

## **Examining the Impact of E-Commerce on the Retail Industry: A Comparative Study of Shopping Malls and Independent Retail Stores**

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### **Abstract:**

The emergence of e-commerce has significantly impacted the retail sector. The popularity of online shopping has led to a decrease in foot traffic at conventional brick-and-mortar establishments, such as shopping malls and independent retail stores. Decreased foot traffic brought on by the expansion of e-commerce has reduced sales for many mall-based stores. This has led to the closure or partial vacancy of some malls, which has diminished investor interest and caused a reduction in property values. To draw customers, some malls have modified the designs by adding more immersive features like dining options and entertainment centers. Others have adopted e-commerce themselves, developing online markets that provide a greater selection of goods and services. Customers can now purchase goods from big merchants more easily and frequently at lower prices than small enterprises can. Independent retailers are under pressure because of this to change and stand out from more established rivals. Some people have started e-commerce businesses to access markets outside of the immediate area. Others have concentrated on offering distinctive products and individualized customer service that are unavailable at bigger businesses. The retail industry has been significantly impacted by e-commerce overall. To stay relevant in a

market that is changing quickly, it has required established merchants to innovate and adapt. Some merchants have found it difficult to keep up with the changes, while others have succeeded by embracing e-commerce and incorporating it into their business plans. The study had considered sample of 211 respondents (owners of shopping malls and independent retail store) to compare and examine the impact of e-commerce on the retail industry and concludes that there is a significant impact of e-commerce on the retail industry.

**Keywords: Online Shopping, Consumer Behavior, Social Media Marketing, Market Share, Cost Reduction.**

### **Introduction:**

E-commerce significantly impacts the retail business, which has revolutionized the way consumers shop. E-commerce sales is increasing because of how convenient online buying is, how accessible it is, and how many different things are available. Because of this, conventional brick and mortar retailers must change to remain relevant and competitive. The demise of shopping malls has been one of the most obvious repercussions of e-commerce on the retail sector. When trying to peruse several stores and make purchases in one spot, people were in a habit to flock to shopping malls. However, the development of e-commerce has allowed people to shop

for anything they require from the convenience of the homes. This change in customer behavior is reducing foot traffic in shopping centers, which results in decrease in sales for many shops. The convenience and inexpensive pricing of internet buying make it difficult for many small firms to compete. By providing distinctive items or individualized customer care, many independent merchants have had to come up with innovative strategies to set themselves apart from e-commerce behemoths like Amazon (Akbar, S., & James, P. T. 2014). E-commerce has given the retail sector new prospects despite these obstacles. Small businesses may now reach a global audience and sell the items all over the world because of the online marketplaces like Amazon and eBay. Small businesses may now compete with bigger stores on an even playing field because of this levelling of the playing field. E-commerce has additionally provided merchants with access to a wealth of consumer data that they can utilize to enhance the marketing plans and better understand the target market. Retailers can adjust the products to match the demands and preferences of the target market by examining consumer behavior and preferences (Goldmanis et al. 2010).

The capacity to offer a greater selection of products than traditional retail establishments is another advantage of e-commerce. Without the physical restrictions of a brick-and-mortar store, e-commerce retailers can stock an almost limitless inventory. As a result, buyers may choose from a broader variety of goods and frequently locate what they're seeking for without having to visit several establishments. Despite these encouraging

advances, the rise of e-commerce is also accompanied by several important difficulties. One of the most important effects is the pressure it puts on conventional merchants to innovate and adapt to stay competitive. Since many retailers have found it difficult to keep up with the pace of change, others have had to close the doors and lay off the employees. This has had a negative impact on regional economies, especially in places where shopping centers and independent retailers used to be the main employers. The effect that e-commerce has had on the environment is another issue that it raises. The volume of goods being delivered internationally has significantly increased because of online shopping, increasing carbon emissions, and having other negative effects on the environment. Calls for increased sustainability in the retail sector have been sparked by this, and many retailers are looking into methods to lessen the carbon footprint and embrace more sustainable practices (Colla, E., & Lapoule, P. 2012).

#### **Literature Review:**

Shopping centers and individual retail establishments alike have been impacted by the emergence of e-commerce, which has had a tremendous impact on the retail sector. Traditional brick-and-mortar businesses are dealing with several issues as consumers increasingly purchase online, such as falling foot traffic, greater competition, and pressure to innovate. Shopping centers have long been a mainstay of the retail sector, providing customers with a one-stop shop for all of the needs. Although many people now prefer to shop online over in-store, the growth of e-

commerce has had a considerable impact on this trend. Retailers are under pressure to come up with new strategies to draw customers because of the decline in foot traffic in shopping malls. By 2025, internet sales are predicted to represent 25% of all retail sales, according to a report by JLL, a renowned real estate services company. As more consumers choose to shop online, this tendency is anticipated to continue. As a result, shopping centers are dealing with several issues, such as dwindling foot traffic, heightened competition, and pressure to innovate. Shopping centers are putting money on facilities and technology in an effort to stay competitive. As an illustration, several shopping centers include free Wi-Fi, smartphone apps, and interactive displays to improve the shopping experience. Others arrange activities and events like concerts, cuisine festivals, and art exhibitions to draw in new clients. The future of retail malls is still up in the air, despite the attempts. As shops continue to struggle with decreased foot traffic and rising competition from e-commerce, up to 25% of shopping malls in the United States may collapse by 2022, according to an analysis by Credit Suisse. The expansion of e-commerce is influencing independent retail stores as well, which are often more specialized and smaller than shopping malls. Others have found it difficult to compete with bigger online shops like Amazon, while some independent retailers have been able to adapt and survive in the internet market (Lin et al. 2016).

The high expense of creating and sustaining an internet presence is one of the biggest issues faced by independent shops. Independent stores may lack the funding

necessary to invest in a robust e-commerce platform or to engage personnel to oversee online sales and marketing, in contrast to large retailers. Having trouble competing with internet shops' convenience and inexpensive costs is another problem. For the ease of shopping online and having the purchases delivered right to the door, many consumers are willing to pay a premium. Independent businesses may find it difficult to match these pricing and may run into logistical and delivery problems. Despite these difficulties, several independent retailers have managed to use the potential of e-commerce to grow the customer bases. Some independent retailers have been able to carve out a position in the online industry by developing a strong online presence and providing distinctive goods and services.

#### **Impact of E-commerce on International Trade, Employment and Globalization:**

E-commerce has made it simpler for companies to sell goods and services internationally. Because the expenses of traditional exporting, such as establishing a physical presence in a foreign market, have decreased, it has made it easier for small and medium-sized businesses (SMEs) to reach new markets. In especially for nations with a robust e-commerce infrastructure, this has led to an increase in global trade. E-commerce has made it easier to sell digital products and services across borders, like software, music, and e-books. Web design, software development, online marketing, and logistics are just a few of the fields where e-commerce has resulted in new employment. As consumers increasingly transfer the shopping habits online, it has still also

resulted in job losses in traditional manufacturing and retail industries. E-commerce's effect on employment varies by nation and industry, with some seeing a net rise in employment and others having a difficult time adjusting to the shifting economic environment. By making it easier for companies to access customers in new markets, e-commerce has sped up the pace of globalization. Consumers have benefited from the increased competition and lower pricing, but domestic businesses are also under pressure. Additionally, it has prompted greater cooperation and knowledge exchange between companies in other nations, resulting in new ideas and technology (Schöder, D. 2016).

**Influencing Factors for retails to adopt E-commerce-** Consumer behavior is evolving. Today's consumers are getting more used to doing their buying online and via e-commerce platforms. Consumers expect to be able to shop online due to the popularity of smartphones and the ease with which they can access the internet. Increasing competitiveness: As e-commerce has grown, traditional brick-and-mortar stores now face greater competition from online merchants. Without e-commerce, retailers run the risk of losing customers to online rivals. Cost-effectiveness: Compared to conventional retail methods, e-commerce may be a more economical way to conduct business. E-commerce can help shops cut costs on things like rent, utilities, and other overhead. Access to a larger consumer base: E-commerce enables businesses to connect with customers who are geographically separated and are otherwise inaccessible through physical stores. Better customer experience: Online

purchasing can provide clients a more convenient and tailored shopping experience. With e-commerce, customers can purchase whenever they want, from anywhere, and businesses can offer tailored recommendations based on customer information. Technology developments: E-commerce has become more available and user-friendly because of technological developments like better internet speeds, mobile technology, and artificial intelligence (AlGhamdi et al. 2012).

**Barriers of e-commerce on retail industry:** Establishing and sustaining the trust of customers is a major challenge for e-commerce firms. Customers may be reluctant to give their personal and financial information to online merchants due to the rising incidence of online fraud and data breaches. To win customers' trust, it is essential to have a safe website and provide secure payment methods. Technology Costs: E-commerce necessitates a large investment in infrastructure and technology, such as website creation, hosting, and security. Retailers need to maintain and update their websites frequently to keep them effective and user-friendly. Additionally, investing in the newest technology is essential to stay one step ahead of the competition, but this can be a considerable financial strain. Managing logistics is yet another difficult task for e-commerce merchants. This involves handling, shipping, and giving customers their purchases. Particularly for small stores with little resources, it can be a difficult and expensive procedure. As a result, for businesses to compete in e-commerce, they must create effective and affordable logistics processes (Colla, E., & Lapoule, P. 2012).

**Objective**

1. To compare shopping malls and independent retail stores and examine the impact of e-commerce on the retail industry.

**Hypothesis**

*Null Hypothesis: There is no significant impact of e-commerce on the retail industry.*

*Alternate Hypothesis: There is a significant impact of e-commerce on the retail industry.*

**Methodology**

The study had considered sample of 211 respondents (owners of shopping malls and independent retail store) to compare and examine the impact of e-commerce on the retail industry. A standard questionnaire was distributed to the respondents to collect the data using convenient sampling. The analytical and statistical tool, chi square test was used to get appropriate results.

**Findings**

Table below is sharing respondent’s general detail in which among 211 respondents, males are 56.4% and 43.6% are female. 34.6% are below 45 years of age, 39.8% comes under the age group of 45-50 years and rest 25.6% are above 50 years of age. 38.9% of the respondents are shopping mall owners and rest 61.1% are owners of independent retail stores. 31.3% are in apparel business, 27.5% in electronics, 23.2% in footwear and rest 18.0% are in other retail industries.

**Table 1 General details**

Variables	No. of respondents	%age
<b>Gender</b>		
Male	119	56.4
Female	92	43.6

<b>Total</b>	<b>211</b>	<b>100</b>
<b>Age (years)</b>		
Below 45	73	34.6
45-50	84	39.8
Above 50	54	25.6
<b>Total</b>	<b>211</b>	<b>100</b>
<b>Retail Industry</b>		
Shopping mall	82	38.9
Independent retail store	129	61.1
<b>Total</b>	<b>211</b>	<b>100</b>
<b>Kind of retail industry</b>		
Apparel	66	31.3
Electronics	58	27.5
Footwear	49	23.2
Others	38	18.0
<b>Total</b>	<b>211</b>	<b>100</b>

**Table 2 Impact of e-commerce on the retail industry.**

Retail industry	Impact of e-commerce			Total
	Affected	Less affected	Not affected	
Shopping malls	59	14	9	82
Independent retail stores	73	46	10	129
<b>Total</b>	132	60	19	<b>211</b>
Value of Chi-square				8.5597
Degree of freedom				2

p value	.0138 45
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Table above is showing that among 82 owners of shopping malls. 59 says that they are affected by e-commerce, 14 says that they are less affected and 9 says that they are not affected by e-commerce, on the other hand, among 129 owners of independent retail stores, 73 agree that they are affected by e-commerce, 46 says that they are less affected and rest 19 says that they are not affected by e-commerce. *Hence, null hypothesis is rejected and alternate hypothesis is accepted which says that there is a significant impact of e-commerce on the retail industry.*

### Conclusion:

Shopping centers and individual retail establishments alike have been impacted by the emergence of e-commerce, which has had a tremendous impact on the retail sector. Shopping centers are making investments in facilities and technology to draw customers, but many are still struggling with dwindling foot traffic and heightened competition from online retailers. Independent retailers, on the other hand, encounter several difficulties, such as the high cost of creating an online presence and the problem of competing with bigger internet shops. The future of the retail sector is still uncertain, notwithstanding these difficulties. Retailers will need to develop new strategies for adapting to changing consumer behavior and technological trends to stay competitive in the online market. The retailers who can adjust to these changes and prosper in the future—through technology, creativity, or a renewed emphasis on

customer service and experience—will be those who do so.

Present study was conducted to compare shopping malls and independent retail stores and examine the impact of e-commerce on the retail industry and found that there is a significant impact of e-commerce on the retail industry.

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