

## **INTEGRATION OF OFFLINE APPAREL TRADERS WITH E-COMMERCE MODE OF BUSINESS: AN EMPIRICAL STUDY OF ASSAM**

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### **Introduction**

Electronic commerce is basically the selling and buying of goods through internet. Internet acts as the medium for delivering the goods to the ultimate customer which is a transformation in the mode of doing business and it helps the stores in expanding the business without incurring much cost during the expansion. For a developing country, it is utmost important to face the new and complex challenges for the sustenance of business. The future of a business depends on the adoption of new ideas and concepts that would transform the ability to cope up with the changing needs and preferences of the customers.

The Electronic commerce provides certain ability to reach the global customer base with reduced costs and convenient shopping experience by focusing on customization opportunities for the customers. E-Commerce is on a rise due to the growing accessibility of technology and the Covid pandemic has also accelerated the use of the online shopping sites where a shift towards digitalize shopping experience can be observed.

Offline stores or the Physical stores are the traditional retail locations that have physical existence where customers visit and make purchases in person. It is a tangible shopping experience where immediate gratification can be received without waiting for any shipping and delivery to take place. The physical stores are limited to only a particular geographical location and generally they miss out the customers which are not available in the nearby location. These stores faces certain challenges while operating because physical maintenance involves different expenses like rent, staff maintenance, utilities etc. which impact pricing and profitability of the business. They are highly challenged by the latest development of online websites which deliver in almost every pin codes of the country except some remote locations. The increased intense competition demands the physical stores to adapt themselves with the technology and find certain ways to cope up with the challenges from the online websites. It is very much desirable for the physical stores to embrace the Omni channel strategies by integrating the physical presence with the online

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channels so that customers can prefer the convenience mode of shopping as per requirement. Different Offline stores have started the integration process by offering online ordering, digital payment modes etc .(Jamaluddin, 2013Gupta,2017).

To create a seamless shopping experience for the customers , the strategy of integrating physical stores with e-commerce has been adopted by different businesses so that customers can access both digital and physical platforms. The e-commerce integration with offline stores ensures to have a real time data that offers the accurate product information to the customers. In order to know and understand the customer preferences and behaviour, a single customer profile can be created by the store for both the online and offline purchases which will help in the development of personalized marketing efforts. The stores should focus on maintaining the similar prices across both the channels for a smooth brand experience for the customers. More sophistication can be provided by the stores if virtual Try-ons can be applicable through their websites so that customers can visualize the product before purchasing. It is also very much important to have a customer support system that will help the customers for a cohesive service experience (Hanadi,2021;Jagdish,2021)

The E-Commerce sector of India has been ranked 9th among the cross border growth in the world and also it is projected that there is an increased sale of apparel, food and grocery and consumer electronics from 4% to 8% as per the IBEF E-Commerce report,2023. Due to the Digital India campaign, India has the highest data consumption rate worldwide at 14.1 GB data per person a month and also India has the second highest number of active internet users globally. In India, the move towards the integration got triggered during the covid pandemic and later it became the usual part of the physical stores to make themselves available online via different platforms like facebook, instagram, youtube etc. This development provided a seamless shopping experience for the customers as the orders can be placed through different mediums and the payment system also functions in a digitalized way which is another progressive part while doing business. The integration helps in having a real-time inventory updates as well as the sales can be kept in track and organized. In India, different segments of physical stores have started the process and this paper will focus on the integration of apparel traders in the context of synergy opportunities and marketing mix. As per latest E-Commerce Report by India Brand Equity Foundation, Apparel is one of the highly shopped item as compared to food grocery, jewellery and furniture (E-Commerce report,IBEF,2023).

### Online Retail Market

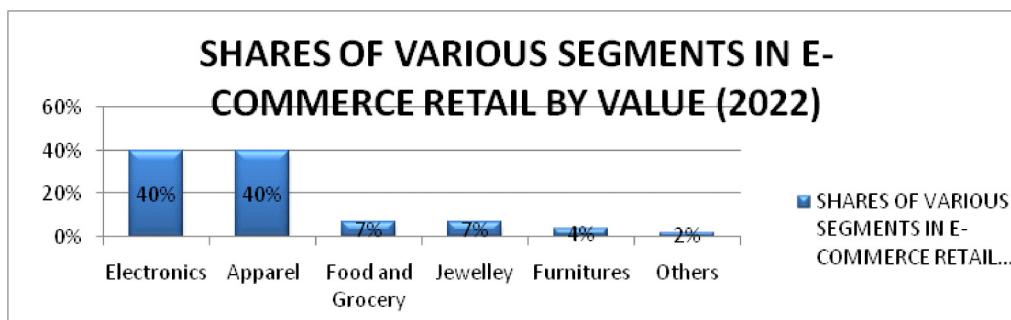


Figure 1.1

Source- E-commerce report, 2023

Figure 1.1 states the shares of various segments in e-commerce retail by value. From the above figure it can be said that apparel and electronics has the highest share of 40% which is followed by food and grocery 7%. Jewellery 7%, Furnitures 4% and Others 2%.

The Indian E-retail has witnessed a rapid increase and over the next decade the Indian E-Commerce will rise 7 times to US\$300 Billion and the expansion will be lead by the smaller business communities by integrating them with the E-Commerce.(E-Commerce Report,IBEF,2023)

### Synergy Opportunities

Synergy refers to the better and greater performance of the combined business facilities i.e Brick and Mortar and Electronic commerce, than the performance of the respective individual facility.(Charles,2013:Thomas,2013). Synergy opportunities in a particular business are a situation where two different facilities can perform together and is able to create greater value and benefits as compared to individual performance. To identify certain opportunities, a business, should assess and take potential risks and prepare strategies that can assist in achieving the synergies and could be shared further. This paper focuses on finding out certain synergy initiatives or opportunities arising out of omnichannel transformation in the context of E-Commerce and Offline store integration.

### Marketing Mix

Like other processes, the development of E-Commerce has also affected the marketing mix i.e the 4Ps of marketing as given by McCarthy which refers to product, place, price and promotion . The introduction of E-Commerce has impacted the marketing mix of the offline stores as certain changes have been experienced during the whole process. The concept of product, Price, Place and Promotion has been modified during the re-oriented

marketing mix due to E-commerce integration by offline stores. The purpose of this paper is to know the certain gains from the E-Commerce Marketing mix in the context of McCarthy's 4Ps i.e, Product, Price, Place and Promotion (Elena,2016).

**1.2 REVIEW OF LITERATURE- Elena (2016)** formulated the marketing mix especially in e-commerce by elements: Product includes production of virtual goods delivered through Internet channels; Price is highly flexible; place of sale is a virtual website or mobile application ; Promotion includes search advertising, mobile advertising, social media marketing. Process represents delivery; People involve invisible connections. Physical evidence is a corporate website, a site or a group in a social media network. As per Moureen and Simon (2016) issues that are hindering the effectiveness on e-commerce adoption. The growing trend of E-Commerce adoption globally are now been observed among the developing and least developing countries which is due to the synergic benefits such as expansion of business opportunities, low expansion cost etc . Mishra(2017) suggested that the future retail model will be different from today as it would provide a complete different experience which will be largely driven by the customer preferences Offline stores will remain as a important part in business, however , the development in technology will significantly improve the customer relationships with the stores.Ahmad and Mustafa(2018)presented a literature review regarding the adoption of E-Commerce which focus on identifying the relationship between customer satisfaction and E-commerce adoption . Taru(2018) examined the McCarthy's 4Ps of marketing - product, price, place and promotion - in e-commerce as the Marketing mix is also being impacted by the e-commerce . The traditional views on products, price, place and promotion are very much different from the e-commerce oriented marketing mix. Malek and Hanadi(2021) opined that e-Commerce is going to improve revenue and profitability for the companies. An online survey was conducted to gain an in-depth understanding of B-to-C e-commerce adoption and its related benefits. 203 Internet company executives have been surveyed for the purpose of the study. Jagdesh (2021) Suggested that the offline stores are definitely going to survive and thrive by adopting technologies in the growing competition and the value added services are need to be added for a better sustenance in the coming future.

### **1.3 Research Gap**

From the different literatures reviewed, it has been observed by the researcher that different studies on E-Commerce integration with brick and mortar stores has been conducted by different researchers in the context of different geographical areas. However, these studies are limited to some geographical areas apart from the state of Assam. As different online websites deliver products in the nook and corner of the state, therefore, it is essential

for the Offline stores to adopt certain technologies to make them available online and the process has already began. The present research is conducted on the offline apparel traders of Guwahati to find out the different synergic opportunities and also the re-oriented marketing mix due to the integration with E-Commerce and is expected to fill the gap in the existing literature.

#### **1.4 Research Objectives**

1. To investigate the synergy opportunities arising from integrating offline stores with E-Commerce in the domain of apparel business operating in the Guwahati city of Assam.
2. To determine the gains from e-commerce integration in the context of re-oriented marketing mix of offline stores with e-commerce in the domain of apparel business operating in the Guwahati city of Assam.

#### **Hypothesis**

Ho1: There is no relationship between Global Accessibility and E-Commerce Integration

Ho2: There is no relationship between Convenience and Flexibility and E-Commerce Integration

Ho3: There is no relationship between No Insurance cost and E-Commerce Integration

#### **1.5 Methodology of Research**

The nature of the proposed study is descriptive and analytical. Descriptive research indicates different surveys and fact-findings techniques in the context of different research. The researcher has no control over the variables which is a significant characteristic of such research (Kothari,2019).

Population of study consists of the Licensed Offline Stores dealing in the domain of Apparel of Guwahati Metropolitan City. The population of the study is 21,300 based on the valid licensed apparel stores as on 10th December 2022 as per the data provided from Guwahati Municipal Corporation. The city of Guwahati is located in the state of Assam in the Northeast India on the Bank of Brahmaputra river, Dispur, the capital of Assam is located in Guwahati and is considered as the gateway to the Northeastern part of India.

From the population, a sample of 50 Apparel retailers has been considered as per convenience sampling for the purpose of the Study. The required data has been collected from both the secondary and primary sources. Primary data has been collected by way of distribution of questionnaire / schedule. The secondary data required for the purpose of the proposed study has been collected from the relevant books, articles, social media, different newspaper reports, government reports and journals.

**1.6 Data Analysis and Interpretation**

a) Likert Scale has been formulated to record the response of the respondents and the hypothesis has been tested at 5% level of significance by Spearman's Rank Correlation Method for achieving the first objective of the study.

**Table 1.1 Statistical Analysis of Hypothesis**

Objective	Hypothesis	Result
To investigate the synergy opportunities arising from integrating offline stores with E-Commerce in the domain of apparel business operating in the Guwahati city of Assam.	Ho1: There is no relationship between Global Accessibility and E-Commerce Integration	Rejected
	Ho2: There is no relationship between Convenience and Flexibility and E-Commerce Integration	Rejected
	Ho3: There is no relationship between No insurance cost and E-Commerce Integration	Rejected

Source: Compiled by the researcher

The Hypothesis are rejected as the P values came out to be -0.63, -0.61 and -0.63 which is less than the critical value 0.90 at 5% significance level under Spearman's rank Correlation. Therefore Global Accessibility, Convenience and Flexibility and No insurance cost has significant relationship with E-Commerce integration by Offline stores.

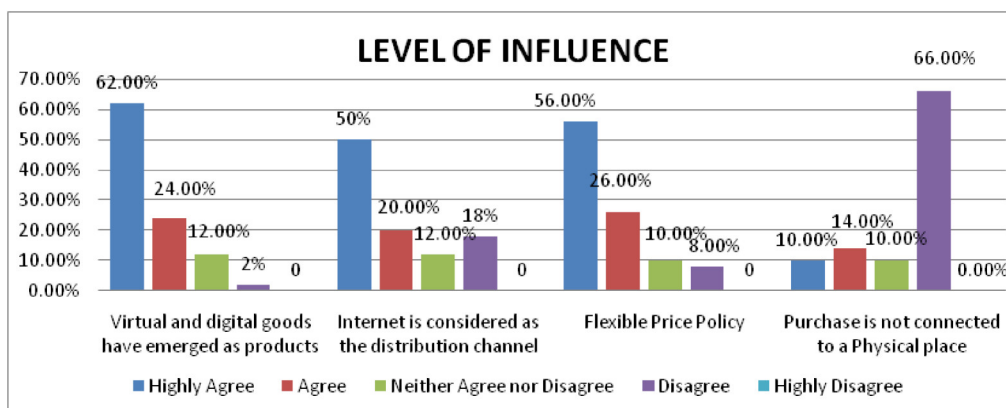
b) For the purpose of achieving the second objective of the study i.e to determine the gains from e-commerce integration in the context of re-oriented marketing mix of offline stores, data has been collected from the respondents by using likert scale and the same has been represented as below.

**Table 1.2 Level of acceptance of apparel offline stores regarding gains from the re-oriented marketing mix**

Apparel Stores						
SL No.	Factors	Level of Acceptance				
		Highly Agree	Agree	Neither agree nor disagree	Disagree	Highly disagree
1	Virtual and digital goods have emerged as products	31 (62)	12 (24)	06 (12)	01 (2)	00 (00)
2	Internet is considered as the distribution channel	25 (50)	10 (20)	06 (12)	09 (18)	00 (00)
3	Flexible price policy	28 (56)	13 (26)	05 (10)	04 (8)	00 (00)
4	Purchase is not connected to a physical place	05 (10)	07 (14)	05 (10)	33 (66)	00 (00)
<b>Total</b>		<b>89</b>	<b>42</b>	<b>22</b>	<b>47</b>	<b>00</b>

Source : Field Survey by the researcher

Note : Figures in the bracket indicates the percentage Chart1.1 Level of acceptance of apparel offline stores regarding gains from the re-oriented marketing mix



Source: Table 1.2

Chart 1.1 represents the level of acceptance regarding the gains in the context of re-oriented marketing mix. 62% of the respondents agreed that the product has been considered now as a virtual and digital goods. 24% of the respondents have agreed and 2% have disagreed to the statement. Majority of the respondents i.e 50% of the respondents have agreed that internet is now considered as the distribution channel which is an another gain from the E-Commerce marketing mix. 56% of the respondents have agreed that currently flexible price policy is observed as pricing has become very much transparent due to E-Commerce integration. 66% of the respondents have disagreed to the fact that the purchase is not connected to a physical place because as per their opinion physical place is still considered as the premise for doing purchases.

### 1.7 Findings and Conclusion

1. For the first objective, Global Accessibility, Convenience and Flexibility and No insurance cost has been considered as the synergic opportunities arising out of the E-Commerce integration with the offline stores. E-Commerce provides global accessibility to the stores to deliver at any location and also with no insurance cost for expanding the business as no physical premise is required. Customers can access the product as per their convenience and requirement.
2. For the second objective, 62% of the respondents agreed that the product has been considered now as virtual and digital goods. Majority of the respondents have agreed that internet is now considered as the distribution channel which is a gain from the E-Commerce marketing mix. 56% of the respondents have agreed that currently flexible price policy is observed as pricing has become very much transparent due to E-Commerce integration. But 66% of the respondents have disagreed to the fact that the purchase is not connected

to a physical place because as per their opinion physical place is still considered as the premise for conducting purchases. Integrating E-Commerce with offline stores is quite a phenomenon for the businesses as the marketing mix setup of the business gets modified due to some additional gains upto some extent that would change the whole business process. There arise some synergic opportunities also out of the integration which cannot be ignored. Therefore, it is very much desirable for the offline stores to opt for the E-commerce integration to avail the benefits derived from the process.

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