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## **Significant Challenges in Digital Payments with Reference to Digitalization of Small Retail Stores in Indian Context - A Theoretical Assimilation**

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### **ABSTRACT:**

Due to the entry of huge supermarket chains and internet merchants, the traditional business model of small retail convenience businesses in India is coming under growing pressure. The digitalization of small retail establishments was examined in this study utilizing a qualitative technique and the Technology-Organization-Environment framework as the theoretical underpinning. Our analysis indicated a high reliance on low value cash and credit-based transactions and low levels of adoption of digital technologies for managing supply-side and customers-side activities. Small retail establishments' capacity to go digital is being hampered by ineffective procedures, shoddy physical infrastructure, inadequate access to and unreliability of digital technologies, and costs. The current digital era is characterized by a significant amount of continuing, ICT-led technological progress and ever-increasing rivalry. New and late entrants are concerned about their future in the face of fierce rivalry, while established enterprises and early entrants are concerned about rising competition and shrinking profit margins. Digital disruption has reduced the lifecycles of company models, making business model innovation essential to attaining financial success. Small retailers' inability to comprehend the changes and resources needed to meet the challenges is evidenced by their expressed ambiguity and inherent contradictions regarding the advantages of transparency, perceived sense of control, tax implications, and mistrust of external regulations in the context of digital commerce.

**Keywords:** digital payments, small retail stores, digital disruption, digital commerce, financial success

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### **Introduction:**

The retail industry is undergoing a rapid change due to digitalization. Ecommerce, the key component of digitization, is constantly expanding in emerging nations like India. By 2020, India is anticipated to overtake the US as the second-largest market in the world, with a market value of US\$64 billion. Despite the fact that physical storefronts still account for the majority of retail sales in India, small retail stores are anticipated to be significantly impacted by digitalization. Although digital and mobile technologies are widely used across several industries in India as a whole, very little has been done to digitalize small retail (kirana) establishments. Large e-tailers and e-Commerce firms have begun to imitate some of the traits of tiny retail businesses because they have run out of ways to increase cost efficiency in the retail supply chain. Their escalating competition has accelerated the demise of such physical stores. Since small and medium-sized businesses [SMEs] have historically been flexible, increased competition and altered customer expectations are anticipated to act as drivers for innovation. The function of the physical store has been strengthened through changes, adaptations, and new retailing ideas. Small retail establishments are being pushed to the brink by the difficulty of responding to the latest and developing digital technology. Given their importance to the national economy and society, it is essential that these small retail establishments thrive in the Indian retail environment. Can these Indian small retail stores handle the new digitization challenge in the face of diminishing market share and rising competition? Small retail establishments in particular and traditional retailers in general tend to place little importance on technology and adopt it slowly. Small retailers must refocus on flexibility and new types of customer connection provided by digital payment methods and other digital technologies, like mobile, social media, and analytics, in order to thrive. In a developing nation like India, this study looks into how tiny retail establishments are embracing digital payments. It will evaluate organizational, technological, and environmental difficulties encountered by small retail establishments and analyze the costs and advantages of digitalization for them. Every business, whether they explicitly state it or not, has a business model (BM). A business model explains the logic behind how a company develops, delivers, and collects value in various contexts, including economic, social, cultural, and others. Every active firm has at least one business model. A business can use multiple business models concurrently. Similar to how various business concepts can coexist successfully in one industry. The business model should be viewed as a discrete analytical unit, with the emphasis on both recording and generating value for the company and for the client, respectively. A company's business model needs to be modified on occasion in order to maintain its existence, expansion, and success. The structure of this essay is as follows. It begins by reviewing the

literature on how digital technologies have been adopted in the retail industry. The theoretical framework and research technique used in this study will next be explained. The analysis, discussion of the results, ramifications, and conclusions come next.

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### **Review of literature:**

Retail convenience grocery businesses, also known as "kirana" stores in India, are comparable to corner grocery stores, convenience stores, or milk bars in Western nations. They frequently have relatively little employed staff, are small, and carry a very modest selection of products. These tiny retail businesses, which are dispersed across the nation in cities, towns, and villages and conveniently situated in residential areas, carry goods in accordance with local customers' preferences. In a space of no more than 500 square feet, they often keep a small assortment of necessities like food, grains, processed foods, dry goods, drinks, toys, fresh foods, personal care products, and household items. These tiny retail stores localize their goods based on the ethnicity of their trade area in a diverse country like India and stock between 1000 and 8000 SKUs (stockkeeping units) of branded, unbranded, and local products; they are more of a source of income than a profession for many proprietors. These shops are comparable to corner grocery stores in western nations, which are there to fill in for emergencies and other needs. These modest retail establishments in India are more significant economically than they are in Western nations. With one store for every 100 residents, India has the highest retail density in the world. In addition to meeting local residents' needs, some of these establishments are essential components of the government's public distribution system. Some of these tiny retail businesses play a significant social role in the government's efforts to reduce poverty and promote social development by selling food grains to the needy in rural and urban areas at government-subsidized prices. This portion of the retail industry in India employs 12 million people and accounts for 12% of GDP, second only to agriculture. These tiny retail establishments dominate 98% of the grocery retail industry in India, despite urbanization, the rise of supermarket chains, and the development of online sellers. Traditional small-store business models typically rely on low capital expenditures, family ownership, slim profit margins, low-value but frequent customer purchases, a strong reliance on cash-based transactions, flexible credit terms for customers, localization of the merchandise based on ethnicity, home delivery, and individualized service. These stores compete by operating more like a small supermarket and are distinguished by low levels of technical and accounting uniformity. They cater to the local community's requirements by offering a variety of goods, credit, home delivery, and individualized service. The entrance and growth of large retailers, malls, supermarkets, and online ecommerce firms pose a threat to the traditional model of these small retail establishments, which has been used in urban and rural areas of India for more than a century. India's retail preferences have changed as a result of changes in the Indian economy, growth in the middle-class consumer segment, and high disposable income. In an effort to take away their market share, big box stores are aggressively opening small format stores akin to kirana stores. Additionally, these tiny retail establishments have been impacted by disruptive developments like the development of mobile and digital technologies, crowdsourcing, the Internet of Things (IoT), and the make-in-India movement. Small retail/convenience store literature has examined a number of operational and business model-related concerns, such as consumer store preference, factors that influence consumer behavior, the services that retail stores provide, and supply chain management techniques. For instance, Goswami and Mishra (2009) found that home shopping, cleanliness, special offers, and quality had a large positive affect on consumer loyalty, but that travel ease and location had a negative impact. Due to the accessibility of financing, Indian shoppers choose small retail businesses in rural and suburban areas. The adoption and use of digital and mobile technologies, often known as digitalization, requires not only financial investment in those technologies but also training and practical usage. Thus, the effects of digitalization on the socio-technical system as a whole, organizational strategy, business processes, organizational learning and knowledge, and organizational performance are all possible. Mobile and digital technologies are widely used in India's other industries, but the retail industry as a whole, particularly these tiny retail establishments and their supply networks, has a limited acceptance of these technologies. Although many retailers desire to implement technology because it will enable them to better understand consumer desires and provide in-store information, few actually do so due to the long time it takes for the advantages of technology adoption to become apparent. On the other hand, consumers have been eager to adopt digital technology because they feel that doing so enables them to make better purchasing decisions. However, the use of digital technology might not have a good impact on customer loyalty, which could make it difficult for small retail establishments to compete. Smartphones are common in India and are becoming more and more integrated into daily life, including retail buying, among the myriad digital technologies available to consumers and retailers. The smartphone is a digital technology that not only changes its configuration as it is used, but also alters the actions of its users. Consumers are increasingly adopting cellphones for shopping, researching items and businesses, generating shopping lists, confirming product availability, comparing prices, and sharing their opinions on goods and services in both developed and developing nations.

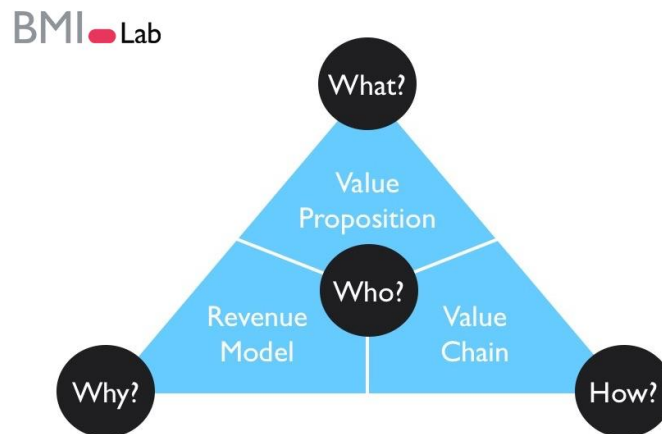
Prior research on mobile commerce has concentrated on customer views toward mobile technology, their acceptance of it, and how they respond to mobile marketing.

However, research on how digitization is affecting customer shopping habits, purchasing procedures, and the restructuring of retail business operations is scarce. The adoption and impact of these technologies on small retail outlets are both poorly understood. These tiny retail establishments depend primarily on cash and credit-based transactions, have subpar accounting and management procedures, and have low adoption rates for mobile and information technology, making them vulnerable to the disruptive trends mentioned previously. In order to combat the black economy, boost overall retail sector efficiencies, and reduce leakages in government subsidy programs, governments in India are also promoting the adoption of digital technology including cashless transactions and digitalized retail procedures. Large distributors and manufacturers (suppliers) have been gradually embracing internet and mobile technology. Additionally, they have implemented other information-based digital applications, such as supply chain management systems, digital payments, electronic data interchange, RFID (radio frequency identification tags), and enterprise resource planning systems, and improved information visibility and sharing among partners. However, there has been no indication of any influence on the tiny retail stores in their eco-system. The growth and use of digital technology by consumers and supply chain partners appear to be isolated from small retail

establishments. To remain competitive in the retail industry, small retail establishments must understand the elements that may affect their adoption and ongoing usage of digital technology, as well as the difficulties they encounter.

### Drivers of Business Model Innovation:

The forces that drive business model innovation are numerous. Since technology has fundamentally altered how businesses function and provide services to clients, the digital age has become a catalyst for business model innovation. Due to the disruption brought about by the digital age, business model innovation is now crucial for achieving financial success. It is essential to innovate since business model life cycles are getting shorter across industries. The average lifespan of a business model has decreased from roughly 15 years to less than 5 years over the previous 50 years. Innovation in business models is therefore no longer one of the primary means of gaining a competitive edge, but rather a crucial basic competence to adapt to and advance in a changing market. Innovation in business models is essential for transformation. The demand for new business models has been exacerbated by the global economy as businesses respond to escalating systemic risk and increased global competition. Due to these circumstances, businesses must innovate their business models in order to develop and remain competitive in the cutthroat global market. Johnson, Christensen, and Kagermann (2008) claim that BMI can give businesses a route out of fierce competition, when new products or processes are quickly copied, competitors' strategies have converged, and sustainable advantage is difficult to come by. It can assist in addressing disruptions that call for novel competitive strategies. It can assist in addressing downturn-specific opportunities, allowing businesses to, for instance, drop prices or lower the risks and expenses associated with customer ownership. Compared to just doing product or process innovation, it can produce better returns. Slywotzky has emphasized the significance of changing the business model to encourage or adjust value mobility within an industry. One of the essential components of a successful market disruption, according to Christensen, is the requirement for business model innovation. Business model innovation is therefore influenced by a variety of factors. Businesses must maintain a balanced focus that is neither too narrow nor too broad when implementing business model innovation, build a portfolio of products and services that is hedged and balanced, ensure proper timing of decisions, proper phasing and sequencing of decisions, subdivide key decisions, foster creativity, use an experienced and talented leadership team, and promote widespread external and internal collaboration.



**Figure 1 showing business models through BMI patterns- Business model Innovation lab**

### Research methodology:

Our research topic, which is based on previous studies and the TOE framework, aims to close the knowledge gap by identifying the organizational, technological, and environmental barriers that prevent small retail establishments in India from adopting and using digital payments. It will look at how these shops adjust to the brand-new digital world. The type and breadth of these small retail establishments' embrace of digital technologies like mobile and the Internet are both little understood. A qualitative approach with TOE as a guiding framework is thought to be acceptable for this research given the nature of the research questions and the nascent stage of the research in the Indian environment. This cross-sectional qualitative study approach combines more complex "how" and "why" questions with shorter, less time-consuming data collecting on the ground. This offers a chance to investigate novel ideas and makes it easier to comprehend the various interpretations of the use of digital technology by small retail establishments from the viewpoints of suppliers, customers, and retailers. In these tiny retail businesses, the adoption of digital payments and general digitalization often involves a number of actors, including retail owners, patrons, and suppliers. To better understand the phenomenon, data was gathered through semi-structured interviews from a variety of sources, including the owners of these small retail outlets, suppliers, and customers in the state of Karnataka, India. This method examines the behaviors and experiences of persons engaged as well as the surroundings, focusing on observable facts and events in sampling retail outlets.

The respondents were chosen in a non-random manner depending on their location, accessibility, and openness. Researchers visited a number of local retail businesses and conducted interviews with the owners, suppliers, and customers. As a result, 44 respondents in all were interviewed utilizing a standard interviewing process. These were broken down into three groups: 11 customers (referred to as C1 to C11), 12 retail store owner-managers (referred to as R1 to R12), and 21 suppliers (which included wholesalers and distributors' representatives who often visited the retail stores and are referred to as S1 to S21). Each interview lasted somewhere between 15 and 30 minutes. The researchers discussed the study's goals and the selection criteria for each participant at the start of the interview after the respondents had consented to take part. With consent, interviews were taped and transcribed for additional research. In the event of uncertainty, a telephone follow-up was employed to get clarification. The prepared interview transcripts were then used for analysis after being verified by the proprietors of the retail stores. Two themes were used to design the interview questions. The first series of questions centered on the respondent's overall impression of the digitalization experience, the volume and type of digital instruments and payments used, as well as perceived costs and benefits. The second subject focuses on issues relating to the external environment, people/organizations, and technology that affect how quickly digital technologies like mobile and digital payments are adopted.

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### **Analysis and findings:**

The main conclusions are presented in this part and are framed by the modified TOE framework. We have determined internal and external factors that affect the adoption of digital payments in small retail establishments based on the data analysis. The term "internal factors" refers to organizational and individual (retailer is owner manager) aspects such as costs, perceived risk, loss of control, and individual characteristics. External factors discussed include technology as well as other environmental factors such as physical infrastructure, inefficient processes, government regulations, tax implications, and industry characteristics.

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### **Environmental factors:**

#### *Physical infrastructure:*

Slow internet speeds, unreliable infrastructure, access to the digital world, ineffective banking procedures, and security concerns are some of the barriers preventing small retail operators from digitizing their companies. When I clicked a bank on the BHIM app (a payment application), I received a server down warning, as was mentioned by one customer. After two or three days, I learned there were some issues. Although I'm not sure what the issue was specifically, I chose not to use it because it was problematic. [C1]. Physical infrastructure is also a problem in some areas because there isn't a consistent supply of electricity or internet connectivity. For instance, in a less developed country, "the server frequently goes down due to a power issue. Digitalization [C3] is not something I believe is feasible. Small retailers are unable to buy a card reader and the necessary infrastructure to accept digital payments. One client stated that small provisional establishments "do not have card swiping option, cannot afford them, neither use mobile wallets nor have online/mobile banking; and take check (only from known customer) if the amount is high." A POS [point of sale] device and other amenities are only owned by a select few large temporary stores" [C4]. Small merchants' adoption of digital payments is thus limited by a lack of resources like swipe devices and a poor digital infrastructure.

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### **Inefficient processes:**

An additional barrier is ineffective banking procedures. Enabling small retailers, the length of time it takes banks to execute online transactions and the ensuing delay in providing regular updates for the recipient to verify receipt of online payments is a problem. Retailers must devote a large amount of their time and resources to dealing with banks and ensuring the accuracy of online transactions as a result of inadequate and inefficient banking systems. "They [retailers] do not have time to stand in bank lineups to deposit cheques or withdraw money," as some respondents noted, [C2]. Businesses believe they must recruit a worker only to deal with cashless transactions. [C4]. They believe that learning the system is challenging and takes up a lot of their time. [C4]. "There is no awareness... he will only accept cash if the person [client] wants to pay by cash," [C6]. The majority of them (retail consumers) don't have bank accounts, and the average purchase amount is minimal, according to a supplier. They have "Jan Dhan Yojana" type accounts, which are modest savings accounts into which government benefits are put; they do not have checkbook facilities. The RuPay card is available, but users must visit a bank or ATM to use it. It is an Indian payment card that supports an open loop, domestic, and multilateral system of payments that will enable all Indian banks and financial institutions to engage in electronic payments. They have to go to the bank to deposit yesterday's sales proceeds, which may take them an hour. [S16]. It is a significant issue, according to another retailer. Visit a bank and observe the lines? If I conduct cashless transactions and I require 5000 rupees, I would need to close the firm and travel to the bank to get the funds [R8]. Small retailers are discouraged from embracing digital technology for payments since the time spent navigating the complexity and efficiencies of the banking process could result in lost sales and profitability.

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### **Trust and regulations:**

Digitalization in the retail ecosystem is also being constrained by a "lack of trust" in the pertinent regulatory framework. If I use PayTm to transfer you money and it is taken out of my account but is not placed into your account and you need that money, what do you do? a supplier said. [S2]. The adoption of digital technology is also hampered by perceived bureaucracy, the difficulties that come with paperwork, and working with multiple

governmental agencies. The guarantees for the funds placed in banks are a related topic. As a supplier pointed out, the government advises us to put money in the banks, but who can guarantee that the banks won't go bankrupt? We are only receiving insurance of Rs. 100,000 (\$1400 USD) per account holder from them. [S3]. The banks in India classify deposits above this level as unsecured credit. This anxiety prevents people from using financial services and other transparent processes made possible by digitization in an unstable reformist climate where multiple banks in India are being reformed, amalgamated, and recapitalized. Another difficulty is people's lack of confidence in digital systems. Customers and merchants "don't have much faith in digital systems, they think a portion of their money would be taken away, and they rely on the receipt or slip," [S16]. They don't know what PayTM or BHIM (Bharath Interface Money, an Indian payment app), and some don't have mobile phones with keypads. They also cannot afford smart phones, use mobile devices, or access the internet. [R1]. Others claim that "there is no money, there is no account in banks" [R10]. These comments imply that the adoption of digital payments is negatively impacted by low trust in the regulatory environment, whether it is the government bureaucracy, banking, or digital payment applications.

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### **Powerful role of suppliers:**

When compared to their suppliers, retailers deal with enormous amounts of low value payments and do not perceive any substantial benefits from embracing digital payments. These suppliers, who are frequently sizable distributors or wholesalers, have a lot of sway over the owners of retail stores and, in some cases, could even coerce them into adopting digitalization. "Because they depend on us, it is simple to convert those shopkeepers (owners of retail establishments) to digital" (suppliers). Once we make a decision, we can give those one to ten days before announcing that we would no longer take cash payments. We will use a swiping machine to collect the payment and explain to the business owners why we are unable to pay with cash due to demand from our suppliers. Because they won't receive things if they don't, the merchants (retailers) will be coerced into conversion [S10]. Small businesses frequently have more insight into how a product is moving in their neighborhood. This information might have more value to the providers if it were digitalized. In some cases, suppliers are willing to provide the retailer with the tools they need to digitize their operations. We are willing to give them a cash register (that might produce receipts and a daily sales report); nevertheless, they are not willing, as one supplier who is a major wholesaler of groceries noted. I believe it is due to tax issues and other issues (S5).

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### **Transparency and tax implications:**

Another issue for shops and other parts of the retail ecosystem that rely significantly on cash-based transactions is potential tax repercussions if financial activities are documented and made transparent. Potential adoption of digital technology is being hampered by this. A retailer stated that "with cashless transactions, everything is recorded, which exposes us to taxation. Businesspeople prefer to transact in cash. They want to escape taxes; hence they don't want transparency [R13]. "We require permits from several departments for our shops," said another. "We need licenses from the Shops Act, VAT, drug and food safety, parvaana licensing, and others. They (government representatives) are bothering us. If there is no corruption, we will all pay whatever taxes are required (R6). "If they (suppliers) choose cashless transactions, they will have to pay more tax, one needs to disclose all the money and income, there will be enormous tax reduction," a different store remarked. [R2]. Another rarity is online bank transfers. One store stated that "they don't accept online transfers; they are satisfied with whatever technique they are currently using; if they consent for online payment they should continually check their account" [R4]. The tax rate and the proportion of taxpayers per capita are both relatively low in India. Small entities (small retailers and small suppliers) in the retail ecosystem have stated their unwillingness to pay a fair share of taxes in the current environment while also expressing their desire to pay taxes in an upgraded, corruption-free, efficient digital environment.

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### **Cost of digital payments:**

Given their low margins and scale, costs are a significant barrier to retail establishments adopting digital payments. Customers are aware of the fees involved with these transactions, even though internet banking and cashless transactions are promoted by the government and banks as being more affordable and cost-effective solutions. Although the agencies currently bear these costs, this may change in the future, and the costs may be passed on to consumers. The decision of consumers to switch to digital payments is greatly influenced by the cost of the technology. A provider highlighted that if there is an additional fee for the cashless transaction, and especially if a percentage is charged, nobody will use the services. The margins for merchants are already thin, therefore none would choose to adopt digital transactions if they had to pay extra, according to a supplier. [S4]. Furthermore, "people will like cash less as time is saved if bank staff don't cut large amount. The business sector will expand. However, if bankers cut 20 rupees, people would also question why we should give the bank 20 rupees. Why will people listen and use cashless if we go to the movie theater and they tell us it costs 160 for cashless and 150 for cash? People will stop using cash if banks don't tax them. [S6]. Suppliers, on the other hand, are willing to pay and prefer modest fixed transaction fees over a percentage of the value; however customers and merchants are not willing to adopt cashless transactions due to the potential expenses. Participants also voiced concern about how transient the existing no-fee digitalization models are. The respondents were not eager to go digital because they thought that financial institutions and/or governments will eventually impose fees for utilizing ATMs (automatic teller machines), debit cards, online transfers, or third party payment gateways.

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**Perceived risk:**

According to our survey, there is some antagonism among respondents' perceptions of the risk associated with digital transactions. While some respondents believed that transactions were more secure in a digital context, others voiced mistrust in the outside world (as previously mentioned) and saw a potential financial danger. In a cash-based environment, where small shops receive cash from customers and pay cash to suppliers and wholesalers, there is an implied risk. As a supplier put it, "It is tough to carry that cash all the way if you sell me things and I offer cash and if other people contribute cash as well. I had to ask them when they were coming earlier and follow them. Workers who move cash occasionally inform me that the cash is gone or has fallen off. It is a problem, especially if there is a lot of it. I can, however, ask him to block it if it's a check. Thus, the fear is no longer present. You can avoid going to the bank. A check can be deposited by placing it in a drop box [S10]. On the one hand, some respondents believe that digital payments are secure and safe.

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**Loss of control:**

Our study discovered that when dealing with digital transactions, people feel a loss of control. People feel in control and have a tangible connection to manual transactions. Consumers consider online payment as abstract and intangible, which results in a loss of control over their spending and transactions. Many respondents believed that since internet payments are invisible, they can lead people to spend more money than they can comfortably afford. One key psychological problem, as highlighted by a store, is that when making actual cash payments, one feels the weight of the amount paid. We don't feel that pinch when it comes to digital payments. People are constantly taught to put what they have learned into practice by the "necessity" [R4]. A retailer stated that "with cashless transactions I will be unable to do anything, as I would not receive any money into my hand. If widespread use of cashless transactions occurs, I will need internet access, which the government won't provide for free. I can't constantly checking to see if the money has been put in while the clients are waiting. I cannot see the cash. [R8]. Once more, this raises concerns about infrastructure limits and faith in digitalization. Some people also think that having cash on hand can be helpful in case of emergencies or catastrophes. Because other economic actors prefer cash and/or transactions with cash are simple when one is in urgent need and pressed for time, there is an implicit assumption that cash is required during emergencies. One respondent asked, "How can I receive money quickly if I need it? I can't raise that cash by offering my card for sale. Anyone can send me money via transfer, but I cannot get the money. I am unable to obtain cash if I urgently need it to make a purchase [S10].

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**Individual characteristics:**

Although retailers have a good attitude toward digitization, they do not currently use many digital tools to manage their business operations. Despite being strong mobile phone users overall, as seen in our analysis, all members of the retail ecosystem are wary about using digital payments. Their lack of education and knowledge of the advantages of digital devices is one of the causes. A significant supplier noted that "people are not aware now. Only 10% of the population is educated. What would I do if they claim to have paid me but I still haven't received my money after four days? Digital would not function until the Indian population is educated. Five out of ten people are unaware of what digital transactions are, according to S2 data. The level of digitization varies depending on a person's socioeconomic status, place of employment, and level of education. It is quite tough in India, and especially in our state, where there are more ignorant individuals who are unable to do cashless transactions, as one retailer highlighted. [R8]. The adoption of technologies is influenced by one's socioeconomic status and level of education. The fact that mobile technologies are mostly used for communication and entertainment and are rarely used for retail transactions points to additional concerns, such as trust, outside influences, security, perceived sense of control, and others previously mentioned.

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**Technology aspects:**

Even technology presents difficulties. For hedonistic purposes, customers, merchants, and suppliers in the retail eco-system use smart phones extensively. However, payment applications are not seen as reliable and are not frequently used. For instance, it is said to be challenging to install and use BHIM [Bharath Interface for Money], a payment application based on Unified Payment Interface [UPI] for digital financial transactions. A supplier stated, "I personally assisted a few clients in installing the app. It didn't work out. There must be a problem with the app as some people have installed it but are not interested in using it. PayTM is rather simple, but a consumer must input my account number and IFSC code each time they make a payment. [S4]. The usage of digital wallets like BHIM and digitization in general are both heavily reliant on network effects. Client "BHIM does not operate even though I produced the barcode and other necessary items in the app," as stated by the customer. I need both parties to have the BHIM app in order to make payments to anyone. If not, it is pointless. [C5]. I have installed the PayTm app because my friends told me they have various discount deals, as stated by another respondent [C4]. I knew someone who made money by recruiting individuals [C1]. Some difficulties are anticipated because digitalization is still in its early stages in a field that is not technology-focused. One should stay current with technology, as stated by one responder, in order to benefit [S4]. The benefits and drawbacks of technology adoption are generally acknowledged. "In one way, it [technology] makes our life easy, in another way; it makes us lazy, makes our life tough" [R4]. Network effects are essential to the efficiency and appeal of payment apps like "PayTM," "Free charge," and others, and their future use may be reliant on the availability of the existing incentives.

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## Conclusion:

How small and large corporate entities connect and exchange value is changing as a result of digitization. Small retail establishments have the opportunity to modernize their business model in the digitized environment and maintain competitiveness by taking use of the possible benefits such as customer intelligence collecting, transaction efficiency, transparency, and extended customer reach. Given shifting consumer preferences and habits, as well as increased competition from supermarket chains and online merchants, a company's business model may be threatened by a failure to incorporate digital technologies. Small retail businesses, as seen in our study, are finding it difficult to adopt digital payments due to their resistance to change, which is characterized by their perception of danger, loss of control, and personal traits like low education and a predilection for hedonistic uses of technology. The adoption of digital payments is being hampered by a number of external factors, including inefficient banking procedures, tax implications with increased transparency, a poor and unreliable digital infrastructure, and a lack of confidence in the regulatory environment, even though suppliers have a significant impact on small retail stores and force them to adopt digital payments. Our research sheds light on the significance of physical infrastructure and its function in enabling digital innovations, as well as the ways that excessive bureaucracy and a lack of confidence in the regulatory environment affect adoption. As part of the national digital strategy, information campaigns Consumer loyalty may change if small retail stores do not implement digitization. The fact that many small retail establishments offer convenient hours, credit options, and locally focused services, in addition to being a vital part of the neighborhood, may not be enough to keep customers coming back. Without government engagement and support, small traders will progressively vanish, especially in rural areas and villages, with disastrous social and economic repercussions. Small retailers cannot stop the inescapable impact on their business models without utilizing the potential of digital technologies. Retailers, however, appear to have acknowledged the changing times, despite their antinomy of ideas on digitalization and their inability to appreciate the problems being worrying. There is no one to blame because changes occur as time passes and we must also evolve (and adapt), as one reply accurately stated [R7]. Small retail businesses must acknowledge and adjust to the unavoidable effects that digitization may have on their business models if they are to survive.

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