

IMPACT OF ONLINE SHOPPING ON RETAIL STORES

(A study of District Alwar, Rajasthan)

Dr. Ghanshyam Saini

Professor, Department of Management Studies

Lords University, Alwar(Raj.)

E-Mail ID:-ghanshyam.saini@lordsuni.edu.in

Abstract: -

Online shopping is purchasing and selling of products and ventures over the internet. Before Online shopping purchasing and selling were done without internet physically in the markets however after the landing of Online shopping in India our life has become more convenient because of its number of advantages. The advantages offered by online shopping of anything whenever and at wherever, customers can discover the items on e-commerce websites which is not available in physical markets, it reduces cost and time, without stepping out from home we can get our item at home.

Introduction: -

In online shopping customers review thousands of items in one place and pay for the comfort of their homes. This has affected offline retail companies to stay in the competition with other retailers and online stores.

Online looking (or e-tail from electronic retail or e-shopping) is a sort of e-commerce that permits customers to directly purchase products and services over the web through a virtual store. A number of the leading online stores presently in Asian nation are Amazon, Flipkart, Snapdeal, Homeshop18, Myntra etc.

Whereas, Retail is a method of providing products and services to customers through multiple channels of distribution. Retail stores can be small or massive, however they principally

operate within the same line as “purchasing to sale”. Retail type of business is as recent as civilization and is the most elementary sort of business.

With recent e commerce boom, more and more retail stores are moving towards establishing their niche and setting up their online stores. It has become very critical for a small business owner to take their business online.

International statistics:-

Statistics show that in 2012, Asia-Pacific increased their international sales over 30% giving them over \$433 billion in revenue. That is a \$69 billion difference between the U.S. revenue of \$364.66 billion. It is estimated that Asia-Pacific will increase by another 30% in the year 2013 putting them ahead by more than one-third of all global ecommerce sales. The largest online shopping day in the world is Singles Day, with sales just in Alibaba's sites at US\$9.3 billion in 2014.

Statistics on online retail sales	
Country	% Retail Sales Online
United States	9.8%
Canada	2.8%
United Kingdom	20%

Objectives of the Study:

The research has been conducted with the following objectives:

- To study the effect on profitability of retail stores due to the advent of e-stores
- To analyze the effect upon pricing patterns of retail stores in recent times
- To analyze the change in business pattern to achieve customer satisfaction.

Types of Off-line Retail Stores:-

Departmental Stores – A departmental store may be a retail outlet that offers a good vary of merchandise to the end-users beneath one roof. In a departmental store, the customers can get the majority of the merchandise they want to buy at one place only.

Discount Stores – Discount stores also provide an enormous range of merchandise to the end-users however at a reduced rate. The discount stores usually provide a limited vary and therefore the quality in certain cases may be a bit inferior as compared to the departmental shops.

Supermarket – An outlet that usually sells food and home items, properly placed and organized in specific departments is termed a market. A supermarket is an advanced type of the little grocery stores and caters to the ménage wants of the consumer.

Mom and Pop Store (also known as Kirana Store in India) – Mom and Pop stores are the little stores go by people within the near neighbourhood to cater to daily wants of the customers staying within the locality. They provide elect things and aren't in the least organized.

Malls – several retail stores operative in one place form a mall. A mall would include many shops each one selling their own merchandise however at a common platform.

Review of Literature:-

Menal Dahiya, (2017) Internet assumes a vital role in our every day life. We use internet day by day nearly for every single work. Before e-commerce purchasing and selling were done without internet physically in the markets however after the landing of e-commerce in India our life has become more convenient because of its number of advantages. Online shopping is a piece of ecommerce which is done for the most part by the users due to e-commerce websites in India which enables us to purchase and sell the items as indicated by our choice at affordable price. E-commerce website has a great deal of effects on different markets and retailers. In this paper we will examine about the different markets and retailers and effects of ecommerce on them.

Aparna Miglani, (2017) The purpose of this examination is to discover the influence and development of e-commerce and its effect on national and worldwide market. E-commerce is developing at a quick pace over the world. Its development and its benefits are already visible from the studies of developed countries but at the same time it's creation a positive effect in terms of development of developing countries. Due to globalization and relaxation in imports and exports between countries, economies over the world will witness better knowledge and data technology development .E-commerce is likewise assuming a critical role in higher revenue generation, improved customer base, larger measure of employment creation in Information Technology sector in a developing country.

Dr. Naveen Kumar, (2014) E-Commerce is the future of shopping. E-commerce is likewise one of the business choices that one should explore in future. E-Commerce is developing with quick pace in our nation. Backed by increasing internet users' base and favorable demographics, Indian E-Commerce Industry has registered impressive development over the most recent couple of years. There are tremendous opportunities of development in E-Commerce in future too. Be that as it may, there are certain challenges which need to be addressed properly. In the present paper an attempt has been made to contemplate the present status of E-Commerce in India, examine the challenges of E-Commerce and talk about the future of E-Commerce in India.

Dr Mahesh, (2016) Electronic commerce normally known as e-commerce is exchanging items or services utilizing computer networks, for example, the internet. E-commerce draws on technologies, for example, mobile commerce, electronic store transfer, production network management, internet marketing, online exchange processing, EDI, inventory management system and automated information collection systems. The business model of the conventional retailers and e-commerce providers differ altogether. The essence of e-retailing is in its capacity to transcend physical boundaries and reach customers in a manner different from the customary retail stores to their very entryway steps. The developing e-commerce in India has its greater effect on the conventional retailers. To remain in the game, they have been chipping away at their internet strategies. The fundamental objective of the investigation is to understand the emerging trends of e-commerce and its development in Indian

perspective. The effect of the e-commerce on physical or customary retail arranges. e-Commerce having the positive and negative influence on customary retail business.

Dr. V. V. Ravi Kumar, (2015) Online Retail in India is developing at a very quick pace in India. Even as it is developing it is beginning to cause disturbance to the conventional physical retail outlets and in addition making uneasiness established brands. This conceptual paper takes a gander at how online retail is steadily becoming a disruptive force in India. It threatens to upstage the customary retail also hurt a few best brands. These changes occurring in respect of Online Retail in India are highlighted by means of a series of disruptive incidents.

Methodology of the Present Study:

The research methodology comprises of the sources of data, methods adopted to collect such data, sampling techniques, statistical tools for analysis, data interpretation etc.

Sources of Data-

The data for the study have been collected from primary sources. Primary data have been collected through-

Direct Personal Interview method where interview took place with the owners of different retail stores. Investigation through schedules at the various units for appropriate information.

Universe of the Study-

The universe consists of all the retailers situated in the **Alwar** city from which 50 retailers are selected at random for the purpose of the study.

Sample Size and Sample Unit-

For the study a sample of 50 retail stores has been selected on the basis of convenient sampling for the purpose of the research.

Sampling Techniques-

For the study convenient sampling technique method has been applied on the basis of suitability for the availability of information and which has a substantial share in the market so as to give more accurate picture of the impact of online shopping.

Data Collection Techniques-

The data for the study has been collected through applying the following techniques:
Direct Personal Interview and Investigation through schedules

Data Representation Tools-

The data collected are classified, tabulated and represented through chart and bar diagram.

PRESENTATION OF DATA, ANALYSIS AND INTERPRETATION OF DATA:-

Retail stores generally operated in the traditional lines of business except a few superstores that brought in certain modification in their business patterns, but the advent of online shopping in recent times has put an upon them because they had been losing on several ground. The study has been made on several grounds to understand the aspects of impact upon the business of various retailers that to some extent has led to a change in their strategies.

Presentation of Data:-

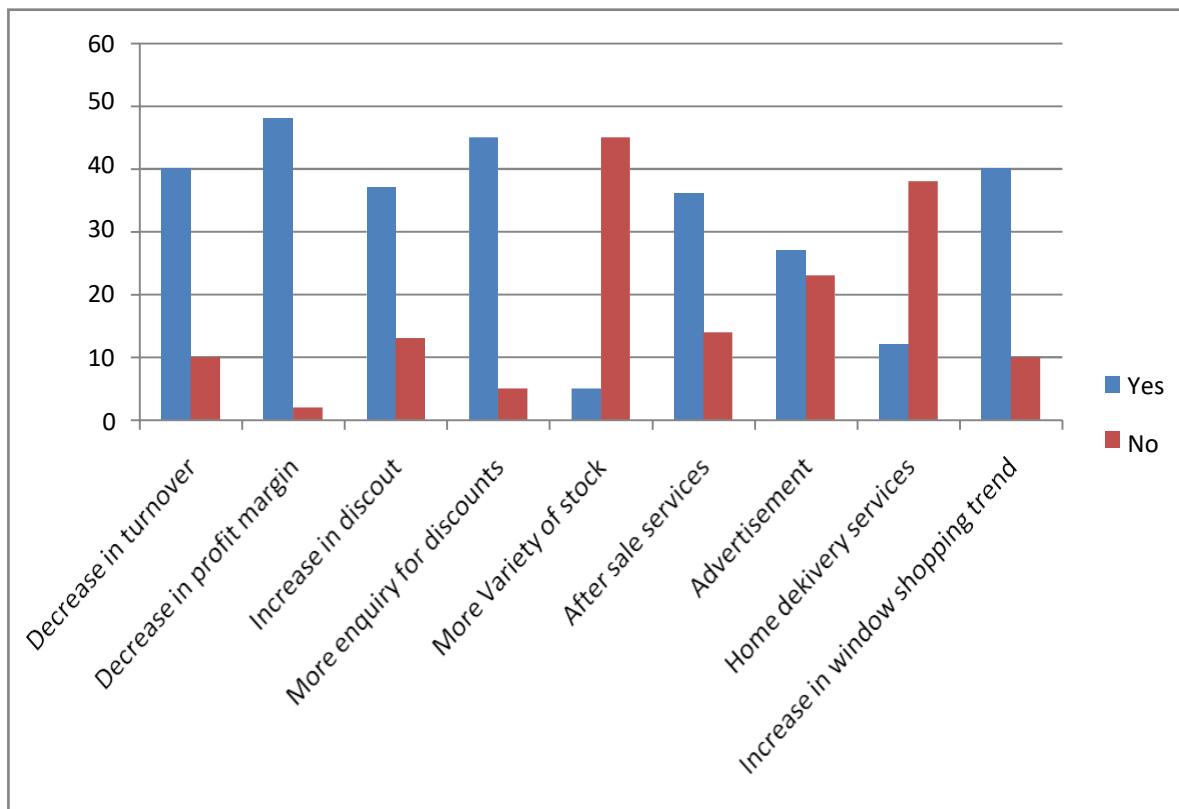
Table: Table showing the analysis of the various aspects of the impact of online shopping upon retail trade

List of questions:	Yes	No
Has there been any decrease in average turnover in the past three years	40	10
Is there any decrease in profit margin?	48	02
Have you made any increase in discount rates offered to customer in recent times?	37	13
Do customers ask for discount before Making purchases?	45	05
Do you keep more variety of stock at your Store now-a-days?	05	45
Do you provide after sale services of Personalized nature to your customers?	36	14
Do you advertise about you enterprise?	27	23
Do you provide home delivery services to Your customers?	12	38
Is there an increase in window shopping in recent times?	40	10

The table highlights that there has been a decrease in turnover in most of the enterprises with a figure as high as 80%. Most of the retailers has also agreed to a decrease in their profit margin in recent years as more discounts are been given by them to the customers in order to ensure a higher amount of sales. More customers are seen to as for discount in recent times. Retailers' now-a-days try to maintain a good variety of stock and

also provide various types of customer oriented services in order to attain and retain customers. An alarming signal is the increase in window shopping which explains that prospective consumers do not turn into actual consumers.

Diagram: Diagram showing the analysis of the various aspects of the impact of online shopping upon retail trade:-



Analysis and Interpretation:-

Turnover: Retailers over a period of three years under study has noticed a considerable decline in their turnover as compared to years back. Some has reported if not decline but stagnancy in their growth which is a warning signal for the enterprise.

Profit margin: Online shops has brought in a price war in the market and the main sufferers of this price war are the retailers. In order to survive, most of these retailers too has made an attempt to lower their prices but considering their high cost of operation these reatilers has to sacrifice on their margin.

Discount: The retailers are at an alarming rate increasing their discounts in order to stand with the online stores who woes the customers with unbelievable discounts. Although the retailers cannot compete with the online stores in terms of discount but it has to lower its prices to a relative extent to survive the market.

Variety of stocks: Online stores maintain a wide variety of stocks and retailers

fail in this context to the e-stores by a wide margin but most of the retailers as found by the survey has no inclination to compete with the online stores in this regard. The defeat is accepted. Retailers cannot maintain a large stock as that might have a negative impact of unsold stock at the end of the year which in turn might bring in huge loses to the concern.

Customer services: More and more retailers are now opting for customer services to build upon a loyalty. Repair and maintenance to installation and insurance, retailers are leaving no stones unturned to specialize in areas in which online shops fail. Retailers are now starting up with home delivery services in the same line of the online shops. Also after sale services are provided with a smile.

Window shopping: There has been a trend in recent years for customers to browse the products in a physical store and buy it from an online store at a reduced price. Retailers now have more prospective customers than actual ones.

Advertisement: The retailers now-a-days are more involved in advertisement campaign than ever before in order to increase their sales. Retailers leave no occasions to take advantage of the situation to advertise their firm.

The table and the diagram highlight the fact about all these aspects and it shows that there is a negative trend on all these aspects with regard to the retailers.

Online shopping and its impacts on offline retail stores:-

India is among the fastest developing economies of the world, as per several reports published by International Monetary Fund (IMF) and Central Statistics Office(CSO).The emergence of retail as a predominant market segment have contributed to the unprecedented development of e-commerce in India. For the budgetary year 2016-17 e-commerce sales reached US \$16 billion with a projection of a seven crease development inside the next two years.

The e-commerce industry is expected to cross \$150 billion up to year 2022. The real driving variables for the development in e-commerce sector in India:

- Foreign Direct Investment.
- Goods and Services Tax
- Participation of niche companies in online exchanging

Some practical impact of online shopping on retail stores

1. Decrease in customer Loyalty

When you were growing up, your elders, mostly parents, were content to shop for constant brands from the shop. It had been acquainted and something they could rely on.

Now, customers visit a store trying to find a selected brand of a pre-decided price supported by online reviews.

When online shopping was introduced, consumers could compare thousands of merchandise before going to the shop. There are even specialised sites like a shopping FM that collects the most effective deals with the click of a button.

2. Online Reviews Impacts Retail corporations

Before online shopping arrived, you regularly asked your friends or family a couple of product you were considering to buy. Now, customers search on company websites, blogs, and social media for product reviews and suggestions.

3. Smartphone Impacts Retail stores

Smartphone's influence a customer even once they're doing in-store shopping. Often, customers can walk around within the store with their phones. They're reviewing and compare merchandise within the store to online options and alternative retailer's deals.

4. Company Websites Impact Retail corporations

Companies are turning to their websites to push individuals to come to their store and buy their products. Generally you'll notice corporations providing coupons on their websites or email campaigns. The catch is, you'll be able to solely use the coupon for an in-store purchase.

5. Online Engagement Impacts Retail corporations

Online engagement goes beyond simply liking or following a company's Facebook Page or Instagram account. Once brands post avid posts that convey their mission and worth statements, it helps to form a deeper connection with their customers.

Impact of online shopping for Alwar district retailers:-

Alwar is a city and administrative headquarters of Alwar District in the state of Rajasthan, India. It is located around 160 km south of Delhi, and about 150 km north of Jaipur, the capital of Rajasthan. Alwar is part of National Capital Region (NCR). Online shopping in Alwar, Rajasthan is fast becoming popular as there are no waiting in lines or in traffic, you can shop from the convenience of your home, easier to do comparison shopping, discounts and you can shop at any time without restrictions. The city has a booming economy and that reflects well in the shopping style of the Alwar people. Apart from the regular shops and snobbish malls, today online shopping in Alwar grows in popularity as more people are turning to online shopping for all their needs. Around 100 numbers of customers' opinion is taken for online shopping and off-line shopping after study I found that about 50% of Alwar city resident prefer for online purchasing mainly they are purchasing grocery items, cloths, electronic items, kids related items and beauty and personal care.

FINDINGS, SUGGESTIONS AND CONCLUSIONS:-

Finding:-

E-commerce is consistently taking up a larger proportion of consumer time and spending. There are several driving factors for consumers to shop online with price, convenience in shopping and wide range of available products being the primary. The major findings of the study are as follows:

- a. Turnover and profit margin of the retailers has considerably decreased in the past few years.
- b. Retail stores are now-a-days more engaged in services related to customer satisfaction.
- c. Although the retailers are not able to keep a wide variety in their stock, they attempt to keep the best of them so as to affect more sales.
- d. Customers are seen to make window shopping at an alarming higher rate to have a

physical look at the product and buy that product online at a reduced rate.

- e. Retail stores are now starting up with home delivery services of their various products at the door step of their customers.
- f. The consumers become more comfortable with the experience of purchasing online with the convenience and product range become relatively more important as a deciding factor for shopping online.

Suggestions:-

Retailers have to change their attitude towards the market. Today's is a consumer market and as a 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 stable sales in the years to come.

Conclusion:

E-commerce involves an online exchange. E-commerce provides multiple benefits to the consumers in type of accessibility of products at lower cost, wider choice and saves time. The general category of ecommerce can be broken down into two sections: E-Merchandise and E-finance. Numerous companies, associations, and communities in India are working together utilizing E-commerce and furthermore are receiving M-commerce for working together. Ecommerce is indicating tremendous business development in India. Increasing internet users have added to its development. Despite being the second largest user base in world, just behind China (650 million, 48% of populace), the penetration of e-commerce is low compared to markets like the United States (266 M, 84%), or France (54 M, 81%), yet is developing at an unprecedented rate, including around 6 million new entrants every month. The business consensus is that development is at an inflection point. India's e-commerce market was worth about \$3.9 billion out of 2009, it went up to \$15.6 billion in 2017, About 70% of India's e-commerce market is travel related. As indicated by Google India, there were 100 million online shoppers in India in 2020 and is expected to cross 150 million stamp by

end of year 2023. E-Commerce has made the shopping easy. The E-Commerce Industry in India is developing quickly despite many challenges. E-commerce industry is one of the largest developing industries in India at present. The sale of e-commerce industry is expected to develop by nearly 4 times by 2021 than the sales of 2015. This unprecedented development in E-Commerce is due to increase in PDAs and internet users, 3G/4G internet services, awareness out in the open, government initiative of digitalisation, advanced dispatching and payment choices, entry of foreign e-business players etc. Government should take steps to provide a proper legal framework so hurdles in the development of e-commerce are reduced to least.

Online retail is presently emerging as a powerful force in India. Their method for operations has taken the Indian customers by pleasant surprise as it comes with huge limits. Customary retailers are attempting to battle them out through different methods. A few of them are additionally joining the online fleeting trend as perhaps they see it just as the street ahead. To total the entire retail industry is expected to witness unexpected disturbances and perhaps combination.

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