

Role of Income and Alternative Financing Models in Shaping Consumer Buying Behavior in the Online Skill Development Course

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Abstract

The rapid growth of online skill development courses has transformed the landscape of education by providing flexible, accessible, and cost-effective learning opportunities. However, financial factors continue to influence consumer enrollment decisions. This study examines the impact of income level and alternative financing models on consumer buying behavior toward online skill development courses. A quantitative research approach was adopted using primary data collected through a structured questionnaire. Statistical tools such as ANOVA and regression analysis were applied using SPSS and Excel to analyze the data.

The findings reveal that income level significantly influences consumer behavior, with noticeable differences in course preference, price sensitivity, and platform comparison across income groups. Additionally, the study highlights that alternative financing options, including EMI, Buy Now Pay Later (BNPL), and installment plans, have a statistically significant and positive effect on purchase decisions. The regression analysis indicates a moderate relationship, with financing models explaining a considerable portion of variation in consumer behavior.

Overall, the study concludes that both income and flexible payment options play a crucial role in shaping purchasing decisions in the online education sector. These findings provide valuable insights for online learning platforms to design pricing strategies and financing options that enhance accessibility and increase enrollment.

Keywords: Consumer Buying Behavior, Income Level, Online Skill Development Courses, Alternative Financing Models, Buy Now Pay Later (BNPL), Installment Plans, Purchase Decision)

1. Introduction

In recent years, online skill development courses have become an important part of higher education and professional growth. With the increase in internet usage and digital platforms, students and working professionals now prefer online courses to improve their knowledge and skills. These courses offer flexibility, convenience, and access to industry-relevant content at affordable prices compared to traditional classroom programs. As a result, the online education market has grown rapidly. However, even with these advantages, not all individuals choose to enroll in such courses, and one of the major reasons behind this is their financial capability.

Income level plays an important role in influencing a person's buying decision, especially when it comes to investing in education. Individuals with higher income generally find it easier to spend on online courses, including advanced or specialized programs. On the other hand, those with limited income often think carefully before making such purchases, as they need to manage their expenses and prioritize essential needs (Kotler & Keller, 2016). This difference in financial capacity leads to variations in how consumers perceive the value and affordability of online courses.

Previous studies also show that cost is a key factor affecting access to education. Reports by the World Bank (2020) highlight that many learners, particularly in developing regions, face financial barriers when trying to upgrade their skills. In addition, research suggests that consumers tend to compare the benefits they expect from a service with the price they are required to pay, and this comparison strongly affects their final decision (Zeithaml, 1988).

To make courses more affordable, many online platforms now provide alternative financing options such as installment payments (EMI), Buy Now Pay Later schemes, discounts, scholarships, and subscription models. These options reduce the burden of paying a large amount at once and encourage more people to enroll. Such financing models play an important role in influencing consumer buying behavior, especially among price-sensitive groups. According to insights discussed in the Harvard Business Review, reducing upfront costs can positively influence consumer decisions by making purchases feel less risky (Shah & Kumar, 2021).

Therefore, this study aims to examine how income and alternative financing models influence consumer buying behavior toward online skill development courses. Understanding this relationship will help identify how financial factors affect enrollment decisions and purchasing patterns in the online education sector.

Literature Review

Consumer buying behavior in digital markets has evolved significantly with the advancement of internet technology, shifting from traditional retail to online platforms. According to Philip Kotler and Kevin Lane Keller (2016), consumer behavior involves the mental, emotional, and decision-making processes that lead to purchase decisions. In online environments, income remains a key determinant of purchasing power, influencing consumers' ability and willingness to invest in services such as online skill development courses (Schiffman & Wisenblit, 2019). Empirical evidence suggests that higher-income individuals tend to spend more on education and skill enhancement, whereas lower-income groups exhibit greater price sensitivity and demand financial flexibility (Rana & Paul, 2022).

To address affordability constraints, alternative financing models such as Buy Now Pay Later (BNPL), installment plans, and subscription-based pricing have gained prominence. These models reduce upfront financial burden and enhance perceived affordability, thereby encouraging consumer participation (Gao & Hassan, 2025). Prior research indicates that BNPL adoption significantly increases purchase frequency and spending behavior, particularly among younger and low-income consumers due to liquidity effects and perceived ease of payment (Kumar et al., 2024; Arkhangelsky & Hirshberg, 2023). However, behavioral studies highlight that such payment mechanisms may reduce the psychological "pain of paying," leading to higher spending and potential impulsive purchases (Prelec & Loewenstein, 1998; Soman, 2001).

From a value-based perspective, Valarie A. Zeithaml (1988) explains that consumers evaluate products based on a trade-off between perceived benefits and cost. This concept is highly relevant in the context of online skill development courses, where consumers assess whether the expected outcomes justify the price. Furthermore, technological factors also influence consumer behavior. The Technology Acceptance Model proposed by Fred Davis (1989) suggests that perceived usefulness and ease of use significantly determine the adoption of digital platforms and payment systems.

Financial literacy plays a critical moderating role in consumer financial behavior. Annamaria Lusardi and Olivia S. Mitchell (2014) emphasize that financial knowledge enhances individuals' ability to make informed decisions and reduces the likelihood of excessive borrowing. Supporting this view, studies indicate that higher financial literacy leads to more responsible use of financing options, whereas lower literacy levels increase the risk of financial mismanagement (Khoirunisa et al., 2025; Johnson & Lee, 2024).

In addition, digital payment systems and technological advancements further shape consumer behavior. Research indicates that non-cash payment methods increase consumers' willingness to spend by reducing payment salience (Jiang, 2022). In the context of online education, perceived value, satisfaction, and service quality significantly influence purchase intention and continuance behavior (Zhang et al., 2022). Moreover, digital literacy and technological competence enhance trust in online platforms and facilitate the adoption of fintech services (Al-Mansoori & Park, 2024).

Demographic and socio-economic factors also play an important role in shaping consumer responses to financing options. Lower-income and younger consumers are generally more responsive to flexible payment mechanisms due to limited access to traditional credit and higher sensitivity to affordability (Goyal & Khamar, 2026). Social and psychological factors, including perceived value and identity, further influence consumption behavior in online education markets (Jiang et al., 2022). Additionally, global insights from the World Bank (2020) highlight that financial constraints remain a significant barrier to accessing education, particularly in developing economies.

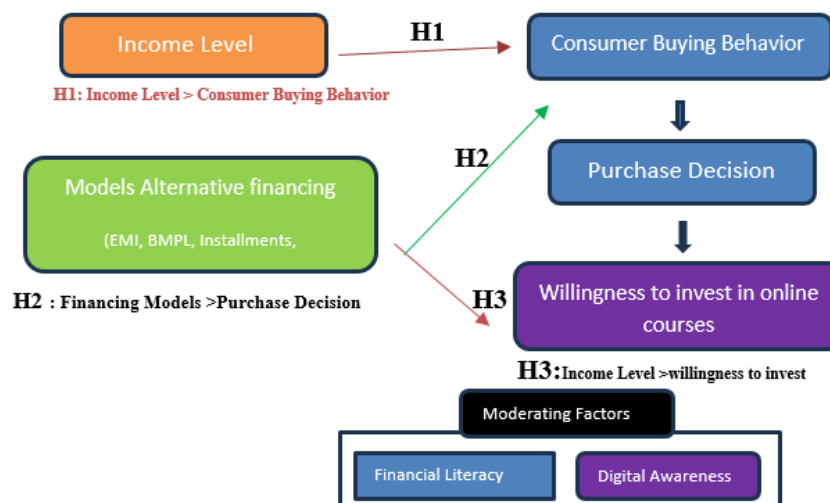
Overall, the literature indicates that income and alternative financing models jointly influence consumer buying behavior by affecting affordability, accessibility, and perceived value. While higher income enhances purchasing capability, flexible financing options such as BNPL and installment plans improve access and reduce financial barriers. However, most existing studies focus on general e-commerce contexts, with limited attention to online skill development courses. This highlights a clear research gap and underscores the need for further investigation into how financial factors specifically shape consumer decisions in the online education sector.

Research Gap

Although previous studies have examined consumer buying behavior, income levels, and alternative financing models, there is a lack of integrated research that specifically focuses on their combined effect within the context of online skill development courses. Much of the existing literature is centered on general e-commerce or retail sectors, with limited attention to educational platforms such as Coursera and Udemy, where purchasing decisions are more value-driven and long-term in nature. While financing

options like Buy Now, Pay Later (BNPL), installment plans, and subscriptions have been shown to influence consumer spending, their effectiveness in reducing income-based barriers to education and encouraging meaningful investment in skill development remains insufficiently explored. Additionally, there is a lack of empirical evidence on how different income groups respond to these financing models in shaping their purchase decisions. Existing studies also do not adequately address the role of moderating factors such as financial literacy and digital awareness in this relationship, particularly in developing economies like India. Therefore, this study aims to bridge these gaps by analyzing how income and alternative financing models jointly influence consumer buying behavior in the online skill development course market.

Conceptual Framework:



The conceptual framework of this study illustrates the interrelationship between income level, alternative financing models, consumer buying behavior, purchase decision, and willingness to invest in online skill development courses. It is proposed that income level has a direct influence on consumer buying behavior, which subsequently affects purchase decisions and willingness to invest in online courses. Higher income levels are expected to positively influence consumers’ ability and readiness to engage in online learning due to greater financial flexibility.

Further, alternative financing models such as EMI, BNPL (Buy Now Pay Later), installment plans, and subscription-based payments are hypothesized to positively influence purchase decisions by reducing immediate financial constraints and enhancing affordability. The framework also suggests that income level directly affects consumers’ willingness to invest in online courses, indicating that financial capacity plays a key role in long-term learning investments.

In addition, the model incorporates moderating factors, namely financial literacy and digital awareness, which are expected to influence the strength of the relationships between the independent and dependent variables. These factors enhance consumers’ ability to evaluate financial options and make informed purchase decisions in the context of online skill development courses.

Research Methodology

This study adopts a quantitative research approach to examine how income and alternative financing models influence consumer buying behavior in online skill development courses. The research is both descriptive and analytical in nature, as it aims to describe consumer characteristics and analyze relationships between financial factors and purchase decisions.

Objectives of the Study

1. To analyze the impact of income level on consumer buying behavior toward online skill development courses.
2. To examine the influence of alternative financing models (EMI, Buy Now, Pay Later, installment plans) on purchase decisions.
3. To study the relationship between income and willingness to invest in online

Hypothesis of the Study

H0₁ : Income level has no significant impact on consumer buying behavior toward online skill development courses.

H0₂: Alternative financing models have no significant influence on purchase decisions for online skill development courses.

H0₃: There is no significant relationship between income level and willingness to invest in online skill development courses.

Research Design

A descriptive research design is used to understand consumer preferences, attitudes, and behavior toward online courses. An analytical approach is further applied to study relationships between income, financing options, and buying behavior.

Data Collection Method

The study is based on primary data, collected through a structured questionnaire (Google Form) consisting of 27 questions, including demographic, behavioral, and Likert-scale statements.

Variables of the Study

- Independent Variables: Income level, Financing options (EMI, BNPL, subscriptions)
- Dependent Variables: Buying behavior, purchase intention
- Control Variables: Age, gender, occupation

Measurement Scale

A 5-point Likert scale (Strongly Disagree to Strongly Agree) is used to measure attitudes and perceptions.

Data Analysis Tools

- ANNOVA
 - Regression Analysis
- Analysis is done using Microsoft Excel, SPSS

Scope of the Study

This study focuses on examining how income level and alternative financing models influence consumer buying behavior toward online skill development courses within Bangalore city. It analyzes how financial factors such as affordability, price sensitivity, and flexible payment options like EMI, Buy Now Pay Later (BNPL), installment plans, and subscription models affect consumers' purchase decisions.

The study is limited to respondents residing in Bangalore, including students, working professionals, and other individuals who are potential or existing users of online learning platforms. It considers key aspects such as consumer preferences, willingness to invest, and purchasing patterns related to online courses.

Demographic variables such as age, gender, and occupation are also included to understand variations in behavior across different groups. However, the findings are specific to the selected sample in Bangalore and may not be fully generalizable to other regions.

Overall, the study provides insights into how financial capability and payment flexibility influence enrollment decisions in the online education market within Bangalore.

Limitations of the Study

1. The study is limited by a small sample size.
2. There may be response bias as the data is based on self-reported answers.
3. The findings have limited generalization as the study covers only a specific group of respondents.

Ethical Considerations

The study ensures that all responses were collected with the consent of participants. Respondents were informed about the purpose of the research, and their information was kept confidential. No personal data was misused, and the responses were used only for academic purposes.

Data Analysis and Interpretation:

This section provides a comprehensive analysis of the data collected for the study titled "Role of Income and Alternative Financing Models in Shaping Consumer Buying Behavior in Online Skill Development Courses." The collected responses were analyzed using suitable statistical tools to evaluate the influence of income levels and alternative financing mechanisms on consumer decision-making behavior. The analysis is presented in alignment with the stated research objectives and hypotheses.

The objective is to examine whether variations in income levels lead to significant differences in consumer preferences, affordability, and purchase decisions related to online courses. To test this relationship, the null hypothesis (H_0) states that income level has no significant impact on consumer buying behavior, while the alternative hypothesis (H_1) assumes a significant impact.

The analysis and interpretation presented in this section aim to provide meaningful insights into how income influences consumer decision-making in the context of online skill development.

Table –1 ANOVA

		Sum of Squares	df	Mean Square	F	Sig.	
Prefer Courses	Online	Between Groups	54.857	4	13.714	11.937	.000
		Within Groups	163.143	142	1.149		
		Total	218.000	146			
Price Importance		Between Groups	25.490	4	6.373	5.430	.000
		Within Groups	166.646	142	1.174		
		Total	192.136	146			
Compare Platforms		Between Groups	25.240	4	6.310	6.702	.000
		Within Groups	133.698	142	.942		
		Total	158.939	146			

The ANOVA results indicate that income level has a statistically significant effect on consumer buying behavior toward online skill development courses.

For preference for online courses, the F-value (11.937) with a significance level of $p < 0.001$ shows a strong variation among different income groups. This indicates that individuals across income levels differ in their preference for online courses.

Similarly, price importance shows a significant difference ($F = 5.430, p < 0.001$), suggesting that sensitivity toward pricing varies across income categories.

In addition, comparison of platforms also exhibits a statistically significant variation ($F = 6.702, p < 0.001$), indicating that consumers differ in their tendency to compare platforms before making a purchase decision.

Second objective focuses on examining how alternative financing models, such as EMI options, Buy Now Pay Later (BNPL), instalment plans, and scholarships, influence the purchase decisions of consumers toward online skill development courses. In today’s digital learning environment, affordability has become a key concern, especially for students and individuals with limited income. Therefore, flexible payment options play an important role in reducing financial pressure and encouraging course enrolment.

To analyze this relationship, statistical tools such as correlation and regression analysis have been applied. These methods help in understanding the strength and direction of the relationship between financing

options and consumer buying behavior. The responses collected from the respondents provide insights into their preferences, attitudes, and intentions regarding the use of different payment methods while purchasing online courses.

Table:2 Regression Analysis

Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.471 ^a	.222	.183		1.115

a. Predictors: (Constant), V25, V21, V20, V22, V23, V19, V18

The regression analysis shows a moderate positive relationship between alternative financing models and purchase decisions (R = 0.471).

The R Square value (0.222) indicates that approximately 22.2% of the variation in purchase decisions is explained by financing options such as EMI, BNPL, and installment plans. The adjusted R Square (0.183) further confirms moderate explanatory power.

The ANOVA results (F = 5.664, p < 0.001) indicate that the regression model is statistically significant, meaning that the independent variables collectively influence purchase decisions.

These results suggest that alternative financing models play an important role in shaping consumer buying behavior.

Table: 3 ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	49.306	7	7.044	5.664	.000 ^b
Residual	172.871	139	1.244		
Total	222.177	146			

a. Dependent Variable: V24

b. Predictors: (Constant), V25, V21, V20, V22, V23, V19, V18

The ANOVA results for the regression model indicate that the model is statistically significant. The F-value of 5.664, along with a significance level of p < 0.001, suggests that the overall regression model provides a good fit to the data.

The regression sum of squares (49.306) compared to the residual sum of squares (172.871) indicates that a meaningful portion of the variation in the dependent variable (purchase decision) is explained by the independent variables included in the model. The mean square value for regression (7.044) is higher than that of the residual (1.244), further supporting the explanatory power of the model.

These results imply that the set of predictors, including alternative financing variables, collectively contribute to explaining variations in consumer purchase decisions for online skill development courses.

Third objective is aims to study the relationship between income level and the willingness of individuals to invest in online skill development courses. Income is an important factor that influences a person’s spending capacity, especially when it comes to educational investments. Individuals with higher income levels are generally more confident in spending on premium or paid courses, whereas those with lower income may hesitate or prefer free or low-cost alternatives.

To examine this relationship, appropriate statistical tools such as correlation analysis have been used. This helps in identifying whether a significant relationship exists between income level and willingness to invest, and also shows the direction and strength of this relationship. The data collected from respondents provides valuable insights into how financial capacity affects their decision to invest in skill development.

Table -4 ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
I prefer on line skill development courses over off line training	Between Groups	17.306	4	4.326	3.438	.011
	Within Groups	161.085	128	1.258		
	Total	178.391	132			
My income level influences my ability to buy on line courses	Between Groups	3.733	4	.933	.843	.500
	Within Groups	141.710	128	1.107		
	Total	145.444	132			

The ANOVA results present mixed evidence regarding the relationship between income level and willingness to invest in online skill development courses.

For the statement “I prefer online skill development courses over offline training,” the significance value is $p = 0.011$, which is less than 0.05. This indicates a statistically significant difference among income groups, suggesting that income level influences preference toward online learning.

However, for the statement “My income level influences my ability to buy online courses,” the significance value is $p = 0.500$, which is greater than 0.05. This indicates no statistically significant difference among income groups, meaning income level does not significantly affect consumers’ perceived ability to purchase online course.

Table-5 Crosstabs Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Monthly Income * Have you ever purchased an online skill development course?	132	69.1%	59	30.9%	191	100.0%

**MonthlyIncome * Have you ever purchased an online skill development course?
Crosstabulation**

			Have you ever purchased an online skill development course?		Total
			Yes	No	
Monthly Income	Below -	Count	26	8	34
	10,000	% within MonthlyIncome	76.5%	23.5%	100.0%
	10,000 –	Count	10	7	17
	25,000	% within MonthlyIncome	58.8%	41.2%	100.0%
	25,000 –	Count	31	8	39
	50,000	% within MonthlyIncome	79.5%	20.5%	100.0%
	Above -	Count	7	1	8
	50,000	% within MonthlyIncome	87.5%	12.5%	100.0%
	No	Count	14	20	34
	Personal	% within MonthlyIncome	41.2%	58.8%	100.0%
	Incom	Count	88	44	132
Total		% within MonthlyIncome	66.7%	33.3%	100.0%

The crosstabulation analysis examines the relationship between respondents’ monthly income and their purchase behavior regarding online skill development courses. Out of the total 191 respondents, 132 valid responses (69.1%) were considered for analysis, while 59 responses (30.9%) were missing.

Overall, the findings indicate that 66.7% of respondents have purchased an online skill development course, whereas 33.3% have not purchased any course.

A variation is observed across different income groups. Among respondents earning below ₹10,000, 76.5% have purchased online courses, indicating relatively high participation even in the lowest income category. In the ₹10,000–₹25,000 group, 58.8% have purchased and 41.2% have not, showing moderate engagement. The ₹25,000–₹50,000 group shows higher adoption, with 79.5% of respondents purchasing online skill courses. In the above ₹50,000 income group, the highest purchase rate is observed at 87.5%, indicating a strong positive association between higher income and course purchase behavior. Respondents with no personal income show the lowest participation, with only 41.2% having purchased a course, while 58.8% have not, suggesting that financial dependency limits purchasing behavior.

Overall, the results suggest a positive relationship between monthly income and the likelihood of purchasing online skill development courses, where higher income groups demonstrate greater adoption.

Findings

The study examines the impact of income level and alternative financing models on consumer buying behavior toward online skill development courses. The findings indicate that income level has a significant impact on consumer buying behavior, influencing preferences, price sensitivity, and platform comparison; therefore, the null hypothesis (H_{01}) is rejected and the alternative hypothesis (H_{11}) is accepted. Further, alternative financing models such as EMI, Buy Now Pay Later (BNPL), and installment plans significantly influence purchase decisions by enhancing affordability, leading to the rejection of H_{02} and acceptance of H_{12} . However, the relationship between income level and willingness to invest shows mixed results, as income significantly affects preferences but not consistently the perceived ability to purchase; hence, H_{03} is partially accepted and partially rejected. Additionally, the analysis indicates that higher-income individuals are more likely to purchase online courses, while individuals with no personal income show lower participation, although flexible financing options help improve accessibility across income groups.

Conclusion

The study concludes that consumer buying behavior toward online skill development courses is significantly influenced by financial factors, particularly income level and alternative financing models.

Income level determines the purchasing capacity and level of price sensitivity, while alternative financing options enhance affordability and accessibility by reducing upfront payment pressure. Although income has a strong impact on consumer behavior, its influence on willingness to invest is not absolute, as flexible payment options enable even lower-income groups to participate.

Overall, the findings highlight that affordability and payment flexibility are key drivers of consumer decisions in the online education market. Therefore, online learning platforms should focus on providing cost-effective pricing and flexible financing options to attract a wider range of consumers and increase course enrollment.

The study confirms that while income influences consumer behavior, alternative financing models play a crucial role in bridging the affordability gap and promoting inclusive access to online skill development courses.

Implications and Recommendations

The findings of this study provide important implications for online learning platforms and policymakers. The significant impact of income level on consumer buying behavior suggests the need for differentiated pricing strategies to cater to diverse income groups. Additionally, the positive influence of alternative financing models indicates that platforms should expand flexible payment options, such as EMI and Buy Now Pay Later (BNPL), to enhance affordability and encourage enrollment.

Furthermore, since lower-income and no-income groups exhibit relatively lower participation, targeted initiatives such as scholarships, discounts, and freemium models can improve accessibility and inclusiveness. The results also highlight the importance of effectively communicating the value proposition of courses, including career benefits and skill enhancement, to justify pricing and influence purchase decisions.

Finally, improving consumer awareness and financial literacy can enable individuals to make informed decisions regarding financing options, thereby reducing financial hesitation and promoting wider adoption of online skill development courses.

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