

## **3. The Rise of E-commerce and its Impact on Retail Business**

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**Abstract:**

*E-commerce refers to an activity of buying and selling using an online platform. With an exceptional growth of e-commerce in India consumers have been provided with more alternatives of purchasing and the challenges of offline stores have increased. The huge discounts, ease to access, convenience in buying, round the clock purchasing option available to consumers at online stores have led to fierce competition for offline stores. Recent changes in Information Technology have revived a resurgence of interest in electronic commerce across societies. E-commerce encompasses customer support, service and product delivery, business information management, transaction facilitation, and fostering connections among suppliers, customers, and vendors through telecommunication networks. Globally businesses and institutions adapt to the evolving different views of electronic commerce, this paper aims to provide an extensive review of its principles, definitions, history, processes, advantages etc.*

**Keywords:**

*Recent advancements, electronic commerce, business information management, exceptional growth.*

**3.1 Introduction:**

The new tagline of 21st century is E-commerce. As rapidly as the Internet has developed, so have the technologies intended to enhance business transactions. However, we are still a long way from a perfect future of painless and safe Internet transactions, since unresolved buyer privacy concerns have hampered the development of the technology. E-commerce is a modern business methodology that addresses the needs of the organizations, merchants and consumers to cut cost while improving the quality of goods & services and increasing the speed of service delivery.

Although the transition from traditional purchasing to online purchasing was very slow initially in Indian market because of a smaller number of internet users due to lack of internet facility & awareness in public. But now the situation has changed & e-commerce industry is growing rapidly in our country. In the present scenario demand of e-commerce is rising in almost all type of business transaction many people have praised e-commerce as a way for poor nations to establish a firmer footing in the global trade system. E-commerce has the potential to significantly increase the benefits of trade for emerging economies.

India's retail sector is worth \$836 billion in FY 2022, with an 81.5% contribution from traditional retail, organized brick-and-mortar retail makes up 12% of the overall retail market, followed by online sales channels at 6.5%.

### **3.2 Objectives of the Study:**

The objective of this paper is to identify the impact of e-commerce on retail sector.

- To study the positive and negative effects of e-commerce.
- To study in detail the changes witnessed by retailers and consumers with the advent of e-commerce.

### **3.3 Review of Literature:**

(H. Ramchandani, 2016) in her paper concluded that retail e-commerce sales in 2015 as a percentage of total retail sales in India accounted for approximately 0.9% of all retail sales in India. However, this figure is expected to grow in near future, and it estimated to reach 1.4% in 2018. However physical retailers still have good standing in the Indian market as Indian consumers generally like to inspect the goods before making any purchase.

(Madhukar Sarole, 2015) in his paper concluded that e-commerce is future of shopping and gap has been reduced between manufacture and consumer due to e-commerce. There is vast scope for e-commerce in Indian but due to weak cyber law, people are facing challenges in India.

(Raghunath & Panga, 2013) concluded that initially, new internet users would be reluctant to conduct any type of business online, citing security reasons as their main concern. In order to increase consumer adoption of e-services, source of consumer confusion, apprehension and risk need to be identified, understood and elevated. E-commerce provides tremendous opportunities in different areas, but it requires careful application for consumer protection issues.

### **3.4 Research Methodology:**

Research Methodology is the systematic and theoretical analysis of the methods applied to a field of study. In the present paper the secondary source of information has been used. The data has been collected from different journals, books and websites.

#### **3.4.1 Drivers of E-Commerce:**

The digital revolution has transformed access to resources, making them available with just a click of a mouse: E-commerce platforms such as Flipkart, Amazon, and others serve as intermediaries connecting buyers and sellers.

The exponential growth witnessed in the realm of e-commerce is remarkable. Below, we delve into some of the driving factors propelling the expansion of e-commerce:

- **24/7 Accessibility:** The internet, being universally available, doesn't adhere to time constraints. Consumers can effortlessly browse and purchase desired products round the clock, thanks to the emergence of E-commerce.
- **Competitive Pricing:** With minimal online search costs, E-commerce retailers seamlessly integrate and showcase products from top-notch suppliers on a global scale, enabling them to offer competitive prices. (Brynjolfsson, Dick, and Smith, 2010).
- **Personalization:** Leveraging technology, all E-commerce enterprises provide users with various filters on their platforms. These filters empower users to conveniently tailor their product searches based on individual preferences such as color, size, and brand before initiating any online apparel hunt.
- **Extensive Product Variety:** E-commerce companies, unbound by physical space limitations, can present vast arrays of products to consumers (Eastin, 2002). From books and stationery to clothing and jewellery, home appliances to decorative items, a plethora of offerings can be found on a single website for potential consumers to peruse (Huang, 2019)

### **3.4.2 Upcoming of Digital Literacy:**

India has witnessed a notable surge in digital literacy, with millions of individuals embracing online shopping. This trend transcends generations, as both millennial and older age groups are actively participating in e-commerce.

- **Government Initiatives:** The Indian government has undertaken several measures to bolster e-commerce, such as establishing the **Government eMarketplace (GeM)** to ensure transparent transactions, launching the Bharat Net Project to enhance rural broadband accessibility, and introducing Digital India programs like **Udaan and BHIM** to promote digital payments. Favourable FDI policies have also spurred investment in the sector.
- **Investment:** India's e-commerce landscape has attracted substantial investments, fostering the rise of numerous e-commerce start-ups. Both domestic and international investments have fuelled the sector's expansion.
- **Internet Content Localization:** To cater to India's diverse linguistic demographics, e-commerce platforms offer content in various local languages. This strategy has broadened the customer base, reaching consumers in smaller towns and cities.
- **Digital Transactions:** India is swiftly adopting cashless transactions, particularly following the demonetization initiative. The country has witnessed a notable surge in digital payments, with Unified Payments Interface (UPI) transactions playing a pivotal role.
- **Effects of E-commerce:** The influence of e-commerce on various retailers and consumers manifests in both positive and negative ways. Therefore, it is imperative to examine the effects on businesses and consumers from both perspectives.

#### **A. Positive Impact:**

- For numerous individuals globally, e-commerce has emerged as a preferred method of shopping due to its inherent ease and convenience. They appreciate the simplicity and

flexibility of purchasing products or services from the comfort of their homes, at any hour of the day or night.

- An advantageous outcome stemming from the rise of e-commerce is its potential energy-saving aspect. When consumers opt to shop online instead of driving to physical stores, they consume less fuel, resulting in reduced pollution emissions from their vehicles. Additionally, since e-commerce diminishes the necessity for warehouse space near retail outlets, these warehouses require less energy, further contributing to energy conservation efforts.
- E-commerce has the potential to lower expenses for consumers by streamlining distribution channels, reducing the need for warehouse storage, and minimizing personnel costs associated with traditional retail. Moreover, e-commerce facilitates more efficient inventory management for companies. To remain competitive, businesses are inclined to transfer at least a portion of these savings to consumers.

### **B. Negative Impact:**

- Gathering extensive personal data from consumers through an e-commerce platform can be effortlessly accomplished, sometimes excessively so. With all online transactions meticulously recorded, constructing a detailed online profile of buyers becomes relatively straightforward, facilitating targeted advertising campaigns. However, many view this practice as an infringement upon consumers' privacy rights, prompting stringent regulations in numerous countries. Consequently, small businesses seeking to venture into e-commerce must familiarize themselves with pertinent legislation, as errors in compliance can incur substantial fines and erode customer trust.
- Another adverse consequence of e-commerce pertains to consumer security. Online transactions inherently pose greater insecurity compared to in-person transactions, as there's no fool proof way to verify the identity of the credit card owner. Moreover, when customers input their payment information, there's a risk of interception by third parties if the website lacks adequate security measures, leading to instances of credit card fraud and identity theft. Merchants must acknowledge the risks associated with electronic transactions and strive to fortify their systems to the highest security standards.
- For traditional merchants accustomed to selling in their physical stores, transitioning to online sales can introduce them to an exceedingly competitive marketplace. Their products are showcased alongside rival offers, frequently from various countries or larger retailers enjoying access to superior wholesale rates. This heightened competition can have adverse effects on both the retailer and the consumer. Retailers may struggle to achieve the desired sales volume necessary for profitability, while consumers might face issues when online stores resort to cost-cutting measures to enhance competitiveness or when products are purchased from unscrupulous retailers offering the lowest prices.

### **3.5 Findings:**

- Electronic commerce, characterized by its myriad benefits and certain inherent obstacles, remains a potent force in reshaping the world. While challenges such as access to personal computers, internet speed, and website accessibility persist, the

expansion of internet usage ensures that electronic commerce will persist in revolutionizing our global landscape.

- The findings of this study illustrate the remarkable evolution within the retail sector. With ongoing technological advancements and shifts in consumer preferences, e-commerce stands on the brink of further innovation and expansion. Grasping these transformations is imperative for businesses and stakeholders aiming to flourish within the constantly evolving digital marketplace.

### **3.6 Conclusion:**

Undoubtedly, e-commerce has risen as a revolutionary force, enticing consumers through diverse avenues and fostering cutthroat competition for traditional businesses in India. However, with innovation, consumer-friendly policies, enhanced services, and distinctive selling techniques, traditional retailers not only withstand this challenge but also have the potential to thrive and achieve satisfactory profits from their sales.

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