

A Study Consumer Perception Towards Discounts And Stockout With Reference To Online Indian Designer Ethnic Wear Retailer

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Abstract

Creating a marketplace similar to Amazon, Airbnb, or Lyft is a bold and intriguing concept. Marketplaces have come a long way and are now thriving but it also comes with many challenges. Every online business has their distinctive requirements, in terms of product categories, commission, offers and more. This paper focused mainly on the issues of stockouts and failure in orders fulfilment which affects the consumer's overall shopping experience. It is very essential to develop the right approach that meets the needs of the business and also with the customer's expectations. This study adopted descriptive research design and revealed the impact of price promotions on consumers' decision-making process and their reactions to challenges like stockouts. The study contributed to the expanding conversation about how online shoppers respond to supply chain challenges.

Keywords: Online, Discounts, Stock-out, Designer, Ethnic wear.

1. Introduction

Since the advent of information technology, the way people do business has changed. Since marketers embraced online selling, product development, marketing, selling procedures, and communication channels have all altered. E-Commerce has transformed the way people purchase and sell items, as well as the way businesses operate. This is due to the fact that consumers prefer to buy products online rather than at a physical store. E-businesses can no longer separate themselves from their online competition by just selling things online. Companies are looking for new strategies to outperform their competition now that many more have an internet presence. Businesses must devise innovative ways to influence their customers' purchase decisions.

Since its transformation into a worldwide interconnection network for sharing and distributing information, the internet has proven to be an effective marketing tool for both local and international transactions. Another factor that inclines towards the rise of online shopping is the increased use of mobile

devices, which is also one of the most noticeable developments in the world of e-commerce. Mobile integration will continue to define the future retail experience as mobile device penetration accelerates, especially in areas where other digital infrastructure is lacking. These are the days when eCommerce has the most profound influence.

Online Marketplace: An e-commerce site that links merchants and customers is known as an online marketplace. It's also known as an electronic marketplace, and the website owner is in charge of all transactions. Customers are considerably more inclined to download an app that provides a wider choice of products than a single retailer, and this is considered as one of the major driving forces behind the growth and acceptance of online marketplace. As elicited in the policy, the marketplace's operator does not own any inventory; instead, their job is to show other people's goods to users and enable transactions.

2. Review of Literature

In recent times, the amount of research on the influence of online retail operations on

consumers has increased. Concepts such as online order fulfilment, performance and consumer buying behaviour have been studied extensively (Griffis et al. 2012b) (Dadzie et al. 2005). The first stream of study considered how supply chain failures and poor performance or stockouts affect customer attitudes, whereas the second stream of studies looked at supply chain methods and operational decisions that avoid stockouts especially with regard to price promotion. Due to the convenience of channel switching and competition access, consumers may be more sensitive to stockouts while shopping online on sales (Rigby 2011; Brynjolfsson et al. 2013). As a result, supply chain execution that reduces the risk of online stockouts is even more valuable to consumers (Rabinovich 2005).

Now evaluating the influence of price promotions on consumer behaviour using Monroe and Krishnan's (1985) price–quality–value model and Zeithaml (1988) means–end model frequently to explore the link between pricing and consumer perceptions of items. Price, perceived quality, value, and desire to buy are all described under the price–quality–value paradigm. Price is one of the exterior features of a product that buyers perceive as a stimulus, according to the model.

Extant studies have shown that the price discounts have both positive and negative consequences on client assessments and purchasing behaviour, (Darke and Dahl 2003; Dorzdenko and Jensen 2005; Kocas and Bohlmann 2008). In another study conducted by Raghurir and colleagues (2004) identified three types of promotional effects: economic, informational, and emotional. They claimed that a price promotion's final effect on purchase decisions is a mix of positive and negative economic, informational, and emotional factors. A study conducted by Raghurir et al. 2004, showed that the monetary or non-monetary (e.g., time and effort) benefit or loss from a price promotion supplied to customers creates economic repercussions of price reductions. The face value of a coupon or the amount of a refund can have a positive monetary effect of price promotion. Price discounts have both economic and informational consequences. Informational effects are defined as the effects caused by the conveyance of direct or inferential knowledge

acquired from exposure to a price discount (Raghurir et al. 2004).

It is generally held that when an item is out of stock, customers can substitute it, postpone their purchase, or leave the business. Anderson et al. (2006) focused on direct marketing stockouts, especially medium and premium priced bedding and home furnishings. Further, the study also listed five responses that a company might use after a stockout to keep customers wait until the product was available again. Those five responses were- informing the customer that the item is out-of-stock, informing the customer that the item is out-of-stock due to a supplier problem, informing the customer that the item is out-of-stock because it is "extremely popular," offering a \$5 shipping discount if the customer agreed to backorder, and offering a 10% discount on the item if the customer agreed to backorder. The results revealed that conveying how popular the out-of-stock item was more beneficial than cash compensation, which might be excessively costly.

Substitute, Delay, and Leave (SDL) framework describes the consumers' reaction to stockouts (Emmelhainz et al., 1991; Zinn and Liu 2001, Zinn and Liu's, 2001). Customers who encounter a stockout will either substitute another product, postpone their purchase, or leave the store without purchasing their chosen item (Zinn and Liu 2001). Sloot et al. (2005) extend the standard SDL framework by factoring in new responses like shop and brand switching. Zinn and Liu (2008) also include moving to a rival as a possible response, as well as the influence of contextual elements like shop loyalty. Recent study suggests that stock outs cause negative feelings and consumer dissatisfaction (Kim and Lennon 2011). (Fitzsimons 2000; Kim and Lennon 2011; Pizzi and Scarpi 2013). Retailers can prevent negative reactions to stockouts by being upfront about inventory availability early in the shopping process (Kim and Lennon 2011) and accepting responsibility for the stock out (Pizzi and Scarpi 2013).

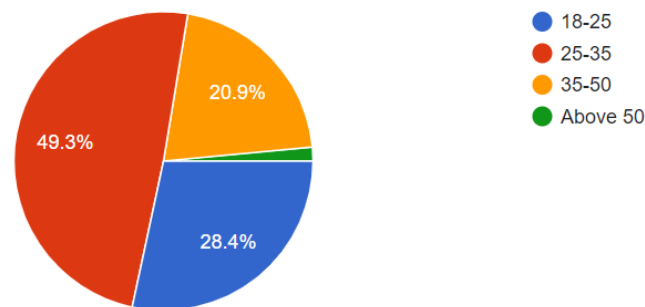
In a study conducted by Taylor and Fawcett 2001 pointed out the gap in the existing body of literature. The possible influence of promotions on customer behaviour, despite the fact that these behaviours are anticipated to be

significantly more unfavourable when stockouts of advertised products occur is given hardly any attention by the scholars.

Purchase acceleration and enhanced purchase intentions of promoted items are associated with promotional activities such as sales promotions (Neslin et al. 1985; Aggarwal and Vaidyanathan 2003). As a result, it has been proposed that customers have a larger desire for marketed things (Inman et al. 1997; Aggarwal et al. 2011). Increased complications are frequently related with promotions. Given the frequency and extent of stockouts associated with promoted products, the fact that researchers have just lately begun to consider promotions as a situational variable in stockout studies represents a substantial study opportunity.

1. Age group of the respondents

Figure 4.1 Pie-chart for age group



(Source: Google responses)

Inference:

This chart shows the division of age groups of the 50 respondents, in which the majority of responses are from the age group 25-35 i.e., 49.3%; the next majority of responses are from the age group of 18-25 i.e., 28.4%; and the next majority of responses are from the age group of 35-50 i.e., 20.9%; and the least number of

3. Method

This study adopted descriptive research design. The study has used a convenience sampling method of non-probability sampling. The respondents are notified through social media apps like WhatsApp, and Instagram. A self-administered questionnaire is used to collect primary data from the consumers who shop online for Indian designer ethnic wear products. The data collected primarily are analysed manually with the help of suitable graphs and tables.

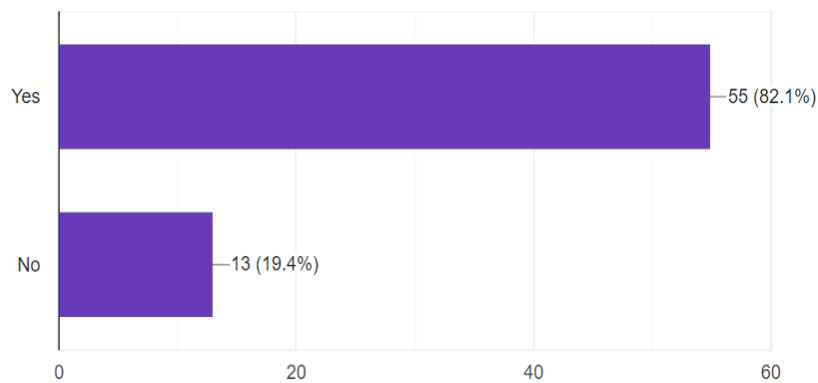
4. Findings

4.1 Primary Data Analysis

responses are from the age group of above 50 i.e., 1.5%.

2. How aware are the respondents about Online Retailers who sell Indian Designer Ethnic Wear

Figure 4.2 Line graph on consumer awareness



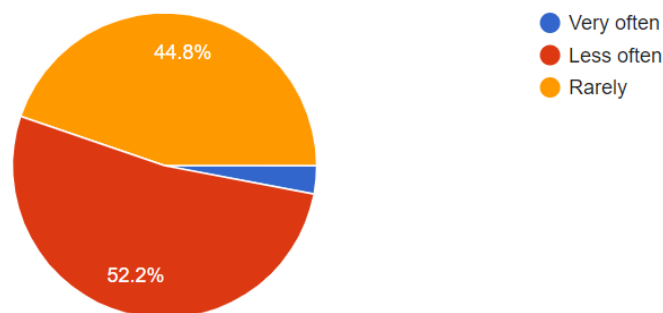
(Source: Google responses)

Inference:

This chart represents the number of respondents who are aware of the online retailer who sell Indian designer ethnic wear products. Majority of the customers are aware of such online marketplaces that sell designer ethnic wear products.

- How often the respondents prefer shopping Indian designer ethnic wear from online retailer

Figure 4.3 Pie-chart for shopping preference



(Source: Google responses)

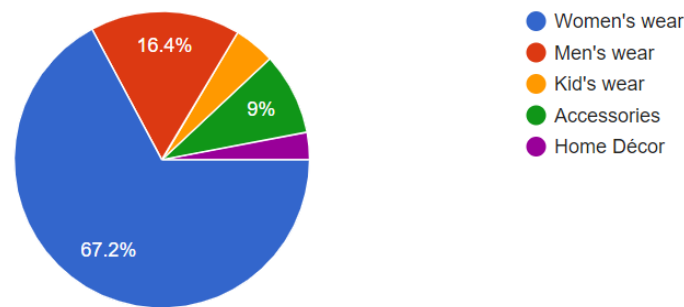
Inference:

As per the data collected, majority of the respondents i.e., 52.2% of people shop less often from online retailer, the next majority of the respondents i.e., 44.8% of people rarely shop from online retailer; and the rest 3% of the respondents shop very often from online retailer

when it comes to purchase of Indian designer ethnic wear products.

- What category the respondents prefer buying

Figure 4.4 Pie-chart for factors influencing shopping



(Source: Google responses)

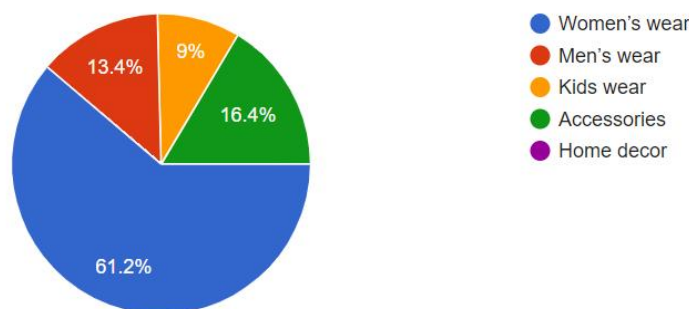
Inference:

As per the data collected, the majority of the respondents i.e., 67.2% of people prefer buying women's wear on the website; the next majority of respondents i.e., 16.4% of people prefer buying men's wear on the website; the next majority of the respondents i.e., 9% of people prefer buying accessories from the website; the

next majority of respondents i.e., 4.5% of people prefer buying kids wear from the website; and the rest 3% of respondents prefer buying home decor products from the website.

5. The last purchase details of the respondents

Figure 4.5 Pie-chart on purchase details



(Source: Google responses)

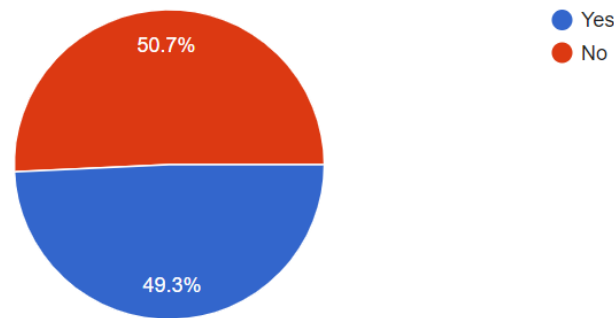
Inference:

As shown in the above graph, the majority of the respondents i.e., 61.2% of people bought women's wear on their last purchase from the websites; the next majority of the respondents i.e., 16.4% of people bought accessories on their last purchase from the websites; the next majority of the respondents i.e., 13.4% of people bought men's wear on their last

purchase from the websites; the next majority of the respondents i.e., 9% of people bought kids wear on their last purchase from the websites.

6. Number of respondents who bought their last product on a discount price from an online retailer

Figure 4.6 Pie-chart on discount details



(Source: Google responses)

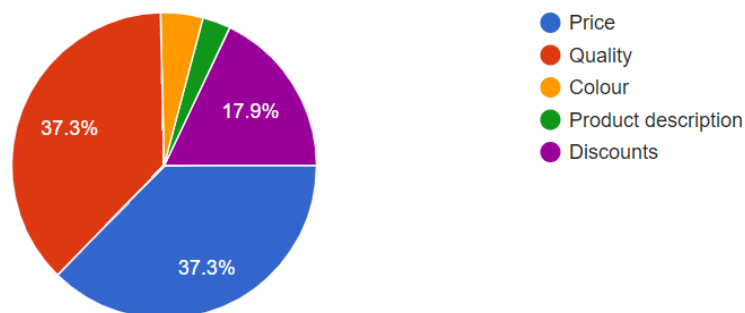
Inference:

As per the data collected, the majority of the respondents i.e., 50.7% of people did not purchase their last product on any discount; whereas the rest 49.3% of the respondents purchased their last order on discount from the websites. This shows that the difference between the respondents buying products on

discounts and the other who did not buy it on discount is very less.

7. Factors affecting the respondents while shopping from online

Figure 4.7 Pie-chart for factors affecting consumers



(Source: Google responses)

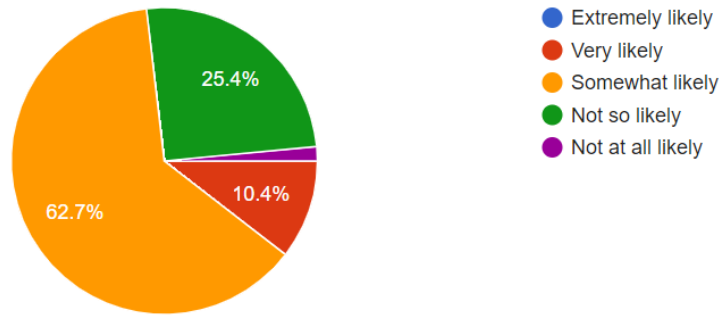
Inference:

This chart represents the different factors influencing customers on their decision-making process to purchase from online retailers while buying Indian designer ethnic wear products. From the above graph, it is found that the two majority group of respondents i.e., 37.3% of people prefer quality and price of the product over the other factors to make a purchase decision; the next majority of respondents i.e., 17.9% of people are influenced by discount offers on the product to make a purchase

decision; the next majority of respondents i.e., 4.5% of people are influenced by the colour of the product before purchasing; and the rest 3% of the respondents are influenced by the product description on the website before purchasing it.

8. Perception of the respondents on whether the reduction in price of the product does affect its quality or not

Figure 4.8 Pie-chart on consumer response



(Source: Google responses)

Inference:

This chart represents the data on the responses about the question, whether the reduction in the price of a product would affect its quality or not. Here, the majority of the respondents i.e., 62.7% of people thinks that the reduction in the price of a product would somewhat likely affect its quality; the next majority of the respondents i.e., 25.4% of people thinks that the reduction in the price of a product would not so likely affect its quality; the next majority of the respondents

i.e., 10.4% of people thinks that the reduction in the price of a product would very likely affect its quality; and the rest 1.5% of the respondents thinks that the reduction in the price of a product would not at all likely to affect its quality.

9. Factors affecting respondents to purchase a product over Rs.1000 over an online site

Figure 4.9 Pie-chart on consumer response



(Source: Google responses)

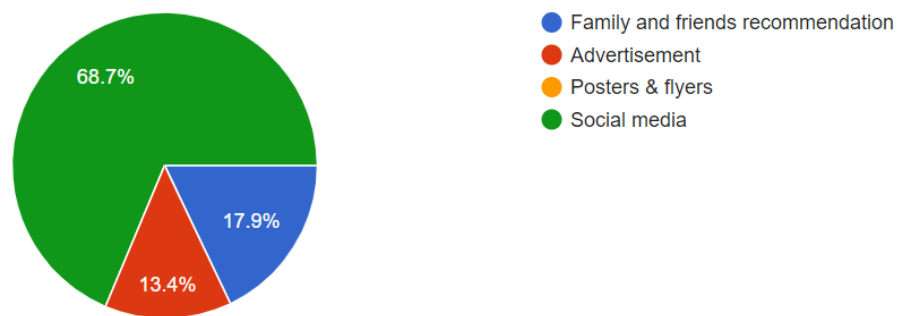
Inference:

This chart represents the reason which influences customers to buy a product worth over Rs. 1000 on an online site. Here, the majority of the respondents i.e., 40.3% of people buy a product worth over Rs.1000, mostly on discount offers or sale; the next majority of the respondents i.e., 32.8% of people buy a product worth over Rs.1000, when the same product is available at a cheaper price

than in any store; the next majority of the respondents i.e., 20.9% of people buy a product worth over Rs.1000, when they need it; and the rest 6% of the respondents buy a product worth over Rs.1000, when it is a new launch.

10. Factor influencing respondents to purchase a product on discount

Figure 4.10 Pie-chart on consumer response



(Source: Google responses)

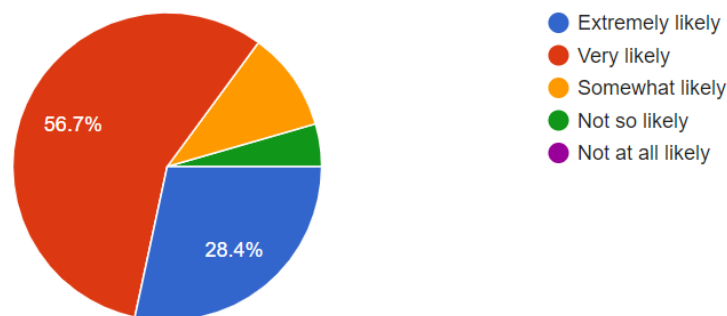
Inference:

This chart represents the different factors influencing customers on their decision-making process to purchase any product on discount. Here, we can see the majority of respondents i.e., 68.7% of people are influenced by social media promotions to buy a product on discount; the next majority of respondents i.e., 17.9% of people are influenced by family and friends' recommendations to make a purchase decision

on promoted prices; the next majority of respondents i.e., 13.4% of people are influenced by advertisement of the product before purchasing.

11. Responses of the customers on how likely they prefer to buy products on discounts the same day.

Figure 4.11 Pie-chart on consumer response



(Source: Google responses)

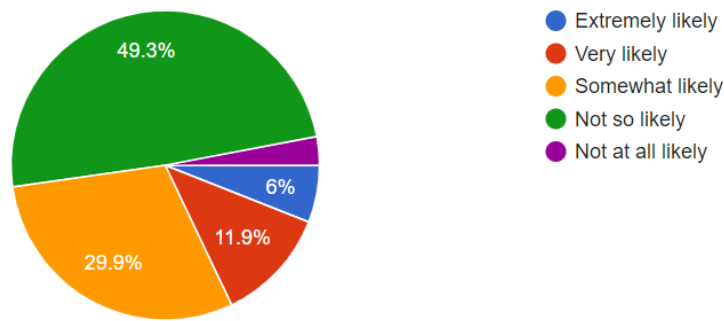
Inference:

This chart represents the data on the responses, if customers would like to purchase a price promoted product on the same day with a 50% discount. Here, the majority of the respondents i.e., 56.7% of people are very likely to purchase the product with a 50% discount on the same day without waiting; the next majority of the respondents i.e., 28.4% of people are extremely likely to purchase the product with a 50% discount on the same day; the next majority of

the respondents i.e., 10.4% of people are somewhat likely to purchase the product with a 50% discount on the same day; and the rest 4.5% of the respondents are not so likely to purchase the product with a 50% discount on the same day.

12. Responses of the customers on placing their order depending on delay in order delivery

Figure 4.12 Pie-chart on consumer response



(Source: Google responses)

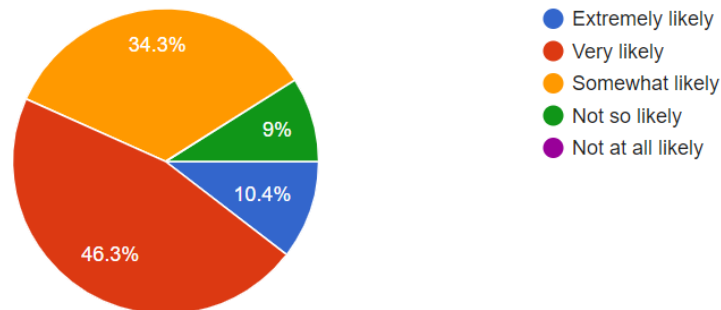
Inference:

This chart represents the data on the responses, if customers would like to purchase a product on sale but with a 3-4 weeks delay estimated delivery time. Here, the majority of the respondents i.e., 49.3% of people are not so likely to place their order with a delay delivery time even if the product is on sale; the next majority of the respondents i.e., 29.9% of people are somewhat likely to place their order with a delay delivery time if the product is on sale; the next majority of the respondents i.e.,

11.9% of people are very likely to place their order with a delay delivery time if the product is on sale; and the rest 6% of the respondents are extremely likely to place their order with a delay delivery time if the product is on sale; and rest 3% of the respondents are not so likely to place an order in case of delay for the delivery.

13. Responses of the customers on cancelling their order due to failure in on-time delivery

Figure 4.13 Pie-chart on consumer response



(Source: Google responses)

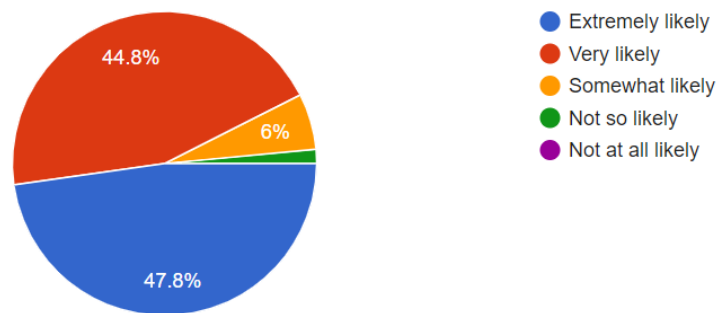
Inference:

This chart represents the data on the responses, if customers would like to cancel their order in case the company fails to deliver the products on time. Here, the majority of the respondents i.e., 46.3% of people are very likely to cancel their order if the company fails to deliver it on-time; the next majority of the respondents i.e., 34.3% of people are somewhat likely to cancel their order if the company fails to deliver it on-

time; the next majority of the respondents i.e., 10.4% of people are extremely likely to cancel their order if the company fails to deliver it on-time; and the rest 9% of the respondents are not so likely to cancel their order if the company fails to deliver it on-time.

14. Responses of the customers on stockouts of the product in a day.

Figure 4.14 Pie-chart on consumer response



(Source: Google responses)

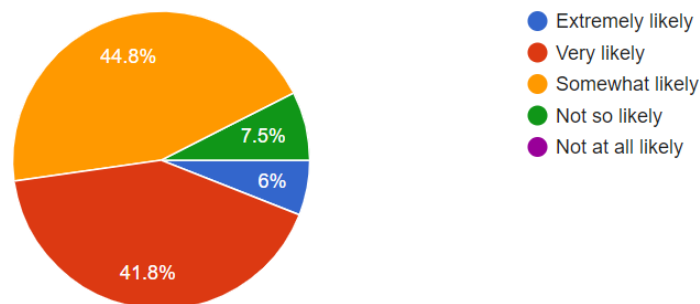
Inference:

This chart represents the data on the responses, if customers would be disappointed in case the product on discount goes stockout in a day. Here, the majority of the respondents i.e., 47.8% of people are extremely likely to be disappointed if the product they wanted on sale goes stockout in a day; the next majority of the respondents i.e., 44.8% of people are very likely to be disappointed if the product they wanted on sale goes stockout in a day; the next majority of the respondents i.e., 6% of people

are somewhat likely to be disappointed if the product they wanted on sale goes stockout in a day; and the rest 1.5% of the respondents are not so likely to be disappointed if the product they wanted on sale goes stockout in a day.

15. Responses of the customers on purchasing some similar recommended products in case of stockout.

Figure 4.15 Pie-chart on consumer response



(Source: Google responses)

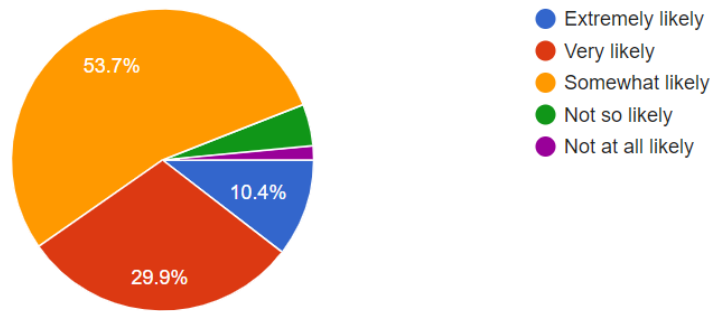
Inference:

This chart represents the data on the responses, if customers would prefer to buy another similar recommended product in case the product, they wanted on sale goes stockout. Here, the majority of the respondents i.e., 44.8% of people are somewhat likely to buy another similar recommended product if the product they wanted to buy on sale goes stockout soon; the next majority of the respondents i.e., 41.8% of people are very likely to buy another similar recommended product if the product they wanted to buy on sale goes stockout soon; the next majority of the respondents, i.e. 7.5% of the respondents are

not so likely to buy another similar recommended product if the product they wanted to buy on sale goes stockout soon; and the rest 6% of the respondents are extremely likely to buy another similar recommended product if the product they wanted to buy on sale goes stockout soon.

16. Responses of the customers on how likely cancellation of the orders can affect their loyalty towards the company in case of stockout.

Figure 4.16 Pie-chart on consumer response



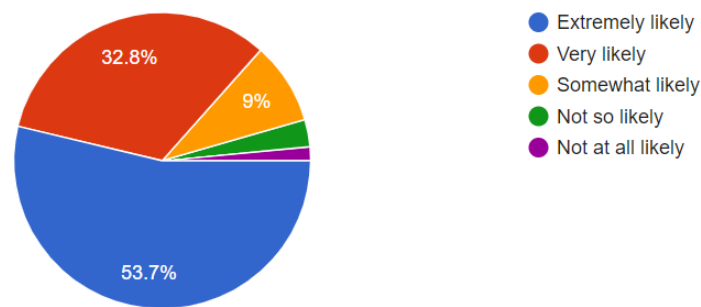
(Source: Google responses)

Inference:

This chart represents the data on the responses, if customer’s loyalty towards the company would be affected in case the company had to cancel their order due to shortage in stocks. Here, the majority of the respondents i.e., 53.7% of people thinks that their loyalty towards the company would somewhat likely be affected if the company had to cancel their order due to shortage of stocks; the next majority of the respondents i.e., 29.9% of people thinks that their loyalty towards the company would very likely be affected if the company had to cancel their order due to shortage of stocks; the next majority of the respondents i.e., 10.4% of people thinks that their loyalty towards the company would

extremely likely be affected if the company had to cancel their order due to shortage of stocks; the next majority of the respondents i.e., 4.5% of people thinks that their loyalty towards the company would not so likely be affected if the company had to cancel their order due to shortage of stocks; and the rest 1.5% of the respondents thinks that their loyalty towards the company would not at all likely be affected if the company had to cancel their order due to shortage of stocks.

17. Responses of the customers on accepting discount vouchers as compensation for cancellation of their order.



(Source: Google responses)

Inference:

This chart represents the data on the responses, if customers would accept discount vouchers as compensation in case the company had to cancel their order due to shortage of stocks. Here, the majority of the respondents i.e., 53.7% of people are extremely likely to accept discount vouchers as compensation in case the company had to cancel their order; the next

majority of the respondents i.e., 32.8% of people are very likely to accept discount vouchers as compensation in case the company had to cancel their order; the next majority of the respondents i.e., 9% of people are somewhat likely to accept discount vouchers as compensation in case the company had to cancel their order; the next majority of the respondents i.e., 3% of people are not so likely

Figure 4.17 Pie-chart on consumer response

to accept discount vouchers as compensation in case the company had to cancel their order; and the rest 1.5% of the respondents are not at all likely to accept discount vouchers as compensation in case the company had to cancel their order.

5. Conclusion

This study contributes to the expanding conversation about how online shoppers respond to supply chain challenges. Some of the challenges faced by a growing marketplace that are discussed in the paper is failure in order fulfilment and cancellation of orders due to stockouts. It is suggested that the planning is crucial in the context of price promotion in an online marketplace environment. It is also observed that managing a good supply chain is essential for any online business, as the consumer's purchase decisions are likely to get affected by poor supply chain management and failure in order fulfilment.

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