BRICK-MORTAR-STORE V/S ONLINE SHOPPING, CHANGING PARADIGMS

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Abstract

E-commerce provides firms an opportunity to establish a market presence through the provision of cheaper and more efficient distribution systems. A couple of the advantages of E-commerce for customers are convenience of shopping from home and selection from a wide range of products. However, it also has its own disadvantages such as limited customer service since you would not have someone helping out during a purchase, no instant gratification of having the product in hand immediately after purchase and no ability to touch and see a product. In this research study, we aim to do a comparative study and analyse the more preferred option when it comes to shopping. The tool intended to be used to gather information is the Questionnaire Method. The study will help understand and shed light on the market conditions from the customer's point of view.

Keywords: E-commerce, purchase,

Brick and mortar is a traditional street side business that deals its customers in a direct, face-to-face setting. The local grocery store or the bank at the corner of the street are examples of brick-and-mortar companies. It allows the consumers to get a feel of the product before they make the purchase, therefore, a lot of customer prefer to do so before a purchase. The association of legitimacy with such businesses often gives a perception of trust to the customers.

Some business types operating mostly in the service industry are more suited to brick-and-mortar form, such as hair salons, gas stations, vehicle repair shops, restaurants and cafes, etc. Hence, it is of importance that such businesses highlight the advantages a customer has when visiting such stores as part of their marketing strategy.

E-commerce is a segment of business model that allows business transactions to occur over the internet. These transactions can be between business to business, business to consumer or consumer to consumer.

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Almost any product or service is offered through E-commerce ranging from books and music, travel and tourism to financial and consultation services.

Owing to the growing population in India the potential to expand into e-commerce is very big, especially with the increase in the number of internet and smartphone users. Major developments have taken place with new and improved mobile apps making it convenient for shoppers to make on the go. It is not just the consumers who are reaping the benefit of the e-commerce boom, but many small business owners and merchants now have a chance to multiply their business to even outside those of India. The e-commerce boom has benefitted even the Marketing, IT, Advertising and Logistics industries.

E-commerce which can be referred to philosophical ethics, moral speculation, moral hypothesis and ethical philosophy is really a branch of logic that includes systemizing, guarding and prescribing concepts undesirable carry out, on a regular basis to handle problems with enterprise and variety (Carleton, 2013).

1. Objectives of the study

The study has been conducted with the following objectives

- To study about people's perception regarding brick-mortar-store v/s online shopping.
- To understand the factors that influence the people to use either one or both shopping methods.

2. Importance of the study

This study is concerned with purchasing behaviour of consumers and the preferred shopping method. It focuses on many e-commerce websites, purchase of various goods, demand for the products with respect to age, occupation, purchasing power and willingness to choose between different methods of spending.

3. Limitations of the study

- An in-depth study was not possible due to time constraints.
- The study was confined to a sample size of 25 which may not be applicable to the entire population.
- There are chances of bias in the data collected from the respondents.
- The data given by respondents may be limited to their own knowledge, thoughts and awareness.
- The study was conducted in Bangalore city; it may not be applicable for the whole country.

4. Collection of data

Primary data

Primary data has been collected through questionnaires. The questionnaire was related to the preferred method of shopping, focusing mainly on age as the demography. Various factors were taken into consideration on the decision to purchase goods online or at a retail outlet.
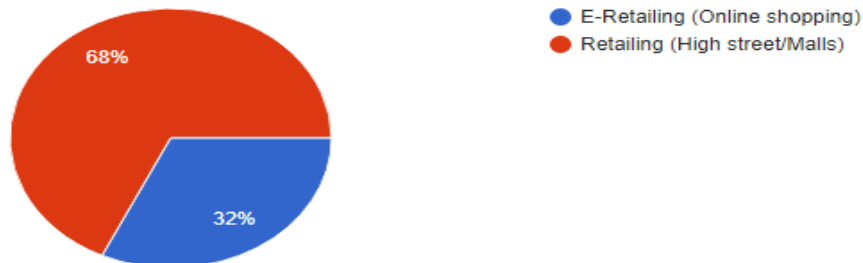
Secondary data

Secondary data has been taken from internet, reports, advertisements, newspapers.
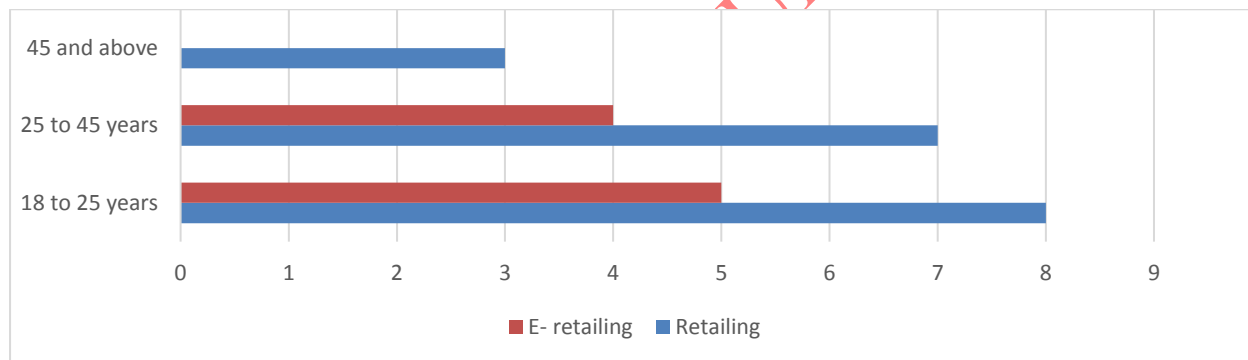
5. Analysis and Interpretation

Chart 1- The preferred method of shopping according to consumers.

Retailing or Online Shopping (32%).

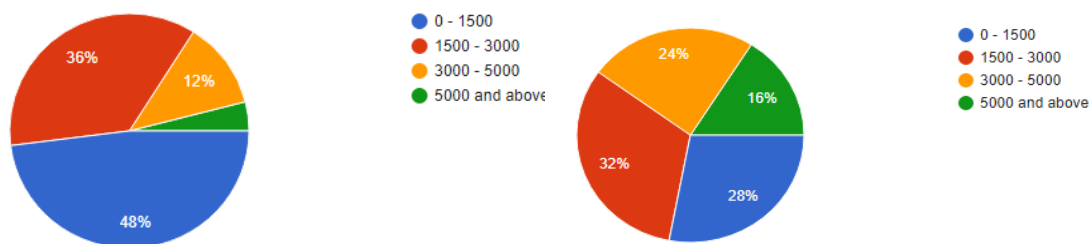With the sample size of 25 members, 68% people prefer retailing i.e., Brick-and-mortar over traditional shopping.

Chart 2- The main component of demography is age.

It is seen that maximum of our respondents still preferred traditional shopping over online shopping.

According to the study conducted, the graph throws light on the different age groups corresponding to their mode of shopping. As seen above, the age groups between 18 to 25 years mostly prefer E-retailing/online shopping compared to other age groups.

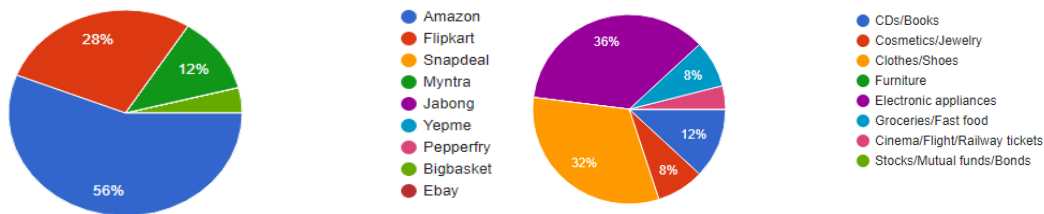**Chart 3-** Comparison between average spending on online and traditional shopping.

Brick-and-mortar shopping   Online shopping

48% of the respondents on an average spent close to Rs.1500, and 36% spent around Rs.3000 in traditional retailing. Whereas, 32% of the respondents spent around Rs. 3000 on online shopping. However, 16% of the respondents were spending more than Rs.5000 while shopping online.
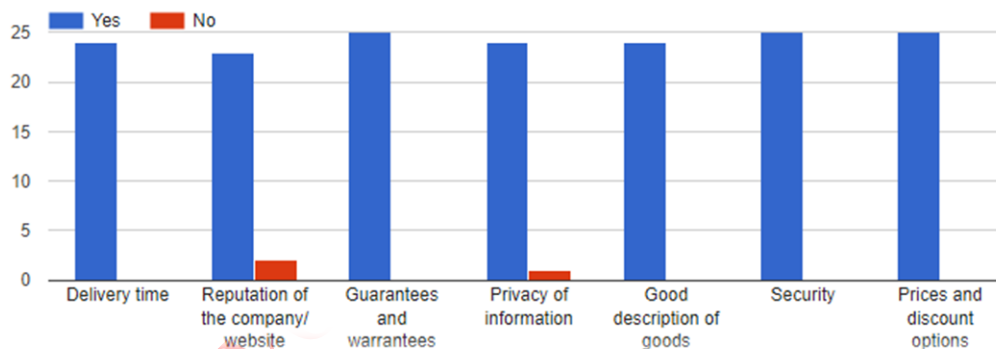
Chart 4- Collaboration of frequently visited e-commerce websites and online purchases.

As per the research, majority of the respondents prefer the website Amazon.com with majority of the purchases ranging between electronic appliances and clothing.
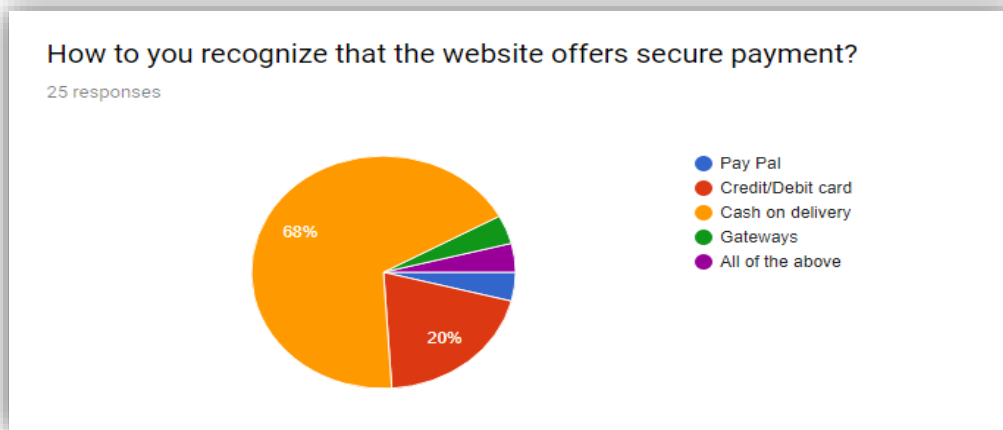
Chart 5- Deciding factors for purchase of goods.

A lot of the respondents do look for better delivery time, reputation of the company, guarantee provided on the product with its description, security of the payment gateway and the prices and discounts available on online purchases as deciding factors for making online purchases.

Chart 6- Awareness of secure payment options.

How to you recognize that the website offers secure payment?
25 responses

- Pay Pal
- Credit/Debit card
- Cash on delivery
- Gateways
- All of the above

68%
20%

A good 68% of the respondents preferred to opt for Cash on delivery for making payments with mere 20% respondents ready to go for online payments through credit or debit cards. Hence we can notice skepticism in the minds of the buyers when it comes to online payments.

Findings

- The biggest retail spenders belonging to the working population of India are in the age group of 15 to 54 years and constitute 50% of the country's population. Today, the 500 million individuals under the age of 25 years are the main drivers of the retail growth, mainly in fashion, mobile and fast food.
- The empowered middle class is now on an ever growing buying mode with increased incomes. The high demand for retail shopping has further been fueled by easy access to plastic money making "Buy now, pay later" a mantra for most.
- The findings depicted an increase in the spending amount when it comes to online shopping.

Suggestions and Recommendations

The importance of brick-and-mortar model is credited by many large online retailers to realize the importance of traditional retail. For example, Amazon.com Inc., has opened several Kirana Now stores in the country that offer pickup options to facilitate faster delivery of products and help strengthen customer relations.

Retailers which were forced to compete with e-commerce companies that sold goods online, especially in terms of price and selection now have a new option of a business model which is online-to-offline commerce. The main goal of this business model is to create an awareness of the product and service online, this allows for potential customers to research different offerings and make their ultimate purchase in the local brick-and- store.

This business strategy is able to draw potential customers from online channels towards physical stores. This strategy incorporates techniques used in online marketing along with those used in brick-and- marketing, making use of both marketing techniques.

Such O2O commerce companies include the option of in-store pick up of items that is purchased online, as well as allowing the return of items purchased online at a physical store.

These companies offer the customers visiting the physical stores to see how an item fits or looks, and ultimately make the purchase online (referred to as "show rooming"). The companies also allow customers to place orders online while at a physical store.

The rise of online-to-offline commerce has not eliminated the advantages that e-commerce companies have. The goal, therefore, is to attract a certain type of customer that is open to walking or driving to a local store rather than wait for a package to arrive in the mail.

Conclusion

Online shopping has of late been greatly adopted by the Indian consumers due various factors such as attractive websites, user-friendly interfaces, multiple online stores – along with numerous options for easy and very secure online payment methods.

Other than these chances to get discounts round the year, coupons, getting referral and reward points, 30 days return guarantee, delivery timelines reduced to lower than a day or week have played a key role in the success of e-commerce in India.

The e-commerce boom has scoured the way for job opportunities in the e-commerce industry, contributing to almost 4% of the total GDP of India by 2020. Being in the digital age, there is a definite paradigm shift leaning more towards e-commerce. However, for it to be successful throughout the country, key challenges like low internet network in rural areas, or even low connectivity in urban areas causing drops in payment processes can impede the expected e-commerce growth. However, brands that decide to stay offline are likely to lose the patronage of the tech-savvy Millennial. It is estimated that millennials have the total purchasing power accounting to $170 billion every year, worldwide. The traditional retailers must now comply and adjust themselves to newer strategies like going online, or taking advantage of established online businesses and merging with them, if they want to partake in the profits that the online e-commerce brings.

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