



A STUDY OF E-COMMERCE AND LOCAL VENDORS; IMPACT AND CHALLENGES

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ABSTRACT:

Click here and insert your abstract text. The rise and rapid growth of e-commerce have redefined the traditional vendors in developing country like – India. E-Commerce platforms have introduced product quality and other benefits for customers. However, this technological shift has also brought number of challenges for local vendors who primarily rely on offline markets for their livelihoods. Many local vendors find it hard to compete with large infrastructure, lack of logistics support and lack of marketing resources. E-Commerce presents both risk management and opportunities for local vendors. Though a balanced approach, supported by sustainable policies and infrastructure, local vendors can thrive in the develop commercial landscape

Keywords: E-Commerce, Online markets, Digital platforms, local vendors, small business etc.

1. Introduction:

“E-Commerce describes the process of buying and selling or exchange of products, services and e-commerce is the use of networked computer to improve business” AeBN (1998).

Over the few, years e-commerce e-commerce platforms like Myntra, Meesho, Amazon, Shopsy and Flipkart have transformed the selling and buying of good and services providing businesses with acquire to global markets and offering customers. E-Commerce is playing an important role in growth of economy. **However**, the rise of E-Commerce presents challenges and opportunities for local vendors. Local vendors typically independently and small owned businesses, have a historically been essential to local economic. Local businesses have often setup their outcome on face-to-face interaction with consumers. However the development of e-commerce has shifted customer behavior, which many people select to shop online due to the benefits, wider market, and competitive prices. This transformation to e-commerce shopping has led to grow competition for local businesses. One of the main challenges for local vendor is price competitive. Larger e-commerce platforms can leverage economic of scale to offer less price and quick delivery times. However, adopting e-commerce is not without risks. Local vendors must guide logistical challenges such as a store management, shipping and order fulfillment. On the other hand, it has created fresh opportunities for market growth, enabling local vendors to reach consumers beyond their local regions and more diverse consumer audience.

2. Review of Literature:

V Santos, et.al, (2023) in this research article E-Commerce; Issues, opportunities, challenges, and trends examine e-commerce as a business model that opens global markets for organizations. It identifies key aspects such as e-business and e-market, and highlights that e-commerce is often used in the B2C model. The research discusses the adoption of e-commerce with various internet tools and techniques, noting both benefits and risks. The study also explores the connections between ecommerce and globalization, e-marketing, and digital platforms. It emphasizes the importance of KPLs in sales, marketing, and customer service for e-sellers. Finally, the study highlights the age segmentation to create targeted groups of e-buyers.

Anuj kumar, et.al, (2018), in this research journal Impact of e-commerce in Indian economy discusses the growing importance of e-commerce of e-commerce in India's economy, which is one of the fastest growing internationally. It emphasizes the need for government intervention and foreign direct investment to stabilize and grow the e-commerce sector. With internet usages in India rising to 429.23 million in 2017, and expected to reach 830 million by 2021, the country's internet economy is valued at 125billion dollars. The focuses on B2C e-commerce and its contribution to India's GDP, while also recognized problem faced by the sector.

Jeffrey F. Rayport & Bernard Jaworski, (2003), In his book Introduction to e-commerce foundational text for teaching e-commerce, focusing on method over technology. It provides a comprehensive overview of conducting business in the networked economy, emphasizing the essential knowledge managers need about internet infrastructure, technology, public policy, and capital infrastructure. The book is structured around a framework that places business strategy at the core, surrounded by four key infrastructure technology, media, public policy and capital. It explores online methods, business

models, market communications, websites development, and the role of public policy. The next includes case studies, example, and practical insights, marketing it ideal for courses in marketing, management, method, and entrepreneurship.

John Hunphrey, et.al, (2003) in this report Reality of e-commerce with developing countries this study explores the use of B2B e-commerce in the garments and horticulture sectors in Bangladesh, Kenya, and South Africa. It examines what happens in internet-based e-marketing and how businesses in developing countries use the internet for trade. The main finding is that B2B e-commerce mainly strengthens existing trading relationships but does little to help from new ones. This highlights the significant for policy makers and businesses to understand how global trade works and how interfirm relationships are built. For developing firms to access global markets more fairly, it's essential to understand these dynamics. The research was conducted by the London school of economics and the institute of development studies at Sussex, founded by the UK's development for international development.

Junhong chu,et.al, (2022), in their research article an empirical analysis of shopping behavior across online and offline channel for grocery product; The moderation effects of household and goods characteristics; affect brand loyalty, size and price sensitivity across online and offline grocery shopping channels. It analyzes the shopping behavior of household that shop interchangeable at the same grocery chain's online and offline store, across 93 categories of food, non-food, sensory, and non- sensory goods. The findings reveal that household are more brand and size loyal but less price sensitive in the online channel compared to the offline channel.

Data:

This research is based on primary data. The data was gathered through a structured questionnaire in Lucknow, India. The data collection took place between March and April 2025, targeting local vendors and the total number of respondents was 102. The questionnaire included both closed ended and Likert – scale questions. Participants were selected using simple sampling method and convenience sampling method.

Methodology:

To study the "A Study of E-Commerce and Local Vendors; Impact and Challenges" Primary data was administered to collect data through a well-structured questionnaire from sample respondents using a convenience sampling technique by adopting survey method adopting survey method, face to face interview and online forms etc.

Impact of E-Commerce on Local Vendors –

E-Commerce is all about digital transformation of businesses. Currently, E-Commerce is able to touch every sector of the businesses. So definitely, E-Commerce transformation has a great effort on business. It influences the business both positively and negatively.

Positive Impact –

24/7 Availability –

24/7 availability means something is accessible continuously, 24 hours a day, 7 Day a week. Customers can obtain service and information at any time, irrespective of their location and time zone. E-Commerce platforms allow businesses to sell goods and services round the clock, removing time constraints and enhancing sales opportunities.

Access to global market –

Market access denotes to a company's capacity to sell products and services in international markets. Global market access is the process of identifying applicable regulations and managing product compliance to those regulations with respect to accessing global markets. Small and medium enterprises can easily access global markets through e-commerce platform like Flipkart, Amazon, Shopify etc. bypassing the limitations of traditional model.

Flexible payment solutions –

A flexible payment option allows customers to acquire goods & services and pay for it over time. Customers appreciate the ability to manage their finance and make purchases that align their budget. E-Commerce offers businesses with a variety of payment methods, including credit cards, digital wallets, UPI, and cash on delivery, enhancing convenience for both vendors and customers.

Enhanced brand trust –

Brand trust can be defined as a consumer's confidence about a brand's capability and intention to responsibly deliver value. E-Commerce platform assists businesses build brand trust through personalized experience, focused promotions and consistent customer engagement techniques.

Negative Impact –

Data privacy concern –

As digital platforms deal with sensitive customer information, such as payment details and personal information, companies face the challenge of ensuring provide data privacy and security. Poor management of data, lack of consumer approval, or data security breaches can result to serious legal consequences, such as fines and damage to reputation. Having a secure and clear data management process to build and maintaining customer trust and satisfaction.

Delay delivery –

Delayed delivery is a significant challenge in e-commerce, which can be attributed to several cause such as incomplete and wrong address information, traffic, bad weather, or problems with logistic partners. Inaccurate addresses, mishandled packages, or custom delays can all be reasons for delayed

delivery. These cause in delays in the customer experience overall, leading to annoyance, high rates of return, and negative review, which harm the business's reputation, among other problem.

Price wars –

E- commerce has spawned price wars, where sellers, particularly small and local players, are under pressure to reduce their prices in order to remain competitive. Although price cuts get consumer in the short run, they end up eating into the benefit margin and decreasing the business's sustainability. Price cutting on a continuous basis may result in downgrading the quality of the goods and services offered by a business, tarnishing a brand's image and making it more difficult to differentiate itself from larger, more entrenched players.

Global Competition –

With e-commerce, businesses are not only competing with regional players but also foreign sellers. Giant foreign corporations have better supply chains, cheaper production costs, and economies of scale to undercut local businesses and render them uncompetitive. To compete with foreign companies, local vendors must be more efficient, cost-conscious, and flexible.

Challenges of E-Commerce on Local Vendors –

Local vendors in India are confronted with a number of challenges when embracing and participating in e-commerce. Although the scope for growth and expansion is enormous, there are a number of obstacles that may hinder their success, particularly in a competitive and dynamic online environment. These include technological and other challenges. A detail explanation of the challenges and confronted by local vendors is provided below –

Digital Illiteracy –

Digital literacy is one of the most daunting challenges faced by local vendors. Most small business owners and semi-urban or rural area vendors are unaware of how to utilize digital tools, handle e-commerce platforms, or utilize digital marketing techniques.

Technological infrastructure –

Technical infrastructure is the backbone of any modern business, including local vendors looking to compete in the digital age. Without technical tools, local businesses face challenges in setting up and running e-commerce operations effectively.

Price Problem –

Pricing pressure is a significant challenge for local vendors in e-commerce because of intense competition from larger companies. These major players can provide lower prices due to their size, making it difficult for smaller suppliers.

Payment Issues – Payment issues are a common problem for local vendors in e-commerce. Local vendors often experience issues in incorporating secure and trusted payment gateways, which may result in failed transactions, delays and errors.

Cyber Security Risk - Local e-commerce firms are very concerned about cybersecurity threats. The threat of hacking, data risk, fraud associated with the numerous transactions and client data managed online. Local vendors are vulnerable to cyberattacks because they do not have the funds or know how to put strong security measures in place. These attacks can result in financial losses, reputational harm to a provider, and stolen of client data.

3. Data analysis and Interpretation:

Table No.1 –

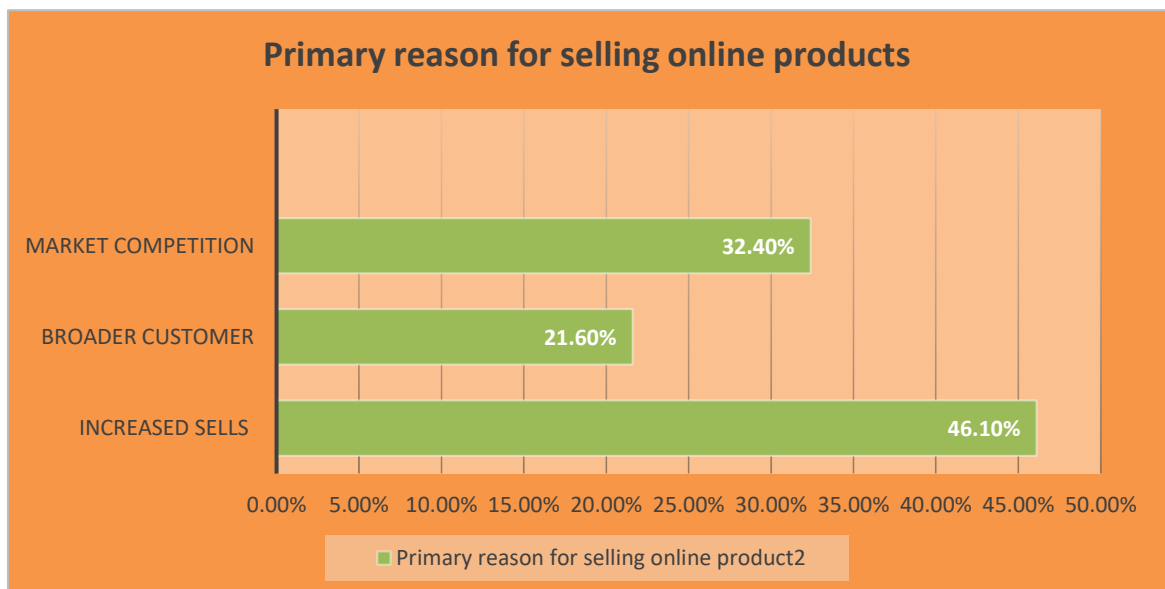
Gender of the respondent.

Gender	Percentage
Female	34.3%
Male	65.7%
Total	100%

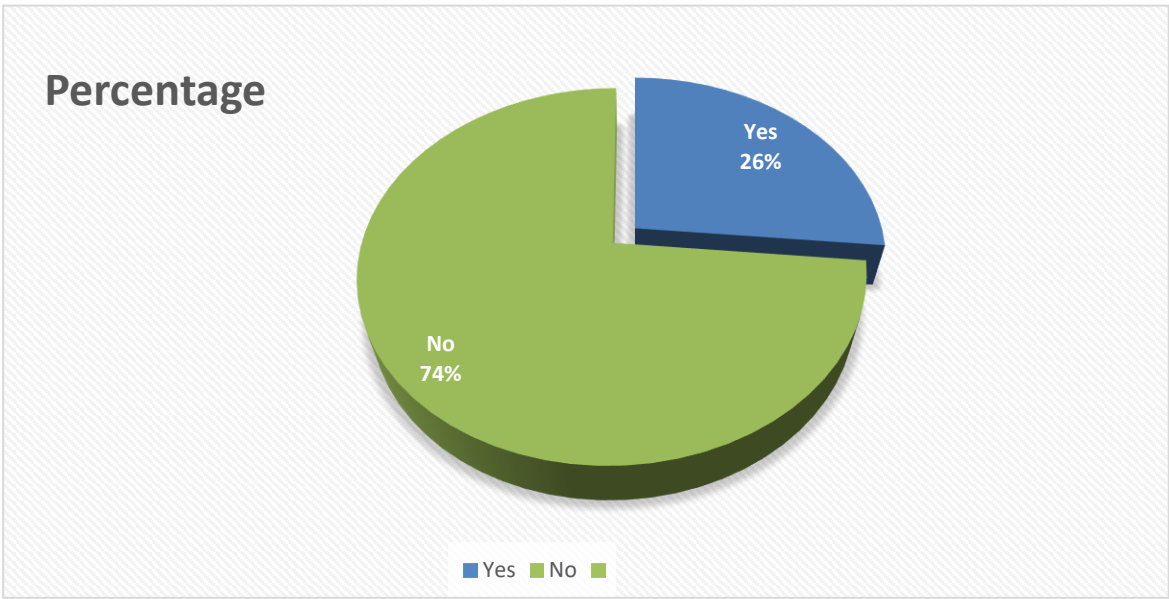
Table No.2 – Area of Local vendors.

Place	Percentage
Rural	10.8%
Urban	61.8%
Semi- rural	13.7%

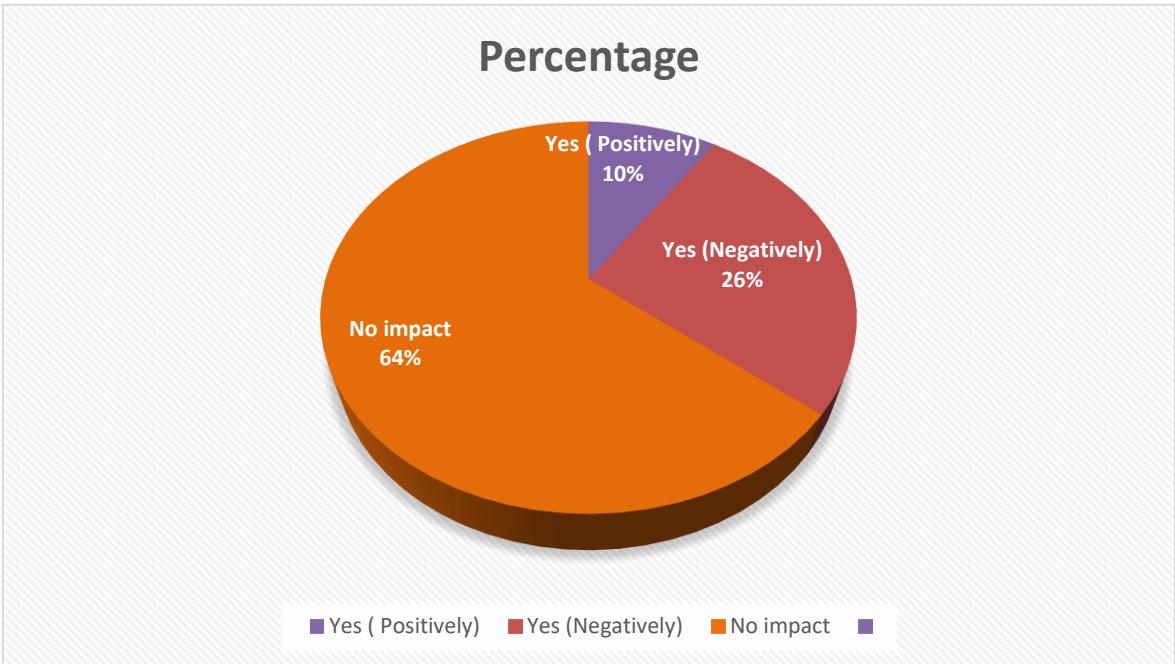
Semi- urban	13.7%
Total	100%

(Primary Data)**1. Awareness of e-commerce platforms –****2. Primary reason for local vendors selling on e-commerce platforms.**

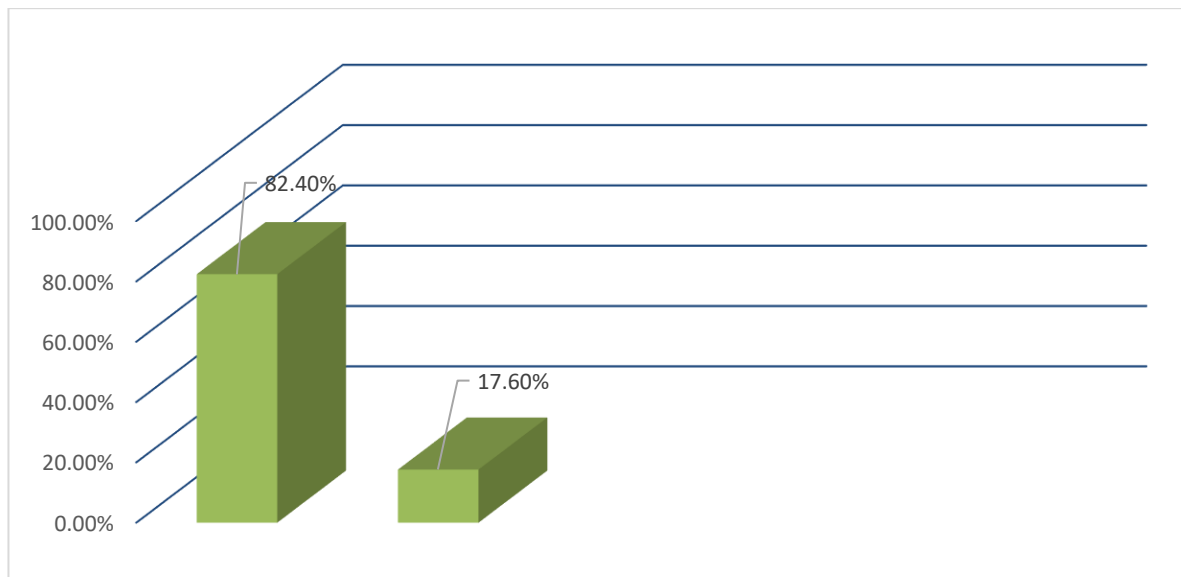
3. E-Commerce beneficial or not of your occupation –



4. Impact your sales of E-Commerce –



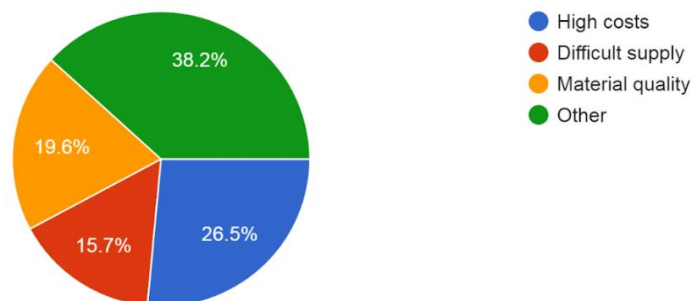
5. . Feel pressure to lower prices because of online platforms.



6. Common challenges face regarding material.

What are the common challenges local vendors face regarding material?

102 responses



7. Challenges of complain or return. (Table 1)

Complaints or return problem	Percentage
Yes	26.5%
No	22.5%
Sometimes	26.5%
Total	100%

4. Findings:

1. Out of 102 respondents, 10.8% are aware of TV / Radio, 22.5% are aware of internet, 28.4% are aware of social media and 38.2% are aware by family / friends. Majority of the respondents aware by the family / friend. But social and internet both are important.
2. Out of 102 respondents, 21.6% chose broader customer, 32.4% chose market competition, while 46.1% chose increase sales. So they started selling products on e-commerce platforms. The majority of respondents accepted because of increased sales.

3. Out of 102 respondents, 26.5% were beneficial, while 73.5% were not beneficial. The majority of respondents said e-commerce was not beneficial to his occupations. Many reason, such as limited resources, lack of digital skills, lack of e-commerce awareness, delivery challenges, clear addresses etc.
4. Out of 102 respondents, 57.8% are impacted yes negatively, 20.6% are impacted yes positively, while 20.6% agree to no impact on sales. The majority of respondents are affected, yes negatively. Many local vendors face difficulties such as market competition, lack of awareness, costs and other challenges.
5. Out of 102 respondents, 82.4% of respondents feel pressure to lower prices because of online platforms, while 17.6% did not feel any pressure. The majority of respondents feel pressure to lower prices because of online platforms.
6. Out of 102 respondents, 26.5% of respondents face high material costs, 15.7% face difficult supply, 19.6% are faced with material quality, and 38.2% are faced with other types of common challenges from local vendors regarding material. The majority of respondents face many types of challenges. This is not good for his business and affects the growth.
7. Out of 102 respondents, 26.5% agree local vendors are struggling with customer complaints or returns when selling products, 22.5% do not agree, and 51% of respondents are struggling with customer complaints or returns when selling online products. Most of the respondents are struggling with these problems.

5. Suggestion:

In this study that the local vendors are serving many areas of people in the society by providing different goods and services. They are important part of the society to the urban, semi-urban, rural and semi-rural, who are more dependent on the local vendors.

The local vending is male dominating business in my research. The participation of woman vendors in the vending profession is negligible. Only few woman local vendors are operating in the research area.

Pricing is a main issue in both online and offline shopping. Online vendors often lower prices. This price advantage attracts a large number of customer. On the other hand, offline stores face higher prices for customers, including rent, utilities, staff other reason. Lack of awareness and technological barriers are the major problems of the growth of the business.

5.Scope of future study:

Every study is not complete because it is not possible for researcher to cover all aspect of study. So, every study has some future scope study. This study also does not cover every aspect of the e-commerce impact of local vendors. It also has future scope of the study that is given below-This study was conducted in some area of the Lucknow. The study further can be conduct in other area of Lucknow.

7. Conclusion-

E-Commerce provides considerable prospects for local vendors, it also comes with some challenges that must be acknowledge. Although e-commerce platforms offer a huge market and opportunities for growth. Local vendors face many challenges like technical problem, limited financial resources, infrastructure, etc. Additionally, a number of local vendors reports issues with delay payments, consumer complaints, need for better operational support from e-commerce.

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