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Research Title: Online Shopping and High Street

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Executive Summary:

This report is about online shopping and it discusses the benefits and disadvantages of this emerging industry.

Three key questions are asked. Using verified information gathered through research, I attempt to answer these questions. The research is based mainly on finding from online articles and reports from reputable sources.

A brief summary of the findings are that online shopping is a beneficial force for all consumers and markets, however some control measures are needed to assure safety and sustainability.

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1 Introduction

Over the past decade online shopping has become easier than traditional shopping. This is due in part by developing technology and greater access and familiarity with internet and also because growing number of customers expect easier access and delivery. All of this combined has caused an explosion in online shopping.

1.1 Aim and Objectives

In this report I will ask what the key challenges with online shopping in 2017 are, and attempt to answer my questions based on research data that I gathered from news web-sites and other publications.

1.2 Background of the research

The most up-to-date information on this topic can be found in news publications and reports by professionals studying the matter for commercial purposes. This includes many financial advisory consultancies and news agencies. Therefore, my research is based mainly on online articles and news magazines.

I have read articles from Independent.co.uk, Guardian.co.uk, Businessinsider.com, Pwc.co.uk and other reputable sources and will use this to justify my argument on my final report. (PwC, 2017)

It is also worth noting that this field of study changed very rapidly. A statement relevant in 2005 is unlikely to be applicable in today's online marketplace. Therefore, the sources used in this report are at most 2 years old and so discussions made in this report are relevant to 2017-2018.

1.3 Research Questions

The three primary research questions chosen for this report were a mixture of personal curiosity and discussion with peers and public in general. These discussions were held to figure out what the most important issues are.

The questions were chosen for further research:

- 1) Is online shopping is risky?
- 2) What are the benefits of online shopping?
- 3) Is online shopping is cheaper?

The aspect of risk relates primarily on online theft of bank details, but it also risk in quality of what is bought online without a visual inspection.

The aspect of benefits relates mostly the economic benefits, but I will also attempt investigate convenience and the environmental impact of online shopping.

The last question presented is as simple as it sounds. Do you get better deals online? Does the data support it. And why?

Initially eight questions were asked, these are in the appendix. They were compressed to get the questions above.

2 Methodology:

The way the research was conducted followed a structured sequence of steps from asking the relevant question arriving at final results.

- 1- The question is asked and deliverables defined,
- 2- Research conducted into multiple sources,
- 3- Data is analysed and conclusion made,

Of the three steps, the research step was the most time consuming.

3 Literature Review

I have read article on Pwc.co.uk reporting on the status and forecasts for retail industry in 2017-2018. The review by PwC is broad and considers aspects ranging quick and easy price checking, customer loyalty, delivery, etc. I analysed the report to find out how this could possibly impact online shopping. (PwC, 2017)

I have read article on Guardian.co.uk on how the digital business is growing and threatening retail sales. This article talks about how traditional retail stores are adapting to the digital trend by making use of their existing physical stores and using them enhance online business. (Guardian, 2013)

I have read two articles on Guardian.co.uk on how online retail web-sites have an advantage when it comes tax codes, compared to traditional physical stores. This is stated as being another factor that allows them to lower the cost of their products and have an unfair advantage over traditional retailer.

I have read article on Businessinsider.com on how convenience innovations for the costumer are helping some companies like Amazon to get ahead of the competition. This article talks about innovation in business is being used to get more costumers to the online market. (BI, 2017)

From upstreamcommerce.com I read about reasons why people like to shop online and how it makes life easier for them. They talk about reasons ranging from better prices, more variety, convenience, lack of crowds and etc. I analysed this and compared with what traditional retailers offer.

From Forbes.com and identityguard.com I found out how typical online scams work and how can cost a lot of money to someone who doesn't protect themselves properly when shopping online. These scams focus mostly around exploiting people lack of awareness of online security measures and how to use them. (Forbes, 2017)

4 Findings and Analysis

4.1 Answering the first question: is online shopping risky?

According to Forbes, it definitely is. The article describes "scam artists" being active all the time trying to obtain personal banking information. It doesn't mean a person is awake all week, rather there are malware that are designed to steal credit card numbers and send them to the criminal. The banking information is later used to make purchases from your account. This is the most common issue facing current online shopping websites. (IGuard, 2017)

Forbes states that many people do not use strong passwords or pay attention to the authenticity and safety measures provided on the website they are buying from. (Forbes, 2017)

Identityguard also insists on avoiding clicking on unknown links as these can lead someone to downloading malware that can send personal information straight from the persons hard drive to a criminal. (IGuard, 2017)

Identityguard recommends that the shopper should carefully verify if the website is real. Especially during holiday and other sale seasons, people will come across unbelievable deals, but these deals will be advertised on little known websites that often lack SSL certification. (IGuard, 2017)

Most of the problems of safety in online shopping can be solved by using a bit of caution when buying and not being blinded by too good to be true deals. And using a bit more of time to make your details are correctly secured with strong passwords.

4.2 Answering the second question: the benefits of online shopping

It is undeniable the success of online shopping in the recent years. Something that doesn't offer significant advantages could not have gained such success.

From my research, according to Businessinsider and upstreamcommerce, online web-sites can provide unrivalled convenience to a shopper. For example during a rainy day and you can go a website like amazon, Sainsbury, tesco, etc., and make your order and have goods delivered to your door the same day. (BI, 2017)

According to PwC another reason why customer prefer online shopping is due to being able to compare multiple vendors at a glance, with some websites specializing in helping compare prices. This is something that is just not possible at a local store. In today's European markets quality and safety are almost guaranteed, therefore price becomes the main decision maker and being able to seamlessly compare a thousand vendors by applying a low-to-high filter makes it an irresistible choice. (PwC, 2017)

On the environmental of online shopping. According to the Guardian news, it is a mixed bag. In one traditional stores had a large physical presence and caused they used a lot of energy to run and maintain, while online retailers have a relatively compact storage facility and distribute all their goods from there. However, online retailers have to package all products more carefully and often deliver goods over thousands of kilometres where someone would have walked to the local shop and bought the same product. This is an important factor for the industry going forward in dealing with today's eco-friendly consumers. (Guardian, 2013)

4.3 Answering the third question: is it cheaper?

Perhaps more importantly than convenience, is the price of the goods themselves. Online retailers often have lower prices than traditional retailers.

According to Guardian.co.uk, one such reason why online prices are cheaper is because they do not need to have multiple small physical stores to serve each separate neighbourhood. Rather one large, automated, central storage facility can supply a large area. In such cases economies of scale come in to play and due to the large number of products being sold, price per unit can be lowered while maintaining profit margins. (Guardian, 2013)

Another, more sinister, reason for online stores being cheaper, according to Guardian.co.uk, is that tax laws surrounding online retailers are not as developed as physical retailers. This allows online stores to further lower the prices for the customers. While at first hand this might seem a good, where both the company and customers win, it can lead to revenue losses for the government and that could lead to many more problems for the public in the long term.

5 Conclusion and Limitations

Having conducted my research and analysed the findings, with regards to the initial three questions I can conclude the following:

- 1- Online shopping presents some risks for anyone not careful enough to protect his banking information and not pay attention the authenticity of the websites.
- 2- Online shopping presents many benefits to the consumer. The main ones being convenience of choice and delivery. However, as discussed the delivery of online shopping is more wasteful.
- 3- Online shopping is cheaper than traditional stores due to lack of laws around the industry.

The main limitations of this report are that the information used, although valid and true is not as detailed as full report by a business consultancy. And that the length and scope of the report does not allow for detailed discussion of topics such as laws that allow online stores to flourish.

6 References

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6 Appendix: Survey Questions

- 1 Is online shopping easier?
- 2 What you best payment for online shopping?
- 3 Do you have a bad experience with online shopping?
- 4 Why is online shopping cheaper?
- 5 Are you satisfied with on online shopping?
- 6 How much do you spend on online shopping per month?
- 7 Do you think online shopping is risky?
- 8 Why would someone not use online shopping?