

CROSS-BORDER SHOPPING AT THE ROMANIAN-SERBIAN BORDER. THE IMPACT OF CROSS-BORDER SERBIAN SHOPPERS IN TIMIȘOARA

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ABSTRACT. – **Cross-border Shopping at the Romanian-Serbian Border. The Impact of Serbian Shoppers in Timișoara.** The purpose of this paper is to debate the phenomena of shopping tourism at the Romanian-Serbian border, through both a theoretical and an empirical approach. The theoretical approach highlights the historical aspect of shopping across the border, emphasizing the embargo and post-embargo periods, as well as the visas and free visa regulations. The empirical approach discusses the results of a research conducted by the author in the summer of 2012 in Timișoara, having as focal point the Serbian cross-border shoppers, seen through the perspective of local retailers.

The findings reveal major changes in the approach of Serbians towards cross-border shopping, as a result of normalization of internal political situation and facilitation of border crossing. The paper also reveals the attitude of local retailers towards the Serbian cross-border shoppers, their expectations and view of the cross-border shopping phenomena.

Key-words: *shopping, border, trade, Serbia, Romania, retail, leisure, smuggling, embargo, Timișoara*

1. INTRODUCTION

Shopping became for many people a way of spending leisure time and exploring new locations, not situated in the closeness of their places of residence. On every seventh occasion, shopping has become a decisive reason for making a trip; this “hard core” of shopping tourism represents 70% of all tourists’ expenses in retail commerce (Werner and Kai, 2005). Shopping is a very popular leisure activity in capitalist countries and it gains more and more followers in East and Central Europe as well, where people are eager to implement Western consumption habits. The quick development of commercial centres, experienced in the last 10 years, led to the expansion of big international retailers in the former communist countries and the implementation of new shopping customs that successfully combine shopping with entertainment activities. Many people view shopping as a way of fulfilling part of their need for leisure and tourism (Timothy & Butler, 1995). In our days, most shoppers choose to travel in order to complete the shopping activities, being interested in finding new things, not present in the proximity of their homes or work places. They often choose to

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cross the boundaries of their own nation specifically to shop in a neighbouring country (Timothy, 2005), the trip lasting from a few hours to a few days. Shopping abroad is popular, as there is often a different and more alluring selection of merchandise than can be found in the shopper's home community (Bar-Koľelis & Wiskulski, 2012).

Cross-border consumption in Central and Eastern Europe have existed for some time, but it became highly visible and more widespread during the 1990s (Timothy, 2005), after the Iron Curtain fell down and disclosed to consumers a new world of opportunities in matters of product choice and prices. Cross-border shopping became a regular activity, motivated by personal needs or by entrepreneurial possibilities.

This paper is based on a research conducted in August 2012 in Timișoara and has as a focal point the Serbian cross-border shoppers, whose presence was reported mainly in Iulius Mall commercial centres. The Serbian shoppers are analysed through the perspective of local retailers and shop assistants of international retailers, who enter in direct contact with them, sometimes even in their native language.

The paper also brings into discussion the background for current cross-border shopping and the particular situation, which developed after the fall of communism, at the Romanian-Serbian border. A major role here is played by the embargo and its impact on border relations and realities.

2. CROSS-BORDER SHOPPING

Economic, legal, and social differences on opposite sides of an international border create conditions that appeal to many types of tourism (Timothy, 2005), especially to shopping tourism, a new and popular form of tourism. Cross-border shopping occurs when consumers travel outside their local area and cross a national boundary (Sullivan & et al., 2012), with the precise purpose to purchase things in another country, usually a neighbouring one. For people living in the proximity of the border, the trip can be short, but for people who live farther from the border, the trip usually has a longer duration (Timothy, 2005). Cross-border shopping tourism can be described as an activity planned and executed with acquisition purposes, that starts with a trip, involves a border cross action and finishes with a shopping activity.

Timothy (2005) underlines the four economic and socio-political conditions that need to be accomplished in order for cross-border tourism to appear and develop, which are connected with:

- The contrast between the two markets located on either side of the border;
- The potential customers' awareness of market differences that exist or might exist on the other side of the border;
- The willingness of potential customers to travel over the border;
- The border crossing procedures that should be permeable enough to allow people to visit with relative ease.

There are also a set of factors that contribute to the appearance, direction and maintenance of the cross-border shopping tourism, which Timothy (2005) mentions: price level, tax rates, opening hours, exchange rate between currencies, availability of a wider range of products and services, fame and marketing, proximity to the border and language.

In the border regions, cross-border shoppers are local consumers taking advantage of their geographical location and benefiting fully from the possibility of choosing merchandise from two different locations. In the cross-border areas, shopping on the other side of the border tends to be a regular and fairly well organized activity, sustained mainly, but not only, by economic reasons. Other reasons can be leisure, curiosity or the simple pleasure of shopping.

From an economic point of view, in the border regions cross-border shopping may have an important impact on the local commerce. Its flow of purchase power, although frequently goes unobserved by the local retailers, sometimes shapes the market demand (Bar-Kotelis & Wiskulski, 2012).

3. CROSS-BORDER SHOPPING IN EAST AND CENTRAL EUROPE

The fall of the Iron Curtain had a direct impact on the development and visibility of cross-border shopping activities in East and Central Europe. This phenomenon, although existing for some time, became highly visible and widely spread (Timothy, 2005). The free movement across state borders, which in communism was very carefully controlled (Turnock, 2002), coupled with price gap and the increase demand for Western-type consumer goods, led towards significant changes in 'commercial tourism' since 1993 (Stryjakiewicz, 1998).

Cross-border shopping in East and Central Europe was mostly observed at the meeting points of the developed and developing economies (Powęska, 2008), strongly motivated by the removal of border crossing restrictions, price differences between the countries, dissimilar availability of merchandise and business or smuggling possibilities. Once border crossing restrictions were lifted, in the former communist countries, marked by austerity policies with limited choices in matters of range of products, people, especially the ones from the border regions, started to travel to the neighbouring countries, buying and selling on both sides of the border (Hall, 2000). These cross-border trips were, for most traders, international excursions lasting less than one day, but for thousands of others, they became part of a multidimensional system of trade (Timothy, 2005).

The price differences were high during the transition period of the 1990s, when the post-socialist countries started transforming their economies, in order to adapt them to the international market rules, leading to the creation of multiple differences in commodity prices and nearly tenfold disparity in population income (Powęska, 2008). The cheaper purchase on the other side of the border became a strong motivational factor, along with access to a wider range of goods, especially for people with low income, living near the borders.

The cross-border shopping activities conducted in Central and East Europe, described as 'bazaar capitalism' (Smith, 1997), implies more an entrepreneurial activity involving shopping for resale items rather than for personal-use items (Timothy, 2005). The practice demonstrated that there is a very thin line between cross-border shopping with the purpose of easing the family budget and helping friends and relatives to purchase as well, to shopping for resale to friends or work colleagues. From here to smuggling is just a small step, as sometimes it is difficult to make a clear-cut distinction

between cross-border shopping and smuggling and many researchers hold that cross-border shopping also consists of part of illegal foreign turnover carried out by the individual travellers at the border in connection with an unrecorded conveyance of goods (Powęska, 2008).

On the other hand, as the political situation in East and Central Europe started to stabilize and the border crossing procedures began to change, in some cases due to European Union regulations, in other cases by mutual agreements signed between countries, new trends in cross-border shopping were brought in by globalization. The trend implies a switch in travellers' motivations for crossing the borders, which focuses less on economic and trade factors and emphasizes more on leisure.

4. CROSS-BORDER SHOPPING AT THE ROMANIAN-SERBIAN BORDER

The Romania-Serbia border sector stretches on 546.4 km (256.8 km terrestrial; 289.6 fluvial) and may be considered of a relict type, inheriting the characteristics of the Romanian-Yugoslavian state border, established on 10 April 1924 (Ilieş *et al.*, 2012).

In the year following the collapse of communism, the perception of Romanian-Serbian border radically changed, due to the relative position of Romania and Serbia in the territorial-political architecture of the European continent (EU, non-EU and NATO areas) (Ilieş *et al.*, 2012), which had a direct impact on the status and limitation of the border.

The biggest challenge came from the embargo sanctions imposed to Yugoslavia (Serbia and Montenegro) from 1991 until 1994, and later from 1999 until 2000, by the international actors (Radu, 2009). This had as immediate effect huge losses in the legal trade with Serbia and a quick growth of an underground trade relationship. Romania became an important smuggling transshipment point and in the process, fostered closer ties between the state and organized crime. Poor Romanian towns near the Serbian border experienced an economic boom owing to the clandestine cross-border trade (Andreas, 2005) of fuel and other commodities.

Even after the embargoes ended in the early 2000s, the spirit of the embargo was alive: contraband trading was still going on. Even if the gas was no longer needed, there were many other commodities that found their illicit way to Serbia across the Danube River (Radu, 2009). This situation conducted to the establishment of a post-embargo contraband era, especially noticeable between 2004 and 2007 (Radu, 2009), when visas were introduced between Serbia and Romania and ordinary people, who normally were shopping in Romania for cheaper food items, could not afford anymore to make the trip, as visa costs were too high, compared with their average income. During the visa period, the goods and in some cases the people, moved illegally from one country to another with the help of former fuel contraband dealers. With their help, petty traders crossed the border as tourists, while their merchandise crossed illegally the Danube (Radu, 2009).

The situation began to change since 2007, when Romania joined the European Union and Romanians did not need visas anymore for entering Serbia, while Serbians received free visas for Romania. Important changes occurred in terms of smuggled goods and cross-border acquisitions. Since Romania became a member of the European Union, the price of cigarettes increased with additional taxes and a new contraband

phenomenon started at the border, this time from Serbia to Romania, involving cigarettes. The smuggling of cigarettes into Romania is currently a sizable phenomenon, easily noticeable at border crossing points, where smugglers, waiting in line to enter Romania, tamp down the cigarettes in the tanks and engines of their cars².

On the other hand, the new cross-border requirements allowed for a significant increase of border permeability, which led to the increase of traffic generated by ordinary people, from both Romania and Serbia. In this way, the ordinary people started to travel across the border for shopping directly in the neighbouring country. Since 2007, Romanian newspapers often mentioned about the inflow of Serbian shoppers into Romania³ or outflow of Romanian shoppers into Serbia⁴, correlated with price fluctuations, variety of products or simple curiosity.

Romanians' reasons for shopping in Serbia are mainly economic, their acquisitions focusing on food items, detergents, cosmetics and cigarettes, which are cheaper than in Romania. Additional pull factors are the promotions and discounts, more often found in Serbia than in Romania. The travel is done mainly before holidays, in the weekends or with the occasion of some trade fairs.

Serbians are mainly motivated to shop in Romania by the wider range of available products and the proximity of new modern retail spaces⁵, located not far from the border. An important driving factor are the new modern retail locations, where Serbians acquire mainly apparel items, food, electric and electronic goods. Once visas were lifted, the shortage of modern retail spaces from Serbia, the proximity to the border and the international retail mix offered by Romanian commercial centres, providing a wider range of available products, led towards the development of Serbian cross border shopping in Romania, especially in Timișoara.

5. SERBIAN OUT-SHOPPERS IN TIMIȘOARA

5.1. Serbian out-shoppers

Shopping became a major leisure activity, also because setting for shopping has become much more leisure oriented (Timothy & Butler, 1995), a trend strongly supported by shopping centres, which thus attract more customers at the cost of old type retail locations. Cross-border shopping can be regarded as a special form of out-shopping. In border areas where there have been no real restrictions for years on what could be purchased and brought back home from a trip to the neighbouring country, cross-border shopping might possibly be just like every other kind of out-shopping (Bygvrå & Westlund, 2004).

² The author personally witnessed such situation.

³ „Ramasi fara grija vizelor, sarbii vin la cumparaturi in Timisoara” [Left without visa problems, Serbs come to shop in Timisoara], *Income Magazine*, 4 January 2010.

⁴ Shopping de Sarbatori in Ungaria si Serbia. Vezi ce produse, la reduceri mari, cumpara romanii! [Holiday shopping in Hungary and Serbia. Look what products Romanians are buying at big discounts], *Adevarul*, 5 December 2011.

⁵ Sarbii vin la cumparaturi in Romania [Serbians are coming to shop in Romania], *Timis Online*, 29 December 2009

The inclination of Serbian out-shoppers for leisure can be noticed in a study conducted by Tanja Dmitrovic and Irena Vida, published in 2007, which reveals that although the Serbians' most common reason for shopping abroad is low prices (42%), the better quality (26.1%) and the larger range of goods (12.6%) are also major motives for out-shopping. The Serbian shoppers' negative perception of quality products at home is also an important driving factor for them to travel abroad for acquisitions, their shopping focusing mainly on apparel items, food/beverages (43%) and housing items (42%), the same study reveals. Serbians inclination to shopping for leisure slowly brought to Timișoara a noticeable number of shopping tourists, noticeable mostly in weekends.

5.2. Timișoara as shopping destination

Timișoara, one of the largest cities of Romania, with a population of 303 708 inhabitants⁶, is located in Timiș County, near the Romanian-Serbian border. Strategically positioned, in the proximity of four border crossing points between Romania and Serbia, Valcani – Mokrin/Mocri, Lunga – Nakovo, Jimbolia – Kikinda Crnja and Foieni I – Jasa Tomic/Modos (Ilieș & et al., 2012), Timișoara has been a meeting point for Romanian and Serbian economic and cultural interactions.

The retail market of Timișoara is for some years in transition, caught in an unfinished growth stage (Prada & Hurbean, 2009) due to the 2008 crisis, which came unexpectedly for the market. The new retail developments, already in place in 2008, sufficiently developed and with stable customers, managed to strengthen their market role, taking advantage of the postponement of new retail locations, due to the sudden drop in purchase power.

In Timișoara, Iulius Mall, with a gross leasable area of 64,215 sq m, 330 shops and 2500 parking spaces⁷, opened in 2005 and is the biggest shopping centre at the moment, representing an important point of leisure and shopping for inhabitants and tourists.

Shopping tourism activities are not widely spread in Timișoara. Though small, the presence of Serbian shoppers in the city did not pass unnoticed by the inhabitants and local retailers. Retailers and shop assistants attitude towards Serbian shoppers differ from shop to shop, according to personal experience or prejudice. The general attitude is rather positive, retailers being happy to enlarge their portfolio of customers, although some of them are disappointed by the 'window shopping attitude' of Serbian customers and by the small amount of money they spend.

5.3. Serbian cross-border shoppers impact in Timișoara

In August 2012, the author conducted a research in Timișoara, analysing the cross-border shopping activities undertaken by Serbians and their impact on the local retail market. The research was conducted in Iulius Mall, the focal point of retail in the city,

⁶ According to the information provided by the Romanian National Institute of Statistics, collected for the 2011 Romanian census.

⁷ Source: <http://www.iuliusmall.com/timisoara/despre-noi>, accessed on 5 January 2012

where the presence of Serbian shoppers was mostly noted. The research analyse the Serbian cross-border shoppers through the perspective of local retailers or shop assistants of international retailers with locations in Timișoara. The purpose of the research was to establish the presence and impact of Serbian cross-border shoppers in Timișoara.

The research comprises all types of retailers from the shopping centre, including pharmacies, libraries and flower shops, services usually focused on local customers. The research excluded the coffee places and food locations, where the contact with customers is minimal and the respondents were not able to distinguish the nationality of customers. The research was conducted through questionnaires with closed answer. In the case of some questions, the respondents were asked to choose the most accurate answer, where in the case of some other questions, they were asked to classify the answer, on a scale ranging from 1 to 5, where 1 represented very small and 5 very big. An initial sampling was made to the 150 inquired retailers, in order to establish their contact with Serbian cross-border shoppers. 78% of them declared to have had Serbian customers in the shop, so they were handed the questionnaires.

The majority of inquired retails (74%) classified as average or small the presence of Serbian cross-border shoppers in Timișoara. The majority of them also declared that Serbians represent less 10% of their total number of customers (fig. 1). In the next step, the respondents were asked to categorize the impact of Serbian shoppers on the retail market of Timișoara, on the sales in Timișoara and on the development of their own shop (fig. 2). Most respondents found the impact of Serbian cross-border shoppers to be low - very low in all three cases – retail market 69%, sales 71% and shop development 72%. These responses are mainly motivated by the level of spending undertaken by Serbian shoppers, which according to the same retailers is similar with the level of spending of local customers (fig. 3) or even lower. There is a general expectation among retailers for foreign shoppers to buy more than local customers do, which in the case of Serbian shoppers in Timișoara is not accomplished. During the research, retailers sometimes mentioned with disappointment that Serbian shoppers are more interested in browsing the goods rather than buying them, a typical behaviour of leisure shopping.

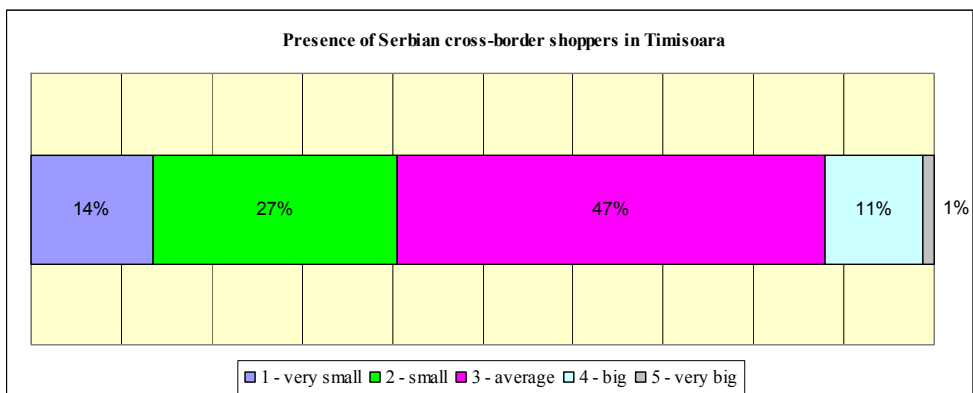


Fig. 1. Presence of Serbian cross-border shoppers in Timișoara (author’s own research)

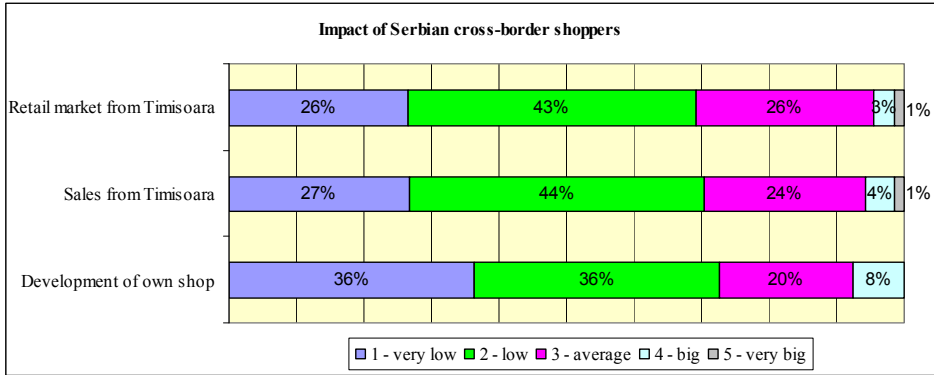


Fig. 2. Impact of Serbian customers on the sales and retail market in Timișoara and on development of respondents own shop (author’s own research)

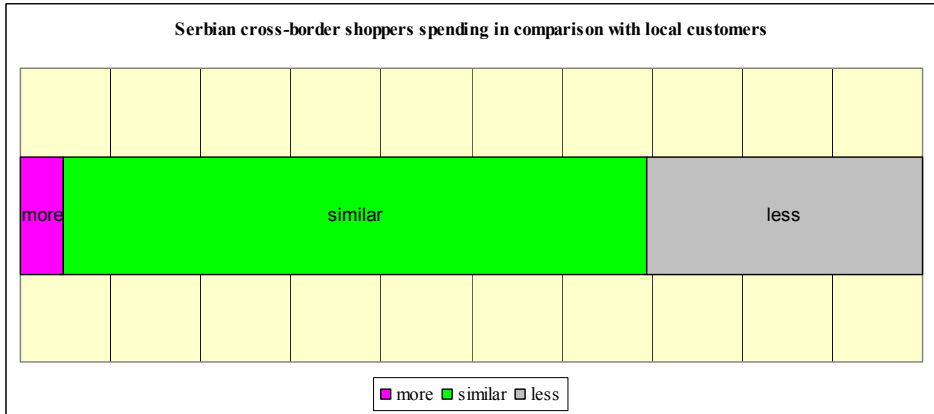


Fig.3. Serbian shoppers level of spending in comparison with local customers (author’s own research)

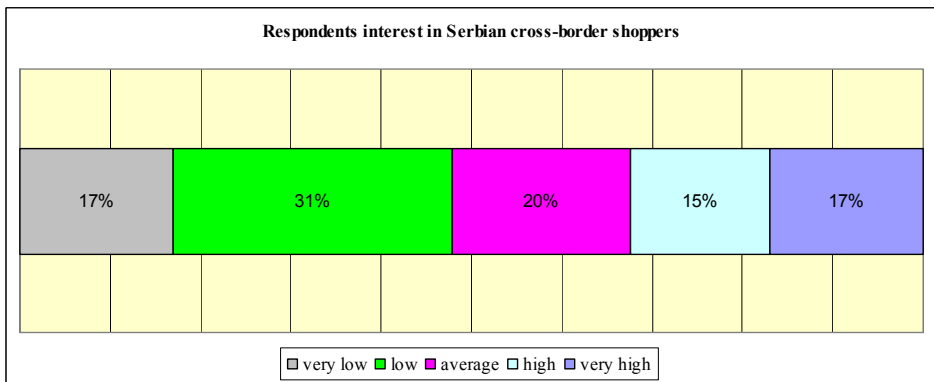


Fig.4. Respondents direct correlation with Serbian cross-border shoppers (author’s own research)

In the end, retailers were asked to mark their shop interest in the Serbian shoppers as customers, the majority (52%) claiming an average to very high interest in Serbian cross-border shoppers (Fig. 4). This shows a general positive attitude towards cross-border shopping and shoppers, emerged from the positive expectations that this phenomenon can bring.

5. CONCLUSIONS

In some part of East and Central Europe, cross-border shopping slowly becomes a leisure activity, sustained by the big variety of products and shopping locations that successfully combine shopping with entertainment activities. At the Romanian-Serbian border, cross-border shopping underwent a particular trajectory, marked by the embargo effects in the 90s, extended after 2000 in a post-embargo era, translated in losses for legal trade and a flourishing period for illegal trade. During the embargo years, Romania became an important smuggling point for fuel, oil, gas and other commodities into Serbia. In the post-embargo era, petty trading was helped by the introduction of visas, which made cross-border shopping more difficult and in some cases inaccessible for ordinary people. The situation started to normalise after 2007, once visas were lifted for Romanians and they became free for Serbians, so ordinary people started again to travel across the border for shopping.

Strategically positioned and with a partially developed retail market, Timișoara is regularly visited by Serbian cross-border shoppers, which take advantage of their proximity to the border and the city modern retail spaces. They come to Timișoara mainly on weekends, their presence being noticeable in Iulius Mall shopping centre. Serbians' motivation for shopping in Timișoara is based more on leisure than on economic reasons, shoppers being more interested in browsing the shops than actually buying. According to the local retailers, the amount they spend is similar or lower than that of local customers. Therefore, their impact on the retail market and sales of Timișoara is minimal.

In this context, it is interesting to notice the way in which the political, economic and social differences between two neighbouring countries affect the shopping tourism activities. The smaller the political, economic and social differences between the countries, the more shopping focuses on leisure, which is the case of Serbian cross-border shoppers. A focus on leisure reduces automatically the amounts spent during a shopping trip as travellers replace purchasing with 'window-shopping'. The retailers do not lose however the hope that Serbian cross-border shoppers spending will increase, the majority of them maintaining an average to very high interest in them.

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Notes

1. *Sarbiei vin la cumparaturi in Romania* [Serbians are coming to shop in Romania], Timis Online, 29 December 2009.
2. *Shopping de Sarbatori in Ungaria si Serbia. Vezi ce produse, la reduceri mari, cumpara romanii!* [Holidays shopping in Hungary and Serbia. Look what products, at big discounts, are buying Romanians], Adevarul, 5 December 2011.
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