

How Does Geographic Proximity Shape Online Interpurchase Time and Spending? Uncovering Patterns through Spatial Economic Models

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Abstract

It's widely believed that physical distance has diminished in importance due to the rise of e-commerce and fast delivery services, this study delves into the influence of consumer geographic proximity on the similarity of online purchasing behaviors. It also explores the moderating effect of location types in this link. Rooted in social influence and learning theories, we analyzed data from an Asian fast-food chain and a food delivery app, using spatial econometric models on transaction records with repeat purchases. Our results align with prior adoption behavior research, showing a sustained proximity effect in repeat purchases. Consumers in closer proximity showed similar behaviors in interpurchase time and spending, with a stronger effect at business- than at residential areas. The effect is further amplified for areas with high population density. These findings can help businesses tailor strategies to local consumer behavior, optimizing resource allocation geographically.

Subject Areas: *Electronic Commerce and Internet Marketing, Retailing*

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