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A study on retail trade business as an impact of online shopping with reference to Coimbatore

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Abstract

Indian users rank 2nd globally in online shopping through mobile devices and this shows that today's busy people are looking for value shopping that saves their money as well as time. India's online shopping is currently registering a phenomenal growth of 100 per cent, many retail chains and consumer durable companies are joining the web bandwagon to tap the e shopping market. At present the online market is estimated at Rs. 46,000 crore and is growing at 100 per cent per year. The growing online potential is not just vested with the large brands but even general retail chains are upgrading their sites for ecommerce, making it more convenient for customers to place online purchase orders. The customer behavior is changing dramatically and the retail trade businesses are facing a greater challenge in upgrading themselves for their survival. The study was undertaken to know their problems encountered through primary data collected from a sample of 100 retailers in Coimbatore city.

Keywords: Bandwagon, E commerce, E shopping

1. Introduction

Pump India's technological and economic growth has moved into the top gear in the past few years. According to Google, in India there are more than 100 million Internet users, out of which around 50 million opt for online purchases and this number is expected to grow in the forth coming years. With such a large market size, the retail shops to consumer goods, are entering the Web space to attract potential customers. Even the traditional retailers like Shoppers Stop, Westside and Pantaloons are looking at the online shopping space for their continuous growth. Keeping in mind the growing online potential is not just vested with the large brands but even the general retail chains are upgrading their sites for making it more convenient for customers to place online purchase orders. According to eBay, the Indian online shoppers remain brand savvy, even when they are shopping online. They have also found that the brands such as Sony, Nokia, Samsung, Apple and Reebok continues to be in the top buyers' charts. Category-wise lifestyle products, such as cosmetics, jewellery, watches, fashion products and fitness equipment contributes over 45 per cent to the eBay's sales in India. According to the Associated Chambers of Commerce and Industry of India in short termed as (Assocham), the size of the online retail industry has crossed Rs.7, 000 crore by 2015-2016. According to the industry leaders, the portals offering daily deals and the discounts offered with good delivery services attract the largest number of online shoppers. "The companies that provide daily deals or discount offers are doing brisk business. The company's discount cards offer 15-90 per cent discounts from about 2,000 dining, movie and retail chains in various cities - for movie tickets, dining, and hospital bills or for shopping for local brands. People are not only using the websites to book the air tickets and movie tickets but also place orders for mobiles, laptops and other consumer electronics and home appliances.

2. Review of Literature

The research works reviewed during the study are as follows:

[1] Anthony d. Miyazaki and Ana Fernandez on "Consumers Perceptions of Privacy and Security Risk for Online Shopping" have enumerated about the problems encountered by the consumers while shopping online, and has suggested the possible ways to safeguard their privacy details.

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[2] Chayapa Katawetawaraks & Cheng Lu Wang on “Online Shopper Behavior: Influences of Online Shopping Decision” have shown the changing attitude of the people due to online shopping. The consumers prefer the online shopping as a matter of dignity and prestige issue among the society.

[3] EunjuKo and Doris H Kincade, “The Impact of Quick Response Technologies on Retail Store Attributes” have highlighted the changes to be done by the retailers in the stores to face the competition.

[4] Soyeon Shim, Mary Ann Eastlick and Sherry Lotz on “Assessing The Impact of Internet Shopping on Store Shopping Among Mall Shoppers and Internet Users” has proved in their study that the freebies provided by the telecommunication companies have paved way for the internet users to shop online.

[5] Zan Mo, Yan-Fei Li, Peng Fan on “The Effect of Online Reviews on Consumer Purchase Behavior” have discovered the truth behind the changes in the purchasing habit among the youngsters.

3. Objectives of the Study

The research is carried with the following objectives:

1. To know the variation in the sales turnover in the past two years.
2. To understand the retailers approach in selling the products to the customers.
3. To analyze the flexibility of the retailers in coping with the competition from the online trend.

4. Methodology of the Study

The Research Methodology consists of various data, sampling techniques and statistical tools for analysis, data interpretation etc. The data for the study have been collected from various primary sources like direct personal Interview with the 150 owners of different retail stores. Collected data are classified and tabulated. Results are represented through table and bar diagram.

5. Data Analysis

Showing Different Aspects of Online Shopping Upon Retail Trade

| Particulars | Yes | Percentage (%) | No | Percentage (%) |
|---|-----|----------------|-----|----------------|
| Decrease in average sales in the past three years | 140 | 93 | 10 | 7 |
| Decrease in profit margin | 142 | 95 | 8 | 5 |
| Increased discount rates to customers in recent times | 138 | 92 | 12 | 8 |
| Discounts demanded by customers while making purchase | 135 | 90 | 15 | 10 |
| Variety of stock maintained | 130 | 87 | 20 | 13 |
| Timely after sales services of personalized nature to customers | 100 | 67 | 50 | 33 |
| Advertisements provided by dealers | 120 | 80 | 30 | 20 |
| Home delivery services to customers | 50 | 33 | 100 | 67 |
| Increase in window shopping now a days | 148 | 99 | 2 | 1 |

The above table shows the response of the retailers:

- Alarming situation can be seen as there is an increase in window shopping (99%) in the last recent years. People are using physical retail shops for window shopping and purchased the same online. This is becoming a big threat to the present time retailer.
- Maximum retailers i.e. (95%) accepted a decrease in their profit margin in recent years because of the price war brought by online shops. The maximum discounts are offered to customers in order to retain them.
- The table value indicates that there has been a decrease of (93%) in the turnover in the past two years.
- The retailers felt that maximum customers (90%) still ask for discount before making purchases.
- A majority of (87%) of the retailers by choice or by compulsion had maintained a good variety of stock.
- Most of the retailers (80%) said that now day's they have to advertise their stock and variety, which in turn increased their cost of selling.
- Most of the retailers (67%) provide after sales services so as to attain & retain maximum customers.
- Due to the lack of funds & personal infrastructure, fewer retailers (33%) are providing home delivery services.

6. Findings

1. 99% of the retailers felt that more customers are seen on window shopping. Customers take a physical look of the product & buy that same product online at reduced prices.

2. 95% agreed that the turnover and the profit margin of retailers have administered a falling trend.
3. 93% of the retailers are of the opinion that the turnover has declined in the past two years in spite of the special care taken by them with regard to the availability of the product and the discounts and promotional activities done by them to push the product to the customer.
4. 90% of the retailers agreed that it's very unfortunate that the customers are demanding for discount by comparing with the availability of the product at a discount price through online shopping so the retailers are unfortunately put in a critical situation.
5. 87% of the retailers wish to keep a wide variety of stock for survival but space & cost constraint stop them from doing so.
6. 80% of the retailers revealed that the selling cost has increased in the recent times.
7. 67% of the retail stores are more engaged in providing customer satisfaction since the customers has a wide range of alternative option for purchase of the same product.
8. 33% of the retailers have started home delivery services like the online shopping i.e. to make the product available at the door step of customer.

7. Suggestions

1. The existing small and medium independent retailers is to closely examine what changes are taking place in their immediate vicinity
2. The next effort should be to taken by the retailers to make some investments in improving the interiors of

their respective establishments and to directly enable the customers to enjoy the shopping.

3. Retailers have to change the attitude towards customers and the market, fixing their priority as consumer satisfaction.
4. A retailer should be in the good books of customer by providing better quality products, fair price and friendly after sales services.
5. A loyal customer reduces the cost of retailer. All efforts should be put by retailers to build up the loyalty which in turn will bring a stable sale and stable customers like bonus points, free insurance, preferred customer status, cash back schemes and other special offers which satisfy the customer.
6. A good and different variety of products in the retail stores acts as a major motivator for customers to visit a store again and again. For majority of customers variety comes in the form of having a bakery within the store, food section, private labels and national brands and finally a lot of fresh fruits and vegetables.
7. Retailers should help customers to explore the store. For this shopping should be made more adventurous by continuously upgrading the product portfolio, by changing the layout and by providing the touch and feel experience.

8. Conclusion

The retailers are having a tough time in coping with the online shopping trend which is spread like a virus among most of the people in our country. Thus the retailers have to cope with the ongoing distraction from the next wave of digital technologies and will need to prioritize investment in the technologies that will really add value for their customers or increase the efficiency of their operations. However in 2017 retailers will need to focus on accelerating change in their businesses. The best managed retailers can succeed and manage the peak demand, so it's vested on the retailer not only to upgrade the shop with different varieties of products but also to satisfy the customers by all means. The retailers may have to implement a responsive approach across their business scale as they try and respond to structural change in the marketplace and improve innovation, responsiveness and the quality of their delivery. Both e-stores & retail stores have to survive in their own way. They both are providing livelihood to thousands of people.

9. Reference

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