Chapter 62
New Market Segmentation Paradigms and Electronic Commerce Adoption:
An Exploratory Study

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ABSTRACT

The purpose of this chapter is to offer a better understanding of online shoppers' behaviour, so that virtual shops may improve and adapt their product offering to effectively reach their target segments. In order to achieve this goal, a characterization of motivations to shop online is proposed as a basis for motivation-based customer segmentation. Building upon this segmentation, acceptance models—namely, an adaptation of UTAUT2 to e-commerce—have been used to look further into the purchasing behavior of each identified segment. The results from the empirical study based on responses to an online questionnaire from a sample of 718 Spanish shoppers shows seven different groups of motivations and five different customer segments, and confirms different behavioral patterns in the adoption of e-commerce for different segments of customers, with special influence of effort expectancy, facilitating conditions, and perceived risk in the online shopping behaviour of individuals.

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INTRODUCTION

Since the very beginning of marketing theory, companies have experienced how difficult it is to appeal to the whole market. On the one hand, there are many differences among shoppers, depending on their characteristics, needs or tastes; on the other hand, companies just have a limited amount of capabilities and resources to fulfill all these customer needs and desires (Kotler & Armstrong, 2012). As time has passed and markets have evolved, this kind of problems has become increasingly more complex, driven by a dramatic growth in the number of shoppers and in their diversity. Products are also more and more diverse, and so are businesses, and this in turn propitiates that markets are becoming more competitive, leaving behind the old premise of the theory of perfect competition which considered offer and demand as homogeneous curves, and which is far from the actual imperfect reality. Aware of their limited ability to give response to this heterogeneity, companies decided to improve its offering in the late fifties at the expense of focusing only on one part of the market. In order to do this, they had to carry out a previous refining of the market into smaller groups whose members would share similar or equal characteristics, needs and behaviours, and select the groups that best fit their products. This process, called market segmentation, has become since then an essential tool in marketing.

There is not only one way to perform this market segmentation, and it mainly depends on the variable or set of variables chosen to group the different types of customers. Demographic segmentation has been the most popular criterion, using variables such as gender, age, income, education, family size or nationality, among others. Although this kind of segmentation has been widely used until the present time, due to how straightforward and simple it is to gather input data, many studies have concluded that demographic segmentation is no longer enough for effective classification of customers. Therefore, new segmentation criteria have been proposed in order to overcome the limitations of demographic segmentation. One example of these is psychographic segmentation, which divides buyers based on lifestyle or personality characteristics. In fact, people in the same demographic segment may have very different psychographic characteristics. Another example is behavioral segmentation, which classifies shoppers according to their knowledge, attitudes, uses or behaviour towards a product.

But all the knowledge about marketing strategies in traditional markets underwent a great change with the emergence of the Internet and electronic commerce. Although online shopping dates back to the early nineties, it has experienced a strong growth since then, which has transformed it into a key channel for any competitive company. An important part of this profound change is the rapid growth in the number of Internet users all over the world. Since the inception of Internet, the number of users has growth at an annual average rate of more than 550 percent, with penetration rates of up to 78,6 percent in North America or 63.2 percent in Europe; and, even though adoption rates are significantly lower in emerging markets –42,9 percent in Latin America, 27,5 percent in Asia and 15,6 percent in Africa, according to data from 2012–, forecasting reports predict a big growth in number of Internet users in these countries, with Asia currently accounting for 45 percent of the 2.4 billion Internet users in 2012 (Miniwatts Marketing Group, 2013). In regard to e-commerce, sales in 2012 have experienced a global 21 percent increase compared to the year before, reaching worldwide revenue of $1 trillion for the first time in history. Expected revenue in 2013 adds up to near $1.3 trillion and forecasting studies place Asia as the biggest online market in 2014 with 36,2 percent of the world market share (eMarketer, 2013). However, despite these big numbers, there is still a big gap between the number of Internet users and the number of online shoppers; in Spain, for instance, 66,3 percent of the population are Internet users, but only half of them buy online (ONTSI, 2012).