



A CONCEPTUAL STUDY ON THE IMPACT OF ONLINE SHOPPING TOWARDS RETAILERS AND CONSUMERS

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Cite This Article: Kavya, "A Conceptual Study on the Impact of Online Shopping Towards Retailers and Consumers", International Journal of Advanced Trends in Engineering and Technology, Page Number 25-29, Volume 1, Issue 1, 2016

Abstract:

In Indian economic system the contribution of the Retail sector up to 10 per cent of GDP is remarkable. A retailer is a merchant or an agent or a business enterprise, whose main business is selling the goods and services directly to consumers through various distribution channels. The inception of Information Technology into business and trade has given birth to a new trend of business through online retailing all over the world. Many companies started retail business through hosting their own websites including large variety of products and services along with attractive offers to the customers. This platform works as a consortium which avails all the goods which are available in petty shops to the big shopping malls. It comprises apparels, shoes, plumbing materials, furniture, jewellery and food items etc. It facilitates the consumers to buy the products according to their need in time without much delay. Thus, as a result E-stores have emerged to meet the demands of large segments of customers. Online shopping has experienced a rapid growth during the recent years due to its flexibility in operations. This study includes analysis about the benefits of online shopping to the consumers, impact of increasing trends, challenges and threats faced by the fixed shop retailers.

Index Terms: Retail Sector, Information Technology, Online Retailing & Fixed Shops

1. Introduction:

The growth in technology offers good opportunities to the seller to reach the customer in faster, easier and in economic way. Online shopping is emerged very soon from last few years. Now a day the internet holds the attention of retail market. The invention of the internet has created a new system shopping over traditional. In 2016, total retail sales across the globe will reach \$22.049 trillion, up 6.0% from the previous year. E-Marketer estimates sales will top \$27 trillion in 2020. Many customers go for purchasing retail outlets to purchase the product and have the possession of the product. Some go for offline shopping, some for online and many go for both kind of shopping. The focus of the study is on the consumer's choice to shop on internet and at the retail stores. However online shopping is easier and very faster for the people and less price than the offline shopping. While making any purchase decision consumer should know the medium to purchase whether online shopping or the offline shopping. Consumer should decide the channel for them which can best suit to their need and wants and which can satisfy them. In this competitive world how consumer can decide the particular channel for their purchase of goods is very important because it plays very important role in the economic context.

2. Introduction to Online Shopping:

Online shopping is a form of electronic commerce which allows the consumers to directly buy goods or services from a seller over the Internet using a web browser. Consumers can visit various website through search engine and buy the products of their interest without much delay and they can easily access various sites through computers, laptops, tablets and smart phones. Now a day we can find many online retail stores which is coming up with large variety of products through various channels of distribution. Home shop 18, Flipkart, Snapdeal, Jabong, Myntra, these are some of the leading online shopping websites currently in India. Internet makes life very simple and innovative. People are doing business online and trading activities has become much faster and easy with the help of internet. Website has become the important medium for all the business to come online and showcase their products and services; also it gets the all competitors together in one place. Retailing is a process of selling goods and services to customers through some channel of distribution. The retail outlets will be fixed stores which will be located at one particular place in which it operates by selling large variety of goods and services to large number of customers. It may be small or big showrooms it deals same line of operations. There are various types of retail stores i.e., departmental stores, discount stores, super market, Kirana store, organized malls, un organized malls. In coming next 10 to 15 years India will see more people come online than any other country. Last year e-commerce sales were about \$16 billion; by 2020, according to Morgan Stanley, a bank, the online retail market could be more than seven times larger. Such sales are expected to grow faster in India than in any other market. This has attracted a flood of investment in e-commerce firms, the impact of which may go far beyond just displacing offline retail.

3. Characteristics of Online Shopping:

The following are the some characteristics of online shopping are as follows;

- ✓ It is a store which operates through internet
- ✓ Customer wide variety of choices of various brands

- ✓ It works through online payments through debit cards, credit cards, cash on delivery,
- ✓ It has flexible timings it operates 24/7.
- ✓ This shopping has terms and conditions and certain policies against return and refund
- ✓ This involves shipping cost or it may be added to the cost of the product
- ✓ This include various suppliers of different locations

4. Growth of Online Shopping/Retailing:

The Indian retail industry is one of the fastest among all the sectors which is growing in the world. Retail industry in India is expected to grow to US\$ 1.3 trillion by 2020, CAGR Compound Annual Growth Rate of 16.7 per cent over 2015-20. India is remarked as the fifth largest retail destination around the globe. According to Google, India have more than 100 million internet users out of which 50% of the users do shop online and the percentage is increasing every year. With large size, many companies from the retail shops to consumable goods are entering the web and attracting large number of customers. The India's population accepting online retail in a large way. India's online shopping registering a 100% annual growth, many retail companies and FMCG companies are joining the web to hit the e shopping market.. The online shopping industry in India is moving fast not only in the metro cities but also in the small regions. The online retail market is expected to grow from US\$ 6 billion to US\$ 70 billion during by 2020. The increase in the number of players from foreign and private players boosted the Indian retail sector. The price consciousness in the Indian market makes the retailers to use this strategy as a base to enhance the sales. The global retailers such as wall mart, Tesco etc sourcing from India. An online sale continues to grow in spite of the down in the economy. consumers are also adopting online shopping which has minimized the barriers to shop online. free delivery of goods and service are also becoming more attractive marketing tool to retain the large number of customers. The Government of India also established reforms in such a way that to attract the foreign direct investment in retail sector. They approved 51% in multi brand retailing and 100% in single brand retail.



Figure 1: Online retail market and Growth

5. Methodology:

This study is descriptive in nature. The researcher adopted secondary sources like text books, journals, websites, and articles. The objectives of the study is to overview the online shopping, to know about fixed shop retailers, to analyze the advantages and disadvantages of online shopping to customers, to find out the reasons for the decline of retail stores due to the emergence of E-Stores and review various strategies to be taken by the fixed shop retailers to improve the business.

Impact on Fixed Shop Retailers:

Fixed shop retailing is one of the method retailing of a market. Fixed shop means a shop which sells their products by having a permanent physical existence. these shoppers so not have to move from one place to another place. They build their store and do the business in various locations with their various brands. Example: Pantaloons, Fabindia, Bata, Joyalukkas, reliance fresh, Westside, stoppers shop etc.

6. Characteristics of Fixed Shop Retailers:

- ✓ Fixed shop retailers have large scale of resources. They operate which large in size.
- ✓ It deals with variety of products like consumer's durables and non durable goods.
- ✓ It has more credibility among the customers they offers various services to the customers.

7. Challenges Faced by Fixed Shop Retailers:

Real Estate Cost: to establish a shop there is a need of land. But since land prices also increasing the retailers do not afford to buy the land to have their stores. This may affect them do their business.

Rigid Regulations: fixed shop retailers have challenges of various rules and regulations which is passed by government in order to trade

High Rent: many retailers who establish their shop in the malls, finds very difficult to pay for rent for their establishment if they do not have adequate sales.

High Personnel Cost: As fixed shop retailers have a physical shop they have recruit many human resource to sell their products and to handle the goods and services. It involves huge cost in terms of their salary and other benefits to the staffs who deal with sale of products.

Lack of Basic Infrastructure: The fixed shop retailers may suffer from basic infrastructural facilities. They are unable to get the resources if they do not have adequate fund. So many retailers go for shutdown.

High Competition: As there are many retailers prevailing in the market. It is very difficult for Retailers to come up with different products to be unique and to cater the needs of large segmented market. Therefore because of this they may go for mergers, joint ventures with other retailing companies.

8. Decline in Fixed Shop/ Offline Retail Business:

Offline retailing declining due to the emergence of e-commerce. Most of the customers visit the shopping malls after they go check online and after the analysis or some research on internet. So the customer who is going for retail shops have been declined over a period. According to the Google report we can even see many internet users and many customers going for online even for consumable products. And also retailers facing many problems to have build the store due to raise in property price and land price. So the offline retailers finding more difficult to pay for rent. The following are the some of reasons to decline offline retailing or fixed shop retailers.

Customers: The customers play a very important role in the market. The retailing business has been declining due to the shift in consumers from fixed stores to online stores to purchase the products. The behaviour of consumers changing day by day and mindset changing very often. And consumer look for unique products and large variety of products, and through the online stores they go for comparing the products, they get various fashionable boutiques online and all designers accessories. This impact made the offline stores to go decline.

Large Demand of Variety Products at One Place: Online retailing has rapidly grown since past several years. In 2015 the top e-retailer Amazon 97% increase in their sales over a year. This is because of one click online experience. This allows the customers to place large varieties of orders just by clicking. Without much delay and much of wasting their time in going outside. Without leaving busy schedules. It makes the customer stop going to the mall which leads to decline in sales of retail mart.

Over Promotion: The offline retail may decline by making large promotional selling, this is because when they do, more promotion it decreases the price of the product by giving discounts and offers. This also makes its brand name as well as the quality down. This may lead to negative behaviour among the customers and they may not prefer to go retail marts.

Next Gen Shopping: Due to the emergence of technology, the mindset of the consumers also upgraded and they expect new and latest products as and when it introduced into the market. This opportunity will not be available in the offline marts where in they don't get the innovative products immediately as and when it is introduced it will take time and customer with no patience, they just don't wait till the products appears in to the mart. Even this may cause lots of problem in reduction in offline sales.

9. Strategies Adopted by Offline Retailers to Improve Sales:

- ✓ Offline retailers are also upgrading their sites to come online and to trade and make their customer more convenient to purchase the products.
- ✓ The response in offline retailing should be improved because customers are very choosy in their decisions to purchase any products thereby they has to be given adequate information about the product, features, quality so that they feel happy and comfortable while shopping.
- ✓ Retailers should develop certain new store formats in different locations to cater the needs of the customers.
- ✓ Due to emergence of technology it is also any boon for the retail business to make virtual showrooms in their stores which can take them to a trip into the stores and the various products and so that they can easily make their decisions on purchase.
- ✓ Pick up and drop points also can be implemented by the retailers'. Also the delivery of the products till the door facility should be improved.
- ✓ The retail outlets should have interactive technologies in the stores. So that they need not wait for the person to respond to the queries.

10. Benefits of Online Shopping to Consumers:

The consumer behavior is changing day by day drastically people not using the internet not only to book the tickets, recharge etc but now they also prefer to buy all consumable goods, electronics goods also without much hesitation. The following are the some of Advantages of online shopping they are as follows:

More Convenient: online shopping is very convenient customer can buy any product as and when they want without much delay they can easily access the website and get the product which they wish to buy.

Offers Better Prices: online shopping gives better deals and reasonable prices because products come directly from the manufacturer or seller without middlemen involved. Many online shops offer discount coupons and offers

Large Variety of Products: online shopping offers several brands and products from different sellers at one place. Customer can get all latest trends, fashionable or branded products without spending money and can shop with any retailers throughout the world.

Less Expensive: usually people spend more than what is to be spent on goods because of travelling, having food outside.

Helps in Comparison: Online shopping helps the people to analyse about the product and also compare it with multiple brands, also it provides lots of information and reviews about the products so that people make correct decision while purchasing the product.

No Rush: if people want to buy any products they need not wait until someone responds it back there wont be any rush while shopping

24/7 Availability: online shopping helps the customers to shop for any products from any locations throughout a day .it operates 24 /7 .it enables the consumers to place any product any time .

11. Disadvantages of Online Shopping:

Obviously there will be certain disadvantages also certain downsides to shop online .so the following are the some drawbacks of online shopping are as follows:

No Physical Experience: online shopping does not allow consumers to touch and feel items which they want to purchase. The products like textiles, clothing, furniture etc the quality of these products cannot be measured without having the contact of hands .and the garments cannot be measured if its fits or not.

Shipping Cost: online shopping involves certain additional charges such shipping or delivery charges. The cost of such charges cannot be bargained by the sellers. This cost may likely to be same as how the others goods will be delivered to door steps when customers purchase fixed retail shops.

Costly to Return: to shop with online e stores, the customers should aware about all the terms and conditions of purchasing a product, as well as should aware about the return policy otherwise it will be very difficult for the customer to return their product if they do not like.

Wait: Through the e stores customers have to wait for their product for long time to get the possession the customer as soon as they place the order they will not get their product immediately.

Unknown Vendors: the online shopping deals with many vendors around the globe, the customers may not aware of the sellers or the suppliers with whom they are dealing with. The selling company may or may not be reputed and the quality of their brand or their brand name will not be known to the customers and they do not feel confidence upon the sellers when they go online purchases.

12. Challenges in Online Shopping:

From the Different perceptions of customers, Increase in internet users and growth in online shopping but it is necessary to consider the various challenges faced by the online retail sector to absorb various potentials

Awareness of Sites: Even though the number consumers using the internet but they do not know about certain online shopping portals which suits their needs to purchase their products according to their wish. Also they do not aware of which site is offering good quality products.

Payment: some customer fear about payment .the delivery of goods not available in rural areas so if they want to purchase first they have to pay then they only have collect the products this creates a problem for them. And creates anxiety among the customers.

Reliability: sometimes the products which are displayed on to the website and the product which they sell will be different that is why many customers do not have confidence on reliability.

Delayed Delivery: the customer may place the order but it will be delivered only after 3 4 days .it make them to wait for a longer time to get their product. Sometimes it will not be delivered at the time when they need it.

Delayed Service: When the claim is been made towards replace or return or to refund the products, customers have to undergo some procedures to settle their claims.

Delivery Charges: sometimes cost of the product will be less but when it includes certain shipment costs or packaging or handling charges it will be same cost as offline stores.

13. Conclusion:

Thus with tremendous large population India is remarked for high growth potential. Growth of retailing sector mainly depends on consumer expenditure. The use of technology in both for fixed marts and online marts is very essential to expand their market share. It is necessary to all the sectors of retailers to consider their challenges to grow in the market. The fixed shop retailers must follow those strategies which are mentioned in the study in order to list themselves among the various competitive players. So, though it's online or offline The India should grow in terms retail business and contributes still more towards GDP by creating trust, confidence and satisfying various customers. This conceptual study helps to know about the online shopping or online retailing and it gives the some picture about how the purchasing pattern of the consumers shifted to online stores. It also highlights certain strategies to be followed by the fixed shop retailers to enhance their sales. So these Strategies may Helpful for the retailers to increase their sales in coming years. As a result it can be concluded that, Companies involved in online retailing as well as fixed shop retail business should focus on

building trustworthy relationship between producers and customers to improve the business which leads to economic growth.

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