

One of a series of fact sheets on economic issues for communities

## How are my customers shopping online?

### Tip: Define your target market and research online habits

It is obvious to anybody in business today that the Internet plays a significant role in sales and marketing. More and more purchases occur online and customers' expectations have changed as a result. Today customers use the Internet much as they would a phone book a decade ago, and they expect even the smallest business to have some kind of online presence.

If you operate a small business, you may dismiss electronic commerce (e-commerce) as the world of Amazon and eBay. The truth is that online purchases are only a small part of e-commerce. Keep in mind that the Internet plays an even greater role as a tool for researching merchandise and services (Levy & Weitz, 2009). Many websites serve businesses by providing effective communication about services, products, and other features.

As a business looking to connect with current customers and find new ones, should you venture into online marketing or invest in a website? The answers to these questions stem, in large part, from learning how your customer base uses the Internet. This fact sheet outlines some research on how customers differ in their use of the Internet by age, race, and income, and it provides some useful sources for researching your target market.

### **How do different age groups use the Internet?**

The percentage of Internet users differs among age groups (see chart below). Each age group also has its own relationship with the Internet. For example, teens and Generation Y (Internet users age 18-32) use the Internet largely for entertainment and for communicating with friends and family, while older generations use the Internet more as a tool for information searches and buying products.

As with all research findings, you'll need to keep age differences in mind when choosing sales and marketing tactics. For example, you may want to start a Facebook page or a Twitter account to get younger people talking about your product, while including lots of useful information on your website for older people researching your product.



Generations Explained			
Generation Name*	Birth Years, Ages in 2009	% of total adult population	% of internet-using population
Gen Y (Millennials)	Born 1977-1990, Ages 18-32	26%	30%
Gen X	Born 1965-1976, Ages 33-44	20%	23%
Younger Boomers	Born 1955-1964, Ages 45-54	20%	22%
Older Boomers	Born 1946-1954, Ages 55-63	13%	13%
Silent Generation	Born 1937-1945, Ages 64-72	9%	7%
G.I. Generation	Born -1936, Age 73+	9%	4%

Source: Pew Internet & American Life Project December 2008 survey. N=2,253 total adults, and margin of error is ±2%. N=1,650 total internet users, and margin of error is ±3%

## How do different ethnic groups use the Internet?

African-Americans and English-speaking Latinos are leading the way when it comes to mobile Internet use. Mobile Internet is the use of the Internet from a hand-held device

### African-Americans and Latinos lead whites in their use of mobile data applications

	All adults	White, non-Hispanic	Black, non-Hispanic	Hispanic (English-speaking)
Own a cell phone	82%	80%	87%*	87%*
% of cell owners within each group who do the following on their phones				
Take a picture	76	75	76	83*
Send/receive text messages	72	68	79*	83*
Access the internet	38	33	46*	51*
Send/receive email	34	30	41*	47*
Play a game	34	29	51*	46*
Record a video	34	29	48*	45*
Play music	33	26	52*	49*
Send/receive instant messages	30	23	44*	49*
Use a social networking site	23	19	33*	36*
Watch a video	20	15	27*	33*
Post a photo or video online	15	13	20*	25*
Purchase a product	11	10	13	18
Use a status update service	10	8	13	15
<b>Mean number of cell activities</b>	<b>4.3</b>	<b>3.8</b>	<b>5.4</b>	<b>5.8</b>

Source: Pew Research Center's Internet & American Life Project, April 29-May 30, 2010 Tracking Survey. N=2,252 adults 18 and older, including 1,917 cell phone users. \* = statistically significant difference compared with whites

like a cell phone or smart phone. A recent survey conducted by Pew Internet & American Life Project (2010) reports that: (a) nearly two-thirds of African-Americans (64%) and Latinos (63%) are wireless Internet users; (b) minority Americans are significantly more likely to own a cell phone than their Caucasian counterparts; and (c) African-American and Latino cell phone owners take advantage of a much wider array of their phones' data functions compared to Caucasian cell phone owners.

Again, consider these findings when developing sales and marketing tactics. Pay close attention to the accessibility of your website on the mobile internet or consider using applications designed for mobile phones.

## Do different income groups have different attitudes about the Internet?

Internet users who live in lower-income households (defined as households with annual incomes below

Attitudes about online shopping: by household income (% of internet users in each age group who "strongly agree" with statement)					
	Less than \$25K	Between \$25K and \$40K	Between \$40K and \$60K	Between \$60K and \$100K	Greater than \$100K
<b>Upside of online shopping</b>					
The internet is the best place to buy items that are hard to find	26%	23%	25%	28%	32%
Shopping online is convenient	22	24	22	28	36
Shopping online saves me time	19	19	18	24	31
The internet is the best place to find bargains	12	10	8	8	13
<b>Downside of online shopping</b>					
I don't like giving my credit card number or personal information online	44%	32%	36%	35%	25%
I prefer to see the things I buy before I buy them	39	24	32	26	22
Shopping online is complicated	6	4	5	4	2
Number of cases (internet users)	209	202	290	352	281
<small>Source: Pew Internet &amp; American Life Project Survey, September 2007. The number of cases does not sum to the sample's total of internet users because the table does not include respondents who did not respond to the question on household income.</small>					

\$25,000) are less likely to trust the e-commerce environment and make purchases directly online. Concerns about their financial safety online make them reluctant to make full use of online shopping. Their attitudes about online shopping stand in contrast to those of upper income online Americans. Keep these attitudes in mind when marketing to different income groups within your customer base.

## How do I research the online behavior of my customers?

The most important first step in researching is to segment and target your customers. With so much market information today, you need to be specific about your customer groups. Are your customers middle aged? Are they low-income? Women? Men? Have a few groups in mind so you know what you're looking for.

Once you decide on your target customer groups, investigate their online habits. There are a number of resources where you can find information about online customers:

1. Pew Internet and American Life Project (<http://pewinternet.org/>):
2. National Retail Federation (<http://nrf.com/>)
3. Stores (<http://stores.org/>)
4. The Psychology of Consumers (<http://consumerpsychologist.com/>)
5. StoreFrontBackTalk (<http://storefrontbacktalk.com/>)
6. Retail Email Blog (<http://retailemailblog.com/>)
7. Retail Merchandiser (<http://retail-merchandiser.com/>)

8. Retail Customer Experience (<http://retailcustomerexperience.com/>)

One of the most effective ways to identify your online target customers is to use Web analytics. If you use Facebook, the Insights tool will provide information about the age, gender, and interests of the visitors to your business page. Traditional Web analytics tools like Google Analytics might not give you as much detail about customer demographics as Facebook's Insights, but these tools are useful in monitoring the behavior of your website's visitors. See the University of Minnesota Extension fact sheet on [Google Analytics](#) for details on getting started with Web analytics.

**What's the bottom line?**

If you are just launching a website or rethinking your online presence, understanding the online behavior of your target customers is a key to success. Your ability to match your online presence to your customer expectations can make the difference between activities that benefit your bottom line and activities that just waste your time.

**References**

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