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A Study on the Challenges Faced by Retailers as a Consequence of Online Shopping

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Abstract: *In today's, dynamic arena of business, companies are facing a tough competition. With a lure to maximize profits, they are always looking for new avenues. The latest emerging trend is virtual shopping. The spread of computer education is directly proportional to increase in online shopping. This paper attempts to highlight the impact of popularity of online shopping over the physical retail shops.*

Our large section of population consists of retail shopkeepers and majority of purchasers depend on these physical stores to fulfill their needs. The growing popularity of e-stores challenged the very existence of physical stores and created a fear of uncertainty and helplessness in their minds. This paper attempts to study how physical retailers are affected out of the advent of e-stores and various recovery mechanisms they are adventing. The attempt is made to see the effect of increasing trend of online shopping on profitability of retailers.

Keywords: *Virtual stores, fixed retailers, profit-margin, turnover, variety of stock.*

I. INTRODUCTION

Online shopping means shopping through internet. It is an electronic commerce facilitating consumers to purchase directly from sellers all over 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 popularity in the present decade as people find it convenient to shop from home or office as per their comfort. Customers are relieved from the trouble of going to the market in search of their needs. There are many virtual stores to facilitate the consumer's like-Amazon, flip cart, snap deal, Mantra, Naaptol, Shop clues, e-bay etc.

Retail means- 'To break the bulk.' Retail is a process in which a retailer sells goods and services to the customers. The People who undertake retailing are known as Retailers and their store is known as a Retail or Physical store. Retail stores may be of different sizes with a common line of action i.e., 'purchasing to sale.' The concept of physical stores is the most common form of business, as old as our civilization.

Shopping over the internet is becoming popular over shopping from the physical stores because of various reasons but we cannot close our eyes on seeing the pitiable conditions of physical retail stores due to the popularity of virtual shopping. The physical shops incur heavy cost on storing and referring their products from the view of customer satisfaction and availability of services, online shopping has badly affected the physical retail stores.

II. REVIEW OF LITERATURE

The research works that we came across during the study are as follows:

1. A report was prepared by Anthony d. Miyazaki and Ana Fernandez on “Consumers perceptions of privacy and security risk for online shopping” and was issued in “Journal of Consumers affairs” Volume 35 issue 1.
2. A report was prepared by Eunju Ko and Doris H Kincade on “The impact of quick response technologies on retail store attributes”. This was published in “International Journal of retail and distribution Management.”
3. A report was prepared by Soyeon Shim, Mary Ann Eastlick and Sherry Lotz on “Assessing the impact of internet shopping on store shopping among mall shoppers and internet users.” This was published in “Journal of Shopping Centre Research.”
4. A Research Paper was prepared by Chayapa Katawetawaraks & Cheng Lu Wang on “Online Shopper Behavior: Influences of Online Shopping Decision” and was issued in “Asian Journal of Business Research.” Volume 1, Number 2, 2011.
5. A Research Paper was prepared by Zan Mo, Yan-Fei Li, Peng Fan on “Effect of Online Reviews on Consumer Purchase Behavior” and was issued in “Journal of Service Science and Management” 2015, 8, 419-424.
6. A Research Paper was prepared by Amit Saha on “The impact of online shopping upon retail trade business” published in IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668. PP 74-78.

III. PHYSICAL RETAIL STORE

The word ‘Retailer’ is derived from the French word ‘Re-tailer’ which means “to cut again.” To go with its meaning Retailing means to cut in small portions from large lumps of goods. Retailing means a process where the retailer directly sells the goods to the end-user for his own consumption in small- small units and quantities. Retailer is the last intermediary in the chain of distribution, specialists in maintaining direct and one to one contact with consumers.

IV. CHARACTERISTICS OF RETAILER

1. Retailer is a link between a Wholesaler and end consumer.
2. He is a last intermediary.
3. Retailer buys goods from Wholesaler in large lumps and sells them to consumers in small units.
4. Retailer is in personal contact with the consumer.
5. Retailer displays the goods in his shop to attract the consumers.
6. Retailers deals in variety of goods and services.
7. Retailer aims to provide maximum satisfaction to consumers.

V. TYPES OF RETAIL STORES

1. **Departmental Stores:** It is a set up to offer wide range of products to the end user under one roof. Consumer can get all his need at one place only. Examples- Shopper’s stop, Pantaloons.
2. **Discount Stores:** These stores offer a good range of products at a discounted rate. The quality offered by them might be little inferior. Examples- Wal-Mart in U.S, Vishal Mega Mart in India.
3. **Super Market:** It is a retail store which offers food products and household items. It is an advanced form of grocery stores. Goods are properly placed and arranged to their respective departments. Examples- Easy Day, Reliance Fresh.

4. **Warehouse Store:** A Warehouse store sells limited stock in bulk at discounted rates. They are not much concerned about their interiors and display of their products.
5. **Mom & Pop Store:** These are called Kirana stores in India. These are small stores run by individuals and they cater the daily needs of their locality consumers.
6. **Specialty Stores:** The Specialty Stores specialize in a particular product and do not sell anything else apart from the selected items of one particular brand. Their focus is on high consumer satisfaction. Examples- Adidas shoes, Reebok, Lewis etc.
7. **Shopping Malls:** Mall consists of several retail outlets, each of them selling their own product at common platform.
8. **E- tailors:** This is a shop available online. Order can be placed through internet, payment is done by debit/ credit card and there is free home delivery of the product. Examples- Amazon, flip cart, EBay etc.
9. **Dollar Stores:** These are fixed price shops to offer selected products at very low prices. Example- 99 store.

VI. DIFFERENCE BETWEEN RETAIL SHOPPING AND ONLINE SHOPPING

In present scenario, our young population is more attracted toward online shopping. But we cannot deny of the importance of traditional physical shopping. Both are indispensable to human society.

For traditional physical shopping we require to go to the market, whereas, there is no requirement of moving out to shop online.

All the goods are physically visible to the consumer in physical shopping whereas, pictorial description of the product is available through online shopping.

There is a personal touch between buyer and seller in case of physical shopping which sometimes influence the buying decision, whereas, there is no such personal touch in case of online shopping.

Every coin has two sides; both the shopping patterns have their own strengths and weaknesses. Wise and smart consumer try to make better use of strength and try to avoid wastages.

VII. OBJECTIVES OF THE STUDY

1. To study the effect of popularity of E-stores on the profitability of retail stores.
2. To analyze the change in business pattern of retail stores, so as to achieve customer satisfaction.
3. To analyze the change in the pricing pattern of retail stores in order to survive.

VIII. METHODOLOGY OF THE STUDY

The Research Methodology consists of various data, sampling techniques and statistical tools for analysis, data interpretation etc.

Sources of Data- The data for the study have been collected from various primary sources like Direct personal Interview with the owners of different retail stores.

Universe of the study- The universe consists of all the retailers in the Dehradun city where 100 retailers are selected at random for the research purpose.

Sample Size- For conducting Research study a sample of 100 retail stores has been selected randomly.

Sampling Technique- Retailers from different category of goods and products are taken who occupy a substantial share in the market so as to get accurate picture.

Data collection Technique- Direct personal interview & investigation through schedules.

Data representation tools- Collected data are classified and tabulated. Results are represented through table and bar diagram.

Period of Study- The study has been conducted for a period of approximately nine months from October 2015 to June 2016. Certain historic based data covers a period of three years, from October 2012 to September 2015. However, the impact factor has been taken from data over a long period of time.

IX. IMPORTANCE OF THE STUDY

The Study is of good use in present times as it helps to spread awareness about the impact of online stores on retail traders. The Sudden popularity of online shopping is an alarm for thousands of retailers owing a small shop and offering small variety of products which is the only source of livelihood for them. This study aims to unveil the present scenario behind the curtain and looks into the threat to these small retailers. The paper is an attempt to spread awareness among the physical retailers about the challenges they are going to face in the future. The current scenario demands dynamism and better advanced marketing strategies.

X. LIMITATIONS OF STUDY

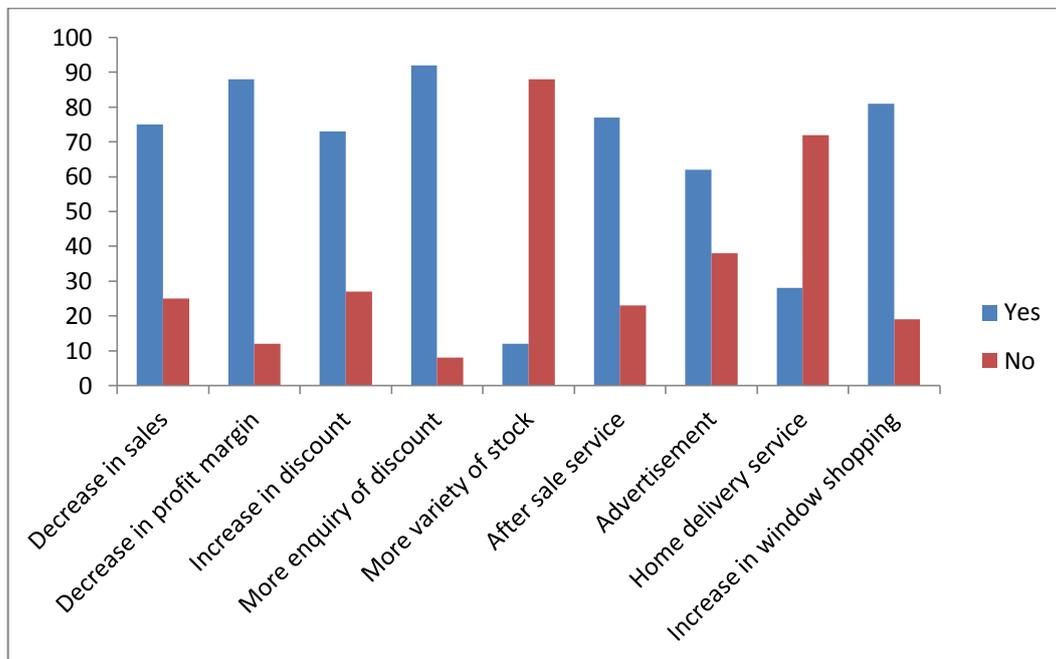
All sincere efforts were made by researchers to conduct the study and to make it useful for drawing conclusions that have universal validity. The sample size was also taken keeping in view to make the study full-proof. Still the study suffers from these limitations. The study is limited to Dehradun city only, taking 100 retail stores based upon convenient random sampling. Time is also a limiting factor. Data has been collected for a period of approximately three and a half years.

XI. DATA ANALYSIS

Presentation of Data:

Table showing analysis of different aspects of online shopping upon retail trade.

S.No	Questions	Yes	No
1	Has there been any decrease in average sales in the past three years?	75	25
2	Is there any decrease in profit margin?	88	12
3	Have you increased discount rates to customers in recent times?	73	27
4	Do customers asked for discounts before making purchases?	92	8
5	Do you keep more variety of stock in your store nowadays?	12	88
6	Do you provide timely after sales services of personalized nature to your customers?	77	23
7	Do you advertise?	62	38
8	Do you provide home delivery services to your customers?	28	72
9	Is there an increase in window shopping now a days?	81	19



XII. INTERPRETATION OF THE STUDY

- The table value indicates that there has been a decrease of 75% in the turnover in the past three and a half years.
- Maximum retailers i.e. 88% accepted a decrease in their profit margin in recent years because of the price war brought by online shops. The maximum discounts are offered to customers in order to retain them.
- Maximum customers (92%) still ask for discount before making purchases.
- Few Retailers (12%) by choice or by compulsion have to maintain a good variety of stock.
- Most of the retailers (77%) provide after sales services so as to attain & retain maximum customers.
- Retailers (62%) now a days have to advertise their stock and variety, which in turn increase their cost of selling.
- Due to the lack of funds & personal infrastructure, less retailers (28%) are providing home delivery services.
- Alarming situation can be seen as there is an increase in window shopping (81%) in the last recent years. People are using physical retail shops for window shopping and purchased the same online. This is becoming a big threat to the present time retailer.

XIII. FINDINGS

1. The turnover and the profit margin of retailers have administered a following trend.
2. Retailers wish to keep a wide variety of stock for survival but space & cost constraint stop them from doing so.
3. Today's retail stores are more engaged in providing customer satisfaction
4. Like online shopping retail stores have started home delivery services i.e. to make the product available at the door step of customer.
5. Increasingly more customers are seen on window shopping. Customers take a physical look of the product & buy that same product online at reduced prices.
6. Consumers feel more comfortable through online shopping due to large variety of stock available at reasonable prices.

XIV. SUGGESTIONS AND CONCLUSIONS**“Customer is the King with ball in both the hands.”**

- The retailers need to make substantial investment in acquiring some advanced expertise in developing more accurate and scientific demand forecasting models
- The existing small and medium independent retailers is to closely examine what changes are taking place in their immediate vicinity
- The next effort should be to encourage retailers to make some investments in improving the interiors of their respective establishments to make shopping an enjoyable experience for the customer.
- Retailers have to change the attitude towards customers and the market, fixing their priority as consumer satisfaction.
- A retailer should be in the good books of customer by providing better quality products, fair price and friendly after sales services.
- A loyal customer reduces the cost of retailer. All efforts should be put by retailers to build up the loyalty which in turn will bring a stable sale and stable customers like bonus points, free insurance, preferred customer status, cash back schemes and other special offers which satisfy the customer.
- Sale Promotion activities attract customers to a large extent. They are undertaken during special occasions, off seasons, festivals or on a particular day of a month. Major promotional tools used by the stores are discounts and coupons, exchange offers, low priced products etc.
- Good variety in retail stores acts as a major motivator for customers to visit a store again and again. For majority of customers variety came in the form of having a bakery within the store, food section, private labels and national brands and finally a lot of fresh fruits and vegetables.
- Retailers should help customers to explore the store. For this shopping should be made more adventurous by continuously upgrading the product portfolio, by changing the layout and by providing the touch and feel experience.

Although the retail scenario is changing. Our small retailers are missing out somewhere, the nearby store is always the most approaching for all reasons & seasons. They meet to just uplift the pattern of business and face the competitive world with the better positive approach. Both e-stores & retail stores have to survive in their own way. They both are providing livelihood to thousands of people.

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