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Retail Transformation In The Digital Age: A Study Of E-Commerce And Physical Stores

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ABSTRACT:

In the modern world e-commerce is emerging as a biggest player and is contributing towards growth and development of the economy. The rapid expansion of e-commerce has significantly transformed the global retail landscape, leading to a notable decline in traditional brick-and-mortar retail formats. This study aims to explore how the rise of e-commerce has significantly influenced traditional retail by analysing consumer trends and traditional retailers' experiences. It also examines the challenges faced by traditional retailers in adapting to digital disruption and the strategies some have adopted to remain competitive. It will provide insights into the future of retail, emphasizing the growing importance of hybrid business models, digital transformation, and customer-centric approaches. This study contributes to a deeper understanding of the ongoing shift in the retail sector and its implications for businesses, consumers, and policymakers.

Keywords: E-commerce, Physical stores, Retail and Digital Age.

1.INTRODUCTION

"Not so long ago, shopping included spending a comfortable Sunday evening in the shopping centre or market, moving from one shop then onto the next. But now it is one click away, you can get whatever in the world without actually going to buy that stuff from a physical shop. Shopping is now becoming more and more convenient. It is all becoming possible because of the evolution of market forms"(Online Shopping, n.d.). The digital age has ushered in profound changes in the retail industry, characterized by the rapid growth of e-commerce and the evolving role of physical stores. In today's world E-commerce platforms have become dominant players, offering convenience, variety, and competitive pricing. The retail industry has transitioned from traditional marketplaces to modern digital platforms. Its key milestones include the introduction of online marketplaces such as Amazon, Flipkart, Myntra and the rise of mobile commerce, and the incorporation of AI and data analytics into retail strategies. According to Jeff Jordan" we're approaching a sea change in retail where physical retail is displaced by e-commerce in a multitude of categories. The argument at a high level: Online retail is relentlessly taking share in many specialty retail categories, resulting in total dollars available to physical retailers stagnating or even declining. This is starting to put intense pressure on their top lines. Physical retailers are very highly leveraged and often have narrow profit margins. Material declines in their top lines make them unprofitable and quickly bankrupt. Online retail will benefit greatly from the elimination of their physical competition and their growth should accelerate". This paper aims to examine the

transformation of retail through the lens of technological advancement, shifting consumer behaviour, and strategic adaptations by businesses.

1.1 E-Commerce

E-commerce (electronic commerce) is the buying and selling of goods and services, as well as the transmission of payments or data, over an electronic network, primarily the internet (What Is E-Commerce, n.d.). It includes platforms like Flipkart, Amazon, eBay, Myntra, Netflix, OLX and many more.

E-commerce business models:

- B2C (Business to consumer) means when a commercial enterprise sells goods or services to a client directly. Example – you buy a pair of footwear from an online
- B2B (Business to Business): it means when an enterprise sells a goods or services to some other enterprise. Example –business sells software programs as a service provider for other businesses to apply.
- C2C (Consumer to Consumer): it means when a consumer sells a goods or services to another consumer. Example –you sell your old furniture on OLX to any other consumer.
- C2B (Consumer to Business): it means when a consumer sells their own goods and services to a commercial enterprise or to an employer. Example –food bloggers share an affiliate link to a kitchen's company's cooking products on their blog.

1.2 Physical Stores

Physical stores also known as brick-and-mortar stores. These are the retail establishments that operate from a physical location where customers can shop for and purchase goods or services in person, offering a tangible and experiential shopping environment that complements or replaces online platforms (Physical Stores vs. Online Stores, n.d.). Traditional retail (Physical stores) takes the form of departmental stores, discount stores, super markets, street hawkers, hypermarkets, kiosks, popup stores. They offer a variety of things for sale, including groceries, apparel, tiers, home furnishings, and even appliances. These are an area wherein events can accumulate to facilitate the exchange of goods and services. The parties concerned are typically buyers and sellers. The marketplace may be bodily like a retail outlet, where humans meet face-to-face and there is direct contact among buyers and sellers.

Traditional retail, which relies on physical shops for consumer involvement and offers clients instant product purchase, personalized customer care, and authentic experiences, has long dominated the global market. However, the accessibility, usability, and frequently lower prices of e-commerce platforms have upended this paradigm. Customers' ability to compare prices, read reviews, and make purchases from the comfort of their

homes, at any time of day, has led to significant changes in their preferences and purchasing habits (Philip Kotler, n.d.). The emergence of e-commerce has significantly influenced physical stores

2.LITERATURE REVIEW

- **Jain, K.V. (2023)** the aim of this paper is to examine the impact of digital transformation in the retail industry, highlighting its role in enhancing customer experience and streamlining operations. It offers a focused literature survey on the digital transformation of the retail sector, detailing its impacts, the technologies driving it, and the challenges and future directions for the industry.
- **Nkosi,T. et.al. (2023)** their study examines e-commerce transformative impact on traditional retail. It also aims to identify key challenges and opportunities for growth and innovation. It also highlighted the need for retailers to adopt digital strategies to remain competitive.
- **Sharma, K.R. and Patel, P.R (2024)** this paper aims to study how the rise of e-commerce is influencing traditional retail in emerging markets. It has also highlighted the shift in consumer behaviour, market dynamics and stated the need for adaptive business strategies.
- **Nadiger, S.A. et.al. (2024)** their paper aims to examine the impact of e-commerce on traditional retail in Bangalore. It explores how local businesses adapt to digital transformation and innovation. It also highlighted that e-commerce serves as a catalyst for digital inclusivity and economic growth.
- **Banik, D. and Shil, S. (2024)** their study provides a deep understanding of e-commerce and its pros and cons for traditional retail and consumers. It also explores the influence of e-commerce on traditional business practices and consumers in India.

3.RESEARCH OBJECTIVE

- To analyse shifts in consumer behaviour, preferences, and expectations in the context of digital retail versus traditional brick-and-mortar experiences.
- To compare the growth patterns, challenges, and competitive advantages of e-commerce and physical stores in the digital era.
- To evaluate how traditional retail outlets are adapting to digital transformation through integration of online tools, omni-channel approaches, and experiential strategies.

4.RESEARCH METHODOLOGY

Research Design: Descriptive and analytical study is used.

Type of data: This study is based on primary data, which has been collected using a well-structured survey questionnaire. To collect data from respondents a google form was created, which had both open and closed questions.

Sampling Method: Non-probability convenience and purposive sampling method is used.

Sample Size: The data was collected from 160 consumers belonging to different demographics and from 32 sellers of different products.

5.DATA ANALYSIS

Data collected from buyer

(We have bifurcated our research into two perspectives i.e., the point of view of consumer and of sellers.)

In this phase of research, we used a sample size of 160 consumers and asked them a variety of questions about whether they prefer traditional or e-commerce.

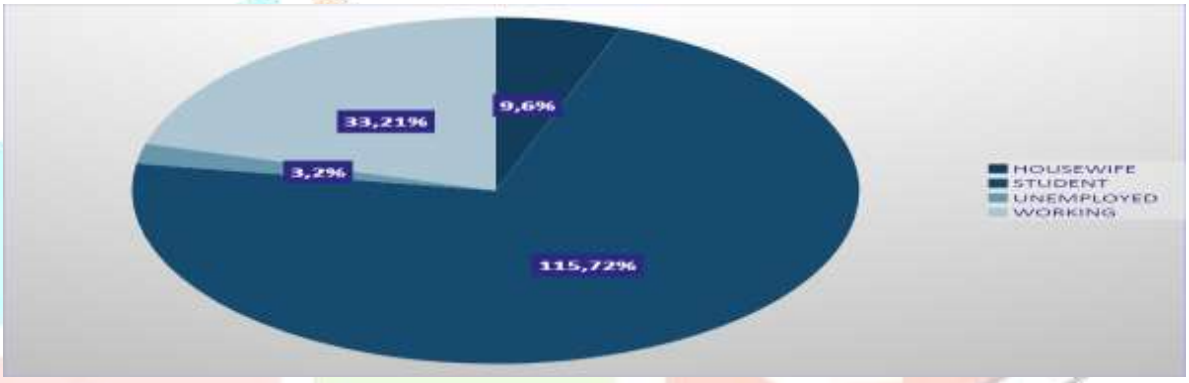
Classification on the basis of age

Figure:1

More than half of the 160 consumers were in the 18 to 25 age range, followed by the age groups of 25 to 35 and finally 35 and older.

Classification on the basis of occupation

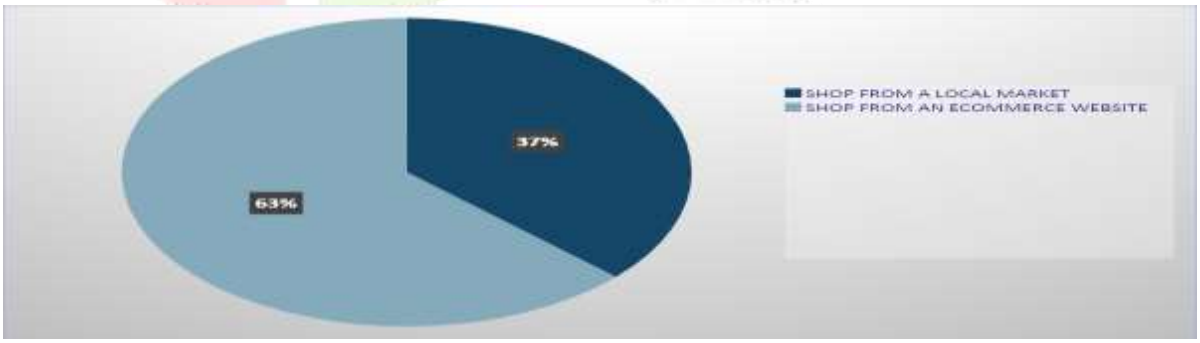
Figure:2



We have divided consumers into several social strata; there were 2% of people that were unemployed, 21% were working class, 5% were housewives and 72% were students. These are the people that are usually engaged in the activity of buying or purchasing stuff from various forms of market.

Convenient to buyers

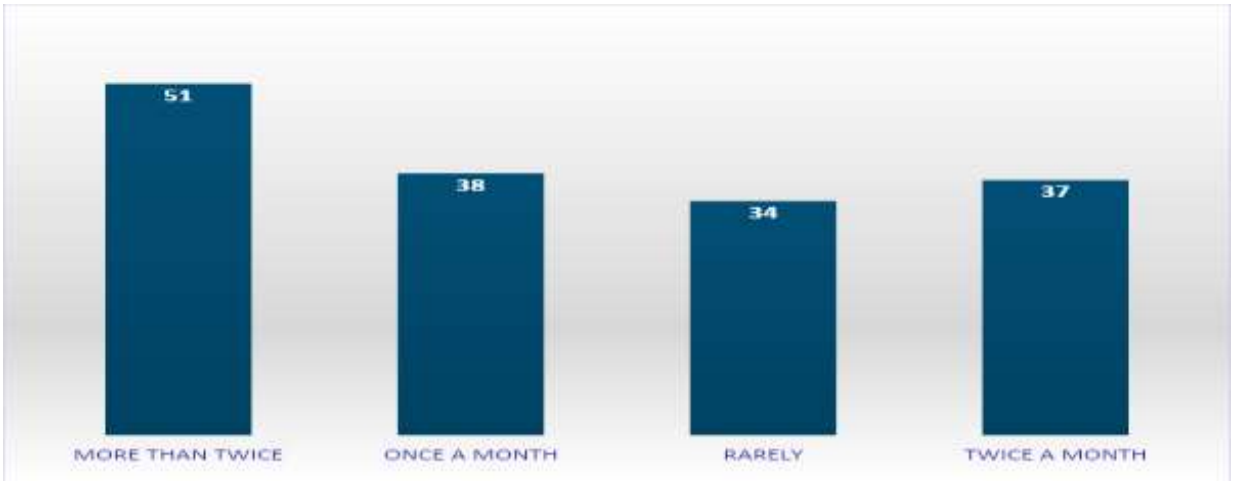
Figure:3



When consumers were asked about their preferred choices 63% of population of consumer finds e-commerce more convenient than to shop from local store (traditional market) and 37% of them chose to shop from local market.

Frequency of shopping from e-commerce websites

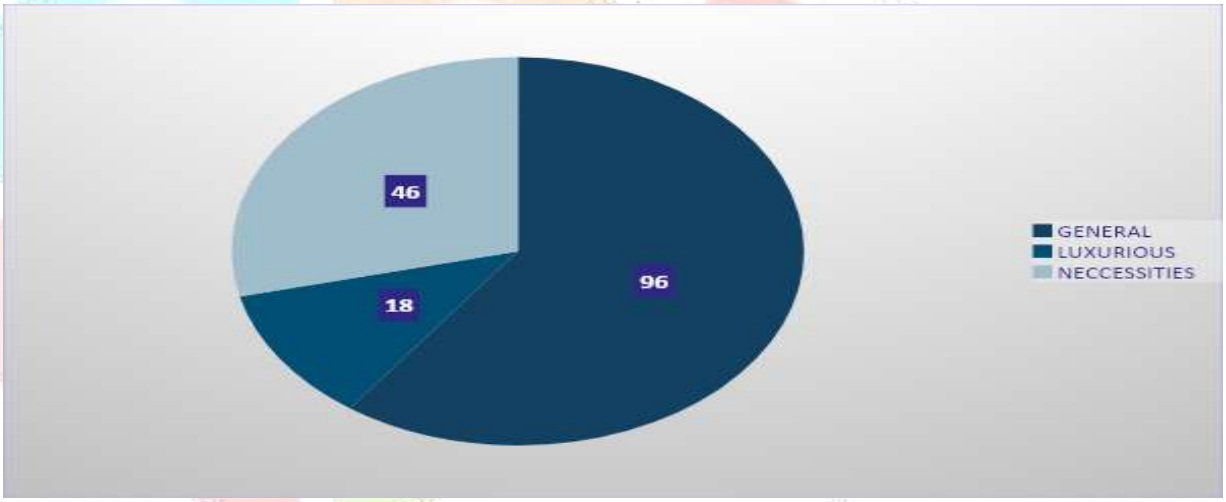
Figure:4



When it was asked to the consumers how frequently they shop from e-commerce websites more than 50% of the people responded that they do it more than twice a month. Nearly 75 people responded that they do it once or twice a month. So, it depicts that people are adopting the new changes in the market with the passage of time. It will have an impact on the traditional markets.

Products people usually buy online

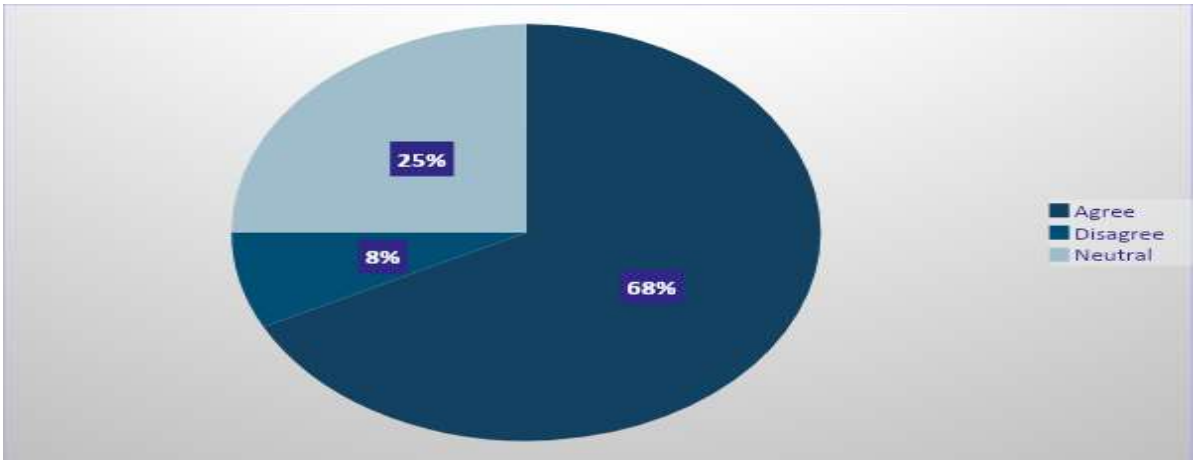
Figure:5



When it was asked about the type of products people generally purchase through e-commerce they responded general (food products, footwear's, clothes, electronic appliances, home appliances and others), around 46 responded that they purchase necessities as well which is quite less in numbers but people are changing their mind for the same and it is true as well that all the necessities can't fulfilled by e-commerce and it also shows that very few percent people buy luxurious item from e-commerce as they don't have proper trust and perception regarding that.

Does online purchase save time

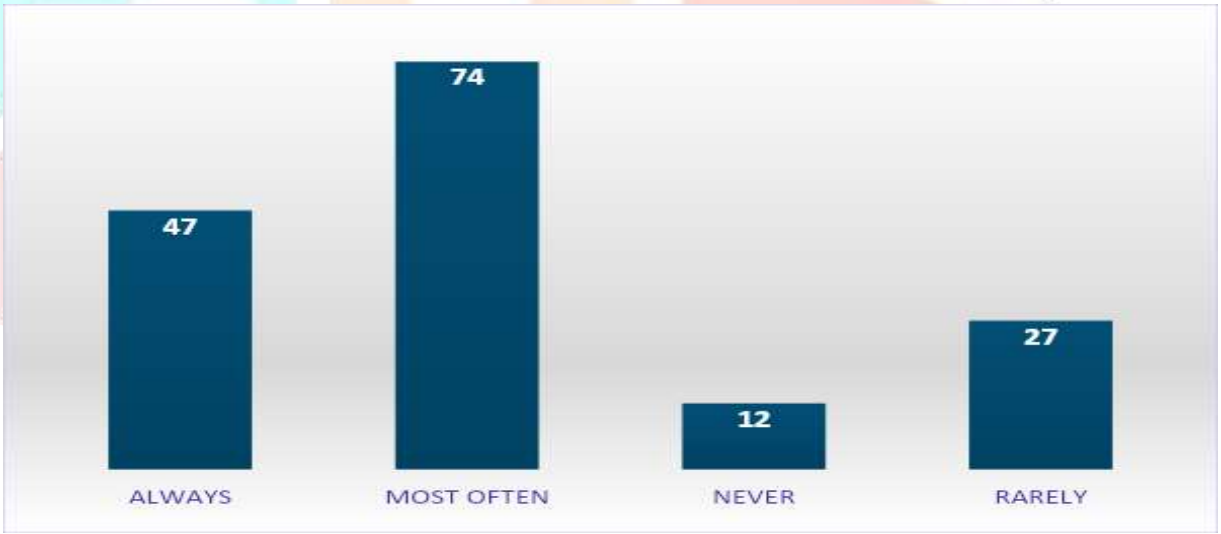
Figure:6



When it was asked to the consumers whether shopping from e-commerce sites saves time or not, most people say that yes it saves time (around 67% from the total responses) on the other hand few people were neutral to the response. Then it comes the people who responded no which is very less from the total response (around 8%). This is totally relative from person to person as there are some people who are very shopaholic in nature and with the emergence of the e-commerce made them to scroll on these sites which may waste their time in actuality.

E-commerce website sources act as a source of getting information before shopping from a local shop.

Figure:7

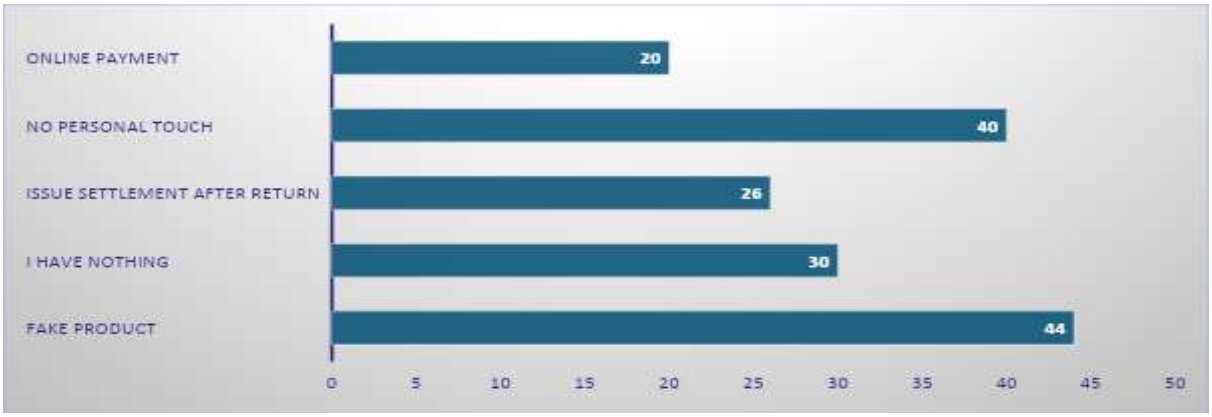


When it was asked to the consumers whether they take information from e-commerce sites about the product which they want to buy then 121 consumers responded that yes, they do the same.

It is so because the information can be easily accessed and a one convenience 24*7. This is generally done so that can get prepared what he exactly wants to buy of which brand, color and at the same time it is near about the price is also known to the customer.

Biggest concern about buying products online

Figure 8.

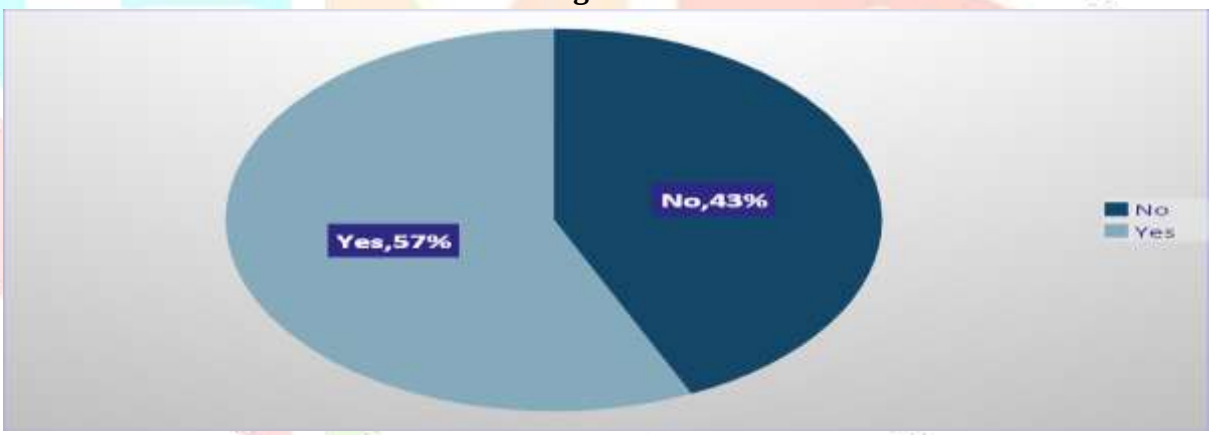


It has been observed that few people have fear about online shopping and some are used to it. Certain reasons because of which there is a fear in the people's mind are online payments, issues related to settlements related to return and refunds, fake products, no personal touch and others. So, on the basis of which the majority have the concern related with the lack of personal touch and the fear that they might get the fake product then comes the issues related to return and refunds and online payments. There are also some people who don't have any concern regarding online shopping.

Hence, it can be said that with the passage of time all these things can be overcome as people become used to it.

Does conventional shopping is stressful

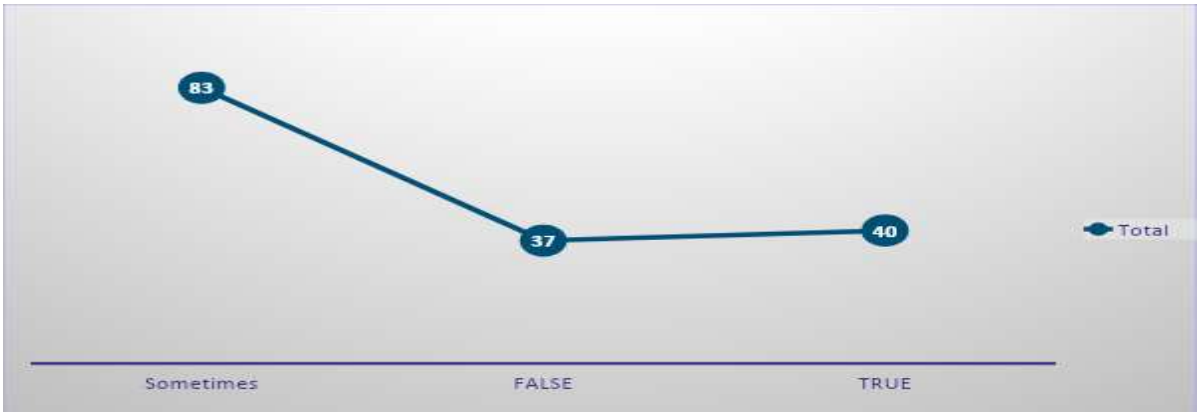
Figure 9.



When it was asked whether conventional (traditional) shopping is stressful or not then 57% people responded that yes, it is stressful as people have to come out of their comfort zone, go out shopping which may involve a lot of time, fatigue, missing out some other important work and others can be the reasons. On the same 43% of the people responded that conventional shopping is not stressful as what they need, they may buy the same after being satisfied in terms of its quality, size, color in reality and many other things. This is totally relative in nature from person to person.

Does local marketers provide discount or after sale service

Figure 10.



It was asked to the customers that local marketers provide discounts and after sales services so, the people responded that no or sometimes and few said no. As everyone knows that the concept behind e-commerce sites is to provide goods and services directly to the customers by eliminating all the middle men in the channel of distributions so variations may occur in prices but, in general it does not happen every time. Huge discounts are generally seen during the time of sales which is also provided in some of the traditional stores. When we talk about the after sales services then it depends on the nature of the products as every product does not require after sales services.

Data collected from sellers

In this research we have taken the sample size of 32 for sellers to study the impact of e-commerce on their business.

Changes observed in business

Figure 11.

According to the responses given by the respondents (sellers) the majority of them have seen the changes in their business. The degree of changes varied with the shops but either small or large changes were observed by them. People have rated the changes out 5 so, 11 sellers rated 3, 6 rated 2, 5 rated 4, 7 rated 5, only 3 sellers rated 0 that they have not seen any changes in their business.

Does emergence of e-commerce affect sales

Figure 12

When the sellers were asked about their sales more than 50% of the sellers responded that: yes, their sales have been affected after the emergence of e-commerce. Not a single respondent says that its sales are not affected by the emergence of e-commerce.

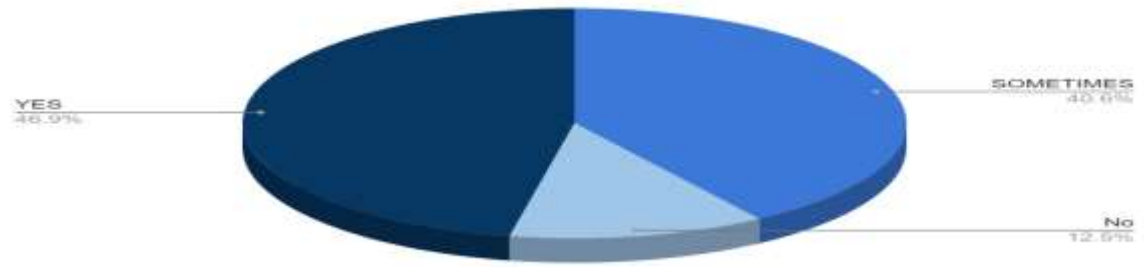
Do consumers compare physical stores' products' price with its price on e-commerce websites?

Figure:13

The major problem faced by the sellers is that customers compare the prices of goods and services offered by them with the prices offered by the e-commerce sites and stores. In this more than 80% sellers responded yes or sometimes it happens with them.

Does Physical stores have to promote their business by various techniques after emergence of e-commerce

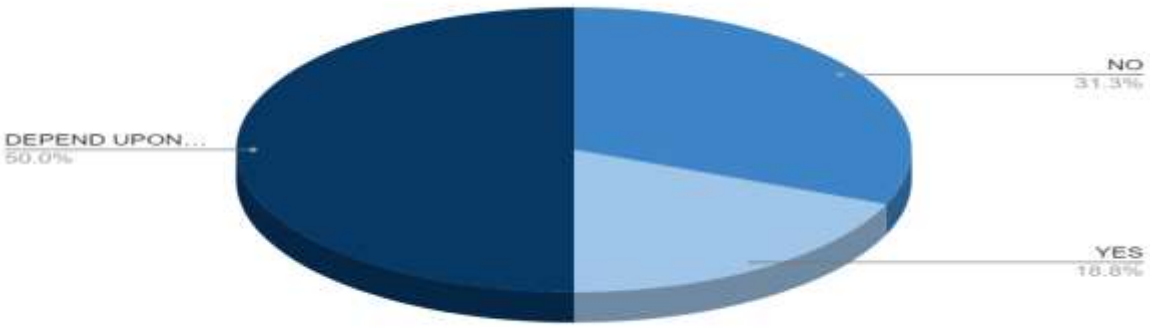
Figure:14



As in the earlier question sellers responded that the emergence of e-commerce affected their sales so, to overcome this situation sellers try to promote their business using various techniques. Some sellers have properly adopted these new techniques and some sellers sometimes use these techniques and very little percentage of the sellers have not adopted the promotion techniques.

Does Physical stores have to provide after sales services (Home delivery, installation, first free services and others)

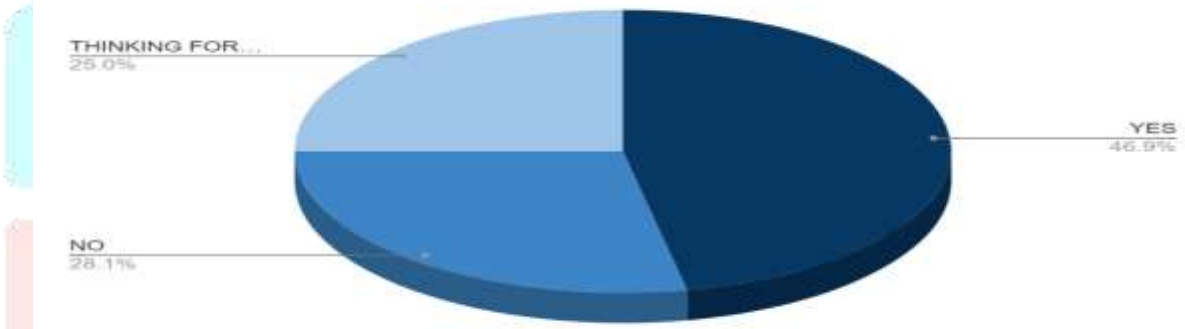
Figure 15.



So, the after sales services provided by the sellers usually depend upon the products as by the e-commerce and some of the sellers don't provide the same.

Have physical stores adopted some of the techniques used by e-commerce operators

Figure 16.



Most of the sellers have adopted the techniques adopted by the e-commerce operators like e-payment options (various QR codes, swapping machines), home delivery, taking orders on mobile phones and others or some of them are thinking for the same to meet the need of the time. Only some people who are not aware of all these things or the one who doesn't want to change neither think for that nor adopt those techniques which are adopted by the e-commerce sites.

It's time to change traditional way of doing business

Figure 17.

More than 80 % of the sellers rated between 3to5 out of 5 that yes, it's the time to change the traditional way of doing the business. This is because to cope up with e-commerce and to overcome the effects that they have to face.

7.FINDINGS

From consumers perspective

To know the consumer perspective, we have taken the sample size of 160 consumers findings of which are as follows:

1. Convenience and easiness 63% of consumers find it convenient to shop from e-commerce platform

2. Time saving 67%of consumers find it time saving.

3. More than 70 consumers out of 160 have agreed that they have used e-commerce platforms for review of products.

4. Most of the consumers still lack the faith in e-commerce platforms for e.g., Fake products, online payment risk, non-delivery or delivery of wrong products etc.

5. Most of the consumers feel that e-commerce provides better deals as compared to traditional markets.

6. Privacy- one thing that is greatly hampered as online platform requires lot of personal details

7. The best part of e-commerce is that it provides 24x7 services.

From Sellers Perspective

To know sellers' perspective, we have taken sample size of 32 sellers and findings are as follows:

1. Most sellers have agreed that there had been a drastic change over the years after the emergence of e-commerce.

2. 85% of sellers have agreed that their sales have drastically declined after emergence of e-commerce

3. Many sellers feel that consumers have started comparing prices of products with the online price which is a great issue.

4. Sellers agreed that they have started opting for different techniques to promote their businesses.

5. As the sellers are facing difficulties in doing business, the majority of them are thinking about changing with the changing environment.

Hence, we can say that e-commerce is proving to be a great obstacle in the way of traditional businesses and in order to compete, traditional businesses need to adapt to changes.

8.SUGGESTION

Suggestion by buyers:

1. You can compare products easily.
2. Online purchase is very safe and convenient.
3. For emergencies, luxurious items, or thing which need personal touch can't be purchased using e-commerce platform
4. If something is easily available nearby and one can check and buy the same after being satisfied then why choose e-commerce for everything.

5. Online shopping is more convenient and hassle free than conventional. Plus, you sometimes get those products, which you won't get in any market of your city. Online shopping has made things accessible to those living in remote areas as well.
6. It's not just about the cost or discounts but the convenience of e-commerce sites is what drives me to buy from sites. Apart from that the basket of choices is much higher in sites like Amazon over a normal brick and mortar store.
7. Consumers have to travel a certain distance to the product. For me, I often choose local markets to shop due to the extended delivery period of ecommerce sites.
8. Online shopping is more convenient and hassle free than conventional. Plus, you sometimes get those products, which you won't get in any market of your city. Online shopping has made things accessible to those living in remote areas as well.
9. I prefer the local market while purchasing necessities.
10. Authenticity in product.
11. The products that are available at a higher price that I buy online, otherwise the local market is better than the online market.
12. Both are good counterparts
13. The choice of products, sometimes offline market provides us the best price and sometimes online. So, it's a bit hard to say which one is the best. Although I'm more of an e-commerce guy and the reason is, its time saving
14. Online shopping is best for working people. It saves time and you can utilize the same with your family on weekends, other than shopping.
15. Sometime local market is not enough according to your choice or product, the local vendors do not make available that products so we move towards E-commerce website to get them and here we got lot of choices that we had make in local market...so I guess it' depend on what types of stuff are you seeking...
16. Issue settlement after return should be improved by ecommerce shopping.

I generally prefer to shop through conventional methods because they can serve moody shopping. Why would I wait for the delivery guy to deliver the product when I can get it from a nearby market whenever my mood demands.

Suggestion by sellers:

- E- commerce is good enough but in rural areas people should not be aware about this.
- It was very important to somewhat transform the traditional methods of doing business and to bring a newness and Uniqueness
- After emergence of an e-commerce offline business are adversely affected
- E commerce is expanding widely and it's covering almost all the main sectors. We should definitely be a part of modernization but at the same time we should be aware of local markets and invest in them as well, so that there is always a balance maintained in the world of modernization.
- E-commerce shopping is making business difficult for convenience store
- E-commerce is just one click away. Yes, I agree it is convenient but it doesn't mean that it is all we have, we have plenty of other alternatives that can be more useful and trustworthy than e-commerce.

9.CONCLUSION

E-commerce emerged as a powerful force that reshapes consumer expectations and purchasing behaviours. It has transformed the retail landscape by offering consumers convenience, variety and competitive prices. In this era the digital shift has posed challenges for traditional stores like declining sales and increased competition but it brought opportunities for them to innovate. Physical stores continue to play a vital role by delivering personalized experiences, trust, and immediacy. The future of retail transformation lies in achieving a seamless combination of digital and physical locations, where technology improves customer engagement

and traditional stores convert into experiential hubs. This balanced approach promotes long-term viability, competitiveness, and growth in a continually changing retail environment.

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