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## The effect of Online Shopping on the retail stores: A study of Bomdila Township of West Kameng District

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### KEYWORDS

Online shopping, Retail stores, Consumers, Factors

### ABSTRACT

Online shopping has transformed the way consumers shop. The traditional brick and mortar stores are now getting replaced by these giant online sites. The study finds that the effect of online shopping is also found in the town of Bomdila where the retailers are feeling the pressure in their declining profit margins. It has been observed that digital technologies have not been adopted by retailers for their growth. The adoption of innovative strategies could strengthen the stores and meet the competition of the online shopping sites.

### Introduction

Online shopping in India has experienced remarkable growth over the past decade, which has transformed the behaviour of the consumer affecting the retail landscape. This evolution is driven by several factors, including technological advancements, increased internet penetration, and changing consumer preferences. The proliferation of smartphones and affordable data plans has significantly contributed to the rise of online shopping in India. The 'Internet in India Report 2024' by IBEF reveals that active internet users have reached 886 million in 2024, reflecting an 8% YoY growth. Rural India, with 488 million users, leads this surge, accounting for 55% of the total internet population (IBEF, 2025). This widespread internet access has enabled consumers in both urban and rural areas to explore and engage with e-commerce platforms. Growing at an exponential

rate, the market value of the e-commerce industry in India was 123 billion U.S dollars in 2024 and this number was estimated to reach 300 billion U.S. dollars by 2030 (Minhas, A, 2024).

This growth is fuelled by advancements in technologies such as 5G, artificial intelligence (AI), and machine learning which enhance the online shopping experience through personalized recommendations and improve user interfaces. The fast pace of urban lives has contributed towards the growth of online companies such as Swiggy and Zomato which are able to deliver groceries and other essentials quickly. The growth of the digital payment systems has been another contributing factor for the rapid rise in the number of online shoppers. The ease and convenience with which these payment apps can be operated have been encouraging online shoppers.

There is a shift from the traditional system of

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shopping. The consumer has found online websites a great place where they are able to shop from the comfort of their homes and work place. The wide assortments of goods coupled with competitive pricing along with the convenience of shopping from anywhere and anytime has been fueling the growth of the online shopping trend.

Bomdila, a small but significant township nestled in Arunachal Pradesh, is not untouched by this digital era. As the local population becomes more digitally literate and e-commerce platforms improve logistics in remote areas, retail stores in Bomdila are beginning to feel the pressure. Online shopping offer residents' access to a diverse range of goods ranging from groceries and clothing to electronics and household items without the geographical barriers. The people especially the youth are aware of the latest fashion trends and thus we find that they are drawn towards the online sites where they are able to find a wide assortment of goods at affordable prices which they are unable to find in the local market. The improvements in transportation and communication infrastructure further proves an advantage.

This study explores the impact of online shopping on these traditional retail stores, aiming to provide insight into both the challenges and potential opportunities faced by local businesses.

### Literature Review

Research in urban India shows that online shopping has caused significant disruptions in the traditional retail sector.

Donaldson, R., & Ferreira, S. (2007) studied the implications of online grocery stores on tradition stores and the changes it has brought about in

rental agreements and design of retail stores in Cape Town, South Africa. Singh, Vijay (2019) studying consumer preference and impact of online shopping on traditional retail markets in Himachal Pradesh discusses about how the growth of internet facilities have made the trend of online shopping popular especially among the youth. According to Shukla, Shudhakar (2021) customers are attracted towards online shopping because it offers them large range of item and services as well as a wealth of information and appealing images all at an inexpensive price, right at their doorstep. Advertisement could play a huge role in enticing offline customers. A study by Singh & Dutta (2021) highlighted a shift in consumer behavior in Tier 2 and Tier 3 towns, where convenience, discounts, and wider product range drive online shopping. In rural and semi-urban areas like Bomdila, however, infrastructure and digital literacy often act as barriers. Chandrakhanthan, J and Dhanpal, C (2023) found that retail shop retains a vast selection of products in store in order to increase their sales and compete against the online shopping sites. Impact of Online Shopping on Retail Stores by Karthika R, S Senthilkumar and M. Surya (2023) studies consumer perception with regard to the risks involved in online shopping especially the concern of safety while making payments online. According to the Ministry of Electronics and IT (2023), Northeast India is witnessing gradual e-commerce penetration due to improving internet connectivity.

However, no such studies have been conducted in the context of Bomdila, making this research both timely and relevant.

## Objectives

The study has been carried out with the following objectives:

1. To assess the level of online shopping adoption among residents of Bomdila.
2. To identify the categories of products most frequently purchased online.
3. To understand the challenges faced by local retail stores due to the rise in online shopping.
4. To evaluate the economic impact on local retailers in terms of sales and customer footfall.
5. To suggest strategies for traditional retailers to adapt and remain competitive.

## Research Methodology

The study is both Descriptive and analytical in nature. The Primary data was collected with the use of surveys and interviews using a structured questionnaire from 50 local residents and 30 retail stores. Journals, government reports, articles, and e-commerce trend studies were the source of secondary data. Simple random sampling for residents and purposive sampling for retailers. SPSS software, graphs, and comparative tables were used for analysis of the data.

## Analysis of the Findings:

The study found that a majority of the respondents were female (66%) and about 78% of surveyed residents reported making online purchases at least once in the past three months. The highest percentage (38%) of the respondents were in the age bracket of 31-40 years. The most preferred online shopping sites Amazon and Myntra which offered a wider range of products and also at

affordable prices. It was followed by Nykaa which offers a wide range of beauty products which was the second most frequently purchased product. A wide range of purchases are made online but the top purchases consist of clothes, household items and beauty products. The main reason for shopping was the wide range of products available online. Other motivating factors were convenience of shopping, affordable prices and the multiple options of payment available.

<i>Variables</i>	<i>Frequency</i>	<i>percentage</i>
<b>Gender</b>		
Male	17	34%
Female	33	66%
<b>Age</b>		
Below 20	7	14%
21-30	18	36%
31-40	19	38%
41-50	4	8%
Above 50	2	4%
<b>Most preferred site</b>		
Amazon	16	32%
Myntra	14	28%
Meesho	7	14%
Flipkart	3	6%
Nykaa	9	18%
Others	1	2%
<b>Products purchased online</b>		
Clothes	22	44%
Beauty Products	14	28%
Electronic goods	7	14%
House hold goods	4	8%
Books	2	4%

<i>Others</i>	<i>1</i>	<i>2%</i>
<b>Reasons for shopping online</b>		
<i>Product variety</i>	<i>18</i>	<i>36%</i>
<i>Affordable prices</i>	<i>12</i>	<i>24%</i>
<i>Discounts</i>	<i>5</i>	<i>10%</i>
<i>Convenience of shopping</i>	<i>10</i>	<i>20%</i>
<i>Easy payment options</i>	<i>4</i>	<i>8%</i>

76.67% of the retail owners reported a decline in their overall profits due to the online shopping spree especially in the garments section. We find a large majority of retail owners feeling the brunt of the online shopping trend. Advertisements and promotional activities are an integral of any marketer. But the retail stores have not been able to understand its importance and hence have not adopted such promotional strategies as only a mere 6.7% responded in positive. Retail businesses had also not integrated any form of home delivery system as just 2.3% had undertaken any form of delivery system. Most of the retail stores concentrated on increasing the variety of products (73.33%) and offering of higher discount rate to attract more customers.

<b>Variables</b>	<b>Frequency</b>	<b>Percentage</b>
<i>Effect on profit Margin</i>		
<i>YES</i>	<i>23</i>	<i>76.67%</i>
<i>NO</i>	<i>7</i>	<i>23.33%</i>
<i>Adoption of advertisement and other promotional activities</i>		
<i>YES</i>	<i>2</i>	<i>6.7%</i>
<i>NO</i>	<i>28</i>	<i>93.3%</i>

<i>Strategies adopted to compete with online store</i>		
<b>Extra discounts</b>		
<i>YES</i>	<i>18</i>	<i>60%</i>
<i>NO</i>	<i>12</i>	<i>40%</i>
<b>Greater variety</b>		
<i>YES</i>	<i>22</i>	
<i>NO</i>	<i>8</i>	<i>73.33%</i>
<b>Home Delivery</b>		
<i>YES</i>	<i>1</i>	<i>26.67%</i>
<i>NO</i>	<i>29</i>	
		<i>2.3%</i>
		<i>96.7%</i>

The data clearly reflects that online shopping is becoming a preferred choice for Bomdila residents, especially among the youth and working professionals. Retail stores, which were once the backbone of the town's economy, are facing reduced sales and customer engagement. Retailers dealing in high-margin and easily shippable goods such as electronics, clothing, and cosmetics are the most affected. However, sectors like groceries, fresh produce, and hardware remain relatively unaffected, pointing to the importance of immediacy and tactile experience in certain purchases. A notable observation is the lack of digital adaptation among local stores, with many owners unfamiliar with e-commerce platforms or digital marketing strategies.

### Suggestions

The retail store has been facing stiff competition from the ever-increasing online stores. The convenience, wide choices and the competitive pricing structures offered by the online players make it difficult for the retail stores to survive. But studies suggest that following innovative strategies can aid the retailers in meeting the challenges. Few strategies have been discussed below which could

be adopted by the retail stores to compete with the online sites.

Adopting omni channel to showcase and make available their goods to the consumers. Creating of websites or making their presence in social medias can also be effective channels to advertise and promote their products. It is often heard that traditional stores provide sensory experiences which cannot be provided by the online stores. Retail owners need to concentrate on providing better customer service, assistance and proper demonstrations to create the better shopping experiences. The presence of cordial staff along with variety of products can also add to the benefits of retail stores. Since digitalization is gaining popularity, it would enhance the competitiveness of retail stores if they could adopt digital display methods, smart inventory systems to streamline and enhance customer experience.

There is a need to build strong relationship with their local consumers which would result in loyalty. Offering credit facilities, providing first-hand information about new products and goods, personalized offers could help in building trust among customers and maintaining their loyalty to the retail stores. Speedy delivery of products and goods also motivate Customers to purchase from online stores. The retail stores could adopt same day delivery services giving them an edge over online stores which takes a few days to deliver their goods to places like Bomdila. Hassle free exchanges could also encourage the customers to repeat their purchases from the retail stores. Retailers should focus on niche marketing strategy and concentrate on producing products which has

local touch and which are not easily available online.

### **Conclusion:**

Online purchasing does not have to be seen as a threat by retail establishments; rather, it can spur innovation. Traditional merchants may effectively carve out a position for themselves in an increasingly digital economy by utilising their strengths, which include physical presence, community trust, and immediate service, in addition to implementing contemporary technologies and digital tools. Innovation, client attention, and adaptability will be essential for surviving and prospering in this cutthroat market. Local merchants may coexist and even prosper alongside e-commerce platforms if they receive the right assistance and employ flexible tactics. In order to establish a healthy retail environment in Bomdila Township, this study highlights the necessity of digital integration and fostering community ties.

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