

The Dual Effect of Mode of Payment and the Product Returns-Order Value Tradeoff: Evidence from an Emerging Market e-Retailer

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This study examines the significant impact of modes of payment, particularly electronic modes of payment (EMP) and cash-on-delivery (CoD), along with other contingencies in this trade-off within the context of EM e-retailing. Drawing on the pain-of-payment literature, this paper develops a robust theoretical framework to analyze the effects of CoD and EMP on order value and product returns, further moderated by inter-purchase time and category diversity. Using comprehensive customer-level transaction data sourced from an Indian e-retailer and a robust modeling approach controlling for endogeneity, the findings reveal that CoD positively influences both order value and product returns. Experimental evidence further substantiates the pain of payment as the underlying mechanism driving these effects. This study also highlights the economic impact of payment modes for practitioners and contributes to the understanding of e-retailing, product returns, and payment-related strategies in EMs .

Keywords: *mode of payment, product returns, emerging market*

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