

E-COMMERCE AND RETAIL BUSINESS – A SWOT ANALYSIS

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Abstract:

E-commerce is a boom in modern business and it involves the buying and selling of goods and services or the transmission of funds or data over an electronic network, mainly the Internet. E-commerce is a paradigm shift affecting both marketers and consumers. E-commerce is more than just another way to leverage existing business practices and makes a complete change in the traditional way of doing business. Hence, this research article carried out to know the role of e-commerce in retail business and to identify the strength, weaknesses, opportunities and threats of e-commerce in retail business. E-commerce is booming in the entire world. In particular, India is expected to become third biggest consumer market in the world. Therefore, most of the e-commerce industries are entered into Indian market to do large business. Thus, e-commerce provides better opportunities to local traders and producers in India. Also, it provides opportunities to young and vibrant producers and traders with minimum or low cost of investment. Accordingly this study concludes that the e-commerce provide various benefits and opportunities to local producers and traders to do business in worldwide with easily and confidentially.

Keywords: E-Commerce, Retail Business, SWOT analysis.

1. INTRODUCTION

E-commerce is a boom in modern business and it involves the buying and selling of goods and services or the transmission of funds or data over an electronic network, mainly the Internet. E-commerce is a paradigm shift affecting both marketers and consumers. E-commerce is more than just another way to leverage existing business practices and makes a complete change in the traditional way of doing business. This significant change in business model is witnessing tremendous growth across the globe and India is no exception.¹ The growth of e-commerce has added tremendous internet penetration, and startups in particular are using this option as a differentiating business model. Also, e-commerce has a significant impact on the environment. Although this model is widely used in the current business environment, the option has not been explored in its entirety. Hence, this research article carried out to know the role of e-commerce in retail business and to identify the strength, weaknesses, opportunities and threats of e-commerce in retail business.

2. LITERATURE REVIEW

Many researchers have been studied on role of e-commerce in retail business in India and abroad. The studies found that the e-commerce played important role in retail business in the aspects of productivity, processing of business units, relationship between or among the businesses such as Business to Business (B2B), Business to Consumers (B2C), Business to Government (B2G), Producer

¹<http://www.ecommerce/meaning/shtml>.

to Producer (P2P) and more. Some of the important literatures are; TanujManral and et al (2022) has studied “E-Commerce in India”. The researchers’ states that the E-commerce provides various benefits to today’s business like it provides good relationship between the businesses i.e., B2B, B2C, P2P, B2G and C2C.²Jogi, and et al (2020), studied impact of E-Tailing on retail industry. The researchers found that the e-tail industry provides various dynamic benefits to users like stimulate online buying, create online wallets, store their data in website, improved market knowledge and etc.³Kiran Mohan and et al (2019),the researchers found that, however the e-commerce provides various benefits business sectors the retail and small business sectors are faced several problems and challenges in their day to day activities like online fraud, network problems, lack of thorough knowledge about internet and usage, and etc.⁴

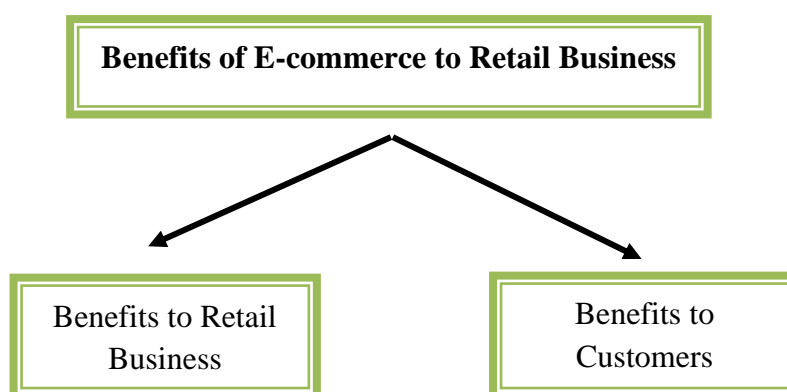
3. OBJECTIVES OF THE STUDY

The primary objectives of this study are:

1. To know the status and role of E-Commerce in retail business.
2. To disclose the Strength, Weakness, Opportunities and Threats in use of E-Commerce in retail business.

4. ROLE OF E-COMMERCE IN RETAIL BUSINESS

Now day’s internet played vital role between the buyers and sellers for payments and receipt. Many big, medium and small business sectors now use internet as part their business. Many studies found that, the customers buying behaviours and spending habits of buyers has increased due to use of online payments. Thus it gives lot of benefits to retail business too. The benefit provided by e-commerce to retail business has grouped into two i.e., benefits to retail business holders and benefits to customers. The details as follows:



4.1 Benefits to Businessmen

The retail sector contributed 8 percent of rural employment and 10 percent of the country's GDP. This has improved the purchasing power of rural people, change the consumption pattern of rural people,

². TanujManral, and et al (2022). A Review of E-commerce In India. IRJET, e-ISSN: 2395-0056 Volume: 09 Issue: 05.

³Jogi M and Rinju G (2020). The impact of E-Tailing on India Retail Industry. JCR, vol.7, Issue 9.

⁴Kiran Mohan and et al (2019). A Study of E-Commerce Business on the Retail Sector. JASRAE, Vol. 16, Issue No.9, June 2019, ISSN 2230-7540.

improve business infrastructure and provide a huge market opportunity for retailers.⁵ Thus, e-commerce offers many advantages to retailers. Some of the benefits are listed below:

- ❖ This increases the volume of sales.
- ❖ It provides proper customer review by using customer feedback systems.
- ❖ It reduces transaction cost.
- ❖ It creates and maintains a good image for the sellers due to timely payments through electronic payments.
- ❖ It offers credit sales to attract more customers.
- ❖ Facilitates buying and selling of different types, quality, brand and price of products from different sellers using online payments.
- ❖ It transcends geographical boundaries.
- ❖ It reduces purchasing and selling cost.
- ❖ It reduces travel times and transportation cost.
- ❖ It compares buying and selling of goods....

4.2 Benefits to Customers

Nearly, 70 percent of India's population lives in rural areas. Before the word globalization was introduced to the world, most of the rural consumers were facing various problems i.e., different types of products were not available in their place or nearby place. Later it changed completely, i.e., due to introduction of e-commerce, more variety, brand, price, quality and quantity of products are available in rural areas. Accordingly some important benefits of e-commerce for rural consumers are listed below:

- ❖ This increases the purchasing power of rural consumers.
- ❖ It helps to buy the product easily.
- ❖ It helps to buy the product conveniently.
- ❖ It reduces the cost of payment and transaction.
- ❖ It creates and maintains a good image for retailers due to timely payments through electronic payments.
- ❖ Facilitates purchase of various types, quality, brand and price of products from different sellers using online payments.
- ❖ It transcends geographical limits of purchase.
- ❖ It reduces travel times and transportation cost.
- ❖ It compares to buying goods using internet.

5. CONTRIBUTION OF E-COMMERCE IN RETAIL BUSINESS - SWOT ANALYSIS

The retail sector in India is unorganized and fragmented. Despite serious efforts by the government, many rural traders are doing business in an irregular manner with unregulated competition.⁶ However, the introduction of e-commerce presents many benefits and problems for both retailers and consumers. Hence the strength, weakness, opportunities and threats of e-commerce in retail are analyzed and presented in this study.

Strength	Weakness
<ul style="list-style-type: none"> ➤ To overcome geographical limitation. ➤ Low cost ➤ Search and buy quickly ➤ Helps to compare products 	<ul style="list-style-type: none"> ➤ Less security for transaction ➤ Fraud net activities ➤ High risk for cash transactions ➤ Network problems

⁵ <https://www.digitaldoughnut.com/articles/2022/july-2022/the-state-of-ecommerce-project-management-2022>

⁶<http://www.ecom.cmu.edu/resources/elibrary/eclgloss.shtml>.

<ul style="list-style-type: none"> ➤ Provide complete information ➤ Buy and sell anytime ➤ Increasing purchasing power of consumers ➤ Higher sales ➤ Helps to meet the competition ➤ Avoid physical cash transactions ➤ Satisfy the consumers ➤ Easy to market ➤ Attract buyers and consumers. ➤ Easy selling method 	<ul style="list-style-type: none"> ➤ Lack of infrastructure ➤ Lack of knowledge ➤ Not fully controlled by Govt ➤ Fierce competition ➤ Lack of privacy ➤ Technology required ➤ Legal issues ➤ Lack of government support
Opportunities	Threats
<ul style="list-style-type: none"> ➤ Quick and direct sales ➤ Provide pre and post sales support ➤ Global market ➤ Increase income of rural sellers by selling more ➤ Large sales ➤ High profit ➤ Attracts customers easily ➤ Buy and sell different types of goods 	<ul style="list-style-type: none"> ➤ No healthy competition ➤ High transaction cost ➤ Poor supply chain ➤ Security issues for buying and selling ➤ Small retailers could not meet the competition ➤ Technical weakness ➤ False or inappropriate advertising ➤ Poor government support ➤ Lack of awareness

6. CONCLUSION

E-commerce is booming in the entire world. In particular, India is expected to become the third biggest consumer market in the world. Therefore, most of the e-commerce industries are entering the Indian market to do large business. Thus, e-commerce provides better opportunities to local traders and producers in India. Also, it provides opportunities to young and vibrant producers and traders with minimum or low cost of investment. Accordingly, this study concludes that e-commerce provides various benefits and opportunities to local producers and traders to do business worldwide easily and confidentially. In the aspects of it overcome the geographical limitation of the business, it reduce the cost of production and marketing, marketers can easily find or locate their market, easily and quickly compare the products and other marketers performance, it provide many information to marketers to do business in efficiently, the retailers and small business holders can buy and sell their goods and services at anytime, it increased the purchasing power of the consumers and amount of sales has increased, the sellers can efficiently meet the market competition, it provide online cash transaction to avoid physical cash transaction and the producers and sellers can easily satisfy the consumers with adequate market tools. However, the e-commerce have many weakness may affect the performance of retail business in the aspects of monetary loss or reduced the goodwill, these are; the transaction of goods and money have some security issues, some of the network or server may fraud, high risk in online cash transaction, poor or low quality network, inadequate infrastructure for online business transaction, inadequate knowledge about online business transaction, many website or payment application or traders are not fully controlled by government, some of the online transaction cannot be legally challenge, the privacy of business transaction is questionable and the government still not provide needed support to e-commerce in all aspects.

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