

IMPACT OF E-COMMERCE DISCOUNT ON CONSUMER SPENDING HABITS WITH REFERENCE TO THOOTHUKUDI

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ABSTRACT

This study examines the impact of e-commerce discounts on consumer spending habits, focusing on how various discount strategies influence purchasing behavior and customer loyalty. E-commerce has revolutionized the retail landscape, offering consumers diverse options and competitive pricing. Discounts are a fundamental strategy used by online retailers to attract customers and increase sales. Through the analysis of both primary and secondary data, this research investigates the effects of discount depth, frequency, and types on consumer behavior, with a focus on Thoothukudi city. Findings reveal that discounts significantly influence spending habits, with personalized and dynamic discounts proving to be more effective. However, excessive discounting may reduce brand loyalty and lead to price sensitivity. The study suggests that businesses should strategically balance discount frequency and depth to maintain long-term profitability and customer engagement.

KEYWORDS:

E-commerce, Discounts, Consumer Spending Habits, Online Shopping, Consumer Loyalty, Discount Strategies, Price Sensitivity, Customer Engagement.

INTRODUCTION:

E-commerce, or electronic commerce, involves buying and selling products or services online through digital platforms. Discounts, commonly used in e-commerce, reduce product prices to attract buyers and boost sales. Consumer spending habits, influenced by factors like income and trends, shape how people allocate money for goods and services. E-commerce retailers frequently use discounts as a strategy to increase sales and customer loyalty. Emerging trends in e-commerce focus on personalization, flexibility, and sustainability, including personalized discounts, dynamic pricing, and innovative promotional methods.

OBJECTIVES:

- To analyze the impact of discounts on consumer spending habits
- To exam the influence of discounts on consumer loyalty
- To investigate the role of discount depth and frequency
- To evaluate the changes in spending behavior
- To identify the most effective discount strategies.

RESEARCH METHODOLOGY:

Sampling design	Convenience sampling method
Period of study	December 2024- March 2025
Data used	Primary and Secondary data
Test of analysis	Percentage analysis, Descriptive analysis Likert scale, Anova, One sample t-test, Chi-square test

LIMITATION:

- Due to lack of prior research studies on the topic, respondents didn't have time to read
- the full questionnaire as they filled it randomly.
- Researchers must navigate ethical guidelines and considerations, which may restrict
- certain study designs or methodologies.
- Limited access to data or challenges in collecting accurate data can restrict the scope

RESULT AND DECLARATION:**Chi-Square test:****NULL HYPOTHESIS: H₀**

There is no significant relationship between Age and Average monthly online shopping expenditure.

Table: 1 The table showing the distribution of respondent based on Age using Null hypothesis

Category	Below Rs.1000	Upto Rs.3000	Upto Rs.3000	Upto Rs.5000	More than Rs.5000	Total
15-25	0	54	4	3	1	62

26-35	0	7	5	3	3	18
36-45	0	0	2	6	3	11
46-50	0	3	7	6	4	20
Above 50	0	3	4	2	0	9
Total	0	67	22	20	11	120

(Source: Primary Data)

The majority of individuals fall in the 15-25 age group (62 out of 120), with most spending Rs. 1000 (54 individuals). Higher spending amounts (Rs. 3000 and above) are more common among older age groups (26 and above). The 46-50 and above 50 age groups show a relatively higher frequency of spending in higher categories (Rs. 5000+)

Chi-Square Tests

Category	Frequency	Percentage
Pearson Chi-Square	65.994	12
Likelihood Ratio	71.788	12
Linear-by-Linear Association	28.333	1
No of Valid Cases	120	

(Source: Primary Data)

Pearson Chi-Square value = 65.994, which is used to assess the relationship between age and spending behaviour. Likelihood Ratio = 71.788, indicating another measure of association. Linear-by-Linear Association = 28.333

The high Chi-Square value (65.994) suggests a significant relationship between age and spending patterns. This means that age significantly influences how much people spend, with younger individuals preferring lower amounts and older individuals spending more.

ALTERNATIVE HYPOTHESIS: H₁ or H_A

There is a significant relationship between Gender and Frequency of online shopping.

Table: 1.3 The table showing the distribution of respondents based on Gender using Alternative hypothesis.

Category	Rarely (less than once a month)	Occasionally	Frequency (weekly)	Daily	Total
Male	24	21	13	2	60
Female	36	13	8	3	60
Total	60	34	21	5	120

(Source: Primary Data)

A higher percentage of females (60%) engage in the activity rarely, compared to males (40%). Males (35%) participate weekly more than females (21.7%). Occasional participation is higher among males (21.7%) than females (13.3%). Daily participation is low for both genders but slightly higher for females (5%) compared to males (3.3%)

Chi-Square Tests

Category	df	Percentage
Pearson Chi-Square	5.673	3
Likelihood Ratio	5.720	3
Linear-by-Linear Association	2.374	1
No valid class	120	

The Chi-Square test assesses the independence between categorical variables. A significant result implies a relationship between the variables, while a non-significant result suggests independence.

Table:3.39 The table showing the distribution of respondents based on five-point scale using one way ANOVA

Particulars	F	P-value
Try new brand at discount	2.698	.034
Discount influence choice of e-com platforms	1.301	.274
Discount make Purchase a smart Purchase	.871	.484
Discount price make a product more valuable	.580	.678
Regret for some discount after purchase	1.747	.144

(Source: Primary Data)

Interpretation:

Discounts significantly increase the likelihood of consumers trying a new brand (P-value = 0.034) but do not strongly influence the choice of an e-commerce platform (P-value = 0.274). Additionally, discounts do not make consumers feel they made a "smart purchase" (P-value = 0.484) or perceive the product as more valuable (P-value = 0.678). Consumers also do not experience strong regret after purchasing discounted items (P-value = 0.144).

Inference:

The table indicate that there is a significant effect P-value 0.034 in trying new brand if it is given at discount, there is no significant relationship for P-value 0.274, as that discounts do not strongly influence consumers when selecting.

One sample t- test: (Dependent variable)

Table : 1.4 The table showing the distribution of respondents based on One sample t- test using five point scale for dependent scale.

Category	Mean	Std. Deviation	t	P- value)
Try new brand at discount	1.9583	.98216	-11.618	.000
Discount influence choice of e-com platforms	2.6000	1.23941	-3.535	.001
Discount make Purchase a smart Purchase	2.4000	1.25959	-5.218	.000
Discount price make a product more valuable	2.6083	1.32396	-3.241	.002
Regret for some discount after purchase	3.0500	1.44856	.378	.706

(Source: Primary Data)

Interpretation and inference:

Respondents are significantly less likely to try new brands at a discount (Mean = 1.9583, $p < 0.001$) and do not strongly agree that discounts influence their choice of e-commerce platforms (Mean = 2.6000, $p = 0.001$), though opinions are mixed. They also do not believe that discounts make purchases feel smart (Mean = 2.4000, $p < 0.001$) or increase product value (Mean = 2.6083, $p = 0.002$). Additionally, there is no clear tendency toward regret after purchasing discounted items (Mean = 3.0500, $p = 0.706$).

One sample t- test: (Independent variable)

Table : 3.42 The table showing the distribution of respondents based on One sample t- test using five point scale for independent scale.

Particulars	Gender	Mean	Std. Deviation	t - value	P - value
Try new brand at discount	Male	1.9667	.93820	.093	.926
	Female	1.9500	1.03211	.093	.926
Discount influence choice of e-com platforms	Male	2.5500	1.18501	-.440	.660
	Female	2.6500	1.29961	-.440	.660
Discount make Purchase a smart Purchase	Male	2.4000	1.26491	.000	1.000
	Female	2.4000	1.26491	.000	1.000
Discount price make a product more valuable	Male	2.6833	1.35911	.619	.537
	Female	2.5333	1.29493	.619	.537
Regret for some discount after purchase	Male	3.0833	1.48771	.251	.802
	Female	3.0167	1.42009	.251	.802

(Source: Primary Data)

Interpretation & Inference:

Mean (Male: 1.9667, Female: 1.9500) $p = 0.926$ (not significant)Both males and females show similar reluctance in trying a new brand at a discount, with no statistically significant difference. Mean (Male: 2.5500, Female: 2.6500) $p = 0.660$ (not significant)Both genders

have a similar perception regarding the influence of discounts on choosing an e-commerce platform. Mean (Male: 2.4000, Female: 2.4000) $p = 1.000$ (not significant) There is no difference between males and females in their belief that discounts make purchases smart. Mean (Male: 2.6833, Female: 2.5333) $p = 0.537$ (not significant) Both males and females show no strong belief that discounts increase a product's value. Mean (Male: 3.0833, Female: 3.0167) $p = 0.802$ (not significant) Both genders express neutral opinions about regretting discounted purchases, with no significant difference.

FINDINGS:

- ❖ Percentage-based discounts (25.8%) and Buy-One-Get-One (19.2%) are the most influential discount types.
- ❖ 62.5% of respondents use platform-specific tools to track discounts.
- ❖ 35.8% of respondents try new platforms due to discounts, but an equal percentage remain undecided.
- ❖ Meesho (38.3%) is the platform most associated with unplanned purchases
- ❖ There is a significant relationship between age and average monthly spending, with younger individuals spending less.
- ❖ Gender does not significantly impact the frequency of online shopping.
- ❖ Consumers are more likely to try new brands if discounts are offered ($p = 0.034$).
- ❖ Discounts do not significantly influence the choice of an e-commerce platform.
- ❖ No significant gender differences in discount preferences or purchasing decisions.

SUGGESTIONS:

- ❖ E-commerce platforms should ensure transparency in discounts and avoid misleading pricing tactics
- ❖ Brands should prioritize quality over discounts, ensuring consumers get value for their money.
- ❖ E-commerce sites should offer clear return policies so that consumers don't feel pressured to buy products they may regret later.
- ❖ Consumers should be aware of psychological pricing tricks, such as "limited-time offers" and "flash sales," that may push them to spend more.

- ❖ Government and regulatory bodies should monitor e-commerce discount practices to prevent false advertising and unethical pricing strategies.

CONCLUSION:

E-commerce discounts have reshaped consumer behavior by encouraging impulse buying and creating a sense of urgency. While discounts increase consumption and benefit retailers, they can also lead to overspending and reduced brand loyalty. Consumers now expect frequent promotions, impacting retailers' pricing strategies. Additionally, discounts influence market competition, favoring large retailers over small businesses. Balancing affordability with sustainable shopping habits is crucial for maintaining a healthy consumer-retailer relationship.

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