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Impact of Online Business on the Offline Business

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Abstract: *To explore the growth of online trade and it has a great threat to retailers. Retailers covers major part of our Indian market and there was a larger population which is dependent on the retail stores to get their things. But nowadays the large number of customers are increasilingly shifting to the e-commerce. this paper is to analyse the factors which helps to growth of the online business. Factors include convience of time, cost effectiveness, and many more which leads to online shopping and because of these offline business are facing various challenges. additionally, the study investigate that what strategies is used by offline business to retain in this competitive world. it also finds that offline business has facing decrease in sales and profit. it is very tuft for small business to survive in this era. They are facing fear of losing their livelihood because of online business as their profitability of is very much affected by it but still they are trying new new strategies like giving free home delivery and many more to survive in the market. the study has limited time, cost and area but we have tried to give our best effort to the study to give the best result*

Keywords: *Online shopping, Retail store, Profit, Sales, factors*

I. INTRODUCTION

Shopping is part of everyday life. Shopping is probably one of the oldest terms for what we've been doing over the years. It is seen as a way to relieve stress, satisfy the craving of the heart and add flavour to a mechanical lifestyle. There are two main types of shopping nowadays: traditional shopping and online shopping. Today, with the spread of computers, more and more people are shopping over internet. Click on a word and thousands of articles will appear on the screen depending on your selection. You don't have to walk long streets or push through busy crowds to get fancy shoes. Since the dominance of the internet was declared, online shopping has become a popular shopping method. Advances in technology allow sellers to reach customers faster, easier and cheaper. Online shopping has become increasingly popular in the 21st century.

A. What is Traditional Shopping?

Having the ability to physically select and examine what an item or product looks like and its characteristics is a perk of traditional shopping. Tend to prefer because e-shopping is not where buyers and sellers meet, product awareness is low. Lack of confidence, lack of physical touch and feel, and security concerns are some of the reason why customers visit an online shopping site but are not interested in purchasing a product.

B. What is Online Shopping?

Online shopping (e-shopping) is a type of electronic commerce that allows a consumer to purchase goods and services directly from sellers over the internet using her web browser. Other names include e-webstore, e-shop, e-store, internet shop, web shop, web store, online sorting, and virtual store. Since the advent of the internet, shopping has certainly been given a new definition. Because of what the internet has to offer, any person or business that can list and sell products through a website on the internet can do so from anywhere in the world.

Moreover, you don't have to worry about exchanging banknotes as well as online banking. Consumers have the option to pay with various payments methods. Today, it's even easier for customers to find the hardest of all products by simply typing in the product or item they're looking for. Because logistic companies are also on board the train to help ensure product availability worldwide. In fact, online shopping has more and more benefits and advantages, which is why people choose to shop this way over traditional shopping.

Online shopping has developed rapidly in recent years. Many studies focus on high-touch products that consumers feel when they touch, smell or try the product. Offline shopping is required at the shopping stage because online shopping cannot. This research paper focuses on analysing significant difference between online and offline consumer groups in terms of consumer demographics, technology usage, availability and attitudes.

II. LITERATURE REVIEW

- 1) AMIT SAHA (2015) , conducted study on the impact of online shopping upon retail trade . The major objective of this study the effect on profitability of retail stores due to the advent of e-stores and to analyse the effect upon pricing patterns of retail stores in recent times and the change in business pattern to achieve customer satisfaction. By using the primary data technique, 50 retail stores have been selected as a sample size and data is collected through direct personal interview and investigation through schedules. The data analysis states that there has been a decrease in turnover in most of the enterprises with a figure as high as 80%.The findings says there is considerably decreased in retailer's turnover and profit margin in the past few years. Retailers are now more engaged in services related to customers for their satisfaction. With the convenience and product range, consumers became more comfortable with the experience of purchasing online and relatively more important as a deciding factor for shopping online. The study concludes that the face of retail has changed with the advent of technology in recent period being the primary reason for it. Both online and offline stores has to survive, none at the cost of other. Retail stores have to change the method of selling by acquiring technology and face the competitive world.
- 2) Andeh Bridget Asony and Ashifur Rahaman khan(2021), Studied on impact of e-Commerce on physical stores in fashion industry. The main objective of study was to provide underrating of the impact of online business on offline business .To know different factors of online business that influence offline business. The study was conducted through Questionnaire and Quantities approach is being used. Both data was collected. Structured Questionnaire are used for this study, the data was analysed through frequency table. And it Contents comparative design. The study was found that most of the people use online platform for shopping most of the people responds that they are attracted through online discounts. The study was concluded that there is not extreme impact of online Business on offline business. Physical stores go slowly transfer to online; there be different factors that influence consumer to Shopping in offline and online environment. Consumer makes decision and select best environment for shopping which meet needs and wants of consumer.
- 3) Sudhakar shukla (2021) studied about impact of online retailing on offline retail stores in electronics goods sector. The study focus upon impact of online retailing on offline retail stores in electronics goods sector. The study was undertaken using questionnaire and survey method. The analysis was done with Microsoft Excel (charts) according to the responses. The study finds that out of 100 respondents 40 strongly agree that online shopping has better variety of product then the retail. The study concludes that retail industries have to change with change and understand customer mentality properly.
- 4) Maximilian Philip Matz ,(2021)studied on Online VS. Offline shopping, impact of Covid-19 on the digitalization process in Austria. The study focuses on evaluation on impact of retail industry's digitalization process and the preference of consumer with regards to shop online or offline. For this study, Quantitative research method was used in order to get primary data. Non experimental design survey was carried out and Questionnaire was distributed to collect the data to find out appropriate measure to identify the participants' attitudes towards online and offline shopping as well as the influence of the Covid-19 pandemic. The Analysis was done through frequency distribution and with hypothesis testing. Total 117 responses participated from which 53.0% was male, 45.3 % were female and 1.7% participants were in "other" gender category. It was found out that people started to prefer online shopping during pandemic because of security measures and restrictions by the government. There was increase in likelihood to shop household supplies from online because of shortage in categories and options available. It was also found out that between the relationship of preferred choice of shopping channel and gender significance is absent. This study concludes that convenience factors influence the consumers' decision to shop online, and physical factors influence the consumers to shop offline.
- 5) Priyanka sharma (2021), A studied in impact of online shopping on retail trading of garments. The major objective of the study was to change in pattern of business of retail shops. To analyse the effect of pricing patterns of retail shops in recent times. The study used primary as well as secondary data. The primary data collected in questionnaire form. The secondary data was collected form websites and etc. 30 responded were taken form Guwahati city of fancy bazar. Form the analysis, research has found has 13.33 % responded have a annual income less than rs.100000 , 76.67% responded have annual income in 100000-500000 and 10% responded have an annual income more than 500000 . The comparisons of the increase and decrease sale in recent year. The interpreted that 40% responded have increased in sale in recent year. While 60% respondent have decrease in sales in recent year. The conducted survey for the study was in recent year to provide consumer a better online shopping experience. The retail store must face the stiff competition for online shopping with a positive outlook.
- 6) Nur Samima (2022) a study on the impact of E-retail business on small traditional retail shops in the metropolitan city of Guwahati, Assam. The objective was to study the impact of E-retail on the profitability of small traditional retail shops and to compare consumer's preference towards online retail shopping and offline shopping. The methodology for the study involves

both primary and secondary data. Primary data was collected by conducting an offline survey using detailed questionnaire and secondary data was collected through different articles, websites, journals, newspapers and government records. Analysis was conducted through questionnaire. The study found that a huge 73% of respondents agree that the profit have decreased due to the online business and 27% of shopkeepers have already reduced the number of employees working under them because they could no longer afford to spend money on their staff and according to the data collected 23% respondents prefer online shopping over offline shopping and 30% prefer offline shopping over online shopping and for 47% it depends on the prizes and discounts. The study concludes that E-retail is son going to be the future of India and the impact of E-retail is huge on offline market but the percentage of offline retailers who have started taking measures to cope up with this problem is less. So, the merchants need to understand instead of complaining about the situation. They should take actions and they need to update their policies. And more better option would be taking their business to online platform.

- 7) DR. Rekha Joshi & Aditi Sahni (2022). Impact of online shopping on retail business (with special reference to Haldiwani city in Nainital district of Uttarakhand). The main objective of the study was to examine and know the effects of online shopping on retail business and to examine the impact of E-stores on the profitability of retail stores. The information for the study was gathered from primary and secondary data collection. Primary data was collected via direct personal interview and by circulating an online questionnaire to retail store owners. 50 retailers were selected using random sampling method. Secondary data was collected from journals, websites, and table, pie chart, bar diagrams and from newspapers. Analysis was conducted through questionnaire. The study found that there was an increase in competition and their consumer base was not increasing at all due to more use of online shopping. Apart from that, the profit and sales was not increasing in the past few years. The study concludes that E-commerce business is rapidly expanding and it has become extremely popular nowadays and it has many disadvantages for retail store owners. According to findings 68% retail store owners have not seen any improvement in their profit margin. However, majority of retailers have not increased discount rate and they have started to keep wider range of products they should also provide more service to customers to increase sales and gain more profit.
- 8) Dr.K.Kiran Kumar Varma(2022), conducted a study on “Impact of e-commerce on Indian retail sector – A study in Andhra Pradesh”. The primary goal of the study is to know factors influencing e-commerce with reference to retailer’s point of view. The primary data is collected by questionnaire which was standardized Cromach’s Alfa method. Secondary data is collected from the journals, government websites, and newspaper. 150 retailers are surveyed through pilot study method. Hypothesis tested was there is no significant difference among various demographic group retailers on influenced factors of e-commerce in retailers’ point of view. Test of hypothesis and data was analysed by SPSS software (version 20). The data says that Competitive pricing and availability of various product ranges is very important according to almost 40% of the respondents. The studies conclude that basic service like competitive pricing and all other factors are the perfect purpose which may not only change the perception of retailers but is also changes their buying behaviour.
- 9) Tianyu Wang (2023). The main objective of the study was to explore the impact of e-commerce on the offline retail industry in China. Data from the Shanghai Municipal Commission of Commerce showed that e-commerce transactions accounted for 21.81% of the city's GDP in 2009, up from 4.69% in 2002.The author examines the potential and problems that offline stores face from e-commerce, including those related to employment, sales, profits, customer behaviour, and competitiveness. The author also addresses the tactics—such as Omni channel integration, distinction, innovation, and cooperation—that brick-and-mortar stores might use to combat the online shop. To provide a thorough examination of the subject, this review consults a number of sources, such as academic literature, industry reports, and a case study of Costco. The research comes to the conclusion that e-commerce is not just a replacement for offline retail but also a complement and a motivator for it, and that offline shops must change and innovate in order to prosper in the ever-evolving retail landscape. Data analysis method - descriptive statistics.
- 10) Karthika R. et al (2023), conducted a study on Impact of online shopping on retail stores. Main objective of the study was to study the effect of online shopping on visits to the conventional stores for shopping and to study the effect of online shopping onto the consumers. The study is conducted on 100 retail shops Bengaluru. The primary data is collected through questionnaire and secondary data is collected through previous research paper. Data analysis is done through advance excel. Major findings of the study is that small retailers are missed out somewhere, but still the nearby store is always the most important concern for all reasons and seasons. The study conclude that now everyone is now slowly adopting the online business tricks to increase their sales and opening the business online store is much cheaper in compare to retail storefront.

III. RESEARCH METHODOLOGIES

Research methodology is defined as the systematic method to resolve a research problem through data gathering using various techniques, providing an interpretation of data gathered and drawing conclusions about the research data. Essentially, a research methodology is the blueprint of a research or a study. As such, the methodology in research proposal is of utmost importance. To summarize these definitions, methods cover the technical procedures or steps taken to do the research, and methodology provides the underlying reasons why certain methods are used in the process. Therefore this section is used by researchers to justify why the methods they employed are best suited to achieve the research objectives and arrive at valid and reliable results. This section also allows readers to evaluate the reliability and validity of a study based on the relevance and effectiveness of the procedures employed.

A. Objectives of the study

- 1) Evaluate the positive and negative impact for e-commerce.
- 2) To know the effect on sales of retail stores due to online business.
- 3) To study the effect upon pricing and business patterns of retail stores in current time for customer satisfaction.
- 4) To study the effect on profitability of retail stores due to the advent of e-web-store.

B. Gap of the Study

From the literature review, it appears that there is still some gap wherein other objectives are untouched and also not explained properly like how retail business is affected. Therefore, this study will try to fill the gap with the relatable information and analysis.

C. Scope of The study

This study is done because this is the ongoing trend of online shopping in this busy lifestyle. Also to know the strategies of the offline business which retain their customer to earn the profit.

D. Research Design

Research design is a strategy for answering your research question using empirical data. Creating a research design means making decision about your overall research objectives and approach. Whether you'll rely on primary research and secondary research. Your sampling methods or criteria for selecting subjects. Here we were taking Descriptive research design will be used for research. As these designs help the opportunity to cover the aspects that are required to conduct the research. Data that will be used from both primary and secondary sources. Primary data will be collected through questionnaire and personal interview. Secondary data will be collected from researches done earlier in this field.

E. Sampling Design

Population: research was conducted on the retailers who are doing the offline business.

Sampling frame: Ahmedabad

Sampling method: Non-Probability Convenience Sampling

Sampling size: 150

F. Data Collection Sources

Primary data is collected through google forms and personal interview of the samples.

G. Limitations

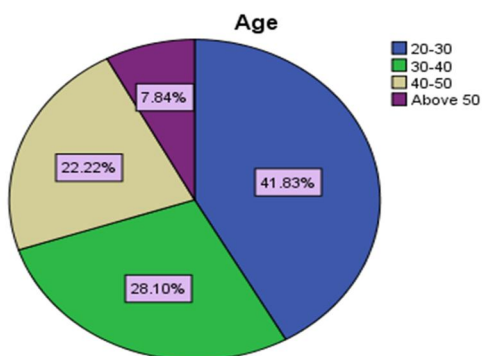
This research is limited to the consumers of Ahmedabad only so it can't be taken as a universal suggestion. The increasing number of competitors is also a leading disadvantage which makes it too hard to increase the sale of retail stores. Data totally depends on the respondent's view, which could be biased in nature.

H. Beneficiaries

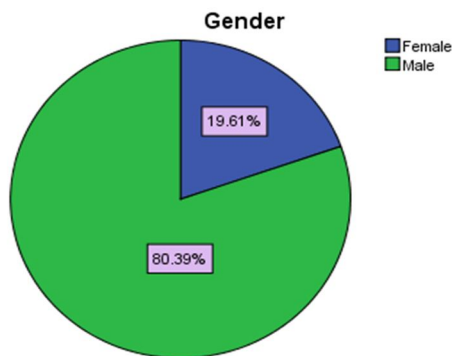
This research is benefited to every reader who gets a proper idea about the online and offline business strategies. They also get help to know that how offline business is getting affected by the new trend of online business. With response of retailers will tell us that what are the problems which are faced by them.

IV. DATA ANALYSIS

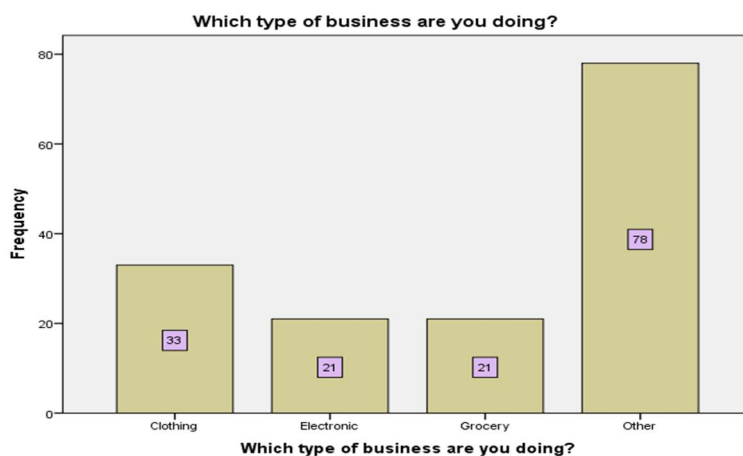
4.1 Age



4.2 Gender

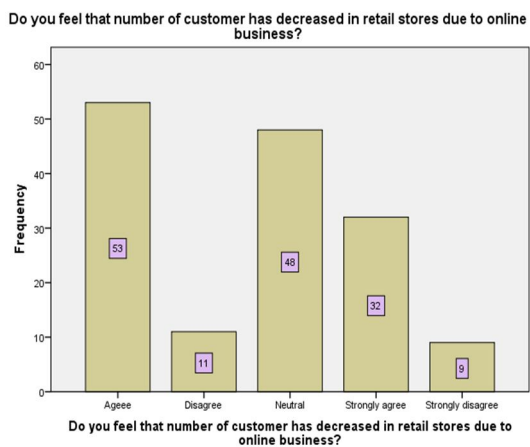


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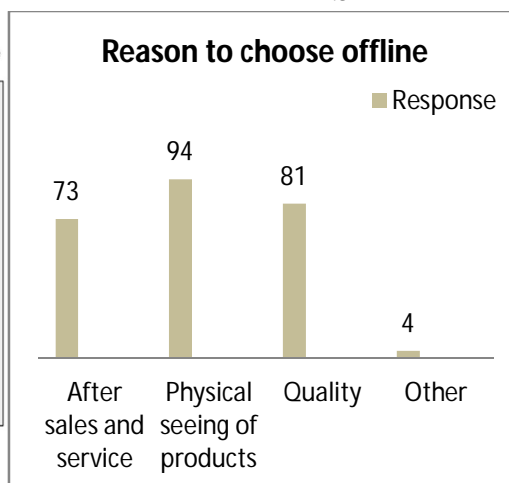


1) Objective 1 :- Evaluate the positive and negative impact for e-commerce.

4.4



4.5



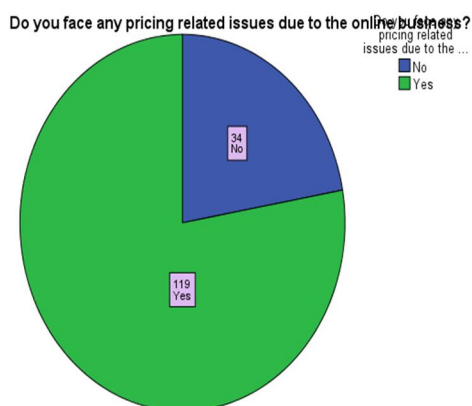
2) Objective 2:- To know the effect on sales of retail stores due to online business.

4.6

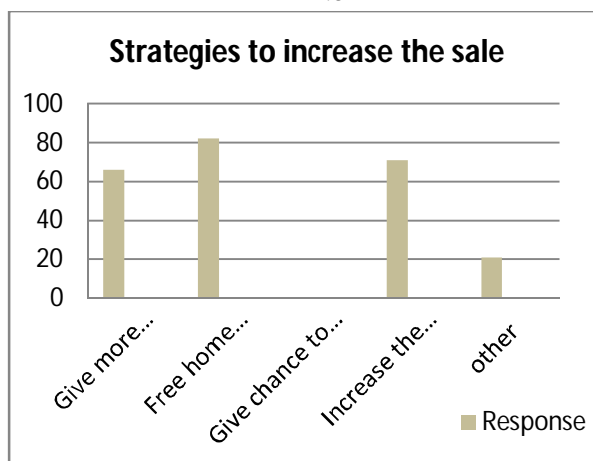


3) Objective 3:- To study the effect upon pricing and business patterns of retail stores in current time for customer satisfaction.

4.7

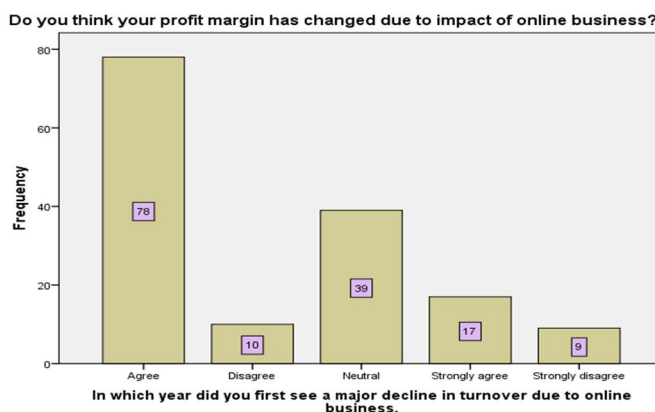


4.8



4) Objective 4:- To study the effect on profitability of retail stores due to the advent of e-web-store.

4.9



A. Interpretations

- 1) From the above chart it is analyzed that 41.83% of youngsters are considered for the survey with age between 20-30. 28.10% of age between 30-40. 22.22% are of age between 40-50. And the least of age above 50 which is 7.84%.
- 2) From the above chart it can be identified that survey of 150 samples has been carried out. Considering the above table, it is seen that the sample have 80.39% male candidates are their and 19.61% of females are taken.
- 3) From the above data is it seen that 33 are of clothing business, 21 are of electronic and grocery business, 78 business are of other things like novelty store, cosmetic shops and etc.
- 4) From the above chart it is analysed that 94 businessmen think that physical seeing of the product is the main reason that customer still choose offline shopping. 81 businessmen thinks that quality is the reason and 73 businessmen thinks that after sales service is the reason. Only 4 businessmen thinks that other reasons are there that customer still choose offline shopping.
- 5) From the above chart it is analysed that 53 businessman agree that they feel that number of customer has decreased in retail stores due to online business. 48 says neutral change is there. 32 businessman strongly agree with the same. 11 disagree and 9 strongly disagree that they don't feel that number of customer has decreased to online business.
- 6) From the above chart it is analysed that 58 businessman agree that they feel that their of customer has switched to the online shopping and impacted their business. 40 say neutral change is there. 27 businessmen strongly agree with the same. 17 disagree and 11 strongly disagree that their customer has switched to the online shopping and impacted their business.
- 7) From the above chart 119 businessman are saying that yes that they are facing pricing related issue due to the online business. And 34 saying that they are not facing .
- 8) From the above chart it is analysed that 82 businessmen thinks that free home delivery is the majorly used strategy to increase the sale with the competition of e-commerce. 71 businessmen used increase the variety of products and 66 used give more discounts and offers. 21 businessmen use other strategy to increase the sale with the competition of e-commerce. But none of them are ready to use the strategy of giving chance of return and exchange.
- 9) From the above chart it is analysed that 78 businessman agree that they feel that their profit margin changed due to impacted online shopping. 39 say neutral change is there. 17 businessmen strongly agree with the same. 10 strongly disagree and 9 disagree that their profit margin changed due to impacted online shopping.

Part - B

Hypothesis testing

1.

Variable 1 :- Profit margin decreased.

Variable 2 :- impact of online on offline business.

Hypothesis H0 : There is no Significant association between profit margin decreased and offline business is impacted due to online business.

Hypothesis H1 : There is no Significant association between profit margin decreased and offline business is impacted due to online business.

4.2.1 Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
does your profit margin decreased? * do your offline business impacted due to online business?	150	100.0%	0	0.0%	150	100.0%

4.2.2 does your profit margin decreased? * do your offline business impacted due to online business? Crosstabulation

Count

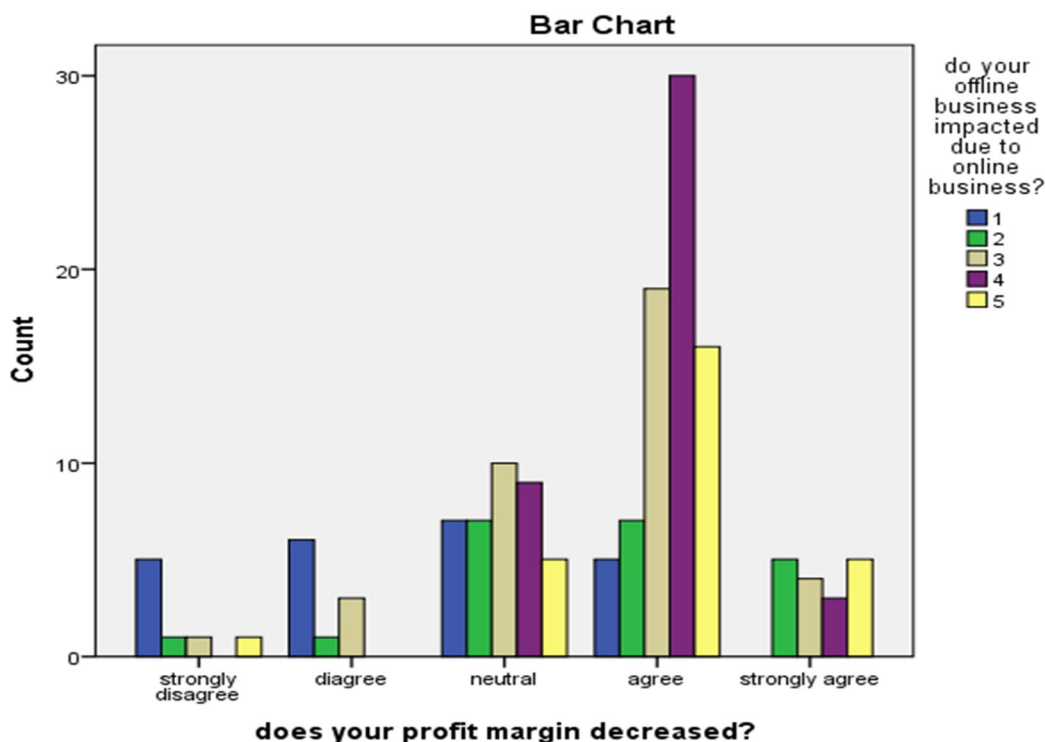
		do your offline business impacted due to online business?					Total
		1	2	3	4	5	
does your profit margin decreased?	strongly disagree	5	1	1	0	1	8
	diagree	6	1	3	0	0	10
	neutral	7	7	10	9	5	38
	agree	5	7	19	30	16	77
	strongly agree	0	5	4	3	5	17
Total		23	21	37	42	27	150

4.2.3 Chi- square testing

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	50.137 ^a	16	.000
Likelihood Ratio	49.146	16	.000
Linear-by-Linear Association	23.810	1	.000
N of Valid Cases	150		

a. 15 cells (60.0%) have expected count less than 5. The minimum expected count is 1.12.

4.2.1:- Impact of online on offline business.



Interpretation :- The test shows that significance value is less than 0.05 that's why we Rejected H0(null hypothesis). That's means there is significant association between profit margin decreased and offline business impacted due to online business.

V. FINDINGS

- 1) We found that 20-30 years 41.83% participated in this survey.
- 2) Hence majority of 80.39% of business males participated.
- 3) 27.5% offline businesses were affected because of online business.
- 4) Most of the people are conducting their businesses other than clothing ,electronics and grocery for more than 5 years.
- 5) Out of total respondents , majority of them agree that there is decreasing numbers of retail stores due to online business and their profit margins.
- 6) There was 28.8% decline in retail stores due to online business in the year of 2020.
- 7) It was found out that 43.8% clothing sector and 35.3 % electronic and grocery was least affected due to online business
- 8) low cost factor of 33.3% is pushing people to shift online stores .
- 9) 34% of customers agree that Because of wide variety of options available at online stores there is increase in online business.
- 10) 69.9% of people commencing offline business started to use social media platforms for their marketing.
- 11) 57.5% respondents agreed to the fact that offline business will overcome by onliness business in upcoming future.
- 12) 59.5% of offline business owner converted their offline business into online business.
- 13) Therefore, we can say that in the emerging era of online business, offline business is impacted at large.

Objectives	Findings
Evaluate the positive and negative impact for e-commerce.	NEG : The negative impact is that offline retailers may see decrease in sales due to online business. POSITIVE: 94% Of the businessmen thinks that physical seeing of the product is the main reason why consumer choose offline business over online business
To know the effect on sales of retail stores due to online business.	42% of businessmen thinks that their business is highly affected due to entrance of online business
To study the effect upon pricing and business patterns of retail stores in current time for customer satisfaction.	120 Businessmen out of 150 businessmen are facing pricing related issues and their profit is decreasing due to E- Stores
To study the effect on profitability of retail stores due to the advent f e-web-store.	Mostly businessmen thinks that by giving more discounts and offers and free home delivery is the main strategy that retail store owners are using for customer satisfaction.

VI. CONCLUSION

In summary, online business affects offline business in many ways, and this keeps changing in today's digital world. Although selling online opens up new ways to find customers and grow, it also brings challenges like more competition. Offline businesses need to change how they do things to stay competitive. But by combining online and offline methods cleverly, businesses can make customers happier and grow more. As technology and how people shop keep changing, businesses need to stay flexible and smart to do well in the future.

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