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Research Title: Online Shopping and High Street

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Executive Summary:

This report summarises my research into online shopping. The report talks about how it has changed our economy and culture, the benefits it provides, the risks for the consumer and for the local businesses and governments.

Three questions are asked, research is carried out to find the answers and the summarised discussion and conclusions are presented.

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1 Introduction

In the past decades online shopping has become very popular worldwide. There are so many online websites that sell everything from clothes, to computers, kitchen appliances, and many other things. With more and more people having access to the internet everyday, this industry is expected to grow a lot more in the future. In this report I will talk about the advantages and disadvantages of online shopping and how it will affect and change our society in the future.

1.1 Aim and Objectives

This report will try to answer some of the key question around online shopping, such as information safety online, convenience of it, economic benefits vs. downsides. I will base my answers on information I learned from reliable and recent sources.

1.2 Background of the research

For the most accurate and relevant information we would look for information from professional business consultants, they are people who's job it is to keep up with what happening in the online business. An example of such consultancy is PwC.

There are many magazines who publish reliable articles about the online business world. Magazines such as guardian.co.uk and businessinsider.com and forbes.com provide an ample and reliable source of information to use in research.

Additionally, it should mentioned that the research will focus on recent information. This is a fast paced industry, reports on it from eight years ago will not be very accurate today.

1.3 Research Questions

I researched online for key issues facing current day online shopping. The issues I found to be most important for the future were issues that the costumers are affected by and interested in.

Initially many more question were asked, however these were condensed into three more accessible questions. The original list of question is in the appendix.

I listed the question I will explore in this report below:

- What are the risks involved in online shopping? Has it gotten safer over time?
- What the key benefits that the average consumer would chose online over traditional?
- How much cheaper is it than traditional shops, and how does it achieve this?

2 Methodology:

I followed a systematic structure for analysing any information that I found online. My method was based on first clearly defining the question I was answering. Researching and collecting a large amount of information that mentioned by question. Refine the information gathered and identify key pieces that I could apply to my report. And lastly, adapt it to my question and find an answer.

3 Literature Review

My literature included a shorten version of the 2017 report on online business. This report had information on costumer convenience, delivery methods, price checking tools and easy to use filtering tools. This gave me a lot information that I could use in my analysis. (PwC, 2017)

In my literature there was also an article from guardian.co.uk about how digital business was growing in size and threatening traditional business more and more everyday. The article explained how some retail stores were adapting and joining the online trend of recent times. In particular the article discussed how large retail chains were using their existing network of physical stores to base a large delivery network. (Guardain.co.uk, 2013)

I read articles also on guardian.co.uk on how the current tax laws allow for multiple loopholes that advantage the online retailers. These are instances where the legislative system is lagging behind technology, examples include not having to pay many essentials such as insurance for each of the physical stores. (Guardian, 2013)

I have researched on businessinsider.com and found how innovations are making customers prefer online stores over traditional ones. Innovations such as location specific delivery options, providing city dwellers options to collect from local lockers on their way back from work and thus avoid any queues.

While reading on upstreamcommerce.com I found out about the main reasons why people prefer online shopping. These included factors such as convenience, ease of delivery, lack of crowding. It provided a good comparative analysis with traditional retail stores.

I also researched articles on forbes.com about online security. I found out how some of the most common criminal scams work and how to avoid them. Through this research I also found the demographics most at risk. (IDG, 2017)

4 Findings and Analysis

4.1 What are the risks in online shopping?

The main risk while shopping online is someone trying to steal your personal information. Personal information includes everything from your bank details, address, your passwords and your private emails.

To many addresses, passwords, emails, etc., can seem like trivial information that they would most likely provide willingly. However, these bits of information in the wrong hands can be used to steal your online identity. Emails and passwords can be used to, for example, get access to your Amazon account and buy products using your bank details but having them delivered to someone else. Given the interconnectivity of today's online services such as Facebook, Google, eBay, etc., gaining access to a single email account can unlock multiple other accounts to a hacker. (IDG, 2017)

As for bank details, these are private information that if placed in the hands of the wrong people can be used to purchase illegal items such as drugs or counterband. In the case of a stolen email account, you might lose some money before you reset your password. But losing your bank details can have you end up in prison for crimes you did not do.

Most online theft happens due to carelessness of the users. Carelessness when inputting personal details on untrusted websites, when clicking links that they do not know where lead, downloading random things online that turn out to be viruses and malware.

A large part of the risks online can be mitigated by always checking a website for its security, for example if it is SSL certified. Having an antivirus with an online protection suite that gives warning and blocks websites that could be malicious.

A shopper needs to be specially careful during holiday season, that's when most criminals are active. An example of a scam would be a sale that is too good to be true, but to make the purchase you are led to through many strange links that open many more than one window. If this happens you should go back immediately.

4.2 Key benefits for the customer

The success that online shopping has had in the past is evident. Such success does not come from providing a service that people are not interested in. Therefore, it is logical to assume that this new model of business offers some key benefits that traditional stores cannot.

By far the most wanted advantage that online stores offer is convenience. Set the scene in a windy and rainy day and you want to shop for Christmas, the average consumer would prefer shopping comfortably from his sofa over travelling to a shop that could be kilometres away from his home.

It is given that the customer can't try on clothes or have demonstrations in person, but the marketing of online stores is slowly closing that gap with ever more interactive websites and reviews from other customers.

Another very important service that online stores can provide is quick and easy price filtering and search across multiple stores from one place and with one click. Traditional stores cannot provide this with their standard catalogues. For example a customer can filter search for all the vacuum cleaner vendors in the country from a website such as google and get the best possible deal.

The downside of online shopping that the customer will face directly is the ecological impact of the packaging and delivery. The new generation is ever more away of these factors and as result large online retailers have made their packaging ever more recyclable, for example by using paper tape rather than plastic tape to seal boxes.

The other downsides such as impact on local businesses, tax revenue for governments, etc., are not very visible to the customers and do not receive the attention they should.

As seen from the comparison above, for the time being the benefits on online shopping far outweigh the few (but relevant) downsides. So, it is natural to predict that digital business will only carry on growing in the future.

4.3 Answering the third question: is it cheaper?

In the EU market quality and safety of the products themselves are a given (for a given price range). Therefore, with that given price range customers will look for the product that is cheapest. For example a good TV should cost in between 900£-1300£, so customers will look for a TV that is as close to £900 or perhaps £800. Any lower that its understood that the quality would be lower.

The key advantage that online business has in this category is they can allow a customer to filter the prices until they find the optimal deal that lies just at that £800 threshold. So is evident that online stores can provide a better deal than traditional stores.

If a customer searches for a specific model of TV in Currys, he will be presented with a fixed price. Unless its on a big sale, that price is almost guaranteed to be larger than the price found on amazon or ebay.

The way these lower prices are achieved goes takes us back to the disadvantages on taxation, business structure, flexibility in suppliers, not having to pay rent, etc. By not having to pay many of those business running costs they can lower the end price for customers by a significant margin.

5 Conclusion and Limitations

After having carried out my research to answer the three questions set out in the beginning, we can summarise the answers in the following list

- 1- Online shopping has some risks, but some caution while online can be sufficient to avoid them
- 2- The benefits that online retailers provide is undeniable, but the long term effect of these benefits on the economy is not known
- 3- It is cheaper, because their flexible business model doesn't have to pay for many of the things traditional retailers have to pay for

It should be noted that this report was based on information available at the time of writing. Many of the advantages that online retailers enjoy over traditional stores might change in the future. This report will not be accurate if that happens.

6 References

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6 Appendix

The other question I asked were:

- How can it be cheaper than stores that have been around for many decades?
- Do people feel comfortable giving their money to strangers online?
- Are customer satisfied?
- Are there reasons for not using online shopping?
- How are online transaction made?
- Are online transaction safe?
- Can online shopping completely replace traditional retail?