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**Research Title: Online Shopping and High Street**

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## Executive Summary:

In this report I asked three question about key topics on online shopping ans through researching online news papers and reports published online I found the answers.

I asked is online shopping is risky, easier and cheaper. Gather information and made conclusions.

My conclusions were that there are some significant risks, it is easy and generally cheaper .

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## **1 Introduction**

Online shopping has made a huge change to our lives. It started back in the 200's with retailers such as amazon first being started and has since has grown far beyond anything someone could had imagined ten years ago. Nowadays, online sales account for billions of pounds in revenue and it is only predicted to grow in the near future.

In this report I will ask three question that impact the end consumer. And by answering my question I will conclude on some key points to consider for online business in the future.

### **1.1 Aim and Objectives**

The aim of this report is study how much online business has grown in the past decades and answer why and how it happened using information from newspapers, journals and business reports.

### **1.2 Background of the research**

My research for this report is based on online new articles from newspapers such as the guardian, businessinsider and business consultants such as PwC. Some other part of the research is from other reliable online sources.

Online sources were used as they allow to gather a large range of information. This is, I can find facts and many accompanying opinions. And online results tend to be more recent, in particular the new articles.

The dates of the publication are important because the online shopping market changes very rapidly. An article that was true in, for example 2008, will not have much applicability today. My research has tried to keep all the sources within the past five years.

### **1.3 Research Questions**

To gather which questions were more important, I asked my colleagues and did some searching online to gather a list of the main problems facing the online industry in the present time. The full list of question I asked are attached in the appendix. For the report I summarised my key issues into three questions with easily identifiable answers. These are:

- 1 Is price a factor in inline shopping? If so, can online stores provide better prices and how do they do it?
- 2 Are there any risks in online shopping? Risks as in financial risks of being stolen from and how common are these risks?
- 3 Why has online shopping grown so popular?

In the literature section I discuss the information I researched. And in the Findings and Analysis section discuss my opinion after analysing my findings.

## **2 Methodology:**

My research was as standardized as possible. I wrote down a list of steps I would follow when carrying out my research and tried to stick by my written steps as closely as possible.

Firstly I asked myself what the question was, defined it in detail and made a list of key words that could be related to a possible answer to the question.

I then googled those key words and made a list of sources that offered promising leads on being a good source of information. After having a sufficiently large list of sources I read them in detail and notes the key bits of information from them. The websites that had no relevant or relevant information were removed from my list of sources. The key finds from each source was written down and then analysed alongside all the other key findings. This was used to reach a conclusion about the initial question.

The objective of having well defined steps for ways to research and analyse data in a way that that was unbiased. The process was very tedious, but it allowed me to give equal attention to each source of information and extracting all the relevant bits.

### **3 Literature Review**

I read articles on guardian newspaper and found that there are many loopholes in the current legislation in the UK that gives an advantage over the traditional retailers. (Guardain.co.uk, 2013)

I read articles on guardian newspaper that discussed how many businesses had gone bankrupt due to competition from online retailers. The article also shed light on how the taxation of online businesses works in the UK and that it gives a certain advantage to the online stores. This is part responsible for their massive success over the years. (Guardian, 2013)

I read from PwC report that online stores are able to provide services such as price matching and easy filtering that lets costumers search for their desired products much more easily than traditional stores ever could. (PwC, 2017)

I read on forbes about how online shopping scams happen. How common these are and how to keep oneself safe from such attacks. (Forbes, 2017)

I read on PwC about the main benefits and that online retailer provide that swayed costumers to them. Among these are better choices, delivery options, hassle free collection points, etc. (PwC, 2017)

### **4 Findings and Analysis**

#### **4.1 Price and how it impacts shoppers**

Its no surprise that price of goods plays a huge role in the costumers mind when buying something. Nowadays, it's a given in Europe that something you buy will be safe and appropriate for consumption to a standard that it won't hard you, thus the only things a shopper has to worry about is the price and quality compromise.

As I found from articles on guardian, online shops have more lenient tax regulations. A traditional shop generally has a large network and is required to pay insurance for all its employees, and many retailers such as, for example TK Maxx or Argos have their own supply trucks and other equipment. All of this equipment allows them to serve their costumer more efficiently but also increases insurance and other running costs. (Guardian, 2013)

Online retailers are not required by law to have insurance for all aspects of their business. And much of it they can pass on to contractors.

When it comes to reporting profits, its gets complicated, but from articles on guardian, they also make use of a few loop holes to further increase their profit margins.

This is bad for governments tax income on the long run. However, on the short term it is good for the costumer. Online retailers by having lower running costs can lower the price of their items.

Another factor to consider is the size of a traditional retailer such as Sainsbury or Primark compared to Amazon. While the traditional retailers need a small army of staff and a small nation of stores to supply the country, amazon can do the same with a few storage facilities.

The cost savings from these factors allow online retailers to be significantly more competitive then their counterparts. And because of this, shoppers flock to them.

#### **4.3 Risks in online shopping**

Wherever people go risk has always followed them. The situation here is no different. Presently the biggest risk to someone shopping online is from thieves and hackers.

The independent newspaper estimates that over a billion pounds are lost to fraud every year in the UK alone. Multiply this globally and its obvious a few criminals are busy. (independent, 2017)

Fraud in online shopping websites happens mostly due to lack of care or lack of knowledge about security, how keep one safe while online.

From my research I found that this mostly happens when people click on untrusted links or visit uncertified websites. These websites contain malware that infects the shoppers computer and then sends information about their bank details and location to the hacker.

Generally, hackers tend to make small purchases infrequently to avoid making the victims suspicious.

The risk of losing your savings or even getting trouble with the police if something illegal is done under your name and address, the risk is real. However, someone wise enough can take simple steps to avoid these problems. Such as not shopping from untrusted stores, not clicking on flashy links about amazing deals and checking ones bank account regularly. (Forbes, 2017)

#### **4.2 Why is online shopping so popular**

The main reason why online shopping has gotten to so popular, is second to the possibility of lower prices, it offers the costumers and incredible amount of convenience.

Online stores offer the costumer to option to browse for the products he wants not just one store but from all the stores in the country while sitting in his room. Add on to that delivery options that have your products delivered by next morning. It is not possible for traditional retailers to compete in this area. (ebay, 2017)

The only advantage that traditional retailers still retain over online stores is that people can see, touch and feel anything before they buy it. However, it is unsure how long this trend will last.

Ever more online stores offer better ways of delivery, trail periods on some products such as clothing. Stores such as amazon and others are experimenting with two week trial periods on good to try to rival the few advantages that traditional retails still retain. (Busi.Ins, 2017)

By adding this level of ease, convenience and reduced prices, it is not hard to imagine why online shopping has grown to such popularity.

## **5 Conclusion and Limitations**

The conclusions I made after researching my initial three questions are that

- 1 Online stores are indeed cheaper. However, the reasons that allow them to be cheaper are not fair.
- 2 Online shopping does carry some very serious risks. Online fraud does cost billions a year, and in the worst cases can lead to more serious problem then losing money. However, the solutions to online security are not difficult to apply.
- 3 The lower prices they provide along with the convenience, they are simply the better option.

It is worth noting that the information used and the conclusion made in this report are limited in accuracy in time. In the future the conclusions made here might not be accurate due to the fast changing nature of online businesses.

## 6 References

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## 6 Appendix

These are the questions I asked initially and from which my three condensed question were made:

- 1- Is it easier to shop online? Why? And How is that accomplished?
- 2- How is people experience with online shopping?
- 3- Any reasons why someone would not use online stores?
- 4- How much of a persons spending money is spent online?
- 5- What are the risks in shopping online?
- 6- What are the favourite methods of paying for online?
- 7- Who are the big players in online shopping?