

## Chapter 5.9

# Factors Influencing Segmentation and Demographics of Mobile-Customers

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### ABSTRACT

This chapter addresses important factors for consideration when readying a mobile commerce business for global business, addressing both regional differentiation in demographics that influence classifications of customer segments, and differentiation in demographics within a region. Globally, not all customer segments have regular access to mobile commerce facilities, and even for those that do, other demographic factors can impede their potential as mobile-customers. When starting from an Anglo-centric perspective, it is vital to have awareness of global differences in culture, language, payment options, time zones, legal restrictions, infrastructures, product needs, and market growth that could either improve or inhibit mobile-customer uptake, and in the worst case, result in unexpected litigation.

### INTRODUCTION

Mobile-customers should be considered as one of the most significant elements for a mobile commerce enterprise. Mobile-customers of the enterprise are those customers that use mobile devices—the most common ones being mobile phones, personal digital assistants (PDAs), and notebook PCs. Mobile commerce products can include: physical devices, applications, and accessories; access to the mobile infrastructure; and unrelated products and services marketed, bought, and sold using a mobile device as the communication tool.

Internet-based e-commerce interactions are generally categorised by the broad segments of Consumer (C), Business (B), and Government (G), and then decomposed into the relevant market segments. However, when undertaking global commerce, regional factors providing

differentiation in demographics can alter classifications of customer segments, and differences in demographics can occur within a region. A market segment that exists in Australia, the United States, or the United Kingdom may not exist in some regions. It should also be noted that market segments based on Internet e-customer demographics may not necessarily be directly applicable for mobile-customers.

Before targeting a product or service to a particular market segment and location, these issues should be considered to maximise mobile-customer uptake and prevent unexpected litigation.

## **FACTORS INFLUENCING GLOBAL DIFFERENCES**

First, the question of regional mobile-customer segment sizes will be discussed with reference to the *digital divide*, then other differentiating factors will be listed, followed by a list of possible strategies to consider when designing global mobile commerce products and marketing.

### **Digital Divide—Historical Factors**

The first issue to be addressed is one of whether potential mobile-customers for a segment even exist in the targeted regions.

“Visions of a global knowledge-based economy and universal electronic commerce, characterised by the ‘death of distance’ must be tempered by the reality that half the world’s population has never made a telephone call, much less accessed the Internet” is the caveat noted by the Organisation for Economic Cooperation and Development (OECD, 1999). The OECD uses the term “digital divide” to describe the inter- and intra-country inequalities in access to information and communication technologies by both individuals and businesses due to socio-economic and geographic differences (OECD, 2001). They provided statistics that highlight the differences between OECD and non-OECD countries (see Table 1).

They further noted that the higher growth rate in telecommunication access for non-OECD countries is especially due to rises in China, but there was insignificant African growth during that period.

Within a geographic region, different demographic factors also contribute to a reduction in potential mobile-customers.

Uptake of mobile commerce in some regions is still biased towards the business and professional consumer sectors, especially mobile phone ownership in the Asian region.

It should be noted that many *developing* nations suffer from lack of suitable telecommunication infrastructure; access to a reliable electrical source for re-charging of mobile devices and permanent

*Table 1. Potential access to mobile commerce and eCommerce - summary*

	OECD		non-OECD	
	1990	1998/2000	1990	1998/2000
Fixed & mobile telecommunications access paths per 100 inhabitants	41.1	72.1	2.7	7.8
Internet hosts per 1,000 inhabitants	23	82	0.21	0.85
<b>Data source:</b> Organisation For Economic Co-Operation And Development 2001				
<b>OECD countries</b> – there are 30 member countries, who are mainly in the European and North American regions; as well as the United Kingdom, Australia and New Zealand.				

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