



# AN INVESTIGATION OF HOW CONSUMERS' PURCHASING DECISIONS IN COIMBATORE ARE AFFECTED BY DIGITAL PAYMENTS FOR FOOD AND DRINK ITEMS

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## ABSTRACT:

The food and beverage (F&B) industry has seen a dramatic change in customer purchase behavior due to the growing use of digital payment methods. This study looks at the variables affecting Coimbatore consumers' preferences for digital payment options and how they affect their purchase decisions. The study offers insights into how digital transactions shape customer behavior by examining demographic trends, important contributing factors, and satisfaction levels. To ascertain the importance of digital payments in purchasing decisions, statistical techniques like regression analysis and chi-square analysis were employed. Results indicate that the availability of digital payments increases spending behavior even while it has no direct impact on decisions to buy. User experience, transaction failures, and security issues are noted as the main issues influencing customer satisfaction.

**Keywords:** Mobile wallets, transaction security, consumer behavior, the food and beverage sector in Coimbatore, digital payments, and the cashless economy

## INTRODUCTION

The emergence of digital payment methods has reshaped consumer transaction habits, particularly in the food and beverage sector. In Coimbatore, rapid technological advancements and government initiatives promoting cashless transactions have encouraged the widespread use of mobile wallets and digital payments. Consumers prefer digital payments due to their convenience, speed, and access to discounts and promotional offers. However, concerns about security, transaction failures, and accessibility persist. This study aims to explore the impact of digital payments on consumer purchasing behavior, the factors influencing their preferences, and their overall satisfaction with digital transactions.

## LITERATURE SURVEY

Several studies have examined the relationship between digital payments and consumer behaviour. Kumar and Gupta (2021) found that digital wallets significantly influence purchasing decisions in urban India. Choudhury et al. (2020) highlighted that mobile payments enhance convenience, leading to increased spending in restaurants and cafes. Singh and Sharma (2021) investigated the role of digital wallet promotions in consumer engagement, concluding that offers such as cashback and discounts encourage frequent usage. Meanwhile, Zhao et al. (2020) emphasized the importance of trust and security in mobile payments, noting that concerns about fraud deter consumers from adopting digital transactions. This study builds upon existing literature by focusing specifically on Coimbatore's F&B sector and analyzing the local impact of digital payment adoption.

## RESEARCH METHODOLOGY OBJECTIVES OF THE STUDY

To identify the factors influencing consumer buying behavior and preferences toward digital payment methods for food and beverage purchases.

To suggest best practices and solutions to address challenges in the digital payment system to improve consumer satisfaction in Coimbatore's food and beverage industry

## SAMPLING TECHNIQUE

A **random sampling** technique was used to cover different segments of F&B outlets. Respondents were stratified based on:

- Type of outlet (restaurant, fast food, café, street vendor)
- Consumer demographics (age, gender, income levels)

## SAMPLE SIZE

A total of **181 respondents** from Coimbatore participated in the study.

## DATA COLLECTION

Primary data was collected through structured questionnaires distributed online and in-person. The questionnaire covered demographic details, digital payment usage patterns, and consumer preferences.

## RELIABILITY TEST

Cronbach's Alpha was used to assess the reliability of the questionnaire. The test yielded a **value of 0.900**, indicating excellent internal consistency.

## ANALYSIS AND INTERPRETATION HYPOTHESES

### Null Hypothesis (H<sub>0</sub>):

There are no significant factors influencing consumer buying behaviour and preferences toward digital payment methods for food and beverage purchases.

### Alternative Hypothesis (H<sub>1</sub>):

There are significant factors influencing consumer buying behaviour and preferences toward digital

payment methods for food and beverage purchases.

**Chi-Square Test Results:** A chi-square test was conducted to analyze the relationship between digital payment importance and impulsive food purchases.

**Table showing CHI-SQUARE Analysis of the Relationship Between the Importance of Digital Payment and Impulsive Food Purchases**

|  |                    | Importance of transaction using digital payment |          |          | Total | Chi square value | Chi square value |
|--|--------------------|---|----------|----------|-------|------------------|------------------|
|  |                    | very importan                                   | Importan | Disagree |       |                  |                  |
| Impulsiv<br>e food<br>purchase<br>due to<br>usage of<br>digital<br>payment | Strongl<br>y agree | 13  | 31       | 4        | 48    | 4                | 0.016            |
|  | Agree              | 24  | 62       | 13       | 99    |                  |                  |
|  | Neutral            | 7   | 15       | 12       | 34    |                  |                  |
| Total  |                    | 44  | 108      | 29       | 181   |                  |                  |

**Interpretation:** The test results ( $p = 0.016$ ) indicate a significant relationship between the perceived importance of digital payments and impulsive food purchases. Most respondents who consider digital payments important also tend to make impulsive purchases, confirming that convenience, speed, and ease of use influence consumer buying behavior.

**Table showing CHI-SQUARE Analysis of the Impact of Digital Payment Reliability on Consumer Purchase Decisions in Food and Beverage Outlets**

|   |                | Reliability of digital payment in food and beverage outlets |         |             |                | Total | df | Asymptotic Significance (2-sided) |
|---|----------------|---|---------|-------------|----------------|-------|----|-----------------------------------|
|   |                | neutral   | reliabl | unreliabl e | very reliabl e |       |    |                                   |
| Impact<br>of<br>Digital<br>Payment<br>Offers<br>and<br>Discount | Always         | 5   | 22      | 0           | 19             | 46    | 6  | 0.404                             |
|   | Frequentl<br>y | 15  | 51      | 1           | 31             | 98    |    |                                   |
|   | Rarely         | 10  | 16      | 0           | 10             | 36    |    |                                   |

| s on                      |    |    |   |    |     |  |  |
|---------------------------|----|----|---|----|-----|--|--|
| <b>Purchase Decisions</b> |    |    |   |    |     |  |  |
| <b>Total</b>              | 30 | 89 | 1 | 60 | 180 |  |  |

### ANOVA analysis:

#### HYPOTHESES

##### Null Hypothesis (H<sub>0</sub>):

There is no significant relationship between the challenges in the digital payment system and consumer satisfaction in Coimbatore's food and beverage industry.

##### Alternative Hypothesis (H<sub>1</sub>):

There is a significant relationship between the challenges in the digital payment system and consumer satisfaction in Coimbatore's food and beverage industry.

#### ANOVA table for user friendly of digital payment at food outlet

|       | N   | Mean | Std. Deviation | F     | Sig.  |
|-------|-----|------|----------------|-------|-------|
| 1     | 47  | 2.02 | 0.608          | 5.746 | 0.001 |
| 3     | 100 | 1.84 | 0.598          |       |       |
| 4     | 28  | 2.43 | 0.959          |       |       |
| 5     | 6   | 1.83 | 0.753          |       |       |
| Total | 181 | 1.98 | 0.699          |       |       |

**Interpretation:** The test results ( $p = 0.001$ ) indicate a significant difference in consumer satisfaction based on digital payment usability. Transaction speed, security, and reliability issues significantly impact satisfaction, suggesting that addressing these challenges can enhance consumer experience.

#### ANOVA table for reliability of digital payment method in food and beverage outlets

|       | N   | Mean | Std. Deviation | F     | Sig.  |
|-------|-----|------|----------------|-------|-------|
| 1     | 37  | 1.54 | 0.605          | 8.644 | 0.000 |
| 2     | 117 | 1.98 | 0.616          |       |       |
| 3     | 24  | 2.25 | 0.676          |       |       |
| 5     | 3   | 2.67 | 0.577          |       |       |
| Total | 181 | 1.94 | 0.660          |       |       |

### INTERPRETATION

The ANOVA results show a **significant difference** ( $p = 0.000$ ) in how respondents perceive digital payment usability at food outlets. The **F-value (8.644)** indicates considerable variation among groups, with means ranging from **1.54 (Group 1)** to **2.67 (Group 5)**. Since  $p < 0.05$ , we **reject the null hypothesis (H<sub>0</sub>)** and accept the alternative hypothesis (H<sub>1</sub>), confirming that **challenges in the digital payment system significantly**

**impact consumer satisfaction in Coimbatore's food and beverage industry.** Addressing these challenges, such as improving user-friendliness, security, and reliability, is essential to enhancing consumer experience and adoption of digital payments.

### Findings

- The majority of digital payment users in the food and beverage sector in Coimbatore belong to the 18-25 years age group (65.75%), indicating that younger consumers are more inclined toward digital transactions.
- Gender distribution is almost equal, with 50.83% male and 49.17% female respondents, showing no significant gender-based preference.
- Higher education levels correlate with increased digital payment adoption, with 86.73% of respondents having at least a Bachelor's degree.
- Most respondents are students (39.23%) or employed professionals (36.46%), suggesting that these groups have higher engagement with digital transactions.
- Digital payments encourage impulsive purchases ( $p = 0.016$ ), but discounts and offers alone do not significantly drive consumer trust ( $p = 0.404$ ).
- Transaction failures and security concerns are major barriers to digital payment adoption. ANOVA results confirm that improving reliability enhances consumer satisfaction ( $p = 0.001$ ).

### SUGGESTIONS

- Improve transaction speed and reliability to reduce failures.
- Implement advanced authentication measures and fraud detection systems to strengthen security.
- Provide more cashback offers and exclusive discounts to incentivize digital payment usage.
- Expand digital payment adoption across different demographics, including older consumers.
- Conduct workshops to educate consumers on digital payment benefits and security. • Promote QR code payments and seamless mobile wallet integrations for businesses.
- Reduce transaction fees for small vendors to encourage widespread digital payment adoption.

### CONCLUSION

The study highlights that digital payments significantly impact consumer behavior in the food and beverage sector of Coimbatore. Younger consumers, particularly students and professionals, are more likely to use digital transactions. While digital payments encourage higher spending, transaction failures and security concerns remain key barriers. Businesses and policymakers should collaborate to enhance reliability, security, and accessibility to maximize the benefits of digital payments. Strengthening security, improving user experience, and increasing consumer awareness will play a crucial role in ensuring long-term digital payment adoption and satisfaction.

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