

How to Cite:

Mary, L., & Antony, A. (2022). Digital payment systems (DPS) and its influence on impulsive buying behaviour of consumers. *International Journal of Health Sciences*, 6(S2), 2095–2102. <https://doi.org/10.53730/ijhs.v6nS2.5249>

Digital payment systems (DPS) and its influence on impulsive buying behaviour of consumers

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Abstract--Technology has been evolving at a rapid pace and the global pandemic of COVID-19 has further accelerated this growth. It has penetrated every possible sphere and its presence and degree of dependence for commerce, cannot be ignored. E-commerce websites solely rely on the internet for its functioning and is greatly supported by various digital payment systems. This facilitates ease of usage of the e-commerce site, thereby stimulating consumers to use it. With the large potential that accompanies these digital payment systems, various players have entered into this realm, further attracting the consumer with promotional offers, thereby affecting the behaviour of the consumer while making the purchase decision. This paper aims to study the impact that these digital payment systems have on the impulsive buying behaviour of consumers.

Keywords--digital payment systems, consumer behaviour, impulsive buying, e-commerce.

Introduction

Today we depend on some form of technology for almost every activity in our daily routine. With its reach and convenience, technology and the internet have deeply penetrated into the field of Commerce, giving birth to an entirely new domain- e-Commerce. The popularity that this domain has received has been far reaching and has become an integral part in shaping the consumption pattern of the consumers. The COVID 19 pandemic has further popularized the use of technology in almost every aspect of our lives. Consumers took to the online, 'contactless' mode of buying and this resulted in a significant shift in their buying behaviour. Accompanied with this shift, emerged the concept of digital payment systems. These digital payment systems smoothed the experience of using these e-commerce sites and began gaining popularity.

Seeing this as a window of opportunity, several players entered into this domain trying to attract consumers. Various promotional schemes were introduced which rewarded the consumer on using that particular digital payment system. Collaborations among various brands emerged, thereby instigating consumers to purchase more.

Digital Payment Systems

Digital payment systems refers to platforms that enable the transfer of money without any physical exchange. This method of transacting has gained popularity over the years and has attracted several players into this industry. The ease of usage and wide accessibility have been some of the key factors that have helped increase its popularity. In India, the government has taken several steps to initiate a 'Digital India' and these digital payment systems have greatly helped in accelerating the growth towards a more digitally oriented system. Presently, there are several applications available to users, each with their own benefits and shortcomings. From being a digital wallet to being directly linked to a bank account, these digital payment systems have been tailored to suit the needs of different consumers. With the advent of the COVID19 pandemic and the numerous challenges it brought along, the use of these digital modes of payment grew to a large extent. Consumers were able to complete almost all their transactions for purchases with the mere click of a button. On realizing the incredible potential in this industry, many brands tried their own methods to expand their consumer base. Tying up with other brands and affiliate marketing helped increase the popularity of these digital payments systems, thus making it a win-win situation for all parties involved.

Consumer Behavior

Consumer behaviour is a concept which describes the attitudes, responses and rationale behind the decision making of individuals, groups, and organizations while buying and disposing of a good or service. Understanding consumer behaviour helps the companies in customizing goods and services according to consumers' preferences and it eventually reduces the obsolete products in the market. With the increased use of digital devices, consumers' behaviour towards digital payment applications and digital shopping has changed. Thus, advancements in technology have made it equally important to understand the shifts in consumer behaviour over time.

Impulsive Buying and Factors Affecting Impulsive Buying

Impulse buying is a spontaneous decision by a consumer to buy products or services, made just before a purchase. Online impulse buying is a prominent fact since E-commerce has witnessed a continued growth of business-to-consumer (B2C) model. There are various factors that contribute to impulsive buying behaviour on online as well as offline shopping platforms. Some of the factors include promotional offers, gift coupons, ambience and hospitality in the shopping centre.

Objectives

- To study the effect of promotional offers leading to impulsive buying behaviour of consumers in relation to Digital Payment Systems
- To identify the relationship between the age and income of the consumer and the impulsive buying behaviour through Digital Payment Systems.
- To identify the primary reasons for using Digital Payment Systems

Review of Literature

'A Study on Paytm Services In Promoting Cashless Economy After Demonetization In India And An Outline On Its Support Towards Making India Digital'

Nazim Sha S, Rajeswari Mannu

Paytm being a safe, application based payment app, has rated its name in the market by gaining trust among its customers. Paytm came as one of India's important innovations during Demonetization and helped India in becoming a cashless economy. Its versatile options to send and receive money, wallet has gained importance across all class of population and has helped smallest vendors also in adopting technology in their day-to-day transactions. This paper concludes that Paytm in India is an alternative to the cash transactions and its flexible services are something the users are satisfied with. Paytm has helped India go digital to an extent and it plays an important role in its users' day-to-day life.

'In-store shopping environment and impulsive buying'

Mariri Tendai, Chipunza Crispin

Recently, retailing business is globally experiencing huge trends. Shopping malls with good amenity and sellers with good marketing mix are able to see a surge in their sales. Factors of an economic nature such as coups, discounts, gift cards are some of the important ones in affecting consumers' buying behaviour. Impulsive buying behaviour is a theory which speaks about unplanned, not deliberate, spontaneous purchases and these discounts, offers could be an important reasons for impulsive buying. The results of the study had shown that coupons and vouchers, store display, advertisements and promotions, behaviours of shop staff as well as price were the only significant determinants of impulsive buying among the 9 factors investigated. Importantly, these factors fall under what Zhou and Wong (2004) identified as factors with a promotional and economic effect. Conversely the factors that failed to support the hypothesis were all in the category of factors with an atmospheric, entertaining, experiential and hedonic effect.

'Influence of Promotions and change in buyer behaviour due to COVID 19 on the intent to increase usage of digital payment systems'

Mark David Devanesan, Deepa Ittimani Tholath, Sunil Vakkayil

The COVID-19 pandemic disrupted the buying patterns of many consumers, irrespective of their demographic. Many of them switched to the use of Digital

Payment Systems, and these DPS in turn offered numerous promotions to increase the usage of the same. In times of crises, consumers tend to become more price sensitive and opt for cheaper/local alternatives of the product. Based on demographics such as age/gender etc. the degree of increase of DPS varies. The study shows that as a result of the COVID-19 pandemic, the buying behaviour of consumers have been altered towards an increased usage of DPS. In order to increase the usage of DPS, reward programs and offers need to be included to incentivise consumers.

'Online Discount Coupon Promotions & Repurchasing Behaviors : The Groupon Case'

Lvovskaya Yulia, Tan Sheena, Zhong Chloé

In recent years, businesses both well established and startups use various marketing mix to promote their products and sales. Online platforms are one such options to increase sales especially through coupons, gift cards, cashback etc. The immediate results expected out of these marketing efforts are short-term increase in sale and creating awareness among customers. Meanwhile, businesses must also think of the percentage of customers opting for repurchases of the same brand they bought using coupons. The empirical findings of our study demonstrate that consumers consider price as the main contributing factor for a repurchase at a local business, after having redeemed a discount coupon. However, our empirical data also showed other factors, such as quality and service, can be essential for repurchasing, whereas the location of a business has an indifferent role.

'Study on Growing Popularity of Payment Apps in India'
Satinder Bal Gupta, Raj Kumar Yadav, Shivani

Payment Apps like Phone Pe, PayTM and Google Pay are among the three most popular applications used for digital payments. The usage of these have more than doubled in the last few years. The study shows that there is no significant difference among these three payment apps except in terms of languages supported, security features, wallet facilities etc. There is a significant growth in the number of users, using these facilities.

'A study on Consumer Perception towards Paytm' - Rohini Rajesh Shinde, Geethanjali Sindhe, Prof. Jayprakash Lamoria

Post demonetization, the government is aiming towards transforming India into a digital economy. In achieving this, technological innovations like Paytm plays an important role. Paytm being a largely used e-payment app, gives various payment services to its customers and has been bringing new products into its business to attract more customers. Studying the satisfaction level and perceptions of its customers helps e-payment businesses to come up with more user friendly and customer oriented services. This paper generalizes the trends that India is moving to a cashless economy. It indicates that the adoption of Paytm is influenced by the education level of the customer. It is observed that the persons using internet from a longer time are aware and are using Paytm. The age group of the user has

also influenced the usage of Paytm. It is observed that the users in the age group of 18 to 30 are aware of Paytm and are using Paytm for various purpose.

'Trends in Digital Payments system in India-A Study on Google Pay, PhonePe and Paytm'.

Dr.C.Mallesha, Priyanka Godugu

The use of digital platforms for payment picked up pace only after Demonetisation in India in the year 2016. Prior to this, the use of Digital payment apps like PayTM, Phone Pe etc. were minimal either due to a lack of knowledge about the same or due to a lack of trust in these applications. With the increased access and availability of the internet and various government initiatives, this has changed to a significant extent. Post Demonetisation, the use of Digital Payment Systems have increased in specific relation to an increase in the use of PayTM, Phone Pe and Google Pay.

'Impulse buying behaviour: an online-offline comparative and the impact of social media'.

Laura Aragoncillo, Carlos Orús

Impulse buying is a phenomenon which has been around for sometime and accounts for a significant part of the purchases, depending on the products. Different factors in the physical and in the retail store instigate consumers to make these impulsive decisions.

Research Methodology

Research Design

The study used Descriptive research design to study Digital Payment Systems and its influence on Impulsive Buying Behavior of Consumers.

Sources of Data

The study was carried out with both Primary and Secondary data. Primary data was collected with the help of a structured questionnaire, circulated with the help of a Google form. Secondary data was collected through the internet and other journals related to the topic.

Sampling Method

The study was carried out using the Simple Random Sampling method.

Sample Size

A total of 83 responses were collected in order to study Digital Payment Systems and its influence on the Impulsive Buying Behaviour of Consumers.

Analysis and Interpretation

Correlation, One Sample T-Test and Percentage analysis was used to derive the interpretation of the results.

Correlation

Aim: To study the effect of promotional offers leading to impulsive buying behavior of consumers in relation to Digital Payment Systems.

H₀: There is no significant relationship between Promotional offers given by DPS and Impulsive Buying.

Correlations

		Redemption	ImpulseBuying
Redemption	Pearson Correlation	1	.015
	Sig. (2-tailed)		.896
	N	83	83
ImpulseBuying	Pearson Correlation	.015	1
	Sig. (2-tailed)	.896	
	N	83	83

Interpretation: The above shows the Pearson Correlation is 0.015 which is less than 0.5. Therefore, there is a low negative relationship between the promotional offers given by DPS and the impulsive buying behaviour of consumers. This shows that there is an impact in purchase decisions made by consumers which is low negative with regard to promotional offers given by DPS. Therefore, null hypothesis has been rejected.

One Sample T- Test

Aim: To identify the relationship between the age of the consumer and the impulsive buying behaviour through Digital Payment Systems.

H₁: There is a difference in impulsive buying behaviour among different age groups.

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
ImpulsiveBuying	25.629	82	.000	1.349	1.24	1.45
Age	26.276	82	.000	1.241	1.15	1.33

Interpretation: The above shows that the significant value is 0.000 which is less than 0.05. Hence, there is a difference in impulsive buying behaviour among different age groups and the alternative hypothesis has been accepted.

Percentage Analysis

Aim: To identify the primary reason for using Digital Payment Systems.

Interpretation: Out of the sample size, 48.2% of the respondents stated that the ease with which transactions can be carried out is the main reason for using different Digital Payment Systems. 45.8% of the respondents stated that the absence of a transaction cost was a contributing factor to using Digital Payment Systems. 37.3% of the respondents were instigated to use Digital Payment Systems due to the various offers and discounts that were available.



Findings

- Out of the 83 respondents, 32.53% of the respondents use Google Pay, PayTM and PhonePe.
- It was found that a majority of the respondents- 61.4% redeemed the promotional offers given by DPS in the Food delivery applications such as Zomato and Swiggy. 34.9% of the respondents redeemed it to purchase clothing, accessories and other personal care products. 3.6% of the respondents used it to purchase household items.
- Out of the 83 respondents, 62.7% were students, 16.9% were corporate employees and 19.3% were employed in other organizations.

Conclusion

The study examined the impact of digital payment systems on impulsive buying behaviour of consumers. 83 samples were studied across different age groups to arrive at the results. According to the test results, there is a significant relationship between Promotional offers given by DPS and Impulsive Buying. Results support ease of usage as one of the important factors as to why consumers choose various DPS. Test included respondents across various age group and it was verified that impulsive buying behaviour varies across different age groups. For further research, it is recommended to consider the other factors on DPS that influence. Impulsive buying behaviour and the results might vary if done on a larger sample basis.

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