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ONLINE RETAILER: THREAT TO BRICK AND MORTAR SHOPS

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Abstract: Online retailer has provided consumer with more alternatives and choices with convenience shopping. It has increased the sales and life style of consumers to a much larger. But brick and mortar shops are facing the heat from online retailers. The paper discusses how online retailers have got the edge over off line retailers. We also give some suggestions with regards to outcry of traditional brick and mortar business towards online retailers

Keywords: Online Retailer, Offline Retailers,

INTRODUCTION :-

Online retailer has provided consumer with more alternatives and choices with convenience shopping. It has increased the sales and life style of consumers to a much larger. But brick and mortar shops are facing the heat from online retailers. Deep discount provided by online shops has increased the market for the online retailer, but at the cost of sales at brick and mortar shops. Customers do come at a brick and mortar shop, but to get a feel of the product which they cannot get through online retailers. Then, they evaluate the prices at online retailers. With online retailers providing very low prices to make customers order the product through online retailers. A report by Technopak Advisors, a retail consultancy, says e-retail will rise from \$2.3 billion (for financial year 2014) to \$32 billion by 2020. This can also be seen as a potential loss of business for offline retailers. Online shopping in India, saw 128% growth in interest from the consumers in the year 2011 to 2012 in comparison to only 40% growth in 2010 to 2011, making 2012 the tipping point for online shopping in India. The buying of electronics and apparels and accessories are quite high. CRISIL Research expects the buoyant trend to sustain in the medium term, and estimates the market will grow at a healthy 50-55 per cent CAGR to Rs 504 billion by 2015-16.

The advantages, which online retailers have over offline retailers

1. Deep Discount: Online retailers have the ability to give deep discount which are almost impossible for offline retailers. Online retailers have shorter distribution channels. They deliver directly from their warehouses. They do not have incur costs on acquiring and managing stores at market places and others cost such as insurances, rents, wages. Therefore, they are able to sell at a price, much less than offline retailers are selling.
2. Storage of data: Online retailers have traditionally had a big advantage in terms of data, to stores, to collect, analyze, and visualize in-store customer engagement data, which offline retailers do not do
3. Liberal return policy and cash-on-delivery: In order to gain market share and to overcome the limitations of physicals inspecting of products by the customers, online retailers do follow liberal return policy and cash on delivery facilities, which make the further attractive to offline retailers.
4. Diverse inventory and its classifications: The identification of the product, which the customer wants, is much easier online than offline. Moreover, Customers are getting diverse choices online than offline
5. Growing income and changing demographic factors: Sultan and Henrichs (2000) in his study concluded that the consumer's willingness to and preference for adopting the Internet as his or her shopping medium was also positively related to income, household size, and innovativeness. Nagra (2013) finds out that online shopping in India is significantly affected by various Demographic factors like age, gender, marital status, family size and income.
6. Rising Mobile internet: rising smart phone with internet connections also leads to easy access to online retailers.

CONCLUSIONS

There has been decline in the sales of offline retailers due to surge in the online retailers but the surge in online retailing is not the only reason for the weak performance of traditional retailers. There are other factors such as economic slowdown and local competition which has shadowed over offline retailers. The outcry of offline retailer against e tailors is justified only to a certain extents. But offline retailers need to be competitive and improve efficiency and customer service to survive. They also have option to start their own online retailers along with brick and mortar office. We urge government to provide protections to the online retailers temporary rather than permanent, otherwise, it will leads to lower customer value and efficiency by off line retailers. Also, we have seen in USA, there is reversal trend that moves towards offline retailers because of its reliability among young users. Therefore we suggest offline retailers needs to prepare itself for the surge in e tailors.

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