

Customer Segmentation Revisited: The Case of the E-Tailing Industry in Emerging Market

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Abstract : With rapid rise in internet retailing, the industry is set for a major implosion. Due to the little difference among competitors, companies find it difficult to segment and target the right shoppers. The objective of the study is to segment Indian online shoppers on the basis of the factors - website characteristics and shopping values. Together, these cover extrinsic and intrinsic factors that affect shoppers as they visit web retailers. Data were collected using questionnaire from 319 Indian online shoppers, and factor analysis was used to confirm the factors influencing the shoppers in their selection of web portals. Thereafter, cluster analysis was applied, and different segments of shoppers were identified. The relationship between income groups and online shoppers' segments was tracked using correspondence analysis. Significant findings from the study include that web entertainment and informativeness together contribute more than fifty percent of the total influence on the web shoppers. Contrary to general perception that shoppers seek utilitarian leverages, the present study highlights the preference for fun, excitement, and entertainment during browsing of the website. Four segments namely Information Seekers, Utility Seekers, Value Seekers and Core Shoppers were identified and profiled. Value seekers emerged to be the most dominant segment with two-fifth of the respondents falling for hedonic as well as utilitarian shopping values. With overlap among the segments, utilitarian shopping value garnered prominence with more than fifty-eight percent of the total respondents. Moreover, a strong relation has been established between the income levels and the segments of Indian online shoppers. Web shoppers show different motives from being utility seekers to information seekers, core shoppers and finally value seekers as income levels increase. Companies can strategically use this information for target marketing and align their web portals accordingly. This study can further be used to develop models revolving around satisfaction, trust and customer loyalty.

Keywords : online shopping, shopping values, effectiveness of information content, web informativeness, web entertainment, information seekers, utility seekers, value seekers, core shoppers

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