

PalArch's Journal of Archaeology
of Egypt / Egyptology

IMPACT OF ONLINE RETAILING ON OFFLINE RETAIL STORES IN ELECTRONICS GOODS SECTOR

Author – Sudhakar Shukla

Co-Author- Dr. Vanishree Pabalkar

Sudhakar Shukla, Dr. Vanishree Pabalkar, IMPACT OF ONLINE RETAILING ON OFFLINE RETAIL STORES IN ELECTRONICS GOODS SECTOR-Palarch's Journal Of Archaeology Of Egypt/Egyptology 18(4), ISSN 1567-214x

ABSTRACT

In today's modern world e-commerce has transformed the buying pattern of customers as well as sales strategies of retailers. In this study I will be focusing on the impact of online retailing and ecommerce websites selling electronic goods over the offline retailers or shopkeepers that are selling electronic products. In this study I have identified some research gaps and the whole research will be defocused around research questions. This study will be a quantitative study and I will be analysing the buying behaviour of customers who are willing to buy electronic products through online stores as well as the offline stores and particularly study the factors that are responsible for the shift in the buying pattern of these customers. The study will conclude with the analysis of the impact that online retailing had on the sales of offline retailers including all the advantages that online retailing has over offline retail stores.

INTRODUCTION

In the last five years, India has undergone a phase of digital transformation that transforms customer shopping experience at a different level. The dynamics of the Indian retail industry are significantly influenced by the changing customer tastes, rising income levels, increasing mobile use and broad access to digital media. E-commerce in India is expected to reach INR 2,000 billion by 2025, primarily driven by categories such as fashion and consumer electronics (Brown, L.G. (2019).

GenY, the young-age generation, working women, and the huge Indian middle class have grown to be the most powerful segments of the society that are driving new demographic, technical, and economic patterns. Urbanization would also have an effect on the economy, with 64 per cent of the overall Indian population urbanizing by 2025 and cities responsible for 70 per cent of India's GDP by 2030.

The consumer electronics and appliances industry in India is projected to cross about \$30 billion by 2020. The penetration of online shopping of electronics and appliances purchases was about 3-5 per cent of 2016 and is projected to cross about 20-25 per cent by 2020. It translates into an rise in electronics online retailing at a compound annual growth pace of about 75% between 2016 and 2020.

With ever-increasing Internet connectivity and greater demand for online shopping, the Indian consumer electronics environment is expected to evolve in the next five years. This is highly critical that consumer goods and appliances businesses understand this transition and start redefining their marketing approaches to profit in the long run.

Consumer goods and hardware firms have been bringing items into the market in the past through a variety of campaigns, such as packaged deals, promotions and competitive pricing. Nevertheless, it is time to reinvent the concept when customer purchasing behavior evolves as they are already open to buying a high levels of consumer electronics product online. This shift has taken place in the past 2-3 years, since there are numerous e-commerce sites available, along with the the desire for convenience provided by online shopping in conventional retail stores.

Consumers are also getting incredibly clever these days as they look at products in the electronics shopping store and match rates with online portals. In our world, price is still the key driver of buying and the buyer will buy it from the channel selling it at the lowest price. In the case of consumer electronics firms who schedule and execute advertising promotions during the holiday seasons, online e-commerce players operate these initiatives on a regular basis, because they can conveniently compete with the extra profits, they have had thanks to the absence of the supply chain stakeholders (Ahmad, S. (2002).

In addition to considerations such as multiple product competition, internet marketplaces provide several systems incorporating various payment platforms to offer extra cashbacks and discounts. The rise of mobile Internet usage will be one of the main factors for the growth of this platform, as it is projected to cross 300 million users in India by the end of 2017. Through growing network infrastructure growth and the usage of cellular technology such as 3 G and 4 G, the total Internet consumer base in India is projected to cross 600 million users in 2020, accounting for 27 per cent of penetration.

While the online retail market is booming, there are many explanations why India is still in the early stages of growth, particularly with regard to large home appliances. Lack of logistics suppliers with experience in managing large appliances is one of the key challenges that has already been tackled in the online marketplaces, with major developments being made to develop the supply chain, distribution and deployment capability for the online selling of large appliances. Flipkart aims to develop a network of ten distribution centres spread across 6 lakh square feet, while its competitor Amazon intends to set up nine filling centres across nine states to cater for big appliances.

LITERATURE REVIEW

Mayer, Davis and Schoorman, in 1995,(p. 709-734) initially defined trust as: "The concept of trust" is defined as the willingness of one party to be vulnerable to the actions of another party based on the expectation that the other party will carry out a particular action that is important to the trustee, regardless of the ability to monitor or control that other party.

Mayer, Davis and Schoorman's (1995) study was one of the first and most popular e-commerce trust studies and they viewed the main predictors of trust as being intent on taking a risk and perception of the characteristics of the trustee. The desire of customers to purchase from online store is significantly influenced by the trust of consumers in giving their personal details and protection to pay via online credit card. A simple approach is for an internet retailer to may the fear issues consumers have with having big name goods on their websites. Getting your own brand name, such as Amazon, is always a smart thing (Korgaonkar&Karson, 2007). Holding and even selling advertised goods will increase the confidence quotient. The brand name also greatly impacts the customer's final purchase decision (Lim & Dubinsky, 2004).

One of the biggest challenges citizens encounter is perceived time constraints. Settle and Alreck (1991) describe this as the degree to which an person feels lack of time relative to the everyday tasks of living. This perceived burden may grow from two distinct outlets, personal and situational.

According to Pan and Zinkhan (2006), privacy issues have a major impact on consumer confidence in the online retailer. Nevertheless, several reports show that privacy issues are the key obstacle on the path to the proliferation of Internet shopping (Hoffman et al., 1999; Hou&Rego, 2002).

Innovation in e-commerce

One of the biggest enablers is mobile, of which smartphone usage is growing steadily and currently holds a 35 % market share. The success of e-commerce can be contributed by other technology enablers, such as Cloud technology, used by companies to provide consumers with a seamless purchasing cycle and to host effective marketing campaigns. Mobile apps are becoming an increasingly convenient channel for consumers, including individuals from rural areas. Flipkart reported 50 percent of its mobile app revenue and Quikr reported 70 percent of its revenue.

Digital Advertising is growing at 30 percent full-time, reaching \$538.09 million in 2015. Advertisements for digital advertising are versatile and can be used in any form of digital media, such as TV, mobile or laptop, and can reach a wider audience. Search Engine Optimization (SEO) is another channel used by e-commerce companies to make their websites more visible, make them more effective, improve search rankings and motivate buyers to visit their websites more than others.

With a wide range of start-ups competing for consumer attention, competition is bound to take place; to eliminate such competition, the trend of mergers and acquisitions is on the rise. Just last year, Flipkart merged with Myntra at nearly \$ 300 million, reducing competition. Another major merger in 2014 was the purchase by Ola Cabs of their arch rival Taxiforsure for \$200 million. The valuation of big brands attracts a lot of investors, both inside and outside India. For starters, Snapdeal announced a loss of \$40 million in 2014. However, their valuation was raised to \$3 billion from the previous \$350 million when \$850 million was raised. High valuation plays a major role for e-commerce players, regardless of the profitability of the company.

Smith and Brynjolfsson (2001) found in a 2001 study of the American book market that the majority of shop buyers do not choose the lowest price offer – even if such offers are price-based. Consumers that do not choose the lowest option pay an overall cost of 24,1% while customers stay option-suspect. The heavy buyer demand for the sales provided by the three major company (Amazon, Barnes & Noble and Borders) which have been shown to have a benefit of \$1.72 relative to retail stores may account for this change in buying behaviour of customers.

Chang and Samuel (2004) maintain that the dynamics of consumer decision making processes regarding online shopping choices are one of the most important premises for encouraging the participation of more consumers in e-commerce. Factors that affect customer behaviour in online shopping is addressed in the following pages.

RESEARCH METHODOLOGY

This research explores the interaction between various factors that affect customer behaviour towards online shopping vs offline shopping of electronic products through offline retailers. Internet shopping relates to new developments of being able to purchase anything from home. The purpose of this study is to clarify the impact of the five key variables extracted from literature. These variables are trust, time, variety of products, convenience and privacy, which determine how consumer purchasing behaviour reflects online shopping trends. Data were collected through the use of a specified measuring instrument. This instrument was a fully self-developed and standardized questionnaire, consisting of two sections. The methodological review of the results indicates that confidence and comfort would have a significant effect on the choice to shop digitally or not. Trust is considered to be the most relevant factor affecting the customer's purchase behavior towards online shopping when it comes to younger generations.

Research Question

Q What is the Impact of online retailing on offline retail stores in electronics goods sector?

Q Does online retailing of electronic goods negatively impact the sales of offline retail stores?

Q Does online retailing strategies have a huge influence on the sales of electronic goods online as compared to sales of electronic goods offline?

RESEARCH GAPS

There is a lot of research about online ecommerce companies and their sales strategy in previous researches but there is not much focus on the impact that online retail stores have on the traditional form of marketing which includes offline retail stores particularly in the electronic product sector.

RESEARCH METHOD

The quantitative analysis technique was used for this study. Quantitative analysis has utilized data organized in numbers or which can be transported instantly in numbers. The methodology to analysis is tightly regulated and precise. Quantitative analysis is a comprehensive empirical study into and interactions with property and phenomena.

Quarantine work aims at establishing and utilizing natural phenomena's statistical structures, explanations and hypotheses.

SOURCES OF DATA

This research is primary research and conducted with the help of questionnaires and survey methods. The responses that were collected by using qualitative and quantitative methods of research were analysed with the use of Microsoft Excel to summarize the collective result of all the responses that were collected.

I collected the responses from around 100 respondents who were customers of electronic goods from online and offline retail stores

OBJECTIVES OF THE STUDY

- To study the Impact of online retailing on offline retail stores in electronics goods sector
- To study the competitive advantage that online retail stores have over offline retail stores.

DATA COLLECTION

There are usually two approaches for the data collection, Primary and secondary which is done by researchers. When discussing primary data, it includes method of observation, interview / question method, method of case study and projective techniques. Secondary data is one that other researcher already collects not for the intent of particular analysis or review. The researchers choose to use the main data collection tool to use customer questionnaires as to the variables impacting the internet purchase by customers. The questionnaires for the study sample have many advantages. A. As per other data collection methods, questionnaires are fairly efficient and inexpensive. B. The features of a broad community are elevated in questionnaires. C. Often consistent questions are used to render primary data more accurate. This study used self-made questionnaires as an instrument for collecting the data, and based on general theory and knowledge, the researcher created questionnaires. Since the survey was automatic, it must be tested to prove that questions are valid and reliable for validity and reliability testing.

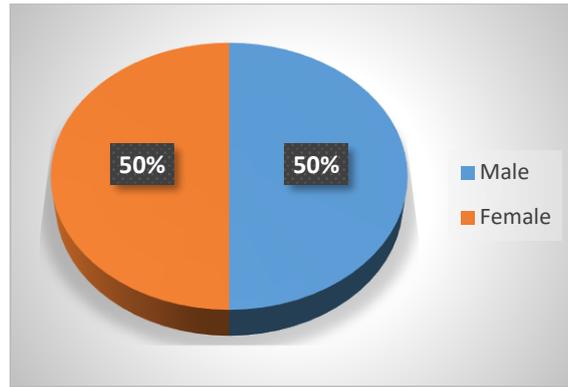
DATA ANALYSIS

QUESTIONNAIRE

NAME

SEX

Male	50
Female	50

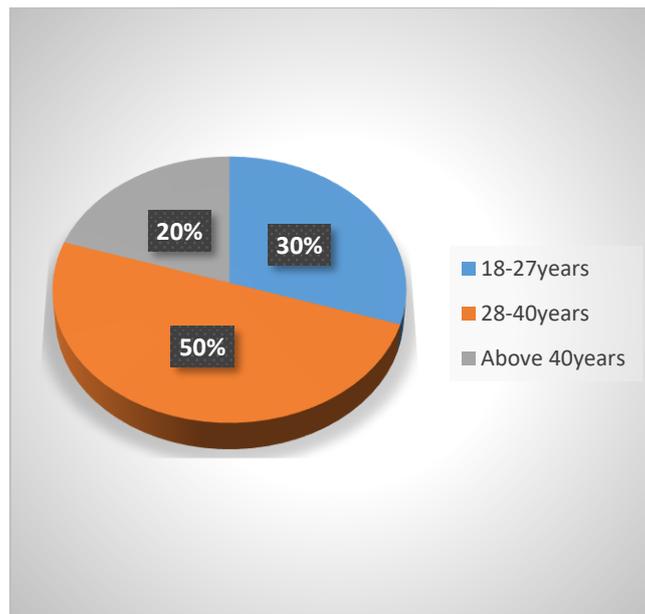


DATA INTERPRETATION

According to the survey, 50 respondents are male while rest of the 50 respondents are females.

AGE GROUP

18-27years	30
28-40years	50
Above 40years	20

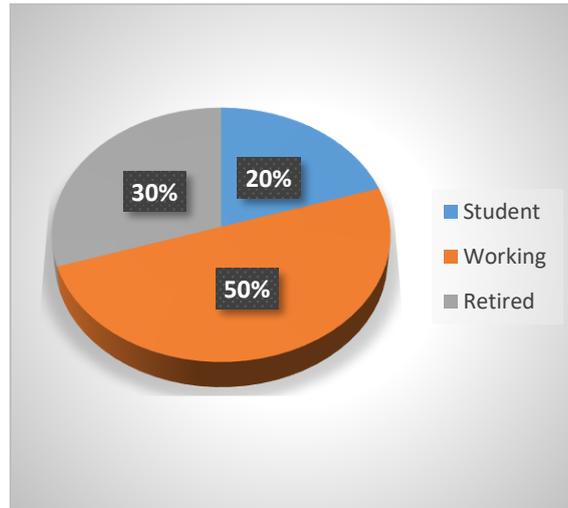


DATA INTERPRETATION

According to the survey, 30 respondents are of age group 18-27years while 50 respondents are of age 27-40years. The remaining 20 respondents are above the age of 40years.

OCCUPATION

Student	20
Working	50
Retired	30

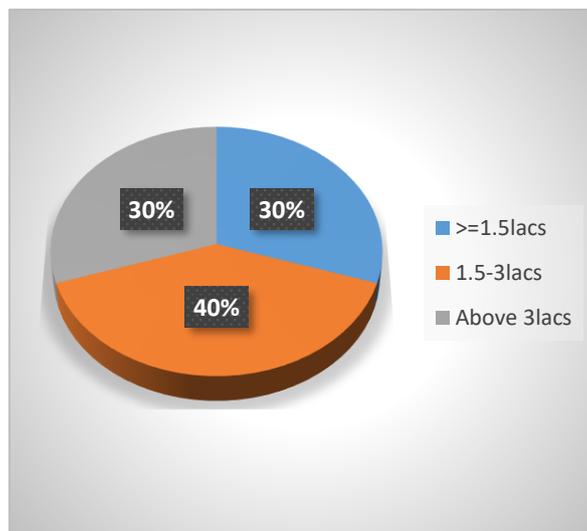


DATA INTERPRETATION

According to the survey, 20 respondents are students, 50 respondents are working while remaining 30 respondents are retired.

ANNUAL INCOME

>=1.5lacs	30
1.5-3lacs	40
Above 3lacs	30

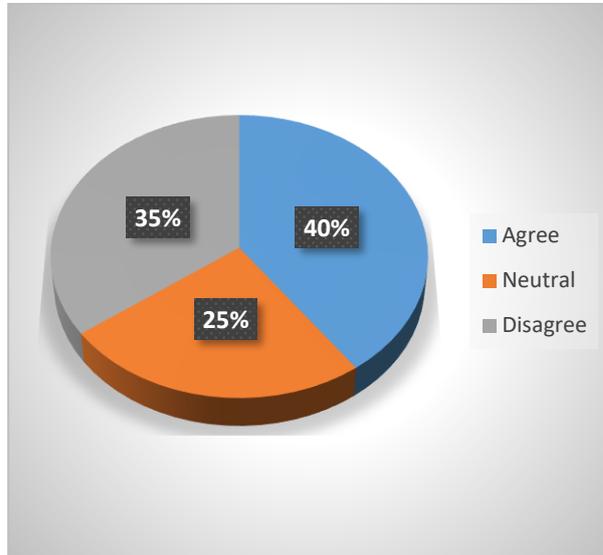


DATA INTERPRETATION

According to the survey, 30 respondents have annual income below 1.5lacs while 40 respondents have their annual income in between 1.5-3lacs. Rest of the 30 respondents have annual income above 3lacs.

Q5. The websites helps in searching the products easily?

Agree	40
Neutral	25
Disagree	35

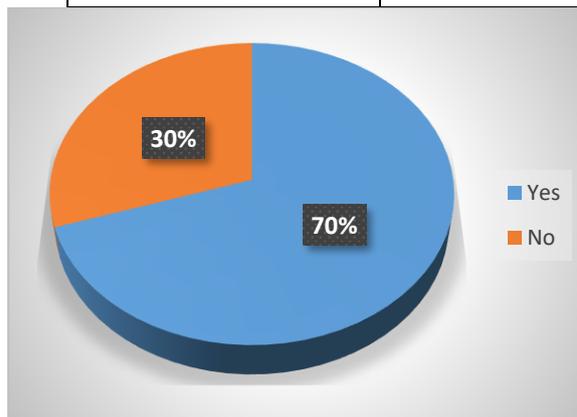


DATA INTERPRETATION

According to the survey, 40 respondents agree that the websites helps in searching the products easily while 25 respondents are neutral about it and rest of the 35 respondents disagree with this.

Q6. Online mode is easy to choose and make comparison with other?

Yes	70
No	30

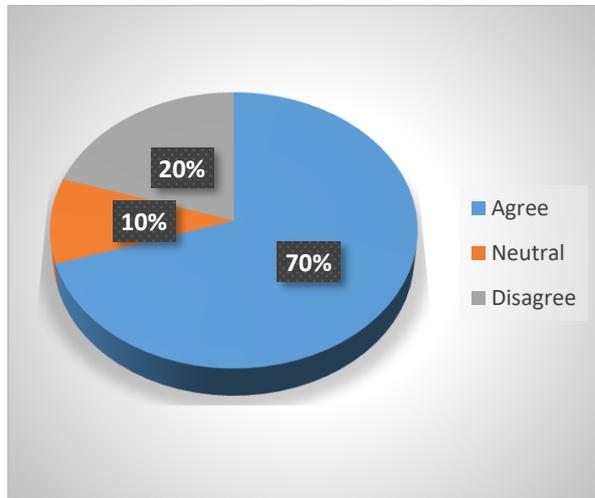


DATA INTERPRETATION

According to the survey, 70 respondents believe that online markets is more beneficial while 30 disagree with this.

Q7. Through online, we can buy the products anytime 24 hours a day while shopping online

Agree	70
Neutral	10
Disagree	20

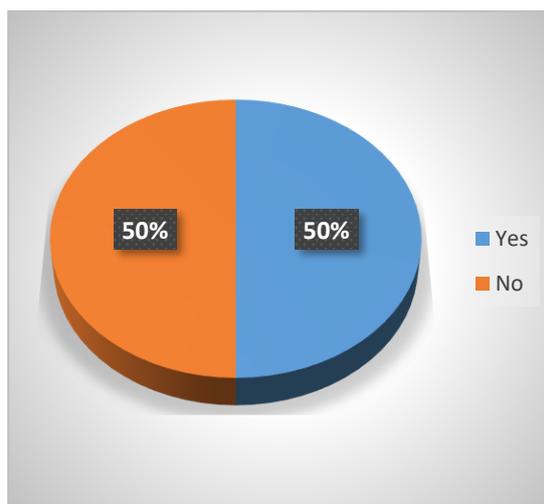


DATA INTERPRETATION

According to the survey, 70 respondents agree that online shopping is more convenient and 10 are neutral about it while 20 respondents disagree with this.

Q8. Online shopping takes less time to purchase

Yes	50
No	50

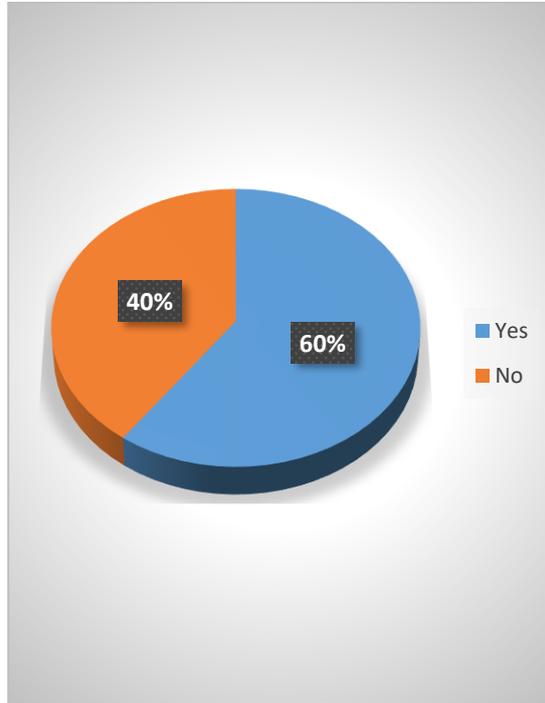


DATA INTERPRETATION

According to the survey, the respondents have responded equally for the fact that the online shopping takes less time to purchase products.

Q9. Online Shopping protects my security

Yes	60
No	40

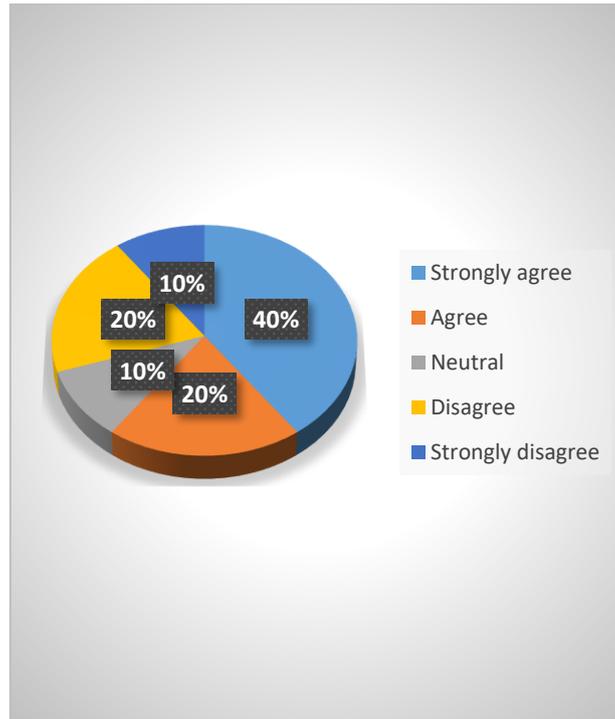


DATA INTERPRETATION

According to the survey, 60 respondents responded that online modes provide security while rest 40 doesn't believe this.

Q10. Online shopping has better products variety as compared to retail market

Strongly agree	40
Agree	20
Neutral	10
Disagree	20
Strongly disagree	10



DATA INTERPRETATION

According to the survey, 40 respondents strongly agree with this point while rest are neutral and disagree with this point.

Commercial effects

Although several individuals believe that eCommerce has negatively affected the retail market, this might not be so in its entirety.

While small retailers have certainly been impacted negatively, it has allowed big brands to expand their retail sector. Those who have been affected are those who have relied solely on the traditional business method. Buyers' demands have grown with the growth in the eCommerce market, and they demand far more than simply purchasing goods. A healthy experience where the buyer feels pampered is expected in all retail stores. Tools such as mobile ordering and home delivery are planned from small-time retail stores. Those that have been willing to do this have thrived well, whilst the others appear to have been adversely impacted.

On the other hand, the buyers' mentality of having to physically touch and see the product has ensured continued business for many businesses, including clothing, jewelry, vegetables, electronic gadgets, etc. Many consumers also have the need to physically test the goods before purchasing them. It has been reported that while more than 200 million users in India are using the Internet, just around 32 million people are shopping online. Another aspect that helps offline vendors maintain is the lack of access to the internet. Most people do not have access to the Internet and still rely on traditional stores for their daily and special needs. Many still feel the need to physically visit stores because it is an overall experience (like a break from daily routing) that can not be provided by online stores.

The effects of online orders, including breakage during shipping, distribution of defective / incorrect goods, post-sales difficulties, sluggish distribution, low usability in remote areas and, in particular, lack of personal attention, are factors that make retail stores succeed in India. Many big companies who have only online outlets (such as lenskart) also launched brick-and - mortar shops to fix such issues. High-value goods are also expected to be bought offline. In comparison, web advertisements may also be much easier than physical ads. Many businesses are creating videos with an emotional / social message that can go popular immediately and quietly promote their brand identity.

ANALYSIS OF THE OFFLINE RETAIL MARKET IN ACCORDANCE WITH ONLINE RETAILING

It may also be seen that the eCommerce market has opened up new doors for the retail business.

The retail market, which can easily adjust to the millennial mindset, will expand in leaps and bounds. Even the idea of 'personal contact' powered selling may not be a successful strategy in the long run. Businesses who float with the sea are expected to hit larger heights, whereas mainstream merchants (who do not adapt) growing lose a large amount of customers. Easy steps (such as getting a reputable website or even a Facebook page) to make their existence known digitally can often have a major positive effect on their retail sales. Many small-time retailers and local retailers now offer discounts as well as home delivery options to stay in the game.

Around the same period, internet vendors will still need to set up physical shops for consumers to 'see the feeling' of purchasing a premium product that is actually real. With the increase in cybercrime, where many people have fallen prey to online hackers, it's not easy for many people to trust an online store. This has been a ban on newer brands that rely only on online stores. As a consequence, such online retailers can need to set up retail shops or 'experience centres' to win the confidence of people who invest in conventional shopping choices.

CONCLUSION

Overall, while the eCommerce market has the retail sector in the early stages, it has helped to raise sales through a variety of big players who have been wise enough to 'make hay while the sun shines.' Pushing deals online and delivering similar offers offline has proven to be an effective marketing tactic in the midst of the eCommerce boom. Retail industry, which can adapt to changing trends and understand consumer mentality, will become a successful venture, while others who fail to swim with the tide may be at risk of losing a significant amount of business.

This article states that e-commerce is very beneficial as the supply of the products is at our doorstep with a wide variety of products and services with plenty of information and attractive images. This gives consumers convenience and allows the organization to grow its business through the internet. The effect of e-commerce on the industries such as rising advertisement expense would be beneficial for a wide range of consumers, developing new products, retaining strong partnerships with customers and delivering personalized goods according to consumer needs. Nonetheless, internet shopping is not having a big effect on physical stores as consumers purchase from online shops at cheap rates so they have to cut costs and will not get any money, stores cannot have a large stock, like online shops, as it would cost them a massive loss. More money is required to draw consumers

in offline advertising. In accordance with the impacts of internet shopping, the production and operation of an online store often entails some constraints on consumers and retailers; logistics expenses to carry out online order have to hold a huge stock in a big, heavily priced warehouse; protection and fraud, which have both been attracted by the success of online stores, are criminal elements

REFERENCES

- AadWeening. (2012). B2C Global e-Commerce Overview: Interactive Media in Retail Group
- Ahmad, S. (2002). Service failures and customer defection: a closer look at online shopping experiences, *Managing Service Quality*, 12(1), 19-29.
- Berry, L.L., Seiders, K. and Grewal, D. (2002). Understanding service convenience, *Journal of Marketing*, 66(3), 1-17.
- Bélanger, France, Janine Hiller, and Wanda Smith (2002). Trustworthiness in electronic commerce: The role of privacy, security, and site attributes. *Journal of Strategic Information Systems*, 11(2), 245-270.
- ROSHAN, Y. S. IMPACT OF FUND TRANSFER ON INDIAN ECONOMY.
- Bellman, S., Lohse, G., and Johnson, E. (1999). Predictors of online buying behavior, *Communications of the ACM* 42 (12), 32-38.
- Bhatnager, A., Misra, S. and Rao, H. R., (2000). On risk, convenience, and internet shopping behavior, *Communications of the ACM*, 43 (11), 98–105.
- Ravi, S., David, A., & Imaduddin, M. (2018). Controlling & calibrating vehicle-related issues using RFID technology. *International Journal of Mechanical and Production Engineering Research and Development*, 8(2), 1125-1132.
- Bosnjak, M., M. Galesic, et al. (2007). Personality determinants of online shopping: Explaining online purchase intentions using a hierarchical approach, *Journal of Business Research* 60(6), 100.
- Bourlakis, M., Papagiannidis, S. and Fox, H, (2008). E-consumer behavior: Past, present and future trajectories of an evolving retail revolution, *International Journal of E-Business Research*, 4(3), 64-67.
- Brown, L.G. (2019). The strategic and tactical implications of convenience in consumer product marketing, *Journal of Consumer Marketing*, 6(1), 13-19.
- Bucklin, L.P. (1963). Retail strategy and the classification of consumer goods, *Journal of Marketing*, 27(2), 50-55.
- TALREJA, S. (2016). Stochastically optimized handwritten character recognition system using Hidden Markov Model.
- Burke, R.R. (2002). Technology and the customer interface: what consumers want in the physical and virtual store, *Journal of the Academy of Marketing Science*, 30(4), 411-32.
- Butler, P. and Peppard, J, (1998). Consumer purchasing on the internet: Processes and prospects, *European Management Journal*, 16(5), 600-610.
- Collier, G. (1995). Information privacy. *Information Management & Computer Security*, 3(1), 41-45.
- Atanda, L. A. Information Technology Skills and Users' satisfaction with Library Services in Akwa Ibom State Electronic Library. *IASET: International Journal of Library & Educational Science (IASET: IJLES)* 3.2 (2017): 1, 16.
- Jermittiparsert, K., Sriyakul, T., Pamornmast, C., Rodboonsong, S., Boonprong, W., Sangperm, N., Pakvichai, V., Vipaporn, T., & Maneechote, K. 2016. "A Comparative Study of the Administration of Primary Education between the Provincial Administration Organisation and the Office of the Basic Education Commission in Thailand." *The Social Sciences* 11 (21): 5104-5110.

- Viswanathan, V., & Sasireka, I. (2016). Use of Library Electronic Resources Among Selected Arts And Science Colleges In Tamil Nadu. *International Journal of Library Science and Research (IJLSR)*, 6(4), 17-22.
- Maseleno, A., Huda, M., Jasmi, K. A., Basiron, B., Mustari, I., Don, A. G., & bin Ahmad, R. (2019). Hau-Kashyap approach