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## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

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# Impact of Online Retailing on Traditional Retailers in Coimbatore: An Empirical Study

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**ABSTRACT:** The rapid growth of online retailing has brought significant changes to the retail industry across the world. With the increasing use of smartphones, better internet connectivity, and the widespread adoption of digital payment methods, online shopping has become more convenient and accessible for consumers. While these developments provide benefits such as a wider variety of products, competitive pricing, and home delivery services, they have also created major challenges for traditional brick-and-mortar retailers. The research mainly examines how online shopping platforms influence customer footfall, sales performance, pricing strategies, and the overall sustainability of retail businesses. Primary data for the study was collected from 60 retail shop owners using a structured questionnaire covering sectors such as groceries, clothing, electronics, and household goods. The collected data was analyzed using statistical tools such as percentage analysis, Chi-Square test, and One-Way ANOVA with the help of SPSS software. The results indicate that many retailers experience a decline in customer visits and face strong competition due to the discounting and promotional strategies offered by online platforms. The study concludes that by adopting digital tools and improving customer service, traditional retailers can better adapt and remain competitive in the changing retail environment.

**KEYWORDS:** Online Retailing, Traditional Retailers, E-commerce, Customer Footfall, Retail Competition, Consumer Behavior, Digital Transformation, Retail Sustainability, Coimbatore Retail Market.

## I. INTRODUCTION

Retailing plays a vital role in the economic development of a country by connecting producers with consumers and facilitating the distribution of goods and services. In India, the retail sector has traditionally been dominated by small and medium-sized retail stores, family-owned businesses, and unorganized retail outlets. These stores have long served as the backbone of local economies by providing employment opportunities and ensuring easy accessibility of products for consumers. However, the retail industry has undergone a major transformation with the emergence of online retailing. The rapid advancement of digital technology, increasing internet penetration, and the growing use of smartphones have encouraged consumers to shift towards online shopping platforms. As a result, traditional retailers are facing intense competition from online platforms. Many local retailers have experienced declining customer footfall, shrinking profit margins, and difficulty in matching the heavy discounting strategies adopted by e-commerce companies. Additionally, the lack of digital infrastructure, technological knowledge, and online marketing skills further limits the ability of traditional retailers to compete effectively in the digital marketplace. In this context, it becomes important to examine how the rise of online retailing has affected traditional retailers at the local level. This study focuses on identifying the key challenges faced by retailers in Coimbatore, analyzing the impact of online competition on their business performance, and exploring the strategies they adopt to survive and remain competitive in the evolving retail environment.



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### II. REVIEW OF LITERATURE

**Karthikeyan and Dr. M. Sadhika Sultana (2023)** explored the difficulties faced by traditional retail stores in Coimbatore. Their study shows that small shop owners are facing tough competition from modern retail outlets and online shopping platforms.

**Supriya Udaykumar Mogale and Dr. C. S. Dalvi (2019)** discussed how digital technology has changed the Indian retail industry. The study suggests that retailers need to adapt to digital changes to remain competitive in the market.

**Karthika R., Senthilkumar, and M. Surya (2023)** studied the impact of online shopping on traditional retail businesses. They found that many retailers experience fewer customer visits and operational challenges due to the rise of e-commerce platforms. The study highlights the importance of improving customer service and store management.

**According to the Invest India (2024)** report, the growth of e-commerce in India has been rapid in recent years. The report also mentions that many retailers are now combining online and offline sales methods to stay relevant.

The reviewed studies clearly show that the retail sector is changing due to the growth of digital technology and online shopping. Traditional retailers are facing increasing competition and changing customer preferences. Therefore, adapting to new technologies and improving service quality is essential for their survival and growth.

### III. RESEARCH METHODOLOGY

The research design that is adopted in this research is descriptive to identify the relationship between financial literacy and spending behaviour.

- Area of Study: Coimbatore
- Sample Size: 60 respondents
- Sampling Technique: Convenience Sampling.
- Data Source: Primary data obtained with the help of structured questionnaire.

The questionnaire consisted of demographic profile, financial literacy and spending behaviour. The statistical instruments applied were:

- Percentage Analysis
- Chi-square Test
- One-way ANOVA

The data was analysed using SPSS and Microsoft Excel.

### IV. RESULTS AND DISCUSSION

#### 4.1 Demographic Profile representing Age Category

Table 4.1

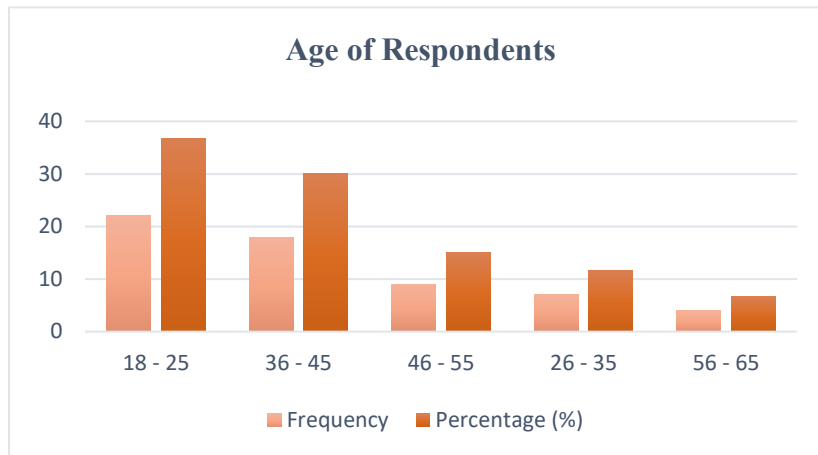
Variable	Category	Percentage (%)
Age	18-25	36.67
Gender	Male	50
Educational Level	Undergraduates	60



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Chart 4.1



**INTERPRETATION:**

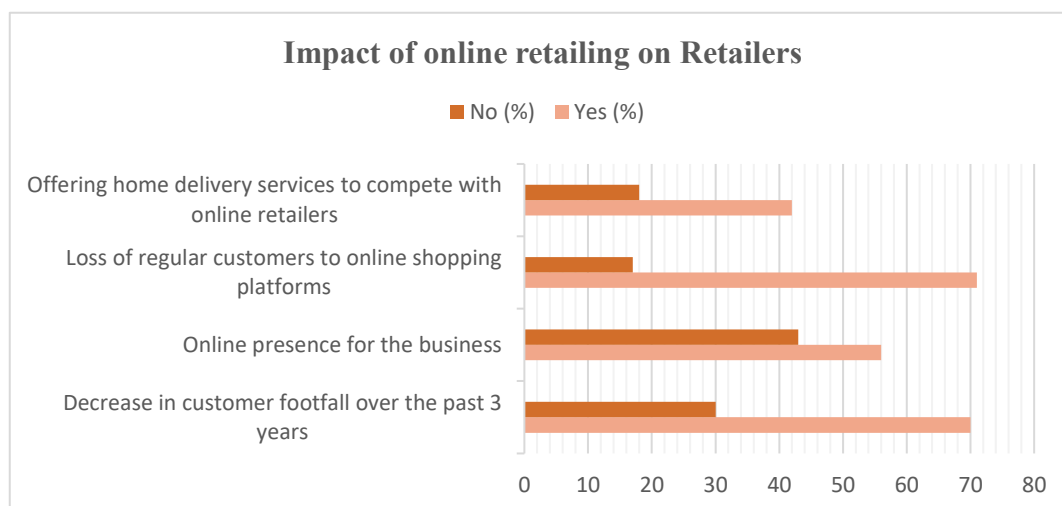
- 36.7% of respondents belong to the age group of 18–25 years, which represents the largest share of the sample.
- Male and female respondents are equally represented, with 50% each in the study.
- 60% of the respondents are undergraduates, indicating that most respondents have a graduate-level educational background.
- 23.3% are postgraduates, while 16.7% have completed higher secondary education.

**4.2 Impact of online retailing on Retailers**

Table 4.2

Statement	Yes (%)	No (%)
Decrease in customer footfall over the past 3 years	70	30
Online presence for the business	56.7	43.3
Loss of regular customers to online shopping platforms	71.7	28.3
Offering home delivery services to compete with online retailers	70	30

Chart 4.2





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### INTERPRETATION:

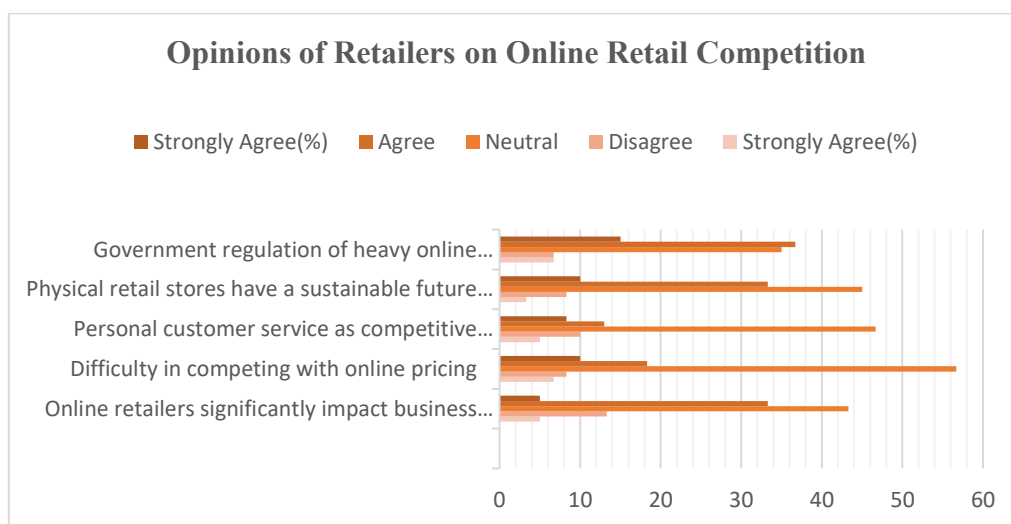
- 70% of Coimbatore retailers saw customer visits decline in three years, showing online shopping is pulling shoppers away from physical stores.
- 56.7% have gone online (websites/social media/e-commerce), while 43.3% remain offline, indicating a split in digital transformation.
- 71.7% lost regular buyers to online platforms, highlighting intense competition from e-commerce.
- 70% started delivery services to compete, but 30% (18) haven't, suggesting a gap in service strategy.
- Online retail is forcing traditional retailers to add digital presence and delivery options to stay afloat.

### 4.3 Opinions of Retailers on Online Retail Competition

Table 4.3

Statement	Strongly Agree(%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree(%)
Online retailers significantly impact business sales	5	13.3	43.3	33.3	5
Difficulty in competing with online pricing	6.7	8.3	56.7	18.3	10
Personal customer service as competitive advantage	5	10	46.7	13	8.3
Physical retail stores have a sustainable future with adaptation	3.3	8.3	45	33.3	10
Government regulation of heavy online discounting	6.7	6.7	35	36.7	15

Chart 4.3



### INTERPRETATION

- 38.3% agree online retailers affect sales. 43.3% of retailers are neutral about the impact.
- 28.3% feel online prices are tough to compete with. Over half (56.7%) are neutral on competing with online pricing.
- 38.3% believe personal service helps beat online stores. Retailers see personal touch as a key differentiator.
- 43.3% think adapting can make physical stores sustainable. 45% of retailers are neutral about their future prospects.
- 51.7% support government regulation of online discounts. Retailers want curbs on unfair online pricing practices.



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### 4.4 ANNOVA Analysis

Variable	P-Value	Result
Age vs Online Pricing Competition	0.089	Not Significant
Type of Retail Business vs Business Performance Satisfaction	0.006	Significant

The ANNOVA Analysis result shows that:

- No significant difference between age groups in perceiving difficulty competing with online pricing.
- Significant difference among retail business types regarding satisfaction with performance compared to 5 years ago.

### 4.5 Chi-Square Analysis

Variable	P-Value	Result
Gender vs Online Presence of Retailers	0.602	Not Significant
Age vs Loss of Regular Customers due to Online Platforms	0.824	Not Significant

The Chi-Square Analysis result shows that:

- There is no significant relationship between gender and having an online presence for the business ( $p = 0.602$ ).
- There is no significant association between the age of retailers and loss of regular customers due to online shopping platforms ( $p = 0.824$ ).

## V. LIMITATIONS

This study has a few limitations that should be taken into consideration. The research was conducted only among retailers in Coimbatore, so the findings may not represent the situation of retailers in other cities or regions. The sample size was limited to 60 respondents, which may not fully reflect the views of all traditional retailers. In addition, the study used convenience sampling, meaning the respondents were selected based on availability, which may lead to some bias in the results. The data was collected through questionnaires, so the responses depend on the opinions and perceptions of the retailers, which may vary from person to person. Moreover, the study focused only on a few factors related to online competition and may not include all the possible challenges faced by traditional retailers.

## VI. CONCLUSION AND FUTURE WORKS

The study shows that the growth of Online Retailing has significantly affected traditional retail businesses. Many retailers reported a decrease in customer visits and difficulty competing with the discounts and convenience offered by online platforms. Despite these challenges, the study also suggests that traditional retailers can still survive and remain competitive by adapting to changing market conditions. By improving customer service, adopting digital technologies, and creating an online presence, retailers can attract customers and maintain their position in the market. Overall, the future of physical retail stores depends on their ability to adapt and combine both offline and online business strategies.

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