

How the Credit Crunch Affects Online Business

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According to a report, while High Street expenses are on the downward side, there seems to be no stopping to the escalation in online shopping. Since July 2005, when unpleasant weather hit Britain, spending was at its worst. But reports indicate that this year's holiday would bring an upsurge in High Street. Looks like high street patrons are still ready for spending on luxury goods and other essentials.

Two-tier spending patterns:

Can we conclude that these spending prototypes reveal a two-tier pattern - those only just moving by and those who have considerable disposable income to spend? All said and done, it remains a fact that consumers are nonetheless purchasing and the only difference that can be noticed is that spending methods have shifted from high street markets to the home PCs.

When higher energy and food bills dent the confidence of the consumer, falling housing prices, shoppers will try to investigate more vigorously before making any purchase. This is where Internet shopping beats shuffling from shop to shop in the city. Price comparison sites help online shoppers to grab the cheapest deals available; hence if consumers are able to purchase essentials more cheaply online, they will prefer to go for it. This will leave them with surplus money to spend on electronic items, holidays etc. It is an established fact that online sales are on the upper side.

Businesses to ready themselves for online boom:

Companies have been advised to start doing business Online immediately, else risk on missing an opportunity to earn potentially large profits. For the last few years, the Internet has gradually been eating away the high street malls.

Online shopping versus Credit crunch Survey:

Worsening economic environment is having a downbeat impact on online spending. Based on one survey of a few thousands of adults in the United Kingdom, it was found that the falling housing prices, the all pervasive credit crunch and worsening economic scenario would result in online customers spend more wisely. More and more number of people are switching to comparison search engines and reviews of users to make the most informed buying decisions, and to get the best worth for purchases made.

If your organization responds to the emerging financial crisis by scaling back processes, or by slashing jobs and cutting forecasts, you may as well not imagine greening your existing business, particularly if your sustainability strategy requires new capital investment. Nevertheless, the current economic turmoil should reflect on ways that makes a business really sustainable.

Around 64% of the respondents informed that the rising credit crunch and economic problems would lead them to decrease their spending in general. Whereas a notable 56% respondents informed that their online purchases would not be affected by credit crunch, or it would rather increase.

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