

Challenges faced by Retailers due to Growth in Online Shopping

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ABSTRACT

Online shopping has been increasing in India. Most of the people prefer to shop online rather than purchasing from the physical stores. Online shopping sites offers pool of services, discounts to their customers which attract the customers. There are many online shopping sites available which gives products with much cheaper price than the price at retail stores. Sudden popularity and shift of customer preference from physical to virtual stores has opened up huge challenges and problems to the number of small retailers in the country. Small retailers now have to adopt new strategies to compete with the virtual stores.

1. Introduction

Shopping over the internet simply means online shopping. It is basically an electronic commerce facilitating consumers to purchase directly from sellers from all the corners of the world through internet using web browser. It means establishing a virtual store, which provides all types of goods to the consumers for 24 x 7, by just a click from a mobile or desktop. Purchasing over the internet is gaining a huge popularity in the present decade. Purchase of products from physical stores is slowly decreasing. Shopping over the internet is becoming popular over shopping from the physical stores because of various reasons. Sudden growth of virtual stores has threatened the existence and survival of small retail stores in India. This research paper highlights some of the problems faced by retailers because of growth of online shopping.

2. Research Methodology

The attempt of the research paper is to highlight merits and demerits of virtual shopping. To study the challenges faced by small retailers due to advent and growth of online shopping concept in India. To achieve the objectives of this research paper secondary data is used. Data is collected from journals, books and websites.

3. Objectives of the study

1. To highlight the merits and demerits of online shopping
2. To study the challenges faced by small retailers due to growing popularity of e-stores.
3. To know the strategies adopted by physical stores in order to compete with e-stores.
4. To suggest the suitable measures to retailers to compete with growing popularity of online shopping.

4. Importance of the study

The study is of good use in present times as it will spread awareness about the threats caused by the online stores on small retail traders. The sudden popularity of online shopping is

an alarm for thousands of retailers owing a small shop and offering small variety of which is the only source of livelihood for them. The paper attempts to spread awareness among the physical retailers about the challenges they are going to face in the future. Better and advanced marketing strategies should be adopted by small retailers for the promotion of their products.

5. Advantages of online shopping

- **Convenience:** To shop online at the various shopping sites time is not a problem, one can shop here at any time as they are open 24*7 for shopping. It is the best place to buy informational products like e-books, which are available to you instantly.
- **Better prices:** Prices at the online stores are much lesser than the prices at the physical stores as products come to you directly from the manufacturer/seller without middleman being involved. Many online shops offers huge discount and offers.
- **Wide choice:** Large numbers of products are offered at the online stores than at physical stores. Several brands and products from different sellers all in one place. You can shop from retailers in other parts of the country, or even the world, all without being limited by geography. Stocks are available in plenty with huge colour choice and different sizes.
- **Fewer expenses:** In the conventional shopping, we end up spending more than planned. There are also other expenses that we incur like eating out expenses, transportation cost, and not to forget about impulse buying
- **Price comparisons:** Comparison of prices and researching of products is much easier in virtual shopping. Reviews about the products are also

available in online shopping which helps us to buy the better and good quality product.

- **Less compulsive shopping:** When we go out for shopping, we end up buying things compulsively that we actually don't need at all as shop keepers pressures us and use their selling skills to force us to make the purchases. Sometimes, we have to even compromise on our choices because of the unavailability of right type of product.
- **Time saver:** Shopping over the internet is less time consuming. Whereas in conventional shopping a lot of time is wasted. Now there is no need to drive to the mall to shop worry about the parking at the mall. No more waiting at the counters, no lines and you can come easily to your cart whenever you want.

6. Disadvantages of online shopping

- **Delay in delivery:** Sometimes poor inventory management results in delay in the shipment. Though the time required for buying and paying for an online products may not take more than 20 minutes; the delivery of the same product at your doorstep takes about 1-2 weeks.
- **Lack of touch and feel of merchandise in online shopping:** Lack of touch-feel-try creates concerns over the quality of the product on offer. Online shopping is not quite suitable for clothes as the customers cannot try them on.
- **Lack of interactivity in online shopping:** Price negotiations are available in physical stores. Sales persons at the retail stores provide personal attention which helps the customers to select and purchase the product. Only few online shopping sites offers service to interact with sales representative.
- **Lack of shopping experience:** The traditional shopping provides a lot of fun in the form of show-room atmosphere, smart sales attendants, scent and sounds which is not available in online shopping. We Indians generally enjoy traditional shopping. Consumers look forward to it as an opportunity to go out, shop and enjoy with friends and family.
- **Lack of close examination in online shopping:** A customer has to buy a product without seeing actually how it looks like. Customers may click and buy some product that is not really required by them. The electronic images of the products are mostly misleading. Mostly there exists a lot of difference between the actual product and the product shown at the shopping sites.

- **Frauds in online shopping:** Online payments are mostly not secured. Cyber crimes are increasing and customer's credit, debit card details and bank details are misused which questions about the privacy issues. Customers have to be very much careful in disclosing their personal information. Some e-stores are not at all reliable.

7. Challenges Faced by Small Retailers due to Online Shopping

1. **Decrease in turnover and profit margin:** Nowadays people mostly buy the products from online shopping sites. This has led to decrease in turnover of physical stores and also decline in their profit margin. Online shopping sites offers wide choice and convenience to their customers. People mostly buy products from online stores than physical stores. Online shops have brought in a price war which has brought lot of trouble to small retailers. In order to survive, most of the retailers have made an attempt to lower the prices but considering their high cost of operating retailers have to compromise on their profit margin.
2. **Discount:** Physical retailers in order to compete with online stores have to give their customers a huge discount in the prices of products. The retailers are at an alarming rate increasing their discounts in order to stand with the online stores who woos 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.
3. **Maintenance of huge stock:** Online store are maintain huge stock of goods and are offering wide choice to their customers but small 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 retail stores.
4. **Increased expenditure on advertisement:** Now a day's retailers have to spend a huge amount of money on the advertisement of their product in order to maintain and increase the sale of their product.
5. **More customer services:** Physical retail stores now have to offer large number of services to their customers 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. This has increase the cost of operating retail stores.

6. **Increase in window shopping:** This is the major problem faced by the small retailers. Nowadays people take the feel of products at the physical store and buy the same product at online stores at a reduced price. This has created a huge trouble to retailers.

8. Conclusion

After having detailed study on impact of online shopping on retailers it can be concluded that there has been a great change in the behavior of people in many manners like their attitude, buying pattern. In earlier times people use to do manual shopping but now as time changed people are becoming busy and due to which technology has brought a new revolution i.e. online shopping.

Online shopping is a new experience and has greatly impacted the lives of retailers in its short time of existence. Online shopping has made retailers more effective and efficient in their shopping behavior and has driven businesses to a new level, forcing many to make the necessary adjustments and changes to reach the new market of knowledgeable consumers.

Retail stores needs to uplift their pattern of business and face the competitive world with a more positive outlook. E-stores and retail stores both have to survive but not at the cost of the other. It's not just about livelihood it gives to the thousands of people but also the convenience and the steadfastness of a fixed retail stores.

9. Suggestions

1. Due importance should be given to customers and their basic needs should be taken care of. Retailers should offer gifts and discounts facilities during festival season. There should be adequate sales girls/boys to attend the customers.
2. Retailers should keep reasonable price for the product. Depending upon the type of outlet home delivery option should be available.
3. Stores should keep the stock available as insufficient stock leads to decrease in the number of customers. Retailers must not stick to one type of sales promotion techniques but try and adopt different techniques.
4. Retailers should treat each and every customers same way and give equal attention irrespective of their status. Create new opportunities for customers to purchase more frequently from the stores. Retailers should also keep goods return policies and cash back offers.
5. Use suggestion box, extend store hours and accept plastic money without any extra cost. Trial facilities should be provided on clothing and footwear. Fast delivery or shipping of products may attract more customers to their retail stores.

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