

Impact of Economic Slowdown on Consumer Buying Behaviour during E-Commerce Festive Sales

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ABSTRACT

This research paper examines the impact of economic slowdown on consumer buying behaviour on E-commerce platforms during festive season sales. As the annual festive season kicks in on E-commerce platforms like Flipkart and Amazon, amid economic slowdown, dispelling the fear that a slowing economy may affect consumer buying behaviour, these ecommerce majors have said they have witnessed record transactions on their platforms this year. To find out the consumer buying behaviour pattern and to see whether the economic slowdown has any impact on the same, a primary as well as secondary research was done. Data was collected from 101 respondents via questionnaire method and the same was analysed with the help of SPSS Software. The study concludes that economic slowdown has not affected the purchasing behaviour of people during festive sales on online stores. The major reason for the same was availability of disposable income and other reasons were convenience, ease of payment and huge discounts and offers provided by the online shopping websites.

Keywords: Consumer Buying Behaviour, E-commerce, economic slowdown, SPSS software, festive seasons, disposable income

INTRODUCTION

E-commerce is a shortened version of the phrase electronic commerce which essentially describes any type of exchange of currency for goods or services online. E-commerce is a term that covers everything related to buying or selling online. E-Commerce has omitted the limitation of time and distance and it has many other benefits. It has given a convenient platform to the business with which, a business person can list his/her company's product over the internet and can grow his/her business non-uniformly. It has also blessed the consumers to find their needed product in an easy way without roaming and sweating here and there.

Every year E-commerce platforms like Flipkart and Amazon gives massive sales offers during festive seasons for customers to buy various items from apparels to electronics goods through their online platform. This year also they have adopted the same strategy to increase the maximum number of footfalls. This year due to economic slowdown many trade pundits were saying that people do not have money to buy goods both via online or offline stores. Amidst all these speculations Amazon and Flipkart had reported massive sales on their online platforms.

Through this research paper we are trying to dig deeper into consumer buying behaviour during festive season and to understand this polar- opposite result for massive sales even during economic slowdown in the country.

LITERATURE REVIEW

Joshi S, Domb M, Thakur V, 2017, Impact of Flash Sales on Consumers & E-Commerce Industry in India

This research paper focuses on the impact of flash sales on revenue, sales, traffic and logistics of 3 major E-Commerce platforms i.e. Flipkart, Amazon and Snapdeal. The E-Commerce industry is growing in India and is expected to reach \$20 Billion by 2020. Flash Sales by these E-Commerce platforms such as Flipkart's Big Billion Day, Amazon India's Great Indian Shopping Festival and Snapdeal's Unbox Zindagi is a great promotional tool for the E-Commerce giants to increase their revenues, sales, traffic and logistics. Data in this research was collected from secondary sources and the same was analyzed. It was found that the festive sales help the online retailers to increase their revenues multifold, each year. Flash sales help the online

retailers to mark their presence in this highly competitive market. Discounts and offers act as the backbone for these E-Commerce platforms to survive during festival sales as it helps them generate high number of sales and this in turn helps generate more revenue which help the companies improve their logistics and supply chain management.

Ghadami F, Aghaie A, Mohammadkhan M, 2010, The Impact of Financial Crisis on B2C E-Commerce

This research paper published in the Scientific Research Journal focuses on the impact of financial crisis on B2B e-commerce segment. The global financial crisis in the year 2008 was the worst of its kind since the Great Depression in 1929. Many industries were affected from the crisis and the E-Commerce was not immune from the same. The sales of E-Commerce had a huge decline and this in turn affected the revenue for those companies. There were 3 factors which have impacted on online retail sales which includes less credit availability, increase in saving rate and decrease in consumption expenditures and falling consumer confidence and sentiment. Moreover, the financial crisis then has influenced consumer buying behaviour. Age, Gender, Income and Saving trend has affected the online consumer buying behaviour. Hence, online retailers should consider these factors and use a proper marketing method to generate revenue and profits.

Dr Rajasekar. S, Sweta Agarwal, 2016, A Study on Impact of E-Commerce on India's Commerce

This paper studies the impact of e-commerce on Indian commerce. E-commerce being a paradigm shift and a "disruptive" innovation, is changing the traditional way of doing business. It focuses on the tremendous business growth of e-commerce in India and how increasing internet users have added to its growth. The key drivers for this e-commerce growth are population subscribed to internet and introduction of 4G, growth of smartphone users, rising standard of living, availability of wider product range and competitive prices with aggressive discounts. It has noted that there are trends where consumers have shifted from desktop to mobile devices in India. Also, as one out of three customers make transaction through mobile in tier-1 and tier-2 cities. The major challenge is to establish an effective IT security system and then establishing consumer trust in e-commerce. Thus, it noted that buying trends witnessed an upward shift due to aggressive online discounts, wider choices, increase usage of Smartphone and rising fuel prices.

Dr. Sanjay Hooda, Mr. Sandeep Aggarwal, 2012, Consumer Behaviour Towards E-Marketing: A Study of Jaipur Consumers

This paper analyses the relation between consumer behaviour and E-marketing. This paper studies the acceptance of e-marketing among Jaipur consumers. Research shows that people irrespective of age and gender use the internet due to ease of availability of internet across the country. The research shows that most consumers were bit hesitant to purchase online due to security reasons. Most respondents irrespective of gender and different age group (especially age group of 18-30 years) find online shopping more convenient & time saving. These age group people would prefer credit card as the mode of the payment. Hence e-marketing has a potential to be most sought-after mode of shopping but proper marketing needs to be done to reach maximum number of people.

Ganjoo S, (2019, October 9) Amazon, Flipkart sell goods worth Rs 19,000 crore in festive sale between September 29 and October 4

Amazon hosted the Great Indian Festival and Flipkart hosted its Big Billion Day Sale on their online platforms. Together both the e – retailers generated a total of \$3 billion (Rs 19,000 crore approx) of Gross Merchandise Value (GMV) in the six days of the festive sale. According to a report by Bengaluru-based research firm RedSeer Consultancy, Walmart-owned Flipkart and Amazon India captured 90 per cent of market share during their six-day long festive sale. According to them Flipkart dominated the festival sales by 63% and Amazon had a growth of 22 % during the sales. But the report analysis was not accepted by Amazon. According to Nielsen's E-Analytics, Amazon had the highest share of transacting customers, order share and value share across all marketplaces in India. Amazon had the best selection of smartphones from brands like OnePlus, Samsung, Apple and Xiaomi at discounted prices and this helped Amazon generate major sales worth Rs.750 crore in the short duration. And hence Amazon refuted the comments by RedSeer Consultancy.

Rao R, (2019, September 30) Buoyant response to Amazon, Flipkart’s festive season sales beats slowdown blues Both the e-commerce majors Flipkart and Amazon have done record sales on the first day of their festive day sales. More first-time shoppers and new customers from the Tier 2, Tier 3 cities and towns opting for easy EMI and no cost EMI options was increased. These easy credit facilities garnered more response and increased sales for the e-commerce companies despite the economic slowdown. The sales and customers increased or doubled as compared to previous year. This year consumer electronics and fashion were the preferred categories due to affordability and huge variety availability. The economic slowdown did not stop these e-commerce companies from achieving their sales and the strategies adopted by them was in such a way that it helped them double their success.

RESEARCH METHODOLOGY

Objective

To study the impact of economic slowdown on consumer buying behaviour during E-commerce festive sales

Research design

Descriptive and Exploratory method will be used for conducting this research. Descriptive research, because it tries to find the relationship between economic slowdown and purchasing behaviour of consumer in online platforms during festive season sales.

Exploratory research, because it collects data from various parameters and tends to establish a cause and effect relationship between the parameters.

Sources of Data Collection

A set of 10 questions were prepared and the questionnaire was circulated to the people majorly from Tier 1 cities (Mumbai, Navi Mumbai, Delhi).

Sampling design

Non-random sampling method was used where the questionnaire was circulated to a chosen set of people and they then circulated the same to more people to fill the survey. So hence the snowball non-sampling method was used. The sample size of the research was 101 people.

Data Analysis

Data collected from the respondents was analysed with the help of SPSS Software. The questions framed contained parameters like Gender, Occupation, Type of City, Annual Income, Motivating Factors for shopping online, Impact of economic condition on purchase, Category of purchase and preferred website which helped us analyse the buying behaviour of consumers during festive sales.

In SPSS software, Chi-Square tests were used to find the relation between different variables.

1. Relation between gender and shopping online

H0= There is no relation between gender and shopping online

H1= There is a relation between gender and shopping online

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.645 ^a	1	.422		
Continuity Correction ^b	.084	1	.772		
Likelihood Ratio	.682	1	.409		
Fisher's Exact Test				.627	.395
Linear-by-Linear Association	.638	1	.424		
N of Valid Cases	101				

As value is greater than 0.05, we accept H0 i.e. there is no relation between gender and shopping online.

2. Relation between occupation and shopping online

H0= There is no relation between occupation and shopping online

H1= There is a relation between occupation and shopping online

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	14.744 ^a	4	.005
Likelihood Ratio	9.058	4	.060
Linear-by-Linear Association	1.860	1	.173
N of Valid Cases	101		

As value is less than 0.05, we reject H0 i.e. there is relation between occupation and shopping online

3. Relation between type of city and shopping online

H0= There is no relation between type of city and shopping online

H1= There is a relation between type of city and shopping online

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	.964 ^a	2	.618
Likelihood Ratio	.951	2	.622
Linear-by-Linear Association	.009	1	.925
N of Valid Cases	101		

As value is greater than 0.05, we accept H0 i.e. there is no relation between type of city and shopping online.

4. Relation between Gender and Motivating factors to shop online

H0= There is no relation between gender and motivating factors to shop online

H1= There is a relation between gender and motivating factors to shop online

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	.492 ^a	2	.782
Likelihood Ratio	.492	2	.782
Linear-by-Linear Association	.472	1	.492
N of Valid Cases	101		

As value is greater than 0.05, we accept H0 i.e. there is no relation between gender and motivating factors to shop online.

5. Relation between income and motivating factors to shop online

H0= There is no relation between income and motivating factors to shop online

H1= There is a relation between income and motivating factors to shop online

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	10.517 ^a	12	.571
Likelihood Ratio	12.870	12	.379
Linear-by-Linear Association	.071	1	.790
N of Valid Cases	101		

As value is greater than 0.05, we accept H0 i.e. there is no relation between income and motivating factors to shop online.

6. Relation between economic condition affecting the purchase and income

H0= There is no relation between economic condition affecting the purchase and income H1= There is a relation between economic condition affecting the purchase and income

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	15.690 ^a	6	.016
Likelihood Ratio	19.436	6	.003
Linear-by-Linear Association	4.296	1	.038
N of Valid Cases	101		

As value is less than 0.05, we reject H0 i.e. there is relation between economic condition affecting the purchase and income.

7. Relation between economic condition affecting the purchase and occupation

H0= There is no relation between economic condition affecting the purchase and occupation

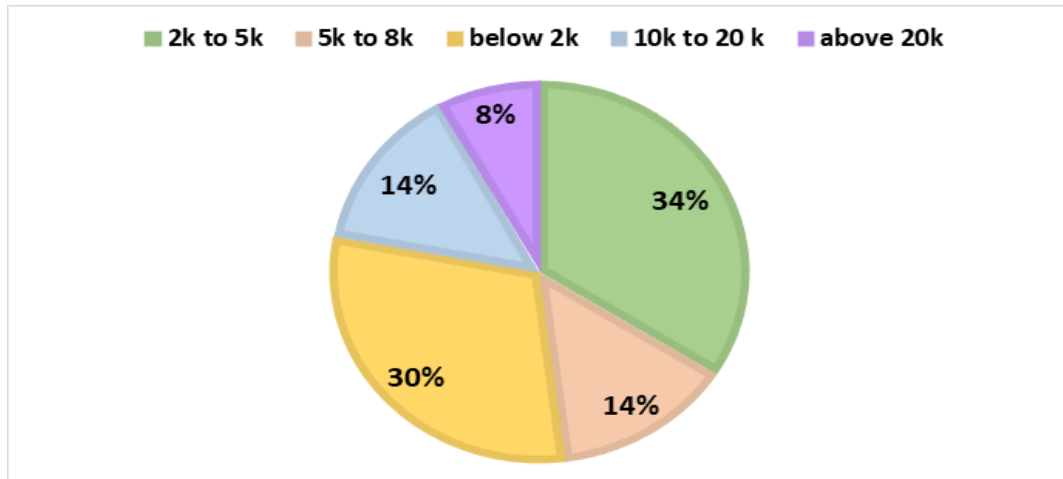
H1= There is a relation between economic condition affecting the purchase and occupation

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	19.042 ^a	4	.001
Likelihood Ratio	21.137	4	.000
Linear-by-Linear Association	6.461	1	.011
N of Valid Cases	101		

As value is less than 0.05, we reject H0 i.e. there is relation between economic condition affecting the purchase and occupation.

8. What was the price range for your purchases this sale season?



The price range of purchase was distributed and there was no one range which dominated the purchase of customers. But majority customers preferred making a purchase of up to Rs.5000 during the online festive sale season.

9. Relation between economic condition affecting the purchase and price range

H0= There is no relation between economic condition affecting the purchase and price range

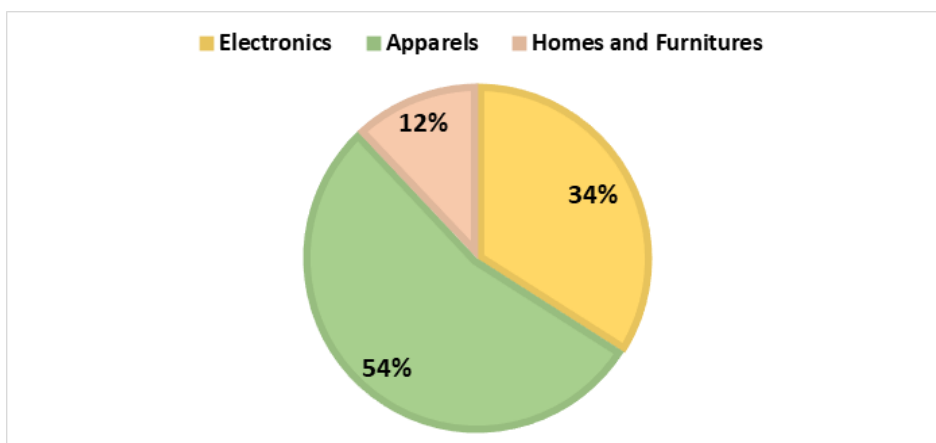
H1= There is a relation between economic condition affecting the purchase and price range

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.633 ^a	4	.621
Likelihood Ratio	2.717	4	.606
Linear-by-Linear Association	.011	1	.918
N of Valid Cases	101		

As value is greater than 0.05, we accept H0 i.e. there is no relation between economic condition affecting the purchase and price range.

10. Category of purchase



Apparels and electronics are the most widely purchased category of products online.

11. Relation between economic condition affecting the purchase and type of purchase

H0= There is no relation between economic condition affecting the purchase and type of purchase

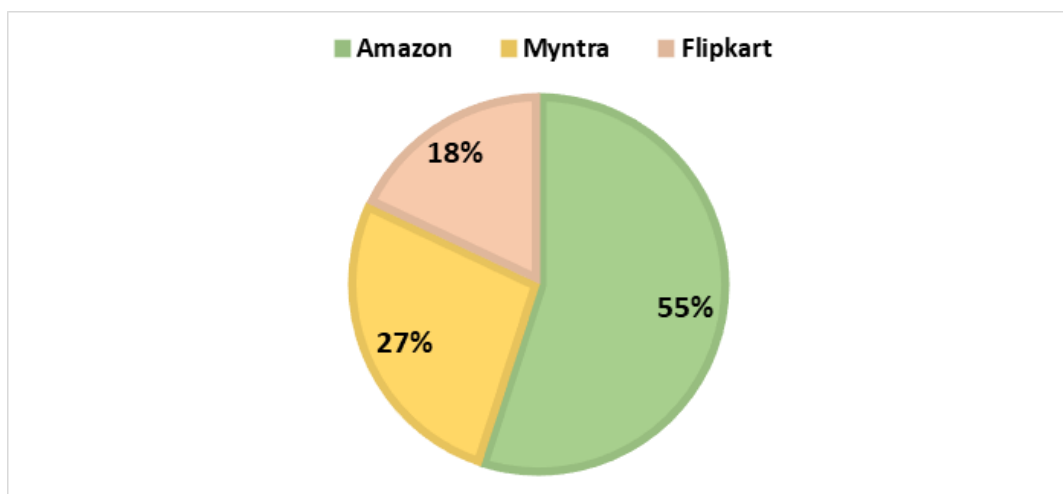
H1= There is a relation between economic condition affecting the purchase and type of purchase

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.541 ^a	3	.468
Likelihood Ratio	2.967	3	.397
Linear-by-Linear Association	1.889	1	.169
N of Valid Cases	101		

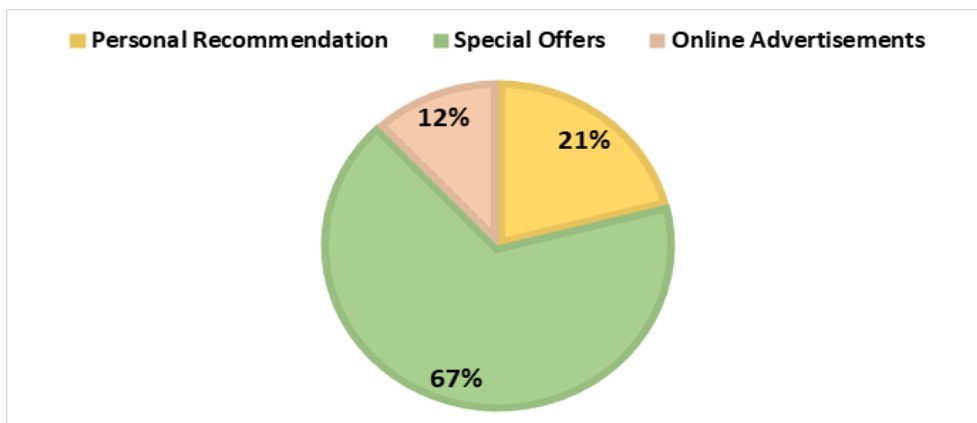
As value is greater than 0.05, we accept H0 i.e. there is no relation between economic condition affecting the purchase and type of purchase.

12. Which online store do you frequently use?



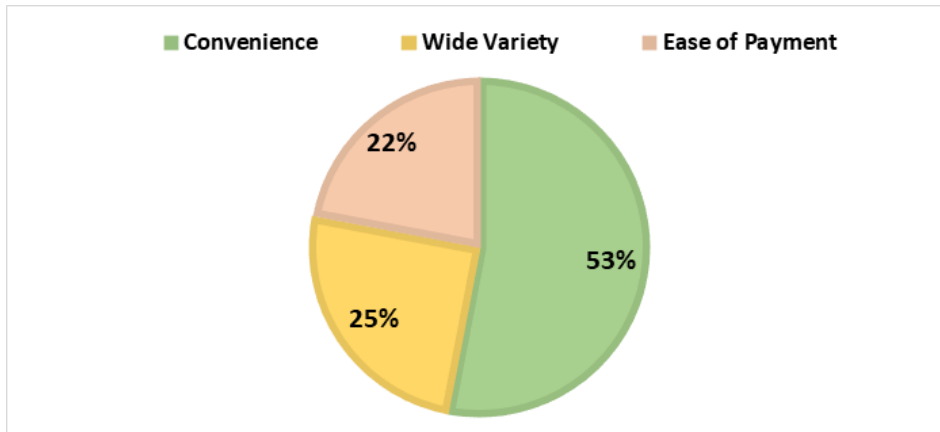
Amazon is the most preferred online shopping website followed by Myntra and Flipkart.

13. Which factors help you in deciding the site to shop from?



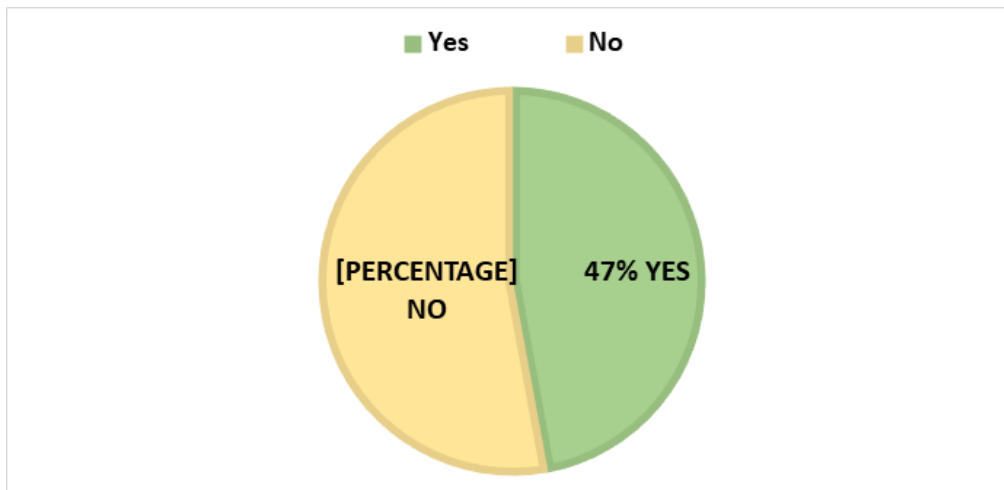
As per the responses received, majority of customers said that special offers and discounts was the factor which helped them decide the site to shop from.

14. Which are the motivating factors for shopping online?



The factors which motivated the customers most in online shopping was convenience followed by wide variety of brands and designs and ease of payment facilities.

Do you feel the current economic condition has affected your purchases in any manner?



As per the responses received 53% customers buying behaviour was not affected due to current economic slowdown.

CONCLUSION

The study and analysis showed that majority of the customers preferred online shopping over traditional shopping. The main factors for online shopping during festive sales were wide range of offers and discounts on products, convenience, wide variety and ease of payment facilities. Through chi square test, it was found that variables like occupation and annual income does have an effect on the buying behaviour of customers. Customers need to have disposable income in hand for making the purchases via online or offline mode. Disposable income is the Net income available with the customers after deduction of taxes. Despite the economic slowdown the disposable income available with the customers has not been affected and hence it has not affected the buying behaviour of customers. Further the study concludes that, economic slowdown has not affected the purchasing behaviour of people during festive seasons on online stores.

MANAGERIAL IMPLICATION

1. This research will be useful for various companies to understand the consumer’s buying behaviour during economic crisis.
2. It also gives insight into the consumer buying behaviour in online platform and it can be used in other sectors as well.

3. The research paper would help the companies and managers develop strategies according to the situation to beat the economic slump. This would help to maintain and increase the sales and revenue even during slowdown.

SCOPE OF FUTURE RESEARCH

1. The questionnaire was circulated majorly only to people of Mumbai, Navi Mumbai, Delhi.
2. Further to expand the research, responses of people from other cities can be considered which will help to analyse the buying behaviour of customers throughout the country.

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Annexure

Questionnaire

Q. Do you shop from online stores?

- Yes
- No

Q. Which online store do you frequently use?

- Amazon
- Flipkart
- Myntra
- Others

Q. Which factors help you in deciding the site to shop from?

- Television advertisements
- Special offers
- Online advertisements
- Personal recommendations

Q. Which are the motivating factors for shopping online?

- Ease of payment
- Wide variety

- No hidden costs
- Convenience

Q. Do you make purchase during the festive sales on these sites?

- Yes
- No

Q. If "Yes", which category you purchase more?

- Apparels
- Electronics
- Home and Furniture

Q. What was the price range for your purchases this sale season?

- Below Rs 2,000
- Rs 2,000-5,000
- Rs 5,000-10,000
- Rs 10,000-20,000
- Above 20,000

Q. Do you feel the current economic condition has affected your purchases in any manner?

- Yes
- No

Q. What influences you to purchase during these festive sales?