A Review on Bringing Local Stores Online
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Abstract:
The authors reconnoiter customer response to the addition of a mobile shopping channel to prevailing offline channels. They investigate the cannibalization by the new mobile channel of existing channels and evaluate changes in households’ purchasing behavior following adoption of the mobile channel by the means of mobile application. Internet is the mainstream tool for doing tasks and that includes a lot of buying and searching for commodities which are both essential and luxury additions, grocery is the category of any household which needs to be replenished faster than any other essential item, an application backed up by the sellers for the essential everyday chore items if a no brainer in modern times, this lay a platform to board in both the existing sellers to favor a handsome business growth strategy and the consumer to get the items in a whirl – with their own comfort. There is a considerable heterogeneity in the impact of mobile adoption. Online-only shoppers, hybrid-online, and hybrid-offline shoppers showed modest increases in their expenditure and little or no change in their channel-usage patterns. However, offline-only shoppers became multichannel users, and they increased their weekly expenditure by 43.1%. They also find a stronger effect of the adoption for households who used the chain less often. Furthermore, they demonstrate mobile apps can be a competitive tool to increase market share and work well both for the customers and vendors by acting as a resourceful medium.

Keywords: e-tailing, online - services, Mobile application, shopping channel introduction, Multichannel marketing

I. INTRODUCTION

The smartphone has fundamentally changed the retail landscape by drastically altering the way customers shop [18]. According to a study from Nielsen (2015)\textsuperscript{19}, 87% of mobile users use their devices as an integral part of their shopping experiences and activities. In 2016, mobile commerce accounted for nearly one third of all U.S. e-commerce sales\textsuperscript{20}. Given the changing retailing environment and specifically the quick rise of mobile apps as a popular shopping channel, thinking of retailers as facing three channel choices is useful: offline, online, and mobile\textsuperscript{18}. Offline refers to a brick-and-mortar presence, or a physical store. Online in the present context refers to a platform for online purchases rather than merely an online presence. Mobile, in the present context, refers to a mobile application for purchases —in contrast to accessing the online channel via the phone (which here we consider as the online platform regardless of the access point), \textsuperscript{18}The quick rise of the mobile channel has raised a classic problem for retailers: Is adding mobile as a new shopping channel to existing online and offline shopping channels worthwhile? Would the introduction of a mobile shopping channel lead to increased overall spending by their existing customers? A mobile app such as the grocery-shopping app we examine allows customers to use app specific features, including the phone camera to scan bar codes and the GPS feature to track store-specific deals, as well as messaging, social interaction with other customers, and other phone-enabled features\textsuperscript{21}. Mobile apps therefore provide retailers with additional touch points for interacting with customers on a personal and frequent basis across time and space, leading to an increase in customer-interaction frequency and loyalty\textsuperscript{22}. Accordingly, we will decompose the mobile impact on customers’ overall spending with the focal retailer into the impact on shopping frequency and on shopping basket size, the mobile channel may offer technology-enabled enhancements to this shopping experience, including access to deals, customization, and personalization. Online-only customers who repeatedly patronize the electronic channel are more prone to adventure and to the need to signal advancement\textsuperscript{23}; such customers are more to likely exploit the new technology-enhanced channel and increase purchasing through the mobile app.

II. GROWTH OF ONLINE MARKET

People used to buy everything physically by going to the store and inspecting the goods on their own. But with the advent of smartphone revolution, consumers started inclining more towards getting their goods from online stores. The online markets are growing rapidly in India. As per Google, 50% of 100 million \textsuperscript{15} internet users from India shop online and this percentage is growing every year. The major factors responsible for growth in online markets include the ease of availability of internet and smartphones. Various government initiatives including Digital India, Make in India, Start-up India, Skill India and Innovation Fund \textsuperscript{14} have added to the growth of online markets in India. The growth in Indian online market has seen a substantial rise after the inclusion of essential services like groceries, pharmacy and food. Expected growth in Indian E-Commerce market is projected to grow to US$ 200 billion by 2026 from US$ 38.5 billion as of \textsuperscript{14}. The potential of online markets has made even the local stores to look out for online options so that they are not left behind or lose their customers. Everything from groceries to electronics and furniture are available online today. The fastest growing category in the
increasing e-commerce in India is online fashion. Not only the larger metropolitan cities but even smaller regions are exploring their options of buying goods online. E-retail market is expected to continue its strong growth - it registered a CAGR of over 35% to reach Rs. 1.8 trillion (US$ 25.75 billion) in FY20 [14]. The Indian e-retail industry is projected to exceed ~300-350 million shoppers over the next five years[14]. It will propel the online Gross Merchandise Value (GMV) to US$ 100-120 billion by 2025 [14].

III. TECHNOLOGICAL GAP

Theoretically, groceries are one of the most difficult products to be commercialized online[14]. Groceries are low-outlay, frequently purchased, tangible products with varying differentiation potential[15]. Even though the average purchase basket includes many items, the surcharge for home delivery may be relatively high for many consumers compared to the volume purchased [14]. On the other hand, consumers usually present some purchase habits from their offline grocery shopping, such as sampling and examining products before purchase, that are not possible online [14]. In addition, many grocery products are perishable and therefore suffer from shelf time limitations not present in the purchase of other products such as books or DVDs[14]. Yet, not all seems to be difficulties for the commercialization of grocery products online. Since many consumers do not like the conventional grocery shopping task, online shopping can be perceived as an attractive alternative [14]. Actually, a survey conducted by the founders of online grocer Peapod.com revealed that consumers considered grocery shopping the chore they disliked most next to going to the dentist (Corral 1999). Besides, consumers can benefit from the general ease and convenience of the Internet compared to the traditional offline channel (see Section 1.1). Finally, there is enough potential for online grocery shopping:

i) Groceries form one of the largest categories in retailing (grocery purchasing accounts for a large proportion of consumers’ spending) [14] and

ii) Consumers can learn to use a new channel quickly if they use it frequently, also for another purchases [14]; and current consumers are expected to do so with the Internet. Based on the strong convenience of the Internet as a shopping channel, and maybe overestimating its strength over the peculiar characteristics of groceries, researchers predicted not long ago a rapid migration of consumers to online grocery shopping. However, time has proved them to be wrong: Internet’s impact on grocery shopping has remained below expectations. Müller-Lankenau et al (2005) cite some data from the US grocery market that illustrate this perfectly: In 1998, it was predicted that US online grocery sales would increase to $10 billion or even $33 billion by 2003. However, in 2003 US online grocery sales only reached $3.7 billion. Nevertheless, these figures should not lead to the conclusion that the purchase of groceries online does not have any future. Even though the use of online grocery shopping has been slower than anticipated, the current and potential importance of online shopping in the grocery industry is clear. For instance, in 2004, US grocery sales increased about 20 percent and totaled $4.5 billion [14]. In Europe, according to a study by Roland Berger & Partners Inc., grocery shopping is expected to reach about $100 billion by 2010, as much as 10% of all grocery retailing [15].

IV. ADVANTAGES & DRAWBACKS

The consumers are inclining heavily towards the online shopping platforms. Around 33% [16] of the consumers shop online for at least once a month through the use of their mobile phones. The major reason for this shift being the convenience of online shopping, the abundant variety of goods available, not having to leave the comfort zone to buy goods and so on. Shopping online from also helps in comparison [15] of the product and thereby making the appropriate choice before actually buying. The online stores are always open, i.e., there are no boundaries of time when you are shopping from an online store. Online shopping is also adaptive to consumer behavior.

With the advent of artificial intelligence, the consumers can be made to view the product based on their previous search trends. This aids in getting the desired product in minimal time. 108 million consumers indulged in online shopping in India in the year 2017 [17]. Online shopping is considered to be more convenient and time saving than offline shopping. The online store is always open, and it is easy, relaxing and time saving to shop from home, overall when compared to purchasing offline during rush hours. Besides, online grocery shopping relieves consumers from the burden of finding a space to park the car and carrying heavy groceries home. On the other hand, online shopping is perceived to be more risky and less recreational than offline shopping. There is a risk of receiving inferior quality goods. The main concern is about the selection and handling and delivery of perishables. In addition, a purchase online is considered to be less amusing than a conventional offline shopping trip. Finally, non-online shoppers are also concerned about systems of payment online. One of the concerns related to online shopping is security and fraud, i.e., the attention of sophisticated criminal elements [18] have been attracted by the growth of online retail market. This poses risk to the reputation of the store and the business can be damaged if this is not taken care of. The disadvantage of compulsive shopping [17] that is there in case of offline shopping where shopkeepers may force you to buy the products which you really don’t need is not present in online shopping. If you have visited just to buy a product you badly need, you end up buying five other products, you don’t need. Lack of choices may force a compromise. One of the turnoff to online shopping are the delivery charges that are occasionally charged by certain stores in order to suffice the heavy expense incurred during the transportation of product from source to consumer. This additional cost often discouages the consumer from shopping online.

V. EXISTING APPS

Currently there are many apps for this proposed solution but the problem with all of them is that they are operating only in the metro cities and not in the small towns.

Some of the currently running apps and services are:

**Zomato:**
Zomato has done a great work on bringing the local restaurants in big cities online. Revenue of zomato in the year 2019-2020 was 20 crore USD. Zomato currently has 5000+ employees. [10]

**Dunzo:**
Dunzo provides select order delivery system. Dunzo was a startup started in 2014 and is currently serving in 8 big cities
namely Bengaluru, Delhi, Gurugram, Mumbai, Pune, Chennai, Jaipur, Hyderabad.[9]

Meesho:  
Meesho is also an Indian startup for reselling of products[11]. Any business owner can start selling its products independently on the app. Meesho was founded in 2015 and is currently headquartered in Bengaluru. Meesho has also raised $3.7 million dollars in series A funding.[11]

Dukaan:  
Dukaan claims to set up your own online store in 30 seconds.[16] Dukaan currently has 1 million+ downloads and allows independent shop creation irrespective of the area. Dukaan tries to fill the technology gap in the small cities and towns.[16]

Indiamart:  
Indiamart is currently on the rise in the Indian marketplace and is now serving 93 million customers.[12] Indiamart has fairly every catalog in terms of functionalities and literally anyone can set up their online business with ease and many other features are also provided. Indiamart has 10 million+ downloads on the play store app.[12]

VI. PROPOSED SYSTEM  
We propose a possible business strategy that retailers could follow to induce the use of their online channel and improve its profitability. This business strategy would contain two stages. The first stage would lie in turning a customer into an online customer, whereas the second stage would lie in increasing the online spending of customers who already use this channel. Firstly, to turn a customer into an online customer, retailers could focus on promoting the advantages of an online purchase, overall for those categories of products that are currently more purchased online such as drinking water, kitchen paper, toilet paper, soft drinks, fabric softener, etc. It would be surely easier to convince a current non-online shopper about the advantages of shopping online these categories (CPG, heavy, bulky, etc.) than other categories (fresh produce, non-heavy, non-bulky, etc.). Secondly, to increase the online spending of customers who already use this channel, i.e. online shoppers, retailers could implement two different strategies. On the one hand, they could try to induce these consumers to purchase online those product categories that are not usually purchased in this channel, such as fresh produce. On the other hand, they could try to customize their promotions to consumers. For instance, imagine the case of a consumer who purchases oil, paper toilet, cookies, detergent and other sort of products online but never meat. The chain could incite this consumer to purchase meat online by means of i) providing him with detailed information about the quality and freshness of the product, and about the proper selection, handling and transportation of it to his doorstep, ii) giving him a discount for the purchase of meat online, or even iii) including a free sample of the product in the basket to be delivered when the consumer purchases other product categories online.

VII. CONCLUSION  
The Internet and its use as a marketing channel have become essential to many people in their daily lives. Moreover, its importance as a commercial medium has increased and it is also expected to remain growing in the future. Given this, Part 1 has tried to provide a theoretical approach to the characteristics of the Internet as a marketing channel, as well as its advantages and disadvantages compared to the offline channel, its suitability to commercialize different products, the demographic and psychographic profile of the consumers who shop from it, and consumer shopping behavior in this new channel around the world. Even though the online channel can act as a shopping medium, it differs in many aspects to the traditional offline channel, what does not only determine the kind of products more suitable to be sold in this channel but also who shops from it and how. Among other advantages, the online channel allows consumers to access a great deal of written and visual information, to search and organize it in an easy way, to purchase from it at any time and from anywhere and provides more interactivity. On the contrary, consumers purchasing online lack of a real experience with the product, a face-to-face communication with sales personnel and usually perceive higher risks on the transaction. These special characteristics of the online channel, together with the different characteristics of products, have been analyzed by marketing research to classify products according to its suitability to be marketed online. We have reviewed some of the most important classifications proposed in the literature. The classification systems examined go from search/experience/credence goods, digital/non-digital goods, cost and frequency of purchase/value proposition/degree of differentiation, sensory/non-sensory goods, commodity/quasi-commodity/look and feel/look and feel goods with heterogeneous quality, geometric/material goods, visual/tactile goods to utilitarian/hedonic goods. After this, we have described the profile of online shoppers attending to four concrete aspects: consumer demographics, consumer personality traits, consumer Internet experience, and consumer attitude towards the Internet. Regarding consumer demographics, we have found no general agreement about the statistical significance of age, gender and education on online shopping adoption except for household income. Despite this, it seems it is possible to describe the average online shopper as a wealthy, young (even though online shoppers appear to be the older Internet users –who are younger than the general population-) and well educated man. Regarding consumer personality traits, the literature reviewed suggests that online shoppers have a higher opinion leadership, are more convenience oriented, innovative, impulsive and less risk averse than non-online shoppers. Regarding consumer Internet experience, marketing research has observed that consumers
who access the Internet more frequently do also shop online
more often. Not surprisingly, it has also found that online
shoppers consider online shopping to be easier and more
entertaining than non-online shoppers. Finally, regarding
consumer attitude, academic findings suggest that a high
involvement with the Internet is related positively to online
shopping. An online purchase is usually perceived as more
convenient and time saving than a traditional purchase in
the supermarket. The online store is always open, it is more relaxing
than the offline store during rush hours, there are no waiting
lines, and customers do not have to carry bags and do not need
to find a place to park the car. This all makes the online channel
an attractive option to purchase groceries, in particular for those
who dislike shopping them offline.

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