

GLOBAL ONLINE CONSUMER SEGMENTATION

What Is Market Segmentation?

Market segmentation is the process of identifying subsets of consumers who share similar needs and wants under certain segmentation criteria. Thus, a segment is identifiable as it exhibits homogeneity on certain needs and wants. To be viable to a marketer, a segment has to be identifiable, reachable, measurable and must be big enough to be viable. Consumers can be segmented on various criteria such as geography, demographics, behavior, and psychographics. Segmentation can help you focus your marketing efforts and better target the customers you are trying to reach. It is easier to address the needs of smaller groups of customers sharing similar needs. It also helps you identify niche markets and approaches to target them.

Online User Segments

Companies can use several data sources to effectively segment their consumers in an online context. But what kind of consumers are online consumers? Are they different than offline consumers? Are they well-educated and well-off? Is there a digital divide?

The Digital Divide is basically the gap between people who have access to digital technologies and people who don't. Causes of the Digital Divide include:

- **Income Gaps:** People with low income may not be able to access the Internet.
- **Educational gaps:** Illiterate people might have difficulty properly accessing and using digital content.
- **Geographic gaps:** Certain geographic areas might not be connected to the Internet.

- **Connectivity speed gap:** Certain communities might not be able to access digital content properly due to slow connection speeds.

A large scale study by McKinsey & Company (link to the full study is provided in the references of the article) found six behavior based categories of online users. Here are some insights from the McKinsey report to give you a brief overview of these segments:

1. *Simplifiers:* Account for 29% of Internet users and seek convenience and ease of use when browsing sites.
2. *Surfers:* 8% of the active users. They use the Web to find information, explore and also shop.
3. *Bargainers:* 8% of active users. They use the Web for finding deals and browse the Web for shopping and entertainment.
4. *Connectors:* 36% of active users. They tend to be new to the Web and use it primarily to stay in touch with people.
5. *Routiners:* 15% of active users. They use the Web generally to obtain information and revisit their informational sites of interest.
6. *Sportsters:* 4% of active users. They are similar to routiners but they spend most of their time on sports and entertainment sites.

Global Online Consumer Segmentation

According to Appadurai (1990) the globalization process has unleashed the forces of homogenization and fragmentation which are challenging marketers to find the best way to segment global consumers. On one hand the globalization process has led to homogenization in

consumption and emergence of a global consumer segment (Hazeltine and Rezvanian, 1998; Keillor et al., 2001). This global segment appears to share a global consumer culture (Alden et al., 1999), transcending the need for localization of products, services, and media to meet specific cultural demands. On the other hand the globalization process has also led to fragmentation or heterogenization, as individuals sense a loss of control, loss of national identity and local traditions. For example, Arnould et al. (2004) note that global earthscaping or accelerated trends in globalization are leading to the creolization of global consumer patterns, which lead to blending of local and foreign consumption traditions¹. Thus, a challenge for international online marketers is to understand how these forces of cultural homogenization and fragmentation interact to form unique online consumer segments and how to target them.

This article describes how recognizing these global online segments based on the global and national mindset is a useful way to effectively target your global online users and optimize your web globalization budgets. There are academic instruments available for measuring global and national identity –usage and deployment of these tools will depend on the context of analysis and type of business you are in. For more information you can reach out to Dr. Singh and perhaps you may want to develop your own segmentation tool.