

Influence of E-Commerce and Cryptocurrency on Purchasing Behavior of Wine Customers

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Abstract

ongoing developments of online shopping shapes established practices of business and challenges the proper management of company's 5 M (Money, Material, Manpower, Management, Machinery). Influence of modern technology on marketing practices differs according to industries. Article will concentrate on wine industry taking into consideration non-traditional purchasing behavior of wine consumers, creating the interesting correlation between advantages and disadvantages of e-commerce and characteristics of contemporary wine consumers. More specifically, article will focus on B2C online shopping and crypto-currency as the mean of exchange product for value.

Index terms—

1 Introduction

ongoing developments of online shopping shapes established practices of business and challenges the proper management of company's 5 M (Money, Material, Manpower, Management, Machinery). Influence of modern technology on marketing practices differs according to industries. Article will concentrate on wine industry taking into consideration non-traditional purchasing behavior of wine consumers, creating the interesting correlation between advantages and disadvantages of e-commerce and characteristics of contemporary wine consumers. More specifically, article will focus on B2C online shopping and crypto-currency as the mean of exchange product for value.

II.

2 E-Commerce

Before, examining influence of e-commerce on specific industry will be useful to present benefits and challenges of it.

3 Benefits Challenges

-Ease of access to new markets (internationalization)
-24/7 availability -Possibility of comparison -Pace of feedback -Ease of control -Relatively cheap -Lack of physical evidence -High possibility of faking the product -Web-platform costs -Dependency on internet -Pressure for investments in technological renovations (modifying payment system with crypto-currencies).

In the same article we see that monthly transactions of bitcoins reach around \$50 million with market cap \$ 3.3 billion emphasizing the purchasing power potential. Despite the potential, important challenges should be taken into consideration by companies before they invest in integration of cryptocurrency payment systems through e-commerce. High price volatility, expected government regulations, ambiguous forecasts regarding crypto value, together with challenges of e-commerce mentioned above results in relatively high uncertainty avoidance from customers. Privacy policies and Privacy Enhanced Technologies (PETs) should be mentioned here as additional challenges for the companies that should be dealt with for gaining the trust and capitalizing

8 CONCLUSION

42 on benefits of e-commerce (David J. Phillips, 2015). As it was mentioned above, influence of e-commerce and
43 usage of cryptocurrency differs industry-wise and this differentiation mainly is based on purchasing behavioral
44 patterns of customers of the industry.

45 4 III.

46 5 Wine Industry

47 Contemporary wine industry is divided into Old World (OW) and New World (NW) wines, referring mainly to
48 France, Spain, Italy as OW and to South Africa, New Zealand, Australia and USA as NW wine countries. For
49 better understanding of industry characteristics charts of world wine production and consumption are provided.

50 6 a) Crypto-currency as the payment system

51 Taking into consideration that cryptocurrency industry is still developing technology and involves many
52 unanswered questions, it is hard to provide sufficient empirical evidences of the consequences of its usage. Since
53 2009 more than 550 cryptocurrencies have been developed and only few of them can be considered relatively
54 successful. Ryan Farrell in his "An Analysis of the Cryptocurrency Industry" presents interesting table that
55 breaks down 21 popular coins: From charts we see that consumption and production decrease during the century,
56 mainly because of development of substitute products. However current world production still consists of around
57 260 ml hectoliters (R. Woodard, 2016), which makes wine industry still big and attractive.

58 For discussing influences of e-commerce on wine consumers purchasing behavior, we need to specify
59 characteristics of this behavior. Important to mention that market segmentation according to region, age, gender
60 and level of income is generalized and behavior of the global consumer profile is taken into consideration. Factors
61 of wine consumer behavior are (Perovic, 2014):

62 -Importance of tradition and uniqueness of country of origin and grape variety -High involvement in purchasing
63 process (inclined to choose wine independently by carefully studying front and back labels) -Less price-elasticity
64 (readiness to pay high price for high quality)

65 -Readiness for experiments (trying new offerings) -Importance of health-related issues in wine (Shepherd and
66 Sparks 1994) -Importance of ethical image of wine company For better analyses of influence of e-commerce and
67 cryptocurrency on wine consumer behavior, article will correlate challenges associated with e-commerce and with
68 cryptocurrency and factors of wine consumer behavior:

69 7 Challenges associated with e-commerce

70 Challenges associated with cryptocurrency -Lack of physical evidence -High possibility of faking the product
71 -Web-platform costs -Dependency on internet -Pressure for investments in technological renovations (modifying
72 payment system with crypto-currencies).

73 -High price volatility expected government regulations ambiguous forecasts regarding crypto value -Privacy
74 policy and security -High uncertainty avoidance Factors of wine consumer behavior -Importance of tradition and
75 uniqueness of country of origin and grape variety -High involvement in purchasing process (inclined to choose
76 wine independently by carefully studying front and back labels) -Less price-elasticity (readiness to pay high price
77 for high quality) -Readiness for experiments (trying new offerings) -Importance of health-related issues in wine
78 (Shepherd and Sparks 1994) -Importance of ethical image of wine company As we see, important factors such
79 as high involvement in purchasing process is in direct conflict with challenges like lack of physical evidence of
80 ecommerce and strengthens high uncertainty avoidance challenge of cryptocurrencies. Importance of tradition and
81 uniqueness emphasizes conservatism of wine consumers that might result in lack of flexibility when it comes to
82 adaptation of new technologies such as cryptocurrency. High possibility of faking the product comes in conflict
83 with importance of health-related issues in wine and Importance of ethical image of wine company, which itself
84 is in direct link with privacy policy and security challenge of cryptocurrency. On the other hand, less price
85 elasticity and readiness to experiment, create opportunities for the companies to provide attractive offers for
86 wine consumers, together with other benefits of e-commerce such as 24/7 availability, possibility of comparison
87 and pace of feedback.

88 IV.

89 8 Conclusion

90 Based on discussions we can conclude that challenges and benefits associated with e-commerce and cryptocurrency
91 create opportunities for positively influencing wine consumer behavior. This depends on proper analyses
92 correlation of benefits and challenges of e-commerce and cryptocurrency and factors of wine consumer behavior.
93 Promotion mix that involves improved CRM (Customer Relationship Management) expressed by interactive web-
94 platforms and WOM (Word of Mouth Marketing), can realize above mentioned opportunities, especially when
95 references play important role among wine consumers. Including ATL (Above the Line) techniques in promotion
96 mix, such as outsourcing web-platform services will play important role in shifting consumer behavior.

97 Article was more from the business perspective rather than consumer one. Farther research concentrated more
 98 on consumers' perspective will be useful for better analyses of influence of e-commerce and cryptocurrency on
 consumer purchasing behavior.

Release	Currency	Market Cap (April 23rd)	Hash Algorithm	Mechanism	Supply	Deflationary	Theoretical Long Term Inflation
Jan-09	Bitcoin	\$3,312,281,631	SHA-256	POW	21,000,000	yes	
Sep-13	Ripple	\$255,536,445	ECDSA	Byzantine Consensus	100,000,000,000	yes	
Oct-11	Litecoin	\$55,662,783	Scrypt	POW	\$4,000,000	yes	
Jan-14	Dashcoin	\$19,482,137	X11	POW & POS	22,000,000	yes	
Aug-14	Stellar	\$13,115,557	Undefined	Byzantine Consensus	Unlimited	no	1%
Jul-14	Bitshares	\$11,688,038	Undefined	Undefined			
Dec-13	Dogecoin	\$10,841,501	Scrypt	POW	Unlimited	no	0%
Nov-13	Nxt	\$9,606,282	Curve25519 and SHA-256	POS	1,000,000,000	yes	
Aug-12	Peercoin	\$5,073,573	SHA-256	POW & POS	Unlimited	no	1%
May-14	Monero	\$4,433,105	CryptoNight	POW	18,400,000	yes	
Jul-12	Bytecoin	\$4,199,290	CryptoNight	POW	184,470,000,000	yes	
Apr-11	Namecoin	\$3,845,575	SHA-256	POW	21,000,000	yes	
Jun-13	Ybcoun	\$2,991,777	Scrypt	POW & POS	3,000,000	yes	
Jan-14	Counterparty	\$2,402,854	SHA-256	POB	2,650,000	yes	
Aug-14	NuShares/NuBits	\$3,901,430	Undefined	POS	1,000,000,000	yes	
Dec-14	Paycoin	\$2,294,250	SHA-256	POW & POS	12,500,000	yes	
Sep-14	ARCHcoin	\$2,228,501	Scrypt	POS	16,200,000	yes	
Mar-14	Monacoin	\$1,798,198	Scrypt	POW	105,120,000	yes	
Nov-14	Faircoin	\$1,201,450	Undefined	POS	Unlimited	no	1.50%
Jul-14	BitcoinDark	\$1,133,283	SHA- 256	POW & POS	22,000,000	yes	
Feb-14	Blackcoin	\$1,113,916	SHA- 256	POS	Unlimited	no	1%

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Figure 1: 2Chart 2 :

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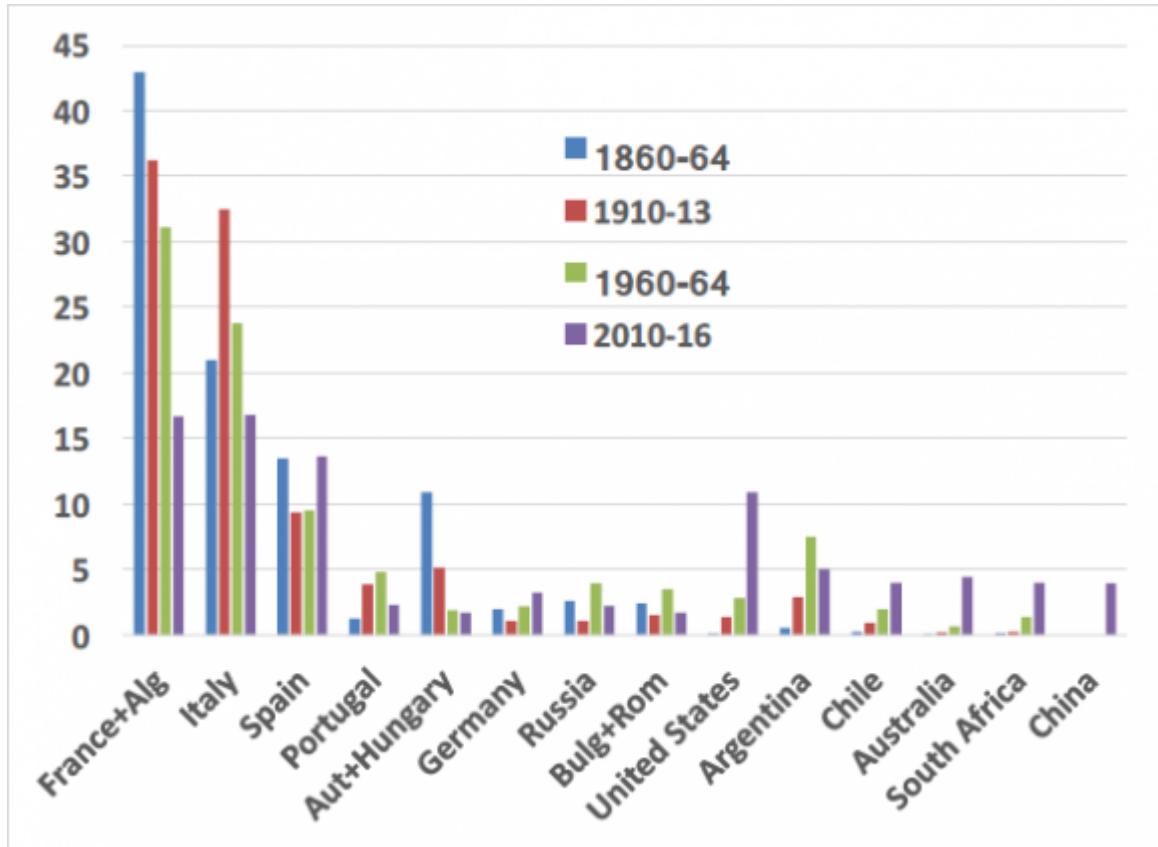


Figure 2:

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[Note: Source: https://repository.upenn.edu/cgi/viewcontent.cgi?article=1133&context=wharton_research_scholars Source: Global Wine Markets]

Figure 3: Table 2 :

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