Consumers Segmentation

by Mon Krist

Indonesian Consumers Segmentation on Online Food Purchase

1. INTRODUCTION

Coronavirus Disease 2019 (Covid-19) was first discovered and reported in Wuhan, Hubei Province, China in December 2019 and spread fast to various regions of the world. Based on the data from WHO, the number of Covid-19 cases worldwide reached 424,822,073 cases. In Indonesia, the first case of Covid-19 reported in March 2020, and for now there are 5,289,414 cases and in the ranked 17th in the world [1].

The continuous increase in Covid-19 cases in Indonesia make the government imposes a policy called restrictions on community activities such as banning indoor dining policy and social distancing. This policy restricts public mobility that cause people start to use online shopping to fulfil the needs of medical equipment, health product, beauty product, clothes to food and drink. Regarding the product sale in the marketplace on the first six-month of 2020, food and beverage sales have increased compared to before the Covid-19 pandemic [2]. The survey by CLSA Indonesia to 450 Indonesian during Covid-19 showed that 70% of community become more frequent to order online food [3]. In addition, based on global consumer insights pulse survey on June 2021 [4], consumers are buying more groceries online. It is clear that more and more of the consumption is happening on mobile phones and online shopping continues to grow.

Nie and Zepeda carried out the research of consumers' segmentation in food and beverage sector in order to know the habit of the consumers in the United States in choosing local and organic food by using lifestyle psychographic segmentation, and the research found four segments of consumers. They are rational consumers, adventurous consumers, careless consumers, and conservative uninvolved [5]. Other, Mor and Sulekha held research in India aimed to identify the purchase behaviour based on psychographic segmentation and came out with four segments, the doers, the nurtures, the mechanics, and the reformers [6]. Another study done by Begunca using benefit sought variables for soft drinks consumers segmentation in city of Pristina found five different segments [7].

Based on the previous research and the shifting of Indonesian purchase behaviour, this research aims to know the Indonesian consumers segmentation on online food purchase during Covid-19 using lifestyle and benefit sought segmentation.

2. LITERATURE REVIEW

According to Kotler and Keller [8], marketing is the process in the community that individual and group obtain the needs and wants through creating, offering, and exchanging product and service. One of the marketing core concepts is segmentation.

2.1. Market Segmentation

According to Quelch and Jocz [9], market segmentation is the process of dividing market into more homogenous market that have different preferences that is caused by the consumers want to get satisfaction from the product and service used. Lamb, Hair, and McDaniel [10] imply market segmentation as the process of dividing market into segment or sub-group that relatively similar and can be identified by the seller in adjusting the marketing mix in order to fulfil the needs of certain group. Kotler and Keller [8] define the market segmentation as the process of dividing market into a smaller group that has similar needs and wants.

Lamb, Hair, and McDaniel [10] and Kotler and Keller [8] mention that there are four variables used for market segmentation:

1. Geographic; segmentation based on region, market size, market density, and climate

2. Demographic; segmentation based on age, gender, income, ethnic, and family life cycle

3. Psychographic; segmentation based on personality, motives, life style, and geodemographic

4. Behavioural; segmentation based on benefit sought, usage rate, and customer loyalty

2.2. Psychographics Segmentation

In psychography segmentation, consumers are divided into sub-groups based on personality, life style, and value. Personality reflects a person traits and

characteristics. Lifestyle talks about beliefs and the ways of living that expressed through activities, interest, and opinion [8].

2.3. Behavioural Segmentation

Kotler and Keller [8] divide consumers into a number of sub-groups based on knowledge, attitude, usage rate or respond to a product. Behavioural segmentation can be divided into several variables such as needs and benefits or benefit sought decision roles, and user and usage related variables. User and usage related variables consist of occasion, user status, usage rate, buyer readiness stage, loyalty status, attitude, and multiple bases.

3. RESEARCH METHOD

The survey was held online and distributed by using social media such as line, WhatsApp, Instagram, Facebook, twitter, and telegram. Potential participants were asked to answer several selection criteria before they started to fill-in the questionnaire. The respondents are at least 17 years old and had been buying online food in the last three months. 352 respondents were participated in this study.

The questionnaire was divided into three sections; they were the respondent profile and purchase behaviour, lifestyle, and benefit sought. The response questions for lifestyle were adapted from Nie and Zepeda [5], Mor and Sulekha [6], Handriyani and Imanda [11], and for the benefit sought were adapted from Begunca [11] and Handriyani and Imanda [11]. The grading score of the response used the five Likert-scale method, with anchors "strongly disagree" as 1 to "strongly agree" as 5. The data was analysed using factor analysis and cluster analysis.

4. RESULT AND DISCUSSION

Most respondents who bought online food in the pandemic era were between 17 – 25 years old, students, and had income or pocket money between Rp. 1,000,000 – 2,500,000. In terms of purchase behaviour, most respondents used go-food and grab food to buy online food, bought 1 to 2 times per week and spent between Rp. 50,000 – 100,000. Mostly the respondents bought heavy meal or main course and the food was eaten with the family.

Table 1 and table 2 show the factor loadings of each and every variable on lifestyle and benefit sought.

Table 1. Lifestyle

	Component				
	Trend Enthusiast	Practical Person	Outgoing Person	Well-Being	Detail Oriented
I like to buy items that express self-status	0.566				
I like shopping to spend time	0.736				
I am easily influenced by trend on social media	0.749				
I need the newest product that support personal life during pandemic	0.647				
I use my free time for travelling	0.489				
I spent my money relatively the same amount every month in times of pandemic		0.644			
I prefer daily routine life		0.574			
I prefer practical things		0,684			
I often buy online food in times of pandemic		0,384			
I like to try new things			0.488		
I use my spare time for doing hobbies			0.599		
For me, expensive price is not a problem when the product quality is good			0.630		
I pay more attention to health (calories, nutritional content, and so on) while buying food in times of pandemic				0.698	
During pandemic, I choose to buy things that has famous brand				0.521	
In times of pandemic, I like to				0.613	

spend time to do exercise					
I am looking for information related to food that will bought					0.711
During pandemic, I pay more attention to packaging label (ingredients, expired date) in buying food					0.784
During pandemic, I pay more attention to packaging condition (hygiene and not broken) when buying food					0.486
Eigenvalue	4.442	1.689	1.424	1.195	1.000
%Variance	24.676	9.385	7.911	6.640	5.557
%Cumulative	24.676	34.061	41.973	48.613	54.170

Table 2. Benefit Sought

	Component		
	Valued Oriented	*Economical Person*	*Thoughtful Person*
In times of pandemic, I take the taste into consideration in buying online food	0.592		
During pandemic, an affordable price is one of considerations in buying online food	0.469		
In times of pandemic, the quality of food is one of considerations in buying online food	0.718		
In times of pandemic, safe and hygiene packaging is one of considerations in buying online food	0.698		
In times of pandemic, the portion of food is one of considerations in buying online food	0.494		
During pandemic, the practical method of buying is one of considerations in buying online food	0.611		
During pandemic, the buying convenience is one of considerations in buying online food	0.692		
In times of pandemic, saving time in cooking is one of considerations in buying online food	0.720		
In times of pandemic, price discount is one of considerations in buying online food		0.852	
In times of pandemic, delivery charges voucher is one of considerations in buying online food		0.854	
In times of pandemic, healthy food is one of considerations in buying online food			0.708
In times of pandemic, known brand is one of considerations in buying online food			0.635
In times of pandemic, speed delivery is one of considerations in buying online food			0.557
Eigenvalue	5.255	1.126	1.044
%Variance	40.425	8.665	8.031
%Cumulative	40.425	49.089	57.120

Based on table 1, it can be seen that the biggest component contributes to lifestyle is trend enthusiast (24.676%) followed by practical person (9.385%), outgoing person (7.911%), well-being (6.640%), and the last is detail oriented (5.557%). It is called trend enthusiast since the biggest indicator is person that easily influenced by trend on social media. Practical person consists of people who like something practical and do daily routines. Outgoing person is someone who like to socialize with other people, open minded, and spend time for the hobbies. Well-being person is someone who pays more attention to the health by seeing calories and nutritional content, and do the exercise during pandemic. Detail oriented is people who pay attention to the detail especially in the pandemic era.

Based on table 2, the biggest component that contributes to benefit sought is valued oriented (40.425%) then followed by economical person (8.665%), and thoughtful person (8.031%). Valued oriented consists of people who value time, consider the quality in buying online food, and attach importance to convenience. It is called economical person since this people take advantage of discount or voucher, and

thoughtful person is someone who consider lots of things before buying online food.

After defining eight components extracted from factor analysis, the next step was to create segments based on those factors. After the trial-and-error process, three clusters were identified.

Table 3. Number of cases in each cluster

Cluster	1	167.000
	2	80.000
	3	105.000
Valid		352.000
Missing		0

The table of ANOVA shows that three clusters are significantly different from each other for every factor or component. It can be seen from the significant value which is < 0.005.

Table 4. ANOVA for difference of clusters

	Cluster		Error		F	Sig.
	Mean Square	df	Mean Square	df		
Trend Enthusiast	12.641	2	0.933	349	13.545	0.000
Practical Person	28.442	2	0.843	349	33.750	0.000
Outgoing Person	51.213	2	0.712	349	71.903	0.000
Well-Being	42.385	2	0.763	349	55.562	0.000
Detail Oriented	20.461	2	0.888	349	23.030	0.000
Valued Oriented	91.567	2	0.481	349	190.373	0.000
Economical Person	3.890	2	0.983	349	3.955	0.020
Thoughtful Person	76.786	2	0.566	349	135.736	0.000

Table 5. Final Cluster Centres

	Cluster		
	1	2	3
Trend Enthusiast	0.22435	-0.45923	-0.00693
Practical Person	0.41510	-0.25173	-0.46842
Outgoing Person	0.24383	0.54974	-0.80664
Well-Being	0.40359	-0.84827	0.00440
Detail Oriented	0.32048	-0.04682	-0.47404
Valued Oriented	0.51872	0.36404	-1.10237
Economical Person	-0.03615	0.26120	-0.14151
Thoughtful Person	0.58422	-1.09316	-0.09630

The clusters were labelled according to the characteristics of the cluster. Cluster 1 was labelled as the rational consumers, cluster 2 as adventurous consumers, and cluster 3 as basic consumers.

Cluster 1 rational consumers is the biggest cluster represents 47.44% of the population. This cluster is dominated by female in the age of 17 – 25 years old, single person, and still as a student. Since this cluster is dominated by student, it makes domination of low-income group that has income or pocket money between Rp. 1,000,000 – 2,500,000. Rational consumers are the groups which have the individuals those who are following the trend by seeing the social media, like something practical, often buy online food in this pandemic era, pay more attention to the health, pay more attention to the detail, value time, consider the quality while buying online food, and always consider

lots of things before buying online food such as the healthiness, the speed of delivery, and brand. This cluster has the similarity with the thinkers from VALS framework of Kotler and Keller [8]. The thinkers are the consumers who are mature and responsible, have good education background, open minded, and active to find information in making decision. This cluster also has the similarity with the doers from Mor and Sulekha [6]. The doers are the groups of consumers who have middle income, socially active, and need products that support their personal life.

Cluster 2 adventurous consumers are dominated by females in the age of 17 – 25 years old with 22.73% of the total respondents. Cluster 2 is the smallest cluster. Most of the female respondents are not married yet, still as a student, and have income or pocket money under Rp. 1,000,000. The consumers of this cluster have

characteristic of open minded by trying new things, spend their time for doing hobbies, and they like to take advantage of discount or voucher while buying online food. This cluster has the similarity with the experiences from VALS framework of Kotler and Keller [8], the consumers who are young, enthusiast, impulsive, looking for fun, and enjoy new things.

Cluster 3 basic consumers is 29.83% of the total respondents. This cluster is also dominated with the female respondents in the age of 17 – 25 years old, students and not married yet, and the income or pocket money between Rp. 1,000,000 – 2,500,000. In this cluster, there is no dominant characteristic and it can be concluded that this cluster has the characteristics outside the eight components extracted.

Based on the data and analysis, it can be seen that in Indonesia, the consumers of online food and drink in this pandemic era are young people in the age of 17 – 25 years old with middle income and not married yet. These consumers prefer to buy online food through Grab food compare to Go-food, Shopee food, Traveloka eats or other online media such as Instagram and WhatsApp.

5. CONCLUSION

This study offers an essential finding for broadening our understanding on consumers segmentation on online food purchase in Indonesia, which can be applied as guidelines for marketers of online food and drink industry. This study finds that there are eight factors consists of five factors in lifestyle psychographics and three factors in benefit sought behavioural segmentation, that contribute to online food purchase behaviour, then segment Indonesian consumers to three different types of lifestyles and benefit sought cluster. All the cluster are dominated by young females in the age of 17 – 25 years old, not married yet, buy online food once to twice per week, spend Rp. 50,000 – 100,000 for one time purchase, and usually bought heavy meal to eat it with the family.

This research has limitation on the variables of segmentation that are used which are only lifestyle and benefit sought, and also the age of the respondents that mostly 17 – 25 years old. Therefore, further research can use different approach of segmentation such as other variables of psychographic and behavioural segmentation, and also demographic and geographic segmentation. Others, it is suggested to have even respondents in all age group.

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