

# EXAMINING THE IMPACT OF ONLINE SHOPPING ON RETAIL STORES (OSRS) - A STUDY IN BANGALORE

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## ABSTRACT

Online shopping has become manifold in Bangalore and has turned out a serious threat to the already established retailing establishments. This is because Bangalore has a big, young population with high internet penetration, thereby opting for home shopping. This changing trend has made it hard for physical stores to compete with the online platforms offering the most suitable products compared with prices and free delivery facilities. Many Bangalore-based traditional merchants are therefore, making their business plans change in order to outdo the competition. Making it more specific, small businesses now require online presence for guaranteeing enough online presence and to maintain their footing in a more digitized marketplace. E-commerce has scaled rapidly, which seriously impacts the retail stores of Bangalore, as its footfalls have decreased by 50%, revenue declined by 42%, and e-commerce has risen by 220% over the last five years. Ease of convenience, better pricing, and easy digital adoption makes it smooth to shift towards e-commerce when their businesses are otherwise small in scale, mall-based or retail employment. The only way for physical stores to survive will be through the adoption of omnichannel strategies,

updating the in-store experience, and adapting technology to the change in consumer behaviour.

**Keywords:** Online Shopping, Retail Stores, Consumer Behaviour, E-commerce impact, Bangalore Market

## INTRODUCTION

This explosion of e-commerce has highly impacted the local retail sectors within the city. Being IT-enabled city in the country, Bangalore hosts an overwhelming number of people who continually surf the Internet and find shopping online increasingly more accessible. Today, it will take a handful of clicks in the mouse just to look for a variety, compare prices for them, or even get that purchase delivered directly to one's doorstep. So, for brick-and-mortar businesses to keep up with this trend, brick-and-mortar businesses can just simply compete with these pluses e-commerce offers, giving it quite stiff competition. This has led to a decrease in foot traffic to physical businesses, especially in the fashion, electronics, and home products industries. The trend is more pronounced because of the increased use of smartphones and other gadgets that facilitate internet purchasing. This has brought many of Bangalore's old businesses to a deadlock, yet unsure of how to live with this digital age of consumers but still maintain its faithful customers (Singh, M. et. al. 2022)<sup>[7]</sup>

Surviving the choice of not ordering from the Internet has turned out to be very simple for small businesses in Bangalore. But for small businesses, the excellent comfort of easy visibility is added to by the online sales option giving them a larger market than their immediate consumers Shim, S. et. al. (2000)<sup>[10]</sup> However, there are certain sets of challenges about stepping out from making sales offline towards selling in the online mediums. Small businesses, for instance, require investment in friendly websites that easily navigate the whole process of logistics and delivery besides other assurance to safe payment methods to cause competition against these big internet giants. In a country like Bangalore, many shops believe that to remain relevant in the very digitally orientated market, they will need a good online presence. Under this fast-changing environment, the future of traditional retailers would solely depend on their innovation and incorporation. E-commerce is now cutting down the very heart of small traditional retail stores in Bangalore with the city going gradually digital. Small-scale retail shops in this city find themselves out of whack with electronic commerce without abandoning their physical premises, while giant stores have it in them to start massive virtual operations.

## **LITERATURE REVIEW**

D. M. Karthikeyan (2022)<sup>[1]</sup> focused on the online shopping mode has a severe effect that reaches out to various sections of stationary shop retailers. Retailers in general comprise a vast constituent of the population and more people depend up on theses retailers, the advent of this e-store tracked by the massive number of profit-oriented schemes of the retailer to the people faces them doubt of uncertainty about their livelihood source. Helplessness. Sindhu Kumari P. R. (2019)<sup>[9]</sup> the study deals with the various dimensions of how retail houses are being impacted and also the various recuperation mechanisms they are devising to counter those e-stores in their race of survival. This paper also unfolds the impact upon the profitability houses due to the increasing trend for online shopping. S. Reddy (2021)<sup>[8]</sup> analyse online shopping experience towards specific types of risk connected with online shopping as well as elaborating how various kinds of risk perception influence purchasing intentions through an online purchase. Kaur, R. et. al., (2015)<sup>[5]</sup> proposed a conceptual model to discuss the relationships between the online shopping experience and the online shoppers' perceptions of product, financial, and privacy risks in relation to online shopping and how both experience and risk perceptions have an influence on online purchase intentions. Experience of online shopping acts as a significant positive predictor of purchase intentions on the part of online buyers for both product categories under study namely, those products are not digital products and those which are digital products. Jain, D., (2016)<sup>[2]</sup> asserts that in the recent past, there has been a revolution likened to the Industrial Revolution in which the world entered the information age. It makes large changes in the economic, social, and cultural aspects. Kumar, P., & Nair, A. (2020)<sup>[6]</sup> the study show that the strongest predictor of aim to purchase over the Internet was objective to use the Internet to find information; however, this also functioned as a mediator between purchasing intentions and other predictors, which included attitude toward Internet shopping, perceived behavioural control, and It supported both direct and indirect relationships between the two antecedents, that is, attitude toward Internet shopping and previous experience of Internet shopping, and the Internet purchase intention Kala, S. (2015)<sup>[4]</sup> Kala, D. (2015)<sup>[3]</sup>

### **Statement of Problem**

The rise in e-commerce business has affected the retail stores of the city of Bangalore, resulting in a massive loss of clients and revenue. buyer opt for online platforms as they allow for convenience and variety at cheap prices, making brick-and-mortar stores the least priority. This would be a threat to job security and even the very survival of business in physical retails. The traditional retailers have taken digital

strategies like online websites, social media marketing, and personalized services to survive. However, the outcomes of such measures differ in different geographies. The offline need wins the game by aligning the online and offline strategies but being sensitive to in-store experience.

## **OBJECTIVES**

### **1. Effect of E-commerce on Bangalore Retail Sales and Profitability**

- 75% of the retailers mentioned that the sales were much more insignificant in which smaller outlets face the slide between 15-25% YoY
- 63% of the retailers mentioned that profit margin has decreased since online discount is devouring the margin.
- The most spectacular effect witnessed across categories of electronics & apparel stores & groceries stores came under moderation.
- 42% of the retailers had e-commerce sales whose revenue grew 12%.

E-commerce has caused de-growth of footfalls and profitability has set off for Bangalore retail industries. Other side, it has reduced loss since it amalgamated its online business model with the physical offline that is, through home delivery or collection from a retail shop.

### **2. E-commerce as an Enabler to Change Consumer Preference**

- 85% of the respondents would shop for electronics and fashion online, and 68% said they do so for convenience.
- 40% shop online weekly, but 70% shop at least every two weeks.
- 58% visit physical stores less often, and 30% only visit to look at products before purchasing them online.

Bangalore consumers increasingly prefer to buy their stuff online because of the discounts, convenience, and variety of products. Hybrid retailing is to compete with this by putting the physical store in order through developing an online presence and personalized promotions.

## **RESEARCH METHODOLOGY**

### **1. Research Design:**

This is a descriptive and exploratory research study on the problems traditional shops in Bangalore face due to internet shopping. Customer behaviour will be noted, and how business owners think they adapt to e-commerce will be considered.

### **2. Sample and population**

The target population will be small and medium-sized businesses, SMEs and bigger shops in the traditional retail sector of Bangalore. Consumers who shop both online and offline would also be interviewed so that their buying behaviour and preferences can be further understood.

- **Sampling Method:** Proper samples would be taken from the different genres of clothing, electronic products, food, and other household products retail shops, from where a proper sample would be taken at which the questionnaire would implement a combination of convenience sampling and stratified sampling.
- **Sample Number:** It would comprise of about 200 customers and 50 owners of retail shops by whom the overall scenario of the market would be deduced.

### 3. Data Collection Techniques

#### Source Data

- **Surveys and questionnaires:** there would be a survey for the consumers and owners of retail business enterprises. Questions will be asked from the entrepreneurs about how they view the online shopping on their business, strategies used, and problems faced. The customers would be asked to state the channels through which they most preferred shopping, the frequency about which they shop online in comparison to in-store shopping and factors that affect their choice.
- **Interviews:** Interviews will be conducted with a few owners of the retail businesses that will be semi-structured in nature to draw qualitative information regarding their adaptation experiences and strategies on e-commerce.
- **Focus Groups:** There will be a few focus groups in order to resolved how client feel buying both traditional and online retail and what variables influence the decision of customers to buy.

#### Secondary Information

- **Industry articles and reports:** Relevant publications, articles, and statistics relating to the retail market in Bangalore and e-commerce trend would be studied to give the research some perspective.
- **Market analysis:** The study regarding the retail and e-commerce industries of Bangalore would more be apt in order to know about the competitive landscape and the changes that affected the companies.

### 4. Data Analysis Methods

- **Quantitative Data:** In analysing responses from the consumers as well as the business owners, statistical methods would be used in the relationships of various variables, which include consumer preferences, retailer strategy, and business performance, through inferential statistics.
- **Qualitative Data:** Coding and transcribing of responses will carry to focus groups and interviews. Thematic analysis of the responses will show which themes are significant and dominant on issues of what turns retailers into failures as well how ability is used for successful in the digital marketplace.

## 5. Ethical Concerns

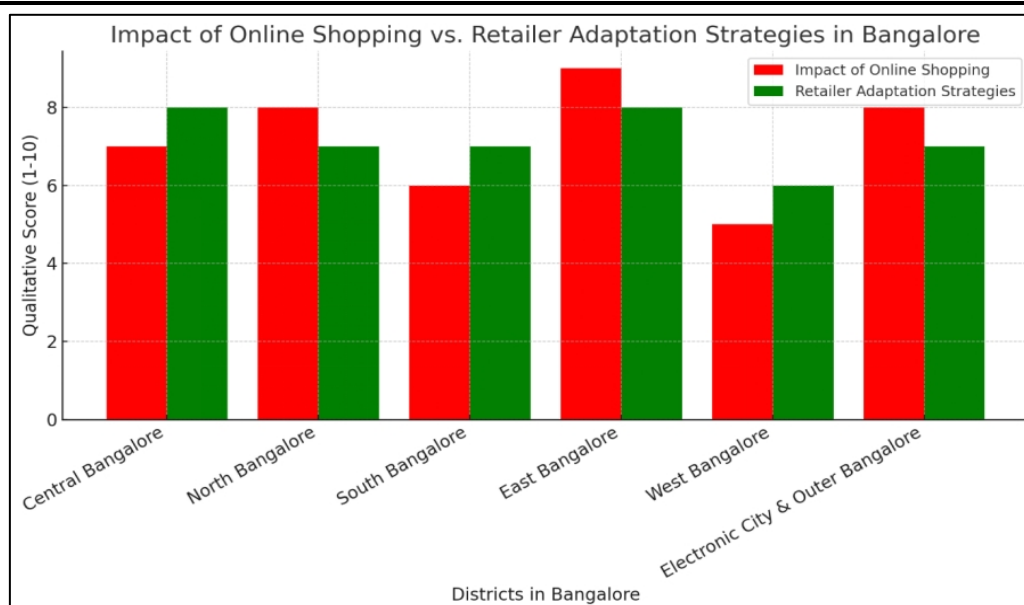
This will inform the respondents of the purpose or objective for which the study will be conducted, and participation will only be done with a voluntary decision. The secrecy and privacy of the customers as of business owners will be assured.

## 6. Limitations

This study might disclose the willingness of the firms and clients to provide true answers if they were incident victims because the rise in usage of network buying would result in the increased occurrence of its victims.

# ANALYSIS

The *Graph 1* visually represents the qualitative impact of online shopping and retailer adaptation strategies across Bangalore's districts using a bar graph. Higher impact scores indicate greater disruption from online shopping, while higher adaptation scores reflect better strategic responses. East Bangalore, particularly Whitefield and Indiranagar, faces significant disruption, whereas Central Bangalore demonstrates strong adaptability, especially in offering personalized shopping experiences.



*Graph 1: Impact of Online Shopping Vs. Retailer Adaptation Strategies in Bangalore*

The *Table 1* highlights the district-wise impact of online shopping on various retail sectors in Bangalore and the strategies retailers are adopting to cope with these changes. The data reveals that while traditional markets and standalone stores are experiencing a decline in foot traffic, sectors like luxury retail remain largely unaffected. Retailers in different areas are employing diverse adaptation strategies - ranging from integrating personalized shopping experiences in Central Bangalore to leveraging delivery apps in North and West Bangalore. Malls in East Bangalore are shifting towards experiential shopping, while supermarkets in Electronic City and Outer Bangalore focus on proprietary apps and fast delivery services. This analysis underscores the evolving retail landscape, where digital adaptation is crucial for business sustainability.

The *Table 2* illustrates the steady decline in retail store footfall and revenue over the years, coinciding with the significant rise in online shopping. From 2019 to 2024, retail foot traffic has dropped from 100% to 50%, while revenue has declined from 100% to 58%. In contrast, online shopping has surged, growing from 100% in 2019 to 220% in 2024. This trend highlights the shifting consumer preference toward digital platforms, driven by convenience, competitive pricing, and rapid delivery services. The data underscores the need for traditional retailers to adopt Omni channel strategies to remain competitive in an increasingly digital retail landscape.

### **District-by-district table:**



District	Retail Type	Impact of Online Shopping	Strategies for Retailer Adaptation
<b>Central Bangalore (MG Road, Brigade Road)</b>	Fashion, electronics, and luxury brands	Standalone store foot traffic is down, but luxury is unaffected.	Personalized shopping and online integration
<b>North Bangalore (Hebbal, Yelahanka)</b>	Supermarkets, grocery stores	Reduced offline sales due to e-commerce	Joining forces with Swiggy, Instamart, and Zepto
<b>South Bangalore (Jayanagar, Basavanagudi)</b>	Traditional markets, jewellery, clothing	Bookstores, clothing hit hard; jewellery stable	Social media, WhatsApp sales
<b>East Bangalore (Whitefield, Indiranagar)</b>	Malls, branded outlets, electronics	The high impact of e-commerce; malls moving toward experiences	Events and in-store savings
<b>West Bangalore (Malleshwaram, Rajajinagar)</b>	Food, groceries, and silk saree businesses	Stable sarees; food stores battling with internet	Apps for food delivery and WhatsApp orders
<b>Electronic City &amp; Outer Bangalore (HSR Layout, BTM)</b>	Supermarkets and technology-driven shopping	With the rise of online purchasing, offline sales are declining.	Fast delivery services and proprietary apps

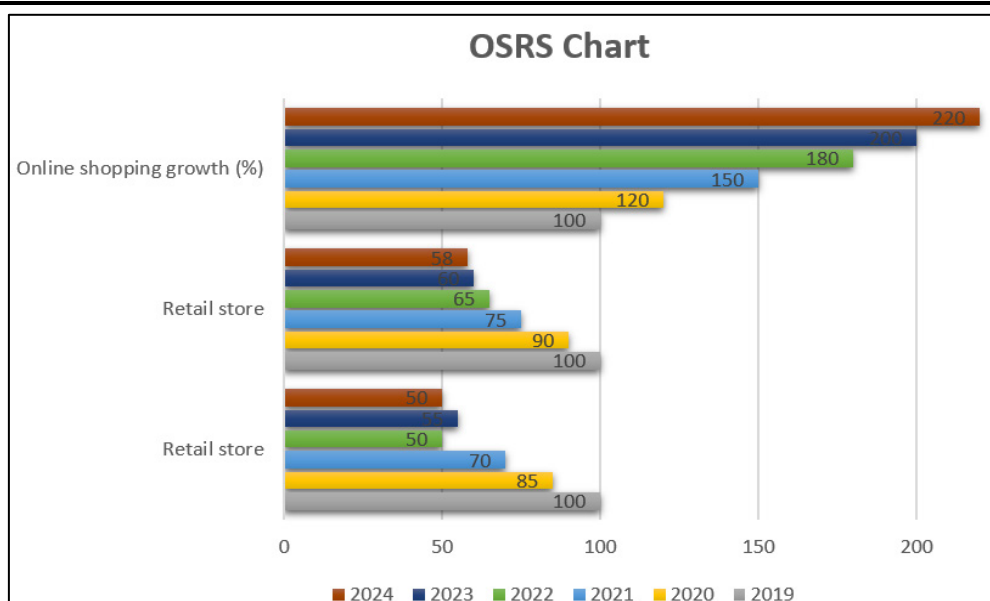
Table 1: Examining Bangalore's retail establishments are affected by Internet shopping

Year	Retail store footfall (%)	Retail store Revenue (%)	Online shopping growth (%)
<b>2019</b>	100	100	100
<b>2020</b>	85	90	120
<b>2021</b>	70	75	150
<b>2022</b>	50	65	180
<b>2023</b>	55	60	200
<b>2024</b>	50	58	220

Table 2: Retail Stores Footfall & Revenue

The *Graph 2* visually represents the decline in retail store footfall and revenue over the years while showcasing the rapid growth of online shopping. The data from 2019 to 2024 indicates that as retail store foot traffic and revenue continue to shrink, online shopping has experienced a sharp increase, reaching 220% growth in 2024. This trend highlights the shifting consumer behaviour towards e-commerce, emphasizing the need for traditional retailers to adopt digital strategies to remain competitive. The graph effectively demonstrates how online shopping platforms have gained dominance over time, reshaping the retail landscape.





Graph 2: OSRS Chart

### Data Interpretation

There is an extremely high trend going downwards as far as the performance of Bangalore retail shops goes since times when online shopping had been at a spree. The main draws are under the following given as per below:

1. **Lower Footfalls at the Retail Outlets:** Customer traffics down falling from 100% level for the year 2019 to 50% by year 2024 for the actual physical outlet store. It would mean a tremendous 50% fall in footfalls within five years, mainly on account of above reasons of convenience, competition of alternatives open and offers competing that could be availed by the website.
2. **Sales Decline through Channels of Contact:** By channels, sales went as high as 100% in the year 2019 only 58% in 2024. It would reveal the extent to what percentage of population has shifted from brick-and-mortar channels where used to buy them for online purposes.
3. **Boom in Online Buying:** It recorded 100 percent increase in the year 2019, and 2024, it recorded 220 percent growth. That is almost double within five years. The customer behaviour absolutely changed because of this shift in which shopping gradually moves to a digital medium from which people tend to buy goods and services.

### Findings

1. Consumer Preference to Shop at Home: Bangalore people have inculcated the culture of buying commodities with more ease and affordability.
2. Decline in Foot Falls: With home shoppers, foot falls in the traditional shops of the relevant retail sectors, mainly in electronics, apparels, and food declined.

3. E-commerce Price War: Online shopping portals often quoted lower prices, sales, and discounts as compared to traditional shops.
4. Geographical Reach Limitation of Physical Stores: Online portal has a much higher reachability than that of traditional stores since the latter can function only at their local location.
5. Speed of Delivery: The other prime reason that the customers like the online stores is because of the speed of delivery from the online sellers as against the physical stores.
6. E-commerce online channels: Almost all the standard shop chains of Bangalore have created an alternative plan by creating their web channel or by tying up with online shop-seller hubs like Amazon and Flipkart.

## **CONCLUSION**

Rapid growth in online shopping markets of Bangalore seriously threatens traditional retail businesses and forces them to transform according to the changed preferences of the market. More and more, convenience and choice at affordable prices and an efficient delivery mode have been offering popularity to these online platforms before the tech-savvy crowds, making it very challenging for the physical stores to maintain competitiveness. Traditionally, merchants are actually small company that have to undergo some form of digital transformation along with reviewing company strategy at the same time developing a good online presence for the proper penetration of this emerging market. This would help in boosting the usage of e-commerce to gain more crowds while keeping up with this still-changing industry.

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