

## **Online Shopping affecting the business of Retail stores with special reference to Jaipur Retail stores**

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### ***ABSTRACT***

*The study has been done with the rationale to know the influence of the increasing trend of online shopping on the customers who buy from the various local shops and retailers and also from the e-stores. Local shops and retailers include that section of the society whereby purchasing by the localities is at a huge rate. But with the innovative use of technology and advent of e-stores, the local market has been affected to a large extent. The study has tried to introspect the various aspects about how retail business is being affected. Descriptive research study with a sample size of 50 customers of Jaipur have been used to investigate and five on-line shopping sites have been considered for the study. Interpretations have been drawn through graphical representations. The researchers in their study have concluded that online shopping has affected the retail store business, though loyalty of the customer and quick service is the strong factor for the retailers.*

**Keywords:** *E-stores, retailers, sales, profit-margin, discounts and offers*

### **INTRODUCTION TO THE TOPIC**

Purchasing consumer goods or services through online shopping has attained immense popularity in recent times mainly because of the level of convenience, easiness, brands comparison and more of discounts available. Sitting in front of laptop or mobiles in hands had made this method of shopping more effortless. Problem to locate the areas for shopping in a city, has been completely solved with e-shopping. One can easily find the products/services of his own choice without moving an inch. Online shopping (or e-retail or e-shopping) is a form of e-commerce which allows consumers to directly buy goods and services from the internet as a virtual shop. Some of the leading online stores currently in India are Amazon, Flipkart, Snapdeal, Homeshop18, Myntra, Amazon,

etc.

Retailing is a process of selling goods and services to customers through multiple channel of distribution. Retail stores may be small or big but they mostly operate in the same line as “purchasing to sale”. Retail form of business is as old as civilization and is the most basic form of business. These retail stores can be found in every corner of the city and are easily accessible. People prefer buying goods from these stores as they are in-reach, goods can be bought easily and at the moment of need without any delay. Moreover people think that goods on these stores are fresh and of good quality, which is rare to find in on-line shopping. There are various types of retail stores like department store, supermarkets, warehouse retailers, specialty retailers, etc.

### **Review of literature**

Ryu and Han(2007) explained that perception, attitude and behavioral of a consumer plays a vital role in enhancing in use of products, whether it is online or offline. Web quality shares the information related to service quality, company entailed, price and variety given by these online businesses.

Lin and Lee (2005) explained that organizational learning factors and knowledge management processes are very much associated to the e-business systems adoption. Managers focuses on both social and technical factors. But purchasing done by the customer is the result from the internet.

Srinivasan, Anderson and Ponnnavolu(2002) emphasized that there are eight factors (customization, contact interactivity, care, community, convenience, cultivation, choice, and character) are considered for e-loyalty among the customers. E- loyalty has marked its impact on customer-related outcomes, word-of-mouth promotion and willingness to pay more.

Ranganathan and Ganapathy(2002) explored that the speedy progress in the e-business, has stimulate the assumption and calculation about what can make a business-to-consumer (B2C) business more effective. Security and privacy in buying the e-products have made an impact on the online purchase more meaningful.

Shim, Eastlick, Lotz and Warrington (2001) stated that the

customers diversion to purchase from internet is the result of his curiousness towards new products. Also other predictors like attitude toward internet shopping, previous internet shopping experience, etc also play a crucial role in inclination towards e-shopping.

### **Objectives of study**

To study the affect of online shopping on the profit margins of retail stores.

To know the preferences of the customers in online shopping in comparison to retail stores

### **Methodology of study**

Primary data has been collected to conduct the research. The universe of data collection has been Mansarovar area of Jaipur City. Primary data have been collected through personal interview method and questionnaire method. About **50** respondent were questioned through structured questionnaire consisting of **12** questions, which was open ended. The opinion of the respondent were recorded for further analysis, interpretation & drawing the conclusion. Again random sampling was conducted to collect the data from the respondent. While collecting the data from the respondent , it was kept in mind that they are internet shopping users. The data collected are classified, tabulated and represented through chart diagram.

### **Hypothesis:**

Alternative Hypothesis: there is a significant impact of online purchasing on retail business.

Null Hypothesis: there is no significant impact of online purchasing on retail business.

### **Significance of the study**

The study is relevant & has depicts its impact on current purchasing attitude from the online or offline. It will help to understand that to what extend online-shopping has affected the purchasing power of the people and also to what extend it has affected the business of the retail stores. The sudden deviation towards online-shopping is a real concern for the thousands of retailers who have a small shop offering a small and large variety of products.

**Limitations of the study**

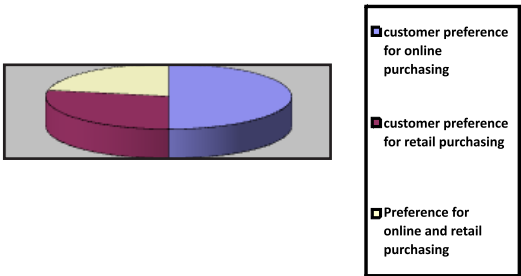
In spite of all sincere efforts, the study has faced certain limitation like: only Mansarovar area of Jaipur has been considered as a universe for study, which cannot depicts the entire population. Only 50 customers were questioned, hence the sample size is too small for study, which seeks another limitation. At times, the customers were reluctant to give the answers because of low level of interest in responding. Time was another constraint in research work.

**Analysis and Interpretation :** on the basis of 50 respondent sample below is the bifurcation:

- Preference for online purchasing : 25**
- Preference for retail purchasing : 14**
- Preference for online and retail purchasing : 11**

1. Preference on line shopping

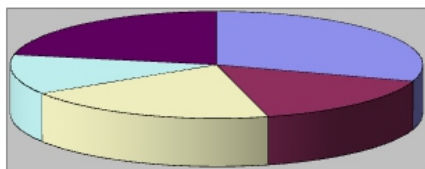
	No. of Respondents	Percentage of Respondents
Customers Preference for online purchasing	25	57.14 (appx)
Preference for retail purchasing	14	31.42 (appx)
Preference for online and retail purchasing	11	11.43 appx)



Sample of 50 respondents gave a mixed reaction towards their purchasing through online shopping. About 25 responded that they prefer online shopping for a number of reasons, and 14 responded that prefer retail store purchasing as it is on time purchasing. 11 out of all said that they buy both online and offline products for they were comfortable which each type of shopping.

1 Preference of segments from online shopping.

Customer preference for only online garment purchase	15
Customer preference for only online jewelry purchase	8
Customer preference for only online home-maker purchase	10
Customer preference for only online shoes purchase	6
Customer preference for only online bookings purchase	11

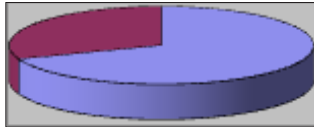


■ Customer preference for only online garment purchase  
■ Customer preference for only online jewelry purchase

Most of the respondent said garments, jewelry, home makers , shoes and booking of hotel, airplanes, train, movie tickets are the area of preference for purchasing on online shopping. The non buyers did not prefer the buying of the products.

- 3 Online shopping has made the buying task easy 39 respondents said that online shopping has made their buying task easy. Searching for products from one store to another needs time and patience. Remaining 14 buyers said though they do not purchase from online shopping, still they have heard that online makes buying easy.
4. Use credit system while purchasing products from e-stores

Respondent using credit card for online purchasing	27
Respondent using debit card for online purchasing	12



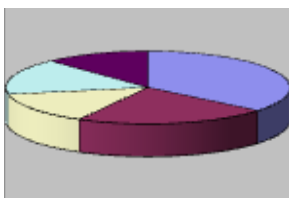
■ respondent using credit cards

■ respondent not using credit cards

Some respondents said that credit system is used while purchasing products from e-stores. This has subsequently increases their credit limit at time, which is bit risky and not accepted by the family, though it makes buying easy and instant. At the same time the other respondent said that they prefer debit cards more rather than credit cards.

- 5 Online shopping maintains privacy. All the respondents said that on line shopping maintains privacy. Even the non-users said that they have heard of the privacy maintained in the online shopping.
- 6 Purchasing increases in discount, offered by online stores

Discount and offers highest on Diwali	18
Discount and offers highest on New Year	11
Discount and offers highest on Independence Day	7
Discount and offers highest on Republic Day	8
Discount and offers highest during off season	6



■ discount and offers highest on diwali

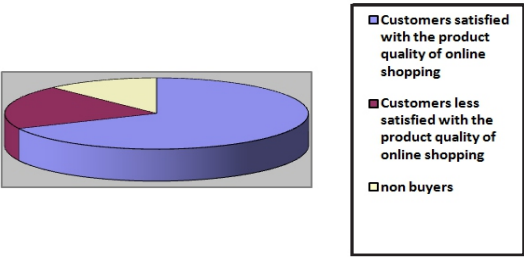
■ discount on new year is highest

■ discount on independence is highest

The regular user of online purchasing said that during the season like diwali, new year, national days discounts are given by these online sellers, which increases their purchasing. The discount and offers are very attractive and at times saving are been done for purchasing in these discount. They also said that brand products can be purchased on these occasions of discounts and offers. The non buyers feel that the discounts and offers are means to discharge the old and discarded products. They said they bargain from the retail-stores.

7. Satisfaction with the quality given by online shopping.

Customers satisfied with the product quality of online shopping	34
Customers less satisfied with the product quality of online shopping	10
Non buyers of online shopping	06



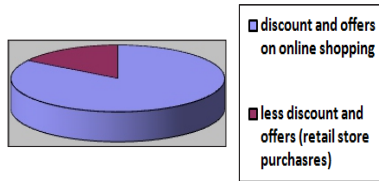
The regular buyers said that they are satisfied with the quality given by online shopping. They can select the brand products which are good to use. Moreover they said the brands do not compromise on quality, hence they are satisfied. The non buyers said that quality can be well understood with touch and vision. Real appearance of the product is more well understood, rather than seen on mobile or laptop.

8. Online buying saves your time.

The buyer and the non-buyer said that online buying saves their time. Non buyers said that certainly shopping while sitting at one place saves time and energy. But still offline purchasing to them gives the real picture of the products.

9. The retailers give offers and discounts.

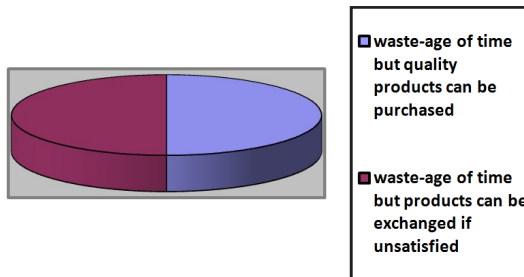
Discount and offers on online shopping	42
Less discount and offers (retail store purchasers)	08



The online buyer said that as they are the regular customers to online shopping. They purchase more during the discounts and offers. To non buyers, less awareness about the offers and discounts is a problem. They feel that their comprehension of on line shopping may divert them towards it. They also added that they get less offers and discount on the retail shops, but still the products bought from these stores are less than MRP, which is as equal as to the offers and discounts given by online shopping.

10. The retails shops products are equally good as online stores  
The online buyer said that the goods are equally good as that of the retail stores. But the retail store product buyer said that goods of retail stores are better than the online products. They are not discarded and moreover the manufacturing date is known which can be seen on the packaging of the product. Hence they are more reliable.
11. here is waste-age of time in buying products from retail stores.

Waste-age of time but quality products can be purchased	07
Waste age of time but products can be exchanged if unsatisfied	07

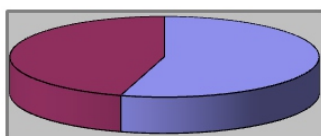


The retail store buyer said that yes there is waste-age of time in buying products from retail stores. But then these products are more reliable and if we are unsatisfied at times they can be exchange too. Retail store buyer said they are not sure of exchange provisions and parameters of online shopping.

12. The retail stores offers free home delivery.



Shopping should exceed more than rs 2000	8
The place of delivery should be around one km	6



■ shopping should exceed more than rs 2000

■ the place of delivery should be around one km

The retail store buyer said that yes retail stores offers free home delivery, but the shopping should exceed more than rs 2000 and the place of delivery should not be more than one km from the retail store. This gives them a comfortable zone of buying. Retail store buyers also added that the purchasing of rs 2000 for a month is usual.

### **Conclusion :**

Retail stores generally operated in the traditional lines of business except a few superstores or departmental stores which has resulted into certain modification in their business patterns. On the other hand dawn of online shopping in recent times has put a barrier to them. The study has been made to comprehend the impact of online buying upon the businesses of various retailer.

Online shopping is consuming a large proportion of consumer spending. There are several inclination for customers to purchase online as price, convenience in shopping and wide range of available products being the primary. The major findings of the study had lead to two different perception. One perception is of online customers and the other retail customers. Retail store customers feel that free home delivery, products on less price than MRP, instant products, products on credit, exchange of goods if unused are some of the factors are impulsions taken by retailers to increase the sale, when competing with online shopping. Customers ignorance about online purchasing has been a tool used by these retailers. Online customers feel that brands, quality products, discounts, offers are healthy factors for online purchasing. Online customers feel that saving time and getting good products by easy means, what all one needs for shopping. The study proves the alternative hypothesis as true, which was that the online purchasing has affected the retail business.

**Suggestions:** There are certain suggestions for the retailer:

- 1 More emphasis should be on the local advertisement, as customers will come to know about the retail store.
- 2 Home delivery services should be quick and irrespective of the season and time, this will increase customer loyalty and will spread good word of mouth.
- 3 Wide range and variety of products should be available at the retail stores. This will give customer more options in purchasing.
- 4 Prices of the products should be lowered down, though here the retailer can be in loss. But thinking of more customer diversion the retailer has to sacrifice his margin.
- 5 The physical setting of the stores should be good and display of products should be reachable in the hands of the customer.
- 6 Discounts and offers is important criteria for sale and purchase. The retailers should give discounts and offers. This would help in discarding old products and would lower down the inventory cost too.

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