

RESEARCHING AND ANALYSING DATA

UNIT CODE: EMPL4012

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Introduction

The form of the shopping is changing rapidly accounting for rapid growth in the usage of smartphone, availability of internet and the emergence of the online based payment system for the general public. The traditional ways of shopping, naming high-street shopping, is declining paying price for the growth of the online shopping. From the studies, it can be seen that 47% of the people have access to internet and payment system via smartphones and around 55% of the shops from the online on a daily basis (PwC, 2017). The traditional ways of shopping are losing customers at the cost of the growth of the online shopping and the growth experienced by the online shopping is virtually unimaginable to the high-street retailers. In this assignment, the basic discussions and the analysis will be centered concerning this phenomenon.

Research question

The worldview of the carry-on shopping is changing and peoples demographics have taken a vast shift due to the recent technological advancements. With the rapid growth of the online shopping and the advantages that the online shopping is earning via its technological, financial and light capital structure, the question about the survival arises. That is, which of these two competing sides of business will prevail in the long run? For the discussion in this assignment, the research question is, **“Online shopping or high-street shopping; which one will thrive in the long run?”** To assess this question, the purchasing habits of the general, the facilities of these two sub-factors’ toward the consumers, the decisive factors for the consumers and the recent empirical study results have to be taken in to account. And, as the relevant information will be provided as evidence to support this question’s perspectives concerning the supporting and opposing views.

Gathering and Analysis of the information

Issues advocating online shopping

Before running toward the main discussion, the assessments for the previous studies and empirical results will be assessed in the supporting context of the online shopping. Schaupp and Belanger (2005) stress that it is important for the retailers to know what are the factors that actually attract them to the stores or to the websites and what are the concerning benefits. The studies show that the direct and indirect factors and advantages of the online shopping attract the consumers to the online shopping (Davis, 1993). According to the study of Charles Dennis, the women feel a lot more comfortable and secured while shopping online and find it more shopping friendly than that of the store shopping. Yoon (2002) indicates that the advantage of the comparison, past pleasant experience, and the low transportation cost motivates the consumers to shop online.

The purchasing habit of the consumers all around the world is changing. The people are now inclining to the more convenient medium of the purchasing. The growth of the online shopping has a great toll on the street shopping and many retailers are now considering to close off their stores due to the fierce competition and lower rate of purchases (Carroll, 2017). The majority of the consumers have access to the internet shopping and this has changed the scenario vastly. This can be illustrated by the below mentioned graph.

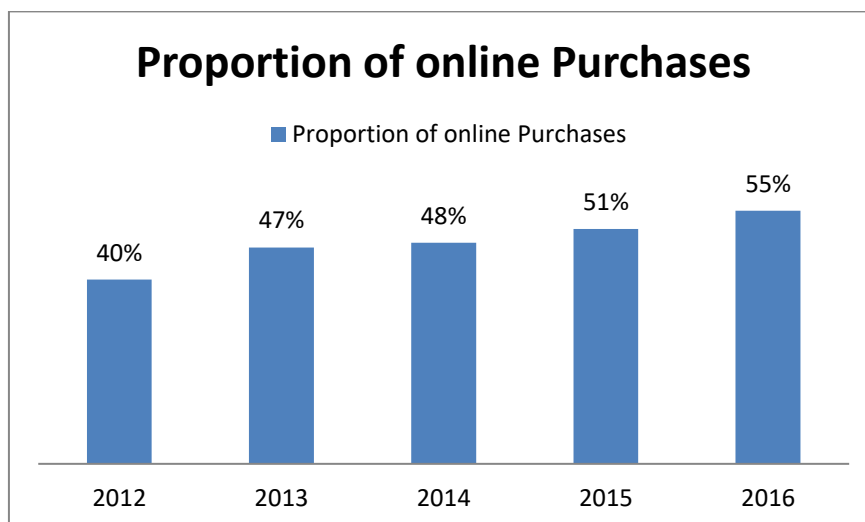


Figure 1: Proportion of online Purchases (Fortune, 2017)

From the graph, it can be delineated that, the consumers are taking more and more advantages of the online shopping and as the ease of the payment system; the online shopping has gained a new pace.

As for the UK perspective, the online shopping has a tremendous past record of the growth and the prospect of this sector's growth is also mesmerizing. According to studies, the industry is supposed to grow at an even greater momentum in the future.

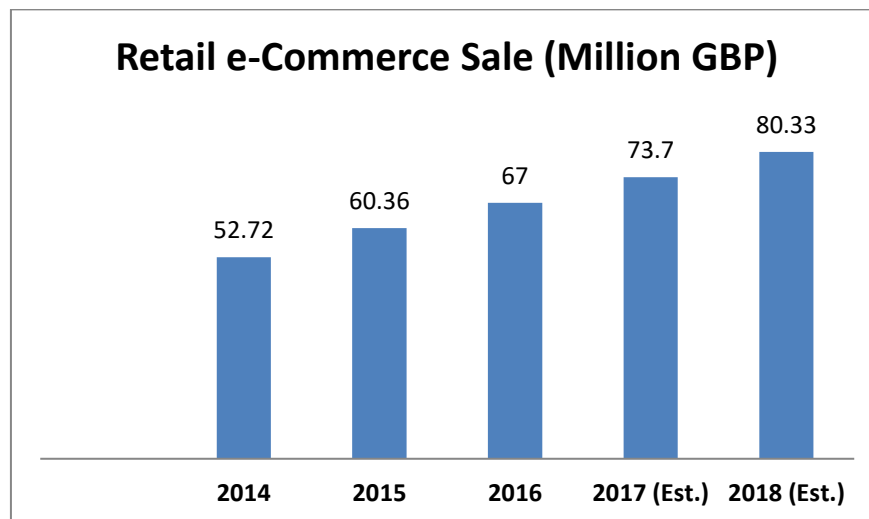


Figure 2: Retail e-Commerce Sale (eMarketer, 2015)

The factors that actually help the consumers to take decisions while making purchases are changing as well. The purchasing determinants are now not only confined to the mere price war or the convenience of the drive-through. But it has evolved to be more. Carrying the bags have become a thing of the past and the online shopping is offering a variety of products. Some these products can only be purchased via online shopping and the online shopping allows for many innovative purchasing offer and coupon discounts. One of the most important factors that are influenced by the internet privileges is the online reviews. These reviews really incline the people to shop from the online stores (The Telegraph, 2017). The preferences of the people shopping online according to PWC are shown below as proportion of the total consumers.

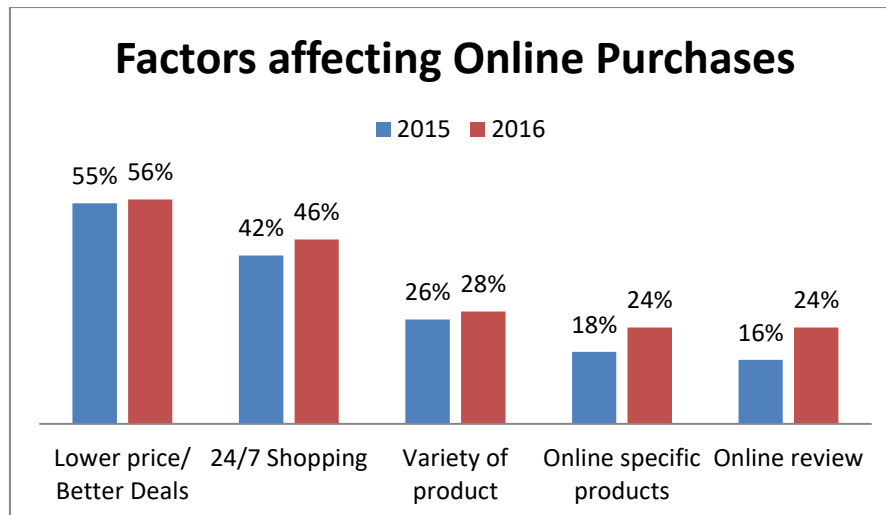


Figure 3: Factors affecting Online Purchases (PwC, 2017)

This graph is also justified by the other studies on the growth of the online shopping. The Goldman Sachs studies have found that people aging between 25 to 35 are much more prone to send their clothing and technological appliances budget online. But, the more concerning issue for the high-street retailers is that this study also reveals that, the people aging between 35 to 44 and 45 to 55 are only lagging 1 year and 1 years respectively to follow the trends of the younger generation. This indicates a declining avalanche of the street shopping in the near future (Gustafson, 2017).

The public perspective of the privileges of online shopping is also vital. 71% of the consumes feel that they can get good deals easily form the online browsing rather than going physically store to store (Lunka, 2017). What is worse is that most of the retailers are not realizing the imminent threat and only 17% of the physical store owners have invested in the online business operations (Trends, Businesses and Mansfield, 2017). This has made the situation more stiff for the high-street retailers than ever. The internet facility and the innovation of the online retailers have also picked the consumers to form the high street retailers. The innovative offer such as, "Pick your own offers" by Waitrose which allows the consumers to buy any product of their choice at a discount of 20%, "Amazon Prime" by the Amazon to deliver the product in the London within 1 hour or the John Lewis' "Click and collect" offer (Ruddick, 2017). These offers do not only make the consumers try the online shopping for the first time but also encourages them to stick with it. Many online stores are now spreading through the physical stores to facilitate the quick return of products as well (Butler, 2017). There is an influence of the social media on the online shopping as well. There are around 1.79 billion Facebook users worldwide and almost 97% of the young adults have at least 4

social media accounts (Trends, 2016 and Mansfield, 2017). According to the studies of PwC, there is a high chance that the consumers are influenced by the advertisements in the social media and become used to shopping online. This can be illustrated below.

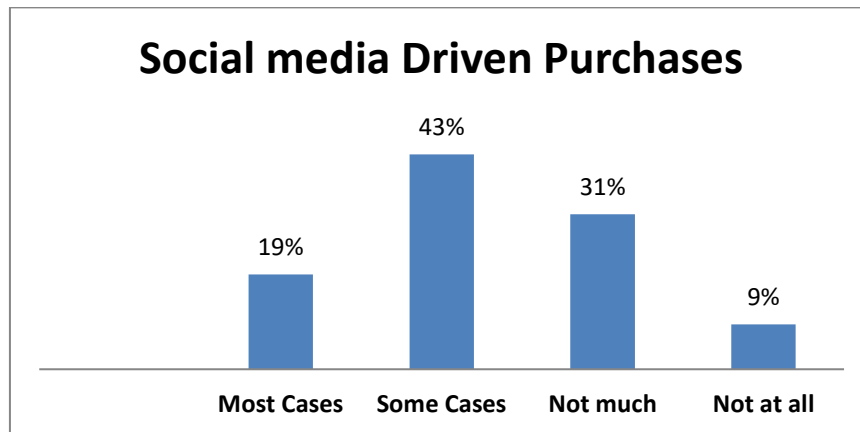


Figure 4: Social media Driven Purchases (PwC, 2017)

Issues advocating high-street shopping

The encouragement of the online shopping is surging the news. But there are still a lot of people who prefer to stay the old fashion way and to shop from the physical shops. The in-store purchases still occupy a good portion of the overall shopping and the consumers still choose to buy the products after seeing and inspecting them first hand. The factors that help the consumers to decide whether to buy from the store are the direct inspection facility, lower price, no delivery cost and more certainty about the product. The PwC has studies the factors that influence the proportion of consumers with the purchasing behavior online. These are demonstrated below.

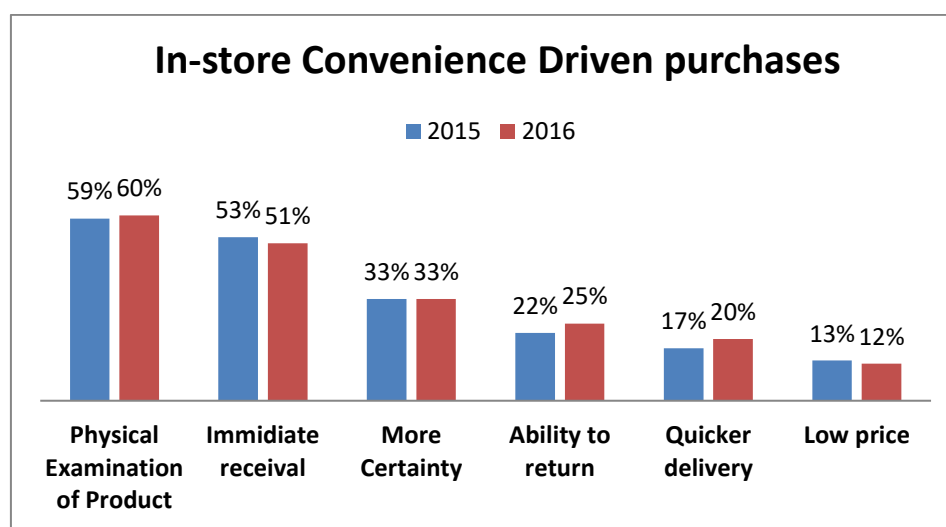


Figure 5: In-store Convenience Driven purchases (PwC, 2017)

From the graph, it is evident that still people put the reliability of the in-store purchases on the top and they like the immediately received products. The delivery or shipping cost of the online retailers is also a hit in the center. The consumers are very unsatisfied with the large delivery fees attached to the products. Many consumers finally do not pay the online carts full of want-to products after all when the delivery cost is just too unreasonable (Ft.com, 2017). There is also the threat of identity theft and online currency mugging. The US consumers sustained a damage of 8.5 billion dollars in last two years due to the spying on the TAN numbers and password hacking. The usage of name and address also invites the trouble of excessive junk mails to the address. The lesser advantage for the physical touching and inspection also makes the online shopping less attractive. Many people use the internet to look up a product and reading about its review. But they actually make the purchasing in the physical stores.

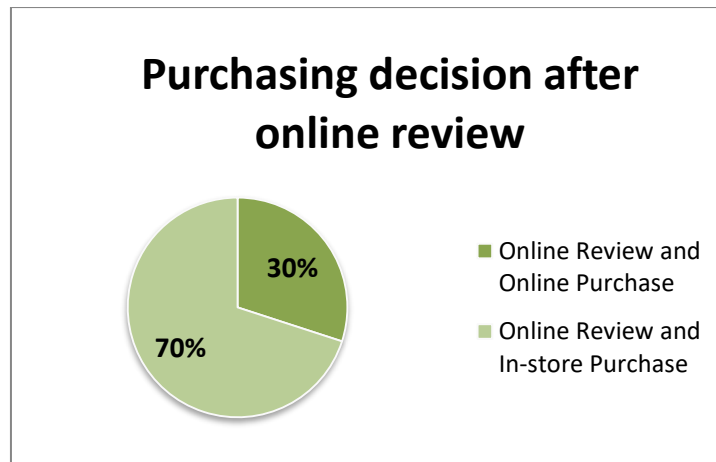


Figure 6: Purchasing decision after online review (PwC, 2017)

From the pie chart, it is evident that the online reviews are more often used to buy the products from the stores. The physical stores also provide an advantage of no hidden cost and an absolute certainty about the product. Online shops have been getting some unfair advantages as well. The businesses are facing a great cost of business, the tax rate. This is a £120 million phenomenon in the UK and as the online shops are not paying this amount, they are getting an unfair advantage. However, many retail businesses have been closed due to this issue and moved to become online one. So this downward surge will produce a lot lesser government revenue in the future (Harvey, 2017).

The above-mentioned analysis has identified the core advantages and disadvantages of both sides. The online business increases the potential customer base and allows the sellers to adopt an almost zero fixed cost business structure. But it also increases the online identity and account theft. The high street shopping is more convenient for the consumers to buy with physical inspection and meets the instant needs of the consumers. But as the internet facility has come to the palm of the hands, this option has begun to seem like a bothering and less convenient option for shopping.

Conclusion

In this assignment, the key research question on the survival of the two modes of shopping; online and in-store shopping; has been assessed. The key issues discussed concerning the thriving of the one or the other were the changing demographics, the advancement in the technology, the factors that pursuit the consumers most to stick by the choice of their shopping mode and advantages and disadvantages of the each modes have been identified and discussed briefly. The surge of the technological advancement has put the conventional retail businesses in a tough position. But the conventional ways of shopping still have the large consumer base. The support for the online shopping is increasing and the online business are now spreading over the physical shops to facilitate their services as well. Many businesses are now being introduced to the online platforms and the investment in making the operation available to the online has increased. The answer of the question in the context of thriving is a bit tactical. There is no straight answer. Bu the future of the retail business will be a hybrid of the both online facility and the physical retail stores. Both have their own strength and weaknesses, none being powerful enough to extinct the other or going extinct itself. From the evidences it is clear that, the consumers will like to have both options open. However, the growth of the online shopping indicates modernization of the high street shops with online shopping facilities and large scale inter-dependency contract between the online based shops and the physical retails shops for the greater value provision to the consumers.

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