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## A study to determine the impact of emerging online shopping sites on conventional model of buying and selling with reference to Pune city

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### ABSTRACT

*This study attempts to focus on the impact of emerging online shopping sites on the conventional model of buying and selling with reference to Pune City. Retailers involve a large segment of the population and a large population is reliant on these retailers. However, the entrance of online shopping sites which have attractive incentives and wide-ranging varieties have put the conventional stores in an adverse situation. This research studies the preference of customers and their attitudes towards online and in-store shopping in various age brackets and also the reasons for doing so. This research also studies the different aspects of conventional retail businesses are affected and the different recovery mechanisms used by them to counter the online shopping sites in their survival race. This study also tries to cover the customer's viewpoint on purchasing online or in conventional stores which are being preferred by them.*

**Keywords**— Online shopping, Retail stores, E-commerce

### 1. INTRODUCTION

Technology advancement has had a tremendous effect on human life. It has played a major role and been a core factor in influencing and affecting the way of conducting business and social interactions. As an outcome of the influence of technology, shopping has also changed with many people opting to shop online to the conventional method of shopping. People find it easy and convenient to purchase products from the comfort of their homes or offices using the internet and hence it has gained immense popularity in the recent years. They also do not have to take trouble going from shop to shop searching for variety.

Online Shopping is a form of e-commerce which allows customers to buy goods and services directly from the seller using the internet. Amazon, E-bay, Myntra, Homeshop18 are some of the examples of online stores. An online store has many advantages as compared to a physical retail store. First being the choice; a bookstore on the street or a nearby clothing store may hardly offer 5-6 thousand references or some 15-20 designs of a particular costume of the same size. However, Amazon offers a variety manifold. The Internet is flooded with online retailers which offer ten times to even a hundred times more products than an average retailer can even think of.

A conventional retail store is a traditional business that deals with customers face to face in a store or an office which a business owns. A local grocery store or a bank at the end of the street is an example of conventional stores. Conventional businesses may find it difficult to compete with the online businesses as the online stores usually have greater flexibility and lower operating costs.

Traditional or conventional stores have their own benefits. E.g. some categories of products are well suited to the traditional retail environment due to their ability to physically touch, see and feel the product in person. Online stores make the pictures and videos available for the consumers but to actually hold the product can give some tactile impressions which simply cannot be matched online. When shopping for a watch, the size and weight of the product and the smoothness of the metal inform the buyer of its value. Hence conventional stores are retailers with an active storefront, such as Wal-Mart or The Home Depot.

For an e-commerce website, the costs of storing and referencing a product represent a small fraction of the cost as compared to the cost of storing and referencing a product for "physical" stores. From the customer satisfaction and availability of services, online shopping is creating a major impact upon the retail stores.

## 2. OBJECTIVES OF STUDY

- To identify the preferences of the customers in purchase online or conventional stores.
- To study the reasoning of why consumers prefer buying online and in the physical stores
- To identify the problems that the consumers face while purchasing online or in the physical stores.

## 3. SIGNIFICANCE OF STUDY

It will be helpful for students and future researchers who are interested in further studying in the domain of online retail.

It will be helpful to the conventional store retailers, especially in Pune city to know the current trends of shopping of products.

This study will also be beneficial for the potential retailers who are planning to set up physical stores or who intend to start online shopping sites.

This study shall make the retailers aware of the future that is expected to show over their business so that they can make appropriate arrangements to face such challenges.

## 4. REVIEW OF LITERATURE

According to Ernest and Young (2012), Internet shopping has had a significant impact on many categories in bricks-and-mortar stores. Shoppers prefer internet ordering and re-ordering of bulkier items, to be delivered to their doorstep, often at better prices. Mobile shopping has enabled retailers to find new places to sell beyond stores, such as virtual stores in subway stations and airports. Shoppers can view images of products, scan a QR code to add items to their baskets and buy through their phone. The product is delivered to their home, with no need to go to a physical store. Digital technology has extended the retailer's reach by eliminating the need for shoppers to enter a bricks-and-mortar environment.

A study by AMP Capital (2013) shows that in Europe, retailers face the combination of stagnating retail sales, rapidly rising online sales, and modestly growing space; causing reduced sales density – a measure of sales productivity on the basis of space. European retailers are facing a deteriorating external environment, existing high fixed costs, as well as increased capital expenditure, which means that retailer margins are likely to decrease.

According to Medha Dutta, Associated Chambers of Commerce and Industry of India (2013), regular trade increased by 65% but online trade registered an impressive growth of 85%, a good 20% more. Hottest products online are in the tech and fashion categories, which include mobile phones, Ipad, and accessories, MP3 players, digital cameras, and jewelry, among others. Online shopping has adversely affected small and medium scale retailers. These sites do not have to contend with local body tax or value added tax, plus they hardly have any overhead costs. All they need to do is courier the product to the customer.

A study by Deloit Digital in 2014 reveals that many of the retailers fail in leveraging the potential of or meeting the digital expectations of the customers. That gap, the 'new digital divide,' puts at risk much more than just online shopping revenue. For retailers, it poses a serious threat to overall revenue and a bold challenge to the way they respond to, and anticipate, customers' shopping habits in-store. Traditional retailers are leaving too much money on the table and are allowing strictly online retailers to capture a growing share of revenue that could be theirs.

Tim Worstall (2015) in his study says that according to the research done in US 12% or so of the stores on High Street are vacant, 12 % or so of retail spending is now online. Since 2010, more than two dozen enclosed shopping malls have been closed, and an additional 60 are on the brink because of coming up of online shopping sites. This study is on how shopping malls are killed with the coming up of online shopping sites.

Anil Kokitkar (2016) mentions the research done by Pwc in which 65% of customers buy online because of the convenience, 31% purchase online for better price. The online retail sector is growing. Unconventional product categories like furniture, grocery and jewelry are also finding customers through the online channel. Shoppers are now demanding an in-store experience that is service-focused and are interested in interacting with a knowledgeable store employee.

Suneera Tandon in (2016) revealed in her study that E-commerce companies have led a price war, by offering sharp discounts and heavy promotions to gain market share—which increases their valuations. E-commerce accounts for a mere 0.5% of the total retail business in India, but it has started to affect both sales and profitability of physical retail stores. With a growing number of consumers that are value-conscious, warming up to the idea of shopping online, the impact of online retail is most evident in books, music, and electronics, where the product specifications are standard and differentiation is low.

## 5. RESEARCH METHODOLOGY

The study was conducted to study the impact of online shopping sites in the conventional stores. The data was collected from primary and secondary sources. A structured questionnaire was administered to collect the primary data. Secondary data was collected from various journals and research papers in the area of online shopping and e-commerce. The questionnaire was administered to 80 people of different age groups. A random sampling method is used and the primary data is collected in Pune city.

## 6. ANALYSIS AND FINDINGS

**Table 1: Distribution of the Age of Respondents**

Age of Respondents	Total	Percentage (%)
Less than 20 years	6	7%
20-30 years	30	38%
31-40 years	21	26%
41-50 years	9	11%
Above 51 years	14	18%

The above table shows the distribution of the age of the respondents. It has been observed that 38% of the respondents are in the age group of 20-30 years and 26% of the respondents are in the age group of 31-40 years.

**Table 2: Respondent's Preference to shop online or in Store**

Respondents Preference	Total	Percentage (%)
Online	26	32
Offline	54	68

From the table above it has been observed that 68% of the respondents prefer to shop in physical stores and 32% prefer to shop online.

**Table 3: Reasons for Shopping Online**

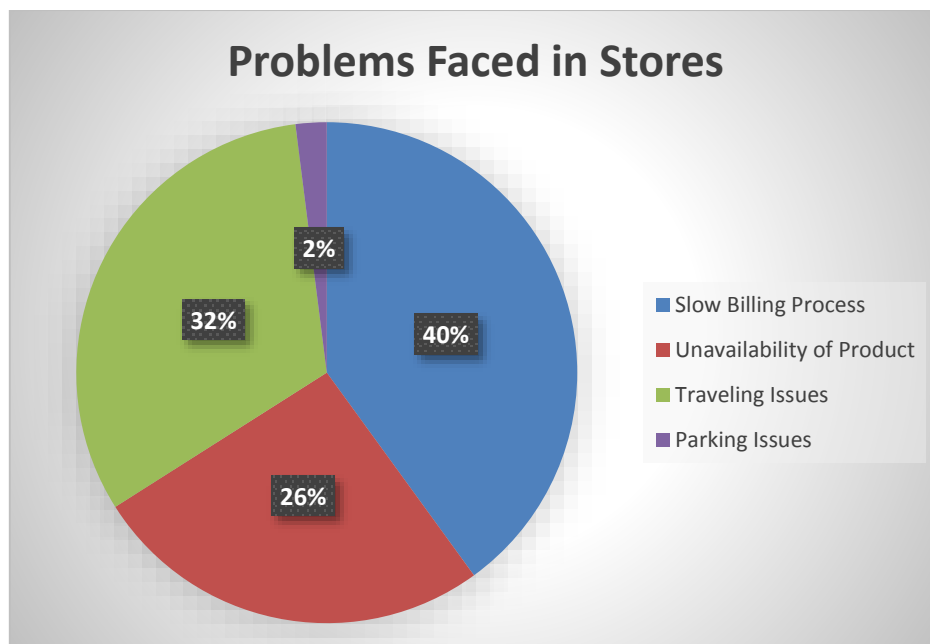
Particulars	Total	Percentage (%)
Fast Shipping	6	8
Convenient and saves time	20	25
No waiting in queues	11	14
Price	21	26
Friends Referral	1	1
Trust	4	5
To find items not seen in stores	16	20
others	1	1
TOTAL	80	100

From the above table, it has been observed that 25% of the respondents shop online as it is convenient and saves time and 26% shop online for the pricing is low. Also according to 20% of the respondents, they shop online as they cannot find these in physical stores.

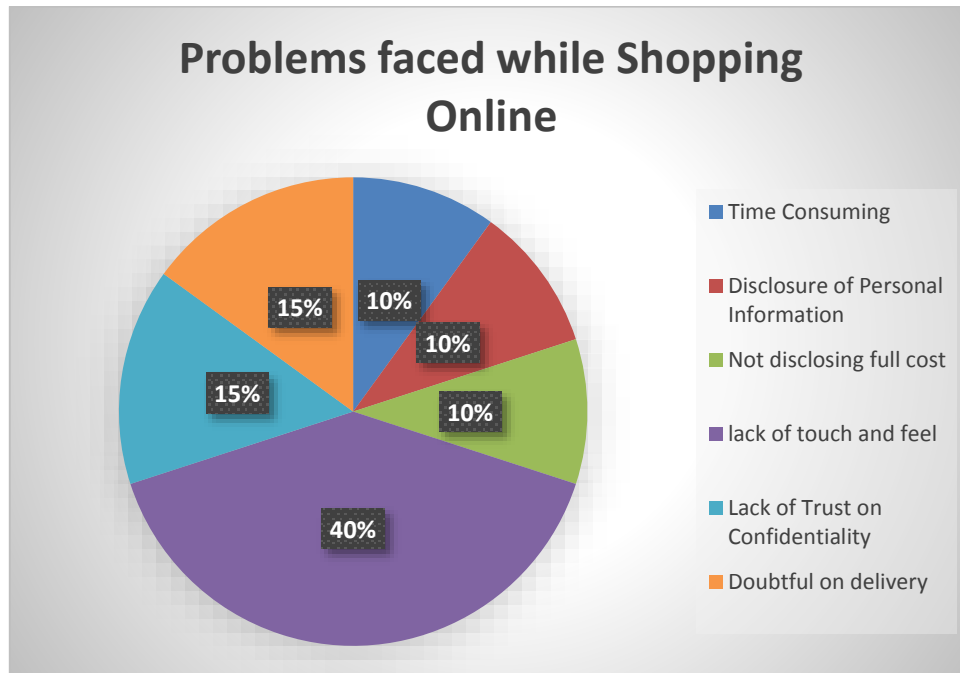
**Table 4: Reasons for buying in Stores**

Particulars	Total	Percentage (%)
Able to see touch and feel	50	62
Buy product immediately	18	23
Convenient to buy perishable goods	21	26
Easy return	16	20
Quick delivery	17	21
Support of local retailers	3	4
Trust	24	30
Good price	9	11
Atmosphere	9	11

In the above table, it is observed that majority of people i.e. 62% prefer buying in stores as they are able to see, touch and feel the products. 30% prefer to buy from the stores as they trust the retailer. 26% prefer to buy perishable goods from physical stores. 21% prefer it due to quick delivery followed by 20% buy from physical stores as they find it easy to return.

**Fig. 1: Problems faced while shopping in retail stores**

According to the above chart 40% of the respondents faced problems with the slow billing process which according to them is a waste of time, 32% faced traveling problems like traffic, 26% faced the problem of unavailability of the product and 2% faced parking issues.



**Fig. 2: Problems Faced while Shopping Online**

It is observed above that 40% of respondents feel that there is a lack of personal touch and feel of the product, 15% feel the lack of trust in confidentiality, 15% are doubtful on the delivery, 10% feel it is time-consuming, 10% are not comfortable disclosing personal information, 10% feel the retailers do not disclose full cost online.

## 7. RECOMMENDATION

Online and in-store retailers have to change their attitude towards the customers. There is a need to have a friendly relationship with the customers to gain trust and confidence. Today it is a consumer market and as a result, the priority is the customer satisfaction. The firm has to be in the good books of the customer. Better quality products, fair price and friendly after sale services are the basic area in which the business has to concentrate to a remarkable extent. Additional services should be provided to the customer to build upon a loyalty which in turn would ensure a stable sales in the near future. The company/ producers have to be fair enough in selling their products both in stores and over the internet. For e.g. some companies like Fun school give a discount on MRP to store retailers at 20% and 30% to online shopping sites. There is a need that brick and Mortar models should also set up their own online shopping sites so that the customers can purchases from them through online also because of trust which they have created, and in stores also, any problem faced by the customers will be sorted out in the stores itself and that too quickly.

## 8. CONCLUSION

The craze of online shopping is rising now a day. Aggressive merchandising and discounting are promoting online shopping. With the arrival of online shopping sites, brick and mortar models have been affected but not much. The face of retail has changed. The advent of technology in the recent period is being the primary reason for it. Today retailing means going into shopping centers, going online and going mobile. In all these, small retailers miss out somewhere, especially the retailers of CD's, Movies, Airplane tickets, cinema tickets. In the near future, the Brick and Mortar models will be affected a lot. It will take around the next 20 years. The small stores will be one which will shut down and there will be a stiff competition among the retailers selling branded products. In the near future majority of the people will shop through online, with the lives and schedules getting busier, even citizens above 50 years of age will take time to adopt the online shopping option as competitive prices over online will pull them to select this option. But nearby stores are always the most important concern for all reasons, seasons and emergency situation.

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