A STUDY ON E-COMMERCE AND ITS IMPACT ON OFFLINE RETAILERS

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Abstract: The internet plays a vital role in our daily lives. There are many things that the internet has given us. We use the internet for practically all of our daily tasks. Prior to the introduction of e-commerce in India, buying and selling were done manually in markets without access to the internet, but as a result of its many benefits, life became more comfortable. Due to Indian ecommerce websites that allow us to purchase and sell items, online shopping is a component of e-commerce that is primarily used by consumers. The internet not only has everything one might want, but it also tells you where to buy it at the cheapest price. In this article, this growing phenomenon called e- commerce, it's impact on offline retail market in India and the challenges faced by retail because of emergence of e-commerce. According to earlier studies on this matter, e- commerce has mostly had a negative effect on the enterprises in the offline retail sector. The results differ, however, across the subsectors within retail.

***Index Terms* - Internet, E-commerce, Offline retail, Challenges, Online.**

I. INTRODUCTION

E-commerce (electronic commerce) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet. These business transactions occur either as business-to-business (B2B), business-to-consumer (B2C), consumer-to-consumer or consumer-to-business. The terms e-commerce and e-business are often used interchangeably.

E-commerce in India has come a long way since the first online retail store was launched in 1999. Back then, the market was small and primarily focused on selling books and music. However, over the years, the market has grown and diversified to include a wide range of products and services. Factor contributing to the growth of the Indian e-commerce market is the increasing number of consumers who are comfortable with online shopping. The convenience and ease of shopping online have made it a popular choice among consumers, particularly in the metros and Tier I cities.

The Indian e-commerce market is also unique in the sense that it is heavily driven by the sale of fashion and lifestyle products. In contrast, in other markets in the region, such as China, the e-commerce market is primarily driven by the sale of electronic products. The increasing penetration of the internet and smartphones as well as the changing consumer preferences, have been the major drivers of this growth. In 2023, the market is expected to see the emergence of new trends such as mobile commerce, new payment methods, and the expansion of e-commerce beyond the major metropolitan areas.

1.1 TYPES OF E-COMMERCE BUSINESS

I. Business - to - Business

According to the B2B business model, a website sells its goods to an intermediary buyer who then distributes them to the final consumer. For instance, a wholesaler might order a product from a company's website and, after getting the consignment, sell it to the final consumer who visits one of the company's retail locations.

II. Business - to - Consumer

The B2C business concept involves selling goods directly to customers through websites. The products shown on the website can be viewed by customers. The client can pick a product and order it. The business organisation will then ship the product(s) to the consumer after receiving a notification from the website through email.

III. Customer to Customer

By placing their information on the internet, users of a C2C business model website can sell or rent out their assets, such as homes, automobiles, motorcycles, etc. The customer may or may not be charged for the website's services. By viewing the message or advertisement on the website, another buyer may decide to purchase the product from the first client.

IV. Consumer to Business

Under this paradigm, a customer goes to a website that lists various commercial entities offering a specific service. The customer enters an approximate price for the service they want to purchase. As an illustration, consider comparing the interest rates of personal loans and auto loans offered online by several institutions. A company approaches the customer and offers its services after meeting the customer's needs within the allotted budget.

V. Business to Government

A subset of the B2B model is the B2G model. Governments utilise these websites to trade and exchange information with other commercial companies. These websites offer a platform for companies to submit government application forms and are recognised by the government.

VI. Government to Citizen

Governments approach citizens generally by using G2C model websites. Such websites support the sale of any kind of commodities, including vehicles and machinery. A similar website offers other services like the ability to register birth, marriage, or death certificates. G2C websites' primary goal is to shorten the typical turnaround time for responding to citizen requests for various government services.

1.2 BENEFITS OF E- COMMERCE

Availability : E-commerce sites are accessible 24/7, allowing users to explore and shop at any time, with the exception of outages and scheduled maintenance.

Speed Of Access : Crowds in physical stores can slow down customers, yet e-commerce sites function rapidly due to considerations of computing and bandwidth on both the consumer device and the e-commerce site.

Wide Availability : A large range of products are available thanks to e-commerce, and after a customer makes a purchase, the things are transported from one or more warehouses. Consumers will probably find what they're looking for more easily.

Accessibility : Website visitors can use the site's search function to find a product right away and browse product category pages in real time.

Global Reach : With e-commerce, companies may sell to anybody with internet connection. E-commerce has the potential to increase a company's clientele.

Reduced cost : Pure play e-commerce companies do not have to pay rent, merchandise, or cashiers, which are expenses associated with operating physical storefronts. Nonetheless, they can be responsible for shipping and storage fees.

Product recommendations and personalization : E-commerce websites can keep track of a visitor's browsing, searching, and buying history. They can gather information about target markets and give customised product recommendations using this data.

1.3 LIMITATIONS OF E- COMMERCE

Minimal customer service : In a physical store, customers can ask a clerk, cashier, or store manager for assistance if they have a question or problem. Customer service in an online store may be constrained. The website may only offer assistance during specific hours, and its online service choices may be challenging to use.

Limited product experience : Seeing product photographs on a website can give you a good idea of what it's like, but it's not the same as really using the thing, such as playing a guitar, evaluating the television's picture quality, or trying on a shirt or outfit. Online shoppers may wind up purchasing goods that fall short of their expectations and need to be returned. In some cases, the customer must pay to ship a returned item back to the retailer.

Waiting time : In a shop, customers buy goods, pay for it, and take it home. Customers who shop online must wait for the merchandise to be delivered to them. Shipping windows are getting smaller even while next-day and even same-day delivery are becoming more popular.

Security : Experienced hackers can build websites that resemble real and advertise the sale of well-known brands. Instead, the website either steals credit card information from customers or sends them counterfeit or replica versions of the desired products. Even legitimate ecommerce websites have risks, particularly when customers save their credit card details with the merchant to facilitate future purchases.

1.4 CHALLENGES OF E- COMMERCE IN INDIA

Cash on Delivery : Cash on delivery is the preferred method of payment in India due to the low adoption of credit cards and the general lack of confidence in internet transactions.

Infrastructure Issues : The Internet serves as the foundation for e-commerce. India still has an extremely low rate of internet adoption when compared to other nations. In many areas, the connectivity is of poor quality. Nonetheless, each of them poses serious risks to India's expanding e-commerce industry.

Wrong postal address : After placing an online order, the consumer will receive a call from the business asking for his precise location. As there is usually some degree of standardisation when writing post addresses, the provided address is insufficient. That is among the major difficulties that India's e-commerce has encountered.

Cyber Laws : The lack of cyber laws to control online transactions is another major issue in the e-commerce industry. Next, the WTO is anticipated to pass cyber regulations. The Indian Information Technology (IT) Bill, which was approved by the Indian Parliament on May 17, 2000, aims to address the expanding fields of e-commerce through legislation. Currently, the Bill only addresses the fields of criminal and business law. Yet, it does not address issues like individual property rights, legislation specific to data protection, and
content regulation to privacy.

Privacy and Security Issues : In the case of start-up and small businesses, business owners neglect to install genuine protection services, such as antivirus and firewall protection, which is in fact a critical step for successful online business players. Use of unlicensed software won't offer the customer any protection.

Tax and Payment-Related Issues : Another reason for India's market's lower development rate of e-commerce compared to other industrialised nations like the USA and UK is its tax rate system. In such nations, the tax rate is the same for all sectors, however in India; the tax structure varies depending on the sector. For Indian online businesses, this factor causes accounting issues.

Shipping Issues : Customers can become irritated by problems with inadequate supply chain integration, expensive delivery fees, late deliveries, and improper courier services in particular areas.

Return of goods, refund, etc : Customers often replace or return goods that are not satisfying to them. This is a significant problem that contributes to overall revenue loss, shipment cost loss, and more importantly, reputation damage.

2. RETAILERS

A retailer is a company that buys products from a manufacturer or wholesaler and sells them to end users or customers. In a sense, a retailer is an intermediary or middleman that customers use to get products from the manufacturers.

2.1 TYPES OF RETAILERS

Department Store : Departmental store is a store which is a combination of multiple small stores under one company which offers a wide variety of products. It adds value for the customers due to offer a wide variety of products at a place.

Supermarkets : Supermarkets generally sell food and beverages but now due to customers need it also sell fashion, electronic related items. It has a good buying power that why it sells at low prices.

Warehouse Retailers : Warehouse retailers are situated at the place where the premises rent is very low so that they can store, display and sell large amount of products.

Specialty Retailers : Specialty Retailers sell a special service or product and provide expert knowledge and good service to customers. They add values by adding accessories and related products in the same outlet.

E-Tailer : E-Tailers are those sellers who provide the facility to customers to buy the product through internet and offers home delivery using which they can reach to customers within a big geographic area and can supply goods to them. They have low rent and overhead that's why they offer competitive prices.

Convenience Retailer : These retailers are available in residential areas and sells limited products at a premium price because they add value of convenience.

Discount Retailer : Discount retailers are those retailers which offer discounts on less fashionable brands by taking it from the suppliers and resell the product till end of line and return the left products at the discounted price to the supplier.

2.2 IMPACT OF E-COMMERCE ON OFFLINE RETAILERS

Turnover: Throughout the course of the three years under consideration, retailers have noted a significant drop in their turnover compared to earlier years. Some companies have reported stagnant growth, if not a loss, which is a danger indicator for the business. Online sales have caused unconnected businesses' turnover to decline, which is a warning sign for the endeavour.

Customer loyalty : Customer loyalty is declining since people have a habit of buying from the same brands repeatedly. This kind of purchasing is becoming prevalent. Customers can now locate a chosen brand at a predetermined price as well as online reviews when they visit an online retailer. Before visiting a business, customers could compare thousands of products thanks to the introduction of online shopping. There are even specialised websites, like a shopping FM, that compile the best offers with a single click.

Profit Margin : Disconnected retailers are predicting when new online retailers enter the market. To survive in the market, they must move products for low prices, which only covers their operating costs and leaves them with no overall profit. Internet stores have sparked a price war in the market, with retailers bearing the brunt of it. Most of these merchants have tried to decrease their prices in an effort to remain in business, but due to their high operating costs, they are forced to forgo their profit margin.

Online reviews : Before the advent of online shopping, you would frequently ask your friends and family for their opinions on a few items you were considering purchasing. Customers now look for product reviews and recommendations on business websites, blogs, and social media platforms. Customers are aware of the products and brands they are considering purchasing when they plan a trip to a shop. Before making a decision, they needed the support of speaking with an employee in person.

Discount : The merchants are at an alarming rate raising their discounts in order to stand with the internet stores who attract the clients with incredible bargains. Retailers must cut their prices to a relative amount in order to compete in the market, even though they cannot offer discounts that can match those offered by online merchants. Due to the considerable discounts that online retailers provide to their customers, offline merchants must move their products at limited rates in order to compete in the market and attract customers.

Variety of Stocks : Online stores keep a wide variety of stocks, and retailers fall far short of the e-stores in this regard. However, the survey found that most retailers have no desire to compete with the online stores in this area. The loss is acknowledged. Retailers cannot keep a large inventory on hand because doing so could result in unsold inventory at year's end, which could result in significant losses for the business. Online shops offer a wider selection of goods than independent businesses can, but this is due to the fact that leftover inventory at the end of the year can be quite costly for the retailer.

Smartphone Impacts : Even when a customer is buying at an offline store, their smartphone might still have an impact. Often, consumers will stroll around within the shop with their phones. They are examining and contrasting the products in the shop with those available online and at other retailers. All of those elements influence a customer to buy anything either in-person or online.

Customer Services : More and more retailers are increasingly opting for customer services to build upon a loyalty. Retailers are doing everything they can to specialise in the areas where online stores fall short, from installation and insurance to repair and maintenance. In the same vein as online stores, retailers are increasingly launching home delivery services. Also, after-sale services are offered cheerfully. Online stores fall short when compared to offline merchants in terms of specific services offered. Repairs and products for services, home delivery, and after-sale advantages are also like online stores.

Company Websites : Businesses create their own websites to get customers to visit their stores and purchase their goods, whether they do so online or off. Often, you'll see businesses offering coupons on their websites or in the course of their email marketing.

Advertisement: In order to attract customers and increase sales, offline merchants focus exclusively on promotions. They don't miss even one chance to advertise. In order to boost their sales; retailers are now more involved in advertising campaigns than ever before. Retailers seize every opportunity to promote their business by benefiting from the circumstances.

Online engagement impact on retail corporation : The effects of online engagement for retail companies go beyond merely like or following a business's Facebook page or Instagram account. Brands may establish a stronger bond with their customers when they regularly publish pieces that reflect their mission and core values. There is no doubt that retail stores have been greatly impacted by online purchasing. Because of the comfort they offer, they have not only stolen a sizable share of the market from the shops but also significantly altered their buyer's persona. Consumers no longer think in the same way as they formerly did. Even though not everyone has adopted online purchasing yet, online validation is still a crucial
component.

3. REVIEW OF LITERATURE

Menal Dahiya (2017) : The internet plays a significant part in our daily lives. We utilise the internet virtually every day for all of our tasks. Before to e-commerce, buying and selling were done offline, in the markets, but since e-commerce has arrived in India, our lives have grown more easy due to its many benefits. Due to ecommerce websites in India that allow us to buy and sell the things of our choice at reasonable prices, the majority of users engage in online shopping, which is a type of ecommerce. E-commerce websites have a significant impact on a variety of marketplaces and companies. This essay will look at various markets, shops, and their impacts.

Aparana Miglani, (2017) : The goal of this investigation is to learn more about e-development, commerce's influence, and impact on the domestic and global markets. Worldwide, e-commerce is expanding quickly. Its growth and advantages are already clear from research in rich nations, but it is also having a good impact on the development of emerging nations. Globalization and the easing of restrictions on imports and exports
between nations will lead to improved knowledge and data technology development in all economies. E-commerce is also playing a significant part in emerging nations' increased revenue production, expanded client base, and employment growth in the IT sector.

Dr. Mahesh (2016) : Using computer networks to exchange goods or services is known as electronic commerce, or e-commerce. Technology is used in e-commerce, including production network management, electronic store transfer, and mobile commerce. The traditional retailers' and e-commerce companies' business models are completely dissimilar. The impact of India's growing e-commerce on traditional merchants is larger. They have been modifying their internet methods to stay competitive. Understanding the new e-commerce trends and their evolution from an Indian perspective is the investigation's main goal. The impact of e-commerce on traditional or physical retail arrangements. E-commerce has both a positive and a negative impact on traditional retail.

Dr. Naveen Kumar, (2014) : E-commerce is the way of the future of retail. E-commerce is likewise a business option that should be investigated in the future. E-commerce is growing quickly in our country. Indian e-commerce has had significant growth over the past few years, supported by a growing base of internet users and favourable demographics. E-Commerce will continue to have a lot of room to grow in the future. Whatever the case, there are some issues that must be adequately resolved. In the current article, an effort has been made to consider the current state of e-commerce in India, look at its difficulties, and discuss its potential.

4. CONCLUSION

It is obvious that everything has changed significantly since the invention of computers and the internet, especially how business is conducted. The most recent innovation in business has been said to be using the internet to conduct business. It gives companies the chance to conduct business using electronics. Businesses have hurried to implement e-commerce in the hope that it will provide them a competitive edge, raise their market shares, and boost their revenue. There are several benefits to this idea, including the ability for businesses to operate globally, 24/7 operations, cost savings, and many more.

E-commerce, in its simplest form, is the act of purchasing and selling goods using electronic platforms like the Internet and mobile apps. Ecommerce includes both online shopping and electronic transactions. In some aspects, traditional brick and mortar stores are being replaced by ecommerce, which has greatly expanded in popularity over the past few decades. Ecommerce, as a result, has a significant impact on the retail sector in a number of ways. Ecommerce will do away with the need for middlemen since producers can now sell directly to customers. Also, it will assist small and medium-sized businesses in expanding the market for their goods and services.

It is known that e-commerce has a number of disadvantages, including an increase in criminal activity, moral dilemmas like terminating workers when some duties are automated, compatibility concerns, technical issues, and negative legal ramifications. Hence, companies must critically assess the idea of e-commerce and create more effective plans to mitigate some of its shortcomings. Failing to seriously consider this idea could be a formula for failure for a company.

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