



THE CONVENIENCE ECONOMY: AN ECONOMIC ANALYSIS OF ON-DEMAND GIG PLATFORMS ON HOUSEHOLD SPENDING AND CONSUMER EXPECTATIONS IN NAGALAND

Konchem

Assistant Professor, Department of Economics, Yingli College, Longleng, Nagaland.

E-mail: konchemmukho@gmail.com

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Abstract: The rapid proliferation of gig-based service platforms has transformed from a once-novel technological advancement into a significant and complex structural shift in household economics, affecting consumer behaviour and market dynamics. This paper undertakes a thorough examination of the “Convenience Economy,” focusing specifically on its implications within the unique socio-economic context of Nagaland, India. It analyses how well-established global e-commerce platforms, such as Amazon, Flipkart, Firstcry, Domino’s Pizza and Myntra, compete with traditional bazaars that serve as vital community hubs, offering not only goods but also a sense of cultural identity and social interaction. Through a comprehensive mixed-methods approach that includes qualitative interviews and quantitative data analysis, the study identifies a phenomenon described as the “Convenience Trap.” This concept illustrates how consumers increasingly prioritise the immediate benefits of time-saving services and instant gratification, often at the expense of being price-sensitive. The results of the research indicate that, while global platforms demonstrate a commanding presence in key sectors such as electronics and logistics—facilitating rapid delivery and a wide range of product choices—social commerce, particularly through platforms like Instagram and WhatsApp, plays a crucial role as a trusted “high-trust” intermediary. This social commerce not only enhances customer relationships but also supports local entrepreneurs and artisans, thereby enriching the retail landscape in Nagaland and fostering a blend of modern convenience with traditional values.

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INTRODUCTION

The rapid proliferation of gig-based service platforms has transitioned from a technological novelty to a significant structural change, fundamentally reshaping the dynamics of household economics. The gig economy comprises the online platform versus offline intermediation; independent contractor versus employee status; paid versus unpaid work; and delivery of services versus goods (Hudek, I., and Širec, K., 2023). This paper conducts a thorough examination of the “Convenience Economy,” specifically within the context of Nagaland, India, a region characterised by its rich cultural heritage and unique socio-economic landscape. It investigates the competitive interactions between established global e-commerce platforms, including market leaders such as Amazon, Flipkart, and Myntra, and traditional bazaars, which have served as vital commercial hubs for local communities for generations. Social commerce, fundamentally linked to social media platforms, enables consumers to engage in thoughtful interactions, exchange pertinent information, and make well-informed purchasing decisions (Hassan et al., 2025). Employing a rigorous mixed-methods approach, this study integrates both quantitative data and qualitative insights to offer a comprehensive understanding of consumer behaviour in this evolving market. The research identifies a significant phenomenon, the “Convenience Trap,” which refers to a trend in which consumers increasingly prioritise the convenience of time-saving services and the immediacy of gratification, often at the expense of considering price sensitivity and long-term economic implications. This shift is particularly relevant in Nagaland, where traditional values and modern consumer expectations converge, creating a complex marketplace. The findings of this research reveal that, while global e-commerce platforms continue to assert their dominance in sectors such as electronics and logistics, social commerce—primarily facilitated through platforms like Instagram, Facebook, and WhatsApp—have emerged as an essential and trusted intermediary within the Naga retail framework. This intermediary role is especially significant, given the cultural context in which trust, interpersonal relationships, and community engagement shape consumer behaviour and purchasing decisions. As such, this study not only contributes to

a deeper understanding of the “Convenience Economy” in Nagaland but also underscores the importance of adapting to the unique interplay of traditional and modern economic practices in this dynamic environment.

LITERATURE REVIEW

Chiang and Dholakia (2003) examine the dynamic factors that shape consumers’ intentions to shop online, particularly during the vital information-acquisition stage. As the internet emerges as a powerful shopping medium, consumer behaviour is profoundly transformed by three core elements: unmatched convenience, product diversity, and the significance of perceived price.

Yeo, Goh, and Rezaei (2017) examine the factors influencing consumer attitudes and behavioural intentions toward online food delivery (OFD) services, focusing on convenience, hedonic motivation, and price/time-saving orientations, using an integrated theoretical model. The study’s findings underscore the importance of perceived usefulness following usage as a crucial determinant for ongoing engagement, while indicating that prior online experience does not necessarily affect the specific perceived usefulness of OFD services.

Arun Sundararajan (2017) defines “crowd-based capitalism” as a transition towards decentralised, peer-to-peer digital networks that transform labour structures and the dynamics of trust. While the work is lauded for its insightful analysis of the digitisation of trust, it has faced criticism for potentially underestimating the precarious nature associated with gig employment.

Riaz et al., (2020) established that various constructs of social commerce, specifically learning derived from forums and communities, learning from ratings and reviews, and learning from social advertisements, serve as significant predictors of social support constructs. Moreover, social support constructs, encompassing both emotional and informational support, were found to have a significant impact on consumers’ purchase intentions within social networking sites.

Staircase AI (2024) finds that substantial rise in user-generated content, which includes detailed reviews from customers and a wide range of posts shared on social media platforms, offers critical insights into customer satisfaction levels and the effectiveness of product performance over time.

THEORETICAL FRAMEWORK

Search Cost Theory and the Value of Time: The convenience economy is fundamentally grounded in Search Cost Theory, as articulated by George Stigler in 1961 (Stigler G. J., 1961). In the context of Nagaland, the “Price” of a product encompasses not only the Maximum Retail Price (MRP) but also the associated “Search Cost,” which includes Time, Convenience, Effort, and Transport. On-demand platforms such as Amazon and Swiggy effectively mitigate these costs by providing delivery services, allowing consumers to exchange a nominal Service Fee for significant time savings.

Information Asymmetry and Digital Trust: Another key component of this framework is Information Asymmetry, as described by Akerlof in 1970 (ROSSER J. S. J. B. 2008). Local consumers often face challenges in determining the authenticity and fair pricing of products. Global platforms address this issue by leveraging Aggregated Data, including user reviews and star ratings.

The Pain of Payment and Frictionless Consumption: The final theoretical perspective is the Pain of Payment, a concept presented by Prelec and Loewenstein in 1998 (Thaler R. H., 2008), which posits that the discomfort of spending is heightened when utilising physical cash. The implementation of the Unified Payments Interface (UPI) within the Naga gig economy has successfully decoupled consumption from the associated payment pain. By facilitating “Scan and Pay” functionality, platforms foster a Frictionless Consumer Journey.

RESEARCH OBJECTIVES

1. To analyse the economic impact of on-demand gig platforms on household expenditure patterns and consumer behaviour.
2. To analyse how platforms create convenience but may also generate higher costs for households.

RESEARCH METHODOLOGY

This research uses a descriptive-analytical approach and integrates quantitative methods to collect primary data. Emphasizing the digital aspects of the gig economy, Non-Probability Convenience Sampling and Snowball Sampling via

the WhatsApp platform are utilised to reach out to 200 individuals aged 18 to 45 from the active districts of Dimapur, Kohima, and Longleng. In addition, the secondary data is derived from a comprehensive array of resources, including academic journals, articles, books, websites, newspapers, and reviews of both national and regional policies.

STUDY AREA BACKGROUND

The selection of districts—Dimapur, Kohima, and Longleng—establishes a “Digital Maturity Gradient” that highlights the uneven distribution of the convenience economy across Nagaland, reflecting various stages of retail development. Dimapur, with a population of 378,811 across 927 km², is the most densely populated district, uniquely positioned for “Quick Commerce” and gig platforms, serving as the state’s “Primary Fulfilment Hub” due to its airport and railway station. In contrast, Kohima has 267,988 residents over 1,463 km² and relies on a “Secondary Hub” model, which is vulnerable to disruptions from monsoon landslides. Longleng, with just 50,484 individuals in 562 km², faces significant infrastructure challenges, often categorised as “Backward” in terms of road access and banking facilities, indicating a pressing need for development in this region.

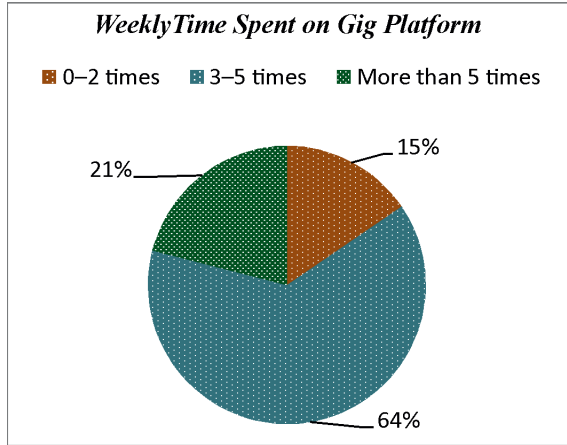
ECONOMIC ANALYSIS OF THE CONVENIENCE ECONOMY

Table 1: Time Spent per week on the gig platform

<i>Time Spent per week on Gig Platform</i>	<i>Frequency</i>
0–2 times	31
3–5 times	127
More than 5 times	42

Source: Survey compilation, 2025.

In the table and diagram above, the analysis of time spent per week on gig platforms reveals three key user engagement categories: 1. 0-2 times per week, which is 15% of users. This group engages occasionally, possibly favouring traditional shopping methods. 2. 3-5 times per week, comprising 64% of users. This segment actively utilises gig platforms several times a week, indicating a strong interest in exploring offerings and making purchases. 3. More than 5 times per week accounts for 64% of users. This group shows high-



frequency engagement with gig platforms, suggesting a significant reliance on these services for their shopping needs. Thus, the data shows that a majority of consumers regularly engage with gig platforms, underscoring their value and appeal.

Table 2: Consumer Platform Preference by Category

Product Category	Global Sites (In Percentage)	Social Commerce (In Percentage)	Traditional Markets (In Percentage)
Electronics & Gadgets	82%	5%	13%
Fashion & Apparel	80%	65%	20%
Fresh Groceries/Meat	1%	10%	98%
Home Decor/Gifts	25%	55%	20%
Prepared Food/Meals	10%	10%	70%

Source: Survey compilation, 2025.

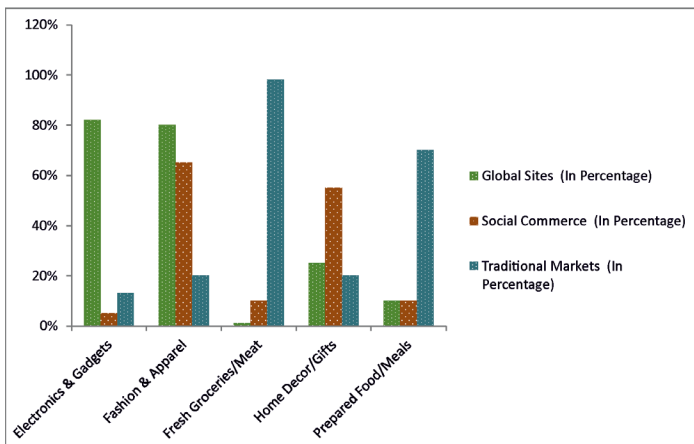


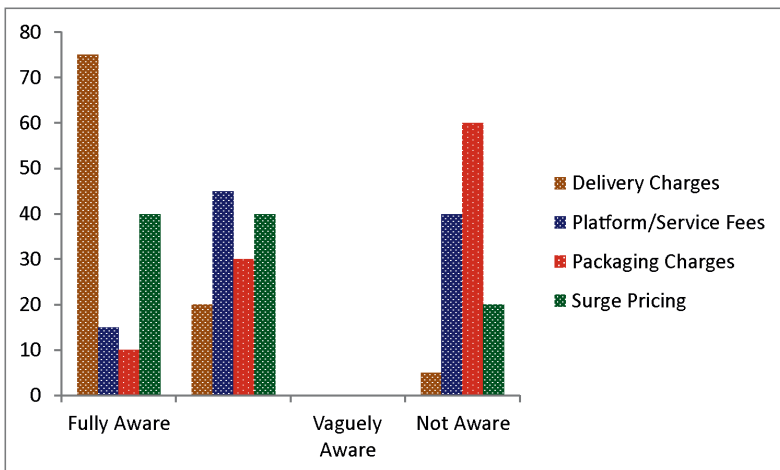
Table 2 and diagram above highlight key consumption trends in Nagaland’s entrepreneurial landscape. Traditional markets dominate for perishables, with 98% of consumers preferring them, reflecting deep agrarian roots and a need for better digital infrastructure. Conversely, global platforms lead in electronics (82%) and fashion (80%), presenting challenges for local MSMEs due to competition with larger e-commerce players. Social commerce significantly supports local creative industries, especially in “Home Decor” and “Fashion & Apparel,” empowering nano-entrepreneurs to showcase traditional crafts. The combined preference for global and social platforms in fashion suggests opportunities for local brands to adopt hybrid models to expand their reach. A strong 70% preference for traditional markets in “Prepared Food/Meals” indicates a robust domestic market for food services, consistent with the tertiary sector’s high contribution to the local economy. Overall, these trends emphasise the need for improved digital literacy and support to help local businesses become competitive.

Table 3: Awareness of Hidden Fees

This measures the ‘financial literacy’ of gig consumers in Nagaland.

Fee Type	Fully Aware	Vaguely Aware	Not Aware
Delivery Charges	75	20	5
Platform/Service Fees	15	45	40
Packaging Charges	10	30	60
Surge Pricing	40	40	20

Source: Survey compilation, 2025.



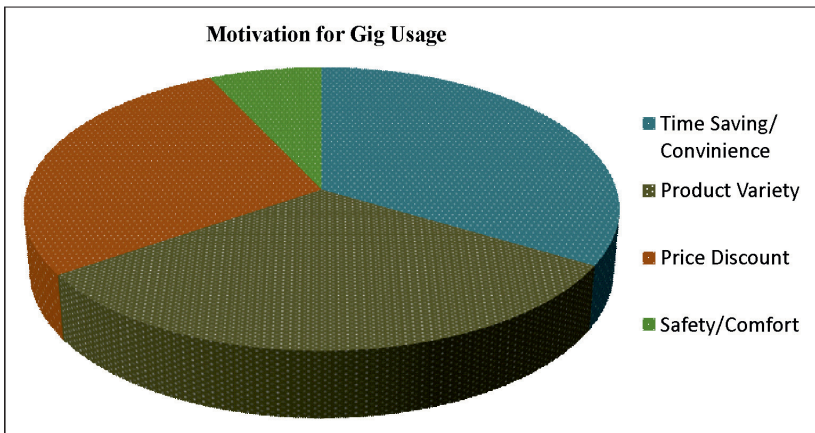
In Table 3 and the diagram above, the economic analysis explores consumer awareness of hidden fees and price transparency in online delivery services. While 75% of consumers are fully aware of delivery charges, awareness of hidden fees such as Platform/Service Fees and Packaging Charges is much lower, with the majority lacking a clear understanding of the latter. The lack of transparency leads to several significant economic consequences. Consumers often make purchasing decisions based on incomplete pricing information, leading to impulsive purchases and potential welfare losses. Hidden fees also increase search costs, complicate price comparisons across platforms, and reduce competition, allowing firms to raise prices. Surge pricing further complicates awareness, leading to feelings of unfairness and reduced consumer trust. Overall, online delivery platforms benefit from price complexity to attract customers with lower initial costs while minimizing competition. Regulatory measures or industry standards focused on clearer pricing could enhance market transparency.

Table 4: Motivation for Gig Usage

The primary drivers for the shift to digital platform are shown in the table below.

<i>Motivation Factor</i>	<i>Frequency</i>	<i>Rank</i>
Time Saving/ Convenience	62	1
Product Variety	59	2
Price Discount	51	3
Safety/Comfort	13	4

Source: Survey compilation, 2025.



The table 4 and diagram confirm that time-saving is a major economic driver in Nagaland. The rankings derived from the sample of gig-consumer districts offer essential insights for delivery platforms. Consumers highlight the vital role of efficient service and convenience, recognizing that these elements not only save valuable time but also empower them to access shopping sites effortlessly, anytime and from anywhere. Secondly, a diverse product range is vital for attracting and retaining customers. Offering varied options enhances convenience and meets individual preferences. While discounts are important, they rank third. Consumers prioritise value over the lowest prices, seeking quality service and swift delivery. Platforms should highlight these aspects alongside competitive pricing. At last, although safety and comfort are important, they are secondary to efficiency and variety. Consumers have a baseline level of trust in delivery services, but platforms should continue to enhance these areas to build long-term loyalty. Thus, the insights from consumers in Longleng, Dimapur, and Kohima clearly indicate that delivery platforms should focus on speed, product variety and discounts to capture engagement. By balancing these priorities with competitive pricing and a commitment to safety, platforms can successfully meet consumer demands and thrive in the market as the Naga consumer is ‘Time-Sensitive’ rather than just ‘Price-Sensitive’.

LIMITATIONS OF THE STUDY

In addition to these contributions, some limitations of the studies that could be addressed in continued research. To advance in this underexplored field, exploratory research with more detailed investigations of users’ profiles might reveal other demographic, personal, and situational factors that influence the use and recommendation of services. The study analyses only three districts; however, to generalise the findings, the research should be replicated in other regional contexts.

FINDINGS

1. The Resilience of Social Trust (Social Commerce): Social Commerce (Instagram/Facebook/WhatsApp) firmly establishes itself as the dominant force in the hilly regions. While global giants like Amazon may excel in electronics, local Instagram boutiques confidently outshine them in fashion. Naga consumers place immense value on “Aesthetic Trust”—

the ability to communicate directly with sellers and negotiate deals. This clearly indicates that Nagaland's digital economy thrives on relationships, not solely algorithms.

2. **Traditional Market Survival via "Hyper-Localism":** Despite the rise of digital commerce, traditional markets robustly withstand these advancements due to the "Physical Verification Premium"—the deep cultural need to inspect local produce. The "Convenience Economy" has been unable to disrupt fresh produce sales because digital platforms cannot guarantee the "Organic Authenticity" those local vendors provide.
3. **Information asymmetry:** There exists a significant disparity in consumer understanding regarding bill components, revealing critical information gaps in the market. The data strongly indicate that online delivery platforms strategically employ complex pricing systems. By keeping Platform and Packaging fees opaque, they successfully attract customers with lower initial prices while increasing overall revenue at the expense of complete consumer awareness.
4. **Consumer awareness on financial literacy:** While the majority of the respondents track their delivery charges, there is a significant 'blind spot' regarding platform and packaging fees. Many are completely unaware of packaging markups in their final bill. This 'Ignorance Premium' is a core feature of the Convenience Economy, where the ease of the transaction masks the true inflationary impact on the household budget.

POLICY IMPLICATIONS

1. The Government of Nagaland should establish a Unified Logistics Platform to improve connectivity between Dimapur and remote districts like Longleng. By digitising the "Private Taxi" delivery service, the government can reduce the "Topographical Tax" for these areas and create formal employment opportunities for rural youth.
2. As 45–65% of Naga fashion trade occurs on Instagram, these vendors are classified as "Invisible Entrepreneurs." The state should create a Digital Micro-Business Registry that allows registered sellers on social media to access small, low-interest loans (Nano-credits) to grow their inventory. This will transition the "Informal Gig Economy" to the formal sector and enhance competition with global brands.

3. To address capital flight, the state must promote “Naga-First” platforms such as Naga Bazaar and TradiKart. Providing policy incentives, such as GST reimbursements or subsidised delivery for “Made in Nagaland” products, can encourage consumers to prefer local platforms over larger e-commerce sites like Amazon, ensuring that local “Convenience Fees” benefit local delivery personnel.
4. To bolster the 80% traditional market sector, the government should organise “Gig-Ready” workshops in local markets. Educating vendors, such as meat sellers in remote areas, on WhatsApp Business and UPI will enable them to offer “Home Delivery” to customers, thus strengthening the traditional bazaar with modern convenience tools.

CONCLUSION

The research conducted in Dimapur, Kohima, and Longleng demonstrates that Nagaland’s “Convenience Economy” operates as a hybrid model influenced by the region’s topographical characteristics. Global platforms, such as Amazon, Flipkart, Myntra, Firstcry and Meesho, dominate the market for high-value electronics due to the presence of Algorithmic Trust; conversely, local social commerce platforms, including Instagram, Facebook and WhatsApp, have effectively captured the fashion sector by digitising traditional Social Trust. However, the fact that traditional bazaars maintain 80% resilience for fresh produce indicates that “Physical Verification” continues to function as a cultural barrier to digital disruption. To mitigate the risks associated with the “Convenience Trap” and the potential for capital flight, it is imperative that Nagaland transition from being a passive consumer of global applications to becoming a platform owner. By formalising local “taxi-gig” networks and supporting indigenous digital marketplaces, the state can ensure that the “Price of Convenience” remains within the local economy, thus reinforcing the Naga multiplier effect.

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