

Online Market Segmentation by Gen Y Consumers' Internet Use Motivations

Y세대 소비자의 인터넷 사용동기에 의한 온라인시장세분화

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초록

본 연구는 인터넷 사용동기에 근거한 온라인 시장을 세분화하고자 하였다. 표본은 미국 남서부지역의 대학생으로 총 219명의 Y세대 소비자로 구성되었다. 자료분석을 위해 군집분석(Cluster Analysis)과 분산분석(ANOVA)을 사용하였다. 군집분석결과, 온라인소비자는 3개의 세분시장 즉, "쾌락적 소비자", "실용적 소비자", "비능동적 소비자" 집단으로 분류되었다. 개인적 특성 중, 성별과 연령에 따라 세 집단별 유의한 차이가 없었으나, 능동적 소비자 집단(쾌락적소비자, 실용적 소비자)이 비능동적 소비자 집단보다 인터넷 사용시간과 온라인쇼핑에 드는 비용을 더 많이 소비하는 것으로 나타났다. 온라인구매성향에 있어서, 전반적으로 충동구매성향이 낮지만, 세 집단별 통계적으로 유의한 차이를 보여, 쾌락적 소비자가 가장 높았고, 다음은 실용적 소비자, 비능동적 소비자 순이었다. 계획구매성향은 전반적으로 높았으며, 쾌락적 소비자와 실용적 소비자 두 집단이 비능동적 소비자보다 계획구매성향이 더 높게 나타났다. 또한, 온라인구매의도는 실용적소비자가 가장 높았으며, 다음은 쾌락적 소비자, 비능동적 소비자 순이었다. 구체적으로 상품군별 구매의도차이를 검증한결과, 실용적소비자는 "책 또는 잡지", "액세서리와 보석"에 대한 온라인 구매의도가 가장 높은 반면, 쾌락적 소비자는 "여행티켓 또는 예약", "오락 및 여가상품"에 대한 온라인 구매의도가 가장 높은 경향을 보였다. 따라서, Y세대 소비자를 위한 온라인 시장세분화에 따른 차별화된 마케팅 전략이 논의되었다.

주제어 : 인터넷 동기, 시장세분화, Y세대 소비자, 미국

I . Introduction

Today, online market has continually received a special attention from researchers and practitioners due to its exponential growth in size and importance as increasing numbers of consumers purchase online. With more competitive market environments, e-marketers pose special challenges, motivating to radically revise their marketing strategies to secure more targeted customers(Bhatnagar & Ghose, 2004). More recently, need for market segmentation may be caused by emerging new retail formats (e.g., Internet, catalog, TV home shopping) because consumers

may differ in the reactions toward various retail environments. Accordingly, marketers are more focused on online market segmentation with a specific aim to provide a better value and increase retail sales in the context of electronic commerce.

Unlike the traditional demographic-based profiling studies, it is important to understand customer motivations driven from a specific need for being involved in the Internet activities (Bonn *et al.*, 1999; Childers *et al.*, 2001; Hoffman *et al.*, 2003; Korgaonkar & Wolin, 1999; Xia, 2002). In general, segmentation variables for online market include demographics, psychographics (e.g., motivation, lifestyle), or shopping involvement (Akhter, 2003; Dias & Vermunt,

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2007; Jamal *et al.*, 2006; To *et al.*, 2007). For instance, Korgaonkar and Wolin (1999) suggested multidimensionality of web users' motivations which influenced online purchase behavior. In Novak *et al.*'s (2003) study, consumers' motivations for online flow experiences discussed in two aspects (i.e., goal-directed vs. experiential), which determined consumers buying tendencies, such as planned, impulse, and compulsive purchases. Also, shopping motivations on the Internet classified into two components: utilitarian and hedonic motivations, which is associated with intention to search or purchase via the Internet (To *et al.*, 2007). Therefore, e-marketers need to recognize online market as classified into different consumer groups based on various Internet motivations, which leads to effectiveness of marketing practices in the electronic marketplace.

Another priority of e-marketers is the targeting Generation Y who is potential consumer for online market in the United States. *Generation Y (Gen Y)* consumers born between 1977 and 1995 number approximately 71 million with unpredicted purchasing power in the United States (Bakewell & Mitchell, 2003). In particular, Gen Y consumers aged 18 to 29 years old are viewed as an important target because they are distinguish from other generations in terms of Internet savvy and higher purchasing power for online shopping (Bryck, 2003; Goman, 2006). They are more likely to use the Internet as an important communication tool for receiving information, building and sustaining relationships, entertainment, and shopping (Elkin, 2003; Forney & Kim, 2005). Compared with previous generations, Gen Yers have been growing up with the Internet, and spend time and money online in their daily life (Lempert, 2006). Given that targeting the consumer cohort is critical in today's market, it is vital for e-marketers to try and understand the nature of heterogeneity in motivations for the Internet uses as well as purchase behaviors. Nevertheless, there are little studies to segment consumers based on their motivations for Internet usage by focusing on the special consumer cohorts.

This study explores online market segments from a motivational perspective for Generation Y who is potential consumer in the U.S. Internet market. Specifically, the objectives of this study are to (a) classify into different consumer segments based on motivations for the Internet uses among Generation Y consumers (b) examine if there

are significant differences in consumer characteristics between the different segments; and (c) develop a profile each segment based on online purchase variables including online buying tendencies, online purchase intention, and product types. Such an understanding consumer motivations can help online marketers gain a competitive advantage by devising market segmentation strategies. Also, this study will be a guide for global retailers targeting Generation Y who is viewed as a truly global consumer to develop differentiated strategy across nations in the electronic marketplace.

II. Literature Review

1. Why Generation Y?

Consumers comprise the largest segment of consumers, nearly 26 percent of the population in the United States. This cohort is referred to by various names (e.g., "Echo" Generation, "N" Gen—for networked), but most often it's called Generation Y, or simply Gen Y, to differentiate it from Generation X. Unlike their elders, Gen Y is heavily involved in technology (e.g., computers, cell phones, cameras, cars, etc.) from an early age; and connectivity through the Internet social-networking sites is a constant of the Gen Y lifestyle for emails, e-finance and online shopping (Goman, 2006). In addition, Gen Y consumers are further identified as innovative, impulsive consumers who prefer the Internet as their communication tool (Goman, 2006; Kim & Kim, 2004; Morton, 2002).

More importantly, this Gen Y cohort gains a special interest to marketers due to their fashion and Internet savvy (Wilson, 2007). For example, eleven percent of Gen Y aged 16-22 years old use comparison shopping sites every time they shop (Heaney, 2007). The Generation Y consumers spend \$97.3 billion annually, of which two-third goes on fashion products (e.g., clothing), and shopping has a function as a form of leisure and enjoyment for them (Park & Lee, 2005). In particular, the consumption statistics associated with specific sub-group of Generation Y consumers in the United States are astonishing (Martin & Turley, 2004). Accounting for over one-third of the Generation Y consumption group, the 8 million full-time U.S. college

students aged 19 to 25 represent a segment of Gen Y consumers whose purchasing power exceeds \$200 billion (Gardyn, 2002). Moreover, they have reached adulthood and are making consumption and purchase-related decision on their own (Martin & Turley, 2004). Thus, it is necessary to examine whether there are significant differences in their tendencies relevant to purchase behavior in the electronic market.

2. Consumer Internet Uses: A Motivational Perspective

As a global communication tool, the Internet is influencing consumers' values, belief and behavior and it is linked to lifestyle choices motivated by the desire for information, entertainment, and marketplace exchange (Miyazaki & Fernandez, 2001). Within a consumer behavior context, *motivation* refers to an activated state that is primarily geared toward individual needs, which initiate the sequence of product purchase and consumption (Blackwell *et al.*, 2006). A consumer motivation perspective provides a useful framework for classifying market by which consumers' motives are activated by their specific needs: Utilitarian needs involve desires by consumers to correct basic instrumental problems; and hedonic needs involve desires by consumers to fulfill social/and or aesthetic, emotional or expressive requirements, such as fun, relaxation and gratification (Babin *et al.*, 1994; Bloch *et al.*, 1994).

In the Internet context, researchers considered a motivational approach to an understanding of Internet uses (Hoffman & Novak, 1996; Korgaonkar & Wolin, 1999; Stafford *et al.*, 2004). For instance, Korgaonkar and Wolin (1999) conceptualized motivations for consumers' Web usages as following: (a) social escapism or entertainment, (b) information search or self-education, (c) economic or utilitarian benefits that include free downloads and price comparisons, (d) interactive control that allows the user to customize the experience, and (e) socialization for users who want to share the experience with friends. Stafford *et al.* (2004) also identified three key dimensions related to consumer use of the Internet, including process and content gratification, as well as social gratification.

Researchers have suggested that consumers' motivations for Web usage ranged from extrinsic (i.e., goal-directed, or

utilitarian) to intrinsic (i.e., experiential or hedonic) behaviors (Novak *et al.*, 2003; Hoffman *et al.*, 2003; Sánchez-Franco & Roldán, 2005). When conducting goal-directed online information searches, consumers are generally extrinsically motivated, seek utilitarian benefits, and make planned purchases. In contrast, intrinsically motivated consumers enjoy the usage process and random browsing for hedonic benefits, which led to compulsive shopping and impulse purchases (Hoffman *et al.*, 2003). This support a typology of consumer motivations in a conventional retail channel from utilitarian and hedonic perspectives (Bellenger & Korgaonkar, 1980; Bloch *et al.*, 1994; Roy, 1994). Consequently, consumers can be heterogeneous in terms of their motivations for the Internet activities. Thus, it is logical to assume that consumers can be segmented into different groups displaying various Internet motivations in conjunction with both hedonic and utilitarian components.

3. Online Buying Tendencies

Early researches combined motivational variables with consumer traits (e.g, impulse or planned buying tendencies) from utilitarian and hedonic perspectives, in the traditional retail setting (Babin *et al.*, 1994; Cobb & Hoyer, 1986; Hausman, 2000; Piron, 1991). This provides a notion that buying tendency plays an important role in fulfilling consumer desires associated with their consumption. Subsequent researches suggested consumer motivations affecting buying tendencies in online (Hoffman *et al.*, 2003; Joines *et al.*, 2003; Novak *et al.*, 2003; To *et al.*, 2007; Park & Lennon, 2006), as similar with offline context.

1) Impulse buying tendencies

Traditionally, *impulse buying* is defined as "a sudden and immediate purchase with no pre-shopping intentions either to buy a specific product category or to fulfill a specific buying task" (Beatty & Ferrell, 1998). The nature of impulse buying is that of a novelty or an escape purchase that deviates from a consumer's typical decision-making pattern (Childers *et al.*, 2001; Madhavaram & Laverie, 2004). Researchers seem to agree that impulse buying involves a hedonic component (Cobb & Hoyer, 1986; Hausman, 2000).

For instance, Hausman (2000) suggested that impulse buying tendency is strongly related to hedonic motivations for diversion, variety seeking and novelty because it provides hedonic rewards in the traditional retail setting.

In the context of online shopping, Ramanathan and Menon (2006) argued that hedonic gratification underlies most impulse buying, implying that hedonic motives are more chronically accessible to online purchase behavior. Especially for younger consumers, fulfilling hedonic motivations had a significant impact on purchase behavior tendency, such as impulse buying over the Internet (Mathwick *et al.*, 2001; Xia, 2002).

2) Planned buying tendencies

Planned buying primarily emphasizes the rational, information-processing approach to consumer purchase behavior. In contrast to impulse buying, planned buying refers to purchase behavior that can involve a time-consuming information search followed by rational decision making (Piron, 1991). For instance, planned buying involves goal-direct and instrumental components because it provides an external (utilitarian) reward, increasing the tendency for individuals to think about the reward (Sánchez-Franco & Roldán, 2005).

For online shopping, researchers (Bakos, 1997; Donthu & Garcia, 1999; Madhavaram & Laverie, 2004; Overby & Lee, 2006) suggested that online shoppers were primarily motivated by economic reasons and convenience, which encourages planned purchases (Taylor & Cosenza, 2001), rather than seekers of hedonic or experiential value (Zeithaml *et al.*, 2002). Especially, goal-oriented consumers may have a substantial shopping plan in their minds, encouraging purchase intention when finding information regarding what they need.

Conclusively, consumers' buying tendencies are determined by motivations for Internet uses. Specifically, it is possible to assume that hedonic motivation is strongly associated with impulse buying tendency, whereas utilitarian motivation is strongly associated with planned buying tendency in the context of online shopping.

4. Online Purchase Intentions

As individuals use the Internet for most of their other activities (such as reading the news at home), they may turn to the Internet to search for product information, and then leading to purchase behavior. Consumers with the Internet lifestyle are more likely to actively engage in Internet uses for hours, and turn into purchases via the Internet. In the context of Internet shopping, consumer Internet motivations are significantly related to online purchase behavior (Childers *et al.*, 2001; Korgaonkar & Wolin, 1999; Smith & Sivakumar, 2004). If consumers consider the website as having more economic and utilitarian value, they would have more purchase intentions (Bellman *et al.*, 1999). According to To *et al.* (2007), utilitarian motivation directly influenced online purchase intention, while hedonic motivation influenced search intention. This implies that consumers with high level of utilitarian motivation are more likely to have online purchase intentions than are those with high level of hedonic motivation. However, it is assumed that hedonic motivations also may encourage consumers' online purchase intentions for hedonic consumption of specific products or services.

III. Methods

1. Measures

A self-administered questionnaire was developed based on literatures and mainly consisted of consumer *Internet motivations*, online buying tendencies, and likelihood of online purchase intentions for products. For measuring the Internet motivations, a 30-item scale comprised of various motives for web usage driven from Korgaonkar and Wolin's (1999) scale. *Online buying tendencies* were measured as the degree to which an individual tended to make a purchase online. Five items of impulse and planned buying tendencies in the Internet context were modified based on the existing scale of impulse and planned buying behavior (Beatty & Ferrell, 1998; Rook & Fisher, 1995). All items were measured on a 7-point rating scale (1 = *strongly disagree*, 7 = *strongly agree*). *Likelihood of online purchase intentions* is defined as the extent to which consumers are likely to purchase via

the Internet in the future and an item is measured on a 7-point rating scale. Also, respondents were asked the question, "Do you intend to purchase the following products via the Internet in the next 6 months?" Products included 8 items of the top-ranked online purchases: books or magazine, computer related products, music, CD or Video, travel ticket or reservation, entertainment or leisure, clothing, accessories and jewelry, and cosmetics and beauty products (Forrester Research, 2005). All items were measured on a 7-point rating scale (1 = *very unlikely*, 7 = *very likely*). Additionally, respondents' demographic characteristics (e.g., gender, age) and Internet usage (e.g., hours online per day, dollars spent on online shopping per month, computer expertise) are included.

2. Sample and Data Collection

Sample in this study was drawn from college students at universities in a southwestern state in the United States. The university student sample met the conditions for this study, as respondents have easy access to the Internet; overall are computer dependent (Han & Ocker, 2002) and university students are a large subgroup of the Generation Y (Wolburg & Pokrywczynski, 2001). Self-administered questionnaires were completed during regularly scheduled classes. Respondents were informed in writing that completing the questionnaire was anonymous, voluntary, and that there were no penalties for not participating. A total of 219 usable questionnaires were obtained from respondents who represented more female (59.4%) than male (40.6%) students. Although the sampling for this study was not probability method, the gender distribution of the sample is similar to that of Gen Y university students in the United States in that there are more female than male ages 18-24 (Marklein, 2005). Also, average age of respondents was 21.7 years, ranging from 19 to 25 years, representing adult Gen Y consumers. Respondents averaged 2.08 hours per day online ranging 1 to 10 hours. Also, respondents spent US \$30.42 per month for online purchases and considered themselves experts in computer knowledge ($M = 5.07$, $SD = 1.12$).

3. Data Analyses

Preliminarily, principal component factor analysis with varimax rotation was used to identify underlying dimensions of Internet use motivations. Cluster analysis using *K*-means method was conducted to determine whether consumers could be segmented into distinct groups based on Internet motivation factors. Chi-square analysis was used to compare demographic characteristics (e.g., gender, age) as categorical variables. Also, ANOVA was used to compare Internet usage, online buying tendencies, likelihood of online purchase intention, and online purchase intentions for each product. The *Duncan* test was used as a post hoc to the ANOVA to determine differences among the clusters. Statistical significance was determined at the .05 level.

IV. Results and Discussions

1. Internet use Motivation Factors

A factor analysis using principal component with varimax rotation identify dimensions of Internet use motivations. Six items were deleted due to factor loadings of .60 or higher. As presented in Table 1, Factor analysis revealed five factors, whose eigenvalues were above 1.0. For Gen Y consumers, Internet use motivations consisted of *Diversion*, *Economic*, *Information*, *Affiliation*, and *Stimulation* motivations, which accounted for 67.47% of total variance. Factor loadings ranged from .61 to .90 and *Cronbach's* alpha of the factors ranged .75 to .90. Therefore, it is deemed that the factor of each motivation is valid and reliable.

The first factor, *Division Motivation*, included 7 items regarding diversion, arousal of emotions, alleviating loneliness, and relieving stress. This factor is consistent with Korgaonkar and Wolin (1999)'s social escapism factor. The mean score of diversion factor was lowest ($M = 2.34$, $SD = 1.16$). The second factor, *Economic Motivation*, consisted of 6 items related to utilitarian shopping motivation, such as hunting for bargains, convenient and comparison shopping. This factor supports the importance of economic aspect for online transaction (Bakos, 1997; Taylor & Cosenza, 2001). The mean score of economic factor was 3.71

<Table 1> Factor Analysis of Internet use Motivations

Factors and Items	Factor loading	Eigenvalue	Variance (Cum)
Diversio n Motivation ($\alpha = .87$)		6.85	18.77
Because I can forget about my problem.	.80		(18.77)
Because it makes me feel less lonely.	.78		
Because it arouses my emotions and feelings.	.76		
Because it stirs me up.	.72		
Because it shows me how to <i>get along</i> with others.	.70		
Because I can get away from the routine.	.69		
Because it takes me into another world.	.68		
Economic Motivation ($\alpha = .90$)		4.37	17.09
To hunt for bargains.	.90		(35.86)
To find reasonable price.	.87		
To do comparison shopping.	.84		
To enjoy the convenience of online shopping.	.81		
When I want to buy a big-ticket item.	.69		
To find exactly what I want in the least amount of time.	.61		
Information Motivation ($\alpha = .87$)		2.28	14.20
Because I can obtain useful information.	.85		(50.06)
Because I can obtain inexpensive information.	.79		
Because it gives me quick and easy access to a large volume of information.	.77		
Because I can learn about things happening in the world.	.76		
Because I can learn a lot from using the Web.	.74		
Affiliation Motivation ($\alpha = .75$)		1.54	8.76
To chat with my friends.	.82		(58.82)
Because I can visit my friends on the Web.	.81		
To exchange e-mail with friends and/or family.	.69		
Stimulation Motivation ($\alpha = .83$)		1.14	8.64
Because it is thrilling and adventurous.	.76		(67.46)
Because I find it exciting.	.73		
Because it is interactive.	.72		

($SD = 1.64$). The third factor, *Information Motivation*, included 5 items related to the Internet usage for obtaining information and learning about new trends. This factor supports the construct of Internet content gratification for education, information, knowledge, learning, and research (Stafford *et al.*, 2004). The mean score of information motivation was the highest ($M = 5.50$, $SD = 1.20$). The fourth factor, *Affiliation Motivation*, contained 3 items reflecting social gratifications (Korgaonkar & Wolin, 1999; Stafford *et al.*, 2004; Rohm & Swaminathan, 2004) for interaction and communication with friends and/or family over the Internet. The mean score of affiliation motivation was the second highest, which implies the Internet uses as an important communication tool for socialization among Gen Y consumers. The fifth factor, *Stimulation Motivation*, included 3 items regarding motivation to seek exciting,

adventure and sensational stimuli in the Internet environment. Such stimulation might alternately involve in hedonic gratification for interactive feature of the Internet. The mean score of stimulation factor was 3.22($SD = 1.48$).

Findings suggest a multidimensional motivations why Gen Y consumers use the Internet, which supports Korgaonkar and Wolin (1999)'s motivations for Web usage. Specifically, the Internet motivation factors can be discussed in two hedonic and utilitarian aspects. According to gratification theory (Hoffman *et al.*, 2003; Stafford *et al.*, 2004), consumers' Internet usage was encompassed from utilitarian/extrinsic (goal-directed) to hedonic/intrinsic behavior. Internet users for economics, convenience and information may be motivated by the desire for utilitarian gratification, while Internet users for diversion, affiliation and stimulation are motivated by the desire for hedonic

gratification. The both perspectives for the Internet motivations are utilized for further discussions.

2. Internet Motivation Segmentation for Generation Y Consumers

Cluster analysis using K-mean method emerged a three-cluster solution. Standardized mean scores and standardized deviations of the Internet motivations per each cluster presented in Table 2. The three-cluster solution was then validated using ANOVA. Result indicated significant difference among three clusters in all of the five motivation factors. The clusters were labeled by examining the comparative standardized mean scores of the Internet motivations. Three clusters are *Hedonic Consumers*, *Utilitarian Consumers* and *Inactive Consumers*.

Cluster 1 is labeled as the *Hedonic consumers* (30.3% of the sample). This segment showed the highest mean scores of diversion, affiliation and stimulation motivations, which reflects a strong hedonic motivation for Internet uses. Consumers in this segment were more likely to use the Internet for diversion, social interaction with friends or family, and stimulation seeking. The motivations are consistent with the intrinsic motivation for consumers to enjoy processing of the internet for hedonic benefits (Hoffman & Novok, 1996).

Cluster 2 is labeled as the *Utilitarian consumers* (28.9% of the sample). This group rated most strong motivations for economics and information. They tended to use the Internet for utilitarian benefits, such as shopping for bargains, reasonable price and convenience, and obtaining useful or inexpensive information, supporting the extrinsic

motivation for the Internet usage (Hoffman *et al.*, 2003).

Cluster 3 is labeled as the *Inactive consumers* as largest group in the sample (40.7%), and displayed the lowest mean scores of Internet motivations for diversion, economics, information, social interaction and entertainments. Consumers in this segment were less likely to actively use the Internet for hedonic and utilitarian benefits. Although generation Y has been viewed as Internet savvy (Forney & Kim, 2005; Goman, 2006), the group with lower motivation for the internet usage is still relatively high proportion of the consumer cohort.

Conclusively, Gen Y consumers who are using the Internet either actively or inactive are classified into different groups based on their Internet motivations, appealing a specific benefits desired by consumers in each segment. Especially, active Internet users can be fragmented into two types of consumers from both hedonic and utilitarian perspectives. This implies that the existence of segments has a potential to be highly effective in terms of targeting a specific market and differentiated marketing strategy in electronic marketplace.

3. Profiling Internet Motivation Segments

1) Consumer characteristics

With respect to demographics(e.g., gender, age), there was no difference among segments. This finding does not support an idea that gender does frame important distinctions about this cohort (Slyke *et al.*, 2002; Wolburg & Pokrywczynski, 2001). Rather, it is recognized that the demographics of Gen Y online population is becoming

<Table 2> Descriptive statistics for cluster of Internet motivation factors

Internet Motivational Factors	Cluster 1 Hedonic Consumers (n = 62)	Cluster 2 Utilitarian Consumers (n = 59)	Cluster 3 Inactive Consumers (n = 83)	F-value
Diversion Motivation	3.38(1.08)a	1.74(0.68)b	1.89(0.89)b	64.21***
Economic Motivation	4.36(1.43)b	4.93(1.14)a	2.41(1.11)c	83.38***
Information Motivation	5.79(1.14)b	6.19(0.66)a	4.83(1.22)c	31.34***
Affiliation Motivation	5.68(1.04)a	5.14(1.38)b	3.51(1.21)c	63.73***
Stimulation Motivation	4.77(0.99)a	2.46(0.88)b	2.47(1.13)b	109.14***

abc: Duncan's post hoc test

*** p < .001

homogeneous in the Internet activities, which supports the fact that gender difference in socialization and roles is continually diminish among Generation Y (Darley & Smith, 1995), even if they are biologically different.

However, as shown in Table 3, the three segments showed to differ in hours spent online a day ($F = 5.51, p < .01$), dollars spent online shopping a month ($F = 5.85, p < .01$), and computer expertise ($F = 11.64, p < .001$). Specifically, hedonic consumers were more likely to spend time for online a day ($M = 3.44$ hours) and money (US\$44.79) for shopping online than were utilitarian (2.01 hours; US\$32.16) and inactive consumers (1.91 hours; US\$20.64). Compared with inactive consumers, active consumers (e.g., hedonic and utilitarian segments) were more likely to perceive themselves as computer experts.

2) Online buying tendencies

The ANOVA analysis indicated that there were significant differences in online buying tendencies among three segments at the significant level of .001. *Duncan's* post hoc test provided dominantly differences in impulse buying tendency ($F=18.37, p < .001$) and planned buying tendency ($F=29.79, p < .001$) among the three groups. Although impulse buying tendency was relatively low among Gen Y consumers, there was significant difference among three

segments. That is, hedonic consumers were most likely to make impulse buying via the Internet ($M= 3.18$), followed by utilitarian ($M = 2.43$) and inactive consumers ($M = 1.66$). This supports hedonic motivation for impulse buying behavior in online retail environments (Hausman, 2000; Hoffman *et al.*, 2003). In terms of planned buying tendency, however, both utilitarian and hedonic consumers more highly rated compared to inactive consumers. This is not consistent with previous finding that goal-directed utilitarian motivation increase planned purchase behavior (Taylor & Cosenza, 2001; Hoffman *et al.*, 2003). Findings partially support consumers' buying tendencies depending on motivational components, i.e., utilitarian versus hedonic (Sanchez-Franco & Roldan, 2005). Particularly, younger consumers may be more heterogeneous in impulse buying tendency by the levels of their Internet motivations. Therefore, this implies that Gen Y consumers can profile impulse buying tendency based on different Internet use motivations.

3) Online purchase intentions

With respect to online purchases, there was significant difference among three segments in the likelihood of online purchase intention ($F = 21.38, p < .001$). *Duncan's* post hoc test provided specific results on group differences. That is,

<Table 3> Consumer Characteristics by the Internet Motivation Segments

Dependent variables	Cluster 1 Hedonic Consumers	Cluster 2 Utilitarian Consumers	Cluster 3 Inactive Consumers	χ^2 / <i>F-value</i>
<u>Demographics</u>				
Gender				3.54
Male	21(33.9%)	20(33.9%)	39(47.0%)	
Female	41(66.1%)	39(66.1%)	44(53.0%)	
	100%	100%	100%	
Age				0.47
19-21 years old	31(50.0%)	30(50.8%)	43(51.8%)	
22-25 years old	31(50.0%)	29(49.2%)	40(48.2%)	
	100%	100%	100%	
<u>Internet usage</u>				
Hours spent online a day	3.50(4.45)a	2.00(1.53)b	1.91(2.59)b	5.51**
Dollars spent online shopping a month	45.45(51.79)a	32.12(38.93)ab	20.63(37.68)b	5.85**
Computer expertise	5.52(0.99)a	5.24(0.98)a	4.68(1.15)b	11.64***

ab: Duncan's post hoc test results

Note: ** $p < .01$, *** $p < .001$

<Table 4> Consumer Buying Tendencies by the Internet Motivation Segments

Dependent Variable	Cluster 1	Cluster 2	Cluster 3	<i>F</i> -value
	Hedonic Consumers	Utilitarian Consumers	Inactive Consumers	
<u>Online Buying Tendencies</u>				
Impulse buying tendency	3.18(1.81)a	2.43(1.60)b	1.66(1.06)c	18.86***
Planned buying tendency	4.46(1.74)a	5.01(1.62)a	3.30(2.01)b	15.58***

abc: Duncan's post hoc test results

Note: *** $p < .001$

utilitarian consumers most highly intended to continue to shop online in the future ($M = 5.24$), and followed by hedonic and inactive consumers ($M = 4.40$ and 3.45 respectively). This is consistent with previous findings, in which online consumer behavior mainly focuses on the economic aspects of online business, such as reduction of transaction or information search costs (Bakos, 1997; Taylor & Cosenza, 2001; Zeithaml *et al.*, 2002).

In online purchase intentions for product items, Table 5 showed that three consumer groups were significantly different in the online purchase intentions for books or magazine ($F = 14.69$, $p < .001$), and accessories and jewelry ($F = 9.79$, $p < .001$). Especially, utilitarian consumers were most likely to intend to purchase books or magazine, and accessories and jewelry by the Internet. For other products, there was significant difference in online purchase intentions between active and inactive consumers.

Compared to inactive consumer group, hedonic and utilitarian consumer groups were more likely to intend to purchase online for computer related products, music tape, CD, or videos, travel ticket or reservation, entertainment or leisure, clothing, and cosmetics and beauty products than were inactive consumers. Purchase intentions for specific products, such as music tape, and entertainment or leisure more highly rated by hedonic consumers than by utilitarian consumers although there was no significant difference between the two groups. This implies that consumers may differ as to product items with online purchase intentions by different Internet motivations.

<Table 5> Online Purchase Intentions by the Internet Motivation Segments

Dependent variables	Cluster 1	Cluster 2	Cluster 3	<i>F</i> -value
	Hedonic Consumers	Utilitarian Consumers	Inactive Consumers	
<u>Online Purchase Intentions</u>				
Likelihood of online purchase intention	5.17(1.82)b	5.89(1.20)a	3.90(2.17)c	21.38***
<u>Products with purchase intentions</u>				
Books or Magazine	4.40(1.99)b	5.24(1.88)a	3.45(1.97)c	14.69***
Computer related products	3.83(2.11)a	4.41(2.05)a	2.92(1.92)b	9.56***
Music tape, CD, or videos	4.77(1.91)a	4.74(1.95)a	3.82(2.13)b	5.17**
Travel ticket or reservation	5.38(2.02)a	6.03(1.30)ab	4.76(2.09)b	7.67***
Entertainment or leisure	4.58(2.01)a	4.35(2.03)a	3.34(2.07)b	7.49***
Clothing	4.75(2.12)a	5.22(2.16)a	3.89(2.27)b	6.67**
Accessories and Jewelry	3.74(2.35)b	4.58(2.20)a	2.91(2.10)c	9.79***
Cosmetics and beauty products	3.51(2.44)a	3.54(2.26)a	2.31(1.91)b	7.49***

abc: Duncan's post hoc test results

Note: ** $p < .01$, *** $p < .001$

V. Conclusions and Implications

This study yields an understanding of online consumer heterogeneity by identifying the existence of possible market segments among Generation Y consumers from a motivational perspective. Findings support the gratification approach into the motivation why people use the Internet (Korgaonkar & Wolin, 1999; Hoffman & Novak, 1996; Stafford *et al.*, 2004) in hedonic and utilitarian aspects. It is documented that hedonic motivations were diversion, affiliation for social interaction, and stimulation for adventure or sensational seeking, while utilitarian motivations were economics for bargaining, convenience or comparison-shopping and information seeking. Based on the Internet motivation factors, consumers were segmented into three groups: *Hedonic consumers*, *Utilitarian consumers*, and *Inactive consumers*. The motivation segmentation plays an important role in Internet usage, and understanding buying tendencies, purchase intentions and product types in the context of online shopping. The results imply that marketers targeting Gen Y consumers can identify and profile specific motivational segment groups and appeal to each segment by developing unique products/services offerings, and other marketing mix strategies. Within the Internet context, three segments are characterized as different consumer groups. As summarized in Table 6, the Internet motivation segments provide managerial implications into developing differentiated marketing strategies per each segment, especially hedonic vs. utilitarian consumers.

Hedonic consumers (Segment 1) identified to utilize the Internet medium for diversion, affiliation and stimulation seeking, and engaged in more impulse buying online. Interestingly, hedonic consumers had the most dominantly impulse buying tendency as the function of hedonic rewards (Hausman, 2000), which is more chronically accessible (Remanathan & Menon, 2006). Also, hedonic consumers tended to be planned buyers, and they had high level of online purchase intentions for experiential products, such as travel tickets, entertainment, or leisure, supporting hedonic gratification by consumption on specific products (Rohm & Swaminathan, 2004). For the hedonic consumer segment, marketers should focus on fulfilling customer motivations driven from hedonic desires for diversion, affiliation, and

stimulation by providing hedonic/experiential gratifications: (a) *exciting shopping experiences* with should be emphasized on variety of selections in order to meet hedonic motives for diversion or stimulation, which leads to impulse buying behavior (b) for *experiential search goods* (e.g., travel, leisure, entertainments), *multiple transactions* clicking a website to others may not only encourage consumers online purchase intentions, but also help them make a purchase plan; and (c) online marketers should ensure that Internet is hospitable to young consumers (Gen Y) who are use the Internet for social affiliation purposes by providing more socially supportive functions (e.g., chatting room, interactive shopping tool).

Unlike to hedonic consumers, utilitarian consumers (Segment 2) identified to be active Internet users for economic benefits (e.g., bargaining, convenience, comparison-shopping) or information content gratification. They were more like to make planned purchase online, which supports goal-directed decision making process. Utilitarian consumer segment had the highest level of online purchase intentions, especially for books or magazine, and accessories and jewelry. Therefore, for utilitarian consumers, marketers should consider economic or informational approach into developing marketing strategies: (a) Auction website can be designed to provide economic shopping venue for bargaining hunters and comparison-shoppers, which may leads to online purchase intentions (b) providing substantial information regarding sales promotions may encourage utilitarian consumers; and (c) appropriate product offerings includes *cognitive* (e.g., books, magazine, computer or information release) and *fashion* items (e.g., accessories, jewelry) which are suitable to utilitarian consumers who are highly seeking for information prior to purchases.

Otherwise, inactive consumers (Segment 3) were less likely to use the Internet for any purposes. For inactive consumers, online retailers should endeavor how to attract them to online shopping mall. One possible way is to focus on multi-channel retailing by exposing online merchandises at the brick-and-mortar store, mass media, or catalog show rooms. Particularly, developing incentives such as first buyer discounts, free gifts, and membership benefits can convert a newcomer who visits the site only to seek information into becoming a regular customer.

While Internet marketing faces cross-cultural issues on

<Table 6> Implications for Online Market Segmentation Strategies

		Online Market Segmentations		
		Segment 1: Hedonic Consumers	Segment 2: Utilitarian Consumers	Segment 3: Inactive Consumers
Profiles		Heavy Internet users; Higher Internet motives for diversion, affiliation, stimulation; Higher expenditure; Impulse or planned buyers; High online purchase intentions.	Low Internet users; Higher Internet motives for economics and information; Medium expenditure; planned buyers; Highest online purchase intentions.	Low Internet users; Lower Internet motives; lower expenditure; Neither impulse or planned buyer; Lowest online purchase intentions.
Differentiated Marketing Strategies		Emphasizing exciting shopping experience for hedonic rewards; More focus on experiential search products (e.g., travel ticket, hotel reservation, entertainment, leisure) for impulse or planned online purchase intentions; Functions as social habitat for Gen Y cohort with affiliation motive.	Developed economic shopping sites such as auction sites for economic; Providing substantial information for planned buyers; More focus on cognitive products (books, magazine, computer, information) or high-involved fashion products (e.g., clothing, accessories, jewelry) for Gen Y with information motive	Focused on multi-channel retailing for attracting inactive Gen Y consumers; Developing incentive program(e.g., first buyer discount, free gift, etc.) for recruiting new customers.

small geographic distance barriers and lower marketing costs (Harrison-Walker, 2002; Tian & Emery, 2002), Generation Y consumers are viewed as a truly global consumers due to their exposure to a variety of global viewpoints, creating a "global mix and match" culture (Morton, 2002). It is possible to develop the Internet market segmentation for internationalization of retailing across nations. The findings of this study should be interpreted with caution due to the limitation of sampling in college students (Gen Y) at major cities in limited geographic location. For future research, it is recommended to ascertain if cross-national market segments are existed, and to assess commonalities and differences in consumer purchase behaviors. Such studies can expand a conceptualization of global marketing strategy in cultural setting (Zou & Cavusgil, 2002). More research is needed to further examine the feasibility of cross-market segmentation in other contexts.

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