

Impact of E-Commerce on Market and Retailers: A Review

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Abstract – In our day-to-day lives, the internet is quite crucial. We utilize the internet virtually every day for almost all of our tasks. Buying and selling used to be done in the marketplaces without the internet, but with the emergence of e-commerce in India, our lives have become more easy due to its many benefits. Online shopping is a kind of e-commerce that is mostly carried out by users thanks to e-commerce websites in India that enable us to purchase and sell things of our choosing at a reasonable price. E-commerce websites have a wide range of effects on various marketplaces and merchants. We shall cover the various marketplaces and merchants, as well as the effects of e-commerce on them, in this article.

Keywords: E-Commerce, Market, Retailers;

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INTRODUCTION

The retail market in India has changed dramatically in the previous two decades. Given the magnitude of the market, the top three business houses have also entered the retail industry, with Reliance Fresh, Star Bazaar, and More, as well as big companies like as DMart and the Future Group with Big bazaar, all contending for a piece of the pie from India's vast population. Their stores are largely located in large malls in major cities and metropolitan regions. The goal is to shorten the distribution cycle by working closely with manufacturers and offering a wide range of items at reduced prices under one roof. Manufacturers have begun to establish their own stores in major cities, in addition to these large groupings. All of these things fall under the heading of organized retail. By modifying its foreign direct investment (FDI) policy, India expanded its foreign investment as its economy opened up. Wal-Mart and other major international retailers have set their sights on India in order to take a piece of the greater retail pie.

E-business and E-commerce are the current trends in India, which are increasingly transitioning to M-commerce. Various social, political, and technical factors are all contributing to this favorable transition. It is hoped that Digital India would help turn India into

a more technologically advanced nation. An important part of India's e-commerce growth would be facilitated by this programme.

In terms of quantity of items and services, number of customers trading on e-commerce platforms, and value of transactions performed using e-commerce; e-commerce and e-business have grown significantly in the previous 5 to 7 years and are likely to develop even faster in the years ahead. In India, organized retail, which includes several types of retail establishments such as retail shops in malls, Departmental Stores, Specialty Stores, Supermarkets, Convenience Stores, and Discount Stores, is seen to be under danger due to the pace at which e-business and trends are growing. The goal of this study is to examine the influence of e-commerce on the retail sector and retail outlets in malls and other company-owned retail outlets, among other things.

E-COMMERCE

E-commerce (electronic commerce) is the purchasing and selling of products and services, or the transfer of payments or data, through an electronic network, "such as the internet". Whether it's a company-to-business, business-to-consumer, consumer-to-consumer, or consumer-to-business

transaction, these commercial transactions take place. It's common to hear people use the words "e-commerce" and "e-business." Transactional procedures that make up online retail shopping may also be referred to as e-tail.

Online shopping has seen significant growth in the recent decade because to the widespread usage of e-commerce platforms like Amazon and eBay. Online retail sales were just 5.1 percent of overall retail sales in 2007, but they now account for 16.0 percent of total retail sales in 2019.

In e-commerce, clients are able to visit an online shop and purchase items or services using their own devices.

The customer's browser will connect with the server that hosts the online shop website when the order is placed. As soon as this information reaches a central computer known as the order manager, it is sent out to databases that track inventory levels, a merchant system that handles payment information (using apps such as PayPal), and a bank computer before returning to the order manager. Make sure there is enough money and inventory in your business to complete this order. Upon the order manager receiving confirmation that an order has been verified, the store's web server will send an email to the customer telling them that their "purchase has been completed". The warehouse or fulfillment department will get the order data from the order manager, and the goods or service will be sent to the client. At this moment, a consumer may get actual or digital goods, or they may be provided access to a service.

Customers may sign up for online marketplaces like Amazon.com, SaaS tools that enable them to "rent" online shop infrastructures, or open source tools that firms can utilize in-house development to administer their own online store infrastructures.

IMPACT OF E-COMMERCE ON THE WORLD TODAY

In today's business environment, e-commerce is developing to the point where it is almost amazing; some believe it has already reached a higher level. Purchasing, selling, and business operations as a whole have evolved since the early days of e-commerce. For a business to thrive in today's world, an online presence is a need. Flipkart and Amazon have already established themselves as major players in the industry, therefore retail stores have no motivation to go online. Digitization has made it very difficult to prosper in the field. A company with a physical location can no longer be trusted by its real consumers who shop online to be truthful. The year 2018 is a year of digital growth. This shift would not have been possible without the widespread adoption of smart phones. Mobile phone

users outweigh laptop users by a large proportion because of the effect of digitization. Using a Smartphone allows for a wide range of activities, and one of them is M-Commerce, which is essentially e-commerce through a mobile phone, Amazon is a well-known example. Although it was launched in a garage, it has now grown into one of the most popular internet enterprises. Amazon connects to the worldwide market and gives individuals with a wide range of products, from clothing to household appliances, all in one place. This is the ultimate goal that every company strives to reach in its operations. Businesses of all sizes, from little boutiques to the world's largest corporations, are hurrying to take advantage of the e-commerce revolution. E-commerce is the ideal option for enterprises who are just starting out. Low initial outlay, no promises of profit, but a top-notch learning opportunity. E-commerce provides the appropriate platform on which to invest for the majority of new businesses because of the cheap initial expenditure required. Typical stores demand a large initial investment, and then have to be abandoned mid-way and at the end of the process. Many of the costs associated with running the business, such as renting a storefront, purchasing goods from wholesalers and advertising, are significant. People used to wait in line to buy branded goods before the advent of digital commerce. People may now shop from anywhere in the globe, therefore this is no longer necessary. While there is a cost on this comportment and affluence, online shopping has brought more than just ease.

IMPACT OF E-COMMERCE ON MARKETS AND RETAILERS

Impact on Markets

- **Promotion of Products-**

It is possible to market products via Ecommerce in an engaging and informative manner to clients, which decreases the cost of offline advertising since the internet may engage with a large number of customers and save a significant amount of money in advertising costs.

- **Customer Service-**

Customer service may be improved since clients can look for specific information about the product or marketplace that sells the goods and can compare the pricing of other market places.

- **Brand Image**

Affordably priced photos may help new businesses create their brands on the internet.

- **Advertisement**

Consumers may now explore the market, compare pricing, and ask questions about products and services via online ads, rather than relying only on traditional methods of attracting new customers and spreading the word about new products and services.

- **Customization**

Customers' specifications might be taken into account while creating customized goods. It will be an excellent venue to do business in the market and attract new consumers.

- **Order Making Process**

It used to take a long time and a lot of money to take orders from clients, but with e-commerce, the order taking is so simple that it saves time and money and allows businesses to generate more sales.

- **Customer Value**

Historically, the primary goal was to get a large amount of value from consumers. While attracting new consumers used to be the primary goal, vendors now strive to cultivate long-term connections with existing clients by providing them with exclusive offers.

Impact on Retailers

- **Turnover**

The decrease in offline merchants' revenue as a result of the development of e-commerce is a red flag for the company.

- **Profit Margin**

In the wake of the rise of internet merchants, brick-and-mortar stores are struggling to compete. They can't make a profit unless they offer their products at legal pricing that just cover their operating expenses.

- **Discount**

Because internet businesses give huge discounts to their clients, offline merchants must sell their items at lower prices in order to remain competitive and attract new customers.

- **Variety of Stocks**

Offline merchants are unable to compete with online retailers because the retailer loses a significant amount of money at the end of the year if they have excess inventory at the end of the year.

- **Customer Services**

Different services that internet shops fail to provide are provided by brick-and-mortar businesses. Like internet stores, repair and after-sales services, home delivery, and other similar offerings.

- **Window Shopping**

Customers who shop in brick-and-mortar establishments because of the low costs given by online retailers end up buying their products online. As a result, they have a larger number of potential consumers than actual customers.

- **Advertisement**

In order to generate sales, brick-and-mortar stores rely only on advertising to draw in clients. They don't miss an opportunity to promote themselves.

RETAIL SECTOR

Retailing, One of India's most important economic pillars, accounting for 22% of the country's GDP. There are two types of retailers in the retail industry: those who are organized and those who are not. The traditional low-cost retail forms like as local kirana shops, owner-managed general stores, pharmacies, footwear and garment businesses, paan& beedi shops, hand-cart hawkers, and sidewalk sellers are all examples of unorganized retailing. Indian retailing has a long history dating back to the 16th century. As a low-cost, primarily owner-operated organization, it requires little or no investment in real estate or labor, and therefore owes little or no taxes. One of the main advantages of conventional retailing is the continuity of the customer base from one generation to the next. The term "organized retailing" refers to trade operations conducted by licensed retailers, such as corporate-backed hypermarkets, which today account for 14 percent of mall space, and retail chains, as well as privately held major retail enterprises.

According to the Federation of Indian Chambers of Commerce and Industry, retail sales in India are forecast to grow at a pace of 5% annually to US\$650 billion (76%) by 2020, while retail sales in India are expected to grow by 25% annually to US\$200 billion (FICCI).

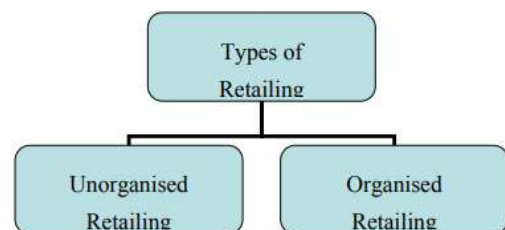


Fig 1 -: Types of Retailing

Organized Retailing

Retailers that have registered for sales tax and income tax are included in this category. An organized retailing system in India can be defined as a chain of retail outlets (not just a single store) that is professionally managed (even if it is run by a family), that has accounting transparency (by using MIS and accounting standards properly), and that has an organized supply chain management system with centralized quality control and sourcing (part of the sourcing can be locally made).

There is a relatively little percentage of organized retail in overall retail sales in India's extremely fragmented retail market. A huge chain like WalMart or Sears or McDonald's led to fast expansion of organized retail and industry consolidation in industrialized nations at the beginning of the 20th century despite the retail sector being extremely fragmented at that time. Westward expansion of organized retail is being fueled by growing income levels and lifestyle changes. India's middle class has grown in recent years, and the country's buying power has risen as a result.

Shoppers' Stop, Lifestyle, and Westside are just few of the huge organized retail chains that have emerged in recent years. Retail malls are likewise expanding throughout the nation. Since retailing in India is on the cusp of a big shift, there will be more possibilities in the retail business in India.

There will be an additional US\$ 503.2 million invested in the industry this year. After four to five years, this might reach \$1.26 billion, thanks to a CAGR of 40%. A slew of new clothing labels, including Indicted SA's Zara, Topshop, and the Marc Ecko line pushed by US entrepreneur Marc Ecko, as well as the Japanese casual wear brand Uniqlo, are planning to build India-based stores.

Unorganized Retailing

Traditional low-cost retailing formats are referred to here. Locally owned and operated retail establishments might be either the owner or the shopkeeper. Many of these channels lack consistency in terms of technological and accounting practices. Supply chain and sourcing are done locally to meet the needs of the local population, such as local Kirana stores, Convenience Stores, etc. Traditional or unorganized retail is the dominant form of retail in India. In the past three to four years, a number of organized merchants have opened modern-format shops in major metropolises and other cities. Despite this, organized retail's proportion of the entire retail market has remained small. Main explanation for this strength in unorganized retailing in India as a part of culture, custom and life style is that in India it is being practiced.



Fig 2: Vital Strengths of Unorganized Retail

FDI POLICY

Indian economic policy has been more open to international investment in recent years, the development of the country's FDI policy in part contributed to this. In terms of the overall inflow of foreign investment, Foreign direct investment rules and restrictions. The administration is contemplating legalizing foreign direct investment in multi-brand commerce in order to attract more international firms. Before the DIPP can move ahead with the idea, which is currently in discussion, it must receive government approval. An FDI draught document for retail has been presented to the Union Cabinet for approval after almost a year of consideration by the DIP Ministry of Commerce and Industry. This is the last and most difficult obstacle to overcome. One thing is for certain: the introduction of FDI in multiband retail will not be a one-shot deal but rather a big-bang one. When international retailers are allowed to enter India, they will have to meet a number of restrictions, at least in the beginning. Opposition parties, farmers' and trade unions' interests are protected by the requirements. After careful consideration of the perspectives of all parties concerned, the administration has taken a middle ground approach. As the larger reform measures of allowing multiband retailing to overseas investors remain bogged in political web, the Indian government permitted Foreign Investment to launch and manage completely owned single brand retail shop seven on 10th January 2012. Foreign direct investment (FDI) of up to 51% is only permitted in single-brand retail businesses that meet strict conditions. The DIPP, a branch of the Ministry of Commerce and Industry, now allows foreign direct investment (FDI) in single-brand retail retailing up to 100% with government approval. However, the government has put a 51 percent FDI ceiling on multi-brand retail on hold.

The following requirements must be met before foreign investment in single-brand retailing may be eased:

- It is important that all products be offered under the same brand name worldwide.
- Only those items that are labeled throughout the production process would be covered.
- To comply with the idea, at least 30 percent of the product's value must be supplied from Indian small businesses, including artisans and cottage enterprises.

A business is considered small if its total capital expenditure on machinery and equipment does not exceed \$1 million. Relaxation of foreign investments in the single-brand retail sector is the government's concession for a political agreement that allows foreign investors to build multi-brand retail outlets.

RETAILER IMPACT ON E-COMMERCE BUSINESS

Retailer impact on ecommerce business is as follows:

Discount

Merchants at brick-and-mortar shops must reduce the prices of their goods to compete with online retailers, who provide considerable discounts to customers. This is the only way to stay in business and attract new customers.

Margin of Profit

Retailers are impacted by price in the offline market. In order to stay afloat, they have to keep the price of the goods low. As a result, they get nothing more than the product's cost, with little room for profit.

Variety of Stocks

The shop suffers a big loss at the end of the year since the stock must be sold at a cheap price in order to acquire new goods. Brick-and-mortar businesses can't compete with the enormous variety of products that can be found online.

Providing services to Customers

Many of the services supplied by brick-and-mortar stores cannot be provided by an internet store. After-sale service, for example, home delivery, and commodities of service are all examples.

Annual or monthly turnover

Many companies have seen a decrease in the yearly and monthly turnover of offline retailers.

Window Shopping

The internet provided a convenient means for people to undertake some light browsing in the form of an online store.

Advertisement:

Advertisements are the exclusive emphasis of the online retailer's marketing strategy for growing sales and recruiting consumers.

DIFFERENT MARKETS AND RETAILERS IN INDIA

Markets

Physical Markets

A physical market is a market where clients physically enter the market and engage with the vendor face-to-face before purchasing the goods or service in return for money. In-person marketplaces include places like shopping malls and department shops.

Non Physical Markets/Virtual Markets

For example, in a "Non-Physical Market," buyers do not engage with sellers in person. On the internet, a customer purchases a product and pays for it online. You might think of marketplaces like Flipkart and Amazon as well as eBay as examples.

Auction Market

There is an auction market where the highest bidder receives the products, while lesser bids are disregarded.

Market for Intermediate Goods

As a result of their use, raw materials might be sold in this market in order to produce the final result.

Black Market

These markets are where illicit items like as narcotics, guns, and alcohol are sold under the supervision of those who are not supposed to be there.

Knowledge Market

In this category Information and information based goods are sold

Financial Market

This market deals in assets that can be quickly converted into cash. Equities trade on the stock market; debt securities are exchanged as bonds on the bond market. There are three sorts of financial

markets. The currency market, sometimes referred to as the FX market, is where currencies are bought and sold.

Retailers

- **Department Store:**

When a chain of small shops comes together to become a department store, you can expect a large range of goods to be sold under the umbrella of the one parent firm. Customers benefit from the large range of items available at a single location, making it more convenient for them to do business.

- **Supermarkets**

To fulfill the needs of today's customers, supermarkets are offering a greater range of items, including apparel and gadgets, in addition to food and drink. It is sold at a low cost due to its large purchasing power.

- **Warehouse Retailers**

Because warehouse stores can store, display, and sell a huge number of things at a minimal cost, they are often located in low-rent areas. As the name suggests, specialty retailers provide a unique product or service and give clients with exceptional service. They raise the bar by stocking complementary items in the same location.

- **E-Tailer**

E-Tailers are those vendors that allow consumers to purchase products online and deliver them to their homes, allowing them to reach a large geographic region and provide items to their clients. Because they pay less in rent and have less expenses, they can offer lower pricing.

- **Convenience Retailer**

As a result of the convenience they bring to their customers' lives, these businesses charge more for their items.

- **Discount Retailer**

As a result, discount retailers are those merchants who buy items from suppliers and resell them for less trendy names until the end of their lines, and then return any remaining products to the supplier at a reduced price.

CONCLUSION

Markets benefit from E-commerce because it reduces advertising costs since many clients can be attracted over the internet, a new brand can be formed, and it can keep a strong relationship with

customers. However, e-commerce has a negative impact on offline retailers because customers buy low-priced goods from online shops, forcing them to lower their prices as well, and retailers cannot maintain a large stock like online shops have stores because it would cost them a great deal of money to keep up with the demand for their goods.

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