

UNDERSTANDING CONSUMER BEHAVIOUR IN A DIGITAL AGE

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Abstract: Consumers are changing the ways they use digital platforms at lightning speed. To benefit, companies must take a refined look below the surface to understand who is doing what. In recent decades, the Internet, evolving technologies, and social media have led to the evolution of consumer behaviour. The changes in customer behaviour driven by digital developments provide many opportunities and challenges that businesses also need to deal with online. The better companies know about the behaviour of their customers, the easier they can engage with them using different marketing strategies. In this article, I will explore the concept of consumer behaviour, examine how it has changed in the digital era, and discuss strategies for businesses to align themselves with these shifting trends.

Key words: consumer behaviour, digital platforms, marketing strategies, generations.

JEL Classification Codes: M30, M31, M37

1. INTRODUCTION

The society that we live is in a continuous state of change. The changed lifestyle of individual consumers, for instance, has changed their way of doing things such as consumption patterns (Strzelecka C., 2022). These days, the developments in the field of communication, technology, information, and marketing have created new shifts in the way consumers inform and buy certain products and services (L. Dumitrescu, G. Orzan, and M. Fuciu, 2015).

Over the last decade, the number of online shopping portals, the breadth of products available online, and access to fast internet has continuously grown (R. Shanthi and K. Desti, 2015). This development has led to both a maturing of online shopping as a retail channel and profound changes in people's shopping behavior (E. Pantano, G. Pizzi, D. Scarpi, and C. Dennis, 2020).

Consumer beliefs and behaviors are changing fast. Consumer behaviour in the digital era has undergone significant transformations. With the widespread adoption of technology and the internet, consumers have access to a wealth of information and choices. This shift has revolutionized how individuals interact with brands and make purchasing decisions. To thrive in this evolving landscape, businesses must understand and adapt.

To benefit from changing consumer behaviour, companies cannot rely only on headline numbers and the trends they suggest. Today, the dramatic reversals suffered at the hands of digital media may seem obvious or easily foreseeable. In reality, understanding and acting on the probable contours of change requires reflection and a deep knowledge of customer behaviour, industry dynamics, and feedback loops. These insights can help players reshape their business models to exploit structural changes and cushion potential shocks (McKinsey&Company, 2013).

Today Internet is considered an essential parameter of economic and social life as well as one of the main constructs of the future commercial landscape. Internet mediated commerce, commonly described as E-commerce is increasingly regarded as a mainstream commercial activity (Drew, 2003) and as a valuable marketing. Young people become more interested in online



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shopping and they spend more time and money on online shopping. They select and use the media to best fulfil their individual needs (Arnett, 1995). With the increasing use of the internet as shopping medium, young consumers are becoming the main internet's market and a prime source of current and future growth in online sales.

There are many factors influencing the consumer behaviour in cyber space, as well as in the physical world, affecting purchase decision. If marketers know how consumers make these decisions, they can adjust their marketing strategies to fit this new way of selling in order to convert their potential consumers to real ones and retain them. The online retailers should understand the effects of different marketing factors on the online consumers' behaviour. It is also essential to recognise the nature, power and function of web factors know how to use them efficiently in order to positively influence the consumer's intentions for purchasing online (Anelina Yassenova Baeva, 2011).

The digital transformation has shifted companies from being involved in the traditional market to devising means to capture the digital market. A traditional market is where buyers and sellers meet to transact on a particular product. In comparison, digital marketing deals with buying and selling goods and services in the digital space. Marketing optimization aims to connect with the customer and establish the direction for all your product and marketing-related activities. Therefore, much attention must be placed on establishing connections with customers or audiences and learning to draw them in and keep them.

One of the best ways to classify a market audience is by determining the generations from which they are born. Therefore, it is in the interest of marketing to study and understand different ages and their distinct personalities to serve them effectively. The term "generational digital marketing" refers to marketing targeted toward particular age groups and involves adapting marketing strategies to each group's preferences and consumption level for media and digital technology. To deliver more relevant and robust marketing content, it considers different generations' distinctive experiences, values, and attitudes toward how they interact with digital technology.

2. THE GENERATIONS AND DIGITAL AGE

In the modern world, the popularity of the internet is increasing rapidly as a result, companies have started investing hundreds of millions of dollars in efforts to establish an electronic presence on the internet (H. Yang, S. Kumara, S. T. Bukkapatnam, and F. Tsung, 2019). Accordingly, this vital emphasis on the rapid development of the internet has drastically modified the lives of consumers around the world and played an essential role in globalizing and changing the consumer buying process (K. M. Makhitha and K. Ngobeni, 2021).

The big digital-adoption leaders, at least so far, are banking, telco, insurance, entertainment, and utilities. Digital adopters make up 90 percent of consumers in these sectors. The opportunity for these businesses lies in the fact that they have shown plenty of digital staying power, losing only three percentage points of adopters as pandemic-driven growth has begun to settle. These industries can "translate" that stickiness into revenue by digitizing more-complex transactions that users still mainly do in person or via paper, such as mortgage applications and insurance claims (McKinsey&Company, 2022).

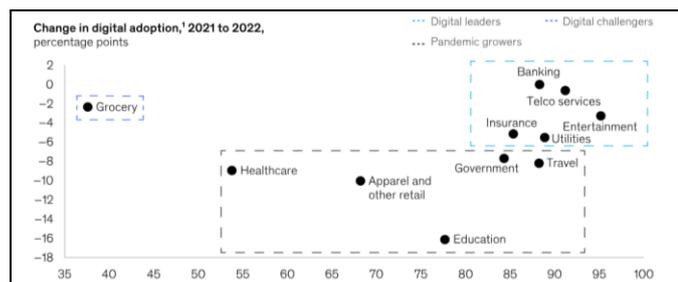


Figure 1. Evolution of digital adoption

Source: *Digital resilience: Consumer survey finds ample scope for growth*, McKinsey&Company, 2022

Many experts elaborated on how the Internet has changed the buying environment (Varadarajan and Yadav, 2002). The most important change is the greater availability of information. Thanks to the Internet, customers are able to collect information on choice alternatives, prices, details, and features of products like never before. Given that one's purchase decision is based on information obtained in the pre-purchase stage, it is very important for marketers to investigate information search behaviour (Bhatnagar and Ghose, 2004).

A couple of significant shifts have occurred in consumer behaviours over the past few decades, especially when we look at the impact e-commerce has had (Forbes, 2020):

- (1) **From brick to click.** Although some shoppers still prefer the experience of going to a physical store or being able to engage with the products in-person before they buy, e-commerce is thriving. What caused this change? Because consumers are able to compare dozens of stores and products at once for both better prices and wider selections. Shoppers can also see the reviews and ratings of products within just a few clicks. Convenience plays a big role, too. Consumers now can access millions of goods from all over the world through their phones or computers. E-commerce founders need to focus on two things: (a) improving customer experiences and (b) providing product quality above and beyond what the consumers are looking for.
- (2) **From PCs to mobiles.** In 2015, mobile phones and tablets surpassed computers and became the most popular device to use when shopping on Amazon. You might be asking, "What's the difference? Isn't it all e-commerce, no matter the device?" The answer is, there are distinct differences between shopping on your phone versus a computer. First, mobile screen sizes are significantly smaller than PCs. Fitting lots of products onto one screen isn't feasible. This is why digital marketers leverage data to display products based on consumer interests and intents. And later on, they can reuse this data to retarget consumers and further increase customers' lifetime value. Second, mobile consumers typically don't have physical keyboards on their phones. This can make the checkout process challenging if there are many steps and form fields to complete. As a result, many companies have come out with improved electronic payment systems that use face recognition software, digital wallets, etc.
- (3) **From human to algorithm.** With the increasing demands of e-commerce, the need for better and faster customer services is also an essential thing for companies to succeed. CRM software not only allows companies to automate the workflow for better and faster customer experiences, but it also enables companies to study their customers' unique personas. By analyzing their buyers' personas, companies can then use this knowledge to further target advertising on similar audiences in order to reduce customer acquisition costs. And in recent years, companies have developed a new category of solutions to transform customer behaviors even further by using artificial intelligence.

Any concerns that digital habits would evaporate with the end of pandemic safety measures can be put to rest. With the pandemic waning, adoption (that is, individuals accessing businesses digitally or digitally with assistance) is still strong even as consumers venture out of their homes to

shop and conduct business. Consumers are accessing twice the number of industries online, on average, as they did before the pandemic, even after an expected leveling off of digital adoption numbers (McKinsey&Company, 2022).

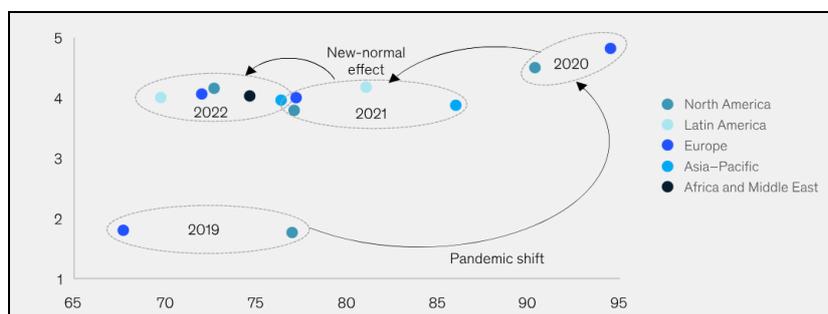


Figure 2. Number of industries accessed digitally per user

Source: *Digital resilience: Consumer survey finds ample scope for growth, McKinsey&Company, 2022*

In the current global scenario, the growth of online commercial retail transactions has remarkably been obtaining the utmost emphasis; businesses have been undergoing a huge digital transformation (A. Belhadi, S. Kamble, C. J. C. Jabbour, A. Gunasekaran, N. O. Ndubisi, and M. Venkatesh, 2021; F. Leu and R. Masri, 20w1). For instance, the integration of new digital technologies, digital business models, including platform-based multisided market places, access to information, a global vision, and changes in computation and mobile shopping (Y. Xu and T. Koivumaki, 2019). All of these digital transformations have led to changes in peoples’ purchase behavior and consequently, that of the consumer (T. Marceda Bach, W. V. da Silva, A. Mendonça Souza, C. Kudlawicz-Franco, and C. P. da Veiga, 2020).

Industries where mobile apps are the main channel of contact tend to have a larger share of digital adopters. That “mobile premium” is particularly pronounced in emerging markets, where mobile phone penetration, including smartphones, is strong and is the most-used channel for interacting with businesses (McKinsey&Company, 2022).

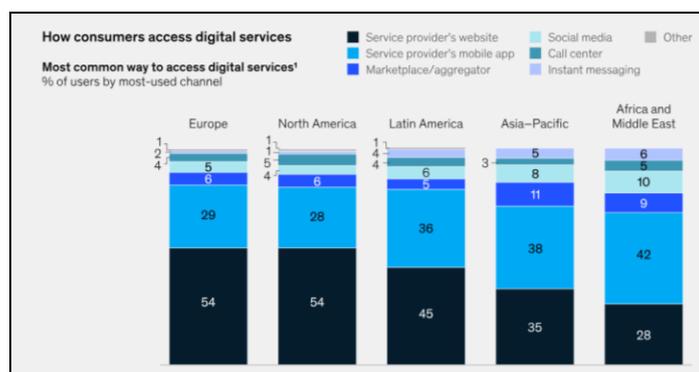


Figure 3. Digital services access by consumers

Source: *Digital resilience: Consumer survey finds ample scope for growth, McKinsey&Company, 2022*

Each generation possesses distinctive traits and qualities influenced by their background, historical and cultural events, and technological advancements. Understanding these generations can be helpful in various situations, including marketing, workplace dynamics, and intergenerational relationships.

WHAT DEFINES A GENERATION?

Generations are groups of individuals born around the same time (usually a span of approximately 10-15 years), who have similar characteristics, preferences and values throughout

their lifetime. These groups often share preferred communication styles, buying habits and motivation triggers because they have experienced trends and events differently than other generations. Studies have shown there are three key things that have the biggest impact and influence in shaping generations—parenting, technology and economics. The familiar generations are briefly summarized as follows (Marketing Trends, 2017):

- **Silent Generation (Born 1925-1946).** Some people know this generation as the building generation. They were born between 1944 and 1952, so they are currently between 74 and 93 years old. This generation lived through the two world wars and the Spanish Civil War with its consequent wars. Thanks to their time lived in wars, this generation values teamwork and sacrifice of achieving goals. Despite being the oldest generation, they have managed to adapt to new times and tech such as mobiles, tablets, the internet, and other technological changes. However, it is a generation that cares much more about issues related to health, the economy, and domestic problems. In relation to technology, they care little about privacy, meaning that this group is excessively open to sharing personal data. A generation that is committed to voice interaction and is greatly influenced by the family. These are the main consumers of digital information.
- **Baby Boomers (Born 1946-1964).** They are the ones who have undergone the greatest changes in their lives. Currently, they are people between 54 and 73 years old, consumers with greater potential since they consider that they have a very high purchasing power, which has allowed them to adapt very well to new technologies. This generation is known as the stereotypical “seniors”, people who are far from digital changes. However, they are the main consumers of the social media Facebook, although their numbers have increased in relation to Instagram. Undoubtedly, it is the generation with the greatest presence in social networks during the last year, with a percentage of 48%. The main activity they do digitally is filling out surveys and questionnaires, as well as reading blogs and watching videos about products and services. Their main source of information is through search engines, and it is a generation that rarely shares personal information and selfies. Health is their biggest concern, which is why they use a lot of apps that deal with health topics and staying physically active.
- **Generation X (Born 1965-1980).** A generation that shares many characteristics with millennials. Among their technological advances, we find that they were the ones who saw the arrival of CDs, Walkman, and the personal computer. Additionally, this generation is known as the one that enjoyed sharing the arrival of the internet with playing outdoors. Among their technological tastes are social media like Facebook, Instagram, Twitter, and Pinterest. Their instant communication methods are WhatsApp, Facebook, and Messenger. However, their favorites are telephone and mail. Generation X are the top consumers of online shopping. A person in this group can carry out up to 19 transactions during a year.
- **Millennials or Generation Y (Born 1981-1996).** From all generations of the digital age, this is values experience more than products. They are people who live without the illusion of controlling the future, who love to work in what they’re passionate about and motivated. As for social media, they share their lifestyle and most special moments. In addition, they are the first to discover and share new products, spaces, or concepts with their followers, mainly on Instagram. They don’t use Facebook much, and on Twitter, they ensure that their messages are well-supported in the 140 available characters. This generation has turned social networks into a platform to build a brand, be ambassadors for others, and promote those with whom they best identify, as long as they are real options for their followers. Privacy doesn’t concern them at all, they decide what parts of their personal data they get to share through different digital platforms.

- **Generation Z (Born 1997-2012).** Mobile phones and tablets were part of their growing up, which is why they are considered natural elements with which they use on a day-to-day basis. This generation is classified for being multicultural, sharing characteristics with many, thanks to their access to the world. They like to discover things on their own. Watch videos, memes, emoticons, and TV formats like Netflix. They spend a lot of time on social networks, although parents and family members try to minimize this in order to avoid risks. Their mobile phone is their main form of communication, their preferred networks for this generation are Twitter, Snapchat, YouTube, and Instagram. On those social medias, they get information and interactive content with which they feel capable of creating, connecting and sharing. This generation is influenced by their idols, whether they are singers, actors, YouTubers or TikTokers.
- **Alpha Generation.** These kids are a complete digital generation, they were born from the year 2011. They have grown up with the greatest changes in terms of technology, so they consider that they cannot live without technology. This is one of the generations of the digital age that most needs support when it comes to technology.

Companies can use different ways to implement generation marketing strategies for each customer (Marketing trends, 2017):

- **Silent Generation or traditionalist:** traditional marketing instruments, such as radio, TV, billboards and print ads. While some have adapted and live with digital communication, not all are signing up for social media accounts.
- **Baby Boomers** have adapted and embraced digital media to keep in touch with family and friends. For them, it is recommended to use a mix of traditional media, such as TV and radio, and digital vehicles, such as social media platforms like Facebook.
- **Gen X.** As a group at the peak of their careers, Generation X are email users both at work and in their personal lives. Companies can reach them with a coupon, discount or a loyalty program that will give them an immediate benefit, as well as a combination of email and digital tactics. Gen X use social media - Facebook, YouTube, and Instagram.
- **Millennials** are often the topic of debate in today's society. As the first generation to fully embrace a multi-digital world, Millennials are transforming the idea of the traditional consumer. This group places value in humanitarian actions and will choose businesses with social responsibility values over those without. They value experiences, individuality and are more likely to shop online than in a physical store. This generation lives on digital media: advertising on streaming platforms like Spotify, Snapchat, TikTok, Instagram, Facebook, Youtube. Millennials are hyper-attached to their devices, and the way they are influenced and shop must be ordained by their devices. With a single device in hand, any associate can provide fast, efficient service while having the means to upsell and cross-sell based on the customer's preferences and situational information (Forbes, 2019).
- **Generation Z** has never seen a world without digital media, and they prefer to research online before buying. They expect fast, instant-gratification and don't like to be kept waiting. They want products promoted with authenticity and not celebrities. This generation has mastered digital media, and much of their time is spent on social sites. When it comes to Generation Z, companies must think digital and the majority of marketing campaigns must be on social media platforms like Twitter, Instagram and Snapchat. Also, working with social media influencers to reach large audiences on social media in a less intrusive way.
- **Alpha Generation,** like the millennials, are being raised with very great cognitive and intellectual capacities, and they need constant supervision so that they influence themselves in the right way. Despite not reading on social networks, this generation is capable of

consuming content, especially through YouTube. They are video consumers and are able to browse the apps and find the videos they like without having to know how to read.

In the digital age, customer expectations are growing. Consumers expect personalized, intuitive, and instant services. Businesses that have embraced digitalization can provide superior customer experiences by leveraging technology such as mobile applications, social media platforms, Chatbots, and virtual reality. Digital platforms can also ensure a smooth, fast, and hassle-free purchase process, leading to improved customer satisfaction and loyalty. The digital world knows no borders. By digitizing their operations and services, businesses can reach out to customers on a global scale, irrespective of geographical limitations. E-commerce, social media marketing, and digital advertising have leveled the playing field, allowing even small businesses to reach a broader audience and compete with larger firms. In the constantly evolving digital world, businesses must embrace digitalization to survive and thrive. Digital transformation not only improves efficiency and decision-making but it also provides a platform for superior customer experiences and global reach.

3. CONCLUSIONS

Leading consumer-facing businesses place a lot of emphasis on listening to consumers, as they should. Consumer sentiment and behavior can be fast changing, confusing, and sometimes contradictory. Staying attuned to these trends in consumer behavior can be difficult for companies, but doing so is absolutely critical—even (or perhaps especially) when the trends seem paradoxical. Quick decision making on how to meet consumers' expectations in this world of trends must be at the top of a company's agenda.

An ever-expanding array of digital devices and platforms is changing the way we communicate, socialize, play, purchase and discover. This evolution of consumers' digital behaviour has wide-ranging impact beyond technology, communications and media, with the potential to change how products and services are developed and delivered. The digitalization of the marketing environment encouraged by the constant advances is changing consumers' behavior in the way they take purchase decisions. In fact, the rise of the Internet has changed consumers' behavior during the search stage of the purchase decision-making process.

The digitalization of the marketing environment is influencing how consumers take purchase decisions. The Internet has become a major source of information about products and services; a channel for advertising, replacing to a great extent, newspapers; the influence of Google and social media in connecting consumers and firms in multiple directions and the minimization of costs due to a reduction in visiting stores. All of these are enhanced with the penetration of mobile devices. Thus, the Internet and electronic technology have moved to the core of the marketing function.

The digital generation is the generation of humans whose generational location places their birth and developmental experiences during a time of widespread access to digital computing technologies and whose exposure to and experience with those technologies led to a technological comfort and expertise with those technologies that surpasses those of prior generations. There are six different generations of the digital age, but they all have shared characteristics. These generations are divided by different elements: values, behaviors, traits, and profiles of people who share the same age range were taken into consideration. However, even if they are in the same category, it does not imply that these people should behave in the exact same way, at least from the point of view on how they communicate, buy and use new technologies.

Embracing digitalization is no longer a choice. It's a necessity. A new digital era that is accessible to all holds the potential to shape a more inclusive, resilient, and sustainable world for generations to come. Global digital transformation is moving at lightning speed. Today, digitalization is beyond a mere trend; it has become a core component in the operational blueprint

for many organizations. It empowers businesses to streamline operations, enhance customer experiences, and open up new possibilities.

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