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The Importance of Time-rich and Time-poor Consumer Behavior for the E-commerce

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Abstract

In affluent societies where services, products and possibilities abound, time is an important parameter. People's availability of time is crucial for how they form their lives and how they act when choosing, buying and using products in the market place. Therefore, time is also decisive for companies in development of products and services, and marketing of them. Technical development and access to Internet for everybody is increasing the importance of the time parameter for e-commerce.

While each day still has 24 hours for everyone, the perception of time varies. Some individuals and families are time-rich and others are time-poor.

In this article the concepts of time-rich and time-poor are defined and elaborated. A macro-segmentation model based on primarily demographic variables is presented as a first approximation of time-rich and time-poor consumer segments. A consumer model is derived from buying and consumption in routine and non-routine situations and finally the implications for e-commerce are discussed.

Key words: market segmentation, e-commerce, time-rich and time-poor

1. Introduction

Today's industrialised countries are affluent societies including almost all population in the sense that the most basic, physical needs are satisfied (cf. Maslow, 1954). Also the poorer segments are comparatively rich in a historical perspective and as such they are interesting as consumer groups. Of course there is still a divide regarding wealth and spending capacity, but we also experience another divide in the affluent society of today, perhaps equally important from a consumer perspective. That is a *time divide* between those groups that are *time-poor* and those that are *time-rich*. To a large extent there is a high positive correlation between a high degree of wealth and time-poverty as well as the opposite (a new situation in a historical setting, cf. Lindskog & Brege, 2002).

Our point of view is that the degree of time poverty or time pressure is an important aspect of consumer behavior and an important variable in market segmentation for consumer goods and services. Time-poor buying and also consumption behavior is focused upon “saving time” and time-rich buying and consumption behavior is more focused upon “killing time”.

Already in the 1960s, the Swedish economist Staffan Burenstam-Linder pointed out in his book “The Hurried Leisure Class” that consumption in an affluent society is limited by our scarcest resource: *time*. He showed that the mechanism behind time-poverty depends on the increasing amount of products in the market. His predictions such as increasing prosperity is not giving us “... *peace and harmony... in reality it is in this case in contrary. The pace increases and life becomes more hectic.*” (Burenstam-Linder, 1969) are now becoming evident. The amount of products and services increases dramatically and continues to do so. His words “...*not only production but also consumption demands time*” are valid today and in the future.

More recently Paul Romer, professor of economics at Stanford University explained: “*The decline in the cost of IT hardware has been so rapid that it's tempting to assume it explains all the changes that take place in the economy and society. But in our lifetime, we've witnessed a second price change that's as jolting as the one in hardware: The cost of time has increased. To be sure, the rate of increase in the cost of time has been much less dramatic than the rate of price declines in IT. But human time is used in every productive process and every consumption activity, so changes in the cost of time have pervasive effects on the economy and society.*” (Romer, 2000)

However, not all consumer groups are time-poor. When consumers' more basic needs are taken care of, they have time and money to

spend upon other kinds of need fulfillment, social exchange and self-actualization, at higher levels of the hierarchy of needs (Maslow, 1954). The consumption of entertainment in the form of CD-music and television are examples of consumption that could be very time consuming. The consumption patterns of our young generations most often are time-rich of character.

The new information society and especially the Internet opens up new possibilities for consumption and e-commerce is of growing importance even though the e-hype was punctured a couple of years ago. The digital divide between those groups who use the Internet and those who don't is not equal to the time divide. We find groups using the Internet that are time-poor and other groups that are time-rich and we think that using time as a segmentation variable is equally important in e-commerce.

The purpose of this article is to clarify the concepts of time-poor and time-rich and to discuss its usefulness for market segmentation of consumer behavior over the Internet. This is a conceptual paper identifying different consumer situations and market segments. To verify our models and hypotheses it will be necessary to complement this theoretical model by statistics.

2. Time- Rich and Time-Poor - A Consumer Segmentation Approach

Market segmentation is a means for increasing the precision in marketing management (Kotler and Armstrong, 1997). Instead of approaching the market in an undifferentiated way, each segment of relatively homogeneous consumers should be treated individually and in different ways (different marketing mixes). Furthermore, in order to be a useful the segments should be identifiable and measurable.

There are several bases for segmentation (Shiffman and Kanuk, 2000):

- Geographic (region, city size, density, climate)
- Demographic (age, gender, marital status, income, education, occupation)
- Psychological (needs, personality, perception, attitude, learning-involvement)
- Sociocultural (culture, religion, social class)
- Usage (heavy, medium, light; awareness, loyalty)
- Situation (time, objective, location, social)
- Lifestyle (psychographics, VALS-achievers, believers, strugglers; active/passive, social/hermit)
- Benefit (convenience, social acceptance/status, economy/value)
- Hybrid segmentation (demographic/psychographic: profiles of consumer segments, SRIVALS-fulfilled, experiencer, striver; geodemographics: characteristics of neighborhoods; demographic/technology)

2.1 Macro-Segmentation Based on Demographic and Geographic Variables

A first approximation of time-poor and time-rich market segments could be found in a macro-segmentation based in a first step demographic variables and in a second step complemented with geographic variables. This macro-segmentation could most of all give us an indication of the “overall time pressure” on consumer behavior of different consumer segments. Demographic variables are age, family status and employment status.

Time-rich market segments

The time-rich are people/consumers with the perception that time abounds and they often associate with “killing time”. This group is large, larger than in any other period of human history. However, only a fraction of the time-rich is also money-rich. This group contains the following socio-economic segments:

- retired people
- children and youth
- unemployed

The main reasons for having such a large group of time-rich are:

- increased prosperity
- retirement with pension
- longer life
- no child work

To be retired with a pension is a new idea in a historical perspective. The number of retired people with pension is increasing rapidly. Life expectancy is also constantly increasing. In all this is an increasingly interesting segment from a commercial perspective.

In most countries, the law forbids child-work and the work debut is for every year becoming later. Many young people study and many are postponing their family and work responsibilities much longer than just a generation ago.

The unemployed are also time-rich and fluctuate between time-rich and time-poor depending on the state of the economy.

Time-poor market segments

Most professionals and parents with small children are time-poor. Many of the time-poor perceive time as their scarcest resource and the term “saving time” is often associated with time-poor. The main reasons for having such a large group of time-poor are:

- those employed have to work hard freely or as a consequence of organizational pressure
- the distinction between work and leisure is becoming more blurred
- the increasing supply of goods, services and choices to fill up our time
- the need to always be prepared for changes, to learn and acquire new knowledge
- the consciousness that you yourself are in charge and responsible for your future.

The attraction of work

Time-poverty is often associated with economic success in the affluent societies. Work identity is for many becoming more and more important. In addition, work itself has become more exciting. It gives new challenges every day and a big dose of satisfaction. Anthropologist Jan English-Lueck, puts it this way: *“We call it techno-optimism. There is an addiction to opportunity and if you don’t see it that way, why are you even here?”* (Newman, 2001) Although the time-rich group is equally large, most of the interest in media is devoted to the time-poor.

Work and leisure

We are used to go to job, work there, then go home from work and be free for leisure activities, to relax, to be with family and friends, go fishing etc. Our time has been divided between work and non-work or leisure activities. The intention with home or distance work is meant to be good, but it often results in both long hours at work combined with early or late working hours at home. The information technology and telecommunications give us all the possibility to work and get in touch with the office anywhere, anytime and soon even anyway. Only a few people can avoid the temptation to check the voice and e-mail messages when they are out of their office if they have the possibility to do that.

Supply and choices to fill up our time

We have never before had so many choices of goods, services and activities and we must constantly take decisions at home, at work and other places. Possessions demand more time than we realize. If we buy a camera, a pair of skis, a food processor or a hundred other similar items, we will also like to use them. These items are meant to make our life easier, but instead they occupy space and need to be looked after. Sometimes, our possessions seem to demand us to use them. *“Promulgators of the 24-hour society begin by identifying (correctly) two themes of modern life; first a consumerist hunger designed to be unappeasable, and second a time-sickness at the heart of an over-hurried society; too much to do, too little time.”* (Griffiths, 2000)

Need to always be prepared for changes, to learn and acquire new knowledge

The technical development goes very fast and speed is likely to accelerate. Today's knowledge in many fields will be obsolete tomorrow. Life-long learning is not only a buzzword. It is in all professions becoming a reality.

You are yourself responsible for your future

Your decisions can change your situation. It is important to meet the right people and to have the right education, be slim and tanned, wear the right cloth, read the right magazines and have the right new ideas in time that can be keys for success in the professional and social life. Many preach *Carpe Diem*. However, it might be difficult to combine with the responsibility for your own future.

Complementary geographic segmentation – living in large metropolitan areas or less urban

We think that the macro-segmentation approach also should include a complementary geographical distinction between consumer groups living in large metropolitan areas or less urban. The reason is obvious, living in large cities most certainly adds to the time-poverty. First of all transportation to and from work etc takes more time and secondly probably time-poor people have less of supporting networks from family and friends.

Our hypothesis is that e-commerce regarding conventional goods could primarily be regarded as a large metropolitan phenomena. Empirical evidence from the Swedish horizon also points in that direction (at least so far).

2.2 Micro-segmentation – what does lifestyle add to our understanding?

Our first approximation of time-rich and time-poor market segments based upon demographic and geographic variables need to be further complemented both in our understanding of the overall time pressure and also in our understanding of the time pressure felt in each specific purchasing or consumption situation.

Lifestyle segmentation could give us further information of the priorities of different groups at an overall level and also regarding specific situations of purchasing and consumption. The crucial question is if belonging to different lifestyles differentiates between time-poverty and time-richness. First of all, let us look at a common lifestyle segmentation, VALSTM (Values and Lifestyles) that

categorises U.S. adult consumers into mutually exclusive groups based on their psychology and several key demographic.

Using the self-orientation and resources dimensions, VALS defines eight segments of adult consumers who have different attitudes and exhibit distinctive behavior and decision making patterns. Neighboring types have similar characteristics and can be combined for analysis as primary and secondary types.

Strugglers (1) have minimal resources; practical, self-sufficient, like to work with their hands, value things with a functional purpose such as tools and utility vehicles, tend to hunt and fish more than the general population.

Actualizers (2) have abundant resources; conventional; politically conservative; social lives revolve around family, church and career; work provides status, material success and sense of duty; tend to own swimming pools

Fulfilleds (3) are higher income and principle oriented; young, enthusiastic, seek variety and excitement; into sports and social activities; spend money on fast food, clothes, movies, music; likely to have attended rock concert in past year.

Achievers (4) are higher income and status oriented; money defines success; concerned about opinions of others; trying to find their place in life but may feel unsure of themselves; want to be stylish and own high-status possessions.

Experiencers (5) are higher income and action oriented; successful, affluent, active, high self-esteem, interested in expressing themselves in different ways; often leaders yet seek new challenges; tendency for foreign travel, dinner parties and the arts.

Believers (6) are lower income and principle oriented; poor, elderly, low education, concerned about health, cautious; may feel resigned and passive about life; worried about security and safety; may not buy much but are loyal to their favorite brands.

Strivers (7) are lower income and status oriented; conventional, conservative, predictable; strong, fixed beliefs and rules of conduct about church, family, community and nation; modest incomes and education but sufficient to meet their needs.

Makers (8) are lower income and action oriented; mature, reflective; well-educated, well-informed and value knowledge; professional occupations; while respecting order, also open to new ideas and change in society; want durability and functionality in what they buy.

Looking at the lifestyle segmentation above, you could conclude that it is rather difficult to classify these segments as being either time-poor or time-rich at the overall level. If degree of time-poverty most closely equals degree of economic wealth, then time-rich segment are Strugglers (1), Believers (6) and Strivers (7) and Makers (8). Time-

poor segments are Fulfilleds (3) and Achievers (4) and Experiencers (5) and Actualisers (2). Most difficult to position are Actualizers (2) and Makers (8). *In our opinion this connection is valid between time-poverty and abundance of resources.*

But you could also speculate if the principle oriented Fulfilleds (3) and Believers (6) are less time-poor compared to the status oriented Achievers (4) and Strivers (7) and especially compared to the action oriented Experiencers (5) and Makers (8). On an overall level, these questions of differences between lifestyle groups have to be further investigated when it comes to the overall degree of time-poverty.

What is more important to conclude is that different lifestyle groups give priority to different consumption patterns and consequently also express time-richness and time-poverty in different specific consumer situations. Therefore lifestyle could be a valuable basis for segmentation for specific products according to time-richness or time-poverty.

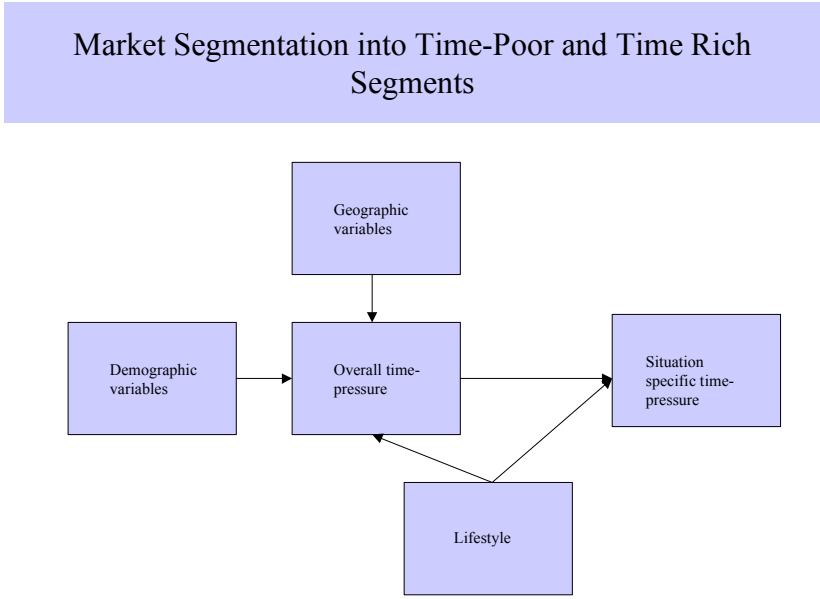


Figure 1. Market segmentation into time-rich and time-poor segments

3. Time-rich and Time-poor Consumer Behavior

In this article we use the concept of consumer behavior in an overall meaning and consumer behavior could be divided into buying behavior and consumption behavior (cf. Kotler, 1972). Another starting point is the distinction between routine and non-routine behavior, which is in focus of the buy class model (cf. Robinson, Faris and Wind, 1967).

3.1 A Classification of Different Consumer Situations

If we combine the distinctions between buying and consumption and routine and non-routine we end up in the following matrix.

		Consumer Behavior - A Classification Matrix	
		Routine	Non-routine
Buying			
Consumption			

Figure 2 Consumer behavior - a classification matrix

Situations that are of a routine character could for example be the daily and weekly buying of convenience goods. Kotler (1972) defines convenience goods as *“those consumers’ goods which the customer usually purchases frequently, immediately and with a minimum of effort in comparison and buying (examples. Tobacco products, soap, newspapers)”* (pp. 96)

Purchasing situations of a more non-routine character could be the purchase of shopping goods or specialty goods. Shopping goods are defined as *“those consumers’ goods which the customer, in the process of selection and purchase, characteristically compares on such bases as suitability, quality, price and style (examples: furniture, dress goods, used automobiles and major appliances)”* (Kotler, 1972, pp 96).

Specialty goods are defined as: *“those consumers’ goods with unique characteristics and/or brand identification for which a significant group of buyers are habitually willing to make a special purchasing effort (examples: specific brands and types of fancy goods, hi-fi components, photographic equipment, and men’s suits)”* (Kotler, 1972, pp 96).

Consumption could also be divided into routine and non-routine. Examples of routine consumption are watching TV, doing banking services and cooking during the working week. Examples of non-

routine consumption are vacations, going to the theater and cooking for Friday evenings.

Time-poor purchasing and consumption behavior have some common characteristics:

- “Do it as fast as possible” - going to the nearest shopping mall or doing the purchasing over the internet or when it comes to consumption to slip into a fast food restaurant for lunch etc.
- “Do it when suitable” - doing shopping or bank services over the Internet at ten in the evening etc.
- “Don’t do it at all, let someone else do it” - buying services for shopping or cleaning the house or getting help from family members that are more time-rich etc.

Time-rich purchasing and consumption have other characteristics such as:

- “Let the process take time for social purposes, learning and self-improvement” - shopping is also a social event for instance buying clothes together with friends, fixing the house by yourself could be very satisfying etc.
- “Killing time”, i.e. watching TV or listening to music when you don’t have anything else to do etc.

Regarding the use of e-commerce we see the time-rich and time-poor behavior in all four consumer situations, a statement that will be elaborated further later on in this article.

3.2 What is the proper unit of analysis?

The unit of analysis for consumption could be either at the individual level or the aggregate family level. Individuals could be time-poor, but collectively the family could be regarded as time rich with children and retired elderly taking part in the buying and consumption processes.

Households/families can be divided into:

- only time-poor
- only time-rich
- mixed: time-rich and time-poor

If a family/household is a mixed one with both time-rich and time-poor members as well as if every member of the family/household has access to the Web and online shopping it can lead to new buying patterns.

In the mixed family/household time-rich can not only perform shopping activities for themselves but also serve as human agents for the time-poor members of the family/household. Already today some

parents ask their more time-rich children for example to find out the evening cinema program or sport activities and book tickets. Perhaps in the future to be a human agent will be one of the most important tasks for a majority of grandmas and grandpas. Their available time for bargain hunting, investigations and participation in various communities will be of a great value to the others.

4. On-line shopping

4.1 Web characteristics

Prof. Donna L. Hoffman from eLab, Vanderbilt University, in her presentation February 9, 2001, at UCLA research conference pointed out what makes the Web different:

- Many-to-many communication model
- Interactivity with both people and computers
- Environment approaches full information
- The customer has much greater control
- Allows unprecedented level of choice
- Customer competence is an issue
- An alternate to, rather than a simulation of, the “real world”
- Experiential and goal-directed activities are juxtaposed

Prof. Donna L. Hoffman also pointed out that the successful implementation of an online commerce with a Value Model must address the four *Digital Desiderata*:

Useability - ease of use

Doability - intuitive navigation, “getting around,” easy moves, searchable, fast

Endless frontier - discovery, vast pool of information, serendipity

Human touch - trust, community, personalization

4.2 Goal-oriented and experiential shopping

The consumers shop both on-line and off-line for goal-oriented (for efficiency and to save time) or experiential (for fun and to kill time) reasons. There are several factors for on-line shopping that differ from off-line shopping due to uniqueness of the Web.

Prof. Mary Wolfinbarger from the California State University Long Beach and prof. Mary Gilly from University of California in their paper on “Shopping Online for Freedom, Control and Fun” present the results from the focus group on online shopping. The results of their research point out that the majority of the shoppers are goal-oriented.

Why are more e-tailing consumers expected to be goal-focused? One clue is the finding that time starved consumers are especially likely to be online shoppers. Another clue is that early and heavy users of the Internet tend to have strong internal locus for control, and thus are goal-oriented personalities.

Our research with online shoppers suggests that goal-oriented shoppers are interested in e-tailing because of four specific attributes: (1) convenience and accessibility (2) selection (3) availability of information and (4) lack of sociality. Importantly, shoppers frequently and explicitly associate these goal-oriented attributes with increased freedom and control. (Wolfenbarger and Gilly, 2000)

Why are some online shoppers engaging in experiential behavior? Experiential shoppers tell us they enjoy (1) auctions (2) involvement with hobby/product class and (3) bargain hunting: in sum, these shoppers focus on “the experience” or fun of online shopping as much as they do on product acquisitions. (Wolfenbarger and Gilly, 2000)

The results of this investigation are summarised in Table 1 below.

	Important Factors	Outcome Desired
Goal-Oriented Shopping	Accessibility/Convenience Selection Information Availability Lack of Sociality	Freedom Control Commitment to Goal Not experience
Experiential Shopping	Involvement with Product Class Positive Sociality Positive Surprise Bargain Hunting	Fun Commitment to experience as <i>important or more important</i> than goal

Table 1: Goal-Oriented and Experiential Factors and Outcomes of Online Shopping (Wolfenbarger and Gilly, 2000)

4.3 Implications for E-Commerce and Time-Rich/Time-Poor Consumer Behavior

Online shoppers' motives that can be divided into two main groups are very much correlated with the distinction between time-rich and time-poor. Time-poor buying behavior is goal-oriented and that goes for both routine and non-routine (cf. Figure 2). Goal oriented and routine buying behavior executed by time-poor consumers could be buying railway tickets or groceries over the internet. If e-commerce is the best alternative among all time-poor solutions is perhaps not as easy to say. For instance buying a railway ticket could be more time-efficiently done, by picking up the phone and calling the travel agency, but at a higher cost. Also non-routine buying of shopping and special character could be very time-efficiently done over the internet. Compared to other media, the internet could offer a very efficient search process and a vast array of offerings which could be analysed in a rational mode.

Time-rich buying behavior is very similar to the experiential mode as mentioned above and that could also be applicable in both routine and non-routine situations. Of course the non-routine situation is mostly in focus. Bargain hunting could cover both routine and non-routine depending on what kind of consumer goods we are dealing with. But experiential and non-routine on-line shopping is also for fun and a learning experience.

To sum up the buying part of consumer behavior on the Internet, Lindskog (2000) gives the following characteristics of time-poor and time-rich buying behavior:

Time-poor

- Proposals - ready to make decision
- Perception of being chosen by proposals especially combined for you
- Feeling of having the possibility to check any detail if needed
- Saving time
- Relief of problems
- Agents

Time-rich

- Each purchase should be a bargain
- Possibility to make own comparisons and combinations
- "Mediterranean market"
- Delivery time adapted to price chosen by supplier
- Important information source for the time-poor
- Time-rich can easily inform the whole world if they are not satisfied

We also think that the difference between goal-oriented and experiential is valid for the distinction between time-poor and time-rich consumption. Especially, we see a correlation between goal-orientation and routine consumption of e-services such as banking services or watching the development on the stock exchange in real-time. We also propose a strong correlation between time-rich consumption and experiential behavior, such as the loading down of entertainment from the Internet.

5. Some Final Remarks and Implications for Further Research

From a marketing point of view, the basic question is if the design of the customer offerings as well as the choice of e-commerce as a marketing channel are well adapted to different consumers' actual situations and perceptions expressed in terms of time-richness or time-

poverty? When we talk about services of the Internet the service and the marketing channel seem almost inseparable.

- How much time is the consumer willing to invest in information seeking and comparison of alternatives? Internet as a marketing channel has many features well adapted to time-poor decision making. To begin with, it provides comparatively quick information seeking and comparison between alternatives. Several Internet services are designed to improve these parts of consumer decision-making, for example information brokerage when buying a used car. But the Internet is also a very interesting marketing channel towards the time-rich, surfing over the net and taking part in different communities.

- How much time is the consumer willing to spend on the actual buying activities and at what time of the day? Again, the comparative success of Internet banking is due to the fact that this marketing channel is perfectly adapted to a time-poor consumption pattern, more quickly executed and more flexible in time (24-hours availability). Buying groceries over the Internet is another area, which so far has not proven especially successful (at least not in Sweden). There are many explanation to this failure – from bad execution from the seller side regarding web sites, deliveries etc to consumers not being willing to pay extra for home deliveries. One explanation is also that not so many consumers are time-poor at the family level, especially not when we look outside the large cities.

Questions for further research ranges from providing the theoretical concepts of time-poor and time-rich with empirical data to prove their validity to classifying consumer behavior and e-commerce and a to go further into time as an important variable to explain consumer patterns and success and failure in e-commerce.

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