says that the citizens of B&H monthly spend around 500 BAM on food. When it comes to weekly consumption, this comes around to 125 BAM (BHAS, 2018). In this research one can see that the average spending on food in Western Herzegovina is from 51 to 100 BAM (35.1% of participants) and from 201 to 300 BAM (30.6% of participants). This is somewhat in accordance to the findings of BHAS, but one must take in consideration the economy of Western Herzegovina that is more developed than the ones in other parts of B&H, with a much higher employment, so these numbers can be observed from that perspective. It is interesting to notice that although most millennials would rather shop locally, in this research they stated that the food store that they choose the most is a supermarket store. This is stated by more than a half of participants (55.0%). Food kiosks and specialized food store were the ones chosen the least. This can be explained by the small number of such stores in the cities/municipalities that the research was conducted in. The nearest food stores of such type (specialized food store, mini market) are present in the city of Mostar (45 minutes away from these cities/municipalities). So, one can conclude that although most West Herzegovina Millennials would choose such stores, there are no available choices. This can be a potential opportunity for opening new food stores in this area.

The impact of family is a strong choice factor when it comes to consumer behavior. This is still present among Millennials. Barroso, Parker and Bennet (2020) claim that living with a family is defined as living with a spouse, one's own child (or children) or both a spouse and child. According to this definition, Millennials are significantly less likely than prior generations of their age to have their own family. This sort of family unit was home to 55 percent of Millennials in 2019. This compares to 66% of Generation X in 2003 and 85% of members of the Silent Generation in 1968 (Barroso, Parker, Bennet, 2020, p. 15). However, although this generation is the one least living with family, it is still a large number of

Millennials that are living with family members. According to this family and family members can make a big impact on the food choices among this generation. This can be seen in this research also, as 38.7% of participants state that they agree with the statement that family has a large impact on their consumer behavior and 18.0% that completely agree.

Millennials and Generation Z are a digital generation. While Millennials learned to live with technology and use it on a daily basis, Generation Z has grown up *fully digitalized.* Millennials use ATMs and cash more than Generation Z, but less than Baby Boomers (Heggestuen, 2015). In this research an existence of ATM in stores didn't attract Millennials to that specific store. In other words, Millennials didn't want to use a certain food store just because there is an ATM present there. 41.4% of participants stated that they completely disagree with the statement that they would come to a food store because of an existence of ATMs. 1,500 surveyed Millennials (ages from 18 to 34) stated that they visit physical banks less and less. Just 38% of US twenty- to thirty-year-olds utilize actual banks to perform banking exercises other than utilizing an ATM. About 26% of twenty- to thirty-year-olds visit a branch not exactly one time each month, and an extra 10% visit branches roughly one time each month. Just 6% are visiting a branch consistently. 6% of recent college grads go to a branch at least four times each month (Heggestuen, 2015, p. 21).

Although Costino (2019) found that Millennials focus on discounts when buying, that was not concluded in this research. When a 30 percent discount is offered, 66% of Millennials will switch brands. Twenty- to thirty-year-olds esteem cost over proposals, the brand's standing, and even item quality and quest for limits on the web. They follow brands online only for markdown openings. 66% of recent college grads would switch brands whenever presented something like a 30% markdown, and just a third see a brand to consider patterns or item refreshes (Costino, 2019, p. 11). This is also the case with the appearance of the store. In this research participants stated that they do not care about the store appearance (27.9% of them say that they don't agree with the statement that they would visit a food store just because the way it looks). Moreover, Crim (2018) argues that Millennials care about the kindness of employees, don't like bad culture such as adult bullies, hostile work environments, acting like high school with cliques, and all the discriminations. They are the most tolerant and diverse group than any other generation (Crim, 2018). However, this was not proven in this research, as the kindness of employees was not a reason to visit a food store for most employees (36.6% say that they neither agree or disagree with this statement). On the other hand, the fact that employees know buyers can be considered a good factor for choosing a food store,

however it was not strongly proclaimed in this research (28.8% of participants that agree with this statement). Some other findings, such as the fact that the placement of the food store is important for 30.4% respondents, is accordance with other world research. Wiley (2020) says that Millennials visit food stores about three times a week to every day of the week. In this research was also found that Millennials visit food stores about three times a week and almost every day of the week (43.2%).

## 5.4. Limitations of the study

The limitations of this research are the following:

- Small number of respondents - this survey has a small sample of respondents in order to draw a generalized conclusion about general shopping habits among citizens of western Herzegovina.
- Online research - this research was conducted through an online questionnaire, so it is realistic to assume that there would be some differences in the empirical research that would be conducted on site. In that way, an insight into the clear structure of consumer buying habits would be achieved in an objective way.
- The lack of different food stores in this area - The lack of various food stores in Grude, Posušje, Široki Brijeg and Ljubuški, also presents a problem, as probably more people would choose to buy in such stores, while at the present moment they are unable to do so.

# 6. CONCLUSIONS

Each generation bears its own stamp and pattern of behavior that manifests itself in a cultural, sociological, and economic sense. Thus, scientists have noticed that there are differences in consumer habits between different generations of people. Baby Boomers are the oldest generation researched in this paper. This is the generation that usually does its shopping habits the old-fashioned way - face-to-face contact with store employees. They attach a lot of importance to comfort and convenience and for them shopping is not a relaxation but an obligation. Generation X is the generation that is more numerous in the developed part of the world today and that holds a large amount of power and money in its hands. This generation is very focused on the community, in its shopping habits it wants to establish a process of fidelity. Generation X buys in different ways - both in cash and by contactless payment. Some members of this generation show similar shopping habits as Baby Boomers or Millennials.

Members of Generation Z are the youngest research members researched in this study. It is a generation that easily approaches the process of shopping habits. Members of this generation are most numerous on social networks and social networks have a huge impact on their shopping habits. They hardly use cash, and applications that enable contactless payment, such as Venmo, Cash App and Apple Pay, are increasingly in use. This is not surprising since it is a generation that is fully digitalized.

Millennials are a generation that cares deeply about the environment and the environmental sustainability of products. For them, product quality is a much more important factor than product price. They belong to the group of consumers who trust online sources more than other social factors when shopping. There is not much research on the behavior of Millennials in Bosnia and Herzegovina. Moreover, according to the authors, there is no research that deals with the shopping habits of Millennials in western Herzegovina. This research has shown that Millennials have similar attitudes as those described in the world scientific publicly available literature.

The respondents in this study were mostly female, born between 1991 and 1996. The vast majority of them had a university degree and more than half of them were married. Respondents mostly go to the grocery store almost every day of the week, and their consumption ranges from 51 to 300 BAM. The most important factor in choosing a food store for Millennials in Herzegovina is that the store has products that are fresh and of high quality.

Most of them choose the supermarket as their store of choice. Millennials in Herzegovina attach a lot of importance to product quality, so most of them say they would travel 20 minutes because of a specialty grocery store. In addition, Millennials in Herzegovina overwhelmingly choose local stores over large malls when shopping for food. Also, their choice of products is greatly influenced by family and friends. However, the existence of ATMs in grocery stores has little effect on Millennials in Herzegovina. The vast majority of them feel that this is not a factor influencing their choice of grocery store. Greater research is needed with a larger number of respondents and in larger areas in order to get a complete picture of the consumer habits of these citizens and to obtain scientific evidence with a stronger scientific and statistical basis.

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# LIST OF TABLES

**Table 1.** The roles in the consumer behaviour processes..... 10
**Table 2.** Basic economic facts about B&H..... 26
**Table 3.** Demographic facts about Western Herzegovina ..... 27
**Table 4.** Statistical analysis for Likert scale answers ..... 43

# LIST OF FIGURES

**Figure 1**. Factors affecting consumer behavior ..... 14
**Figure 2.** Maslow's Hierarchy of Needs ..... 15
**Figure 3.** Psychological factors affecting consumer behavior ..... 17
**Figure 4.** Generation Birth Years ..... 19
**Figure 5**. Generation X in numbers in USA ..... 21
**Figure 6.** Generations and pushers for purchasing ..... 24
**Figure 7.** Position of Bosnia and Herzegovina ..... 25

# LIST OF GRAPHS

**Graph 1.** Sex distribution among participants ..... 30
**Graph 2**. Area in which participants were born ..... 31
**Graph 3.** Education level among participants ..... 31
**Graph 4.** Marital status of participants ..... 32
**Graph 5**. Residence of respondents ..... 32
**Graph 6.** Frequency of going to the food store ..... 34
**Graph 7.** Amount of money spent in food store ..... 35
**Graph 8.** Factors taken into consideration when choosing a food store ..... 36
**Graph 9.** The food store that most Milennials in Western Herzegovina choose ..... 36
**Graph 10**. I would travel 20 minutes for a specialized food store ..... 37
**Graph 11.** Frequent discounts are the reason why I shop at a certain food store ..... 38
**Graph 12.** I would rather buy in local food stores than in big centers ..... 38
**Graph 13.** The kindness of the staff is the reason why I shop at a particular food store ..... 39
**Graph 14.** I buy at a certain food store because my family buys there ..... 40
**Graph 15**. I buy in a certain food store because it is the closest to my place of residence ..... 41
**Graph 16.** I buy at a certain food store because the employees at that food store know me ..... 41
**Graph 17.** The existence of an ATM in a particular food store is the reason why I buy there ..... 42
**Graph 18.** I shop in a certain food store because I like the way it looks ..... 43

# SURVEY QUESTIONNAIRE

Poštovani,

U svrhu izrade diplomskog rada na Ekonomskom fakultetu Sveučilišta u Zagrebu molim vas da ispunite ovaj upitnik. Cilj istraživanja jest ispitati kupovne navike milenijalaca (rođeni između 1980. godine i 2000. godine). Upitnik je anoniman te će se svi prikupljeni podaci koristiti isključivo kao istraživački podaci za potrebe pisanja diplomskog rada. Hvala unaprijed na izdvojenom vremenu!

1. Molim odaberite spol:

- Muško

- Žensko

- Ne želim reći

2. Molimo odaberite razdoblje u kojem ste rođeni:

- 1980 – 1985

- 1986 – 1990

- 1991 – 1996

3. Molim odaberite najvišu razinu obrazovanja:

- Osnovna škola

- Srednja škola

- Fakultetsko obrazovanje

- Doktorat znanosti

4. Molim odaberite bračni status:

- Oženjen/udana

- Slobodan/na

- Rastavljen/a

- Udovac/udovica

5. Molim odaberite mjesto prebivališta:

- Posušje

- Grude

- Ljubuški

- Široki Brijeg

6. Koliko puta tjedno idete u prodavaonicu hrane?

- Jedanput tjedno

- Dvaput tjedno

- Triput tjedno

- Gotovo svaki dan u tjednu

- Svaki dan u tjednu

7. Koliko novaca tjedno trošite u prodavaonici hrane?

- Manje od 50 KM

- Od 51 do 100 KM

- Od 101 do 200 KM

- Od 201 do 300 KM

- Više od 300 KM

8. Koji je najvažniji čimbenik koji na Vas utječe prilikom odabira prodavaonice s hranom?

- Da su u prodavaonici visokokvalitetni i svježi proizvodi
- Da prodavaonica ima proizvode dobre vrijednosti
- Čistoća prodavaonice
- Lokacija prodavaonice

9. Koju prodavaonicu s hranom najradije birate?

- Konvencionalni supermarket
- Supermarketi ograničenog asortimana
- Supermarketi
- Hipermarketi
- Mini marketi
- Kiosci s hranom
- Specijalizirane trgovine hranom

10. Koliko se sljedeća tvrdnja odnosi na vas - putovao bih više od 20 minuta za dobru prodavaonicu hrane:

- U potpunosti se ne slažem
- Ne slažem se
- Niti se slažem niti se ne slažem
- Slažem se
- U potpunosti se slažem

11. Koliko se sljedeća tvrdnja odnosi na vas – česti popusti razlog su zašto kupujem u određenoj

prodavaonici hrane:

- U potpunosti se ne slažem

- Ne slažem se

- Niti se slažem niti se ne slažem

- Slažem se

- U potpunosti se slažem

12. Koliko se sljedeća tvrdnja odnosi na vas – radije kupujem u lokalnim prodavaonicama hranom nego u velikim centrima:

- U potpunosti se ne slažem

- Ne slažem se

- Niti se slažem niti se ne slažem

- Slažem se

- U potpunosti se slažem

13. Koliko se sljedeća tvrdnja odnosi na vas – ljubaznost osoblja razlog je zašto kupujem u određenoj prodavaonici hrane:

- U potpunosti se ne slažem

- Ne slažem se

- Niti se slažem niti se ne slažem

- Slažem se

- U potpunosti se slažem

14. Koliko se sljedeća tvrdnja odnosi na vas – u određenoj prodavaonici hrane kupujem zato što moja obitelj kupuje u istoj prodavaonici:

- U potpunosti se ne slažem

- Ne slažem se

- Niti se slažem niti se ne slažem

- Slažem se

- U potpunosti se slažem

15. Koliko se sljedeća tvrdnja odnosi na vas – u određenoj prodavaonici hrane kupujem zato što je najbliža mom mjestu stanovanja:

- U potpunosti se ne slažem

- Ne slažem se

- Niti se slažem niti se ne slažem

- Slažem se

- U potpunosti se slažem

16. Koliko se sljedeća tvrdnja odnosi na vas – u određenoj prodavaonici hranom kupujem jer me zaposlenici na tom mjestu poznaju:

- U potpunosti se ne slažem

- Ne slažem se

- Niti se slažem niti se ne slažem

- Slažem se

- U potpunosti se slažem

17. Koliko se sljedeća tvrdnja odnosi na vas – postojanje bankomata unutar prodavaonice razlog je zašto kupujem u određenoj prodavaonici hrane:

- U potpunosti se ne slažem

- Ne slažem se

- Niti se slažem niti se ne slažem

- Slažem se

- U potpunosti se slažem

18. Koliko se sljedeća tvrdnja odnosi na vas – u određenoj prodavaonici hrane kupujem jer mi se sviđa njezin izgled:

- U potpunosti se ne slažem

- Ne slažem se

- Niti se slažem niti se ne slažem

- Slažem se

- U potpunosti se slažem

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Marko Kolobarić was born on the 25th of September 1995 in Mostar, Bosnia and Herzegovina. From 2002 to 2010 he was enrolled in the Ruđer Bošković Primary School in Grude. From 2010 to 2014 he was enrolled in the Antun Branko Šimić Secondary School in Grude. From 2014 to 2020 he was enrolled in the University of Zagreb Faculty of Economics and Business, where he obtained a bachelor's degree in Business. From 2020 he is enrolled in the University of Zagreb Faculty of Economics and Business where he is a candidate for obtaining a master's degree in Business. He is fluent in English, with basic knowledge of German.