

E-COMMERCE AND CHANGES IN CONSUMER BEHAVIOUR IN THE ECONOMY 5.0 ERA

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Received : 28 January 2025	Published : 30 March 2025
Revised : 10 February 2025	DOI : https://doi.org/10.54443/morfai.v5i2.2699
Accepted : 28 February 2025	Link Publish : https://radjapublika.com/index.php/MORFAI/article/view/2699

Abstract

The rapid development of E-Commerce in the Economy 5.0 era has triggered drastic changes in consumer behaviour. Modern consumers demand a fast, convenient and personalised shopping experience, supported by advanced technologies such as artificial intelligence (AI) and big data. Consumers are now more informed and active in the purchasing process, often conducting in-depth research and taking advantage of online reviews before deciding to buy a product. They also expect a seamless integration between online and offline shopping experiences. These changes require businesses to adapt and innovate in order to meet ever-increasing consumer expectations. An omnichannel strategy is important in ensuring consistency and quality of the customer experience. Businesses also need to continue to take advantage of the latest technology to provide relevant and secure services. Ultimately, these changes are forcing businesses to focus more on customer needs and wants, driving the creation of added value that can increase customer loyalty and satisfaction. Adaptability and innovation are key for businesses to remain competitive in the dynamic Economy 5.0 era.

Keywords: *E-Commerce, Behavioural Change, Consumers, Economy 5.0 Era.*

Introduction

Economic development from generation to generation shows a significant evolution in the way humans produce, distribute, and consume goods and services. Initially, Economy 1.0 was characterised by the agrarian era in which agriculture was the backbone of the economy and society depended on natural resources and human labour as the main forces of production (McKinsey & Company, 2020). Further developments brought humans to Economy 2.0, known as the industrial era. The industrial revolution introduced machinery and the use of steam power, which drastically increased production efficiency and triggered massive urbanisation (Torres, 2023).

The next transition was Economy 3.0, known as the information age, in which information and communication technology began to play an important role in the economy. Computers and the internet are changing the way business is done, enabling easy globalisation and cross-border collaboration. This progress has been further enhanced to Economy 4.0, with the Fourth Industrial Revolution being strengthened by advanced technologies such as artificial intelligence (AI), the Internet of Things (IoT), and big data. Now, entering the era of Economy 5.0, the focus is shifting to efforts to create a balance between advanced technology and human needs for a more sustainable and inclusive life (Andrews & Johnson, 2022).

The Economy 5.0 era is a new phase in the development of the global economy driven by the digital revolution and technological innovation. This concept emphasises not only the involvement of technology, but also the balance between technological progress and improving the quality of human life. The concept of Economy 5.0 was also introduced to address global challenges such as climate change and social inequality by utilising technology to improve the quality of life, while ensuring that economic development provides real benefits to all levels of society (Deloitte, 2022).

In this context, E-Commerce has become one of the main catalysts that changes various economic and social aspects, especially in consumer behaviour. The development of E-Commerce has brought about major changes in the way consumers interact with products and services (Evans & Lewis, 2023). Easy access to information, increased transaction efficiency, and a diversity of product choices have shaped more dynamic and globally connected consumer behaviour. Consumers no longer have to rely on physical stores to meet their needs; instead, they can make

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transactions anytime and anywhere through digital platforms (Herbert, 2022). In Indonesia, the growth of E-Commerce shows a very positive trend. According to data from the Indonesian E-Commerce Association (idEA), the value of E-Commerce transactions is estimated to continue to increase every year. This is driven by several factors, including increasing internet penetration, the development of financial technology (fintech), and changes in people's increasingly digital lifestyles (Accenture, 2023).

However, these changes also pose new challenges. For example, fierce competition among E-Commerce players requires them to constantly innovate in attracting and retaining consumers. In addition, the security of transactions and the protection of personal data are issues that must be addressed to maintain consumer confidence. On the other hand, there are also social and psychological impacts of changing consumption behaviour that need to be considered, such as reduced real-world social interaction and increased consumptive behaviour (Adams, 2023). Therefore, it is important to understand in depth how E-Commerce affects consumer behaviour in the Economy 5.0 era.

Research Methods

The study in this research uses the literature method. The literature research method, also known as a literature study, is a research approach that involves collecting and analysing information from various written sources such as books, journals, articles, reports, and other documents. This study aims to understand, evaluate, and synthesise existing knowledge related to a particular topic, so that researchers can identify gaps in the literature, develop new theories, or confirm existing findings (Okoli, 2015); (Randolph, 2009). This process usually includes several steps, such as searching for and selecting relevant literature, critically assessing the quality and contribution of each source, and compiling a structured and coherent literature review to provide a theoretical basis for further research or practical application. This method is very important to ensure that research is based on current and reliable knowledge (Grant & Booth, 2009).

Results and Discussion

The Relationship Between E-Commerce and Consumer Behaviour

E-commerce has significantly changed the way consumers search for and buy products and services. Ease of accessibility through digital devices allows consumers to explore and compare products from various sellers without geographical or time restrictions. The shopping experience, which was previously limited to physical stores, can now be done anywhere and anytime, providing greater flexibility for consumers (Adams, 2023).

Technological advances that support e-commerce, such as digital payments, detailed product descriptions, customer reviews, and artificial intelligence (AI)-based recommendations, have increased consumer confidence and comfort in online shopping. Technology also allows sellers to personalise the shopping experience according to individual shopping preferences and behaviour, which in turn influences consumer purchasing decisions (Taylor & Williams, 2022).

With abundant information, consumers are more informed and critical of their choices. They are more likely to do research and read reviews before making a purchase to ensure the quality and value of the product or service offered. This makes customers more selective and demanding than ever, encouraging online sellers to be more transparent and responsive to consumer feedback (Carter & Martinez, 2023).

The convenience factor is also a major driver of changing consumer behaviour. Facilities such as fast delivery, easy return policies, and a variety of secure payment methods make e-commerce an attractive option over conventional shopping. Busy consumers or those looking for convenience are more likely to choose the online shopping option to save time and effort (Martinez & Thompson, 2022).

Social media plays a big role in e-commerce by influencing consumer behaviour through shared content, product reviews, and endorsements from influencers. Interaction and reviews on social media platforms can strengthen consumer confidence and even promote products to a wider audience. As a result, sellers are increasingly utilising social media as an effective marketing tool (Smith & Doe, 2022).

Although e-commerce offers various benefits to consumers, there are challenges that need to be addressed, such as data security issues and trust in online transactions. Uncertainty about the quality of products that cannot be seen or tried directly is also a consideration. To overcome these challenges, e-commerce providers continue to innovate to improve the user experience, provide better customer service, and maintain consumer data security (Johnson & Nguyen, 2023).

One of the main advantages of e-commerce for service providers is the ability to collect and analyse consumer data more effectively. Through data analytics, sellers can understand consumer behaviour patterns, preferences, and needs in greater depth. This allows sellers to provide more relevant and personalised offers, as well

as formulate more targeted marketing strategies. By understanding the consumer shopping journey, from search to purchase, companies can optimise every step to provide a more satisfying experience (Walker & Rivera, 2023).

Over time, increased reliance on e-commerce and developments in technology such as AI and big data are expected to continue to change consumer behaviour. Consumers will become increasingly accustomed to the high level of customisation and convenience of online shopping. Furthermore, new innovations such as shopping using augmented reality (AR) and virtual reality (VR) will make the shopping experience more interactive and real, even if done digitally. All of this will reshape consumer expectations not only of e-commerce, but also of shopping as a whole (Kotler & Keller, 2019).

Overall, e-commerce has fundamentally changed consumer behaviour by providing unprecedented convenience, flexibility and accessibility. Advances in technology and the use of analytical data have strengthened the relationship between seller and buyer, enabling service providers to offer a more personal and convenient shopping experience. Although challenges such as data security and consumer trust remain, the industry continues to adapt and innovate to resolve these issues. In the future, e-commerce is predicted to continue to grow and play an increasing role in the lives of consumers, changing shopping patterns and expectations around the world.

The Impact of E-Commerce on Consumer Behaviour

E-commerce provides ease of accessibility that allows users to shop anytime and from anywhere. Unlike physical stores that have limited operating hours, e-commerce platforms operate, providing time flexibility for consumers. This is very beneficial, especially for those who have a busy schedule and do not have time to visit the store in person. This condition makes consumers prefer to make online purchases, because it is more practical and efficient (Patel & Kumar, 2023).

With e-commerce, consumers have access to a variety of products from all over the world with just a few clicks. E-commerce platforms enable sellers from various locations to offer their products to a wider market. This not only gives consumers more choice, but also allows them to compare prices and product features more easily. As a result, consumers can make smarter purchasing decisions based on more comprehensive information (Li & Edwards, 2014).

The role of technology in e-commerce also influences an increasingly personalised shopping experience. With the help of algorithms and big data analysis, e-commerce platforms can study consumer behaviour and preferences. This enables them to provide product recommendations that match consumer interests, as well as special offers tailored to their shopping history. This personalisation not only increases customer satisfaction, but also encourages long-term customer loyalty and retention (Clark, 2023).

Reviews and ratings from customers play an important role in purchasing decisions on e-commerce platforms. Consumers often rely on feedback from previous users before purchasing a product or using a particular service. This factor increases transparency and gives consumers confidence in the quality and safety of the products they buy. Meanwhile, for sellers, positive reviews and high ratings are valuable assets that can boost their reputation in a highly competitive market (KPMG, 2023).

One of the negative impacts of e-commerce is the reduction of social interaction that occurs in the shopping process. Shopping in a physical store usually involves direct contact with staff and other people, which can add value to the consumer's social experience. With the increasing use of e-commerce, this social contact is reduced, which can cause feelings of loneliness or alienation in some consumers. However, e-commerce platforms continue to look for ways to create interactive interactions such as chatbots and direct customer service to keep interacting with consumers (Hill et al., 2023).

Although e-commerce offers many advantages, challenges related to data security and consumer confidence remain. Consumers are often concerned about the security of their personal information and transactions when shopping online. Issues such as fraud, identity theft, and data misuse can hamper consumer confidence in e-commerce platforms. Therefore, e-commerce service providers must continue to improve their security systems and ensure strong data protection policies to build and maintain consumer trust (Clark, 2023).

Overall, e-commerce has had a significant impact on consumer behaviour by changing various aspects, from the way people shop to their expectations of the shopping experience itself.

Behavioural Differences Between Traditional And Digital Consumers

Traditional consumers and digital consumers have significant behavioural differences in several key aspects. Traditional consumers tend to rely on physical and face-to-face experiences when purchasing products. They usually visit physical stores, see products in person, and interact with store staff for information or recommendations. This

means that their shopping experience depends heavily on the geographical location and operating hours of these stores (Constantinides, 2002).

In contrast, digital consumers rely more on online technology and platforms to meet their shopping needs. They use websites, mobile applications, and social media to search for, compare, and purchase products. Not limited by physical location or operating hours, digital consumers can shop anytime and from anywhere, providing more flexibility and convenience. E-commerce platforms and fast delivery services also play a big role in supporting this online shopping behaviour (Price, 2023).

In terms of information, traditional consumers often get product information through print and television advertisements, and recommendations from family or friends. They tend to trust reviews given directly by the people closest to them. As for digital consumers, they rely more on online reviews, ratings, and content generated by other users on digital platforms. They often look for recommendations on blogs, video reviews on YouTube, and customer reviews on e-commerce sites to decide on a purchase (Li & Edwards, 2014).

Interaction with brands is also different between the two. Traditional consumers usually interact with brands through physical visits, customer service via telephone, or mail. They tend to have a more personal relationship with the brand due to more frequent direct contact. Meanwhile, digital consumers enjoy more instant and efficient interactions through social media, chatbots, and customer service via messaging applications. Brands must be more responsive and quick to respond to questions or complaints from digital consumers in order to remain competitive (Ward, 2011).

The loyalty behaviour between these two types of consumers is also different. Traditional consumers tend to be more loyal to brands they know well through consistent direct experiences. They often judge the quality of a brand based on repeated shopping experiences in physical stores. On the other hand, digital consumers can be more easily lured by attractive offers from competitors because they can easily compare prices and services through digital platforms. Their loyalty is often driven by online reviews, ease of transaction processes, and good user experiences (Brown & Green, 2023).

In general, the differences between traditional consumers and digital consumers reflect significant changes in technology and social behaviour in recent decades. Companies and brands that want to be successful must understand these differences and adapt their strategies to meet the needs and preferences of both types of consumers in the most effective way.

In dealing with the differences between traditional consumers and digital consumers, businesses need to design a comprehensive and flexible marketing strategy. This strategy must include an omnichannel approach that integrates physical and digital channels to provide a consistent and satisfying customer experience. For example, businesses can combine a physical presence with digital technology such as mobile applications to facilitate a better shopping experience. This allows consumers to interact with brands in a more personalised way through various channels according to their preferences (Robinson, 2023).

It is also important for businesses to consider data and analytics to understand consumer behaviour. For digital consumers in particular, data analytics can provide valuable insights into customer behaviour trends, preferences and needs. Using this data to tailor products, promotions, and services can increase customer satisfaction and strengthen brand loyalty. Similarly, for traditional consumers, direct feedback from physical interactions can be used to improve customer engagement and in-store experiences (Davis, 2023).

On the other hand, tailoring the communication approach is also key in reaching both types of consumers. Businesses need to ensure that their brand messages are consistent across all platforms but tailored to each audience. Traditional consumers may be more interested in more direct and personal communication, while digital consumers may respond better to fast and interactive communication through digital media (Patel & Kumar, 2023).

Thus, understanding the difference between traditional consumers and digital consumers is important for modern businesses. Each has unique characteristics that require a different approach in terms of marketing, service, and customer experience management. By tailoring their strategies to meet the specific needs of these two segments, businesses can increase customer satisfaction, gain a competitive edge, and build stronger long-term relationships with their customers. Adaptability and a deep understanding of consumer behaviour will be key to business success in this ever-evolving digital age.

Conclusion

The development of E-Commerce in the Economy 5.0 era has brought significant changes in consumer behaviour. Consumers now have wider access to products and services, which increases their expectations of speed, convenience and personalisation in shopping. The use of advanced technologies such as artificial intelligence (AI) and big data enables e-commerce to create a better shopping experience by offering relevant product

recommendations, customer service and secure transactions. In addition, consumer behaviour has changed from simply being a passive buyer to being a more informed buyer who is actively involved in the purchasing process. They tend to do in-depth research before making a purchase, take advantage of online reviews, and interact on social media to get information and recommendations. The Economy 5.0 era encourages consumers to expect seamless integration between online and offline, so businesses must develop an omnichannel strategy that can combine these two experiences well.

On the other hand, with these changes, businesses must remain adaptive and responsive to changes in consumer behaviour. They need to continue to innovate in technology and marketing strategies to stay relevant and competitive. Ultimately, E-Commerce and changing consumer behaviour encourage businesses to focus more on the needs and wants of customers, ensuring they can provide added value that increases customer loyalty and satisfaction in an ever-evolving economy.

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