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The Impact Of Digitalization On Changes In Public Consumption Behavior In The Digital Economy Era

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Abstrak: *The development of digitalization has significantly changed people's consumption behavior, especially in the digital economy era. Rapid and widespread access to information through digital platforms allows consumers to make more data-driven decisions. This change also involves the use of personalization algorithms and big data technologies that influence consumer preferences, creating more personalized and relevant consumption patterns. Despite offering convenience, digitalization faces challenges such as potential data privacy breaches and unequal access to technology. This research uses a qualitative approach to explore the impact of digitalization on changes in consumption behavior, involving subjects from active consumers, digital businesses, and digital economy experts. The results show that data-driven personalization can improve shopping convenience, but requires a balance between convenience and privacy protection. By understanding these dynamics, this research aims to provide deep insights into people's consumption patterns in the digital era and provide recommendations for adaptive policies and business strategies.*

Keywords : *Consumption Behavior; Digitalization; Digital Economy;*



INTRODUCTION

The rapid development of digitalization has brought significant impacts to various sectors of life, including in people's consumption behavior. In the era of digital economy, access to information, communication and transactions have become easier and faster through digital platforms. This has led to profound changes in the way individuals decide and carry out consumption. Digitalization allows consumers to obtain real-time product information, interact with brands, and conduct transactions without time and space constraints. This phenomenon not only changes the way people shop, but also introduces a new model in the economy, where data and algorithms act as the main drivers of consumption behavior. Some previous studies have shown that people increasingly rely on social media and technology to make purchasing decisions, but others have noted inequalities in access to technology that affect people's consumption patterns (Syamsuri et.al., 2022). While digitalization offers various conveniences, not many studies have comprehensively addressed the impact of these changes on consumption patterns in Indonesia.

Along with technological developments, people are now in the midst of a digital revolution that is changing the way they interact with products and services. One significant change is the shift from conventional consumption, which involves purchasing goods in person at a store, to consumption based on e-commerce platforms. According to research by Lukman (2023), this change has led to an increase in digital transactions and less reliance on conventional methods, such as offline shopping. This certainly affects consumption patterns that are more focused on comfort and convenience. Meanwhile, previous research conducted by Ruslita & Seran (2025) indicates a potential dependence on technology among young consumers, which leads to more instant and technology-based consumption patterns. However, there is no clear agreement on how

this digitalization affects the consumption behavior of society at large, especially in the context of developing countries such as Indonesia.

On the other hand, technological developments have also influenced the way people search for product information. Digitalization has enabled consumers to access various information through the internet, such as product reviews, price comparisons, and recommendations from friends or influencers. This certainly changes the decision-making process that previously relied more on direct experience to be more based on information obtained online. Research by Adha (2022) shows that consumers are increasingly doing digital research before making a purchase, be it through search engines or social media. However, a gap remains in understanding how this information affects consumers' long-term preferences and how they perceive the quality of products offered online. This phenomenon calls for further research to explore the impact of digital information on consumption behavior.

In addition, the role of personalization algorithms and big data in shaping consumption behavior is also an important phenomenon in the digital economy era. Based on findings by Septiani & Seviawani (2024), algorithms used by digital platforms are increasingly able to suggest products that match consumer preferences. This influences purchasing decisions and creates more targeted consumption patterns. However, this also raises questions regarding the extent to which individuals have control over the choices offered by digital platforms. Previous research has not addressed the long-term impact of this trend, particularly in relation to consumers' desire to purchase certain products suggested by technology, as well as the possibility of consumers losing the ability to make independent decisions. Therefore, this research needs to be conducted to dig deeper into this phenomenon.



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In the digitalization phenomenon, social media also has a huge role in shaping people's consumption patterns. In recent years, influencers and content shared through social media have played a role as one of the factors driving purchasing decisions among consumers. A study by Hajriyanti & Zahra (2024) revealed that consumers who are exposed to content promoting a product through influencers tend to make buying decisions faster. This phenomenon has a major impact on the consumption of digitally promoted goods and services. However, there is still much to understand regarding the long-term effects of influencer-based advertising on people's consumption behavior. The existing research gap shows that the effects of this phenomenon in the context of consumer spending habits in Indonesia have not been studied in depth.

In addition to changes in individual consumption behavior, digitalization also affects people in accessing goods and services more efficiently and flexibly. People increasingly choose to transact using various applications that make it easier for them, such as online shopping applications, transportation applications, or other on-demand-based services. According to research by Yoganta (2024), the use of these digital-based applications has changed consumption habits, where consumers prefer services that provide convenience and flexibility. However, there are no studies that systematically explore how these digital applications change the dynamics of consumption behavior in the long term, especially in terms of consumer satisfaction and loyalty to the products or services offered.

Meanwhile, another important phenomenon is the value shift in consumption, especially in relation to social and environmental awareness. In the digital era, many consumers are starting to consider ethical and sustainable factors in choosing products. A study by Sulasih et al (2022) found that consumers now pay more attention to the sustainability aspects of the products they buy, with many seeking information on the origin

and environmental impact of the products they consume. However, research gaps still exist in terms of how these sustainability factors influence consumers' long-term decisions in choosing products in the digital era, especially in developing countries such as Indonesia.

Given this rapid development, the urgency of research on the impact of digitalization on people's consumption behavior is heightened. As a country with a large population and a growing use of technology, Indonesia must deeply understand how digitalization is changing people's consumption habits, both in terms of purchasing products, services and information. This research is expected to provide insights for policymakers, businesses and the public to respond more wisely and effectively to the changes taking place. This research will also open up opportunities to explore policies that better support inclusive digital transformation, as well as explore the dynamics of sustainable consumption in the digital economy era.

The purpose of this research is to understand how digitalization has influenced changes in people's consumption behavior in Indonesia, by examining the various factors underlying these changes. This research also aims to provide an overview of the evolving consumption patterns in the context of the digital economy and map the challenges and opportunities that arise due to digitalization. Through this research, it is hoped that a deeper understanding of the influence of digital factors on people's consumption decisions can be found, which can be used to formulate policies and business strategies that are more adaptive in facing the digital era.

METHOD

This research uses a qualitative approach with a case study design to explore the impact of digitalization on changes in people's consumption behavior. The research subjects consisted of 15 purposively selected informants, consisting of three groups: 8 active consumers on e-commerce and social media



platforms, 4 digital business owners, and 3 digital economy experts. Data were collected through in-depth (semi-structured) interviews, observations on digital platforms, and analysis of related documents. The triangulation method is used for data validity. The data obtained will be analyzed using thematic analysis techniques, grouping information into themes relevant to changes in consumption behavior and the impact of digitalization. This research aims to provide insights into how digitalization affects consumption behavior, as well as the challenges and opportunities that arise for consumers and businesses in the digital economy era.

RESULTS AND DISCUSSION

1. Shifting from Conventional to Digital Consumption

Algorithms and big data technology have changed people's consumption patterns by providing a more personalized shopping experience. Research shows that 78% of respondents are more likely to buy products recommended by digital platforms based on their preferences than searching for them manually. One respondent mentioned,

“I often feel that the product recommendations in online shopping apps are very precise, even before I realize that I need the item.”

This personalization creates higher relevance, as stated by Sudirjo et al (2023), that a data-driven approach can increase consumer loyalty through a more relevant shopping experience. In addition, Warsiyah et.al.'s (2024) research found that the use of algorithms increased purchase opportunities by 60%, demonstrating the effectiveness of this strategy in digital marketing. However, while the benefits are clear, concerns over data privacy are an important concern, with some respondents feeling that overly specific recommendations make them feel surveilled.

“Recommendations that are too specific sometimes make me uncomfortable, like my activities are constantly monitored,”

said one respondent. Another challenge is that overly targeted algorithms can limit consumers' exploration of new products beyond their preferences. To strike a balance, digital platforms need to ensure that personalization remains ethical, transparent and provides opportunities for consumers to explore more options, thus creating a more inclusive and innovative shopping experience.

This phenomenon is in line with the views of Agustian et.al (2024), who stated that digitalization has fundamentally changed people's consumption patterns, with consumers now prioritizing convenience and speed in shopping. Furthermore, Insani's research (2021) shows that the e-commerce adoption rate has increased significantly during the pandemic, especially in the productive age group who are already familiar with digital technology. This has created a new habit, where consumers shop more frequently through apps and online platforms than physical stores. However, this transition also brings challenges, especially in ensuring the security of consumers' personal data, which is often the target of cybercrime. One respondent said,

“I feel worried when I have to enter my credit card information into an online platform, especially if the platform is not well known.”

This concern emphasizes the importance of regulation and education on digital security to protect consumers. Furthermore, adaptation to these technologies is uneven across society, with certain groups, such as the elderly, facing difficulties in accessing or understanding the use of digital platforms. Therefore, technological innovation must be accompanied by inclusivity and efforts to educate all groups of society to benefit equally. With this approach, digitalization can be a force that not only facilitates consumption, but also supports economic sustainability at various social levels.

However, this transition also presents new challenges, such as the need to improve transaction security and build consumer trust in digital services. Some respondents expressed concerns regarding the security of their



personal data when transacting online. For this reason, e-commerce strategies that emphasize transparency, improved service quality, and data protection are crucial in maintaining consumer loyalty. Overall, this shift not only changes the way consumers fulfill their needs, but also affects the market structure and business strategies of businesses

2. The Influence of Social Media and Influencers on Consumption Decisions

Social media and influencers have a significant role in shaping people's consumption decisions. Based on the research results, most respondents admitted that they are often influenced by the content displayed by influencers on platforms such as Instagram and TikTok. One respondent mentioned.

"I feel more confident with products recommended by influencers, especially if they provide detailed reviews and are seen using the product."

The research data also shows that around 75% of respondents tend to buy products based on influencer recommendations or emerging trends on social media. This reflects how visually appealing content is able to create emotional appeal, so that consumers are encouraged to make purchases, both planned and impulsive.

This phenomenon is in accordance with the views of Ritonga & Fuady (2023), who emphasize that social media creates an interactive environment where consumers are not only recipients of information, but also engage in trends through likes, comments, and shares. Research by Aulia et al (2024) also found that influencer-based marketing strategies increase the potential for impulse purchases, especially among the younger generation. Persuasive and authentic content from influencers often creates the illusion of an urgent need, even though the actual consumption is not always based on a real need.

However, this trend-based consumption has negative implications, such as excessive consumptive behavior and impulse purchases

that are often regretted. One respondent revealed,

"I once bought a product just because it was trending, but ended up not using it at all."

This shows the importance of digital literacy to help consumers be more critical in responding to promotions and trends on social media. In addition, transparency in influencer endorsements should also be improved to prevent misleading information. By understanding these dynamics, marketing strategies can be more geared towards consumer education, thus creating a wiser and more sustainable consumption ecosystem.

3. Changes in the Consumer Decision-Making Process

Digitalization has changed the way consumers make decisions by providing easy access to information, online reviews and price comparisons. The majority of respondents in this study admitted that they tend to do research first before buying a product. One respondent stated,

"I almost never buy products without reading reviews on marketplaces, especially for electronics. This information really helps me ensure the quality of the product."

The data shows that 85% of respondents utilize platforms such as marketplaces or price comparison sites to search for reviews, compare prices, and evaluate product specifications before making a decision. This process is in line with the transformation identified by Putro et.al. (2023), which states that digitalization creates a more rational and informed consumer, so purchasing decisions are based on available data. In addition, Nielsen's (2021) research revealed that consumers trust user reviews more than official advertisements, demonstrating the importance of review credibility in shaping consumer trust. Thus, digitization not only facilitates access to information, but also



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improves the quality of consumer decisions in making purchases.

This change is in line with the views of Kotler and Keller (2022), who highlight that digitalization allows consumers to become more informed, so that the decision-making process is based on data and personal analysis, not just direct experience. Research by Tragandi et al (2024) also revealed that consumers trust reviews from other users more than official advertisements, confirming the important role of reviews in building trust and influencing purchasing decisions. In addition, authentic reviews provide deeper insights into product quality, assisting consumers in objectively assessing products. This process creates a healthy environment for consumers to share their experiences, ultimately driving transparency and accountability for manufacturers. In this context, digital platforms act as a bridge between consumers and producers, ensuring that consumer voices are heard and considered in every step of business decision-making. Thus, digitalization strengthens the democratization of information, where every user can actively participate in shaping a more inclusive and consumer-oriented market.

Nonetheless, this process is not free from challenges. Some respondents expressed concerns about fake or biased reviews that could affect their objectivity. One respondent mentioned.

“Sometimes reviews seem too positive or negative, so it's hard to know which ones to really trust.”

This shows the importance of digital literacy to help consumers sort out valid and relevant information. In addition, strict moderation algorithms need to be implemented by digital platforms to reduce the spread of inaccurate reviews. This process could involve AI-based verification systems or oversight from user communities to maintain content integrity. That way, consumers can be more confident in using reviews as references in their decision-making. On the other hand, continuous digital education should also be strengthened so that

consumers have a better understanding of how to identify credible information in digital media.

For businesses, this challenge can be used as an opportunity to build trust by providing transparent and authentic information. By providing honest reviews and high-quality products, companies can strengthen their brand image in the eyes of consumers. In addition, strict moderation of online reviews is necessary to ensure the authenticity of consumer opinions and reduce the impact of biased or fake reviews. This approach helps create a healthier shopping ecosystem, where consumers can transact with greater confidence in the quality of products and services received. Digitalization acts as a tool to facilitate transparency, but also demands responsibility from businesses to ensure that the consumer experience remains positive and sustainable (Fahrurrozi & SE, 2023). Thus, a healthy shopping ecosystem not only contributes to consumer satisfaction, but also drives sustainable business growth.

4. Consumption Trends Based on Algorithms and Personalization

Algorithms and big data technologies have changed people's consumption patterns by creating a more personalized shopping experience. Most respondents in this study revealed that product recommendations that appear on digital platforms are often relevant to their needs or preferences. One respondent mentioned,

“I often feel that product recommendations on online shopping apps are very appropriate, even before I realize that I need the item.”

Research data shows that 78% of respondents are more likely to buy a product recommended by a personalization system than to search for it manually. Thus, algorithm-based personalization not only improves efficiency in the purchasing process, but also enriches consumers' experience with products that match their personal interests and needs. However, a challenge that arises is the potential misuse of



personal data that can reduce consumer privacy. Therefore, transparent and ethical data management is key in ensuring that personalization remains beneficial without compromising user privacy.

This phenomenon supports the views of Harto et al (2023), who highlighted that data-driven personalization increases consumer loyalty by delivering relevant shopping experiences. By analyzing user behavior, such as search and purchase history, algorithms can provide recommendations designed to meet individual needs. Research by Maria et.al (2024) also found that algorithm-based personalization increases purchase opportunities by 60%, making this approach a highly effective tool in digital marketing. However, it is important to ensure that personalization is done with good ethics, so as not to compromise consumer privacy. Consumers who feel their personal data is at risk are likely to feel uncomfortable and may avoid using personalization features. Therefore, transparency in data management is a crucial aspect in maintaining consumer trust. Thus, data-powered personalization should be a balance between user convenience and security. However, the impact of personalization is not free from challenges. Some respondents expressed concerns about the privacy of their data. One respondent said,

“Recommendations that are too specific sometimes make me feel watched, as if all my online activities are being monitored.”

These concerns reflect the need for transparency in consumer data management and regulations that protect individual privacy. In addition, overly targeted algorithm-based recommendations can reduce the opportunity for consumers to explore products outside of their preferences, limiting the choices available.

To create a balance, digital platforms need to ensure that personalization remains ethical and provides space for consumers to explore products independently. With the right approach, algorithms and big data can create a

consumption ecosystem that not only improves efficiency, but also enriches the overall consumer experience.

CONCLUSIONS

The shift from conventional to digital consumption has brought significant changes in the way consumers shop. Algorithms and big data technology create a more personalized and relevant shopping experience, where consumers can easily find products that suit their needs. Research shows that 78% of respondents tend to buy products based on recommendations provided by digital platforms. This creates a more inclusive and consumer-oriented environment. However, a major challenge in this personalization is the potential for data privacy breaches. Some respondents expressed concerns that overly specific recommendations could make them feel surveilled. Therefore, it is important to maintain a balance between the convenience of personalization and privacy protection. In addition, consumer education and strict regulation are needed to ensure that data-driven personalization remains ethical and transparent. With a balanced approach, digitization can reinforce a healthy and sustainable shopping experience

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