The Differences Of Internet Lifestyles Between Online And Offline Shoppers

Ina Agustini Murwani[1], Sandra Olivia[2], Winda Kurnia Sari[3], Nehemianta Bangun[4]

[1,2,3,4] Creative Marketing Program, Management Department, BINUS Business School Master Program, Bina Nusantara University, Jakarta, Indonesia 11480

[1] imurwani@binus.edu, [2] sandra.olivia@binus.ac.id; [2]sandraaoliviaa@gmail.com, [3] winda.sari001@binus.ac.id; [3]windaks21@gmail.com,[4] nehemianta.bangun@binus.ac.id; [4]nehemiaworks@gmail.com

ABSTRACT

Despite the high growth of the e-commerce market in Indonesia, e-commerce only contributes 1% of the total retail market share in Indonesia. If compared with the penetration of internet users and smartphones, this number is considered small. Understanding the internet lifestyle of online and offline shoppers is expected to help industry players to increase the conversion of offline shoppers to online shoppers. This study uses a quantitative research method with 300 questionnaires divided into 150 online shoppers and 150 offline shoppers respondents. The key findings are: (a) online shoppers are relatively younger, have higher education, spend more time on the internet and perceive online to be easier and more entertaining; (b) offline shoppers use the internet for comparison, but need assurance and approval of quality; (c) both online and offline shoppers consider online shopping a hassle and enjoy shopping in bricks and mortar stores; (d) online shoppers are segmented into fun shoppers and consciously engaged; (e) offline shoppers are segmented into price seekers, comparison browsers and critical buyers. All of the shoppers are actually aware about the internet and know how to navigate it but at differing levels according to the segments. The suggestions for future research are listed

Keywords

internet lifestyle, online shoppers, offline shoppers, segmentation

Article Received: 10 August 2020, Revised: 25 October 2020, Accepted: 18 November 2020

Introduction

E-commerce is defined as a forum online connecting and meeting buyers and sellers to exchange products, services, and even information and conduct transactional activities therein (Close & Kukar-Kinney, 2010). An increase in online shopping activities has forced companies to offer products and service online to gain a competitive advantage.

The global trend shows a shift towards e-commerce. Switching trend towards e-commerce is inseparable from the role of lifestyle in society (Donthu and Garcia 1999). Lifestyle itself has defined a specific pattern on individual behaviour, and the behaviour is generated from the inner values of the individual. This factor is also one of the keys to the shift of a consumer's preference to choose a brand of products and services (Michman, Mazze and Greco, 2003). In addition, Bellman, Lohse and Johnson (1999) mention that consumer lifestyle is the most important information to predict shopping behaviour (online and offline).

Segmentation is important in e-commerce. And to come up with the segmentation, the appropriate way is to segment the consumers according to a special lifestyle in shopping online (Chang, 1998). Psychographic analysis is usually used to define the market segments that describes the segment consumers in their lives, jobs and other activities. Psychographic is a measurement for quantitative lifestyle, personality and consumer demographics that define the measurement of activities, interests, and consumer opinions (Sumarwan, 2003).

There are several factors that affect specifically on non-online shoppers. Researchers see that the non-online shoppers are still adopting the effectiveness factor of traditional transactions that assume that offline shopping gives its own satisfaction for them. These factors are less number of choices, time consuming, information, authenticity, taste and preference, and bargaining (Gupta, 2015).

Previous researches have focused more about lifestyle behaviour in online shoppers. There is rarely any research that discusses the behaviour of a internet related lifestyle of non-online shopper let alone a study comparing the two. There are two studies that compare internet lifestyle behaviour between online shopper and offline shopper. Swinyard and Smith (2003) use segmentation to investigate whether there are differences in the behaviour of the two groups in the United States, while Mutum and Ghazali (2006) discuss Malaysian online buyer and non-buyer demographically and psychographically. Research in Malaysia does not classify the online shopper and offline shopper into several segments, but only look at what factors can affect both. Both research explain that people can switch from offline to online because of low prices. In addition, technology literacy and various promotions can divert an offline shopper into an online shopper.

This research is a partial replication of Swinyard and Smith (2003). The comprehensiveness of Swinyard and Smith (2003) study is expected to give an answer why the offline shoppers in Indonesia, in particular in Jakarta, do not buy online Because Indonesia and the United States are two different countries in terms of culture and economy, the study is expected to confirm whether the segmentation made for internet consumers in the United States can also be applied for Indonesian who are now more internet literate.

Although e-commerce market is growing very fast in Indonesia, the digital commerce market share is only 1% of the total retail market share in Indonesia (Nielsen, 2017). This is on the contrary with the penetration of internet users in Indonesia which consists of 51.8% of the total number of existing population (APJII, 2016). As context, fashion is chosen because it is a highly developed industry in Indonesia and aligned with the development of e-commerce in Indonesia. Almost every store or brand has a social media account, web, or product in e-commerce and market place so that consumers can also shop via online. Fashion is also included into textile industry, one of five industries that are targeted to anticipate the Industrial Revolution 4.0. Understanding differences between online and offline shoppers' internet lifestyle especially in fashion industry will support companies to create strategy to increase the convertion of online and offline shoppers.

Lifestyle

Mowen (2001: 282) stated that lifestyle is a pattern of one's life behaviour, patterns in shopping and allocating time. Lifestyle is widely defined as a way of life which is identified by how a person spends his time (activity), what they think is important in their environment (interests), and what they are think about themselves (opinion). The lifestyle of a society will be different with other communities. Even from one lifetime to an individual's lifestyle and certain community groups will move dynamically. Nevertheless, lifestyle not quickly changes so that in a certain period, lifestyle is relatively permanent. Human interest in various goods influenced by his lifestyle and the goods they buy reflect his lifestyle. Lifestyle is directly influenced by education, income household, employment, and the type of products and services purchased. Level of education tends to affect one's activities, interests, opinions, values, and beliefs. Household income determines the capacity to buy consumer goods and reveal other interests.

Online Shoppers

Along with the development of internet and online shopping, new types of consumers are searching for information and buying online is becoming more diverse. The early studies of online shopping have shown a connection between technology acceptance and online shopping behaviour (Chen, Gillenson, & Sherrell, 2002) and with the expansion of internet, not only technology-oriented consumers will buy online, but it has become common practice today and is not confined to a special group of e.g., well-educated people anymore (Kwak, Fox and Zinkhan, 2002).

Offline Shoppers

Although technological advancements make for a shift in how shopping is perceived to be faster and more enjoyable, not everybody feels the same. There are people who still love to shop offline. Not because they do not have internet access capability but they love the shopping atmosphere in the store. They like the process of bargaining or looking directly at the product and can try it before buying (Mutum & Ghazali, 2004).

Online and Offline Shopper Behaviour

There were some previous studies related that profiled online users. Smith and Whitlark (1999) identified 13 themes of internet lifestyles using internet laddering. Another study by Mathwick (2001) used a clustering technique to identify four online social activities segments based on relational norms and behaviour. That research did not include online shopping behaviour.

Swinyard and Smith (2003) examined the characteristics of online household lifestyle in US and focused on the head of the household. The results revealed that respondents who liked to buy products online were younger, richer, more educated, had strong computer skills, spent more time on their computers, spent more time on the internet, and found online shopping to be easier, and more entertaining. They were less afraid of financial losses resulting from online transactions. Non-shoppers more often used their connection time to play games, chat, look for pictures, view financial information, visit newsgroups, search for software, and find work. The most frequent activities were playing games, and some of their other internet activities were entertainment-oriented. Their internet activity was less challenging than the buyers' activities. These activities required lower computer literacy skills and were subject to reticence of use of credit cards.

Fashion Online Behaviour

Online apparel consumption has seen a steady growth in the past few years. Cowart and Goldsmith (2007) investigated the factors that motivated online apparel consumption. Using the Consumer Styles Inventory, the study found that factors like brand consciousness, quality and fashion consciousness, brand loyalty, impulsiveness and hedonistic shopping stimulated online apparel shopping. The ability to buy clothes and tools without leaving the comfort of their home at the lowest available price is another reason why they rejected offline stores (Goldsmith & Flynn, 2004). Although online fashion has always been available, the research does not link the behaviour with the internet lifestyle of the target consumer compared with Swinyar and Smith's (2014) research that clearly defined the internet lifestyle of the target audience.

Research Model

The research model is to define factors of internet lifestyles which is adapted from Swinyard and Smith (2003). The factors are shown in Table 1. Those factors will be a base for segmentation.

Table 1. Factors of Internet Lifestyle

Factors	Item Measurements/Indicators
Internet shopping is easy and fun	1. I like that no car is necessary on the internet 2. I like not having to leave home when shopping 3. Internet shopping is easier than local shopping 4. I like having merchandise delivered to me at home 5. On-line buying is fun 6. I enjoy buying things on the internet 7. I would shop more on the internet if prices were lower 8. Shopping in stores is a hassle
Internet shopping is a hassle	1. I do not like waiting for products to arrive 2. It is a hassle to return merchandise bought on-line 3. It is hard to judge merchandise quality on the internet 4. Internet buying has delivery problems 5. I dislike shipping charges on the internet 6. Stores have better service policies 7. I want to see things in person before I buy 8. None of my friends shop on the internet
I don’t know how	1. I do not know much about using the internet 2. I am not good at finding what I want on the internet 3. Internet ordering is hard to understand and use 4. Internet stores do not carry the things that I want 5. I go to the internet for reviews or recommendations 6. I like browsing on the internet 7. I go to the internet to preview products
Fear of financial theft	1. I worry about my credit card number being stolen on the internet 2. I want my purchases absolutely private 3. I do not want to give a computer my credit-card number 4. Buying things on the internet scares me 5. I just do not trust internet retailers 6. I search for the lowest price for everything
Like the energy of brick and-mortar stores	1. I like to go shopping with my friends 2. I like the energy at local retail stores 3. I like the friendliness of local stores 4. I buy using layaway programs 5. I often return items I have purchased
Internet has good prices and quality	1. The internet offers lower prices than local stores 2. Internet shopping offers a better selection 3. The internet has better quality than stores 4. Local stores have better prices and promotions

Hypotheses Proposed

The hypotheses proposed in this research will replicate Swinyard and Smith (2003):
H1: Among connected consumers, compared with non-shoppers, online shoppers (a) are younger; (b) have a better education; (c) spend more time on the internet; (d) report that online shopping is easier and more entertaining and (e) are less fearful about financial losses resulting from online transactions
H2:
(a) Among online users, online shoppers are not a single market segment; they are a heterogeneous group whose members will not respond similarly to marketing efforts, and likewise;
(b) Among offline users, offline shoppers are not a single market segment; they are a heterogeneous group whose members will not respond similarly to marketing efforts.

Methods

The population of this research was fashion online shoppers and non-online shoppers in Jakarta. An online shopper was defined as a person who has been shopping fashion online at least once in the past three months in Jakarta. An offline shopper was a person who had never shopped online for fashion products in the past three months. There were 150 online shoppers and 150 non-online shoppers and the sampling was conducted by a convenience sampling method. Malhotra (2014) argues that this type of sampling is cost-effective, suitable for this type of study, with the population characteristics and available resources.
The data collection used a questionnaire that was distributed both online and offline.
The data measurement scale used was a 5-point Likert scale (1 = Strongly Disagree through to 5 = Strongly Agree).
The data collected was analysed using Confirmatory Factor Analysis and a Reliability test. After the factors were identified, the correlation test was employed before operating the cluster analysis. The variable used for the cluster analysis should not have had a correlation higher than 0.90. The cluster analysis was done using K-means cluster. After the clusters were identified, the profiling of the respondents was performed and then tested by ANOVA test to measure differences between online and offline shopper behaviour, and each segment within online and offline shopper segments to answer both of the hypotheses.

Results And Discussion

Factors that influence buying (or not buying) online
There are only five factors that influenced the decision to buy or not to buy online. This result is different than Swinyard and Smith (2003) who identified six factors. The factor that was applied in Jakarta was fear of financial theft which included the indicator of stolen credit card.

Table 2. Validity and Reliability of Internet Lifestyle Factors

Factors	Indicators	Code	Loading Factor	Cronbach Alpha
Internet shopping is a hassle (HASSLE)	I want to see things in person before I buy	HASSLE 2	0.521	0.722
	It is hard to judge merchandise quality on the internet	HASSLE 3	0.696	
	It is a hassle to return merchandise bought online	HASSLE 4	0.670	
	Stores have better service policies	HASSLE 6	0.524	
	I want to see things in person before I buy	HASSLE 7	0.673	
	Internet buying has delivery problems	HASSLE 8	0.679	
Like the energy of brick- and-mortar stores (OF)	I like the friendliness of local stores	OF1	0.561	0.529
	I like the energy at local retail stores	OF2	0.624	
	I often return items I have purchased	OF3	0.646	
	I buy using layaway programs	OF5	0.657	

Internet shopping is easy and fun (IS)	I enjoy buying things on the internet	IS1	0.807	0.850
	Online buying is fun	IS2	0.572	
	I like that no car is necessary on Internet	IS3	0.803	
	Shopping in stores is a hassle	IS4	0.647	
	I like not having to leave home when shopping	IS5	0.603	
	I would shop more on the internet if prices were lower	IS6	0.520	
	Internet shopping is easier than local	IS7	0.675	
	I like having merchandise delivered to me at home	IS8	0.836	
I don't know how (IDK)	Internet ordering is hard to understand and use	IDK1	0.642	0.767
	I do not know much about using the internet	IDK2	0.615	
	Internet stores do not carry things I want	IDK4	0.685	
	I am not good at finding what I want on the internet	IDK7	0.644	
Internet has good prices and quality (IPR)	The internet offers lower prices than local stores	IPR2	0.869	0.810
	Internet shopping offers a better selection	IPR3	0.876	
	The internet has better quality than stores	IPR4	0.783	
Fear of financial theft (FEAR)	I worry about my credit card number being stolen on the internet	FEAR 1	0.469	
	I want my purchases absolutely private	FEAR 2	0.221	
	I do not want to give a computer my credit card number	FEAR 3	0.188	
	Buying things on the internet scares me	FEAR 4	-0.715	
	I just do not trust internet retailers	FEAR 5	-0.758	
	I search for the lowest price in everything	FEAR 6	0.637	

Segmentation of Online and Offline Shoppers

Online Internet Segmentation

There were 2 segments of online shoppers: fun shoppers and consciously engaged.
a. Fun Shoppers: this segment made up 24% of the respondents and was dominated by people aged 18-24 years (72%). The majority had high school and university degrees. This group was dominated (69%) by people who accessed the internet daily for more than five hours. People in this segment included people doing more online transactions to buy fashion and sometimes follow the fashion. They recognized that online transactions were fun but they also did offline transactions because sometimes they felt online transactions were troublesome, because of internet connection, payment options or even a long wait for delivery. They focused on the fun feeling they got when shopping either online or offline.
b. Consciously Engaged: this segment was the largest online shoppers (76%), dominated by people aged 18-24 years (89%) and had a similar educational background with the previous segment. This segment used the internet every day for a duration of more than 5 hours (72%) and 3-4 hours (18%). The majority did online transactions to buy fashion products and followed the development of fashion news (83%). They bought online because they felt the products had good quality and low prices. They actually did not really understand the use of the internet; sometimes they felt the online transactions were too difficult. However, although there were no directions they could understand enough to conduct online transactions. This segment looked for the cheapest price for the product to be purchased. They could shop both online and offline depending on the price of the product.

Offline Segmentation

There were three segments of offline shoppers who never did online transactions for fashion products.
a. Price seekers: 21% of the respondents were in this segment, dominated by people aged 45 – 54 (47%), with educational background of high school and D3 (78%). 28% of them used the internet for 3 to 4 hours and 41% used it 1 to 2 hours per day. This segment wanted to see the product first before they bought. They wanted to touch or feel the products they would buy to estimate the quality of a product. On the other hand, they also imagined that transactions on the internet can be fun because a lot of products are sold at a cheaper price on the internet. This segment basically wanted to know quality about product. They want to make sure the money spents it worth with the product. People in this segment have a tendency to shop at offline stores. In line, this group also has properties such as on the internet, online segmentation, which is to get the best prices offline and online.
b. Comparison Browser: This was the largest segment of offline shoppers (43%), dominated by people aged 25 to 34 years (34%) and 35 to 44 years old (30%). This segment were either high school graduates (45%) or had Bachelor's degrees (28%). The duration of internet usage every day was between 3 and 4 hours (30%) and more than 5 hours (50%). This segment looked for price comparisons online and offline to find the cheapest price. During their free time, they were more likely to buy offline. They felt overseas transactions were troublesome because they did not really understand how to conduct the transaction online. They used the internet as a tool to compare prices.
c. Critical Buyers: 36% were critical buyers, aged between 25 years and 54 years. This was a segment with higher education and high school graduates background (56%) who used the internet every day ranging from 3 to 4 hours and more than 5 hours (89%). People in this segment felt capable of using the internet to conduct online transactions. They were already familiar with internet usage. They used the internet to search for product information and to compare prices. Although it was good to do online transactions they preferred to shop in offline stores. The information obtained on the internet was backup data for them to buy the products they wanted.
During the process of clustering, the factor that had the highest mean for both online and offline shoppers is ‘hassle’. It means that both shoppers had the same perception that doing transactions on the internet had limitations, reflected from the questions that had a high mean such as ‘very difficult to assess the quality of goods on the internet’ followed by ‘they want to see the products they want to buy directly’. The segmentation results imply that online shoppers still conducted offline shopping behavior. Online shoppers still wanted to see and touch the products that could not be provided during online transaction. The main reason they did online transaction was to get a cheaper price than the offline store and because they had time limitations to do offline transactions. Online transactions became an option because it was considered more practical to get the desired goods.
Finding the cheapest products either from online or offline store was a similar behavior for both shoppers. Interestingly, both shoppers also acknowledged that offline stores gave better services which was shown by the high mean of the second factor which liked shopping in the bricks and mortar store.

Conclusion

This research showed that online respondents were younger, had a better education, spent more time on the internet and reported that online shopping was easier and more entertaining. However, the factor analysis showed that both online and offline shoppers in Jakarta were less fearful about financial loss resulting from on-line transactions. Therefore, fearful about financial loss was not a differentiator between online and offline shoppers.
There were five factors that influenced the decision to buy online for both online and offline shoppers. Those factors were internet shopping is a hassle, like the energy of brick-and-mortar stores, internet shopping is easy and fun, I do not know how, and the Internet has good prices and quality.
The segmentation created two segments of online shoppers and three segments of offline shoppers. In terms of internet lifestyle, both shoppers actually adapted to the lifestyle of seeking information and comparing prices. Both sets of shoppers had spent some time on internet every day for at least one hour.

Although both online or offline shoppers were equally aware of the advantages and disadvantages of online shopping or offline shopping, especially for offline shoppers, there were certain habits that could not be eliminated at the time of shopping such as from a social point of view (there must be interaction at the time of shopping, asking for opinions of others), the fear of the quality of goods that could not be touched directly, the inadequate internet capability in terms of finding the desired item and getting the appropriate price (want to get the cheapest price). These four factors made the switch from offline shopper to online shopper more difficult.

Limitations and Future Research

Several conditions might not be captured in the previous research. The difference between Eastern and Western habits toward the internet might influence the result. One of the conditions might be the access to smartphones and the habit of using social media. Indonesian has a high frequency of social media use. Therefore, the future study should allow the additional factors included such as website characteristics, social media habit and the type of devices as differentiation factors between online and offline shoppers. In terms of area, the research should not be conducted only in Jakarta, but also all over Indonesia. This research is based on cross-sectional data. A longitudinal study might be able to capture the development of behaviour changes that could be a result of intervention in the market. In addition, this study has limitations in the methodology that might be difficult to be generalized. Future research can involve more variety of products or industry contexts. Lastly, given the drive toward customer profitability, this study can be used as a base to assess loyalty levels and drivers for switching across each segment

References

[1] Aron, M. L., Irvin, P. L., & Joshua A.W. (2005). A Multi-Attribute

[2] Analysis of Preference For Online and Offline Shopping: Difference Across Products,Consumer,and Shopping states: Journal of electronic commerce Research , Vol.6, No.4.

[3] Chen, L., Gillenson, M. L., and Sherrell, D. L. (2002). "Enticing Online Consumers: A Technology Acceptance Perspective,". Information & Management, (39:8), pp. 705-719.

[4] Cowart, O. K., & Goldsmith, E. (2007).The Influence of Consumer Decision-Making Styles on Online Apparel Consumption by College Students. College of Business, Florida State University, Tallahassee, USA.

[5] Donthu, N., & Garcia, A. (1999). The Internet Shopper. Journal of Advertising Research, 39, 52-58.

[6] Goldsmith, R. E., & Flynn, L. R. (2004). Psychological and Behavioral Drivers of Online Clothing Purchase. Florida State University, Tallahasse, Florida, USA.

[7] Guo, G. L., & Hsiu, F. L. (2015). Customer Perception of E-service Quality in Online Shopping: International Journal of Retail & distribution Management, Vol.33 Issue 2 pp.161-176.

[8] Hsiu, F. L. (2007). The role of online and offline features in sustaining virtual communities: an empirical study. Internet Research, Vol. 17 Issue: 2, pp.119-138.

[9] Engel, J. F., Blackwell, R. D., & Miniard, P. W. (1995). Consumer

[10] Behavior, 6th edition of second volume. Dryden Press.

[11] Junhong, C., Marta, A. U., Jose, J. C., & Pradeep, K. C. (2010). An Empirical Analysis Of Shopping Behaviour Across Online and Offline Channels For Grocery Products: The Moderating Effects of Households and Products Characterised. Journal of Interactive Marketing. 24, 251-268.

[12] Keh, H. T., & Shieh, E. (2001). Online grocery retailing: success factors and potential pitfalls. Business Horizons, Elsevier, vol. 44(4), pages 73-83.

[13] Kukar-Kinney, M., & Close, A. G. (2010). The determinants of consumers' online shopping cart abandonment. Journal of the Academy of Marketing Science, 38(2), 240-250. DOI: 10.1007/s11747-009-0141-5

[14] Kwak, H., Fox, R. J., & Zinkhan, G. M. (2002). What products can be successfully promoted and sold via the Internet?. Journal of Advertising Research, 42(1), 23–38.

[15] Malhotra, N. (2014). Basic Marketing Research. Pearson Education. England.

[16] Mutum, D., & Ghazali, E. (2006). Online Shoppers Vs Non-Shoppers: A Lifestyle Study of Malaysian. Internet Users. Eds.

[17] Danaher, Peter. J., Wilson, I. W., & Davis, R. A. (2003). A Comparison of Online and Offline Consumer Brand Loyalty. Marketing Science. Vol. 22, No.4.

[18] Pikkarainen, T., Pikkarainen, K., Karjaluoto, H. & Pahnila, S. (2004). Consumer Acceptance of Online Banking: An Extension of the Technology Acceptance Model. Internet Research, 14, 57-63.

[19] Putera, D. A,. 5 Industri Utama yang Dipersiapkan untuk Revolusi Idustri 4.0. Retrieveqd on May 30, 2018. https://ekonomi.kompas.com/read/2018/04/04/134003826/5-industri-utama-disiapkan-untuk-revolusi-industri-40

[20] Sakineh, B. N., Sakineh, J., Sahebeh, B., Negin, B. Z., Sayed, S. M., & Rashid S. M. (2013). Kuwait Chapter of Arabian, Journal of Business and Management Review. Vol.2, No.11, July 2013.

[21] Schiffman, L. G., & Kanuk, L. L. (2007). Consumer Behavior, 9th edn. New Jersey, Prentice Hall.

[22] Swinyard, & Smith, S. M. (2003). Why People (Don't) Shop Online: A Lifestyle Study of the Internet Consumer. Psychology and Marketing, Vol. 20, No. 7, pp. 567- 597.

[23] Turban, E., Dennis, V., King, D., Lee, J. K., & Viehland, D. (2004). Electronic Commerce 2004: A Managerial Perspective: 1st (First) Edition. Pearson-Prentice Hall.

[24] Venkatesh, V., & Davis, F. (2000). A theoretical extension of the technology acceptance model: four longitudinal field studies. Management Science, 46(2), 186-204.

[25] Weinswig, D. Deep Dive: Chinese Apparel Shoppers-Online Vs. Offline Preferences and Drivers of Customer Satisfaction. Retrieved on May 29, 2018. https://www.fungglobalretailtech.com/wp-content/uploads/2018/02/Online-Vs-Offline-Preferences-and-Drivers-of-Customer-Satisfaction-February-26-2018.pdf

[26] Yasmin, A. P. Penjelasan Lengkap Menperi Soal Industri 4.0 di RI. Retrieved on May 30, 2018. https://finance.detik.com/industri/d-3973481/penjelasan-lengkap-menperin-soal-industri-40-di-ri