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Evidence abounds that online retail stores such as Amazon and eBay are causing brick-and-mortar stores to close down. Whether reducing their portfolio of stores or going out of business altogether, owners of physical stores are facing a daunting challenge when competing with online retailers that are increasingly attracting customers.

The most important reason that customer chose online shopping over going to a physical store is comfort. Next in line comes availability. Not only is the customer afforded the comfort of sitting at home or anywhere to browse through hundreds of products at the click of a button, he or she is also given the choice to choose from various brands and compare prices. Kircher notes that the popularity of the Internet has given consumers a powerful tool to research product availability and dependability as well as to compare prices (1). He adds that one way that consumers practice comparison shopping is courtesy of showrooming, which refers to what happens when people visit a brick-and-mortar store to see products of interest but who then retreat and use the Internet to buy said products. This practice is compelling many physical stores to offer the same prices as their e-commerce rivals, which in turn is adversely impacting the bottom line of brick-and-mortar players (1). Ultimately, dominant online players such as Amazon and eBay are behind the trend towards shutdowns of physical stores, and the reasons behind this phenomenon largely boil down to factors like margins and convenience.

One of the reasons Amazon and eBay are making it hard for some brick-and-mortar retailers to stay afloat is the imbalance when it comes to margins. E-commerce players traditionally benefit from better margins than their counterparts that have physical stores since, in part, they usually have lower

overhead expenses (Borgie, " Trends in producer prices"). It is also important to consider that brick-and-mortar players need fatter margins than their rivals in the e-commerce realm to foot the bill for maintenance and to accommodate their often larger employee bases (Borgie). Separately, rental fees associated with retail real estate has since 2009 climbed 6. 5% even as rental expenses for industrial properties have dipped 10. 5% (Borgie). These sorts of developments can force brick-and-mortar retailers to rethink their store strategies in the face of intense competition from online retailers that offer a diverse, and growing, array of products.

Moreover, another report focuses on a string of announcements involving brick-and-mortar players shutting down stores. The report, which highlights the cut-throat nature of the retail space, adds that plans by Radio Shack and Staples to close stores were partly a function of increased competition in the online retail space as a result of players such as Amazon and eBay. And McIntyre and Hess state in an article that online retailers are the reason for the " slow economic activity" that retailers operating physical stores have been enduring " for years" (McIntyre and Hess, " Nine retailers closing").

Another reason accounting for why Amazon and eBay are essentially forcing more and more brick-and-mortar stores out of business is the convenience of online shopping.

During the holiday shopping season last year, foot traffic at U. S. retail stores was just about 50% of what it was three years prior, says ShopperTrak (Bogaisky, " Retail in Crisis"). Based on this data, it can be seen that the way consumers buy products has changed over the year. In response to the hectic schedules that people juggle, many consumers are increasingly

turning to the Internet, rather than to malls, to do their shopping (Bogaisky). Add to that the fact that people can find just about anything they need online 24 hours a day and seven days a week, and that many online retailers now offer same-day shipping to increase the value proposition. With online stores competing with each other and offering discounts like never before, the customer is only too spoilt for choice. A smart phone is all that's needed to buy something these days and apps make it simpler.

Martin Macdonald, inbound marketing director at Expedia EAN, nicely sums up the situation facing physical stores by saying the following:

I strongly believe that as long as traditional retailers are selling the same goods, less conveniently and at a higher price, they will continue to die out. We need a fundamental rethink about service, experience and discovery methods for new merchandise that physical locations can bring. Until these elements are corrected I'm afraid it's a one way street for our high street ("Has e-commerce killed the high street?").

Further evidence that malls are falling out of favor with consumers is provided by Green Street Advisors, which monitors commercial real estate funds. It projects that one-tenth of the 1, 000 biggest U. S. malls will go out of business within the next decade (McEwan, "What's Behind Retail Store Closings?").

Although there is enough evidence to suggest that online stores are leading to the shutdown of brick and mortar stores, it is not to say that brick and mortar stores will eventually cease to exist. Just as the online stores have advantages such as convenience, a good bargain and availability of different

brands in one place, there are certain things about brick and mortar stores that make them special too. Billabong International Ltd, the surf wear brand closed over 215 physical stores due to increasing debt, but has since begun to open new stores. The reason says Chief Executive Officer, Fiske is that physical stores help build, and are the key to sustain the brands image over time (Fickling). He also states that one important advantage that a brick and mortar store has over online stores is that there is a direct connect between the brand and the customer. It is true, as shopping over the internet is quite a passive experience, unlike in a physical store where the customer gets to meet the salesperson, clear doubts, try on different clothes or products and sometimes also get an expert opinion on how the clothes or the products fits on them. This human connect goes missing in online stores and there are still customers who would prefer to go to a brick and mortar store to buy certain products. Luxury brands, designer goods and boutiques selling one of a kind product still have brick and mortar stores and keep opening flagship stores in major cities to attract customers.

Customers who pay top dollars for their goods would prefer to go to a brick and mortar store be pampered and get their money's worth than shop for the same product online. Shopping in malls or going to a brick and mortar store also gives the customer a social experience. Shopping is no longer an activity that is done out of necessity alone, rather it has become an exercise where people meet and bond. Window shopping and trying on different outfits with friends and family to criticise or go gaga over is something that cannot be got out of online shopping.

In spite of these benefits online stores still have an advantage over brick and

mortar physical stores. In the case of online shopping, a customer does not have to worry about traffic jams, long queues at the checking counter, does not have to drive for hours looking for a parking spot or worry about being robbed. The customer is also not saddled with the overhead costs that go into keeping a physical store. Running a physical store requires paying the workers, the rent and the general upkeep which would eventually fall on the customers, with the prices of the products slightly raised to ensure break even and profits. Overhead costs are comparatively less when compared to physical stores. Also it is impossible for a physical store to be open 24/7 which is a given with the online stores. Given the various factors such as the hectic schedules of customers, increasing traffic jams, availability of different products and brands under the same roof and the ease of shopping, online stores are here to stay.

Are online retail stores such as Amazon and eBay causing physical stores to close? The answer would be a resounding yes, which is not to say that there are no other factors involved. However, big players such as Amazon and eBay have made ordering just about anything people would want easy. This in turn has led many consumers to prefer online shopping over in-store shopping.

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