

Customer's Payment Preference for Premium Products in Multi-Brand Retail Stores in Bangalore

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Abstract

This study examines customer payment preferences for premium products purchased in multi-brand retail stores in Bangalore, India, and the roles that convenience, perceived security, and customer age play in shaping those preferences. A descriptive-analytical research design was employed, and primary data were collected through a structured questionnaire administered to 190 respondents selected via convenience sampling. Data were analysed using descriptive statistics, Cronbach's alpha, multiple regression, Pearson correlation, and one-way ANOVA. UPI emerged as the dominant payment method, used by 60.5% of respondents and preferred by 76.8% among digital options, while cash retained a meaningful share (30.0%). Convenience significantly and positively predicted payment preference ($\beta = 0.491$, $p < .001$), whereas perceived security did not ($\beta = -0.015$, $p = .838$), with the model explaining a modest share of variance ($R^2 = 0.225$, $F = 27.16$, $p < .001$). The availability of multiple payment options was weakly but significantly correlated with customer satisfaction ($r = 0.236$, $p < .05$). Age significantly differentiated the tendency to vary payment method by purchase value ($F = 285.06$, $p < .001$). The findings indicate that convenience-driven adoption, rather than security concerns, now governs digital payment behaviour among urban Indian consumers purchasing premium goods.

Keywords: Customer Payment Preference, Premium Products, Multi-Brand Retail stores, Digital Payments, Convenience, Customer Satisfaction, Bangalore,

I. Introduction

India's organised retail sector has expanded rapidly in metropolitan centres, driven by rising disposable incomes, urbanisation, and evolving consumption patterns. Multi-brand retail formats, which aggregate a wide range of branded merchandise under one roof, have become particularly prominent in cities such as Bangalore.

Alongside this retail expansion, the mechanics of payment have shifted markedly: the growth of the Unified Payments Interface (UPI), debit and credit cards, mobile wallets, and internet banking has given consumers a broader set of options than cash alone, and expectations around convenience, speed, and security have risen accordingly.

Premium products — electronics, fashion and apparel, cosmetics, footwear, and high-end home appliances — typically involve higher transaction values than routine purchases, which may make consumers more deliberate about how they pay. While digital payment adoption in Bangalore is generally high, a segment of consumers remains cautious about the security of digital transactions and continues to prefer cash or other conventional methods. Retailers, in turn, need clearer evidence on customer payment preferences to design payment infrastructure that improves satisfaction.

Despite the volume of research on digital payment adoption generally, comparatively little work has examined payment preference specifically in the context of premium purchases within multi-brand retail settings, or jointly modelled convenience, security, satisfaction, and age within a single framework. This study addresses that gap by examining customer payment preference for premium products in multi-brand retail stores in Bangalore, the effect of convenience and security on that preference, the relationship between payment-method choice and customer satisfaction, and the influence of customer age, thereby contributing evidence from an emerging urban Indian market.

Objectives

- To examine the effect of convenience, and security on customer's payment preference methods.
- To examine the relationship between choice of different payment methods and

customer satisfaction towards premium products in multi brand retail stores.

- To find out the difference between the customer's age group and payment preference for premium products in multi brand retail stores.

II. Review of Literature

Existing literature has examined the influence of perceived usefulness, ease of use, trust, and perceived risk on digital payment adoption across both Indian and international markets. The following review summarises the major empirical studies relevant to the present research.

Junadi (2015) developed and tested a model of electronic payment adoption in Indonesia using a questionnaire-based survey. The findings showed that perceived usefulness, trust, and ease of use encouraged adoption, while fear of fraud and low awareness discouraged it, though the study did not examine premium-purchase contexts specifically.

Widayat and Masudin (2023) examined why retail customers adopt QR-code payments using a survey design. The results indicated that convenience, usefulness, and trust were positive drivers of adoption, while limited technological familiarity remained a barrier, particularly among older users.

Wu and Tang (2022) studied how brand–customer trust shapes mobile-payment usage through a survey and structural equation modelling. The findings showed that trust increased appreciation of payment convenience, but privacy concerns continued to constrain usage even among trusting customers.

Ahmed, Farooq, and Shahzaib (2025) investigated consumer attitudes toward digital wallets using a survey. The results found that convenience and cashback incentives increased usage intention, while fear of cybercrime and privacy concerns reduced it, mirroring the risk–convenience trade-off observed in payment-method literature more broadly.

Eriksson, Gökhan, and Stenius (2021) used interviews to explore why some in-store customers avoid mobile payments. The findings identified low system trust, unfamiliarity, and fear of transaction errors as the principal barriers, with age-related unfamiliarity a recurring theme.

Basu and Sondhi (2021) compared online and offline shopping preferences for high-value items using a survey. The results showed that online payment options increased

online purchase likelihood, but most respondents still preferred in-store purchase of premium goods for tactile evaluation and greater trust in the retailer, a finding with direct relevance to the multi-brand retail context of the present study.

Sombultawee and Wattanatorn (2022) examined how trust affects purchasing in omnichannel retail using a survey. The findings showed that smooth, secure payment processes increased customer satisfaction and loyalty, while privacy and security concerns reduced purchase likelihood.

Zehra et al. (2024) and Kumar and Palanisamy (2019) both examined digital payment adoption among Indian consumers using survey methods. Both studies found that convenience, security, and ease of use increased adoption likelihood, while low security awareness — particularly among older or less tech-savvy respondents — reduced it, underscoring the relevance of age as a moderating factor.

Overall, previous studies consistently indicate that convenience, ease of use, and trust significantly influence digital payment adoption and preference, with perceived risk and age acting as moderating factors. However, relatively few studies have examined these relationships specifically for premium-product purchases in multi-brand retail settings, and research focused on the Bangalore market remains scarce. This research gap provides the foundation for the present study, which investigates how convenience, security, payment-method choice, and age shape customer payment preference and satisfaction among premium-product buyers in Bangalore.

III. Methodology

The present study adopts a descriptive and analytical research design using a quantitative research approach. The descriptive design is used to understand customers' payment behaviour, while the analytical design examines the relationship between convenience, security, payment-method choice, age, and customers' payment preference and satisfaction.

The study was conducted in Bangalore, Karnataka, selected for its large base of premium-product buyers across multi-brand retail stores. The target population consists of customers who have purchased premium products — electronics, fashion and apparel, cosmetics, footwear, or high-end home appliances — from multi-brand retail stores in Bangalore.

The study employs a non-probability convenience sampling technique. Following Watson's (2001) sample-size guidance based on an estimated population of

100,000, a 95% confidence level, a $\pm 5\%$ margin of error, and 30% expected variability a minimum of 172 respondents was required. A final sample of 190 respondents was achieved, exceeding this threshold and considered adequate for descriptive, correlation, regression, and ANOVA analysis.

Primary data were collected using a structured questionnaire employing a five-point Likert scale ranging from Strongly Disagree (1) to Strongly Agree (5), measuring respondents' opinions on convenience, security and trust, ease of use, and satisfaction with payment methods. The 30-item scale was tested for reliability using Cronbach's alpha ($\alpha = 0.787$), confirming acceptable internal consistency. The collected data were analysed using Microsoft Excel, employing descriptive statistics, multiple regression analysis, Pearson correlation analysis, and one-way ANOVA.

Participation in the survey was entirely voluntary, and respondents were informed of the study's purpose prior to data collection. Confidentiality and anonymity of all participants were maintained, and the information collected was used solely for academic and research purposes.

Based on the objectives of the study, the following hypotheses are proposed:

H^{0a} (Null Hypothesis): Convenience and security have no significant impact on customers' payment preference for premium products.

H^{1a} (Alternative Hypothesis): Convenience and security have a significant impact on customers' payment preference for premium products.

H^{0b} (Null Hypothesis): There is no significant relationship between the choice of payment methods and customer satisfaction.

H^{1b} (Alternative Hypothesis): There is a significant relationship between the choice of payment methods and customer satisfaction.

H^{0c} (Null Hypothesis): There is no significant difference in payment preference across different customer age groups.

H^{1c} (Alternative Hypothesis): There is a significant difference in payment preference across different customer age groups.

IV. Results and Discussion

A. Demographic Profile and Payment Behaviour

Out of 190 respondents, 65.3% were male and 34.7% were female. Over half (57.4%) were aged between 21–30 years, and a further 23.2% were aged 31–40, indicating a sample dominated by young adults. In terms of education, 35.3% held postgraduate qualifications and 30.0% were undergraduates. Occupation-wise, employees (36.3%) and students (24.2%) together formed the majority. Regarding monthly income, 52.1% of respondents earned below ₹25,000, reflecting a sample skewed toward younger, middle-income consumers.

With respect to payment behaviour, UPI was the most widely used method overall (60.5%), followed by cash (30.0%) and debit/credit cards (6.3%); mobile wallets and net banking accounted for 1.6% each. Among digital-payment users specifically (88.9% of the sample), 76.8% preferred UPI. Transaction speed was the most-cited reason for using digital payments (37.9%), followed by convenience and cashback (20.0% each) and security (11.6%). Fashion and clothing was the most frequently purchased premium category (40.0%), and 55.3% of respondents shopped both online and offline for such products.

B. Multiple Regression Analysis (H_{1a})

A multiple regression analysis was conducted to examine the influence of two attributes — convenience and perceived security — on customers' payment preference.

Regression Statistic	Value
Multiple R	0.474
R Square	0.225
Adjusted R Square	0.217
Observations	190

ANOVA results confirmed that the regression model was statistically significant, $F(2, 187) = 27.16$, $p < .001$, indicating that convenience and security jointly have a significant influence on payment preference.

Predictor Variable	β	Std. Error	t-Stat	p
Convenience	0.491	0.069	7.049	.000
Perceived security	-0.015	0.075	-0.204	.838

The regression coefficients reveal that convenience has a statistically significant positive influence on payment preference ($\beta = 0.491$, $p < .001$), while perceived security does not ($\beta = -0.015$, $p = .838$). Since the significance

value for convenience is below 0.05, the null hypothesis (H0a) is rejected, and the alternative hypothesis (H1a) is partially supported: convenience, not security, significantly predicts customers' payment preference.

C. Correlation Analysis (H1b)

A Pearson correlation was computed between agreement that the availability of multiple payment options increases shopping convenience and satisfaction with the payment options available in multi-brand retail stores.

Relationship	r	p
Multiple payment options ↔ Satisfaction	0.236	< .05

A positive, statistically significant, weak correlation was found ($r = 0.236$, $p < .05$). Respondents who valued the availability of multiple payment options were also somewhat more likely to report satisfaction with the payment options available, although the weak strength of the relationship indicates that other factors also play a substantial role in satisfaction. Since the significance value is below 0.05, the null hypothesis (H0b) is rejected, and the alternative hypothesis (H1b) is supported.

D. One-Way ANOVA (H1c)

A one-way ANOVA was conducted to determine differences between respondents' age group and their tendency to choose different payment methods depending on the value of the product purchased.

Source	SS	df	F	p
Between Groups	215.252	1	285.061	.000
Within Groups	285.430	378	—	—

The mean payment-preference-by-value score ($M = 3.989$) differed significantly from the mean age-group score ($M = 2.484$), $F(1, 378) = 285.061$, $p < .001$, exceeding the critical value of $F(3.867)$ at $\alpha = .05$). This confirms that respondents' age is significantly associated with differences in the tendency to vary payment method by purchase value. The null hypothesis (H0c) is rejected, and the alternative hypothesis (H1c) is supported.

V. Conclusion

The present study examined customer payment preference for premium products among 190 consumers in multi-brand retail stores in Bangalore. The findings confirm that UPI has overtaken cash as the dominant payment method (60.5% overall use; 76.8% preference among digital users), while cash retains a durable minority share (30.0%). Convenience significantly and positively predicted payment preference ($\beta = 0.491$, $p < .001$), while

perceived security did not ($\beta = -0.015$, $p = .838$), though the model explained only a modest share of variance ($R^2 = 0.225$), suggesting other unmeasured factors also contribute to preference formation. The availability of multiple payment options was weakly but significantly correlated with satisfaction ($r = 0.236$, $p < .05$), and age significantly differentiated payment behaviour by purchase value ($F = 285.06$, $p < .001$).

These findings suggest that digital payment preference in this market is now driven primarily by speed and convenience rather than security considerations, which appear to function as a baseline expectation rather than an active decision driver among UPI-experienced consumers. Retailers should therefore prioritise UPI at checkout, retain a fully staffed cash option, invest in optimising the two dominant methods rather than expanding into lower-uptake options, and differentiate service by age — promoting self-service UPI checkout to younger shoppers while offering staff-assisted support to older customers.

Overall, this study contributes to the growing body of literature on digital payment adoption and consumer behaviour by providing empirical evidence from an emerging urban market in India, focused specifically on premium-product purchases in multi-brand retail. The findings offer practical insights for retailers, banks, and payment providers seeking to design evidence-based payment strategies for the Bangalore market.

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