IMPORTANCE OF ONLINE SHOPPING – EFFECTS AND IMPACTS

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ABSTRACT

Omni channel retailing is a form of retailing where retailers will be able to interact with customer's through numerous channels. The channels are all integrated to create an experience for the costumers. Omni channel retailing will bring costumers an abundance of information and price transparency. The retail landscape already changing rapidly. More and more customers are doing purchases online. Online sales are increasing form the normal 2 to 3% of revenues and are now currently 15% to 20% . This growth shows that digital retailing growing fast and it's will continue to grow. The reasons why digital retailing will continue to grow are: the vast selection, easy way to search, prices can be easily compared, it's convenience, return a delivery are often free also you can find extensive product recommendation and reviews.The shift to online shopping in recent years has been phenomenal. Customers and retailers are both looking to the internet as the new standard way to buy and sell products.

Keywords: E-commerce, internet shopping, World Wide Web, consumer behavior, privacy and security, consumer trust.

Introduction

Every 50 years or so, retailing undergoes this kind of disruption. A century and a half ago, the

growth of big cities and the rise of railroad networks made possible the modern department store. Mass-produced automobiles came along 50 years later, and soon shopping malls lined with specialty retailers were dotting the newly forming suburbs and challenging the city-based department stores. The 1960s and 1970s saw the spread of discount chains—Walmart, Kmart, and the like—and, soon after, big-box "category killers" such as Circuit City and Home Depot, all of them undermining or transforming the old-style mall. Each wave of change doesn't eliminate what came before it, but it reshapes the landscape and redefines consumer expectations, often beyond recognition. Retailers relying on earlier formats either adapt or die out as the new ones pull volume from their stores and make the remaining volume less profitable.Purchasing products or services over the Internet, online shopping has attained immense popularity inrecent mainly because people find it convenient and easy to shop from the comfort of their home or office andalso 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, Homeshop18, Myntra etc.

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.

However, internet shopping has potential risks for the customers, such as payment safety, and after service. Due to the internet technology developed, internet payment recently becomes prevalent way for purchasing goods from the internet. Internet payment increase consumptive efficiency, at the same time, as its virtual property reduced internet security.

Literature Review

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

• Anthony d. Miyazakiand Ana Fernandez prepared a report on "Consumer perceptions of privacy and security risks for online shopping" issued in "Journal of Consumer Affairs" volume 35, issue 1, pages 27– 44, summer 2001

• 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

Objectives of study

The research has been conducted with the following objectives:

• To study the effect on profitability of retail stores due to the advent of e-stores

• To analyze the effect upon pricing patterns of retail stores in recent times

Importance of the study

This study is very much relevant to present times as this will make awareness about the impact of e-stores upon retail stores. The sudden surge in online shopping 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.

Difference between online/offline Stores

Even the internet shopping has been rapidly developed, especially in consumer goods industry, but there still have a big difference between traditional and online consumer shopping. Referred to sales in the Indian consumer goods industry, the online sales occupied at a very low percentage rate. That could be caused by many reasons, but the most importance is the advantages exist in both traditional shops and online market; both of them have specific characteristics. For example, the traditional seller can provide convenience in parking and shopping, it allows customers come to read and check the quality of goods before they purchase, and the after service is more directly to customers. However, the traditional store has limited number of goods, and the selling cost is higher than online store. By comparison, we can find out the limitations of traditional store are more likely as the advantages of online store, in contrast, the weakness of online store is also seems as the advantages of traditional store. It is clear from the overview of internet and internet shopping development that e-commerce is being used in many corporations due to the dramatic development of technology and competitive advantages of web selling. Moreover, the expansions of the usage by individuals also become main contributors to the development of internet shopping. Relatively few studies have investigated in the internet shopping and impact on consumer behavior. The previous studies are more focus on the marker's point of view, such as how to establish a more efficient marketing channel online rather than thetraditional offline channel. Therefore, this research will combines with previous studies from literature reviews, and focus on the impact of the internet shopping on consumer behaviors to find out a comprehensive analytical framework which showing the essential ingredient of marketing and business to satisfying the consumer's needs, and a deeply understanding of online consumer behavior as a reference for any ecommerce company to make marketing strategies.

Impact of Internet on Consumer Behavior

The influences on consumer behavior are often made between external and internal factors. External factors are come from the environmental conditions, and internal factors are usually from the consumer's mind. There are many factors could influence consumer's behaviors. According to Warner, the external influences could divide into five sectors: Demographics, socio-economics, technology and public policy; culture; sub-culture; reference groups; and

marketing. The internal influences are variety of psychological processes, which include attitudes, learning, perception, motivation, self image, and semiotics (Malcolm). In addition to these, Sheth (1983) also suggested that the consumers have two types of motives while shopping, which are functional and non-functional. The functional motives are mostly about the time, shopping place and consumer's needs, which could be like one-stop shopping to save time, the environmental of shopping place such as free parking place, lower cost of products and available to choose from widely range of products. The non-functional motives are more related with culture or social values, such as the brand name of the store. The traditional shopping is simply about the customer to purchase their needs. This behavior will be influenced by the seller's advertising and promotion which attracts customers goes there and purchase goods, afterwards a part of new products will be taken home and be used.

Internet Shopping

Internet shopping and traditional shopping are sharing many similarities, at the same time, it still exists some differences between them, such as the Internet shopping could provide convenience and interactive services , and the traditional shopping could give customers more comfortable shopping environment and good quality of products . Both aspect of shopping malls are trying to improving their services by learn commutatively from each other, such as traditional shopping malls provide more parking spaces, more counters, and closer to residential area in order to improve services in convenience; Internet shopping malls adopt virtual reality and 3D techniquesto improve the presentation of products. In the following sections, the study would provide the nature of internet shopping at first, then the E-commerce web site will be indicated to comprehend the essence of internet shopping, after that, online security, privacy and trust will be discussed. All ofthese general overviews and discussions about the internet shopping will provide a background to the study and help to building the foundation of academic researches.

Convenience

Internet provides a big convenience for shopper as the main reason for the shopping online has been agreed by most of researcher and customers. Due to the feature of Internet, it allows customer to shopping online anytime and anywhere, which means customer can browse and shopping online 24-hours a day, 7 days a week from home or office, which attracts some time-starved shoppers come to Internet for save time to searching products in physical store. Additionally, Internet offers some good ways to save money and time. For example, shoppers

do not need go out to the physical store and thus there is no transportation cost. Compare with the traditional shopping, there is no waiting line for shoppers on the Internet, and some shoppers reported that they feel pressure from the sales people sometimes, but Internet offers them more enjoyable while shopping online.

Technology

The convenience based on Internet is mainly according to the technology development, and which plays a key role during the development of Internet shopping. In the last decade, organizations have realized that the new technology could impact on Internet shopping deeply, and thus there are many important technologies like virtual reality and 3D techniques have adopted to gain big competitive advantages (Clark, 1989). Information technology has used in the form of the Internet improved better quality of product information, which help shopper's decision making (White, 1997). Through the wide range of surveys about the Internet use, the growth of Internet and the rate of growth of Internet usage have been rapid increased in the last decade. Moreover, a statistical report on the Internet Development in China from CNNIC (China Internet Network Information Centre) have released in July 2006. From this report, in the aspect of Internet shopping, there are 30 million users often shopping online, and near 1/4 Internet users have online shopping experience. Both surveys shows that more and more Internet users prefer online payment while they shopping, thus the security of online payment certainly will become a significant factor to influence the Internet shopping.

Conclusion

This study is mainly focused on the factors from the Internet and examines those factors that affect the consumer's online shopping behaviors. It starts with the current status of the Internet development, and mentioned the background of marketing asrepresentation and its difference with physical stores which in order to show the developing history of Internet shopping since the E-commerce become popular. In the chapter of literature review, there are three main sections have been discussed: traditional shopping behavior, Internet shopping and online consumer behaviors. Each section starts with the concept, and followed by other perspectives. The research focus on the Internet shopping (include the nature of Internet shopping, E-commerce website, and online security, privacy, trust and trustworthiness) and online consumer behaviors (include background, shopping motivation and decision making process). Those factors were looked at,

and examined to reveal the influence at online consumer behaviors. In addition, the previous researches were used to help researchers understanding more comprehensively. Moreover, the customer's purchase decision making process was also examined to identify the potential factors. The information search is the most important factor that helps the customers find the suitable products or services for their needs. Therefore, the online retailers have to enhance and improve the information supporting such as provide much detailed product information and use internal search engine in order to increase the efficient of information search. For the evaluation stage, customers more think a lot of the reputation from the E-commerce website, and the payment security for the purchase stage. At the post-purchase stage, the factor of after services which is the most concerned about. Overall, the factors from the Internet that influenced or prevented online consumer behaviors need to be carefully concerned by the online retailers, who can utilize the appropriate marketing communications to support the customer's purchase decision making process and improve their performance.

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