



A STUDY ON IMPACT OF ONLINE TRANSACTION ON SMALL SCALE RETAILS WITH REFERENCE TO COIMBATORE SPECIAL REFERENCE TO KOVAIPUDUR

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ABSTRACT:

The rapid advancement of digital technology has transformed the way businesses operate, particularly in the retail sector. This study aims to analyze the impact of online transactions on small-scale retail businesses in Kovaipudur, a suburban area of Coimbatore. With the increasing adoption of digital payment methods and e-commerce platforms, small retailers are facing both opportunities and challenges. The study explores the extent of digital transaction adoption among local retailers, the influence on their sales, customer relationships, operational efficiency, and overall business sustainability.

Through a combination of primary data collected via surveys and interviews, and secondary data from published reports, this research identifies key trends, benefits, and constraints associated with the digital shift. The findings indicate a growing acceptance of online transactions but also highlight issues like lack of digital literacy, infrastructure limitations, and concerns about transaction security. The study concludes with recommendations for enhancing digital inclusivity and policy support for small-scale retailers to thrive in the evolving digital economy.

INTRODUCTION

The “Digital India” is the Indian Government’s flagship programme with a vision to convert India into a digitally empowered country. “Faceless, paperless, cashless” is one of supposed function of Digital India. As part of Government reforms Prime Minister Mr. Narendra Modi demonetized the high value currency of Rs.500 and 1000 in November 2016 and also launched the “Digital India” initiative in 2015. These initiative have provided extensive boost up to the digital payment system in the country. Government’s other initiatives like BHIM and UPI are supporting in transition and faster adoption of digital payments. Electronics Consumer transaction made at point of sale for services and products either through interest banking or mobile banking using smart phone or card payment are called as digital payment. The digital payment system has the following phase.

This payment system generally includes 3 electronic payment instruments namely, cash, cheque and card. Post demonetization is effecting the e-commerce sector that cash on delivery is gradually getting stopped and other modes of payment is replace like Card on delivery, Net Banking, Debit Card, Credit card, etc. Demonetization will positively help out e-commerce industry in India enhances the chances for people to go cashless.

Statement of the Problem

Digital Payment is a financial exchange that takes place online between buyers and sellers. The content of this exchange is usually some form of digital financial instrument (such as encrypted credit card numbers, digital cheque or digital cash) that is backed by a bank or an intermediary or by a legal tender. E-payment system in India has shown tremendous growth, but still there has lot to be done to increase its usage. Still 90% of the transactions are cash based. So, there is a need to widen the scope of digital payment. Innovation, incentive, customer convenience and legal framework are the four factors which contribute to strengthen the E-payment system. Studies show that Kerala has 96.97% literacy rate but has this helped in improvement of digital payments and similar transactions.

The aim of this study is to explore the problems, challenges and perception of digital payment system. The study also focuses on the different modes of digital payment system is most preferred by the customers as an easy payment mechanism. Hence the problem is stated as “A study on problems and challenges on digital Payment System as an ease of payment mechanism among customers in e-commerce scenario with special reference to Kottayam District.”

OBJECTIVES OF THE STUDY

1. To study the effect on profitability of online transaction on Small Scale Retailers.
2. To Analyse the customer Satisfaction of online transaction on Small Scale Retailers.
3. To find the challengers faced by customers on online transaction of SmallScale Retailers. To know the prizing patterns of SmallScale Retailers.

Research methodology

Research designs

According to Claire seltiz, “a research design is the arrangement of condition for the collection and analysis of date in a manner that aims to combine relevance to the research purpose with economy in procedure”. The present study is based on descriptive research design.

Primary Data:

1. Primary data is data that is collected by a researcher from first hand sources, using methods like surveys, interviews, or experiments. It is collected with the research project in mind, directly from primary sources.
2. The term is used in contrast with the term secondary data. Primary data was collected through interview personally administered questionnaire.

Secondary Data:

1. Secondary data refers to data that is collected by someone other than the user. Common sources of secondary data for social science include censuses, information collected by government departments, organizational research and data that was originally collected for other research purposes.
2. Secondary data was collected from internet sources.

Sampling Method & Sample size

A Convenience sampling method will be used to select survey respondent's from different demographic backgrounds. The sample size is expected to be 91 respondent's to ensure reliability and generalizability.

Tools Used For Analysis

Simple percentage analysis is used to determine the proportion of responses for each category

$$\text{percentage} = \frac{\text{frequency of respondents}}{\text{TOTAL RESPONDENTS}} \times 100$$

Scope of the study

The study is focused on use of online payment methods among small scale retailers. It is highly relevant topic in present scenario. Peoples with e-payment apps set up on their mobile phones will present the phones to near field communication enabled readers on campus to complete transactions. This study mainly emphasized on small scale retailers, their use, acceptance and satisfaction.

Limitations of the Study

While this study on the **AN ANALYSIS OF ONLINE SHOPPING TRENDS: A CASE STUDY OF FLIPKART** provides valuable insights, it also has certain limitations:

- Services fees payment gateway and third party payment processors charge service fees.
- Response Bias: Participants' responses may be influenced by personal opinions or external factors
- Inconvenient for offline sales online payment methods are inconvenient for offline sales.
- The research relies on a **limited sample size (e.g., 91 respondents)**, which may not reflect the behavior of the entire population.
- Participants may provide **socially desirable answers** instead of their actual opinions.

Despite these limitations, the study provides valuable insights into how **ONLINE TRANSACTION ON SMALL SCALE RETAILS** in Coimbatore. Future research can expand the scope by including larger samples, different cities, and diverse industries for a more comprehensive understanding.

REVIEW OF LITERATURE

1. Sangeetha Roy, Dr. Indrajit Sinha (2014). stated that E- payment system in India, has shown tremendous growth, but still there has lot to be done to increase its usage. Still 90% of the transactions are cash based. Technology Acceptance Model used for the purpose of study. They found Innovation, incentive customer convenience and legal framework are the four factors which contribute to strengthen the E- payment system.
2. Rakesh H M & Ramya T J (2014) in their research paper titled “A Study on Factors Influencing Consumer Adoption of Internet Banking in India” tried to examine the factors that influence internet banking adoption. It is found that internet banking is influenced by its perceived reliability, Perceived ease of use and Perceived usefulness. In the process of internet banking services expert should emphasize the benefits its adoption provides and awareness can also be improved to attract consumers” attention to internet banking services.
3. Kartikeya Bolar (2014) In his research paper “End-user Acceptance of Technology Interface In Transaction Based Environment “stated that Creators international Journal of Pure and Applied Mathematics Special Issue and investors of technology need information about the customers” evaluation of their technology interface based on the features and various quality dimensions to make strategic decisions in improving technology interfaces and compete on various quality dimensions.

ABOUT Online transaction

Online retailing is growing at an astonishing rate, with online sales now accounting for around one quarter of the total retail market. Retailers who ignore online transaction may see their trade lessening as customers continue to shift to ordering products online. You can use online transaction for small scale retails to get customer payments more quickly, more simply, and more securely in your business.

The study titled "A Study on Impact of Online Transaction on Small Scale Retails with Reference to Coimbatore – Special Reference to Kovaipudur" focuses on understanding how digital payment systems and online transaction methods are affecting the operations of small-scale retail businesses. With the increasing penetration of smartphones, internet access, and UPI-based payment systems, even local and small-scale retailers in semi-urban areas like Kovaipudur are experiencing a shift in how transactions are conducted. This transition brings both advantages—such as faster payments, reduced cash handling, and better record-keeping—as well as challenges, including technical issues, digital illiteracy, and customer reluctance. The study aims to assess how these changes are influencing customer behavior, retailer profitability, and business growth. It also seeks to highlight the preparedness of small retailers in adapting to this digital transformation, and to identify support systems or policy measures that can ease their transition into the online transaction ecosystem.

Table 4.20 Opinion about the online transaction

PARTICULAR	RESPONSES	PERCENTAGE	REMARK
Agreed	54	59.3%	Extremely Preferable
Strongly Agreed	20	21.9%	Highly Preferable
Neutral	13	14.2%	Moderately Preferable
Disagreed	3	3.2%	Neutral
Strongly Disagreed	1	1%	Slightly Preferable
Total	91	100%	-

(Source: Primary Data)

Interpretation:

The table 4.20.1 shows that opinions about the online transaction of service 59.3% of respondents were agreed; 21.9% of respondents were strongly agreed; 14.2% of respondents were Nuteral; 3.2% of respondents were disagreed; and 1% of respondents were strongly disagreed.

The data on *Key Motivating Factors Opinion about the online transaction* reveals that *reviews and ratings (59.3%)* are the most influential factor, ranking *first* as "extremely preferable.

Findings

- Majority of the respondents were 18-25 years (53.8%).
- Most (65.9%) of the respondents were Female.
- Most of the respondents were unmarried (62.6%).
- Majority of the respondents were graduation (68.1%).
- The majority of the respondents were students (49.5%).
- The most of respondents were below 10000 (45.1%).
- The majority of respondents were nuclear family (62.6%)
- Most of respondent's family sizes were 3-4 members (64.8%).
- The majority of respondents were using online transaction (86.8%).
- Majority of respondents were time saving (54.9%).
- Majority of respondents were recommended by friends (46.2%).
- Majority of respondents were easy (48.4%).
- Majority of respondents were in week (35.2%).
- Majority of respondents were believed (86.8%).
- Majority of respondents were believed (81.3%).
- Majority of respondents were using online transaction more than one year (42.9%).
- Majority of respondents were believed that preferred to buy products in online (79.1%).
- Majority of respondents were between 1-4 times (60.4%).
- Majority of respondents were believed that bad experience with online transaction (62.6%).
- Majority of respondents were Agreed for service of online transaction (59.3%).
- Majority of respondents were Agreed for time saving of online transaction (43.8%).
- Majority of respondents were agreed for network issue of online transaction (43.9%).
- Majority of respondents were agreed for 24/7 accessibility of online transaction (47.2%).

- Majority of respondents were Agreed for availability on online transaction in all (45%).
- Majority of respondents were agreed for bad experience with online transaction (34%).
- Majority of respondents were agreed for risk of theft of online transaction (35.1%).
- Majority of respondents were agreed for technical problems of online transaction (36.2%).
- Majority of respondents were agreed for useful for aged peoples (49.4%).
- Majority of respondents were agreed for laziness of online transaction (38.4%).
- Majority of respondents were agreed for easy to pay (47.2%).
- Most (60.4%) of respondents ranked number 1 to time saving
- Most (48.3%) of respondents ranked number 2 to easy to access
- Most (40.6%) of respondents ranked number 4 to door delivery system
- Most (45%) of respondents ranked number 3 to 24/7 accessibility
- Most (34%) of respondents ranked number 6 to useful for aged peoples
- Most (39.5%) of respondents ranked number 5 to speed

Suggestions

Based on the findings of the study, it is suggested that small-scale retailers in Kovaipudur should be given proper training and awareness programs on the use of digital payment platforms to enhance their confidence and efficiency. Local government bodies and financial institutions can collaborate to provide workshops on digital literacy and cyber safety. Moreover, simplified and user-friendly mobile apps should be promoted to encourage older and less tech-savvy shop owners to adopt online transactions. To overcome the fear of transaction fraud, banks and payment gateways should offer secure and transparent mechanisms along with timely customer support. Encouraging customer incentives such as cashback or discounts for digital payments can also increase usage. Finally, continuous support from government schemes like *Digital India* and MSME-focused initiatives will help small retailers embrace technology and remain competitive in the evolving retail environment.

Result the priority is the consumer satisfaction. The firm has to be in the good books of the consumer. Better quality products, fair price and friendly after-sale services are the basic areas in which the business has to concentrate to a remarkable extent. Additional services should be provided to the consumers to woo them and build upon a loyalty which in turn would ensure a stablesales in the years to come.

Conclusion

The study concludes that online transactions have significantly influenced the functioning of small-scale retail businesses in Kovaipudur, Coimbatore. While many retailers have begun to adopt digital payment methods such as UPI, mobile wallets, and online banking, the level of adoption varies based on factors like age, education, and digital literacy. Online transactions have brought benefits such as quicker payments, better financial tracking, and increased customer convenience. However, challenges like lack of awareness, fear of online fraud, and inadequate training still hinder full adoption. Overall, it is evident that digital transactions are gradually becoming a crucial part of retail operations, and with proper guidance, support, and infrastructure, small retailers can fully leverage the advantages of digital finance to grow and sustain their businesses in a competitive market.

The face of retail has changed. The advent of technology in recent period being the primary reason for it. Today, retailing means going into shopping centers, going online and going mobile. In all these, small retailers miss out somewhere. But the nearby store is always the most important concern for all reason and seasons. It needs to revive not just survive. The retail stores needs to simply uplift its pattern of business and face the competitive world with a more positive outlook. E-stores and retail stores both have to survive, none at the cost

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