

DIGITAL ECONOMY: AN IMPACT ON IMPULSE BUYING

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ABSTRACT:

Retail sector in India is growing day by day at a fierce pace. The reason for this dramatic growth is the dramatic increase in Purchasing Power Parity (PPP) of the consumers. The other reason for this growth in retail sector is the easy availability of credit in plenty now days. The E-Wallets and the Plastic Money are also playing a crucial role in impulse buying. If someone is out of cash and has a desire to buy a product then it is not anymore a problem, because these days the urban consumers are well educated about the use Plastic Money. The use of technology made the consumers well known of this fact that they can store money in their E-wallets and can get exciting offers for that and can use that money at any point of time for making a purchase. But most studies in the modern era shows that most of the revenue collected by retail sector is due to impulse purchasing. Impulsive buying behaviour is carried out by pleasure seeking goals also known as hedonism inculcates a consumer to experience desires for different types of products. But the question of utmost importance is “what is impulse buying”? Impulse buying is sudden and spontaneous purchasing action without any pre-shopping intention to purchase a particular product. But this is not the single definition of impulse buying as there are many more definitions because the researchers have been working on impulse buying for a reasonable period of time. Actually impulse purchasing is an important hedonic behaviour exhibited by consumers. Most of the Indian cities now days have different type of retail markets and these retail stores are the first choice for consumers for their shopping preferences. The prime goal of this paper is to explore how the availability of E-wallet and Plastic Money (Digital Economy) made it easy for the consumers to indulge into impulse purchasing.

Key Words: Consumer Behaviour, Impulse Buying, Retail Sector, Plastic Money

INTRODUCTION

The research has two major areas. One area is Impulse Buying and other is the E-wallets and Plastic Money and these two are going to be clubbed for a result oriented study. The clubbing of these two areas would help in knowing the effect of e-wallet and plastic money in case of impulse purchasing. Now a days use of e-wallets and plastic money is common in urban areas. Even in the rural areas the population is slowly getting educated about the use of making transactions via these two modes. If we talk about the starting phase of non-cash transactions then it could be seen that these types of transactions started during 1990's when electronic banking became popular (Wikipedia). As the time passed by the non-cash transactions became popular and around 2010 digital payments were widespread in most of the countries. By the year 2010 cash had started to be disfavoured. Large amount of cash transactions were seen with suspicion in some cases due to ease of use in money laundering and financing terror activities. Common Wealth Games scam of 2010 is one of the very famous scams of this decade. The allocated amount was estimated as 70000 crore rupees spent on the games, but it was found that not more than half of the amount was spent for the cause. There are some other famous scams also that took place in this decade. To prevent such type of activities and to make people of the country aware government had promoted the use of virtual money i.e. e-wallets and plastic money to be used more and more during the transactions so that dependence on the cash would become lesser. In India there is only 25-30 percent is cashless (Wikipedia). The government is still working rigorously to reduce

the dependence on cash. If we talk about the other aspect which is impulse purchasing, it is a pervasive phenomenon that has been studied by researchers for several years. There are different studies in the area of impulse purchasing. It is an area of interest for the researchers of large scale economies. But India is now in the list of top ranked economies of the world and that is why impulse buying is very much popular in India in the area of research as well as for the consumers. According to a study impulse buying stands for almost 60-80 percent. In supermarkets around 62 percent sales and in case of luxury goods around 80 percent is due to impulse purchasing (Ruvio&Belk,2013). This event or happening is very crucial for the retail sector. Even there were many researches that took place in the previous times that have given many insights concerned with impulse buying behaviour. A few researchers also went for investigating about the possible role of intrinsic factors such as impulsive buying tendency (Flight,Rountree,&Beatty,2012; Foroughi, Buang, Senik, & Hajmisadeghi, 2013; Mohan, Sivakumaran, &Sharma,2013). There is not a single definition of impulse buying, there are several definitions given by different researchers. Impulse purchase is generally considered as the unplanned purchase. Stern (1962) wrote that impulse buying is similar with “unplanned buying” and defines it as “any purchase which a shopper makes but has not planned in advance.” And this definition has made its place in the research of Cobb and Hoyer (1986) and Kollat and Willet, (1967). Impulse purchasing can be referred to a special type of an unplanned buying and the fact that impulse purchasing is unplanned is consistent with all definitions of impulse buying. This is the reason that all impulse purchases can be known as unplanned purchases, but not all unplanned buyings can be said to be as impulse purchases. The involvement of e-wallets and plastic money could play a major role in impulse purchase because it is a sudden purchase without any pre shopping intention therefore it is a possible case that the consumer may run out of money for the purchases he/she made according to the shopping list but what in the case of purchasing when going for a purchase of unplanned article. In such type of cases the use of digital mediums are going to play a crucial role. That is why e-wallets and plastic money are important factors as one can sense that both are related in some manner.

OBJECTIVES

- 1) To know the influence of digital economy on impulse buying.
- 2) To understand the ease of doing payments now a days to make payment through digital mediums.

LITERATURE REVIEW

Ownership of credit/debit cards encourages impulsive buying behaviour. Even though the consumer may not have the financial power to purchase a product of his/her choice, consumer makes more impulsive buying with the comfort of credit cards. There is a cause for the usage of credit/debit card during impulsive buying because it indulges the consumers to spend a fair amount in high despite of low income, it is judged as power and status indicator and it builds a sense of security in shopping. Young consumers aggregates major part of the market and they indulge more in such type of shopping. (Arslan Baran,2015 The Influence Of Credit Card Usage On Impulsive Buying).

Plastic money made a big revolution all over the world. It has an extra edge compared to paper money or cash but the convenience of plastic money makes it easy to spend beyond means. Plastic money is a fine system of making transactions but if someone does not manage the plastic cards in a proper way that will lead to overspending, financial burdens, and financial stress. Plastic money is really much convenient, less risky, and safer than paper money, but it's important to remember that it is not compulsory that you should use plastic money especially if you are not able to manage your money while using the plastic cards. Whenever any consumer spend cash, then there is an emotional pain associated with handing over the cash and knowing that he/she now have less in their wallets (Dr. Jaishu Antony,2018, A Study on the Impact of Plastic Money on Consumer Spending Pattern).

Liaquat Ali (Analysis the Use of Plastic Money in Hyderabad City, Sindh Province,2016) concluded that most of the consumers opt to go for plastic money. A majority of the buyers opted to pay using debit/credit card for making transactions. Some of them felt that using debit card is better than using

credit card for different reasons. The basic fear in consumers is about losing of their plastic money. Overall experiences of buyers describes that debit card is their prime choice and the future of digital money is very bright.

Beatty, Ferrel (1998) suggested a few things. According to them in-store browsing has a positive linking with the available time of a consumer and his impulse buying tendency, and as a result, has a positive impact on one's positive feelings and impulse buying urges.

They also found that situational variables (availability of time and money) have a vital role in impulse purchasing. The more the time a shopper browses in the store the greater the chances of impulse purchasing if the shopper has an adequate amount of money. Another finding by them is the association of affect with impulse purchasing. A shopper with a positive mood act more on his buying urges on the other hand with a negative mood has very less chances to act on the buying urges.

Dholakia (2000) has identified three the most important factors of impulsive purchase behaviour, such as marketing stimuli, impulsivity trait and situational factors. He criticizes previous works on impulsive consumer purchase behaviour, stating that the research was more focused on hedonic aspects of impulse purchasing ignoring cognition and volitional processes as well as very little attention has been focused to trying to understand mechanisms of impulsive resistance. Marketers may increase the probability to buy impulsively, manipulating store atmospherics. Existence of one or other factors determine a consumer's urge to buy impulsively. When a consumer feels urge to buy impulsively, certain mental responses are automatically triggered to identify any factor constraining impulsive purchase. It is determined that a consumer estimates three reasons that may constrain impulsive buying: current impediments, consideration of long-term consequences and anticipatory emotions.

RESEARCH METHODOLOGY

This study is a qualitative study in nature. The design of the research is exploratory in nature. Sources of the data are published online and offline literature. Data has been collected from the related books and research papers. Results are drawn based upon the content analysis of related literature.

DISCUSSION

As discussed in the previous section of literature review it is observed that people are favouring the cash cards whether it is debit/credit card and also favouring the digital payment wallets. This has a benefit carrying over cash. As a customer or buyer an individual is free from any kind of tension of carrying a pocket full of cash and even free from fear of cash theft or misplace. Another advantage is that digital money indulges the buyer for more shopping as compared to cash.

FINDINGS and CONCLUSION

As it is observed in the study that the digital economy has been cashing in, it is inferred that the changing phase of technology has taken a step towards the transformation of transactional framework in the economy. This change has compelled people to initiate the usage of plastic money and e-wallets instead of the conventional hard cash for carrying out transactions on a daily basis which also enables them the advantage of credit purchases and post-repayment option for the amount of credit utilized on these cards. It has become the best, easiest and more comfortable way to handle money with the advent of this technology where a consumer can purchase without having cash in the pocket. The study shows that the use of e-wallet and plastic money is very much useful in case of impulse buying. Whenever there is cash in hand transaction takes place it could be seen that many a times the consumer is attentive at spending and he/she escapes impulse purchasing but whenever it comes to e-wallets and plastic money the consumer makes more impulse purchase and pays less attention to the spending because at that time he/she is emotionally attached with the product/service that he/she want to avail impulsively. Finally the conclusion can be drawn that the impact of e-wallets and plastic cards is huge case of in impulse purchasing.

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