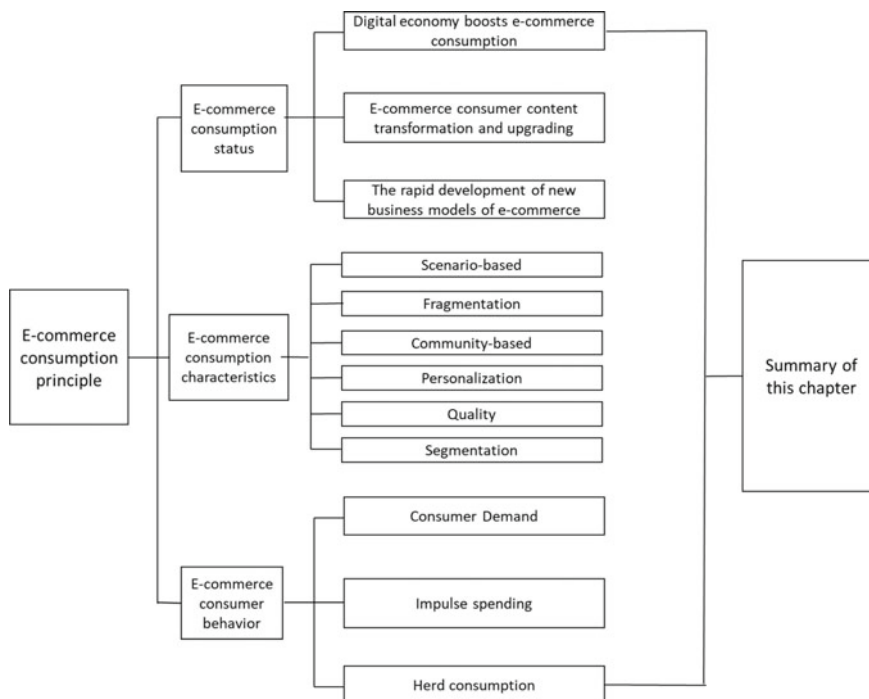# Chapter 7
E-Commerce Consumption Principles

Knowledge Map of this Chapter

UGC (User Generated Content) Platform—Xiaohongshu

Xiaohongshu community content covers various lifestyle areas such as food, travel, trends, beauty, care, entertainment, fitness, reading, mother child, etc., generating over 3 billion note exposures every day. Users on Xiaohongshu can express their experiences by posting notes and comments in the community, while other users will do their homework before purchasing products by searching for keywords. The two-way interaction between users and users invariably promotes the sales of products that really work well, and the shopping experience of other buyers who are also consumers is more convincing than the boring propaganda of merchants.

The positioning of Xiaohongshu is a lifestyle-sharing platform. In the Xiaohongshu community, users can share their consumption experience and sense of use to others, and the desire to buy quality products will be generated through the communication among users. After the desire to buy is generated, users can buy through the purchase interface, and the purchaser interface is different and the price is different. Among them is the Little Red Book's own Little Red Book Welfare Club, which not only has the strong endorsement of Little Red Book but also has the guarantee of genuine products. After looking at the introduction, the one-stop service of sliding on another interface to select the goods is very easy to operate.

In the case of Xiaohongshu, a UGC socialized marketing platform, we can see that there are three levels of development of such platforms, namely: intelligent personalization, product boutique, and recommendation specialization.

(1)   Intelligent personalization

The most important point for UGC social marketing platform to attract users is to correctly identify the preferences of target users and push the direction of interest according to their search records. Big data push has deviations, and users can choose not interested in improving the accuracy.

(2)   The boutique of products

The sales segment of UGC platform products is the main source of profit, and all products should ensure quality. No matter how good the quality of the product is, the marketing methods and the popularity of the platform are useless feats. The platform must also check the brand of occupancy. It is better to introduce well-known enterprises during the first period. With its own development, it can tract some small enterprises, but must pay attention to check.

(3)   Recommendation specialization

UGC platform generally has a few experts with very strong professionalism and can make a lot of opinions from a professional point of view. In the users' view,

with the pace of the big V, the sense of dependence and trust in the platform has increased dramatically. The resource integration ability of the platform is far stronger than that of ordinary users, and the specialization of the platform is a much stronger soft power than the popularization power, which is surely the direction of future UGC platform efforts.

Consider:

1. What do you think determines the development direction of UGC platforms such as Xiaohongshu?
2. Talk about how UGC platforms should play a good role in the future to accurately connect consumer needs and achieve the integration of user resources?

7.1 Current Situation of E-Commerce Consumption

7.1.1 Digital Economy Boosts E-Commerce Consumption

The year 1999 is the first year of the development of E-commerce in China. The launch of Alibaba Group marks the beginning of China's digital economy. On March 5, 2015, the Third Session of the 12th National People's Congress adopted the "Internet Plus" Action Plan, which elevated the "Internet Plus" strategy to the national strategic level. In recent years, with the application and popularization of new-generation information technologies such as big data, mobile Internet, AI, cloud computing, and 5G, the era of the digital economy is accelerating. The integration and evolution of new technologies, new applications, and the Internet has led to the rapid development of Internet applications. In particular, digital economies such as e-commerce, online education, and telemedicine have shown strong resilience in the face of COVID-19. With its rapid development, wide range of radiation, and strong influence, the digital economy is becoming a key force reshaping the global economic situation and development pattern.

According to the 49th Statistical report on China's Internet Development, consumption has shown a new state of development, and domestic consumption has been upgraded and expanded (Table 7.1).

The outline of the 14th Five-Year Plan proposes to "promote the building of a cyber power, accelerate the building of a digital economy, a digital society and a digital government, and drive the transformation of the mode of production, way of life and way of governance through digital transformation". At the same time as enterprise digital transformation, intelligent and manufacturing integration development, rural digital transformation is also expanding, a large number of new forms of business and new business development model booming, modern agricultural informatization level and production capacity unprecedented improvement; at the same time, in terms

Table 7.1 Specific performance of domestic consumption upgrading and expansion

Classification	Specific performance of upgrading and expanding domestic consumption
Consumer groups	Online shopping is the most popular among those born in the 1980s and 1990s, and the consumption potential of those born in 1995 is the greatest. Those born between 1980 and 1995 have the highest online shopping rate, accounting for 93%. Those born after 1995 have the greatest potential for online consumption, with 41.9% of them spending more than 30% of their daily consumption online, a higher proportion than other online shopping groups
Consumer trends	Domestic brands are more aware of online shopping. Driven by cultural confidence and brand upgrading, online shopping of domestic brands is booming, and domestic brands are widely favored by online shopping users. Data shows that users who support domestic products and shop online for domestic brands account for 65.4% of the total online shopping users. Online shopping of Domestic products Users mainly buy mobile phone digital products, household appliances, beauty makeup and skincare, sports apparel, and so on

of digital industrialization, with key core technologies such as 5G and recognition of services brought by big data applications by enterprises and consumers, data has become a key element to promote economic development. Digital economic industries such as IoT, AI, and e-commerce are making increasing contributions to urban and rural development.

7.1.2 Transformation and Upgrading of E-Commerce Consumption Content

With the digital transformation of economy and society, industrial products with mechanical and physical functions can no longer fully meet the needs of market consumption. Both 2B and 2C terminals need digital, intelligent, and personalized products and services provided by enterprises. In the era of e-commerce, the supplement of data elements is beneficial to enterprises' products and services to change their consumption patterns. As time goes by, the new network consumption mode brings the source of market renewal. In this context, enterprises will also usher in new development opportunities. The transformation and upgrading of online consumption are reflected in the following points (Fig. 7.1).

From functional consumption to data consumption: at present, consumers complete consumption in the context of data characteristics, which requires that products and services in the market not only have some mechanical functions but also must have service functions based on data. Data expands the capabilities of products and services, and businesses and people alike want to pay for the convenience of data services, resulting in a lot of data-driven consumption.
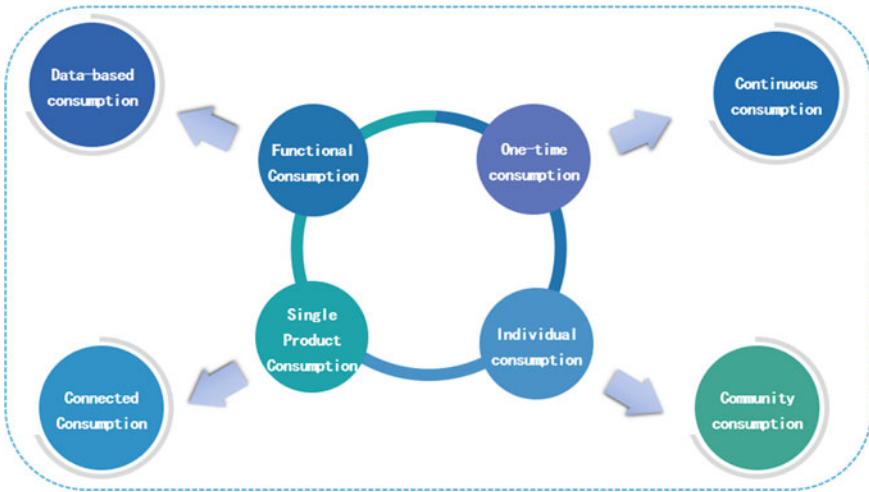
Fig. 7.1 Transformation and upgrading of online consumption content

From one-time consumption to continuous consumption: digital product innovation greatly improves the frequency and viscosity of interaction between products and customers, thus forming a continuous service model based on the combination of customers and data. In the case of Internet TV, customers will not only buy the TV once but will also pay an ongoing fee for various content connected to the Internet. This continuous consumption pattern is the digital transformation direction that traditional enterprises must focus on. In general, continuous consumption has led to new business models based on enterprise products.

From single product consumption to network consumption: in the industrial age, the sales of industrial products with certain functions are often just single product consumption. The emergence of the Internet of Things means that industrial products are capable of digital transformation. Enterprises have the characteristics of product network, customer network, and other cyberspace when they operate and serve. The emergence of new network consumption forms has greatly expanded the market space.

From individual consumption to community consumption: The consumption model of the industrial age is a single individual unit, whose production and sales often revolve around how to activate the individual consumption market. In the era of data elements, there are more extensive data connections between people. This close connection is not a single individual faced by businesses, but a network community.

With regard to China's prominent structural problems, efforts must be made to harmonize the stages of production, distribution, distribution, and consumption to promote the organic unity of efficiency and equity. Among them, efficiency corresponds to a more productive link, further emphasizing "high-quality development". There are more equitable distribution links, and equitable distribution smoothens the cycle of production and consumption.

7.1.3   Rapid Development of New Forms and Modes of E-Commerce

In recent years the rapid development of e-commerce in China has become "an important part of the digital economy and real economy", is "creating digital industrialization and boost industry digitization, an important engine of digital governance, is an important way to improve the quality of people's living, is the important force to promote the development of national economy and social". According to the latest data from the National Bureau of Statistics, China's online retail sales reached 13.0884 trillion yuan in 2021, up 14.1% from the previous year. Among them, online retail sales of physical goods reached 10,804.2 trillion yuan, up 12.0%, accounting for 24.5% of the total retail sales of consumer goods. At the same time, with the gradual decrease of the growth dividend of the number of Internet users and the continuous improvement of the penetration rate of e-commerce consumption, the development speed of e-commerce is also slowing down year by year. In the future, in the process of industrial Internet development, the precise connection between e-commerce and consumer demand will bring new directions and growth space for the future development of e-commerce. How to promote the digital transformation of traditional consumption, serve the supply side, product innovation, and brand building, which is not only the inevitable trend of the development of e-commerce itself but also the first driving force of the digital transformation of traditional industries.

Under the impetus of new technological revolution and industrial transformation, the development of e-commerce has been endowed with richer connotation. E-commerce enterprises attach importance to the consumer as the center, grasp, understand, and predict the needs of users, and then systematically create products and scenarios to meet the real and potential needs of different consumer layers.

The three directions of future development of e-commerce are format innovation, scene innovation, and mode innovation. During the period of the outbreak, live e-commerce, content e-commerce, and community groups to purchase have increased dramatically, offline new retail also presents a huge development potential, the new model shows the development of China's e-commerce industry huge vitality and broad space for development has become an important domain of China leading the world electronic commerce application. In the direction of innovation, the deep integration of offline physical space and physical service resources has become the main trend. For example, door broadcast, factory broadcast, and village broadcast in live broadcast are increasingly becoming the mainstream, community group buying is widely combined with offline convenience stores, and the proportion of e-commerce applications of traditional service enterprises is also continuously increasing. By increasing the new mode of e-commerce, a large number of traditional service enterprises are strongly attracted to realize smooth digital transformation.

The emergence of the primordial universe in 2021 shows an accelerated convergence of the virtual and the real. In 2019, virtual idols were born, and the 1.0 era of "New Idol Era" virtual idols was ushered in by Rakuteni and Hatsune Miku. In

2021, the consumption power of the post-1995 generation will grow, and the post-2000 generation will become the new consumers, ushering in the virtual idol 2.0 era with new models such as new technologies, new concepts, and new experiences.

Apart from virtual idols, the original universe is also one of the keywords of 2022. The primordial universe is one of the innovative new concepts based on the Internet. It is a symbiotic world of the virtual and the real, which communicates with the real world and exists in parallel. The meta-universe is just one of the processes of the digital world, which is formed by the collision and fusion of numerous virtual worlds and digital contents. The digital universe is a virtual world independent from the real world, with N virtual forms, such as N primordial universe, N virtual digital people, N NFC, etc. The birth of the "original universe" has brought new forward momentum to this era, pulling the rapid operation of digitization, and the industry and investment community "have to move forward". At the same time, the prospect of diversified development also brings marketing possibilities that can not be ignored. The new virtual world with new concepts is on the rise, and it is also the "value" target that each industry is brave to fight for.

In the future, young consumers such as the post-90s and post-00s want to share data. E-commerce enterprises will provide more personalized and accurate products and services based on this, and the order quantity of personalized products will increase significantly.

7.2 Characteristics of E-Commerce Consumption

In the past, much of the popularity of a product or service was known after sales figures came out. At present, more and more enterprises use big data, cloud computing, AI, and other information technologies to transfer design, procurement, manufacturing, logistics, sales, and other links to the "cloud", which can not only correctly grasp the demand data of consumers, but also get users' feedback in the first time. At the same time, residents' disposable income continues to rise, and the number of high-grade and demanding consumers increases. As this trend changes, online consumption, intelligent consumption, experience consumption, customized consumption, and other emerging consumption momentum, consumption has changed from "conformity" to "attitude".

With the consumer society matures, e-commerce consumption is subject to each of the age, gender, and social class in advance, the pleasure principle influence gradually strengthen, consumers begin to pursue individuality, the pursuit of self, diversification of consumption becomes the most basic characteristic of the consumer market, the key performance in consumption personalized, diversified consumption and short cycle from three aspects. At the same time, the consumption in the era of e-commerce is not constrained by time and space, the fragmentation of the market is formed, and the consumption community is prominent. E-commerce consumption has gradually formed six features scene-oriented, fragmented, mobile, community-oriented, fine-differentiated, and quality-oriented, as shown in Fig. 7.2.
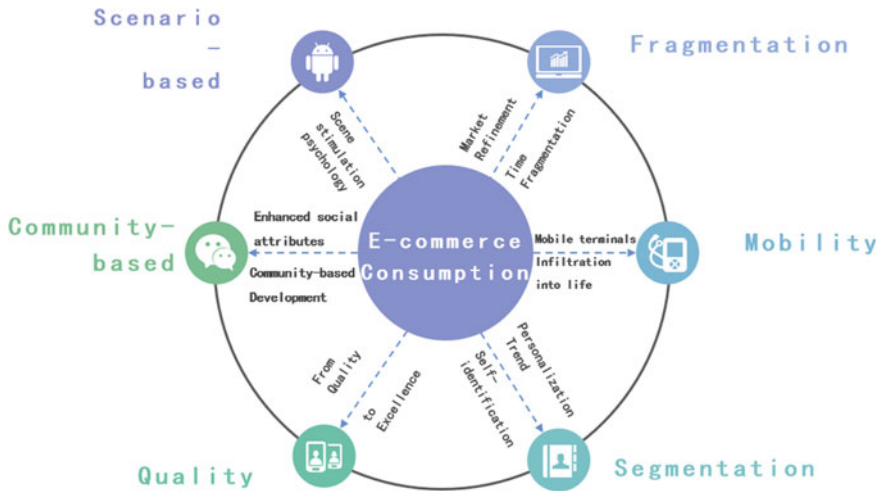
Fig. 7.2 Consumption characteristics in the e-commerce era

7.2.1   Scenario-Based

Under the traditional consumption mode, the consumption time and space are not independent enough. In the age of e-commerce, the consumption process is no longer limited by time or space. Therefore, e-commerce can predict consumer behavior based on the study of consumer psychology, and set up the corresponding scene to make consumers into the psychological state of consumption, so that consumer behavior is more likely to occur. Among them, the construction of consumption scene can be realized by a picture, an article, a video, or a certain activity or atmosphere in reality. Whether online experience or offline consumer place, shaping senses have become more important, need comprehensive creation experience, such as vision, hearing, touch, and smell from sense drive emotional link, to build the brand of "nourish senses force", has become the important emotional connection between brand connection consumer, need in every link of brand marketing. Whether it is scene innovation, product design, product material selection, and consumer touch points, it is necessary to establish a brand vision that is completely new, sensory and can attract consumers emotionally.

7.2.2   Fragmentation

With the improvement of people's living standards, the demand of consumers has exceeded the low-level demand stage, rising to the realm of aesthetic demand and spiritual demand. At present, the further expansion of the market scale of various industries, subdivision, and the development of e-commerce with the change in

market demand. In essence, market demand is the demand of consumers, and the personalized and diversified demand of consumers expands the new conception of e-commerce for enterprises. In the future, stores should make full use of the new advantages of e-commerce era, carry out more accurate market positioning, and meet the diversified needs of consumers.

Life in the network era has formed a fragmented structure. Fragmentation and hypermedia make people pursue "efficiency" and instantaneity, thus bringing a certain impact on consumer psychology and producing consumer's fragmented demand. Fragmented scenes such as before the start of a movie, while eating in a restaurant, or after going to work and taking a bus are natural opportunities for e-commerce consumption.

In recent years, all fields of society have focused on the phenomenon of "fragmentation" of society. Under the influence of social class differentiation, individual consciousness awakening, value system, and diversified lifestyle, the overall social relations, market structure, and social concepts in the past have been divided into separate interest groups, cultural tribes, and social components. In this context, fragmentation has become a major trend in social development, and under the influence of this trend, great changes have taken place in all fields. In terms of consumption, fragments of information have five forms of expression, each of which is more rational, the inner pursuit of feeling and experience is stronger, self-awareness is aroused, the trust in authority is weakened, and the tendency of the crowd is weakened. Consumers seek a valuable "sense of content acquisition" from extensive exposure to a large amount of information, and the content route has ushered in a new "cocoon breaking" upgrade. From the rise of wechat public account long picture and text to xiaohongshu and micro blog short picture and text planting hot. From long video viewers to short video, until the concept of medium video was proposed. Content in the Internet industry has been updated rapidly, and in 2022, some new directions of content courses have also received attention. For example, the systematization of short entertainment, the refinement of content cost, the normalization of live broadcast, the upgrading of medium video and the refinement of short video.

Fragmentation has become one of the characteristics of the times, mainly including the following three aspects.

1. Productivity significantly increased, production capacity serious excess, a large number of similar products appeared on the market. In order to improve their competitiveness in the market and make their products successful, many companies began product innovation, people's purchasing power continues to improve, more and more consumers pursue customized products.
2. The development of the next generation of information technology has brought subversive changes to human society. People's ability to collect and process information has been greatly improved, and the influence of traditional advertising marketing on consumers has become weaker and weaker, and people's self-judgment ability has been significantly improved.
3. In the context that socialized mass production has become a major development trend, many small and medium-sized enterprises can also customize production

for consumers. Small and medium-sized enterprises can join the industrial chain at a lower cost and lower voice, but they have strong stability and sustainability and can continue to promote their development and growth. In the era of traditional media, people all over the country often follow the same TV program. If a company spends a lot of money to advertise in popular TV shows, it is easy to build a strong brand influence in the minds of consumers. This is the logic behind the success of brands such as melatonin and Gentil. Nowadays, people often use mobile terminals such as mobile phones and tablets to browse social media, video websites, and live broadcasting platforms. Content, audience, and media show obvious segmentation characteristics.

At present, enterprises still use traditional marketing methods to expand product sales, which has become more and more difficult. Facing such a fragmented era, the marketing strategy of enterprises must also be adjusted in a natural and effective way. The age of fragmentation is also an age of centralization. The traditional market structure, marketing logic, consumption concept, and consumption values have been completely overturned. People come together in online communities through their interests, careers, and value needs. The emergence of social media such as Wechat, Weibo, and strangers underlines the trend. From the perspective of marketing, fragmentation has changed consumers' information acquisition methods, demand psychology, and purchasing habits. Traditional marketing methods not only cost more and more but also difficult to effectively promote the marketing content to the target group.

7.2.3 Communitization

The age of e-commerce has endowed consumption with the social attribute derived from it, and also stimulated the development of e-commerce consumption in communities. In fact, the community is the process of asset management and deep digging of users in the consumption scenario, that is, to achieve a deep understanding of consumers, maintain a high degree of interaction between consumers, and then promote consumer loyalty.

"Community electrical contractor" as a society, city of wisdom, and intelligence digital village, and the inevitable outcome of the economic development, is the modern retail business development of new forms, new scenes, but also the modern urban and rural community governance of fine, intelligent, specialized important content, is one of the important strength of social capital to participate in community governance, is an important form of innovative community convenience, benefit, and service. In particular, it plays a key role in responding to emergencies, home care services, helping the disabled, and helping the poor and other special needs.

7.2.4   Individuation

With the digital transformation of economy and society, the digital characteristics endowed by information technology have gradually penetrated into all aspects of People's Daily life, and the digital economy has shown a vigorous development trend. Traditional enterprises can effectively make use of 5G Internet, big data, and other new marketing methods in the sales process, so as to meet the personalized needs of consumers. The accelerated integration of the digital economy and real economy makes production gradually precise and refined, and at the same time meets the personalized needs of consumers and mass production of products. Consumers' demand for quality and individuation is increasing day by day, and many e-commerce and physical retailers choose to develop their own brands. The product styles and details of private brand e-commerce enterprises are based on the understanding of users through big data, which integrates the life concept of most consumers. Targeted development makes products more accurate and personalized.

7.2.5   Quality

Consumers' demand for products is not limited to material consumption at present, but consumers' purchasing behavior is more based on psychology. Consumers' pursuit of products includes the use value and extension value of products. On the whole, it is the upgrading of product pursuit after the material life is satisfied. In addition to the influence of the economic environment, the factors that cause the transformation of consumer psychology are closely related to consumers' daily living environment.

Consumers have the consumption of the initiative, in other words, consumer product purchase choice is no longer a passive to accept or reject products, and more are built on their purchase intention, on the basis of different consumers purchase intention of making electricity need to constantly adjust operation mode in order to meet consumer demand for product variety. The change of potential psychological needs of contemporary consumers in product purchasing requires e-commerce enterprises to adapt to the change in time and select products with diverse values according to their needs for product upgrading, so as to serve consumers' psychology as much as possible.

With the gradual maturity of e-commerce, consumers' attitude toward online shopping has gradually changed from curiosity to daily habits, and they have also changed from pursuing lower prices to pursuing higher quality for purchasing goods. It is also due to the change in consumer demand, promoting the continuous development and progress of e-commerce, constantly from "quality" to "selective". In the future, select varieties of products will become a new electricity service quality upgrade development direction, at the same time, the enterprise in the location,

design, and sales in the process of goods but also needs to strengthen the understanding of the current consumption demand, provide consumers with a wider range of goods for consumer spending in the process of wider choice platform and space, and then realize consumer's quality demand.

7.2.6 Differentiation

The age of e-commerce provides consumers with more choices. For young consumers, they begin to value the sense of identity brought by-products. In order to meet the self-identity of many consumers, personalized trend, sense of experience, the degree of product segmentation will continue to be deepen.

In the traditional marketing mode, enterprises are basically limited to a certain consumer group in a certain region when market segmentation and market positioning, and it is almost difficult to provide services for a certain consumer. With the advent of the Internet, consumer demand also appears to be more diversified. Therefore, enterprises must attach importance to various resources of existing e-commerce platforms, and make full use of mining, Internet, big data, and other technical means to make a more scientific and detailed professional and personalized distinction between consumers. At the same time, enterprises can also use big data mining and other methods to locate, divide and unite consumers from different regions organically, form scale effect, and provide new interest growth points for enterprises. China's retail industry is fragmented, and different consumers have different needs for different industries.

7.3 E-Commerce Consumption Behavior

7.3.1 Consumer Demand

Network consumption is a new consumption mode that consumers satisfy their own consumption demands through e-commerce platform with the Internet as the technical means. The process of online consumption and purchase is the whole process from the generation of consumers' needs to the satisfaction of their needs, which mainly includes five stages: confirming their needs, collecting information, evaluating their choices, making purchase decisions, and post-purchase behaviors.

1. Identify the requirements phase $S^{(1)}$

When consumers produce transaction demand in order to improve their lack of state, they will enter the confirmation demand stage $DS^{(1)}$.

2. Information gathering stage $S^{(2)}$

Consumers obtain product information needed to meet their own needs through various means 即$I^{S^{(2)}} = \left\{ I_T^{S^{(2)}}, I_E^{S^{(2)}} \right\} = S^{(2)}$（D）.

3. Evaluate the selection phase $S^{(3)}$

Consumers compare and evaluate the product information they have obtained $C^{S^{(3)}} = S^{(3)}\left(I^{S^{(2)}} \right)$.

4. Purchase decision stage $S^{(4)}$

Form the criteria for decision making $B^{S^{(4)}}$, $B^{S^{(4)}} = S^{(4)}\left(C^{S^{(3)}} \right)$.

5. Post-purchase behavior stage $S^{(5)}$

After the realization of consumption, consumers evaluate their purchase decisions based on whether the goods or services they buy meet their expected psychological goals $E^{S^{(5)}}$, $E^{S^{(5)}} = S^{(5)}\left(B^{S^{(4)}} \right)$. In addition, consumers cannot only evaluate the purchased goods but also share and spread the evaluation, so as to influence other potential consumers. If this post-purchase sharing mode is denoted as, and the sharing scope is denoted as, then: $E_s^{S^{(5)}} S\left(E_s^{S^{(5)}} \right) S\left(E_s^{S^{(5)}} \right) = \left[S_{ij}\left(E_s^{S^{(5)}} \right) \right]_\infty =$

$$\begin{bmatrix} S_{11}\left(E_s^{S^{(5)}} \right) & S_{12}\left(E_s^{S^{(5)}} \right) & \cdots \\ S_{21}\left(E_s^{S^{(5)}} \right) & S_{22}\left(E_s^{S^{(5)}} \right) & \cdots \\ \vdots & \vdots & \ddots \end{bmatrix} \text{ refers to the impact of the first consumer's evaluation}$$

and sharing on the first potential consumer. $S_{ij}\left(E_s^{S^{(5)}} \right) ij$.

To sum up, the online purchase process can be described as follows:

$$E^{S^{(5)}} = S^{(5)}\left(S^{(4)}\left(S^{(3)}\left(S^{(2)}(D) \right) \right) \right) \tag{7.1}$$

Maslow, a famous American psychologist, once proposed the classic theory of the hierarchy of needs, namely Maslow's Hierarchy of Needs. In this hierarchy of needs theory, Maslow divides needs from low level to high level into five levels: physiological needs, safety needs, social needs, respect needs, and self-actualization needs. These five needs are the most basic, innate factors that influence individual behavior.

In the context of e-commerce consumption, when consumers have a desire for a certain commodity or service, the lack of consumers physically or psychologically is the consumer demand in e-commerce.

Based on Maslow's hierarchy of needs theory and the characteristics of e-commerce, the book divides consumer demand in e-commerce consumption into five levels: price demand, quality demand, social demand, personalized customization demand, and self-realization demand. The specific meanings of each level are shown in Fig. 7.3. $H_1^N H_2^N H_3^N H_4^N H_5^N$ (Fig. 7.4).
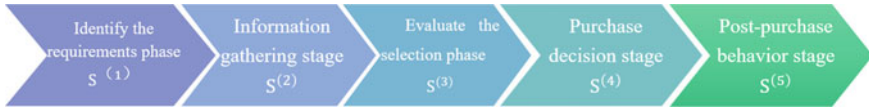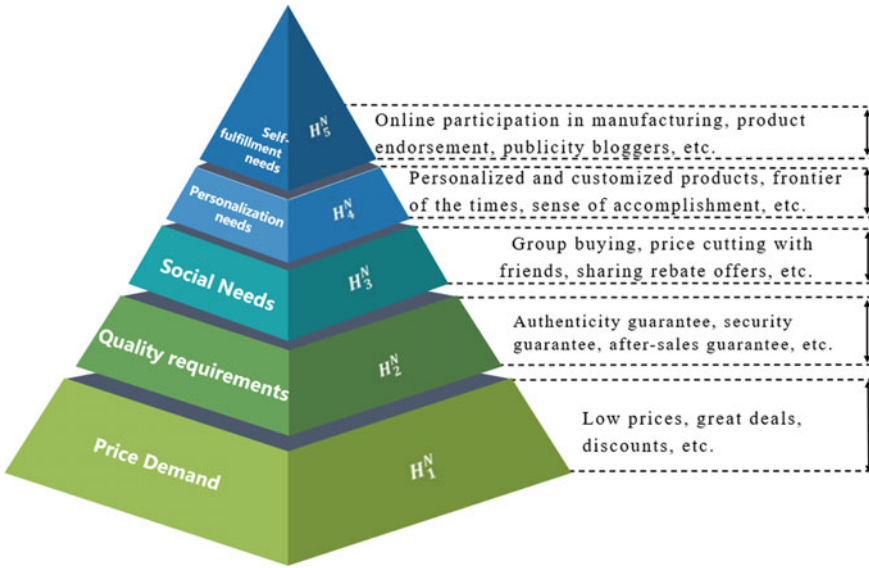
Fig. 7.3 Network consumption process

Fig. 7.4 Hierarchy model of e-commerce consumption demand

Similar to Maslow's hierarchy of needs, the e-commerce consumer hierarchy of needs has the following three characteristics:

1. Only when consumers meet their own low-level basic needs, there will be higher-level needs, that is, when consumers demand, there will be. $D \supset H_k^N D = H_1^N \cup \cdots \cup H_k^N 1 \leq k \leq 5$

2. When consumers are unable to meet higher-level demands, they will rely on the pseudo-pleasure brought by lower-level demands, that is, consumers will try their best to meet the highest demand within the range of their ability. At this point, the utility brought by the demand at this level is the maximum. $U^N U_1^N < U_2^N < U_3^N < U_4^N < U_5^N$

3. Consumers are more willing to try their best to meet high-level demands than to fully meet low-level demands. That is, the time consumers spend on the level is, if, then, even if $H_m^N t_m^N H_n^N t_n^N m < nU^N \left(H_m^N \& t_m^N \right) < U^N \left(H_n^N \& t_n^N \right) t_m^N \gg t_n^N$.

7.3.1.1 Price Requirements

Price demand is the most basic demand of consumers. The price of consumer goods is the most important factor affecting consumer choice when the goods and services purchased by consumers meet the quality recognized by consumers. The lower the price of consumer goods, the greater the discount and discount for purchasing goods, the greater the price demand of consumers can be satisfied.

7.3.1.2 Quality Requirements

The quality demand of consumers is the second largest demand level of e-commerce consumers. On the basis of satisfying the price demand, the guarantee of genuine product, safety guarantee, and after-sale guarantee constitute the second major demand factor of consumers in the process of a consumption choice.

7.3.1.3 Social Needs

With the continuous expansion and prosperity of the e-commerce market, the e-commerce era endows consumers with social needs in the process of purchasing goods through the means of user community management. By means of group-buying, bargaining with friends, and sharing rebates, consumers have positive inter-actions with friends, relatives, and merchants, further expanding market share and increasing consumption stickiness.

7.3.1.4 Personalized Customization Requirements

The rapid development of modern science and technology and the increasing diversity of human societies and civilizations have created unprecedented space for people to choose. A large number of new lifestyles and consumer groups have emerged. The pursuit of trendy, highlight personality, and highlight self has gradually become the main wish and demand of a new generation of consumers. As described in Maslow's hierarchy of needs, demand is a process of continuous development from low level to high level, and there are certain differences in everyone's needs, which will inevitably lead to different ways of consumption, so consumer demand presents a personalized trend. Personalized customization needs include personalized customized products, the forefront of the times, the sense of achievement, and so on. Therefore, new business innovation, whether product innovation or business service innovation, will be carried out around high-end quality and spiritual needs so that consumers have a sense of presence, ceremony, participation, and happiness.

7.3.1.5 Self-actualization Needs

In the Internet era, consumers' self-realization needs can be realized through online participation in production, product endorsement, and blogger publicity. For example, with the development of society and the improvement of people's overall quality, the concept of sustainable development has been recognized and accepted by more and more people. Buying eco-friendly food and promoting the concept of green nature has also become a way to satisfy self-actualization needs. Maslow's hierarchy of needs theory points out that the intensity of self-actualization needs will not decline with the satisfaction of needs, but the more satisfied the needs are, the stronger the needs will be. It is conceivable that in the future of the e-commerce era, people's demand for self-realization of e-commerce consumption will continue to grow, which is expected to further drive the development and prosperity of the e-commerce industry.

7.3.2 Impulse Spending

Impulse buying refers to the purchase of non-essential items or other items, usually because of promotional advertising or other factors. Emotional experience is an important factor leading to consumers' impulsive purchases. In the context of e-commerce live broadcasts, consumers with high pleasure and high arousal are more likely to have impulsive purchase intentions. External stimuli such as promotion intensity, anchor characteristics, and live broadcast activity are important factors affecting consumers' emotional experiences. Improving the level and intensity of these external stimuli can enhance consumers' perceptual pleasure and perceptual arousal. Emotional experience is an important internal mechanism of external stimulus affecting consumers' impulsive purchase intention.

Generally speaking, impulse purchase includes four types: one is a pure impulse purchase, which is an evasive purchase that breaks the normative purchase mode; second, reminder purchase, which occurs when a consumer is reminded of the need to buy when he or she sees a product; third, suggestion purchase, which occurred when the consumer saw the commodity and imagined the demand for it; the fourth is planned impulse purchase, that is, when consumers have no purchase plan but buy because of promotional activities such as discounts. What these four impulsive purchases have in common is unplanned behavior. Consumers have no clear intention to buy the product before they see it, but decide to buy it on the spot after receiving relevant incentives. The stimulus received in the process of shopping is the catalyst for consumers' impulsive buying (Fig. 7.5).
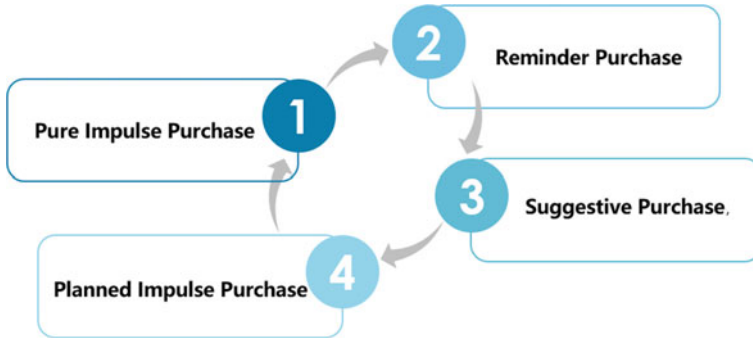
Fig. 7.5 Impulse purchase types

7.3.2.1   Promotion Intensity

When the discount offered by anchors is large enough, consumers will have a strong impulse to buy. Promotion intensity is an important factor affecting consumers' impulse purchase intention. Promotion discount, especially time-limited promotion, is an important feature of livestreaming e-commerce and a factor that cannot be ignored when analyzing consumers' impulsive purchase in the context of livestreaming e-commerce.

7.3.2.2   Features of Anchors

In the virtual environment of the live broadcast room, as an important information source, anchors can have a significant impact on consumers' emotions. The characteristics of anchors that can improve consumers' pleasure and arousal are credibility, professionalism, attraction, and strong interactivity. When consumers watch the live broadcast of anchors with these characteristics, they are more likely to feel strong pleasure, concentration, and excitement, and then have the stronger impulse and make unplanned purchase behavior.

7.3.2.3   Live Broadcast Room Activity

When the number of viewers is larger, consumers are more likely to be influenced by the herd effect and follow the purchase. The activity of a live broadcast room is a new feature of live broadcast e-commerce which is different from traditional e-commerce. Consumption in the context of traditional e-commerce is a process of personal consumption, lacking of direct interaction and influence between consumers. However, the atmosphere in which consumers watch the live broadcast together is a very strong social influence. In addition, the live broadcast activity is also a voting mechanism for consumers' ability and trust in anchors. Anchors with

high activity are more likely to be favored by consumers, and consumers are more likely to make impulse purchases in such live broadcast rooms.

7.3.2.4 Pleasure and Awakening of E-Commerce Broadcast Room

When consumers feel strong impulse purchase intention, it is often driven by inner perceptual pleasure and perceptual awakening experience. At the same time, internal perceived pleasure and perceived arousal experience can also be affected by external stimuli. For example, attractive promotional activities, excellent anchors, and active live broadcast atmosphere can significantly affect consumers' perceptual pleasure and perceptual arousal, and other emotional experience.

7.3.3 Conformity Consumption

Conformity consumption refers to the consumption decision made by obeying the judgment of others, which reflects the manifestation of social influence. Social influence can be divided into informational influence and normative influence. Informational influence refers to the tendency to accept information received from others as a guide to simplify the decision-making process; normative influence refers to an individual's tendency to conform to others in order to obtain a sense of belonging or identity in a group and avoid being rejected by others. Consumer choice is influenced by information and normative factors. On the one hand, individuals are affected by cognitive constraints, time pressure, lack of information or information overload, and other factors in the decision-making process, so they cannot make rational judgments and trust information from others, thus maximizing decision-making efficiency. On the other hand, consumers long for a sense of belonging to a group so as to seek collective protection. Consumer participation in conformity consumption can be regarded as a psychological process. Compared with text and pictures, consumers have a higher degree of participation in videos, because visual cues can not only guide consumers to pay attention to product functions, but also generate emotional resonance with them. When faced with a compelling consumption experience, they are more willing to participate in it.

The virtual shopping space created by the Internet has changed the behavior pattern of consumers. Information technology has made online consumption more cooperative, dynamic, and highly interconnected. Consumers are described as social people whose individual decisions are susceptible to the influence of external relations. Generally speaking, consumers are highly dependent on the concept, viewpoint, or opinion in the social environment they are in contact with, and consciously or unconsciously conform to the group idea, so as to obtain psychological satisfaction. Social norms and interpersonal relationships are the antecedent of individual behavior intention, especially for domestic consumers who focus on collectivist behavior, social influence has a more significant impact on purchasing decisions. With

reference to group decision-making, consumers try to follow the decision-making behavior of others, and in the decision-making process, they show the behavior constrained by group decision-making. Group members tend to establish group norms, while individuals tend to follow their own group norms and change their behavior according to the social identity that the group wants to form for themselves. Once a large number of imitation behaviors occur, information cascades will be formed. In the case of information asymmetry, individuals are susceptible to the influence of predecessors' behaviors or information, change their cognition, and follow predecessors. In the context of network broadcast, consumers share their views, experiences, or opinions with anchors and others through bullet screen, thumbs-up, interaction, and gifts, creating a virtual immersive feeling. The virtual consumption space constructed by the live broadcast situation enables consumers to have a sense of co-presence and social presence, forming a temporary virtual interpersonal relationship, and individual decision-making is affected by the social influence of others in the virtual space.

7.3.3.1   Group Pressure Produces Convergence Psychology

Group pressure creates a convergence psychology

In the current communication model of the Internet, collective communication can be based on collective goals and collective consensus to achieve wide dissemination of information. Influenced by the webcast, consumers form a sense of "we" buying in the group, which forms their own herding behavior in group feelings and group affiliation. Under the influence of the network group shopping information environment, general users provide decision guidance for their own purchase behavior based on the purchase desire and purchase behavior of many people. At the same time, in the collective persuasion of the webcast subject, netizens form consumption tuning psychology and coordination behavior under the collective traction in order to reduce consumption rejection under the influence of social consumption behavior, which is the hope that netizens obey the consumption behavior of the masses in collective consumption and reduce the probability of consumption failure. The webcast makes full use of the collective pressure of the consumption layer to promote the consumption behavior of consumer users, i.e., it uses the collective power to promote the formation of the mass consumption psychology of individual users.

7.3.3.2   Symbol Consumption Builds Identity

Symbolic consumption builds identity

With the development of commodity economy, products with commercial value and market value gradually circulate and develop in the market. When consumers face these consumer products, they attach importance not only to the use value of the goods, but also to the commodity culture and concept formed behind the more commodities, which is to see the consumption of commodities as a symbolic consumption process. Users regard the goods in the market as symbols representing psychological and emotional changes, and the commodity consumption process is a consumption behavior formed based on symbolic interpretation. In the consumer market of Taobao live, consumers can interpret the connotation and meaning behind the symbols of goods, for example, in the consumption of lipstick and other related cosmetics, consumers tap into the lipstick's own style and grade through lipstick shape, pattern, cream shape, packaging and other factors while giving the connotation of high social status, social identity and self-taste to high-grade lipstick products. At the same time, webcasting as an emerging form of consumption can form the construction of commodity symbols and social meaning in the market-oriented trends and trends, specifically in the process of users' choice of goods, they can form the products and the sense of identity of self according to the symbolic consumption concept in the consistency of both to produce mass consumption behavior.

7.3.3.3   Discussion Leads to Collective Carnival

Collective discussion leads to collective revelry

Webcasting is a platform for mass consumers to discuss, communicate and consume, which can form a civil opinion platform with high discussion fever in the networked platform, especially nowadays the popularity of network communication makes the whole consumer market form an atmosphere of universal discussion and participation. The phenomenon of a wide range of users in the civil opinion can make users form a psychological identification with their consumption behavior. In the user's consumption behavior, first of all, the topic of live online causes relevant topic discussion, then in the increase of topic fever drives the masses to think about the consumer products, while the opinion leaders and the masses on the network platform to fully communicate after the formation of roughly the same knowledge and understanding. This is based on the secondary communication mode to build the corresponding collective discussion space, in the common field discussion to stimulate the discussion enthusiasm of users, so that under the influence of the entire public opinion field, through the collective discussion to form the shopping process of the herd mentality and herd behavior thus triggering the collective shopping boom in the online consumer market.

7.3.3.4 Internet Celebrity Economy Promotes Self-desire

Netflix economy gives rise to self desire

Led by the current network popularity economy, the entire network society has emerged as a kind of fashionista characterized by youthful beauty and high quality of life, who take their eyes as a benchmark for the popularity of network products thus gradually forming support for social network celebrities. Taobao's live events have many web celebrities live, but users in the process of watching the live broadcast, the personal image and quality of life of the web celebrities have a high desire, but also desire to have web celebrity-like market treatment and social value. Therefore, under the influence of market-oriented economy, the whole society shows a tendency to pursue a commodity-oriented economy. Specifically, individual users, under the influence of the marketing environment of the network platform and the large amount of information, produce a reflection on self-knowledge and self-worth, thus psychologically generating a desire for commercialized products under the influence of the networked economy thereby society forms a support for diversified products in the consumer market and mass consumption behavior.

7.3.3.5 Collective Behavior Forms Group Imitation

Collective behavior forms group imitation

Webcast activity is a collective behavior on the network formed in the environment of online marketing and popularity, especially the integrated behavior of consumption of products on the network formed by the market public under the influence of structural pressure and triggering events. In the process of information dissemination by the network communication subject, users are influenced by the collective implication mechanism, i.e., users accept the viewpoint of the relay subject in the process of indirect representation of the webcast subject, and consumers lose their judgment of the original nature of the goods and present a state of blind obedience. At the same time, users also form overall infection under the influence of collective suggestion, for example, the idea of "buy it" and "it's clean" quickly dominates users in the process of product purchase, and other users can also produce purchase behavior, thus forming a collective imitation consumption under the role of collective suggestion. Collective imitative consumption, under the influence of this kind of people's purchase boom, users in the shopping of personal instinctive impulse propaganda.

7.4   Summary of this Chapter

Since the 21st century, China's digitalization level, with digital technology as the core, has been constantly improving, and the digital economy has been developing rapidly. At present, domestic consumption behavior is deeply influenced by digital economy technologies such as big data, AI, mobile Internet, cloud computing, and IoT. The digital economy is changing online consumers' consumption content, habits, patterns, and even consumption concepts. This is the digital transformation of the traditional form of consumption, which to a certain extent stimulates the vitality of the market, expands the scale of domestic demand, improves the efficiency of consumption behavior, and promotes the development of the digital economy. However, it also brings many problems of inefficient consumption, among which impulsive consumption behavior and conformity consumption behavior are very common.

At the same time, the consumption in the era of e-commerce is not constrained by time and space, the fragmentation of the market is formed, and the consumption community is prominent. E-commerce consumption has gradually formed the scene, fragmentation, community, mobile, quality, and differentiation of six characteristics. The user-centric characteristics are increasingly prominent, and users are changing from passively accepting standardized products to deeply participating in product development and design and other product life cycle processes. Use AI, cloud computing, big data, and other technologies to establish a "customer-centered" marketing service system and push personalized value-added services to customers. The level of market predictability is constantly improving. The industrial Internet transforms heterogeneous and diversified data into standardized data applicable to the whole life cycle of products, conducts in-depth analysis on customer groups and user behaviors, promotes the accurate matching of supply and demand, and strengthens enterprises' market prediction and accurate marketing capabilities. Use the industrial Internet to build customized and flexible production and manufacturing systems, carry out production planning and optimal allocation of resources, achieve a dynamic balance between production and sales, and improve overall production efficiency.

7.5   Questions for Review

1. What is digital economy? Talk about your understanding of the digital transformation of the economy and society.
2. Briefly describe the specific performance of the consumption behavior in the consumption link of e-commerce and analyze its internal mechanism.
3. What are the changes in online consumption compared with that in the industrial age?
4. Based on the development trend of e-commerce, discuss how e-commerce should give full play to its advantages of precise connection with consumer

    demand in the future to serve the digital transformation, product innovation, and brand building on the supply side?

5. Talk about the influence that "meta-universe" will bring to the new form of e-commerce.
6. What are the characteristics of e-commerce consumption? Please illustrate with examples.
7. Briefly describe the performance of information fragmentation on the consumption level.
8. Describe the opportunities and challenges brought by COVID-19 to the development of e-commerce, and analyze the development status and countermeasures of e-commerce in the context of COVID-19.
9. Today, when the material life is fully satisfied, consumers' demand for products is no longer confined to the traditional material level, which is generally reflected in the upgrading of product pursuit. Please combine examples to enumerate and analyze the factors that cause consumers to produce this change in consumer psychology.
10. Briefly describe the hierarchy of demand of e-commerce consumers introduced in this book. Do you think there are other ways to divide the hierarchy of demand of e-commerce consumers?
11. Talk about your understanding of consumers' self-actualization needs.
12. Try to analyze the internal mechanism of impulsive consumer behavior.
13. In the era of e-commerce, how should e-commerce platforms and businesses make use of consumers' herd consumption psychology for marketing, so as to promote the development and prosperity of e-commerce industry?
14. Briefly describe the internal mechanism of forming group pressure of consumers.
15. What is Internet celebrity economy? What are the effects of Internet celebrity economy on consumer behavior?