

# ***Analysis of Key Economic Factors in Consumer Behavior and Purchase Decisions in Online Markets***

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**Abstract:** This paper will explore the multifaceted relationship between economic factors, consumer behavior, and purchase decisions in the online consumer market. This research paper will look at key economic factors such as demand elasticity, consumer spending, availability of alternatives, consumer confidence, and market competition, aiming to reveal the differentiated decisions that influence consumer behavior and purchasing decisions. The report will combine case study methods and methodological approaches to analyze the dynamic and complex consumer market effectively. Economic factors play a crucial role in influencing consumer behavior and purchasing decisions. This study will examine and intensely discuss the interaction between economic factors and online consumer behavior. The research results of this project will provide a reference for the development of enterprises related to online consumer behavior and purchase decisions, further understand, enrich, and develop the key economic factors in the online consumer market, and reveal the intricate relationship between the differentiation of consumer behavior and the complexity of purchase decision. The research process and results will have significant implications for the understanding and adaptation of policymaking in online markets.

**Keywords:** Economic factors, consumer behavior, online markets, purchasing decisions, and market dynamics

## **1. Introduction**

The dominance and proliferation of the online consumer market have dramatically shifted how consumers purchase products and services, changing the economics of consumer behavior and purchasing decisions. To better understand this intricate relational behavior, this study will delve into the development laws and contexts of online markets, explain the key economic factors of consumer choice, and establish a research framework to explain the complexity of the digital realm.

In recent years, as online marketplaces have reshaped traditional marketing models and become a significant force in the retail industry, consumers have witnessed a profound shift from offline to digital. This change not only reshapes traditional transaction models but also introduces the economic considerations behind consumer decisions in virtual markets [1]. The rise of electronic platforms is enormous, has affected consumer preferences, and changed the form of market interaction. As highlighted in the literature, factors such as the rise of online consumption platforms, technological advances, and consumer demand preferences constitute the key economic factors that are constantly

changing. Understanding the economic factors behind these changes is essential to discern and grasp consumer behavior and purchasing decisions in the contemporary online consumer market [2].

This research report will systematically study the key economic factors influencing consumer behavior and purchase decisions in the online marketplace and will be analyzed using a well-established research framework. The framework will incorporate academic literature and industry reports to provide a comprehensive and comprehensive understanding of the interrelationship between economic factors and consumer behavior. Adopting such a comprehensive framework can improve the accuracy and depth of research on the online consumer market and reveal the multiple influences on consumer decision-making [3]. This framework provides a structured way to study and analyze the topic, helping to understand the inherent complexity of digital markets better.

## 2. Literature review

An in-depth understanding of the complex characteristics of the digital market is of great practical value both academically and practically. Many economic factors affect the online consumer market, and studies have been conducted around the abovementioned mechanisms. In recent years, the rapid development of network technology has made e-commerce platforms significantly impact customers' purchase decisions. M. Limayem, M. Khalifa, and A. Frini's research shows that the Internet has profoundly impacted traditional retail. In modern times, people's Demand for products is increasingly diversified, but various economic conditions restrict it. Communication cost is an important economic issue [4]. Zheng Wang and Yongjune Kim's research shows that the network of commodity pricing is one of the critical factors affecting the behavior of online shopping. Flexible requirements refer to goods that are very sensitive to price changes. Customer spending and revenue models are crucial to understanding online customer behavior [5]. Based on the research on the Internet user's monthly income, it was found that Internet users of the influence of consumer decision-making is the most critical factor in the average monthly payment of Internet users. With the development of society, the Demand for goods and services is increasing daily. At the same time, the living level of low-income people is also improving. In addition, a complementary relationship exists between online user exchange behavior and commodities. Customers often shop online, as Mingyue Zhang and Jesse Bockstedt said [6], within a specific range and can replace and add products that can affect customers' cognition. In turn, it has a particular impact on their purchasing decisions. The most crucial element of online trading is customer trust. The company's financial stability and customer trust are the main factors that affect the company's performance. When the market changes, users will become more careful, which will impact their online purchases. Due to the fierce market competition on the Internet, online payment has become an essential means of payment. Shannon Cummins, James W. Peltier, John A. Schibrowsky, and Alexander Nill proposed that competition among online retailers would affect commodity prices and supply behavior. When choosing a product, the customer will actively compare the cost of the product and make a purchase decision [7]. Several studies from the network customer demand elasticity, revenue model, substitute products supply, customer trust, market competition, and other aspects of the research.

## 3. Methodology and Approach

To understand the effect of various elements of online shopping on consumers' online transactions, society must have a more accurate and more profound method to practice. The author comprehensively applies the Case Study Approach and Methodology Approach to summarize the experimental results and analyze their effects.

### **3.1. Case Study Approach**

Use case analysis, supplemented by quantitative data, to analyze cases and cases in depth. Therefore, this topic will systematically study the mechanism of various factors in online shopping and consumption from the two perspectives of online shopping and consumers. Yin pointed out that case studies can help us better understand practical problems and also help us conduct situational inquiry [8]. Based on an actual situation, this project analyzes the evolution of online shopping and has an in-depth understanding of various economic elements and interactive mechanisms of online shopping.

### **3.2. Methodology Approach**

This paper adopts a comprehensive research method, combining logic with induction. Based on the existing literature, the empirical verification of the current research results is carried out. Given this, this paper will propose integrating existing research results by "induction" [8]. Therefore, the project will conduct a more comprehensive and in-depth study of consumers' online shopping behavior from the perspective of different economic factors. This topic will ensure the rigor and depth of the research and lay a solid theoretical foundation for the subsequent summary work.

## **4. Key Economic Factors Affecting Online Consumer Behavior**

Exploring and profoundly studying the multiple economic factors behind consumer behavior that influence the online consumer market is essential to understanding the complexity of spending decisions. This paragraph will specifically discuss the five leading financial aspects of online shopping and explain their effects.

### **4.1. Elasticity of Demand**

Online shopping is one of the most essential ways of shopping today. One of the consumers' most important economic considerations when shopping online is price. Because consumers are susceptible to price changes, they will have a particular impact on their consumption decisions to a certain extent and show high sensitivity. Elasticity of Demand is an economic factor that strongly impacts consumer behavior and purchasing decisions. Based on online consumption, through the analysis of the online shopping experience, it is found that online shopping is more sensitive to the "demand curve." In other words, even a small price change can produce an enormous demand. Through the wireless network, users can quickly compare the prices of various items. Understanding the Elasticity of Demand for different products in the online market is the key to business operation. To cope with the rapidly changing market, the appropriate price strategy must be adopted to avoid suffering losses and profit declines [9]. People pay more attention to shopping because of its convenience, speed, and other advantages. This recognition stems from the understanding that Elasticity of Demand helps companies maintain a competitive advantage in the rapidly changing online business landscape. The elasticity of Demand also profoundly impacts firm decision-making and reflects the complex relationship between consumer choice strategies and pricing dynamics.

### **4.2. Consumer Spending**

The effects of online consumers' consumption and spending levels have varying degrees of impact. Personal financial status has a significant effect on online shopping. With the progress of The Times, people's requirements for high-quality goods continue to improve, while society's requirements for high-end goods are also constantly improving; therefore, online shopping has become a trend. The continued growth of online shopping has dramatically affected online consumption. By analyzing the monthly data of consumers' online spending, Wang said income, an economic factor, plays a vital

role in their purchasing decisions. There is a complex interaction between them. Higher-income people tend to buy higher-priced items, while lower-income people prefer cheaper items. Enterprises are faced with diversification, which requires enterprises to make better decisions. It is significant to conduct in-depth research on this issue because only in this way can better serve Internet users and thus increase profits. Due to the rapid development of online shopping, providing customers with personalized service has become an inevitable trend. Now, companies are competing for customers [10]. Along with the vigorous development of online trade, online trade expenses and income models of research are also increasing. Online companies need to understand customers' shopping habits and the competition between businesses. Through the reasonable allocation of supply and Demand, the compelling attraction and retention of a specific income level of customer groups can be achieved [11]. Online shopping, the consumer's buying behavior, and the revenue model strongly interact. It is necessary to carry out different marketing strategies for different types of users.

#### **4.3. Availability of Substitutes and Complementary Goods**

The production and supply of other products and substitute products in the online market will influence customers' shopping behavior differently. Positive cognition plays a crucial role in customer perception. Good choices can motivate users to evaluate different options comprehensively, thus having a particular impact on the overall feeling of the user. When shopping online, the first thing is to see if something else can replace it. From the consumers' point of view, the researcher points out that online purchasing will provide consumers with more choices, thus improving their attention to goods and services. Among them, many factors will significantly impact customer cognition and purchasing behavior. The openness and richness of the Internet make it an excellent complement to the Internet. Users can quickly compare products and make accurate evaluations. In today's digital society, easy access to information and fast search comparisons help us make better choices. The researchers suggest that having more options improves consumer awareness and decision-making, which reduces sales. The existence of many alternatives will lead consumers to make more rational choices and thus buy more cost-effective products. At the same time, the price and quantity of complementary products will also indirectly affect the sales volume of effects [12]. In the Internet market, understanding the customer's shopping behavior is the key to enterprises obtaining market competitive advantage. The analysis of Internet marketing strategy from theoretical and practical aspects can distinguish enterprises from competitors. The need for companies to conduct detailed research on substitutes and complementary products underscores the importance of pricing and promoting products appropriately in an era when consumers often compare different products.

#### **4.4. Consumer Confidence**

Among them, the degree of consumer trust is an important economic factor affecting the financial stability of enterprises. When market volatility increases, consumers become more cautious, which will impact their online purchases. The degree of trust plays a vital role in the overall purchase decision of customers. At this point, the consumer's trust level in the product will directly affect their purchase decision. Consumers' confidence in online shopping depends on the whole network environment. Thanks to the growing popularity of online shopping, people are becoming more confident about economic stability. Online transaction incentives have an essential impact on network transactions' security, network platforms' reputation, and the network's economic benefits as a whole. The change in customer trust level is closely related to the economic impact of online shopping mode. In addition, the booming development of online shopping has made people more reliable in online shopping. The online e-commerce Market and Consumer Behavior survey shows that to operate in this environment, companies must also work harder to cultivate and maintain customer trust.

Information transparency, transaction security, and customer satisfaction are essential for enterprises to win market competition [11]. As a result, in online shopping, you want to maintain your own integrity. Trust among customers is the key to their entry into the digital consumer market and a critical factor in influencing customer purchases.

#### **4.5. Market Competition**

The online transaction mode has a profound impact on the behavior of Internet users using online shopping. The degree of competition among online retailers may somewhat affect the supply and price policy of their products. The surge in online shopping refers to the behavior of consumers who make positive comments about their products. Online consumption is a comprehensive reflection of the substitution and complementarity of online consumption habits, consumption habits, income patterns, commodities, consumers' trust in online consumption, and the degree of market competition. To understand the multiple effects of online shopping decisions, it is necessary to understand the subtle connections between them. In the Internet environment, the competition between enterprises is increasingly intensified. The degree of match of online retail enterprises will profoundly impact corporate strategy, price, and product supply. Users will positively compare different platforms from a pricing and performance perspective. Enterprises should grasp online business opportunities from a strategic perspective. The most important thing is to make customers happy and let customers trust to attract customers to spend. Enterprises must implement dynamic prices and optimal supply to maintain competitive advantage in the changeable market environment. Online shopping and corporate promotion is a hot topic in the field of online marketing at present. When shopping online, customers will actively compare prices, features, and overall prices [13]. So, under the way of Internet sales, in the face of increasingly fierce market competition, customers' purchasing behavior will change gradually. To realize network marketing, society must first develop a reasonable price and market positioning strategy to stand out from the fierce business war.

### **5. Discussion**

#### **5.1. Consumer Behavior in Dynamic Economic Environments**

Companies should pay more attention to the changes in consumers who buy online. To cope with the increasing market competition, enterprises should adopt flexible pricing strategies to meet customers' needs so that customers can get the maximum benefits [14]. In the future, people's consumption patterns will be more diversified; therefore, enterprises need to make the corresponding strategic adjustment. Studying the impact of changing customer Demand on consumers is crucial for enterprises to find the proper Elasticity of Demand coefficient. The substitution and complementary goods products are also vital in the current economic environment. Businesses can only make the right decisions if they clearly understand the various types of goods they own. In the fierce market competition, enterprises must quickly and accurately carry out product positioning.

#### **5.2. Limitations and Considerations**

Society should accept this new trend of online shopping but also pay attention to its limitations and considerations. Such a research framework, while a comprehensive structure, may only cover some of the critical economic elements affecting online procurement. With the rapid development of the Internet, there are many new changes in economic growth, and it is urgent to strengthen the research and construction of it. Some things could still be improved in people's understanding of online shopping. With the rapid development of Internet technology today, an in-depth analysis of various economic factors in online shopping can better understand the reasons behind this. Due to the

constraints of region, culture, population, and other factors, the existing network consumption research also presents a lot of different understandings. By analyzing the current research results and combining them with case studies, the accuracy of the research results can be improved. A deep understanding of the internal mechanism of online consumption is the key to understanding the internal economic mechanism. On this basis, further deepening the existing research results will promote the further economic development of the online consumer market.

## 6. Conclusion

With the advent of the new era of rapid Internet development, various economic factors contained in online shopping have gradually been recognized by people. On this basis, the theory of consumer behavior, consumer expenditure and income model, substitution and complementarity theory, consumer confidence and market competitiveness, and other theories are comprehensively applied to construct a theoretical system of consumer behavior that can effectively maximize the profits of enterprises. Under the background of network economy, how enterprises respond to customers' needs and make appropriate prices for customers, the online consumption habits of online consumers, and other economic factors affect online consumers' decision-making from time to time. In the face of increasing customer requirements and an increasingly complex business environment, enterprises must restructure strategically to serve customers better and meet consumer needs. Companies must continuously optimize, price, and differentiate their strategies to succeed in the online consumer market. At the same time, it is essential to acknowledge that the results of this research paper have some limitations. As the problem of consumer behavior is a complex and diverse issue, it is influenced by multiple factors, including cultural, social, psychological, economic, and other factors. Due to the limited space, this paper only focuses on key economic factors and only partially considers other influencing factors so the results will have certain limitations. In a word, this research paper starts with the relationship between online shopping and consumers, conducts a systematic theoretical and empirical study on the interaction between online shopping and consumers, makes an in-depth analysis of the internal vital economic factors, and fully expounds the key economic factors affecting consumer behavior and purchase decision.

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