



## Research Article

### “AN EMPIRICAL STUDY ON EMERGENCE OF ONLINE SHOPPING AND ITS IMPACT ON RETAIL TRADE AND COMMERCE”

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#### ABSTRACT

This paper mainly highlights on the impact of increasing online shopping and its adverse effect on retail trade. Retailers are the key component in the society because majority of population depends on them for buying things required. But due to the flourishment of e-stores it is adversely hampering the working criteria and several questions are raised on its existence. The paper highlights the various reasons and needs that the retailer has to change or rather need to update themselves in order to survive in this competitive edge and to match up with the growing preference of online stores.

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## INTRODUCTION

Retail means the process of selling consumer goods or services to customers through multiple channels of distribution to earn a profit. Retail Stores means that seller sells smaller quantities of products or services to the general public. A business that operates as a retail outlet buys goods directly from manufacturers or wholesaler and will supply it to the general public.

### Types of Retail Shops

There are several types of retail shops that are been operated throughout the world in different forms and ways few of them are discussed below:

**Departmental Stores:** A department store is a set-up which offers wide range of products to the customers under one roof. In a department store, the consumers can get almost all the products they wish to shop at one place only. Department stores provide a wide range of options to the consumers and thus fulfill all their shopping needs.

**Discount Stores:** Discount stores also offer a huge range of products to the customers but at a discounted rate. The discount stores generally offer a limited range and the quality in certain cases might be a little inferior as compared to the department stores. In India Vishal Mega Mart comes under discount store.

**Supermarket:** A retail store which generally sells food products and household items, properly placed and arranged in specific departments is called a supermarket. A supermarket is an advanced form of the small grocery stores and serves to the household needs of the consumer. The various food products (meat, vegetables, dairy products, juices etc) are all properly displayed at their respective departments to catch the attention of the customers and for them to pick any merchandise depending on their choice and need.

**Mom and Pop Store (also called Kirana Store in India):** Mom and Pop stores are the small stores run by individuals in the nearby locality to cater to daily needs of the consumers staying in the vicinity. They offer selected items and are not at all organized. The size of the store would not be very big and depends on the land available to the owner.

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**Specialty Stores:** As the name suggests, Specialty store would specialize in a particular product and would not sell anything else apart from the specific range.

Speciality stores sell only selective items of one particular brand to the consumers and primarily focus on high customer satisfaction.

**Malls:** Many retail stores operating at one place form a mall. A mall would consist of several retail outlets each selling their own merchandise but at a common platform.

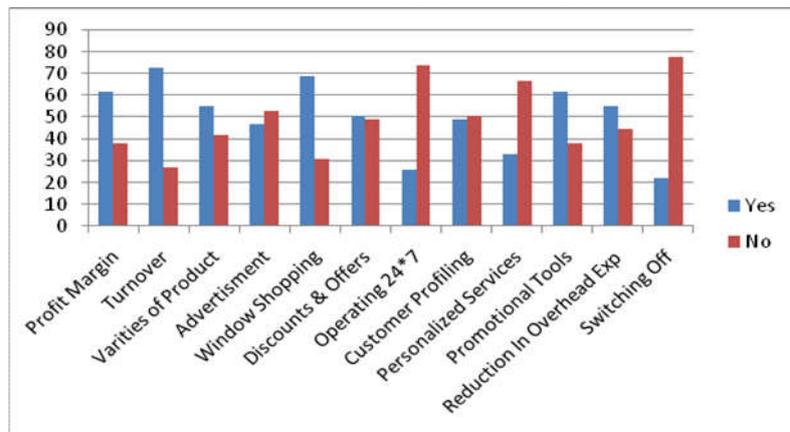
**Dollar Stores:** Dollar stores offer selected products at extremely low rates but here the prices are fixed.99 Store would offer all its merchandise at Rs 99 only. No further bargaining is entertained. However the quality of the product is always in doubt at the discount stores.

stocked is difficult. On the other hand in online store the numbers of goods that are available on one click are large and even number of variety in particular goods are largely available.

**Profitability:** Since the variety of goods available is less people have limited option of buying so they prefer buying online and this leads to decrease in the profitability of the retailers. It is also observed that people now a day see product online and just visit stores for window shopping of that product and after confirming about the product they buy it online.

**Turnover:** profitability is the benchmark of estimating turnover as profit increases the turnover also increases as profit decreases turnover also decreases. In this case as profit of retailer decreases the turnover automatically decreases.

Sr No.	Questions	Yes	No
1	Has there been any change in you profit margin since few years?	62	38
2	Has there been any decrease in your turnover in past few years?	73	27
3	Do you offer more varieties of product as compared to earlier?	58	42
4	Do you advertise about your retail outlet?	47	53
5	Does customer comes to you shop just for window shopping?	69	31
6	Have you increased any discounts and offer in recent times?	51	49
7	Have you ever thought of operating 24*7?	26	74
8	Do you keep track record of your customer if they purchase any commodity from your shop?	49	51
9	Do you provide any after sale or personalized service to your customer?	33	67
10	Do you use and promotional tools and technique to advertise about your shop and your offers?	62	38
11	Are any efforts made from your side to minimize your various overhead expenditure?	55	45
12	Is there a high level of flexibility in your organization in terms of switching to one product too many or from a one brand to many brand?	22	78



**Online Stores** is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet using a web browser. Other names for on line Stores are e-web-store, e-shop, e-store, Internet shop, web-shop, web-store, online storefront and virtual store. There are also several types of online store that operates them are: e-bay, Amazon, Flipkart, Shopclues, Lime Road, Voonik etc

#### Factors Affecting Retail Trade Due to Emergence of Online Stores

There are several factors that affect existence of retail trade due to emergence of online stores some of them are discussed as follows:

**Large Varieties of Product offered:** In retail stores the number of goods that can be offered to the customers are limited apart from that the variety in particular goods to be

**Geographic Reach:** retailer are located in specific area and for them to reach far and wide is not possible whereas online shopping has far and wide reach it can be traced that online stores has their reach in each and every corner of the world and they deliver their product with much ease as compared to retailer who provides service to just vicinity people.

**Being open for business 24/7:** Online store are just on the click of our mobile or computers customers can buy any product they wish at any moment of time it operates 24\*7 where as it is not possible for a retailer to operated 24\*7..

**Promotional Tools:** Retailers in order to advertise has to born several huge expenses in order to promote itself in public where as it is quiet easy for online stores to promote themselves among the public as it incur less expenses it just need to frame up a page and post it online on its official site.

**Attractive schemes:** retailer can catch up the customers with very attractive schemes that is discounts, offers, membership etc. but they can extend themselves only up to a limit as they are involved in log chain of distribution and if they involve in huge discount then they need to curtail their profit margin which is not possible to do every time. On the other hand online stores involve into major discounts and offers because they are involved in direct distribution so without much effect on profit they can attract customer through offers.

**Visibility of Business:** With investment in search engine optimization and online promotion, an online shop becomes more accessible to customers searching for your products. Retailers to be easily available for customers require time and too much of advertisement and promotion techniques to be visible in the market.

**Customer Profiling:** in online store when any customer buy the product he or she enters their complete details and this database is stored in the data base of the online stores and whenever it leads to any offer on the bases of data they can easily asses which offer to be made for which group of people thus customer profiling is very easy but in retailer customer profiling is done but it is a tedious job.

**Overhead Costs:** in terms of retailer it needs to bear lot of fixed cost and variable cost like salary of employees, telephone charges, electricity charges maintainence and warehouse charges etc but in case of online store no such expenses are involved.

**Flexibility:** online store have higher level of flexibility it can switch on and off to any product any brand at any moment of time where as its not possible for retailers to do so.

## RESEARCH METHODOLOGY

- **Research type :** Descriptive
- **Sources of data:** Primary and secondary data.
- **Survey method:** Questionnaire
- **Types of questions:** Closed ended
- **Sample size:**100
- **Sampling method:** Convenience sampling (Non Probability Sampling)

### Limitations of Study

The survey is subjected to bias and prejudices of respondent. Hence 100% accuracy can't be assured. Apart from that the research work is limited to the area of Vapi City only.

**Data Analysis & Interpretation:** Various criteria were taken into consideration to know the impact of online stores on retail trade and the tabular and graphical results are depicted as follows:

### Tabular Presentation

Graphical Presentation

### Interpretation & Findings

From the above graph it can be seen that majority of the retailers believe that there profit margin and turnover is continuously decreasing. 70% of the respondent feels that it is just because of the emergence of online stores that the working of the retail trade and its operation has slowed down. It can be easily traced out that somewhere or the other online stores are

really hindering the working and existence of retailers in the market. Few of the findings are as follows:

- Profit and turnover is continuously reducing since few years.
- It is difficult for retailers to keep a varieties of product apart from that they are even not able to switch off to another product or brand easily
- Retailers are or are not aware about the customer profiling and don't even maintain the track record of the customer as online stores does
- It was also observed that retailers use less promotional tools as compared to online stores
- Generally very less percentage of retailers provides accessibility for 24\*7.

## Suggestion and Conclusion

Retailers has to change the old methods and the way of functioning, as today's market is customer centered market and in order to survive in the market it need to mainly focus on customer taste, preference and its level of satisfaction. Retailers need to adopt various emerging tools and technique to compete with the online store and to maintain their existence. They also need to work out on customer profiling and building good customer rapport by various feedback techniques. thus retailers has to brush up mold up or change themselves so that they can attain the competitive edge with online store and can again establish their pre dominance because retail and trade in retail business is associated to the lively hood of thousands of people.

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