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PREFACE

Dr. George O. Tasie
Guest Editor

*Special Issue on "Contemporary Issues in International Business
and Entrepreneurship"*

Previously technology, globalisation, and trade liberalisation did not play a dominant role in business environments, but today the approach is totally different. The millennium is characterised by globalised trading system and the predominance of the revolutionary information technologies. This scenario is where the real challenge is for the entrepreneuristic persons and organisations, raising the issue of how entrepreneurs and business organisations respond to the demands of the globalised markets and the fierce competition of business organisation in the so-called "borderless world".

The papers in this special volume of Journal of Business and Entrepreneurship (JIBE) explain some of these challenges by providing in-depth and analytical information on various topics of international business interests. For instance, the article on service quality demonstrates the extent in which customer satisfaction and expectations have become a popular area of academic attention and economic development of society. Other articles also draw on the importance of internationalisation of businesses, such as global marketing, organisational reputation, Swedish entrepreneurship, the impact of currency in business and scores of other thought-provoking research papers.

The articles chosen for this special issue represent and reflect the crucial challenges facing international business and management during the past and present economic crises. Although the current worldwide economic crisis has eased and most of the countries affected are on the way to recovery, we have to recognise the factors contributing to the crisis.

It is hoped that this volume will contribute towards creating an awareness of the need for better business practices and excellent management ideas across the world. I am optimistic that wider readers will benefit largely through reading this particular issue.

Above all, I must record my thanks and profound appreciation to the contributors of articles to this issue, and especially Professor Zafar U. Ahmed for affording me an opportunity to guest edit this special issue. Finally, I wish to thank the JIBE's Editorial Board and the reviewers for the job well done. Without their invaluable contribution, the publication of this special issue would not have been possible.

PROFILE OF GUEST EDITOR

Dr. George O. Tasie

George O. Tasie, Ph.D (Manchester), M.Sc (Leicester), M.P.A; B.Sc (Hon) (Liverpool), M.M.S (London), is Head, Department of Management Studies at the University of Brunei Darassulam [UBD], Brunei. His teaching interests are in general management, human resource management, human resource development, organisational behaviour, and international management. His professional work and experience in academia has taken him to the U.S.A, the United Kingdom, Malaysia, Australia, Singapore, the Philippines, Indonesia, Brunei, Vietnam and Nigeria. The publication of one of his books on "Public Sector Administration and Management" was sponsored by the University of Malaysia Sarawak, where he was an associate professor before joining UBD. He has contributed articles to other internationally accredited journals. Dr. Tasie has also written and published books on rural financial planning and management. He has been involved in short courses and consultancy works for a variety of organisations in the U.S.A, U.K, Singapore, Nigeria, Malaysia, Brunei and JASPOC (Joint ASEAN Senior Officers' Course). His current research interests center on business-government relations, training and development and stress management in Southeast Asia.

A PROFILE OF U.S. HOME INTERNET USERS AND ONLINE SHOPPERS: IMPLICATIONS FOR RETAILERS AND E-TAILERS

Sandra McKay

Uday Tate

Mary Blalock

Abstract

Both worldwide and within the U.S., Internet access increased dramatically between 1998 and 1999 and is projected to continue to rise at alarming rates. Currently, U.S. households with home Internet access are more likely to be white, located in urban areas, and have higher income and educational levels than those without home access. However, the Internet population is becoming more mainstream. Last year, women, seniors, and people with moderate incomes and educational levels increasingly came online. Online shopping exploded in 1999, posting end-of-year total sales of \$20.2 billion. Implications of these emerging trends for retailers and e-tailers are examined in the paper.

Dr. Sandra McKay, Dr. Uday Tate and Dr. Mary Blalock are affiliated with Southeastern Louisiana University, Hammond, Louisiana, U.S.A.

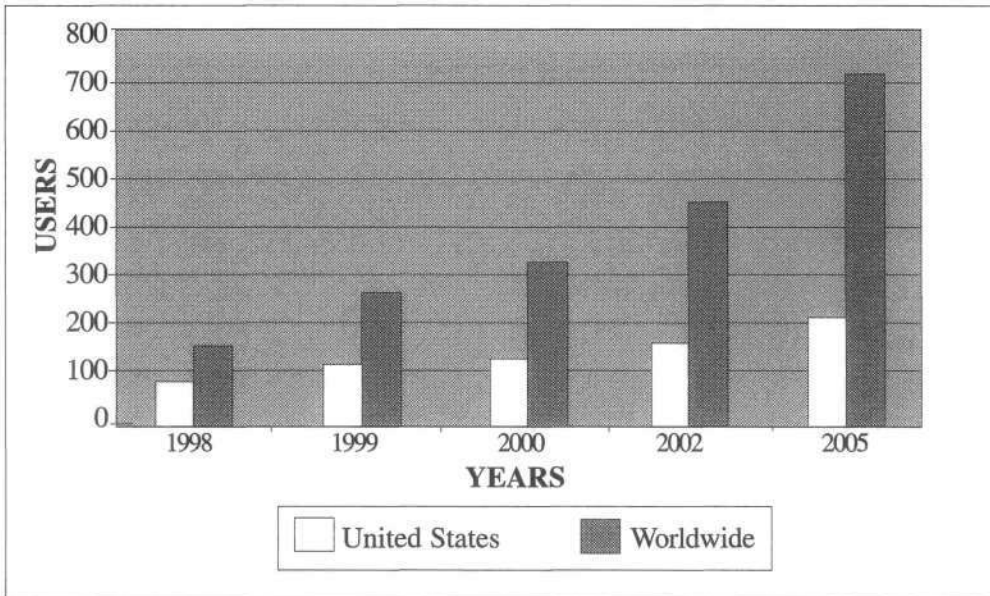
INTRODUCTION

Internet usage is growing at astonishing rates both worldwide and within the United States. As seen in Figure 1, there were over 150 million Internet users worldwide at the end of 1998 up from 61 million at the end of 1996.¹ The U.S. had nearly 51 percent (over 76 million) of the total in 1998 ("Over 150 Million Internet Users Worldwide," 1999). During 1999, approximately 34 million Americans logged on, bringing U. S. year-end totals to about 110 million users, representing over 50 percent of the adult population ("Internet Usage Continues to Increase," 2000).

By the end of 2000, the U.S. is expected to have over 130 million Net users, accounting for nearly 42 percent of the expected 320 million worldwide users ("Face of the Web Study Pegs . . .," 2000; "U.S. Has More than Half of Worldwide Internet Users," 1999). Over 450 million worldwide users are expected by the end of 2002, an increase of an estimated 150 million worldwide users between 2000 and 2002 ("U.S. Tops 100 Million Internet Users," 1999). During the next three years, from 2002 to 2005, 270 million people worldwide are expected to gain access to the Internet, bringing worldwide year-end totals to 720 million users. The U.S. is expected to have over 207 million at the end of 2005, representing around 29 percent of total Internet users. The projected drop in the U.S.= percentage of total Internet users will occur as the U.S. market becomes saturated (Juliussen, 1999).

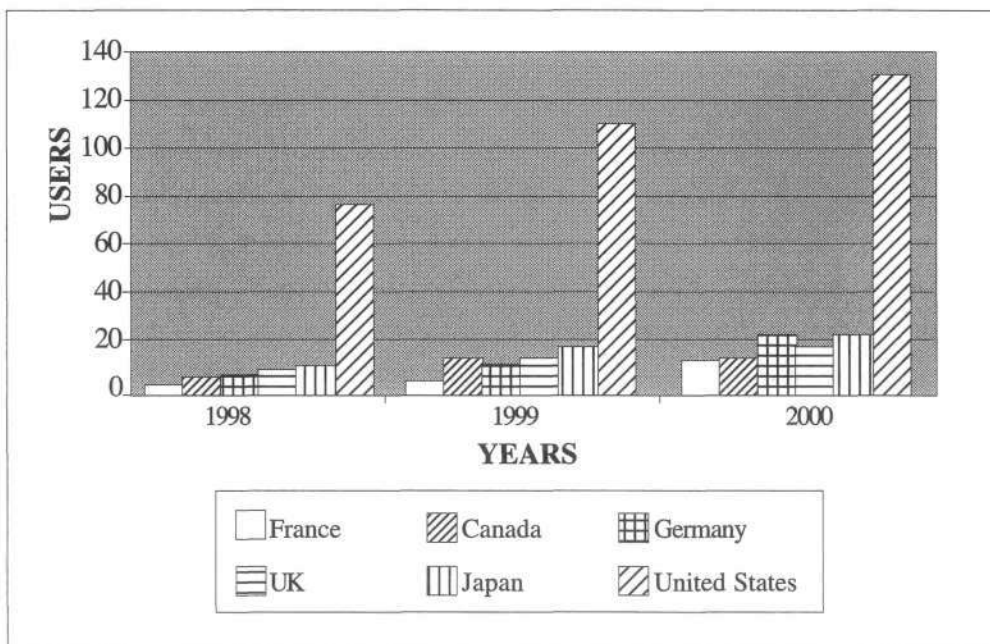
The five countries with the most Internet users from 1998 to 2000 are shown in Figure 2. For each of the three years shown, the United States clearly leads with five times as many users as the second place country ("U.S. Tops 100 Million Internet Users," 1999). Other than the United States, the two countries expected to have the greatest increase in Internet users are Germany and France. Germany is expected to rise from fifth place, with over 12 million users in 1999, to second place with over 22 million users in 2000. France is expected to increase by seven million users from 1999 (5.6 million) to 2000 (12.6 million).

Figure 1: Worldwide and United States Internet Users, 1998-2005
(in millions)



Source: Computer Industry Almanac

Figure 2: Top Five Countries with Most Internet Users 1998-2005
(in millions)



U.S. Home Computer and Internet Usage

Home access to computers and the Internet for Americans in all demographic groups and geographic locations had increased dramatically by the end of 1998. Over 40 percent of the U.S. households owned computers and one quarter had Internet access ("Falling Through the Net: Defining the Digital Divide," 1998). Between January and July 1999, total weekly computer use increased by 101 million hours per week, 74 million of which were accounted for by increases in penetration and usage of online services. The increase brought home computer usage to over one billion hours per week, with 53 percent of the time being spent online. Individual U.S. households used their personal computers, on average, more than twenty hours for personal purposes and an average of 15 hours are spent online ("Half of PC Time Spent Online," 1999).

By the end of 1999, computer ownership in American households had surpassed the 50 percent-mark (Taylor, 1999) and home Internet access increased by 43 percent ("Internet Usage Continues to Increase," 2000). From a total of 56 percent of all adults who use the Net, about 46 percent access from home (Taylor, 1999). Further, an estimated 33 million new users are expected to log on from home this year ("Face of the Web Study Pegs . . .," 2000). With home access increasing almost 60 percent faster than overall access, the number of U.S. households with Internet access is expected to nearly double to 90 million by the end of 2004 ("U.S. Households with Internet Access to Nearly Double," 2000). "While the projected growth of households with Internet access seems extreme, it is quite comparable to the pace of adoption for other major communication/entertainment media," John Zahurancik, VP of Broadband Research for The Strategis Group, said. "Television usage among households grew from about 9 percent to 87 percent in the 1950s. Radio jumped from 10 percent of households to about 70 percent from 1925 to 1935 in the midst of the depression. With economic prosperity, heavy investment, and the pace of Internet innovation, it is no wonder that we have seen this rate of growth" ("U.S. Households with Internet Access . . . , 2000, p. 2).

U.S. Home Internet Users

Some disparities exist between Internet users and nonusers, as white, urban, wealthy and educated users continue to dominate the online population. For example, median

income for online households is \$58,000, 57 percent higher than that of the average American household of \$37,000 ("Profiling the Web's Diversity, 1999). Households with incomes of \$75,000 or higher are more than 20 times more likely to have access to the Internet and more than nine times more likely to have a computer than those at the lowest income levels ("Falling Through the Net . . .," 1998). Only 20 percent of households with incomes of \$25,000 or lower own computers compared to 88 percent of households with incomes of \$75,000 or higher ("Computer Use in the United States," 1997). While only 29 percent of Internet users are in households with yearly incomes of less than \$40,000, more than half (52 percent) of nonusers' households have incomes at this level. Households with \$15,000 or lower account for nine percent of Americans, but make up only three percent of the Internet world (Calandra, 1999).

Regardless of income levels, households in rural areas are lagging behind in Internet access. At some levels, households in urban areas are 50 percent more likely to have Internet access than those earning the same income in rural areas ("Falling Through the Net . . .," 1998). Between February 1998 and February 1999, five U.S. cities reached 50 - 59 percent Internet penetration among the adult population, 31 cities reached 40 - 49 percent penetration, and 28 cities reached 30 - 39 percent penetration. The five cities that have passed the 50 percent level include Washington, D.C. (59.9 percent); San Francisco (56.1 percent); Austin, TX (55.5 percent); Seattle (53.3 percent); and Salt Lake City (50 percent) ("Five Cities Reach . . .," 1999). Bob Cohen (1999), President of Scarborough Research, suggests that notable differences in Internet usage on a local market level indicate that technological innovation is impacted by the interplay of local demographics, cultural, retail, and media dynamics.

There is also a gap between whites and ethnic minorities online. Over 37 percent of the adult white population is online compared to 31 percent of the adult ethnic population ("While Digital Gap Remains . . .," 1999). White households are approximately 40 percent more likely to have home Internet access than Black and Hispanic households ("Falling Through the Net . . .," 1998). Further, whites are more likely to have access to the Internet from home than Blacks or Hispanics are to have access from any location. Hispanics (6.9 million) represent the largest minority group online followed by Blacks (6.6 million) and then Asians (4 million). Thirty-two percent of households owning computers in the United States are Hispanic and 59 percent of those use the Internet ("Profiling the Net's Diversity," 1999).

Similar to the general online population, online Blacks are younger, wealthier and more educated than offline Blacks. For example, only one percent of Black nonusers have incomes of \$75,000 or more, compared to 18 percent of Blacks using the Internet. While less than ten percent of offline Blacks have graduated from college, more than one-third of those online have college degrees ("While Digital Gap Remains . . .," 1999). In the general population, 65 percent who are offline have not graduated from college (Calandra, 1999).

However, the U.S. Internet population is becoming more diverse as several groups that are under represented online, increasingly access the Net. For example, the number of female Internet users has tripled in the last two and a half years ("Internet Usage Continues to Increase," 2000). Estimates regarding the number of women currently online range from 33 million ("Women Reluctant to Shop Online . . .," 2000) to 50 million ("Internet Usage Continues to Increase," 2000). However, most observers agree that women account for around 48 percent of all U. S. Internet users and an estimated 58 percent of new U.S. users this past year (e.g., "Wired Women," 2000; "Net User Gender Balance: Women are Gaining on Men," 1999)—up from 44 percent of new users in 1998 ("Women Flocking Online in Drove," 1999). Further, women are expected to account for 60 percent of new U.S. users this year ("Internet Gender Gap Closing . . .," 2000).

In February 2000, the gender breakdown of those accessing the Net from work was 54 percent men and 46 percent women, as compared to the 50-50 proportion of men to women who access from home. Men, however, still spend more time online than women, both at work and at home. At work, men spend an average of 22 hours online as compared to women who spend 18 hours, and at home, males spend ten hours versus the eight hours spent by women ("More Men than Women Log Online in the Workplace," 2000). Over the next five years, the average growth rate for women is expected to be 19 percent, compared to 13 percent for men. At current growth rates, women are expected to lead men in Internet access 60 percent to 40 percent in the near future ("Women Flocking Online in Drove," @ 1999).

There is also an age shift occurring among the U.S. online population. Last year, 45-to-65-year-old users increased by 18.4 percent, making them the fastest growing age group on the Net. This age group now comprises 20 percent of total online users,

compared to 18-to-24-year-old users—the second fastest growing adult age group—at 17.5 percent. Further they stay connected longer and check out more Web pages per month than 18-to-24 year olds (U.S. Baby Boomers and Seniors are Fastest Growing . . .,” 2000).

People with more moderate incomes and educational backgrounds are also coming online. The median income of new users in 1999 was \$51,200 compared with the median income of \$60,400 for those coming online in 1998. Further, last year’s newcomers were less educated than new users in 1998. Forty-three percent of 1998 new users were college graduates compared to 30 percent of this year’s newcomers (“Online Demographics Show More Mainstream Tendencies . . .,” 1999). However, those using the Net remain more affluent and educated than the general population.

Online Shopping

By the end of 1999, nearly three-quarters (70 percent) of Internet users had used the Net to research online purchases, compared to 54 percent a year ago. This represents 73 million online browsers compared to just 45 million in 1998 (“Internet Commerce on the Rise,”)² At the end of 1999, aggregate monthly spending had increased to \$3.59 billion, compared to \$1.72 billion at the end of 1998 (“Online Shoppers Doubled Spending in Past Year,” 2000).

In September 1999, major online sites posted record sales, as shoppers visited e-tailers in mass (over 4 million shoppers). For example, the leading e-tailer, Amazon.Com, crossed the one million home-based buyers mark. Of the top twenty retail sites, seventeen had significant increases over the number of buyers in August. For example, as a result of tripling its buyers, Gap.com rose from number 27 to number 14, while enews.com jumped to number eight after more than quadrupling buyers for magazine subscriptions (“September’s Top Twenty Retailers,” 1999).

The number of e-shoppers during the 1999 holiday season nearly tripled from 6 percent in 1998 to 16 percent (“Consumers Click with Online Retailers,” 2000). According to a study by Andersen Consulting (“Internet Growth Continues,” 2000), although 40 percent of Internet shoppers reported problems during the 1999 holiday season, they were more satisfied shopping online than anywhere else. Nearly three-quarters (73

percent) of online buyers ranked Internet shopping the highest in terms of overall satisfaction, compared to brick and mortar stores (60 percent) and catalogs (56 percent). Inventory and delivery problems were the most cited problems associated with Internet shopping.

Several other studies obtained similar results. A study by PC Data/Goldman Sachs ("Web Retailers Score High," 2000) found that 97 percent of respondents intend to buy online again and 95.6 percent expressed satisfaction with e-tailers' delivery and exchange services. Only 0.5 percent of those surveyed believed that e-tailers significantly underperformed. Those that do not plan to shop online again cited shipping and handling costs as the primary reason. Jupiter Communications ("Online Holiday Sales Hit \$7 Billion, Consumer Satisfaction Rising," 2000) found that 90 percent of respondents indicated satisfaction with the experience, compared to 74 percent in 1998. The American Express Retail Index ("Consumers Click with Online Retailers," 2000) shows that almost all (95 percent) online holiday shoppers surveyed thought the experience was positive and 96 percent intend to return to the Net for shopping.

Consumer research investigating online spending indicates that total online sales in the U.S. reached \$20.2 billion in 1999, an impressive increase over the total of \$8 billion in 1998 and \$2.4 billion in 1997. Spending by households also increased, from \$899 in 1998 to \$1,167 in 1999 ("NRF/Forrester Research Launch Online Retail Index," 2000).

The U.S. Department of Commerce released fourth quarter sales for 1999—the first quarterly report on national Web sales. According to the report, fourth quarter e-Commerce retail sales reached \$5.3 billion, accounting, however, for only 0.64 percent of total U.S. retail sales of \$821 billion for the same quarter. The Commerce Department's estimate is based on all types of electronic online sales, such as extranets and Electronic Data Interchange, not just the Internet. Although a variety of e-tailers were polled, the sample did not include online travel services, stockbrokers or ticket sales agencies (U.S. Department of Commerce, 2000).

The National Retail Federation (NRF), Forrester Research (Nasdaq: FORR), in conjunction with Greenfield Online, have established a new Online Retail Index for the purpose of tracking monthly online sales in North America ("NRF/Forrester Research Launch Online Retail Index," 2000). The results for the first two months of 2000 have

been announced. The Index indicates that January sales totaled \$2.8 billion and surpassed by more than half, the sales figures of the lucrative 1999 holiday season. Based on January results, first quarter sales in 2000 are expected to exceed the 1999 fourth quarter figures. According to the report, the average online consumer spent \$202.59 in January, up from average monthly spending of \$68.50 in 1999 ("Internet Usage Continues to Increase," 2000).

Online media and travel sectors remained leaders in online sales. Media products (books, music, videos, software) accounted for 23.3 percent of all online purchases, reaching \$653.6 million, while the travel sector (airline ticket sales, hotel reservations, and car rentals) accounted for nearly 21 percent of all Internet sales in January, reaching an estimated \$582. The top five online sellers by category were airline ticket sales (\$318 million), computer hardware and book purchases (both at \$224 million), computer software (\$187 million), and apparel sales (\$182 million).

According to the February Index, there were fewer online shoppers, although consumers spent nearly the same amount on average (\$187.20) as they did in January ("NRF/Forrester Research's Second Online Retail Index Reveals . . .," 2000). Fifty-seven percent (12.6 million households) of total consumers purchased in February, compared to 62 percent (13.7 million households) who purchased in January. Total sales for February (\$2.4 billion) were also slightly down from January. Further, all of the top sellers in January saw a decline in sales. For example, airline ticket sales dropped to \$280 million, hardware to \$152 million, and book sales to \$148 million. However, sales increased in two categories—jewelry and furniture. Online jewelry sales increased by \$17 million, from \$71 million in January to \$88 million in February, while furniture sales increased to \$38 million from \$22 million.

Online retail spending for the second quarter 2000 was approximately \$10.7 billion. The average online shopper spent \$267 while the average online purchase was \$180 ("Q2 was Good to Travel and Groceries," August 2, 2000). Unlike most other categories, which saw declines in sales, groceries and travel posted gains for the year to date. Online sales of grocery items jumped 26 percent to \$321 million while spending on travel reservations totaled approximately \$2.8 billion. The average amount spent on online travel reservations was \$577.60, up from the first quarter's \$527.50.

Forecasters are predicting that U.S. consumers will spend \$12.5 billion online during the 2000 fourth quarter holiday season, a 71 percent increase over 1999's holiday total ("Q4 Still the Big Payoff for e-Commerce," October 5, 2000). According to Geoffrey Ramsey, eMarketer Statsmaster, a 71 percent boost over last year is respectable, however, growth rates in the 100 and 200 percent range is over. Total annual U.S. consumer e-commerce revenues are projected to reach \$37 billion by the end of 2000. U. S. online and offline retail sales for the fourth quarter are predicted to total \$858 billion. The estimated \$12.5 billion online sales for the fourth quarter account for 1.5 percent of this total.

Online Shoppers: Buyer Behavior and Demographics

Although e-shopping has increased for all groups, including those new to the Net, it is most popular among experienced users. Of users who have been online for three or more years, slightly over half (53%) shop on the Net, compared to 28% of new users. Further, experienced users spend more online, averaging approximately \$266 in a three-month period, while new users average around \$109 in the same length of time ("E-Commerce Increases with Online Tenure," 1999).

Similar to the general online population, e-shoppers are affluent, well educated, and predominately male. As seen in Table 1, over a third of Internet shoppers (36 percent) have a household income of \$75,000 or more, almost 70 percent attended college, nearly 60 percent are male, and 65 percent have white-collar jobs. Those who shop online lead active and diverse lifestyles that include traveling and many other leisure activities. For example, more than half (54 percent) of e-shoppers took a trip abroad last year, 52 percent engage in swimming, 40 percent bike, and 37 percent belong to frequent flyer programs ("Lifestyles of e-Shoppers and the 'Wired but Wary'," 1999). Those who have Internet access but have not shopped online have similar demographics and lifestyle patterns but not as pronounced as online shoppers.

Table1: e-Shopper Profile

Demographics	Percent
Men	57
Women	43
Ages 18 - 34	40
Ages 35 - 49	41
Ages 50+	18
High School or Less	30
Some College (1-3 years)	34
College Graduate or More (4+years)	35
White Collar	65
Blue Collar	19
Household Income <\$50,000	41
Household Income \$50,000 - \$74,999	22
Household Income \$75,000+	36

Source : Scarborough Research

In a recent interview with *Fortune's* Daniel Roth (October 2, 2000), Laurie Windham, CEO of Cognitative, discussed the results of her research on Web shoppers' buying behavior. The study found some interesting differences between those who shop online and those who do not. Apparently, the driving forces behind online shopping are price sensitivity and comparison-shopping. According to the research, online shoppers are less likely to be brand loyal and more likely to shop around for the best price than those not shopping online. For example, only five percent of online shoppers indicate that they always buy the same brand compared with 15 percent of those not online. Compared to only eight percent of those not shopping online, 34 percent of Web shoppers comparison shop.

Consequently, customer retention is a major concern for e-tailers. According to Windham, "In the fickle world of e-commerce, customer loyalty is an ephemeral and elusive concept." Another interesting finding is that those who shop online enjoy shopping, both online and off, more than those who do not shop online. Only one percent of online shoppers dislike going to stores, compared to ten percent of non-online shoppers. Intuitively, the opposite would have been expected. Not unexpectedly, online consumers are also more adventuresome and experimental than brick-and-mortar consumers.

Seniors. In 1999, there were about ten million people aged 55 and over online, and that figure is expected to double over the next two years ("Measuring Adults and Teens for Overall U.S. Population and Net Use," 1999). Although seniors represent one of the smallest groups as a percentage of the U.S. Internet population, their numbers grew by 18.4 percent in 1999, making them the fastest growing Internet demographic group (Montgomery 2000). Further, they are clearly in a position to significantly impact online sales. Not only are seniors comfortable purchasing online, they are also a prosperous group. For example, 45 percent have household incomes of \$75,000 or above (Oberndorf 1999); they control 50 percent of the country's discretionary income; they have 70 percent of America's financial assets (Spiegel, 1999) and 50 percent have investment portfolios worth more than \$100,000 (Oberndorf 1999). Further, seniors' online shopping figures are significantly higher than those for the general Internet population: 92 percent have window-shopped and 78 percent have purchased online ("Surfing Seniors," 1999).

In contrast to the stereotypical senior, they buy fewer drugstore items than books and software over the Internet. The most popular online purchases for seniors are computer software (43 percent compared to 19 percent of all U.S. Internet shoppers); books (43 percent compared to 21 percent overall); CDs (29 percent compared to 23 percent); computer hardware (24 percent compared to 13 percent); and clothing (19 percent compared to 8 percent) ("Surfing Seniors," 1999). Seniors also purchase 25 percent of all toys sold online.

The "eUser and Usage Report" estimates that seniors accounted for 19 percent or \$3.5 billion of total U.S. consumer online spending in 1999. The report predicts that this figure will reach \$16.7 billion by 2002 ("Profiling the Web's Diversity," 1999).

Online retailers are beginning to recognize the online potential of this growing demographic. As a result, a number of senior-specific Web sites have been developed including Seniors.com, Senior.com, Townspring.com, and Thirddage.com. Also, upscale marketers, such as Nordstrom, are making efforts to tap into the senior market through banner ads placed on senior sites.

Women. Seventy-three percent of women regularly research product and service information online ("Wired Women," 2000), which frequently lead to major offline purchases. For example, as a result of online research, 33 percent of women purchased

a computer, 17 percent a new car, and 11 percent a new appliance offline ("Women Flocking Online in Droves," 1999). By late 1999, 53 percent of all women online had made a purchase over the Net, compared to 33 percent in 1998. Among women, working women are more active in the e-Commerce arena. For example, nearly all (96 percent) of working women have researched products online and 64 percent have made a purchase ("Working Women Online Using Internet in Greater Numbers," 1999).

According to a recent study, women are reluctant to make online purchases due to security concerns related to the lack of Internet regulation, personal privacy, and stolen credit card transactions. The study found that, for the women surveyed, guaranteed transaction security (90 percent) and published privacy publications (67 percent) would positively influence decisions to return to a shopping site ("Women Reluctant to Shop Online . . .," 2000).

However, as women become more comfortable with online shopping, and as the Internet becomes more user friendly, many observers expect women to become the dominant online consumer group in the near future, (e.g., "Wired Women," 2000; "Net User Gender Balance . . .," 1999). A study by Cyber Dialogue disagrees ("Women Reluctant to Shop Online . . .," 2000). Although the study acknowledges the increasing numbers of women going online, it concluded, "... online retail shops aren't conducive to acquiring female customers as online shoppers" (Cakim, 2000, p.1). Nevertheless, during the past twelve months, 54 percent more women shopped online and spent an average of \$830 for online orders ("Women Buying More," 1999; "Women Reluctant to Shop Online . . .," 2000). And in April 2000, women aged 18 and over accounted for 40.8 percent of the total Internet population compared to 40.2 percent of males aged 18 and over (Sparta 2000).

With about five percent more women than men in the United States, and with women making the majority of purchase decisions (80 percent) and controlling the majority of family finances (75 percent), there appears to be a large online market for women's products and services ("Wired Women," 2000; "Women Flocking Online in Droves," 1999). E-tailers have noticed and are eagerly targeting women. The increasing number of women-oriented sites is evidence of the power of the growing female online market. For example, e-beauty sites are debuting at record speed. Some that have recently come online include iBeauty.com, eve.com, and reflect.com. But beauty product

sites are not the only e-businesses targeting females. For example, Nordstrom.com's "world's biggest shoe store," launched in November 1999, was established primarily for women. iVillage, designed to offer everything needed to fill the needs of women, has a million regular customers and has increased 335 percent from last year.

During April 2000, women flocked to the Internet, with relationship-oriented and retail sites topping their cyber lists. Over one million women visited iVillage.com and over 800,000 visited jcpenny.com. Webtrends.live.com was the fastest growing site for women with an impressive 645 percent jump. The number of women visiting the site soared from over 120,000 in March to over 900,000. Teens. The number of U.S. teens online is expected to increase 38 percent this year, from about 11 million last year to 15 million in 2000 ("Profiling the Web's Diversity," 1999). However, as a percentage of overall Net users, teens are expected to shrink from 16 percent in 1999 to 14.8 percent in 2000 ("Teens Online," 1999). Nevertheless, teenagers are active, spending an average of 8.5 hours per week online, 27 percent more than the average Net user ("Measuring Adults and Teens . . .," 1999).

Approximately 10 million, or two thirds of all U.S. teenagers will make a purchase online by the year 2002, a dramatic increase from the estimated 2 million teens (22 percent) that shopped online in 1998 and the projection of 3.9 million (35 percent) for 1999. Although teens will spend \$161 million online in 1999, this represents less than one percent of total U.S. online spending. By 2002, teen online spending is expected to exceed \$1.4 billion, representing 2.2 percent of consumer e-Commerce ("Teens Ready to Spend Online," 1999).

Currently, however, teens are less likely than adults to actually make purchases online. This is primarily a function of lack of access to credit cards, the currency on the Web. The continued development and proliferation of smart cards, e-wallets, and other forms of digital cash accounts will probably remove this obstacle over time.

However, teenagers do visit e-tailer sites. For example, in one month, they accounted for 17.4 percent of the overall online traffic for home-based users and 16.4 percent of on-line shopping traffic ("Teens Get High Online Shopping Scores," 1999).

College Students. By far, the most active single group on the Net is college students, with 87% of that population currently online ("Profiling the Web's Diversity," 1999). Seventy-one percent of online college students visit the Net more than once a day, 61 percent spend 1 – 4 hours surfing the Net every day, and nearly 40 percent have their own Web home pages ("College Students Prepared to Surf the Net," 1999). Although only 25 percent of online students have shopped online, twice as many students as a year ago are visiting shopping sites. Of these students, more than half (62 percent) has made an online purchase, a 10 percent increase over one year ago. The most popular item purchased is CDs.

One reason cited for the low incidence of online shopping by college students is the low level of their disposable income. One study found that 50% have \$100 or less monthly in disposable income and 13 percent have \$25 or less ("College Students Prepared to Surf the Net," 1999).

IMPLICATIONS

Consumer e-commerce will be an increasingly important venue for shopping in the future, particularly for certain groups of Americans. Online retailers have already recognized the importance of the ever-increasing numbers of female Internet shoppers and are actively targeting this segment. There are a number of reasons that women are being sought out and catered to. Not only do women exert a great deal of purchasing power, but also they will soon become the backbone of e-commerce, representing the most dominant online consumer group.

Seniors are also likely to have an increasingly significant impact on e-commerce. Although they currently represent one of the smallest groups as a percentage of the Net population, they also have the highest participation rates in online shopping. Seniors' spending habits, coupled with their financial position, should make them one of the most desired markets on the Internet today. However, they are currently an underserved market. The U.S. Bureau of Census estimates that between 2000 and 2005, seniors will increase by 7.5 million, swelling their ranks to slightly over 66 million Americans ("Projection of the Total Resident Population . . .," December 1999). Currently, 78% of seniors are shopping online. If the same percentage continues to purchase online in the future, this group alone will account for an additional 6 million shoppers by

2005. Internet retailers with an eye on the future are beginning to recognize the potential in targeting the senior demographic group.

In the not-so-distant future, current college students should become significant players in the e-Commerce arena. They will soon be in the workforce, earning incomes, thus removing the biggest factor preventing them from currently shopping online. Given their familiarity and comfort with the Internet, online increasingly will be the best way to reach this trend-setting segment of society.

Like college students, teens already maneuver through cyberspace with ease. Although they lack the means to make a dent in online shopping figures, they do frequent online shopping sites. By the time teens reach adulthood, with purchasing power, shopping online will be as natural as—and easier than—going to the Mall is today.

CONCLUSION

The future for e-Commerce in the U.S. is indeed favorable. Online retailers should continue to target women, begin to focus on seniors, and prepare for the onslaught in shopping as college students, then teens, become wage earners. Brick-and-mortar retailers who have not yet established their companies on the Internet should recognize the opportunities provided by going online. The concept of retailing is rapidly changing and traditional retailers need to change with it.

FOOTNOTES

1. Internet users are defined as adults with weekly usage in businesses and homes. The numbers are 15 percent to 30 percent higher when occasional Internet users are included.
2. Browsers” are defined as those who search and compare products and services whether or not an item is purchased

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