IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

E-Commerce And Its Effect On Traditional Retail Businesses In India

Dr. Kamlesh Babu Gautam
Associate Professor
Department of Commerce
Swami Shukdevanand College, Shahjahanpur
Uttar Pradesh, Bharat

Abstract

The rapid proliferation of e-commerce in India over the past decade has begun to reshape the retail landscape, forcing traditional brick-and-mortar retailers to reevaluate their business models, customer engagement strategies, and value propositions. This study investigates the impact of e-commerce on conventional retail businesses in India, focusing on how online retail adoption affects store footfalls, sales volumes, product assortments, pricing strategies and the overall competitive environment. Using primary survey data collected from 200 retail outlets in Lucknow and surrounding areas, complemented by secondary data and industry reports, the paper presents empirical evidence of changing consumer behaviour, changing channel preferences and emerging threats and opportunities for traditional retailers. Three tables present quantitative analysis of survey responses, comparative performance indicators and correlation between online channel growth and offline store decline. Key findings suggest that while e-commerce growth (with projections of India's e-commerce market reaching US$ 345 billion by 2030) is significant, traditional retail remains dominant (approx. 90 % of the retail market in 2024). However, retailers who fail to adapt by integrating online/offline strategies, revising their store experience, or leveraging omnichannel models are witnessing steeper declines. The discussion emphasises that the future of Indian retail lies in synergy between digital and physical channels, supported by strong logistics infrastructure and experiential in-store engagement. The paper concludes with practical recommendations for traditional retailers, policy implications and avenues for further research.

Keywords : E- Commerce, Retail sector

Introduction

Retailing in India occupies a critical place in the economy, both as a driver of consumer spending and as an employer. Traditional brick-and-mortar retail businesses have for decades formed the backbone of urban and semi-urban markets, offering local access to goods, personalised service, and social engagement. However, in recent years, the advent of e-commerce — enabled by widespread internet penetration, smartphone proliferation and digital payment infrastructure — has introduced a disruptive force into the retail value chain.

From the supply-side, online platforms provide extensive product assortments, lower search costs, often competitive pricing, convenience of home delivery and easy return policies. On the demand-side, changing consumer behaviour, especially among younger, digitally-enabled shoppers, is shifting preferences toward online channels. According to industry data, India's e-commerce industry was valued at approximately Rs. 10,82,875 crore (~US$125 billion) in FY 24, and is projected to grow to around US$ 345 billion by FY 30.

(India Brand Equity Foundation) Online retail as a share of the overall Indian retail market is estimated to increase to about 10.7 % by 2024 from around 4.7 % in 2019. (ETRetail.com)

Given these shifts, it becomes imperative to investigate how this growth of e-commerce is affecting traditional retail businesses in India. Are physical stores experiencing decline in footfall and revenue? How are they reacting? What strategies are successful in adapting to this new competitive environment? What are the broader implications for the retail ecosystem in India, including employment, logistics infrastructure and consumer choice?

This paper aims to answer these questions with the following objectives: (1) to measure the impact of e-commerce growth on traditional retail businesses in a selected region of India; (2) to examine the changes in consumer behaviour regarding channel preferences (online vs offline); (3) to identify strategies adopted by traditional retailers to mitigate competitive threats from online channels; and (4) to derive practical implications for retailers and policy makers.

The remainder of the paper is organised as follows: the **Literature Review** section discusses prior research on e-commerce's impact on retail and associated consumer behaviour; the **Research Methodology** outlines the research design, data collection and analysis methods; the **Objects of Study and Data Collection** section describes the sample, instruments and data sources; the **Analysis** presents quantitative tables and their interpretation; the **Findings** summarise the key outcomes; the **Discussion** reflects on the results and links them to theory and practice; finally, the **Conclusion** presents final insights, limitations and recommendations for future research.

Literature Review

A growing body of research addresses the interplay between e-commerce and traditional retail. For instance, A Study on the Impact of E-Commerce on Traditional Retail Marketing (Nayak, 2018) analysed how online growth in India changed the retail mix (product, price, place, promotion) and consumer adoption dynamics through frameworks such as the Technology Acceptance Model (TAM) and Diffusion of Innovations. It found that convenience, perceived usefulness and social influence drove consumer move toward online shopping. (IRE Journals)

Another study, A Study on Effects of E-Commerce on Retail Industry in India (Karthikeyan & Vimalnath, 2022) documented the structural changes in retail format, noting that online shopping enabled a wider range of product categories (apparel, plumbing materials, jewellery, FMCG) to be sold digitally and created competitive pressure on physical stores. (PNR Journal)

From an industry-perspective, research by CBRE India highlighted that e-commerce is not merely cannibalising physical retail, but is also enabling hybrid models: physical stores can evolve into experience centres, click-and-collect hubs and be part of an omnichannel mix. (CBRE)

Key themes emerging from the literature include:

- **Consumer behaviour shift**: Online channels offer convenience, selection and price transparency, reducing traditional store advantage. (e.g., Pathan et al., on Bangalore retail) (CIBGP)
- **Channel cannibalisation vs complementarity**: Some research suggests that e-commerce can cannibalise offline sales, while others argue for synergy with well integrated omnichannel strategies.
- **Retailer adaptation and survival**: Traditional retailers are forced to rethink their store format, digital presence, loyalty programmes and experiential retailing to stay competitive.
- **Structural and logistical impacts**: The growth of e-commerce drives demand for warehousing, last-mile delivery, and influences real-estate utilisation. (CBRE India) (CBRE)
- **Macro-economic implications**: As retail shifts channels, employment patterns, supply-chain structures and regulatory frameworks (e.g., foreign direct investment in retail, data protection) are impacted.

Research Methodology

- **Research design**

This study uses a mixed-method research design, combining quantitative survey data at the retail-store level with qualitative insights (open-ended questions) and secondary data from industry reports. The primary research is cross-sectional and descriptive-analytical in nature.

- **Objects of study**

The objects of the study are traditional retail outlets located in Bareilly region and the surrounding region in Uttar Pradesh, India. These include independent small to medium sized retail shops (apparel, electronics, general merchandise) that operate a physical store format and do not have a dominant online channel presence.

- **Sample and sampling**

A purposive sample of 200 retail shops was selected for participation, across four retail categories (50 per category): apparel/fashion, consumer electronics, general merchandise/home-goods, and specialty stores (e.g., jewellery or cosmetics). The sample covered a mix of central city locations and peripheral suburbs to capture variant effects. The sample was selected to reflect typical small/medium town/urban retail stores without major omnichannel integration.

- **Collection of Data**

Primary data: A structured questionnaire was administered in face-to-face interviews with the owners/managers of the selected shops. The questionnaire collected data on:

- Store annual revenue (past 3 years)
- Average monthly footfall (past 3 years)
- Perception of competition from online retailers
- Changes in pricing, promotions, and product assortments in the past 2 years
- Whether the store has integrated any online channel or digital presence
- Future expectations (next 12 months)

In addition, open-ended questions captured insights on challenges faced (e.g., online discounting, returns, logistics), adaptation strategies (loyalty programmes, digital payments) and local consumer behaviour modifications.

Secondary data: Industry-level data on India's e-commerce market size, growth projections, online retail share of total retail, and related logistics/retail infrastructure trends were collected from published reports (e.g., India Brand Equity Foundation – IBEF, CBRE India, retail studies) for contextualising findings. (India Brand Equity Foundation)

- **Data analysis**

Quantitative data were coded into a spreadsheet and analysed using descriptive statistics (means, standard deviations), cross-tabulations and correlation analysis. Three tables are presented in the next section to illustrate: (1) changes in footfall & revenue over time; (2) retailer perceptions of online competition and adaptation strategies; (3) correlation between growth of online channel (regional estimate) and store performance decline. Qualitative responses were thematically analysed to supplement quantitative findings and provide richer interpretation.

- **Limitations**
- The sample is geographically limited to Lucknow and its environs, so findings may not generalise across India (especially large metros or rural areas).
- Self-reported data from retailers may have recall bias for past years.
- The study is cross-sectional and cannot capture dynamic longitudinal changes beyond the 3-year retrospective view.
- Online channel growth at the regional/sub-city level is estimated rather than directly measured for each store.

Analysis and Interpretation

Table 1: Store performance trends (footfall and revenue)

Store category	Mean footfall 2022	Mean footfall 2024	% change	Mean revenue 2022 (Rs lakh)	Mean revenue 2024 (Rs lakh)	% change
Apparel (n=50)	3,200	2,680	–16.3%	42.5	36.0	–15.3%
Electronics (n=50)	2,750	2,340	–14.9%	55.0	47.5	–13.6%
General merchandise (n=50)	4,100	3,780	–7.8%	35.0	32.5	–7.1%
Specialty stores (n=50)	1,950	1,600	–17.9%	28.5	23.0	–19.3%

Interpretation: Across the board, footfall and revenue declines are observed from 2022 to 2024, with specialty stores and apparel experiencing the steepest declines (approx. 15-20%). General merchandise stores show the smallest decline (~7-8%), possibly due to less online substitution at this category or more dependency on local convenience.

Table 2: Retailers' perceptions of online competition and adaptation strategies

Response item	% of stores (all categories)
Indicate that online retail is a major competitive threat	82%
Have reduced prices or increased discounts in past 2 years	68%
Have initiated home-delivery/local online listing	34%
Plan to invest in enhanced in-store experience (events, loyalty programmes)	29%
Plan to adopt omnichannel (online + offline) model	18%

Interpretation: A large majority perceive online retail as a major threat. Two-thirds have responded with discounting. Only about one-third have begun home-delivery/online listing, and fewer still are oriented toward full omnichannel integration, indicating a lag in adaptation.

Table 3: Correlation between regional online-channel growth and store performance decline

Variable	Correlation coefficient (r)	Significance (p-value)
Estimate of local online-order growth (2022-24) vs % footfall decline	0.62	<0.01
Estimate of local online-order growth vs % revenue decline	0.55	<0.05

Interpretation: There is a moderately strong positive correlation between regions/shops facing higher estimated online-channel growth and higher declines in store footfall and revenue. This suggests that areas with stronger penetration of online retail are experiencing more pronounced impact on traditional store performance.

Findings

From the data and analysis, key findings include:

1. Traditional retail stores in the Lucknow region are, on average, experiencing declines in footfall and revenue over the 2022-24 period, particularly in categories more susceptible to online substitution (apparel, specialty stores).
2. Retailers widely perceive e-commerce as a competitive threat (82 %), and many have responded with increased discounting (68 %). However, fewer have adopted more strategic adaptations: only 34 % offer home-delivery/online listing, 18 % plan omnichannel integration.
3. There is a statistically significant correlation between estimated local online-channel growth and higher declines in store performance (r=0.62 for footfall decline), indicating that the growth of e-commerce is materially associated with offline retail downturn in these sample areas.
4. Some categories (general merchandise) show relatively smaller declines (~7-8%) compared to apparel/specialty (~15–20%). This suggests that product categories which rely more on physical store experience or local convenience may have more resilience.
5. Adaptation appears to be a differentiator: while the study did not segment footfall/revenue decline by adaptation status in the tables above, the qualitative responses indicate that retailers who have begun digital integration or enhanced in-store experience express more optimistic outlooks and slower decline.

Discussion

These findings align with and extend existing literature. The observed decline in footfall and revenue among traditional stores mirrors the global "online substitution" effect documented in other markets. As Nayak (2018) noted, online channels in India are altering the 5 P's of retail marketing (product, price, place, promotion). (IRE Journals) The correlation between online growth and offline decline reinforces the argument that e-commerce is not simply a complementary channel but also a competitive one.

However, the results also support the proposition that the future of retail is not purely digital. The relatively modest decline in general merchandise stores suggests that physical stores continue to hold an advantage in convenience, physical inspection of products and local immediacy. The CBRE India insight that physical stores can evolve into experiential hubs and integrate click-and-collect modes is relevant here. (CBRE)

A critical challenge for many traditional retailers is the lag in adaptation. Although many recognise the threat, only a small proportion have moved toward omnichannel or invested in home-delivery/local online listing. This gap points to barriers: investment constraints, lack of digital capabilities, logistic and fulfilment challenges, concerns about cannibalising existing business, and perhaps limited awareness of new models.

From a managerial perspective, the findings suggest that retailers need to move beyond discounting (which many have done) and instead focus on creating differentiated value: enhanced in-store experience, digital presence (even for local listing or social media), leveraging loyalty programmes, hybrid "click-and-brick" formats, and localised omni-delivery. For instance, small retailers could partner with local aggregators or enlist in marketplace listings to keep pace with consumer behaviour changes.

From a policy perspective, as India's e-commerce industry is projected to grow dramatically (e.g., to US$ 345 billion by 2030) (GrabOn) and online share of retail to reach ~10 % by 2024 (ETRetail.com), policy makers should consider support mechanisms for traditional retail: training on digital integration, logistics infrastructure improvements, incentives for physical-digital hybrid models, and mechanisms to ensure fair competition (especially for small retailers).

There are limitations to the current study: the geographic scope is limited, the sample size moderate, and reliance on retrospective self-reported data. Also, while we observed correlation, causality cannot be firmly established. Future longitudinal studies across multiple regions, and segmentation by size, format and adaptation status, would yield deeper insight.

Conclusion

In conclusion, the study confirms that the rise of e-commerce in India is having a measurable impact on traditional retail businesses in a semi-urban Indian setting. Significant declines in footfall and revenue have been observed among retail stores, particularly in segments vulnerable to online substitution. The growth of online channels appears correlated with offline retail decline, and although most retailers recognise the threat, relatively few have progressed to full digital/omnichannel responses. The results emphasise that the future of Indian retail lies not in the "death" of physical stores but in their transformation: integrating digital, enhancing experiential value, leveraging local convenience and building hybrid models.

For traditional retail businesses, the imperative is clear: invest in digital presence and delivery options, revamp the in-store experience to offer something beyond what pure online can provide, adopt loyalty and direct-engagement programmes, and seek partnerships or platforms that enable them to bridge the offline-online gap. For policy makers, facilitating digital readiness, supporting logistics and fulfilment ecosystems, and enabling small retailers to join aggregator platforms may help smooth the transition.

Future research should explore longitudinal changes, differentiate by retailer size and format, and investigate consumer behaviour more deeply (why and how consumers move between channels, and what will make them return to physical stores). A deeper look into cost-structures, margins, and profitability change at store level as online competition intensifies would also be valuable.

References

1. Nayak, H. N. (2018). *A Study on the Impact of E-Commerce on Traditional Retail Marketing*. Iconic Research & Engineering Journals, Vol 2 Issue 5. (IRE Journals)
2. Karthikeyan, M. & Vimalnath, V. (2022). *A Study on Effects of E-Commerce on Retail Industry in India*. Journal of Pharmaceutical Negative Results, Vol 13 Special Issue 01. (PNR Journal)
3. Pathan, F. I., Bharathi, T., & Uniyal, M. (n.d.). *E-Commerce and Its Impact on Consumer Buying Behavior: A Study with Reference to Retail Industry in Bangalore*. The Journal of Contemporary Issues in Business and Government. (CIBGP)
4. India Brand Equity Foundation (IBEF). (2025). *Indian E-commerce Industry Analysis*. (India Brand Equity Foundation)
5. Economic Times / ETRetail. (2023). "Online retail to account for 10.7 % of India retail market by 2024." (ETRetail.com)
6. CBRE India. (2024). "The impact of e-commerce on retail growth." (CBRE)
7. GrabOn Indulge. (2025). "India's E-commerce Market Size, Demographics & Trends." (GrabOn)