

THE IMPACT OF INTERNET MARKETING ON RETAIL TRADE BUSINESS

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ABSTRACT - *This study focuses on highlight the impact of the increasing trend of Internet marketing over the various shop retailers considering a particular geographical area i.e. Pune. Retailers Consist of a large section of the population and a larger population is dependent upon these retailers. But the advent of Online marketing with their attractive incentives and wide varieties has smacked on their face the fear of uncertainty and helplessness. This study looks into the various aspects about how retail businesses are being affected and also the various recovery mechanisms they are coming up with to counter those e-stores in their race of outlast. This paper also unravels the effect upon the profitability of the various concerns due to increasing trend for online marketing. Although the periodicity of the study is less yet an effective attempt has been made to enlighten the scenario along with concrete suggestions.*

Keywords - *Internet Marketing, Indian retail industry, stores, retailers, turnover, profit-margin, window-shopping.*

I. INTRODUCTION

Internet marketing – often called online marketing or e-Marketing – is essentially any marketing activity that is conducted online through the use of internet technologies. It comprises not only advertising that is shown on websites, but also other kinds of online activities like email and social networking. Every aspect of internet marketing is digital, meaning that it is electronic information that is transmitted on a computer or similar device, though naturally it can tie in with traditional offline advertising and sales too. Purchasing products or services over the Internet, online shopping has attained immense popularity in recent mainly because people find it convenient and easy to shop from the comfort of their home or office and also eased from the trouble of moving from shop to shop in search of the good of choice. Online shopping (or e-tail from electronic retail or e-shopping) is a form of e-commerce which allows consumers to directly buy goods and services over the internet through a virtual shop. Some of the leading online stores currently in India are Amazon, Flipkart, Snapdeal, ebay, Homeshop18, Myntra etc. Retail is a process of selling goods and services to customers through multiple channel of distribution. Retail stores may be small or big but

they mostly operate in the same line as “purchasing to sale”. Retail form of business is as old as civilization and is the most basic form of business. Types of Retail Stores are like- Departmental Stores - A department store is a retail store which offers wide range of products to the end-users under one roof. In a department store, the consumers can get almost all the products they aspire to shop at one place only Discount Stores - Discount stores also offer a huge range of products to the end-users but at a discounted rate. The discount stores generally offer a limited range and the quality in certain cases might be a little inferior as compared to the department stores. Supermarket - A retail store which generally sells food products and household items, properly placed and arranged in specific departments is called a supermarket. A supermarket is an advanced form of the small grocery stores and caters to the household needs of the consumer. Mom and Pop Store (also called Kirana Store in India) - Mom and Pop stores are the small stores run by individuals in the nearby locality to cater to daily needs of the consumers staying in the vicinity. They offer selected items and are not at all organized. Malls - Many retail stores operating at one place form a mall. A mall would consist of several retail outlets each selling their own merchandise but at a common platform. The Internet has many advantages over retail stores. Firstly, the choice, whereas the bookstore at the corner of the street or the nearby cloth store hardly offers 5000 references on its stalls or 20 designs of a particular garment of same size, Amazon has got hundreds of thousands of variety. Internet is full of online retailers offering 10 times or even 100 times more products than the average retailer can possibly dream of. For an e-commerce website, the costs of storing and referencing a product represent a small fraction of the cost as compared to the cost of storing and referencing a product for "physical" stores. From the customer satisfaction and availability of services, online shopping is creating a major impact upon the retail stores.

II. RETAIL INDUSTRY IN INDIA

The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the

employment. India is the world's fifth-largest global destination in the retail space.

MARKET SIZE:

India's retail market is expected to nearly double to US\$ 1 trillion by 2020 from US\$ 600 billion in 2015, driven by income growth, urbanisation and attitudinal shifts. While the overall retail market is expected to grow at 12 per cent per annum, modern trade would expand twice as fast at 20 per cent per annum and traditional trade at 10 percent.

India's Business to Business (B2B) e-commerce market is expected to reach US\$ 700 billion by 2020 whereas the Business to Consumer (B2C) e-commerce market is expected to reach US\$ 102 billion by 2020.¹ Online retail is expected to be at par with the physical stores in the next five years.

India is expected to become the world's fastest growing e-commerce market, driven by robust investment in the sector and rapid increase in the number of internet users. Various agencies have high expectations about growth of Indian e-commerce markets. Indian e-commerce sales are expected to reach US\$ 120 billion! by 2020 from US\$ 30 billion in FY2016. Further, India's e-commerce market is expected to reach US\$ 220 billion in terms of gross merchandise value (GMV) and 530 million shoppers by 2025, led by faster speeds on reliable telecom networks, faster adoption of online services and better variety as well as convenience²

III. LITERATURE REVIEW

Some of the research works that came across during the study are as follows:

Online shopping offers the customer with a variety product assortment from where a customer can easily choose his/her desired product. Internet marketing is totally different from the traditional physical marketing, physical marketing require one to many advertising system it means in physical marketing one marketer have to give advertisement to many consumer which we can say one to many communication system on the other hand in case of online shopping one marketer have to give advertisement to one consumer at a time which we can say one to one communication (Hill & Alexander, 2000).

Today, business internet marketing is growing very fast which we can say b2b. The major differences between online and physical marketing is the customer interaction, in physical marketing system there needs less interaction between customer and the marketer but in case of online shopping there require more effective customer interaction, communication between customer and the marketer is more close here (Armstrong & Kotler, 2009).

There is a lot of difference between the online marketing and traditional marketing because online marketing provides one to one communication which means that the marketer will market the product to one customer round the clock on the other hand traditional marketing is done through one to much communication system (Armstrong & Kotler, 2009).

Kathleen Seiders, Constantine Simonides, Douglas J Tigert prepared a report on "The impact of supercenters on traditional

food retailers in four markets" in International Journal of Retail & Distribution Management", ISSN: 0959-0552

EunjuKo and Doris H Kincade prepared a report on "The impact of Quick Response Technologies on Retail Store Attributes" published in "International Journal of Retail & Distribution Management"

Soyeon Shim, Mary Ann Eastlick and Sherry Lotz prepared a report on "Assessing the impact of internet shopping on store shopping among mall shoppers and internet users" in the "Journal of Shopping Centre Research"

Bo Dia, Sandra Forsythe and Wi-Suk kwon prepared a report on "The impact of online shopping experience on risk perception and online purchase intention: Does product category matter?" published in the Journal of "Electronic Commerce Research", VOL 15, NO 1, 2014

IV. OBJECTIVES OF STUDY

The research has been conducted with the following objectives:

1. To study the effect on profitability of retail stores due to the advent of online marketing
2. To analyze the effect upon pricing patterns of retail stores in recent times
3. To analyze the change in business pattern to achieve customer satisfaction.

V. METHODOLOGY OF STUDY

The data for the study have been collected from primary sources. Primary data have been collected through- Direct Personal Interview method where interview took place with the owners of different retail stores. Investigation through schedules at the various units for appropriate information.

Universe of the Study- The universe consists of all the retailers situated in the Pune city from which a 50 retailers are selected at random for the purpose of the study.

Sample Size And Sample Unit- For the study a sample of 50 retail stores has been selected on the basis of convenient sampling for the purpose of the research.

Sampling Techniques- For the study convenient sampling technique method has been applied on the basis of suitability for the availability of information and which has a substantial share in the market so as to give more accurate picture of the impact of online shopping.

Data Collection Techniques- The data for the study has been collected through applying the following techniques: Direct Personal Interview and Investigation through schedules.

Data Representation Tools- The data collected are classified, tabulated and represented through chart and bar diagram.

VI. IMPORTANCE OF THE STUDY

This study is very much relevant to present times as this will make awareness about the impact of online marketing on retail stores. The sudden surge in online marketing and customers have adjusted to it to a greater extent which it a real cause of concern for the thousands of retailers who have a small shop offering a small variety of products which are their source of

livelihood. This study wants to unravel the real scenario and also look into the threat that looms over the various small scale retailers. In this study an attempt has been made so that retailers are aware of the upcoming that is expected to loom over their business in the near future so that they can appropriate arrangements to face such challenges. Dynamism stands the base of the current scenario and as a result of that anything that remains stagnant will be surpassed by others. It's time the retailers start thinking deep into this aspect and come up with better and advanced strategies.

VII. DURATION OF THE STUDY

1. The study has been conducted over a period of 3 months from July, 2016 to September, 2016.
2. For certain historic based data it covers a period from 2009 to 2016.

However, the impact factor has been taken from data based on examination of retailers over a long period of time.

VIII. LIMITATIONS OF THE STUDY

In spite of all sincere efforts, the study is not foolproof in nature. It suffers from variety of limitations due to the following reasons:

1. The study is limited to Pune city only.
2. Besides that, the detailed study has been conducted taking on 50 retail stores based upon convenient sampling.
3. The information collected from the respondents may not be able to generalize due to the small sample size.
4. Time is also a limiting factor as the study is conducted in a very short span of time.

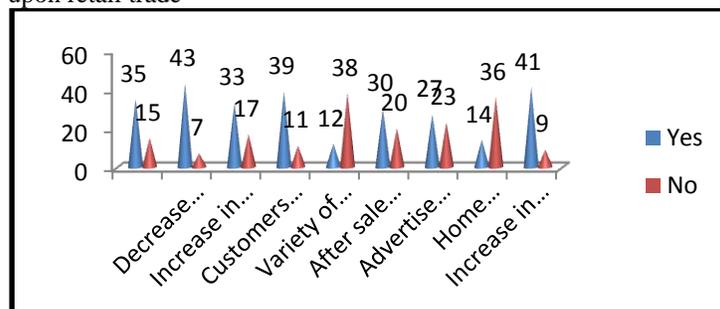
IX. DATA ANALYSIS AND INTERPRETATION

Retail stores generally operated in the traditional lines of business except a few superstores that brought in certain modification in their business patterns, but the advent of online shopping in recent times has put an upon them because they had been losing on several ground. The study has been made on several grounds to understand the aspects of impact upon the business of various retailers that to some extent has led to a change in their strategies.

Presentation of data Table: Table showing the analysis of the various aspects of the impact of online marketing on retail businesses

personalized nature to your customers?		
Do you advertise about you enterprise?	27	23
Do you provide home delivery services to your customers?	14	36
Is there an increase in window shopping in recent times?	41	9

Interpretation of the table The table highlights that there has been a decrease in turnover in most of the enterprises with a figure as high as 70%. Most of the retailers has also agreed to a decrease in their profit margin in recent years as more discounts are been given by them to the customers in order to ensure a higher amount of sales. More customers are seen to as for discount in recent times. Retailers' now-a-days try to maintain a good variety of stock and also provide various types of customer oriented services in order to attain and retain customers. An alarming signal is the increase in window shopping which explains that prospective consumers do not turn into actual consumers. Diagram: Diagram showing the analysis of the various aspects of the impact of online shopping upon retail trade



ANALYSIS AND INTERPRETATION

Turnover: Retailers under study has noticed a considerable decline in their turnover as compared to years back. Some has reported if not decline but stagnancy in their growth which is a warning signal for the enterprise.

Profit margin: An online shop has brought in a price war in the market and the main sufferers of this price war are the retailers. In order to survive, most of these retailers too have made an attempt to lower their prices but considering their high cost of operation these retailers has to sacrifice on their margin.

Discount: The retailers are at an alarming rate increasing their discounts in order to stand with the online stores who woes the customers with unbelievable discounts. Although the retailers cannot compete with the online stores in terms of discount but it has to lower its prices to a relative extent to survive the market.

Variety of stocks: Online stores maintain a wide variety of stocks and retailers fail in this context to the e-stores by a wide margin but most of the retailers as found by the survey has no inclination to compete with the online stores in this regard. The defeat is accepted. Retailers cannot maintain a large stock as that might have a negative impact of unsold stock at the end of the year which in turn might bring in huge loses to the concern.

Question	Ye s	No
Has there been any decrease in average turnover in the past three years	35	15
Is there any decrease in profit margin?	43	7
Have you made any increase in discount rates offered to customer in recent times?	33	17
Do customers ask for discount before making purchases?	39	11
Do you keep more variety of stock at your store now-a-days?	12	38
Do you provide after sale services of	30	20

Customer services: More and more retailers are now opting for customer services to build upon a loyalty. Repair and maintenance to installation and insurance, retailers are leaving no stones unturned to specialize in areas in which online shops fail. Retailers are now starting up with home delivery services in the same line of the online shops. Also after sale services are provided with a smile.

Window shopping: There has been a trend in recent years for customers to browse the products in a physical store and buy it from an online store at a reduced price. Retailers now have more prospective customers than actual ones.

Advertisement: The retailers now-a-days are more involved in advertisement campaign than ever before in order to increase their sales. Retailers leave no occasions to take advantage of the situation to advertise their firm.

The table and the diagram highlight the fact about all these aspects and it shows that there is a negative trend on all these aspects with regard to the retailers.

X. FINDINGS, SUGGESTIONS AND CONCLUSIONS

FINDINGS

Online marketing is consistently taking up a larger proportion of consumer time and spending. There are several driving factors for consumers to shop online with price, convenience in shopping and wide range of available products being the primary. The major findings of the study are as follows:

- A. Turnover and profit margin of the retailers has considerably decreased in the past few years.
- B. Retail stores are now-a-days more engaged in services related to customer satisfaction.
- C. Although the retailers are not able to keep a wide variety in their stock, they attempt to keep the best of them so as to affect more sales.
- D. Customers are seen to make window shopping at an alarming higher rate to have a physical look at the product and buy that product online at a reduced rate.
- E. Retail stores are now starting up with home delivery services of their various products at the door step of their customers.
- F. The consumers become more comfortable with the experience of purchasing online with the convenience and product range become relatively more important as a deciding factor for shopping online.

SUGGESTIONS

Retailers have to change their attitude towards the market. Today's is a consumer market and as a result the priority is the consumer satisfaction. The firm has to be in the good books of the consumer. Better quality products, fair price and friendly after-sale services are the basic areas in which the business has to concentrate to a remarkable extent. Additional services should be provided to the consumers to woo them and build upon a loyalty which in turn would ensure a stable sales in the years to come.

XI. CONCLUSION

The face of retail has changed. The advent of technology in recent period being the primary reason for it. Today, retailing means going into shopping centers, going online and going mobile. In all these, small retailers miss out somewhere. But the nearby store is always the most important concern for all reason and seasons. It needs to revive not just survive. The retail stores needs to simply uplift its pattern of business and face the competitive world with a more positive outlook. E-stores and retail stores both have to survive, none at the cost of the other. It's not just about the livelihood it gives to the thousands of people but also the convenience and the steadfastness of a fixed retail store.

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