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BASIC CHARACTERISTICS OF LATVIA'S E-SHOPPERS

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Abstract
Information technology is increasingly permeating the lives of every modern individual, profoundly impacting them as consumers. With e-commerce and online shopping now firmly entrenched in daily routines, it becomes imperative to conduct research and establish a comprehensive e-shopper/e-buyer profile. The purpose of this article is to study modern Internet shoppers in Latvia and describe the profile of a typical e-buyer to identify possible problems and prospects for the development of e-commerce for Latvian companies during the relevant period. The article highlights some aspects that characterize Latvian e-buyers and their behaviour as consumers, analyzing their buying habits by age structure in dynamics and comparing data for the period from 2010 to 2021. The frequency of online purchases by Latvian users is also examined. The key characteristics of several basic portraits of the typical e-shopper in Latvia are substantiated. The analysis employs monographic and statistical methods, and visual images are presented based on Eurostat data. The research authors conclude that the Latvian segment of online buyers is rather conservative, but it is becoming more and more active in exploring the possibilities of online shopping. The key characteristics of several basic profiles of an average e-shopper in Latvia are also justified.
Key words: e-commerce, customer, e-shopper/e-buyer, online shopping.

Introduction

The widespread use of information technologies in absolutely all spheres of economic activity has led to radical changes in the ways of doing business and to the massive development of e-business. E-commerce, in light of recent years, has become one of the most promising areas of business development, which naturally brings to the forefront the issues of justifying the most effective ways and methods of its application by business entities. The effective implementation of e-commerce by a business depends on many factors, among which special attention should be paid to studying the target audience – defining a profile of existing and potential customers. In this regard, when it comes to the country's e-commerce market as a whole and its development prospects, studying the profile of domestic e-customers is of particular relevance.

There are various studies about e-buyers/e-shopers and their behavior worldwide. Several synonyms of terms are used, starting with e-customers, e-shopers, e-buyers, e-clients, etc. Of course, there are some differences, for example, between e-customer and e-buyer, because a customer is not always a buyer. Therefore, the authors of the article use two terms – e-buyer and e-shopper. In addition, due to the limited scope of the article, only some aspects of the topic are covered.

E-shopping drivers are indeed influenced by e-shopping service quality, and these drivers lead to e-shopping intentions and eventually the adoption of online shopping. Furthermore, offline brand trust is a key factor that moderates the relationship between e-shopping drivers and e-shopping intentions (Rehman *et al.*, 2022). E-shopping intentions strongly influence actions and effectively specify and mediate e-shopping behavior and its context (Honglei *et al.*, 2021). Shopping online via mobile phones is becoming increasingly popular, though it presents challenges for companies due to the multifaceted approach needed to ensure effectiveness (Volenkins, Sloka, & Cipane, 2019).

Due to the tremendous prospects of e-commerce for business development, particularly in the post-Covid world, an increasing number of researchers are focusing on the challenges of effective online commerce development, including Latvia.

At the same time, scientific studies devoted to e-shopper profiling or the examination of characteristics of online shoppers in Latvia are scarce, and some aspects of this subject are only fragmentarily explored in other research. For instance, a collaborative study (Kruzmetra *et al.*, 2020) by Latvian and Lithuanian researchers partially focuses on comparing the online behavior of consumers in the two countries. This study places more emphasis on e-shoppers' preferences and the justification of differences between Latvian and Lithuanian e-buyers. Additionally, the researchers conclude that Latvian manufacturers do not allocate sufficient attention to advertising and promoting their products online, resulting in Latvian e-shoppers being predominantly service-oriented.

As a result, researchers (Kruzmetra *et al.*, 2020; Litavniece & Znotiņa, 2017; Volvenkins, Sloka, & Cipane, 2019) do not primarily focus much attention on a deeper study of the e-shoppers themselves, their characteristics, etc. This is partly explained by the fact that defining an e-shopper's profile (target audience) is a practical task for each business entity. However, the need to develop a strategic vision for the further development of the Latvian e-commerce market identifies ways to improve the efficiency of local businesses, and, as a result, ensures a stable increase in the share of the country's GDP from e-commerce, requires studying the characteristic features of domestic e-shoppers, the dynamics of changes in e-buyers' preferences, etc.

Materials and Methods

To achieve the aim of the research, the article analyzes information about consumers who have been shopping online in Latvia over a 12-year period (2010–2021), based on the official statistics of the European Union. The input database contains information on key age and economic characteristics of Latvian online consumers.

The research is based on general scientific and specific methods of economic theory and economic analysis.

Specifically, the authors made the analysis of an increase in the proportion of e-buyers who have made online purchases in the past three months in the respective age category in Latvia for the period from 2010 to 2021. The analysis was conducted by comparing the percentage shares of e-buyers in each specific age group over the study period (Figure 1).

The structural analysis of the frequency of online purchases in Latvia was conducted using a mathematical approach of summing the percentage shares of each group of e-buyers, identified based on a specific criterion, and subsequently calculating their proportion in the obtained aggregate value. This approach was applied as our research did not aim to account for the share of individuals who do not engage in online purchases. The authors calculated the proportions relative to each other (Figure 2).

The same approach was used in calculating the proportions of e-shoppers in Latvia in 2021 according to the frequency of online purchases by age group.

Additionally, when calculating the increase in the proportion of e-buyers in Latvia from 2010 to 2021, who make purchases online at least once every three months, the education criterion was employed with the supplementary statistical method for calculating the relative growth indicator (Figures 3 and 4).

Results and Discussion

Anticipating consumer behavior is not an easy task because it is influenced by several factors (Litavniece & Znotina, 2017). This task becomes even more challenging when it is necessary to anticipate the behavior of online consumers, which is a prerequisite for effective e-commerce business. Considering that the volume of e-commerce in Latvia has significantly increased in recent years, growing by 27% in 2020 alone, but adding only 1.03% to GDP, according to the European Digital Commerce Association (European e-commerce report, 2021), there is a clear need to develop the e-commerce sector, especially when the European average is 4.5% of GDP. Thus, in terms of e-commerce development, Latvia ranks 21st out of 27 European Union member states, and in terms of e-GDP, it ranks 23rd (European e-commerce report, 2021).

Thus, the development of the e-commerce market in the country is an important direction for increasing Latvia's GDP. However, one of the main obstacles is the lack of representation of national businesses' products and services online, with only 17% of Latvian companies using e-commerce tools in their activities (Babics & Zvirgzdina, 2022). According to the evaluation of the Executive Board of the International Monetary Fund (Republic of Latvia: 2021 article IV consultation: Report No. 21/194, 2021), the level of development of the e-commerce infrastructure and e-business activity in Latvia is relatively low. Therefore, there is a need for significant work with business representatives, primarily aimed at understanding the audience of online shoppers, which can then serve as a basis for selecting the target audience in accordance with the peculiarities of the products or services sold by the business.

The formation of a basic set of information on active online shoppers in the country will enable the outlining of clearer characteristics of e-shoppers for further practical use by businesses when selecting their target audience. Additionally, developing an average profile of an active e-shopper will help identify key characteristics of Internet users that facilitate or hinder online purchases, thus enabling the government to take targeted actions to boost the e-commerce market.

In this research context, the focus is on studying the profile of e-shoppers in Latvia and their key characteristics, such as income level, economic activity, education, etc., linked to age categories, rather than online behavior. Moreover, the research specifically targets active e-shoppers, those who make online purchases at least once every three months.

According to Eurostat data (Eurostat: official website), the number of Latvian online buyers who have made online purchases in the past three months increased from 8% in 2010 to 51% of online users in 2021. At the same time, the growth figures differ significantly by age group and are presented in Figure 1.

Thus, it is the older user groups that are characterized by the highest growth. For instance, less than 1% of internet users aged 65 and over have made online purchases in the last three months before the survey was conducted in 2010, while in

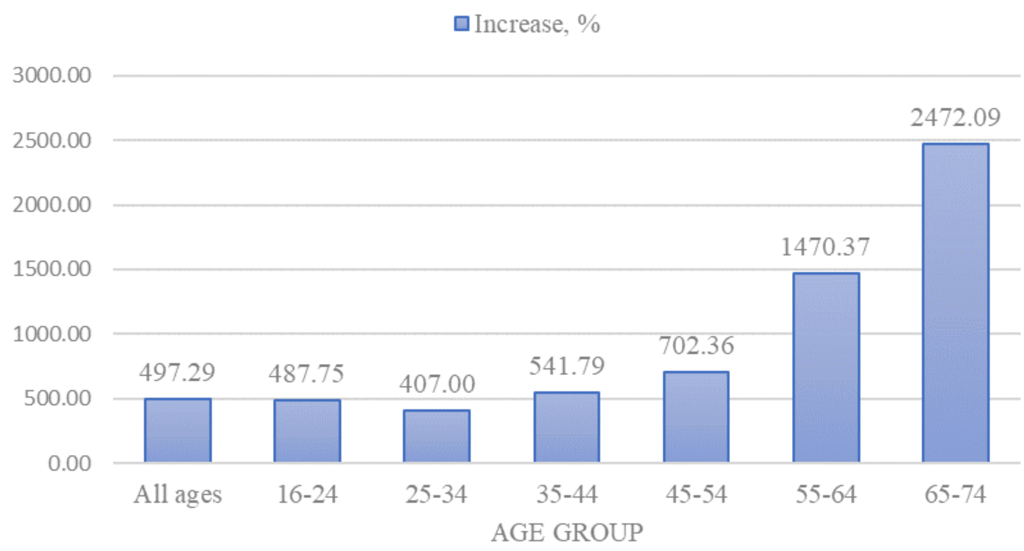

Figure 1. The increase in the proportion of e-buyers who have made online purchases in the past three months in the respective age category in Latvia for the period from 2010 to 2021.
Source: Authors' analysis based on data from Eurostat's official website.

2021 we have 11% of such users in Latvia. Similarly, the number of active online shoppers aged 55–64 increased from 2% in 2010 to 24% in the 2021 survey.

The smallest increase in the number of active online shoppers during the study period was recorded in the age group of 25–34. However, according to the 2021 data, among the Internet users in this age category in Latvia, there is the largest number of active e-shoppers, accounting for 77%.

A study of changes in the frequency of online purchases by users who have made at least one purchase within three months is presented in Figure 2. It shows two periods of dramatic change – in 2016 and in 2020–2021.

If in 2016, the impetus for increased activity of e-shoppers was served by objective reasons – the development of e-business, the mass emergence of online venues to sell a variety of products, chatbots, etc., then in 2020–2021, it is the quarantine restrictions that are the catalysts of changes in the purchasing behavior of Latvians.

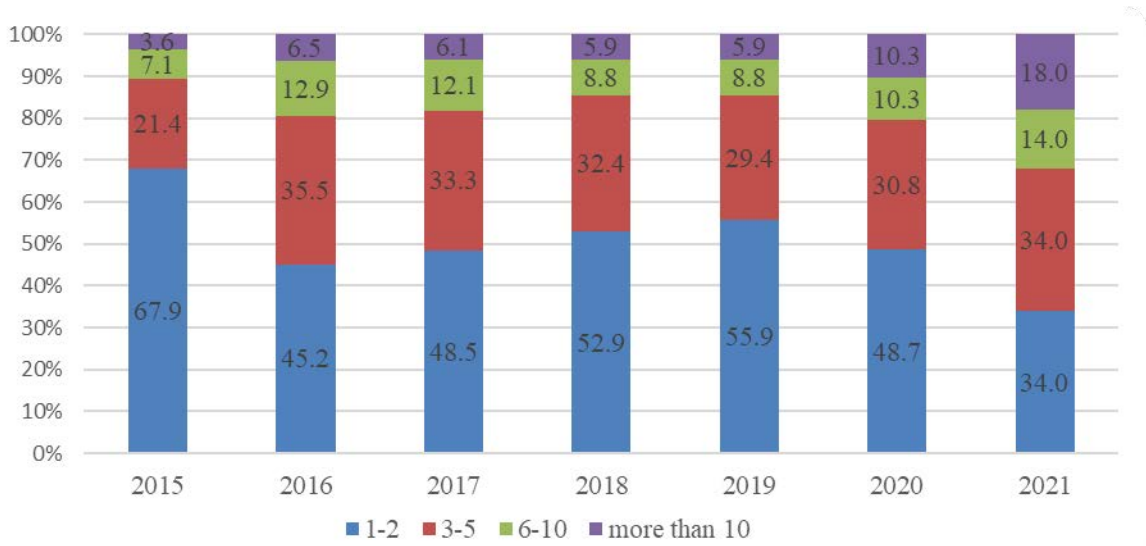

Figure 2. Evolution of the frequency of online purchases by Latvian users in the last three months in 2015–2021, %.
Source: Authors' analysis based on data from Eurostat's official website.

The proportion of e-shoppers making 1–2 online purchases in a three-month period has fallen to 34%. The same proportion of e-shoppers made 3–5 purchases in the last three months in 2021.

In turn, the proportion of consumers making more than 10 purchases over a three-month period – up to 18% – has increased significantly. If we consider all of Latvia's surveyed users – not just active e-shoppers – the proportion of individuals who make online purchases more than 10 times in three months is 9% (according to Eurostat data), which corresponds to at least 153 thousand individuals based on the number of Internet users in the country.

In terms of age categories of e-shoppers in 2021, the situation is presented in Figure 3. The analysis of the data shows that the greatest differences in the shares of buyers of different ages are among individuals who make 1–2 online purchases in three months. The highest number of these e-shoppers is in the group of users over 65 years old – 56.3%, and the lowest is in the group of users aged 35–44 years old – 30.9%. Therefore, it is possible to assume that online shoppers in Latvia who are in the group of users over 55 years old, and especially those over 65 years old, are still less active e-shoppers.

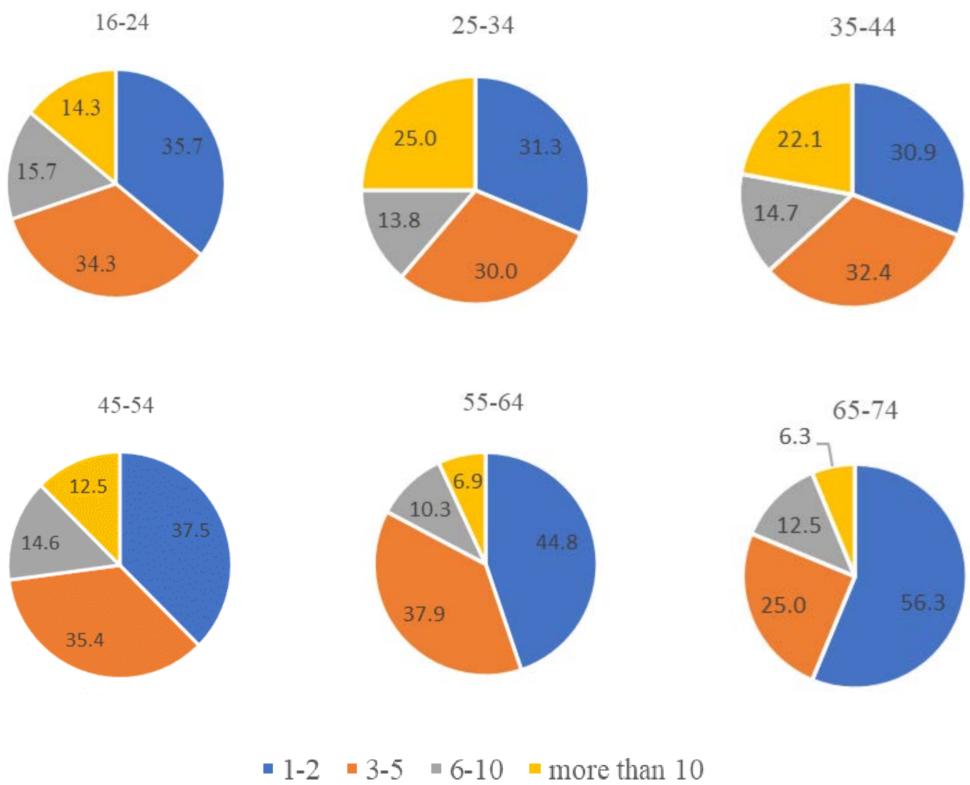

Figure 3. Structure of e-shoppers in Latvia in 2021 according to the frequency of online purchases by age group, %.
Source: Authors' analysis based on data from Eurostat's official website.

Characterizing the growth dynamics of the number of e-shoppers in each of the groups of education criteria in Latvia, based on official statistics (Eurostat: Individuals' internet use) presented in Figure 4, it is worth noting that there is a clear dependence on the level of activity of online shopping individuals – persons with higher education are much more likely to use e-business services. However, there is also a trend towards a significant increase in the number of active e-shoppers among persons with a low level of education, rising from 4% in 2010 to 39% in 2021.

Since 2010, the structure of Latvian e-shoppers in terms of age and education criteria has undergone noticeable changes, particularly in the share of individuals with a low level of education. Firstly, this is a consequence of the significant simplification of access to many digital solutions and technologies among ordinary Internet users, as well as the simplification of electronic platforms and tools for the sale of goods and services. Secondly, from the author's point of view, this situation characterizes the Latvian segment of online buyers as a rather conservative community, which requires businesses operating in the e-commerce segment of the country to take this into account to achieve their business goals, including the choice of online marketing tools.

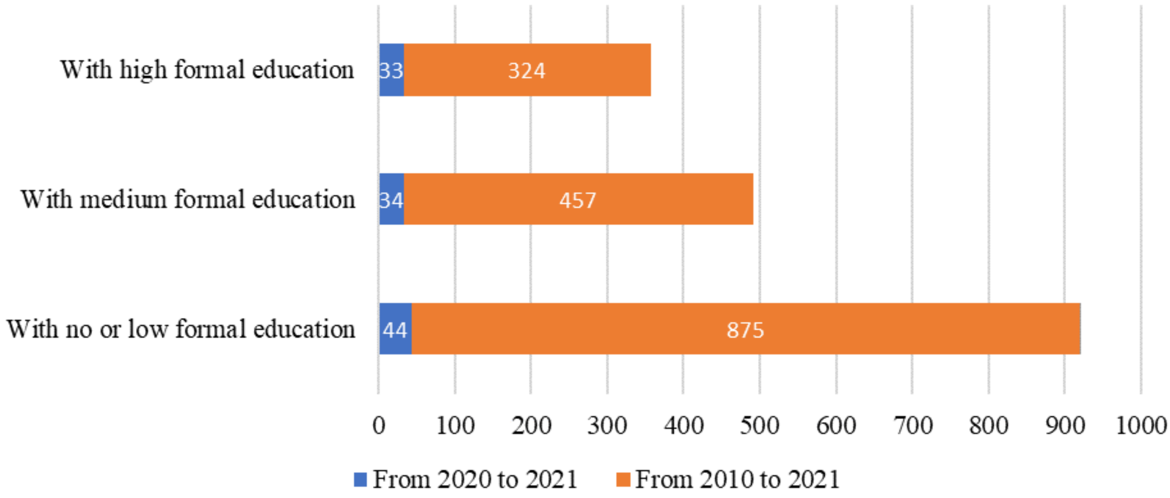

Figure 4. The increase in the proportion of e-shoppers in Latvia from 2010 to 2021, who make online purchases at least once every three months, based on the criterion of education, %.
Source: Authors' analysis based on data from Eurostat's official website.

Conclusions

1. The Latvian segment of Internet users is becoming more and more active in mastering the possibilities of online shopping. Not only the number of e-shoppers increases, but also the frequency of online purchases. The number of Latvian online buyers who have bought online in the past three months increased from 8% in 2010 to 51% of online users in 2021.
2. Online shoppers in Latvia who are in the group of users over 55 years old and especially over 65 years old are still less active e-shoppers.
3. At the same time, the key features of Latvian e-buyers include the predominance of e-shoppers with higher education across all age categories and a clear dependence of the frequency of online purchases on the age group. However, there is also a trend towards a significant increase in the number of active e-shoppers among persons with a low level of education: from 4% in 2010 to 39% in 2021.
4. Further research in this direction should include the analysis of the presence of correlations in the purchasing behavior of online consumers in the context of different criteria and marketing tools used by businesses, which will allow to establish the presence or absence of certain trends, as well as the optimal list of marketing tools to influence the target audience of consumers in Latvia.

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