The Impact of Gasoline Prices on Internet Purchases

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In the first study of Internet purchases that measures transportation costs directly, researcher at UIUC finds that consumers do not prefer Internet purchases over in-store purchases when gasoline prices increase.

Policy Implications

➢ A carbon tax would not change consumers’ driving behavior.
➢ Policy needs to be tailored according to demographic characteristics relating to time value

Data and Methodology

➢ NHTS Survey 2009 of 155,000 households
➢ Analyze how the number of Internet purchases in the last month depends on individuals’ transportation costs, sales taxes, household and individual characteristics, and traditional shopping opportunities

Who purchases more online?

➢ Women
➢ People who work full-time
➢ People with small children

Measure of transportation costs

➢ Fuel efficiency of household cars
➢ Individual work commute distance
➢ OPIS Retail gas prices at the zip code level