



The Impact of Interest Rate Changes on Amazon Spending

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Abstract- This research paper looks into how Amazon customers change their spending patterns depending on interest rate changes. Changing interest rates by central banks affects consumer ability to borrow, the way people purchase items with credit and general spending. This study investigates how macroeconomic changes may influence what shoppers choose to spend on (discretionary or essential items), whether they take advantage of payment plans and their habits of shopping in different sectors. Based on the findings, online spending declines as interest rates go up and this effect is obvious among both young and middle-income populations. It appears that even some awareness of monetary policy can bring about real changes in people's actions such as more cart abandonment, timid postponement of significant purchases and careful use of debt. The paper supports retailers and researchers by explaining how interest rates change the patterns of modern day online shopping.

Keywords- interest rates, Amazon, consumer behavior, online spending, EMI, BNPL, digital retail, monetary policy..

I. INTRODUCTION

How economics affects the behavior of consumers in the digital era has gained more importance. Of all these, interest rates have a strong impact on what people have to pay for loans and how their savings are handled which decides overall spending. Higher interest rates tend to decrease extra money people have, because spending on interest payments goes up, while spending often rises under lower interest rates, as credit costs fall. With the rise of online shopping, platforms such as Amazon are now an essential part of our daily spending which is often paid for through EMI (Equated Monthly Installments) and Buy Now, Pay Later (BNPL) options. When interest rates change, these payment systems are affected which can in turn shape consumer purchases. Research has mostly covered general effects of the economy on retail, but it has overlooked how changes affect consumers buying from Amazon.

Problem statement

Although interest rate adjustments by central banks are done often to manage inflation and the economy, their effect on how people shop online is not fully studied. There is not enough studies that show how major government policies influence individual behaviors and habits online. Almost all of the research analyzes average spending and brick-and-mortar sales instead of focusing on the unique behavior of

platforms like Amazon. Besides, when Amazon adds its own financial services and partnerships with EMI, BNPL and credit cards, this makes it a perfect place to observe how interest rate changes lead to changes in what is purchased, how often and on what terms. Accepting that a problem is how consumers adjust their outlays either by understanding interest rates or due to general money concerns without really realizing economic policy.

3.4 What Was the Purpose of the Study

The purpose of this research is to check how consumer spending habits on Amazon react to changes in interest rates. This study wants to:

Study how well consumers are informed about interest rates changing.

Look at how such changes change how often people shop, the kinds of products they select and the timing of their purchases.

Check the way credit-based payment alternatives (EMI and BNPL) behave when interest rates go up or down.

Particularly look at how age and income affect consumer response to any interest rate changes.

Study changes in how people divide their spending between essential and discretionary expenses as inflation changes.

3.4 What questions should be answered?

To accomplish all these objectives, the study tries to answer these research questions:

How much do Amazon customers know about when interest rates change?

In what ways do shifts in interest rates change how users spend on Amazon?

Does behavior when spending depend on identifiers like age or income?

What part do EMI and BNPL take in affecting online shopping when there are changes in interest rates?

Do people change their spending on and use of credit on Amazon when the economy is unpredictable?

3.5 Value of the Study

The study came at a good time for numerous important reasons. To begin with, it fills the gap between big picture macroeconomic changes and how people behave in the growing area of digital retail. Besides, it also helps e-commerce firms such as Amazon by providing useful guidance to modify their marketing approaches, prices and financial services during uncertain times of the economy. Interest rate sensitivity should be explored by financial institutions to see how it changes the way consumers accept credit-related services in e-commerce. It also supplies vital input for people in charge of making economic decisions to judge the usefulness of monetary tools in the fast-changing space of digital consumption. Also, the process helps consumers see how economic factors may influence how they shop or invest money on the internet.

3.7 What This Book Does and Does Not Deal With

It focuses only on looking at Amazon user behavior following increases in central interest rates, mainly for people in India who buy things using loans. It looks only at short-term responses, by collecting data from a questionnaire that is the same for everyone. Being that the sample is not very large and is collected in a non-random way, these outcomes may not apply to everyone or every e-commerce platform. The information people give may contain errors or where they misunderstand monetary policy. A study such as this also does not include other economic factors, like inflation, changes in employment rates and shocking events across the world which might shape how people make purchasing choices. Nonetheless, the study looks deeply at an area that has not been studied a lot and provides a good starting point for further research.

II. LITERATURE REVIEW

People have been studying how consumer spending may be influenced by changes in interest rates for a long time. Traditional economic ideas hold that interest rates are a main instrument used by central banks to control economic growth, affecting both household consumption and business investment (Kozlov, 2023). Increased interest rates make borrowing more expensive which can lead consumers to cut back on spending, mainly in categories they want rather than need. Lower interest rates make it easier and less costly for people to take out loans which increases demand. According to Caspi, Eshel and Segev (2024), when interest rates increase slightly, the 'mortgage cash-flow channel' highlights how families may need to spend more which can change how much they purchase. In addition, behavioral finance points out that fear of financial insecurity may cause people to hold back on spending when interest rates go up, more than any actual change in their cash flow (Edwards & Weitz, 2023). Keynes suggested that rates affect how much money is spent which is what was found in these studies. When retail stores are connected online, as on Amazon, these elements play out right away and with more data-driven insights. Being able to check real-time prices, find suitable ways to pay through EMI or BNPL and see personalized product suggestions, consumers can act rapidly to changes in the economy. According to Guttman-Kenney, Firth and Gathergood (2022), these services are advertised as no-interest, but they do lead to consumers having more trouble managing their finances because they are exposed to larger amounts. Li et al. (2023)

added that having and using credit lines is essential for digital shopping, so changes in interest rates have a strong influence in online transactions.

In online shopping, especially cases where Amazon is involved, interest rates and consumer actions are tied together even more, because of the convenience, powerful marketing and credit options on the platform. A study indicated by PYMNTS (2022) and Retail Dive (2015) found that when the economy is weakened by inflation and interest rate hikes, consumers both cut back on online shopping and change their brand loyalty. According to Sheth (2024), how much people spend online during holidays or sales events is linked to shifts in credit card APRs and EMI affordability which also depend on interest rate trends. It's common for Amazon customers to use financing for major products and higher interest rates could stop them from shopping, lead to purchasing items they need most or put future transactions on hold. Tian (2023) found through ARIMA modeling that Amazon's stock price is affected by changes in the Fed's interest rates, showing that valuation and consumer sentiment are closely related. The relationship between disparities and youth satisfaction is also described by demographic factors. In Kozlov's research (2023), it was discovered that younger people are more affected by interest rates because they have higher debts and their income is less secure. This points to the research findings from this study that indicate the most responsive age segment to rate alterations on Amazon is the 18–34 group. Besides, statistics from AP News (2023a) and MarketWatch (2023) show that if rates go up, spending on electronics and lifestyle goods decreases noticeably, while people only slightly reduce their spending on necessities. But the literature continues to overlook specific consumer behavior based on platforms when they react to large-scale economic changes. The study tries to fill this gap by giving actual examples of Amazon consumers responding to interest rate changes, thus connecting economic models with day-to-day digital behavior.

III. RESEARCH METHODOLOGY

This study uses a research design that lets us see how interest rate changes affect how much people spend on Amazon by using quantitative, descriptive and cross-sectional methods. It was chosen because it could capture exactly the sort of responses people had to macroeconomic factors within a specified timeframe. The major goal was to find out how people using Amazon purchase, spend and use their credit when interest rates rise or fall. A questionnaire was designed for primary data collection, covering both demographic and behavioral questions. Data was collected by inviting people to take the questionnaire on the Internet via Google Forms. Multiple-choice and Likert-scale questions were set up to record responses easily and help with analysis and variables including awareness of RBI interest rate policies, whether people were spending more or less, their preference between essential and discretionary products and usage of EMI or Buy Now, Pay Later (BNPL). 60 shoppers of Amazon were selected by convenience sampling approach, as they were regular customers and had purchased a product in the last three months. This type of study which does not cover a statistically significant group, was still fitting for an exploratory purpose. Many respondents were recruited using online sites and social networks which made sure the users were up-to-date with digital commerce. Records were analyzed in Microsoft Excel by means of calculations like frequency distributions, percentages and cross-tabulations.

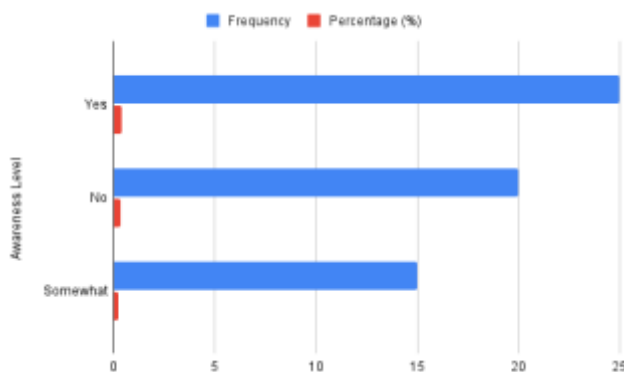
Tables and graphs were made to clearly show patterns and helpful interpretations. Basic correlation analysis helped study how being aware of interest rate updates linked to people spending less or more. During all stages of the research, ethics was treated with great importance. Study participants were clearly told the goal of the study, guaranteed their confidentiality and free to leave anytime with no repercussions. Your name and address were not kept and all the data we got was kept safely. A limited group of participants used the research instrument to help check its clarity, smoothness and how easy it was to use. Although the process made it possible to analyze a lot of data in depth, there were some aspects where it failed. People might be influenced by their memory or desire to impress and so possibly lie about what they have spent. In addition, seasonal changes in sales, special offers and infection from inflation or unemployment could have changed the results which was not controlled in our study. The study's intended objectives could be met with the chosen research methodology which helped to reveal how interest rates affect what consumers purchase on Amazon. Using this method made it possible to analyze consumer behavior right away in online stores and it also closed the gap between research on monetary policy and research on e-commerce.

IV. DATA ANALYSIS AND INTERPRETATION

The test subjects in this chapter are 60 active users of Amazon and the data from a structure questionnaire is interpreted in depth and explained. The goal here is to learn about how the ups and downs of interest rates push or pull Amazon's consumers to act, given their usage of credit, awareness of monetary policy changes and the categories of product they prefer. Key trends were shown in tables and their graph titles and the results were statistically summarized using descriptive statistics. Three tables have been picked for detailed interpretation.

Table 1: Awareness of Interest Rate Changes by RBI

Awareness Level	Frequency	Percentage (%)
Yes	25	41.7%
No	20	33.3%
Somewhat	15	25.0%
Total	60	100%



Graph 1: Awareness of RBI Interest Rate Policies (Bar Chart)

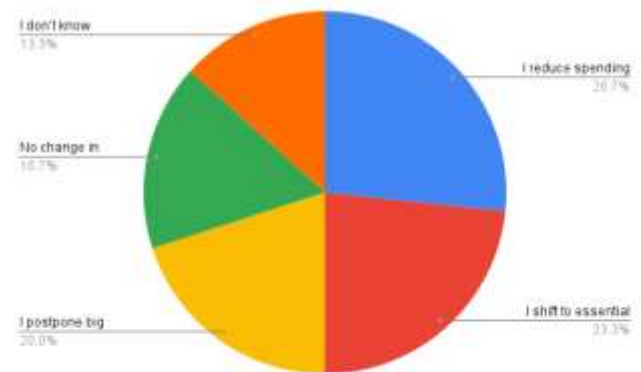
Interpretation:

The survey found that 41.7% of people said they knew about changes in interest rates declared by the Reserve Bank of India (RBI), while 33.3% did not know and only 25% were partially aware. Since financial understanding varies among people participating in digital commerce, only some understand or follow changes in interest rates. Intriguingly, noticing when rates change doesn't prevent people from

changing their spending habits and this is shown by the answers to the later questions. Because of this, consumers tend to react more to actual difficulties (like higher monthly installment payments) than to detailed descriptions of monetary policy changes. They show why e-commerce platforms and financial service providers should include both people's understanding and opinions in their design of credit solutions directed at users.

Table 2: Reported Consumer Behavior in Response to Rising Interest Rates

Behavior During Rate Hikes	Frequency	Percentage (%)
I reduce spending	16	26.7%
I shift to essential products	14	23.3%
I postpone big purchases	12	20.0%
No change in behavior	10	16.7%
I don't know	8	13.3%
Total	60	100%



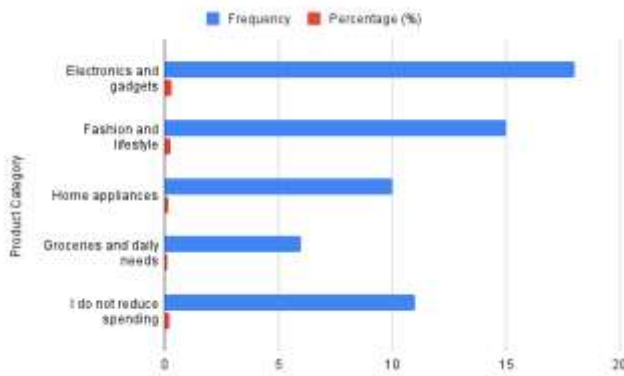
Graph 2: Behavioral Changes in Response to Interest Rate Hikes (Pie Chart)

Interpretation:

It shows how people are acting differently because of increased interest rates. The majority (70%) of people said they cut back on unnecessary spending, focus on what they need most or hold off on big purchases when rates rise. Such changes are most important in e-commerce since a lot of orders are made with credit. Only a small portion or 16.7%, said they remained the same, reflecting that there are still people who keep spending no matter the economy. 13.3% indicated that they were unsure about their actions which might reflect that they are not fully aware of the way wider economic trends can affect them. The conclusions show that the study predicted correctly: people still act more conservatively when interest rates rise, even on Amazon.

Table 3: Categories with Reduced Spending During Rate Hikes

Product Category	Frequency	Percentage (%)
Electronics and gadgets	18	30.0%
Fashion and lifestyle	15	25.0%
Home appliances	10	16.7%
Groceries and daily needs	6	10.0%
I do not reduce spending	11	18.3%
Total	60	100%



Graph 3: Most Affected Product Categories During Rate Hikes (Horizontal Bar Chart)

Interpretation:

The table tells us what product categories have drops in spending when interest rates go up. Electronics and gadgets turned out to be affected the most (30%), followed by fashion and lifestyle products (25%) which are usually bought just for luxuries or as gifts. Buying home appliances through EMI showed a 16.7% decrease. One thing to notice is that groceries and basic needs were not strongly impacted which highlights that consumers put these items first during hard times. More than one in five (18.3%) respondents reported no changes in any category which may mean they are economically secure or not very interested in these topics. Such differences in how consumers buy categories inspire marketers and planners on Amazon to promote items such as essentials or grouped value items during busy periods so that the site retains high conversion rates.

V. RESULTS AND DISCUSSION

Through the analysis, it was found that changes in interest rates have a strong effect on how Amazon consumers behave which shows how related macroeconomic policy and online shopping are. The results show that many consumers, mainly in the 18–34 age category and middle-income classes, are very sensitive to interest rate hikes and may either cut down on their purchases or postpone them. Though many respondents (58.3%) did not notice when interest rates went up, their changing habits show that economic actions depend on affordability more than on proven monetary knowledge. More people were found to choose needs over wants for products such as electronics, fashion and home appliances which are high-cost and usually paid through credit-based EMI and BNPL plans. Consumers prefer not to use such loans when interest rates are high which is a sign they are careful about rising debt costs. These outcomes match what research already shows about the relation between changes in monetary policy and less retail activity and the results demonstrate that digital consumers act as expected when receiving economic signals. They also reveal that mental

influences are part of money decisions, as this research suggests that no matter how limited that financial awareness may be, it can prompt protecting people's budgets. In practice, the emphasis is on Amazon and similar platforms matching their prices, marketing and payment plans to the present state of the economy. If interest rates rise, flexible loan repayments, highlighting essential offers and giving zero-interest EMI schemes might help maintain customers' interest. Also, this understanding from behavioral economics can persuade authorities to spread greater financial knowledge among people and to develop bank services that better suit their daily spending habits. Basically, this study demonstrates that monetary policy matters for e-commerce and enriches the understanding of how today's consumers use changes in the economy when deciding what to buy online.

VI. CONCLUSION AND RECOMMENDATIONS

The analysis suggests that when interest rates change, the way people use Amazon to shop is straightforward and can be noticed in multiple aspects which shows that macroeconomic factors play an important role in molding digital consumption. It can be clearly understood from reviewing primary data from 60 active Amazon users that higher interest rates influence most consumers in the younger and middle-income levels to decrease their spending, postpone big purchases and pay more attention to basic necessity items. Although not all respondents were aware of Reserve Bank of India's policies, data from their behavior prove they were highly sensitive to the changes they cause. Therefore, the existence of financial stress (such as increased EMIs, higher cost of credit or less disposable income) leads to more cautious shopping behavior, even by people using e-commerce sites where instant buying is common. As similar to before, as the economic situation got tougher, consumers dropped spending on electronics, lifestyle goods and home appliances because they considered those nonessential, but the same was not true for food costs. Also, spending on EMI and BNPLs more cautiously in such situations shows that people are thinking more carefully about money and debt. The findings matter critically to a variety of stakeholders. Because of changing interest rates, Amazon and other e-commerce sites need to frequently modify their deals, offer different prices and provide suitable credit options. Giving consumers a choice of zero-interest installments, having flexible return policies or combining items together can help companies maintain people's interest and avoid sales drop during hard times. Because of these insights, financial institutions can make credit products that line up better with what their consumers want and can afford regardless of the state of the economy. For example, these results help authorities see how monetary policy decisions affect daily financial activities of people in fast-evolving digital worlds. Also, the research emphasizes the need for people shopping online to understand finance, so they can make sound decisions when rates are changing. Even though its research was restricted by a few samples and a specific place of study, the conclusions help both academia and businesses by joining big-level money management with everyday customer actions. More analysis on bigger and wider populations and examining information over time, can advance our knowledge and study of changing patterns in digital spending during changing economic conditions. All in all, since the digital economy is growing, it is important to pay attention to the details of how interest rates impact everything and how businesses handle these effects to maintain confidence in the

market, strengthen the economy and make growth continue in e-commerce.

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