

## IMPACT OF E COMMERCE ON RETAIL INDUSTRY

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### Abstract

The new buzzword of 21<sup>st</sup> century is E-commerce. Simply stating E-commerce refers to buying and selling using an online platform. With the phenomenal growth of e-commerce, consumers have been provided with more alternatives of buying and the challenges of offline stores have multiplied. The huge discounts, ease of access, convenient of buying, round the clock purchasing option available to consumers at online stores have led to fierce competition for offline stores. But keeping pace with the dynamic world, brick and mortar firms need to adopt technology along with tradition methods of business. Creation of a website for an offline store is a must in this competitive world. Provision of information on all products and services offered by a company needs to be uploaded on a digital platform for captivating the attention of the customers. However it is not only offline retailers who need to adopt methods and technology of online stores. It is the other way round as well. One such hybrid model of business is Omni channel retailing where the online retailers are aiming towards expansion of market share by opening Brick and Mortar shops.

### 1. Introduction

E-commerce is one of the prime examples of the contribution of Information Technology in the economic development. The trade efficiencies of various economies have improved due to a common global platform available for dealing. The E-commerce market is expected to reach Rs 13,97,800 crore (US\$ 200 billion) by 2027 from Rs 2,69,076.5 crore (US\$ 38.5 billion) in 2017. India's e-commerce market has the potential to grow more than four folds to Rs 10,48,350 crore (US\$ 150 billion) by 2022 supported by rising incomes and surge in internet users. Reports from Indian Brand Equity Foundation suggest that online shoppers in India are expected to reach 120 million in 2018 and eventually 220 million by 2025. Empirical evidences highlight that if retailers fail to capitalize the opportunities offered by e-commerce, then such retailers are bound to face loss of customers due to massive overseas competition (Lewis and Cockrill, 2002). But the concern is that due to online retailers, the brick and mortar store are facing competition. Some hybrid form of organization is needed to ensure profitability to all the stakeholders of the business.

### 2. Objective

The objective of the paper is to identify the impact of e-commerce on retail industry. Further an attempt has been made to identify that information technology can be used by a retailer to successfully carry a business.

### 3. Research Methodology

Secondary data sources have been used in the paper. Journal articles, newspapers articles have been major source of information for achieving the abovementioned objectives.

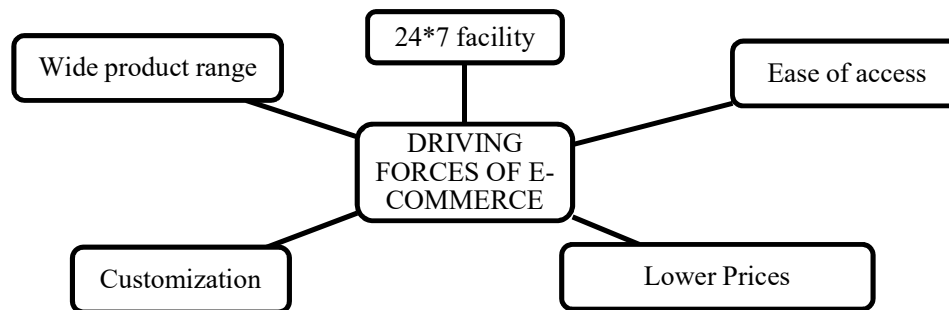
### 4. Driving forces of E-commerce

Digital revolution has provided access to various resources at just a click of the mouse. E-commerce websites like Flipkart, Amazon etc. provide a platform for connecting buyers and sellers. The growth experience in the field of e-commerce has been phenomenal. Some driving forces of e-commerce are discussed below:

- 24\*7 access: World Wide Web does not have any time specifications. A consumer can search and place the order for the desired product at any time of the day using internet. This has been possible with the advent of E-Commerce.
- Lower Prices: Since the cost of searching online is very less, so the online retailers have integrated very well and are able to offer products from the best dealers available on a wider platform. (Brynjolfsson, Dick and Smith, 2010).
- Customization: Using technology, all e-commerce companies allows its users to use some “filters” on their e-commerce portals which enables users to conveniently search for products on basis of their personal requirements like colour, size, brand can be selected before searching for any apparel online.
- Wide Product range: As e-commerce company does not have physical space constraint, so it can provide information about large number of products to the consumers (Eastin, 2002). From books and stationery to clothes and jewellery, home appliances to decoration articles, anything and everything can be accommodated on a single website for sale to a prospective consumer (Huang, 2019).
- Ease of access: For making a purchase from an online store, all that is needed is a device (laptop, desktop computer, mobile phone) and an active internet connection. Unlike purchasing from physical stores, the

consumer needs not to use any medium of transport form making a purchase. The desired purchase can be made through any location of the world and can be delivered to any location as well.

FIGURE 1: DRIVING FORCES OF E-COMMERCE



SOURCE: SELF-CREATED

##### 5. Impact on Retailers(brick and mortar stores)

- Turnover: With the advent of e-commerce, the turnover of offline retailers have reduced a buying online is much more convenient and is available to a customer round the clock.
- Profit Margin: On the arrival of online shops in the market offline retailers are suffering from pricing issues. To survive in market, they have to sell product at low prices which covers only their operational costs and they do not get any profit margin (Doherty,2010). The huge discounts offered by the e-commerce companies make it almost impossible for the physical retailers to even survive.
- Customer Services: Customer service is one of the segments where offline retailers have an advantage. Various companies of electronic appliances deny the service of the products to the customers bought online. Repairs and aftersales services are still being provided in a better and efficient manner by offline retailers.

##### 6. Use of Information Technology in Brick and Mortar Companies

Ecommerce companies heavily and rather exclusively rely on technology for carrying out all business operations. But considering the scenario and fierce competition, there is a need that brick and mortar companies use technology so that they can meet the changing demands of the customers.

- **Augmented reality:** Augmented Reality (AR) is a technology which enables viewer to magnify the product and its surroundings on the screen. It gives a more personalized and clear shopping experience to the consumer. Offline companies can promote their products and services through an official company website by providing all the necessary information about their offerings. AR technology can be used to present a better view on the products on screen.
- **OR Codes:** Some apparel brands like Zara introduced self-checkout stations at a new flagship store in Madrid using QR codes. Using this contactless shopping technology, customers can scan the QR Code to enter the store, select the desired product and then payment can be made using handheld devices like smartphones, I-pad etc. this technology helped Zara in saving labour cost and hassle of checkout lines was also dealt with. On the contrary, few retailers rejected QR code methods considering it to be complex mechanism(Kati, 2018).
- **Artificial intelligence:**  
The physical stores can keep a record of some date like the number of customers that visit their store in a day, sales made during a day, profits made, returns from customers etc. Using Artificial Intelligence and some data analysis techniques and can identify patterns in sales, visits of customers, choice of customers etc.
- **Research online Purchase offline:**  
Research online Purchase offline (ROPO) is a trend that is gaining heights. In this, consumers search for the desired products online but they opt for making the purchase from an offline store rather than from an online store. Brick and mortar companies can take advantage of this new trend and convert a potential customer into an actual customer.

##### 7. Omni channel retailing: the hybrid Model

Researchers and experts have elaborated that how E-commerce companies have let to loss of market share for physical retailers. But another angle of E-commerce is Omni channel retailing. In Omni channel retailing, the online retailers are aiming towards expansion of market share by opening Brick and Mortar shops (Sinha, 2019). One of the prime examples of this is Amazon and Lenskart. Amazon's stated mission is to be "Earth's most customer-centric company". Amazon is a company which began its business with selling books online and gradually expanded to selling huge number of products online. It took another leap by adopting Omni channel retailing approach and opened its first Amazon go store in Seattle, Washington, US in January 2018 for general public (Jocovski et al, 2019).

## 8. Conclusion

In a nutshell it can be concluded that ecommerce companies are also struggling to retain existing customers and to attract new ones. And almost similar is the situation for brick and mortar stores. Consequently for any business to be successful in today's age there is a need to use information technology in combination with regular business strategies. Gone are the days when newspaper advertisements and hoardings were the primary sources of marketing, now is the time to use mobile media, social media, push notifications as a medium of promotion. Purchasing from physical stores have always been a choice of customers and will continue to be. All that is required is slight modification of the use of modern methods to keep pace with the dynamic environment.

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