

# A Comparative Study of Tax Influence on Online and Offline Consumer Purchasing Patterns

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## **ABSTRACT:**

The introduction of the Goods and Services Tax (GST) in India has significantly transformed the indirect taxation system, influencing consumer purchasing patterns across both online and offline markets. This study aims to analyze how GST has affected consumer behavior in digital and traditional retail environments. Using a quantitative research approach, primary data was collected from 50 respondents through a structured questionnaire.

The findings indicate that GST has contributed to greater price transparency and standardization, encouraging consumers to shift toward online platforms due to better price comparisons, discounts, and convenience. However, offline retail continues to retain importance due to trust, physical inspection, and immediate product availability. The study concludes that GST has indirectly accelerated the growth of e-commerce while also compelling offline retailers to adapt to changing consumer expectations.

## **KEYWORDS:**

GST, Consumer Behavior, Online Shopping, Offline Retail, Tax Reforms, E-commerce

**INTRODUCTION :****Background of the Study**

The Goods and Services Tax (GST), implemented in India in 2017, replaced multiple indirect taxes with a unified tax system. This reform has significantly impacted pricing structures, supply chains, and consumer purchasing decisions.

With the rapid expansion of e-commerce platforms such as Amazon and Flipkart, consumers are increasingly shifting toward online shopping. At the same time, traditional brick-and-mortar stores continue to play a crucial role in the retail ecosystem.

GST has introduced uniform tax rates across states, reduced price discrepancies, and improved transparency. These changes have influenced how consumers compare prices and choose between online and offline channels.

**Problem Statement**

Despite GST simplifying the tax system, its impact on consumer purchasing behavior—particularly the choice between online and offline shopping—remains unclear. There is a need to understand how GST has influenced consumer preferences, pricing perceptions, and buying patterns.

**Significance of the Study**

This study provides insights for retailers, policymakers, and researchers by evaluating how tax reforms influence consumer behavior and retail dynamics.

**Scope of the Study**

- Focus on online and offline retail sectors
- Based on primary data from 50 respondents
- Emphasis on consumer perception

**Limitations**

- Limited sample size
- Restricted geographical area
- Time constraints.

**LITERATURE REVIEW:**

Gupta (2018) found that GST improved price transparency and reduced tax complexity. Sharma and Verma (2019) noted that consumers increasingly prefer online platforms due to better pricing and convenience.

Patel (2020) emphasized that GST has encouraged the growth of e-commerce by standardizing tax rates across states. Rao (2021) observed that offline retailers face increased competition due to digital platforms.

Overall, literature suggests that GST has accelerated the shift toward online shopping while improving efficiency in the retail sector.

**OBJECTIVES OF THE STUDY:**

This study pursues the following specific objectives:

1. To examine the impact of GST on consumer purchasing behavior.
2. To compare online and offline shopping preferences after GST implementation.
3. To analyze the role of pricing transparency in consumer decision-making.
4. To identify factors influencing the shift toward online or offline shopping.
5. To evaluate consumer perception of GST in retail purchases.

**RESEARCH METHODOLOGY:**

- Research Design: Quantitative and descriptive research design.
- Data Collection
  - Primary data: Questionnaire (15 questions)
  - Secondary data: Journals, reports, websites
- Sample Size: 50 respondents
- Sampling Technique: Convenience sampling
- Tools for Analysis: Mean and percentage analysis and Charts and graphs
- Data Collection Instrument: Structured questionnaire using Likert scale.

**ANALYSIS****DATA ANALYSIS AND INTERPRETATION**

Descriptive Analysis: Majority of respondents prefer online shopping post-GST. Consumers believe GST has improved price transparency. Online platforms offer better deals and discounts.

## Key Observations

- Online preference increased due to convenience and pricing.
- Offline shopping preferred for trust and product inspection.
- GST reduced price differences across states.

## Hypothesis Testing

## Hypothesis 1

- H<sub>0</sub>: GST has no impact on consumer purchasing behavior
- H<sub>1</sub>: GST significantly impacts consumer purchasing behavior

Result: H<sub>0</sub> rejected → GST influences purchasing behavior

Hypothesis 2

- H<sub>0</sub>: Consumers do not prefer online shopping after GST
- H<sub>1</sub>: Consumers prefer online shopping after GST

Result: H<sub>0</sub> rejected → Online preference increased

Hypothesis 3

- H<sub>0</sub>: GST does not affect pricing transparency
- H<sub>1</sub>: GST improves pricing transparency

Result: H<sub>0</sub> rejected → Transparency improved

#### **FINDINGS:**

- GST has increased price transparency
- Online shopping preference has grown
- Offline retail still remains relevant
- Consumers are more price-conscious

#### **DISCUSSION/SUGGESTIONS:**

The findings indicate that GST has significantly influenced consumer purchasing behavior by improving transparency and standardizing prices. This has enabled consumers to make more informed decisions, especially in online environments where price comparison is easier.

The rise of online platforms can be linked to GST-driven price uniformity and digital payment systems. Consumers perceive online shopping as more economical and convenient. However, offline retail continues to hold importance due to factors such as trust, personal interaction, and immediate product availability.

The study highlights a shift toward a hybrid shopping model, where consumers combine online research with offline purchases. This suggests that GST has not eliminated traditional retail but has transformed consumer expectations.

#### **CONCLUSION:**

GST has played a significant role in shaping consumer purchasing behavior by enhancing transparency and reducing tax complexity. It has contributed to the growth of e-commerce while also pushing offline retailers to modernize their operations. It is **recommendate that** Retailers should adopt digital platforms to stay competitive; Government should simplify

GST compliance further; Businesses should focus on customer experience and Awareness programs should be increased.

**CONFLICT OF INTEREST:**

This paper is based on a conceptual review of published literature and does not involve direct funding or collaboration with commercial biotechnology entities. The author declares no financial or personal conflicts of interest related to the subject matter discussed.

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