

ANALYSIS OF CONSUMPTION BEHAVIOR AND PURCHASING POWER OF SOCIETY IN THE DIGITAL ERA

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Abstract

This research aims to analyze consumption behavior and purchasing power of society in the digital era, focusing on the use of e-commerce platforms and digital payment methods. The study employs a purposive sampling method to select 150 respondents aged 18 and older, who have internet access and have transacted through digital platforms. Data collection involved online questionnaires and structured interviews. Correlation and regression analyses were conducted to evaluate relationships between digital transaction frequency and the purchasing power level. The results demonstrate a significant positive relationship between the frequency of digital transactions and the buying power level with a correlation coefficient of 0.65 ($p < 0.01$). The findings reflect the changes in consumption behavior during the COVID-19 pandemic, where society increasingly relies on technology to meet their daily needs. This research is expected to serve as a reference for local governments in formulating more effective fiscal policies, particularly in managing Regional Original Income (PAD) to promote sustainable economic development and enhance the quality of life in Bandung District.

Keywords: consumption behavior, e-commerce, purchasing power of society

INTRODUCTION

Economic activities are an essential aspect that influences human life daily. Currently, technological developments, especially digital technology, have brought significant changes across various economic aspects. The transformation of technology in the digital era does not only change the way businesses operate but also directly affects various industry sectors. Society now increasingly depends on technology to carry out economic activities, whether for personal needs or business (Birch et al., 2021; Chen et al., 2023; Fernando et al., 2021; Mayer, 2021; Van Veldhoven & Vanthienen, 2022). Various forms of transactions, both cash and non-cash, have become an inseparable part of daily life, reflecting a cultural shift in transaction habits along with technological advancements (Imani et al., 2022).

The development of digital technology has dramatically altered business transaction patterns, with an increasing number of commercial activities relying on electronic networks like the internet (Bagale et al., 2023; Jaas, 2022; Kong et al., 2022; Rashid & Kausik, 2024; Xia et al., 2024). Transactions can now be done easily by anyone with access to a computer or mobile device and an internet connection. Thanks to this technology, society can flexibly purchase goods and services and process payments digitally, whether through bank transfers, e-wallets, or other payment platforms. This makes the transaction process more efficient and accessible to everyone, accelerating the transition to a digital-based economy (Widagdo, 2016).

Currently, the trend of E-Commerce services is rapidly growing and attracting wide interest within society. E-commerce provides convenience for consumers to access data, information, services, and products online through internet technology. With just electronic devices and an internet connection, consumers can transact with various vendors from all over the world without the need for face-to-face interaction. This advancement further accelerates the change in consumption patterns and preferences towards digitalization,

especially in fulfilling daily needs or seeking specific services practically and efficiently (Widagdo, 2016).

E-commerce encompasses a wide range of commercial activities utilizing electronic devices, including computers, smartphones, and tablets. Its scope is extensive, covering the sale of physical goods and services to the provision of internet-based information. This trade activity leverages digital technology to connect sellers and buyers more quickly and flexibly than conventional methods. Moreover, e-commerce platforms allow business processes, from promotion to payment, to occur in an integrated and real-time manner, supporting the global growth of the digital economy (Febriantoro, 2018).

The variety of products offered through E-Commerce today has led many people to become interested in purchasing products from existing platforms. The numerous promotions, discounts, and offerings available on these platforms lead to increased interest and purchasing power among society. Purchasing power is the ability of consumers in society to acquire the goods or services they need. The condition of purchasing power can increase or decrease over time. An increase in purchasing power occurs when society's ability to buy goods or services is higher than in previous periods. Conversely, a decrease in purchasing power happens when the ability is lower than in previous periods, reflecting a reduction in consumers' economic capacity to meet their needs (Pawenang, 2016).

This research aims to analyze the impact of Regional Original Income (PAD) on the economic growth of society in Bandungan District. The focus of this research is to understand the extent to which PAD increases contribute to the welfare and economic activity of the local community. Additionally, the research is expected to provide a clearer picture of the relationship between regional income and the dynamics of community economic growth. Thus, the results of this research are expected to serve as a reference for local governments in formulating more effective fiscal policies, particularly in managing PAD to promote sustainable economic development and enhance the quality of life in Bandungan District.

RESEARCH METHOD

The study aimed to examine the key factors influencing the export performance of MSMEs and assess their implications for the Indonesian economy in comparison to Malaysia. The research focused on the general public actively engaged in digital economic activities, including consumers and business players using digital platforms like e-commerce and cashless payment methods. A purposive sampling method was employed to select 150 respondents aged 18 and older, ensuring diversity in professions and income levels. Data collection involved online questionnaires and structured interviews designed to gather quantitative data on consumption behavior and purchasing power in the digital era.

The research procedure unfolded over two months, with the first month dedicated to questionnaire design, testing, and data collection through online distribution. The second month focused on data analysis and report preparation, utilizing SPSS for quantitative analysis. Validity and reliability of the questionnaire were assessed, with descriptive analysis providing insights into respondent characteristics and patterns of digital platform usage. Correlation and regression analyses were conducted to evaluate relationships between digital transaction frequency and purchasing power. The findings aimed to provide empirical evidence regarding factors influencing consumption behavior in the digital era, complemented by comparisons with previous relevant studies.

RESULT AND DISCUSSION

Descriptive demographic analysis of respondents provides an overview of the characteristics of the population participating in this study. Out of 150 respondents involved, the majority are aged between 25-34 years (40%), followed by those aged 18-24 years (30%),

35-44 years (20%), and those over 44 years (10%). In terms of occupation, the majority of respondents are employees (45%), followed by entrepreneurs (35%) and students (20%). Regarding educational levels, respondents with a bachelor's degree dominate (50%), while 30% have a diploma and 20% have a high school education. This data indicates that the respondents participating in this research are generally adults with relatively high educational backgrounds, which can influence their digital technology consumption patterns.

Validity testing is conducted to ensure that the instruments used in this study accurately measure the intended variables. Factor analysis results reveal that all items in the questionnaire have factor values above 0.5, indicating good construct validity. The significance values of each item in the questionnaire are < 0.05 , suggesting that the items in the questionnaire can significantly represent the variables being studied. Hence, this research instrument can be deemed valid for collecting data on consumption behavior and purchasing power of society in the digital era.

Reliability testing is performed to assess the internal consistency of the instruments used. Analysis results indicate that the Cronbach's Alpha value for the questionnaire reaches 0.76, showcasing good reliability, as values above 0.7 are considered adequate in social research. This signifies that the items in the questionnaire possess high consistency, making them reliable for measuring the studied variables. With this high level of reliability, it can be assured that the data collection results will accurately reflect the actual consumption behavior and purchasing power of the respondents.

The analysis proceeded with Pearson Correlation testing to measure the relationship between the frequency of digital transactions and the purchasing power of respondents. The analysis results demonstrate a significant positive relationship between the frequency of digital transactions and the purchasing power level with a correlation coefficient of 0.65 ($p < 0.01$). This indicates that the more frequently respondents engage in transactions via digital platforms, the higher their purchasing power. The use of e-commerce and digital payment methods enhances the public's ability to fulfill their needs, ultimately contributing to the overall increase in purchasing power.

Data collection indicates that 60% of respondents conduct digital transactions at least once a week, while 25% do so one to two times a month. About 15% of respondents reported making digital transactions less than once a month. Regarding purchasing power levels, 55% of respondents feel that their ability to purchase goods and services has increased thanks to the convenience offered by digital platforms, while 30% report no significant change, and 15% feel their purchasing power has decreased. These findings indicate that the frequency of digital transactions positively contributes to the purchasing power of society, aligning with the shifting consumption behavior occurring in the digital era.

There are also several relevant previous studies. First, a study by Amalia (2022). The study concluded that community consumption behavior during the COVID-19 pandemic experienced significant changes, particularly in purchasing goods and services online. Consumers tended to make excessive purchases without logical consideration, prioritizing desires over needs, which could lead to wasteful behavior. The pandemic also altered lifestyle and financial transaction habits, where the use of digital payment methods became more common and facilitated shopping activities. Although online shopping was not new in Indonesia, its intensity increased during the Large-Scale Social Restrictions (PSBB) and the Enforcement of Community Activity Restrictions (PPKM) as individuals spent more time on the internet due to quarantine, changing how they met daily needs.

The second study by Atmaja & Maryani (2021) concluded that consumptive behavior and purchasing power simultaneously influence online sales, confirmed by the F Test result showing a calculation F value of 364.951. This value is much greater than the F Table value of just 3.23. Additionally, the T Test revealed that consumptive behavior has a significant

positive influence on online sales, with a t-calculated value of 12.224, greater than 2.012, and a significance value of 0.00, less than 0.05. On the other hand, purchasing power has no significant effect on online sales, with a t-calculated value of -2.691, less than 2.012. Overall, the hypothesis illustrates that consumptive behavior positively contributes to online sales, while purchasing power has a negative influence.

From these two studies, it can be concluded that community consumptive behavior during the COVID-19 pandemic has experienced significant changes, especially regarding online shopping. Research by Amalia (2022) indicates that consumers tend to shop excessively and are more driven by desires than needs, which can lead to wasteful behavior. This aligns with your research findings that also highlighted a positive influence of consumptive behavior on online sales. Meanwhile, the study by Atmaja & Maryani (2021) showed that both consumptive behavior and purchasing power influence online sales simultaneously, although purchasing power does not have a significant impact separately. These findings support this research, noting that consumptive behavior contributes positively to sales, while purchasing power has a negative influence.

CONCLUSION

The study's descriptive analysis revealed that most respondents were aged 25-34, with half holding a bachelor's degree, suggesting that education level may influence their consumption patterns and use of digital technology. Validity and reliability tests confirmed that the research instruments effectively measured consumption behavior and purchasing power. Findings indicated a significant positive relationship between the frequency of digital transactions and purchasing power, with 60% of respondents engaging in such transactions weekly and 55% reporting increased purchasing power due to the convenience of digital platforms. The research aimed to analyze consumption behavior in the digital era, focusing on e-commerce and digital payment methods, while also exploring the influence of promotions on purchasing decisions. Limitations included geographical diversity affecting results and reliance on questionnaire data. Future research could investigate the impact of geographic diversity on technology usage and consumption behavior, as well as the effects of marketing strategies on different demographic groups, incorporating qualitative methods for deeper insights into digital transaction experiences.

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First publication right:

INJURITY: Journal of Interdisciplinary Studies



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