Does your socio-economic bracket influence your online spending?

The rapid evolution of e-commerce in recent years has allowed us to study large samples of experienced e-shoppers. These shoppers, who are already familiar with the characteristics of the new e-commerce channel, display different behaviour to potential e-shoppers. Consequently, the effects of some variables previously thought to be crucial may have varied.

A recent study tested whether the socio-economic characteristics of experienced e-shoppers – such as gender, income, and age – really moderate their online shopping behaviour. In contrast to the majority of existing research on IT, the current development of the online environment and the experience acquired by individuals from previous e-purchases can attenuate or even nullify the effect of these characteristics.

The moderating effect of age

Traditionally, a user's age has been an important factor in the analysis of his or her behaviour. In the IT field, studies conclude that the young pick up computer skills more easily. Younger individuals usually possess greater experience with the internet as they have used it since an early age, and aspects such as usefulness and attitude acquire greater importance for them. Older people perceive greater risks, have more difficulty in creating syntactically complex commands, and place more importance upon the perception of self-efficacy. In line with this, some studies have included age as a relevant variable in the explanation of online shopping behaviour.

The principal obstacles that make older consumers more reluctant to shop online are:

- Lack of IT experience;
- Resistance to change; and
- Their insistence on trying out the product before purchase.

Based on this, studies argue that older users' lack of experience with the medium prevents them from evaluating the advantages that the internet offers as a shopping channel, thereby hindering their participation.

Such research leads to questioning whether it is not age that impedes the finalisation of an internet transaction, but rather the lack of user experience, which is generally manifested in older individuals. Older individuals display less willingness to adopt the new channel, due to the distrust they have of the internet, which derives more from their lack of experience than from their age. If an older individual overcomes the barrier of the initial purchase, it is probable that the perception of the benefits obtained becomes immediate and that his or her purchasing behaviour is similar to that of any other purchaser, independently of age.

Remember that the passage of time alone means that the average age of e-shoppers is continuously rising. Consequently, life stages that would until recently have been considered to be far removed from more technologically-inclined generations currently comprise individuals who may have been interacting with the internet for several years and have gained considerable familiarity with it. Moreover, users who have replaced them (i.e. those who are 20-30 years old) possess a broad digital culture.

Some authors have found that age had no significant relationship with IT use, stating that simply assuming that young people already knew about the internet and that older people
were resistant was incorrect. E-banking is an example of this, where age does not correlate with attitude to it, or significantly influence behaviour.

One study found that age influences the initial decision regarding whether to purchase on the internet, but not the subsequent behaviour of e-shoppers, such as the number of transactions or the amount spent.

**The moderating effect of gender**

The influence of gender upon decision-making and shopping behaviour has been a subject of special interest in the fields of marketing and IT. IT characteristics and use are evaluated differently, depending on the gender of the individual. Three traits determine these differences:

1. Men are more pragmatic;
2. Women experience greater anxiety when faced with new activities; and
3. Women are more strongly influenced by their immediate environment.

Despite these apparent gender differences, recent surveys suggest that the gender gap in this medium is decreasing. Further research has found no significant differences between males and females with regard to internet use. One possible explanation of this similarity is to be found in classic studies, which state that gender-related differences are only significant with regard to initial expectations of the activity and do not affect the actual use. Men and women display the same interest in computers, as long as they possess similar levels of experience. Thus differences arising from gender are narrowed following the acquisition of specific technological experience or the use of generally accepted IT.

**The moderating effect of income**

Income is another characteristic that has attracted considerable research attention in the field of technology acceptance. Several studies have included it as an explanatory variable of shopping behaviour, yet the results concerning its significance are contradictory.

Higher income causes internet users to perceive lower implicit risks in undertaking online purchases and thereby affects their demand for internet products and services. Low income discourages online transactions, and perceptions of self-efficacy, ease of use and usefulness should improve with rising incomes, due to the ability to withstand possible financial losses. Usually, income is reflected in the professional status or social class of the individual – different professional categories are accompanied by different incomes and by different levels of IT knowledge and experience. Thus, such categories may produce different user attitudes and behaviour regarding information systems.

The internet is a channel open to all, independently of their social class or purchasing, and although in its initial stages, there was a clear bias in the profile of its users, produced by income, falling prices of computers and internet connections mean that access is currently affordable for the majority of the population. Furthermore, many users declare that one of the advantages of the internet is that it allows them to purchase the same products as offline, but more cheaply. Consequently, in recent years the internet has become more appealing to the public, offering attractive alternatives for more price-conscious consumers.

We consider that user income has an effect on the first contact with the internet and e-commerce since, as previous research has demonstrated, people with high incomes perceive less risk in the adoption of new IT. However, once users have acquired experience their technological behaviour is no longer influenced by their income. Therefore, income does not have a significant effect upon the perceptions, attitude and behaviour of experienced users of an IT. The present study shares this notion, and thus it has established that all experienced e-shoppers display similar online purchasing behaviour, independently of their incomes.
The study's results

The results of the study showed that the socioeconomic variables do not moderate the influence of previous use of the internet nor the perceptions of e-commerce; in short, they do not condition the behaviour of the experienced shopper.

As such, socio-economic characteristics as moderating variables, which until now have been considered indisputable, become questionable once the user has acquired experience with the IT analysed.

The results do not signify that the number of experienced e-shoppers is identical between the junior and senior population segments, between different income levels, or between men and women, whether in absolute terms (total number of shoppers) or relative terms (the number of people in this population segment). In fact, these characteristics continue to influence the capacity of the individual to overcome the initial barriers inherent in e-commerce, as shown by the statistics for adoption. Consequently, young well-off males are most likely to become experienced e-shoppers. Nevertheless, once individuals attain the status of experienced e-shoppers, their behaviour is similar, independently of their age, gender, or income level. This is probably due to the experience acquired during purchases modifying the effect exercised by these variables.

We do not question the validity of the generally accepted purchaser profile. We establish that, for experienced e-shoppers, socioeconomic variables do not give rise to differences in the effect of their perceptions upon their online purchasing behaviour. This behaviour may depend upon other more complex variables, such as personality, lifestyle, and perceptions of IT.

Implications

The current diffusion of the internet in western countries is far removed from the context that shaped studies in the 1990s; consequently, academic research must constantly be adapted to its existing level of development and acceptance. In contrast to the majority of research on this subject, we consider that the current development of the online environment and the experience acquired by individuals with the electronic shopping channel attenuate or nullify the importance of their socioeconomic characteristics as explanatory variables of their behaviour. Therefore, the principal conclusion of the study is that socioeconomic variables, traditionally considered to be important, have ceased to be a discriminator.

The experience acquired by individuals during the online purchasing process causes their behaviour to evolve and initially significant variables become irrelevant when it comes to making repurchasing decisions. Therefore, when defining target markets, e-businesses must turn their attention away from socio-economic variables and focus on other behavioural factors.

Another interesting finding from the study is that older adults are active participants in e-commerce. Although in the phases prior to the first purchase difficulties are encountered with regard to using the technology, once older individuals become familiar with e-shopping and have performed one or more online transactions, their perceptions, attitudes and behaviour align with other users. This population segment represents a lucrative market; older people have low debt, high disposable income, and additional leisure time. It should be emphasised that, although today this segment may still be a niche market, the presence of such consumers on the internet will progressively increase, as the already digitalised generations grow older. Thus, the internet has become a market suitable for all ages, and assumptions regarding the advisability of selling certain products should be revised. New e-businesses directed at consumers hitherto practically ignored in e-commerce may emulate the success of those aimed principally at population segments with a higher percentage of e-shoppers in recent years (purchasers of music, software, etc.).
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The authors are Blanca Hernández, Julio Jiménez, and M. José Martín.