

A Study on Impact of Online Trading on Kirana Stores in Rural Parts of Karnataka

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Abstract-- Retailers are the last link in the distribution channel to reach the final customers according to their needs and demands. Introduction and growth of online shopping in the digital era posed a great threat to small-scale retailers in rural markets. Purchase of goods in online markets provides large platform with multiple choice to buy goods. This has affected small retail stores in negative ways and many small retail stores are closed in rural parts of Karnataka due to lack of customer for their product. Depending on online marketing decreases the customer visit to shops for their daily purchase and reduces the customer dependency on Kirana stores. Kirana stores are more important in the channel of distribution because they not only sell goods according to customers' demand but also provide credit facilities and small amount of hand loan according to consumers immediate need satisfaction.

Closing of Kirana stores makes the consumers to meet moneylenders for their small amount of needed money and affected small farmers at local level to stop production of certain types of agro-based consumer goods and imbalance in ecosystem. The present study is an attempt to know the problems faced by kirana stores in rural parts of Karnataka. The study is based on both primary and secondary data. The study is conducted in rural parts of Bangalore, Karnataka State by collecting data from 50 small-scale retailers as respondents under interview and observation method. The study observed that kirana stores in local area are strongly connected with local consumers with personalized services, credit facilities and customer trust and loyalty.

Keywords-- Distribution link, Kirana Stores, Online Trading, Retail Market, Rural Area,

I. REVIEW OF LITERATURE

- **S. Kaleeswari&T.Bavanipriya (2025)** “A Study on Impact of Online Shopping Upon Retail Trade Business” This study looks into the various aspects about how retail businesses are being affected and also the various recovery mechanisms they are coming up with to counter those e-stores in their race of survival. This paper also unravels the effect upon the profitability of the various concerns due to increasing trend for online shopping.

- **Karthika R, S Senthilkumar and M. Surya (2023)** “Impact of Online Shopping on Retail Stores” Researchers discussed that the growth of online shopping has posed a great threat to retailers. Online trading has affected offline retail companies to stay in the competition with other retailers and online stores.
- **AparnaMerin Mathew (2018)** “A study about problems faced by Retailers-with special reference to kottayam district in Kerala” Researcher concluded that large number of unorganised retail market is in India, which plays an important role to reach every part of India. In retail marketing retailer is the last link in the chain of distribution between the manufacture and the ultimate consumer. The issues in retail marketing also make running a retail business challenging and each retail executive must be able to identify the retail marketing issues and have plan to handle them as well.
- **AmitSaha(2015)** “ The impact of online shopping upon retail trade business” Researcher made an attempt to highlight the impact of the increasing trend of online shopping over the various fixed shop retailers. Retailers comprise of a large section of the population and a larger population is dependent upon these retailers. This study looks into the various aspects about how retail businesses are being affected and also the various recovery mechanisms they are coming up with to counter those e-stores in their race of survival.
- **SunitaSikri&DiptiWadhwa(2012)** “ Growth and challenges of Retail Industry in India: An Analysis” the research paper focused on changing face of Retail Industry, organized or unorganized retail industry, major players in retail industry and also highlights the challenges faced by the industry in near future.
- **D. MuthamizhVendanMurugavel (2011)** “Problems faced by the retailers and customers – An Empirical Study” research paper discussed that the retail scenario is one of the fastest growing industries in India over the last couple of years. India retail sector comprises of organized retail and unorganized retail sector.



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- **Chandrakanthan J and others (2023)** “Impact of Online Shopping on Retail Stores” researcher concluded that the growth of online shopping has posed a great threat to retailers. Online shopping lets customers review thousands of items in one place and pay for from the comfort of their homes. This has affected offline retail companies to stay in the competition with other retailers and online stores.

II. OBJECTIVES OF THE STUDY

- To examine the challenges faced by the Kirana stores in rural markets due to online trading
- To identify how the rise of online trading has affected retail stores at rural level
- To give suggestions for upgrading local retail stores for sustainable economic development

III. STATEMENT OF THE PROBLEM

Kirana stores are small-scale business at rural parts of Karnataka, which provides livelihood to millions of small retail shop owners. These Kirana stores purchases goods from local farmers and suppliers and sell it to consumers at reasonable amount of profit. Lack of customers to these small-scale business people inevitably makes them to close the shop. Many local farmers, suppliers and transport service people lost their income due to closure of these stores. Finally, it results in significant loss of employment and means of support. Small shops are also equally important in the country like India for sustainable development, better sale of small-scale agro based product and growth in the economy. The study focused on opportunities in front of local retail traders for the improvement of their business instead of closing it.

IV. SIGNIFICANCE OF THE STUDY

Local retail shops are important in fulfilling very urgent needs of the customers. Customers do not wait for more time for their short-term needs. Local shops are very important link in customer market to fulfill the basic needs of the customers.

Closure of Kirana stores in rural areas made the customers to wait for ordered goods through online trade until they will reach to their address. Closing of small-scale retail business due to online marketing system reduces local income and closes the small trading activities. Any new system must support the existing system for improvement in their business model. Therefore, the present study is relevant to know the opportunities available to local retail shops for further improvement in their business for sustainable continuation of their business in rural parts of Karnataka.

Scope of the study

The present study aims to know the online trading impact on kirana stores in rural parts of Karnataka. The study is concentrated on challenges faced kirana shop owners' problems in continuation of retail business, reasons for lack of customers, lack of investment, decrease in profit, and customers preferences. The study is conducted in rural parts of Bangalore district, Karnataka state by collecting data from the owners of 50 kirana stores.

V. RESEARCH METHODOLOGY

The present study is based on both primary and secondary data. The primary data has been collected by using scheduled interview and observation method. The sample size is confined to 50 small-scale retailers as respondents. The collected data was analysed and interpreted. Secondary data collected through sources like statistics, published annual journals, review of past literature, various published books, reports, National & International Journals and public and private publications available on various websites and in libraries focusing on various aspects of local shops problems and solutions.

Analysis and Interpretations

The research paper aims at the analysis of the present status of local Kirana stores due to faster growth of online marketing in rural parts of the Karnataka. The required data collected through primary data through structured questionnaire and analysed in the following pages:

Table -1
Demographic Feature of Respondents

Sl. No.	Variables	Frequency	%
1 Age Group			
a	below 30	19	38
b	30-45	23	46
c	45 and above	08	16
2 Education			
a	Primary education	05	10
b	Below higher secondary	13	26
c	PUC	21	42
d	Degree and above	11	22
3 Marital status			
a	Unmarried	08	16
b	Married	39	78
c	Divorced/Others	03	06
4 Reason for selecting retail business			
a	To do independent work	08	16
b	Family business	16	32
c	Lack of jobs in formal sectors	14	28
d	Financial problems	12	24
5 Selling Experience			
a	10 to 15 years	24	48
b	15 to 20 years	12	24
c	20 to 25 years	09	18
d	More than 25 years	05	10
6 Nature of product selling			
a	Groceries only	05	10
b	Groceries, Vegetables	18	36
c	Groceries, vegetables, stationery	14	28
d	Groceries, stationery, daily care products	05	10
e	Groceries and locally produced goods	08	16
7 Nature of Shop			
a	Rental building	18	36
b	Own shop	32	64

(Source: Primary Data)

Table-1 Contains Demographic Characters of Respondents.

1. The above table reveals that 19 (38%) respondents are below 30 years old, 23(46%) respondents are in the age group of 30-45 years and 8(16%) respondents are above 45 years old.

2. The education of respondents discloses that 05 (10%) of them were completed their primary education, 13(26%) respondents below higher secondary, 21(42%) respondents finished PUC qualification and 11(22%) respondents degree and above qualification holders.
3. The sample respondents marital status states that majority of sample respondents were married and settled in villages.
4. 16 (32%) respondents responded that, they continued their family based business to support their family, 14(28%) respondents responded that they are in this business due to lack of jobs in other formal sectors, 12(24%) respondents stated that retail business in rural areas helps them to meet their financial needs, 08(16%) respondents were under the intension of doing independent business.
5. Majority of the respondents have selling experience from 10 to 15 years
6. Local kirana stores are selling basic groceries and vegetables in rural areas. 5 (10%) respondents are additionally selling daily care products, 08(16%) respondents are selling locally produced goods along with groceries and stationeries
7. Majority of the respondents have their own kirana stores and 18(36%) respondents have their kirana stores in rental building

Table-2
Problems Faced by Kirana Stores at Local Markets

Sl. No	Variables	SA	A	N	D	SD
1 Modifications problems						
a	Shortage of Capital	24 (48%)	12 (24%)	05 (10%)	6 (12%)	3 (6%)
b	Problems of credit finance	18 (36%)	13 (26%)	10 (20%)	4 (8%)	5 (10%)
c	Decrease in profit	32 (64%)	16 (32%)	2 (4%)	--	--
2 Marketing problems						
a	Online Business	24 (48%)	18 (36%)	08 (10%)	--	--
b	Bad debts	33 (66%)	14 (28%)	3 (6%)	--	--
c	Uncertainty in number of customers	15 (30%)	12 (24%)	08 (10%)	09 (18%)	6 (12%)

(Source: Primary Data)

[Key: SA- Strongly Agree, A- Agree, N- Neutral D- Disagree, SD - Strongly Disagree]

Table -2 Problems faced by the kirana stores in rural markets.

1. a. Shortage of capital is very difficult challenge for modification of business. Strongly agreed by 24(48%) respondents, 12(36%) respondents agreed the statement.
- b. 18(36%) respondents strongly agreed the statement, problem of getting credit finance from formal sources, 13 (26%) respondents agreed, rest of the respondents Neutral and not accepted the statement.
- c. Majority of the respondents accepted that decrease in profit is also the reason for lack of improvements in local kirana stores.
2. a. Online business affected the kirana stores and considered as one of the marketing problems. Majority of respondents strongly agreed and agreed the given statement.
- b. Consumers of rural areas expect credit facility to purchase goods from local kirana stores. It is inevitable to kirana stores to give credit facility to known customers to increase their sales. Increase debts and bad debts hinder for continuation of business in future. Majority of respondents accepts this statement.
- c. More number of regular customers essential to clear the stock of holded goods. Customers at local level are limited and uncertain in visiting to retail stores. Majority of the respondents agreed the statement. 06(12%) respondents strongly disagreed, 09(18%) respondents disagreed 08(16%) respondents neither agreed nor disagreed the statements.

**Table-3
Impact of Online Trading on Kirana Stores**

Sl. No	Variables	SA	A	N	D	SD
1 Customers attracted by Online Trading						
a	Competitive price	30 (60%)	10 (20%)	6 (12%)	4 (8%)	--
b	Technological limitation	25 (50%)	10 (20%)	6 (12%)	5 (10%)	4 (8%)
c	Door to door delivery System	28 (56%)	14 (28%)	3 (6%)	5 (10%)	--
d	Attract more customers	25 (50%)	12 (24%)	6 (12%)	5 (10%)	2 (4%)
e	Increased competition from online platforms	17 (34%)	18 (36%)	5 (10%)	8 (16%)	2 (4%)
2 Suggestions for online trading problems						
a	Collaborate with other kirana stores	32 (60%)	16 (32%)	2 (4%)	--	--
b	Strong customer relationship	15 (30%)	7 (14%)	10 (20%)	12 (24%)	6 (12%)
c	Focusing on local fresh produce and essentials with Social media online presence	30 (60%)	12 (24%)	4 (8%)	3 (6%)	1 (2%)
d	Government support and training	32 (60%)	18 (36%)	-	-	-

(Source: Primary Data)

[Key: SA- Strongly Agree, A- Agree, N- Neutral

D- Disagree, SD – Strongly Disagree]

Table -3 Impact of online trading on local kirana stores in rural markets.

- a. Online traders mainly focus on competitive price and aggressive pricing strategies. Kirana stores struggle to match with these prices. 30(60%) Respondents strongly agreed, 10(20%) respondents agreed, 6(12%) respondents neutral and rest of the respondents disagreed the statement.

- b. Kirana storeowners are not technologically expert to implement the challenging and treated as costly online trading system for their product. Majority of the respondents accepts this statement. Few respondents are disagreed the given statement
- c. Now a day's consumers are increasingly be dependent on online platforms for their grocery needs because of door-to-door delivery system. Setting up efficient delivery system can be expensive for Kirana stores. The given statement is strongly agreed by 28(56%) respondents, agreed by 14(28%) respondents, became neutral by 3(6%) respondents and disagreed by 5(10%) respondents.
- d. Online platform offers wider range of products and faster delivery options. It attracts more and more customers to online platform. Kirana stores unable to maintain adequate inventory to meet customer demands. This makes it difficult for them to compete in the digital space and reach a wider customer base. The given statement is strongly accepted by 25(50%) respondents, 12(24%) respondents accepted, rest of the respondents not accepted the given statement.
- e. Online platform offers competitive price rates, wide range of products, convenient delivery service, deep discounts, after sales service, delivery networks etc. Kirana storeowners need more investment and digital skill to adapt changing retail landscape. Majority of the respondents accepted the given statement.

VI. SUGGESTIONS FOR IMPROVEMENT IN BUSINESS OF KIRANA STORES AT LOCAL LEVEL

- a. Collaborate with other local retailers of same or different areas for locally made products will help them to compete with online traders. Online platforms may not have the same access on local goods. This may help the local retailers to offer locally produced special items at competitive price to attract customers. Majority of the respondents agreed and strongly agreed the given statement.
- b. Kirana stores have an opportunity to build strong customer relationship by understanding customer preferences. Trust, loyalty, locally connected network for business, good relationship with customers helps to retain and increase the customers in rural parts.

- c. Focusing on locally grown fresh agricultural produce, other locally made products, concentrate on selling essential goods to meet customers' needs regularly by creating a basic social media presence help Kirana stores to continue in the same line for long time in future. Social media helps to connect the people to share local offers, promotions etc.. This offers a distinct advantage over online platforms to local traders.
- d. Respondents expect support from business people, manufacturers and urban traders to save the last link in channel of distribution system. Local traders provide market for locally produced agriculture goods, handicraft products, forest products and the like. Skill development training to improve business skills in digital era of local traders is essential to continue their business in rural markets.

VII. CONCLUSION

Kirana stores play crucial role in selling locally produced agricultural and non-agricultural goods by displaying it in their shops and inducing customers to buy the goods. Decrease in number of kirana stores discourage the local producer to produce the goods due to lack of availability of selling market for their product. Online trading through digital communication system made impact on small-scale retail stores in rural parts of Karnataka. Young generations are not ready to buy goods in small Kirana stores due to easy access towards online trading. Searching in various online shopping centres is the meaning of retailing in today's customers purchasing decision. Technology development in recent period is the main reason for it. Nearby small kirana stores are always most important for immediate purchase in all the seasons. Kirana stores are always ready to provide regular service to customers according to their needs on both cash and credit, which is not possible to expect from online platform. Kirana stores need to uplift its pattern of business to face the competitive world with more positive outlook. Kirana stores and small retail stores in rural parts of Karnataka provides livelihood to the thousands of people. Government should take some initiation to connect cordially the local retail business with digital trading system for sustainable economic development.



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