



Impact of E-Commerce on Traditional Retail Business

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ABSTRACT

The emergence and widespread adoption of e-commerce has led to revolutionary changes in the retail industry, leading to significant changes in consumer behaviour and the competitive landscape. This research paper analyses and compares the impact of e-commerce on traditional retail business, highlighting the challenges and opportunities faced by the retail businesses.

This study uses a comprehensive literature review and analysis to understand the transformative effects of e-commerce on various aspects of consumer behaviours, pricing strategies for the retail businesses, influence of e-commerce on buying pattern of consumers and how it has changed over the period of time.

Research suggests that while traditional retail faces many challenges, it can also benefit from the opportunities that e-commerce offers. The document concludes by providing strategic recommendations to retailers to successfully navigate the evolving commercial landscape.

Introduction

The retail industry has undergone a profound transformation over the last two decades, mainly due to the rapid progress of e-commerce. E-commerce, characterized by online platforms and digital transactions, has revolutionized the way consumers shop and interact with retailers. The convenience, accessibility and wide range of products offered by e-commerce platforms have attracted a growing number of customers, changing their buying behaviour and expectations. Consequently, traditional retailers run by brick-and-mortar shops face significant challenges in line with this new competitive landscape. The aim of this research paper is to analyse and compare the impact of e-commerce on traditional retail businesses. The aim of this study is to provide a comprehensive understanding of the transformative effects of e-commerce on the commercial industry by examining various aspects such as customer experience, influence of technology, and market dynamics. Furthermore, the paper attempts to identify the challenges faced by traditional retailers and explore the opportunities that e-commerce offers them.

Background/Review of the Literature

The growth of e-commerce can be attributed to several factors. Advances in technology, extensive internet access and the expansion of mobile devices have made online shopping a convenient and popular option for consumers across all generations. The ability to browse through many products, matching prices, reading reviews, and making purchases from the comfort of their homes has drastically altered consumer behaviour. As e-commerce continues to grow, traditional retailers are forced to re-evaluate their strategies and operations to compete. Many traditional retailers have embraced e-commerce by establishing online platforms, adopting omnichannel methods and using technology to improve the experience in the store. However, others struggle to maintain the pace of change and cope with the danger of not being in use. Understanding the impact of e-commerce on traditional retail business is critical for researchers and anyone who wants to start a new business to understand the industry dynamics. This knowledge will help retailers in developing and developing effective strategies in line with the evolving commercial landscape. In addition, policy makers can use these insights to create a supportive environment for both e-commerce and traditional retail, which promotes a balanced and sustainable retail ecosystem.

Rationale of Research/Research questions

- Do you believe e-commerce has influenced consumer preferences regarding shopping habits?
- Do you think the rise of e-commerce has affected the pricing strategy of traditional retail businesses?
- Do you see any opportunities for collaboration between traditional retail and e-commerce businesses?
- When choosing to shop, what factors influence your decision between traditional retail and e-commerce?
- Do you believe e-commerce has influenced your preferences regarding where to make purchases?

Methodology and Design

To address research questions and achieve goals, this study uses a mixed-method approach. The research begins with an extensive literature review by providing a comprehensive understanding of existing knowledge and theories regarding the impact of e-commerce on traditional retail business. This review serves as the foundation for a further analysis. The data will be collected through surveys and secondary data to gain insights on customer experience, influence of technology, pricing strategy, customer behaviour and market dynamics. The data will be analysed using appropriate statistical methods and qualitative methods. This study will conclude by providing strategic recommendations to retailers to successfully navigate the evolving commercial landscape during the online era.

Research Objectives

The basic objectives of this research document are as follows:

- Analysing and comparing the impact of e-commerce on traditional retail in various dimensions like customer experience, influence of technology, pricing strategy, customer behaviour and market dynamics.
- Identifying the challenges faced by traditional retailers in the presence of e-commerce.
- To explore the possibilities that e-commerce offers to traditional retailers.
- Providing strategic recommendations to traditional retailers to successfully navigate an emerging commercial landscape.

Analysis and Interpretation

As per the analysis of primary data available after the circulation of survey and the data received due to it the following will be covered in 3 segments age wise

A survey was conducted to gather the primary data to find an appropriate solution to provide an analysis and understand the impact of e-commerce on traditional retail business.

The data is segregated into 3 parts to get a better understanding about the buying habits generation wise (from age 19 till 25, from age 26 till 50 and 50 & above)

Please find the response of 30 people.

Particulars	19-25	26-50	50 and above
Changes adapted in pricing strategy by traditional business due to rise in e com services	More discounts Wide variety	Discounts Comfort from buying at home	Competitiveness due to transparency and information available easily about the product
Factors influencing customer behaviour while shopping for a product	1. Convenience 2. Price 3. Variety 4. Customer Service 5. In-store (very few)	1. Price 2. Convenience 3. Variety 4. Customer Service (5) 5. In-store (4)	1. Price 2. Convenience 3. Customer Service 4. In-store 5. Quality
Change in customer behaviour while shopping for a product (convenience)	Decreased visits to traditional stores	Decreased visits to traditional stores	Decreased visits to traditional stores
Changes observed in pricing strategies in retail businesses	Competitive pricing and available at cheaper price at the brick-and-mortar shop	Competitiveness among themselves. Brick and mortar ready to sell at lower price compared to online	Price at par with e-commerce sites
Future of Traditional Retail Business in the era of e-commerce services	Optimistic - 5 Neutral - 7 Pessimistic - 1	Optimistic - 6 Neutral - 8	Optimistic - 1 Neutral - 2

Challenges faced by Retail business while competing with e-commerce business	Pricing competition Technological limitations Changing consumer behaviour Inventory management	Pricing competition Technological limitations Changing consumer behaviour	Pricing competition Technological limitations Changing consumer behaviour Ease of access
Opinions/suggestions for traditional retail business to stay competitive in the evolving retail landscape dominated by e-commerce	Go digital Offer discounts Provide variety	Blend with E-com services Offer discounts Provide variety Offer home delivery Provide better store experience	Adapt to changing times and new technology Old people will always prefer a Brick-and-Mortar business model over online experience Go digital

Findings

The population ranging from age 19-25 were keener on discounts available and wide variety while shopping.

The population ranging from age 26-50 were keener on comfort and ease of access available while shopping.

The population ranging from age 50 and above were keener on low price availability & comfort and ease of access available while shopping.

Significance, Conclusion, and Recommendations

The findings reveal a strong trend among the general population in favour of digitalization, with a majority suggesting the need for businesses to establish a robust online presence. This shift indicates an increasing preference for the convenience and accessibility of online shopping. However, a contrasting view emerges from the older generation, who largely emphasize the importance of enhancing the physical retail experience. For this demographic, brick-and-mortar stores provide familiarity and a sense of trust, which are valued more highly than the advantages of digital shopping.

To address these diverse preferences, a balanced strategy is recommended. Businesses should continue expanding their online platforms to attract tech-savvy customers while also investing in their physical stores to cater to older clientele. This dual approach could improve customer satisfaction across age groups and enhance long-term customer loyalty.

Link for survey conducted to gather primary data

https://docs.google.com/forms/d/e/1FAIpQLSdXoV2g1D7jYUHqzOQUMFEpHlrqtAdQ_6V16r4Pxb9phcx8w/viewform?usp=sf_link