

SWOT Analysis Framework of Online Shopping

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Abstract

Many internet shopping sites have recently been established throughout the majority of a nation's states. Online shopping is the only way to satisfy the increasing demands of customers. These online shopping networking organizations provide cutting-edge, demand-driven goods and services in an effort to draw in more clients. Indian e-commerce enterprises have grown remarkably and quickly during the past ten years. However, the proliferation of online shopping platforms is out of proportion to the caliber of goods and services offered. Many offline markets are negatively impacted by the competition from customers' online shopping habits, which include issues with quality, price, customer verification, and services offered by e-commerce businesses. Consequently, the introduction of internet retailers is extremely compete with businesses that operate offline.

We have examined its present and potential state using the SWOT analysis framework in this essay. The SWOT framework has been examined from the standpoint of online retailers. This essay also emphasizes the main benefits and drawbacks of internet buying from the viewpoint of the consumer.

Keywords: E-commerce, Online shopping, Current and Future Status, SWOT analysis, Advantages and Disadvantages of Online shopping

Introduction

With the bulk of consumers now purchasing online, the importance of e-commerce enterprises in the Indian online shopping sector has grown dramatically over the past ten years. The act of making an online purchase of goods or services is known as online shopping. Using a web browser or a mobile app, customers can directly purchase goods or services from a vendor over the Internet in the form of online shopping, which is a type of electronic commerce. Customers can use a shopping search engine to identify other vendors or go directly to the retailer's website to find a product of interest. The shopping search engine shows the product's availability and price at several e-retailers.

B2C online shopping refers to the practice of purchasing goods and services from an online store in a manner similar to that of a traditional "brick-and-mortar" retailer or shopping mall. Because online retailers offer more convenience, a wider selection, and more affordable rates than traditional brick-and-mortar businesses, their popularity has grown over time. Customers may quickly and easily compare the features and costs of various products when they shop online. It also gives you the chance to buy things that aren't sold in nearby retailers. Furthermore, a lot of internet retailers provide special discounts and loyalty plans that aren't found in brick-and-mortar locations. Every product at online retailers has a text description, a visual description, and a multimedia file. A lot of internet retailers will offer links to further details about their products. They frequently provide instructions, safety protocols, manufacturer specifications, and product demos. Some will offer suggestions or instructions. Since you are already online, you can look up product reviews left by previous customers. These reviews can be found on the websites of some internet retailers. Numerous permit customers to rank their items. It's common to use the terms "e-business" and "e-commerce interchangeably. The transactional procedures that comprise online retail shopping are also occasionally referred to as "e-tail." Top 10 international e-commerce sites:

1. Amazon	2. Ali Express
3. eBay	4. Alibaba
5. Walmart	6. JD
7. Best Buy	8. Etsy
9. Target	10. Flipkart

How do Internet Retailers Operate?

Online retailers are accessed by customers using their own devices. They are able to browse and place orders for the goods and services those stores provide. The customer's web browser exchanges data with the server hosting the e-commerce website during the order placement process. Information about the order is sent to the order manager, a central computer. After that, the information is sent to databases that control inventory levels, a bank computer, and a merchant system that controls payment information by using payment processing apps like PayPal. It returns to the order manager at the end. This guarantees that there is enough stock in the store and money from the customer to complete the order.

The order manager notifies the store's web server once the order has been validated. The customer is notified when their order has been processed by the display of a message. The warehouse or fulfillment department receives order data from the order manager, informing it that the product or service is ready to

be shipped to the customer. At this moment, the customer receives digital and physical goods, or access to a service is provided.

Types of E-Commerce: The main types of e-commerce business models offer online shopping include the following:

- **Business- to-Business (B2B):** B2B is the electronic transfer of goods, services, or data between companies.
- **Business- to-Consumer (B2C):** interactions involve companies selling goods, services, or information to customers. Customer service, shipping, and delivery are handled by middlemen or intermediaries.
- **Direct-to-Consumer (D2C):** refers to the online sales of products and services by manufacturers to customers directly, bypassing intermediaries or distributors.
- **Consumer-to-Consumer (C2C):** Online, consumers exchange goods, services, and information. Typically, a third party that offers an internet platform for the transactions is used to carry out these transactions.
- **Consumer-to-Business (C2B):** Online, customers list their goods and services for businesses to bid on and buy.
- **Business-to-Administration (B2A):** This is used to describe online transactions that take place between businesses and government or public administration entities. These goods and services frequently deal with payroll, Social Security, legal paperwork, registrations, and financial information.
- **Consumer-to-Administration (C2A):** This is the term used to describe online transactions that take place between the general population and government agencies. Use electronic devices often in the following domains: Social Security: Information sharing and payment processing. Taxes: Paying and filing tax returns. Health: Scheduling visits, communicating test results, and collecting payment.

Objectives

The objectives of the research paper are-

- To examine the online retail industry's SWOT analysis using several indicators.
- To evaluate the main benefits and drawbacks of internet buying.
- To evaluate the state of internet commerce both now and in the future.

Research Methodology

Nature of Study: The majority of the study is descriptive in nature. Secondary data are employed in the research for that reason.

Secondary Data: Secondary data was gathered from books, journals, government publications, websites, and different articles.

Literature Review

Sultan and Henrichs (2000), He found that income, family size, and innovativeness were all positively correlated with consumers' inclination and preference to utilize the Internet for purchasing.

Teo (2004) discovered that doubts regarding the goods and the online shopping experience, the credibility of the online seller, or the ease and financial benefit they hope to obtain from online shopping.

Emarketer (2005) demonstrated that, as might be predicted, online shopping had a greater impact on electronics purchases than did offline shopping for apparel, cosmetics, or home improvement. The way people buy and sell goods and services has changed as a result of online shopping.

Vijay, Sai. T. & Balaji, M. S. (May 2009) shown that consumers are progressively moving away from crowded stores and toward the one-click online buying format on a global scale.

Rashant Singh (2014) Customers' purchasing habits with regard to internet shopping in Lucknow were analyzed, and it was discovered that these behaviors were closely related to online shopping.

Aishwarya Goyal (2015) This study would aid in disseminating knowledge regarding the problems Indian internet retailers face and the potential for improvement in e-commerce websites.

Sivanesan.R (2017) discovered that, with particular reference to Kanyakumari District, more individuals spend more time each year buying online and that the digital tools and websites they use play an ever-growing role in their lives.

Rajendra Kumar.R & Srikanth.J (2017) studies look at two models By using a SWOT analysis, it was discovered that while the market-based and warehouse-based models have similar weight ages, the market-based model offers greater benefits in terms of product availability, price breaks, and delivery than the warehouse-based model.

Muthumani,A, Lavanya,V., & Mahalakshmi,R., (2017) While buying products online is becoming increasingly common, not everyone feels comfortable doing so. Men and women of different ages and ethnicities make up the online

shopping community.

Abhishek Chilka & Sandeep Chauhan (2018) discovered that the main activities included in online shopping are product distribution, purchase, sale, marketing, advertising, and servicing through the use of the internet and other computer networks.

Mohd Asim Khan and Preeti Sagar demonstrated how internet purchasing is starting to emerge as a fresh strategy for assisting businesses in being competitive in the market and achieving financial success.

Status of Online Shopping

History of Online Shopping: When corporations began using EDI to transmit business papers with other enterprises in the 1960s, e-commerce had its start. IBM's online transaction processing (OLTP), created in the 1960s and enabling real-time financial transaction processing, was one of the first online trade platforms. ASC X12 was created in 1979 by the American National Standards Institute as a global standard for document sharing across electronic networks in commercial settings. One of its uses was the Semi-Automatic Business Research Environment (SABRE) computerized ticket reservation system created for American Airlines. In 1979, Michael Aldrich was one of the pioneers of internet purchasing.

He introduced Redifon's Office Revolution in March 1980, enabling online connections between corporate systems and consumers, clients, agents, distributors, suppliers, and service providers, enabling real-time electronic commercial transactions. Tim Berners-Lee developed the first World Wide Web server and browser in 1989, and it became available for business use in 1991. Subsequent technological advances followed in 1994, including the launch of Pizza Hut's online store, online banking, and Intershop's first online buying platform. When wine, chocolates, and flowers were first sold online in 1994, the Internet began to flourish as a safe place to purchase. eBay was created in 1995, the same year that Amazon debuted its online store.

Many goods are now available for purchase online. The majority of retail businesses sell online and have included internet business techniques into their business structures. The websites Taobao and Tmall, owned by Alibaba, went live in 2003 and 2008, respectively.

Current and Future Status of Online Shopping: 2020 saw a sharp increase in e-commerce as the pandemic spread. E-commerce transactions significantly increased as a result of the COVID-19 outbreak. Due to consumers' prolonged

confinement to their homes, e-commerce surged to a record high of 16.4% of total U.S.

- It was anticipated that 2.14 billion individuals purchase online globally in 2021, a number that had increased from 1.66 billion in 2016.
- As of the fourth quarter of 2018, 267 million active registered accounts were on PayPal.
- In 2018, Amazon achieved a net revenue of \$232.88 billion, making it the largest online retailer.
- Taobao, a Chinese e-commerce platform, has a gross market value (GMV) of \$711 billion, making it the largest online marketplace.
- With a GMV of \$672 billion and \$390 billion, respectively, Alibaba and Amazon came in second and third place.
- By 2023, online retailers accounted for 22% of all retail sales worldwide, up from 14.1% in 2019.
- In March 2021, 40% of consumers made purchases online; by February 2021, that percentage had increased to 75%.
- Digital wallets are predicted to make up more than 50% of all e-commerce payment volumes by 2024.
- In 2022, Amazon accounted for 39.5% of all retail e-commerce sales in the United States.
- eMarketer forecasts that by 2022, worldwide e-commerce sales for retail will have surpassed \$5 trillion for the first time, making up over 5% of total retail sales.
- E-commerce sales, according to Insider Intelligence, accounted for 20.8% of global retail sales in 2023 and are expected to increase to over 22% of total sales by 2024.
- Despite slowing growth, total spending will surpass \$7 trillion in 2025.

SWOT Analysis

The term SWOT stands for strength, weakness, opportunities, and threats. This study examines the advantages, disadvantages, opportunities, and threats of online shopping within the framework of online retailers.

Strengths: Strengths are intrinsic elements; the company's innate ability to have a competitive advantage over its rivals in the online retail space is one of its strengths.

- **Product Selection:** Product categories may be more general or more focused on a certain online buying niche. People's awareness of brands.
- **Shipping:** Robust and efficient Supply and logistics chains make logistics better by outperforming the competition in terms of speed, safety, or cost.

- **Return Policy:** After delivery, customers may return merchandise if they are unhappy. Tactical purchases.

Weaknesses: Weakness is defined as a company's limitation, which can have detrimental strategic effects on an enterprise. Among the most prevalent flaws in internet retailers are:

- **Financial Resources:** It is difficult to invest in internet stores on a budget.
- **Shipments:** Online retailers' profits are impacted when they sell big or perishable goods since transportation costs are higher
- **Payment Distrust:** Payment mistrust results from certain customers' continued reluctance to make purchases online.
- **Lack of a Clear Value Proposition:** This implies that internet retailers fail to set themselves out from their rivals.

Opportunities: Opportunities are the chances to use the resources already available in the market to strengthen one's position. It is a component from outside. Opportunities may come in different shapes for online stores:

- **Increase in a Product's Demand:** Online retailers typically sell out of anything worn by influencers at well-known events in a matter of hours. Working with influencers could be a great way for internet retailers to boost demand for their products.
- **Technological Improvements:** Using productivity tools can lower expenses and enhance the production process.
- **Innovative Niches:** Online retailers can greatly expand their potential customer base by identifying underutilized niches.
- **Changes to Legislation:** It's crucial to understand the legal requirements of opening an online store because they might enact legislation that affects the industry and encourages customers to make purchases.

Concentrating on your strengths could even help you find and create new chances. Similarly, eliminate some of your flaws to create more chances.

Threats: Threats are elements outside the company. This is an unfavorable situation that could harm the company. Threats are prospective shifts in the industry that could have an immediate impact on the expansion of businesses. Threats to internet retailers can take many different forms:

- **Competition:** Rivals in the online sector are growing swiftly.
- **Logistical Issues:** Any judicial roadblocks that could prevent the company from growing.
- **Economic Uncertainty:** This can be brought about by new policies, changes to existing policies, and political changes.

- **Shifts in Trends:** Innovations, Newcomers, and Technological Advancements of Rivals.

Advantages and Disadvantages of Online Shopping

Advantages

Online shopping has several advantages. There has never been a more convenient time to buy food, office supplies, aircraft tickets, and other basics for the home. Online shopping offers numerous benefits in addition to the ease of doing business from home or anyplace else. Benefits include avoiding traffic jams, congestion, and parking issues during very busy shopping seasons. a few more advantages of internet buying.

- 1. Convenience:** Online shopping is quite practical. The convenience benefits of online buying extend far beyond factors like time and location. Online shopping saves time and gas money by having products delivered right to your door. You can shop whenever you want, from the comforts of your home, and you don't even need to get dressed. Additionally, as long as we have an internet connection, we can purchase from wherever.
- 2. Variety:** Compared to traditional businesses, online retailers have a far greater selection of products. Almost anything that customers are looking for may be found, including electronics, books, and clothes and shoes.
- 3. Prices:** Prices in online stores are frequently less expensive than in physical stores. They are able to pass on the savings to the customer since they have lesser overhead expenses.
- 4. Discounts:** Discounts that are unavailable in brick-and-mortar establishments are frequently offered by online retailers. They strive to entice you to shop with them by competing for your business. Getting email or text message alerts about sales and discounts is another way to save money online. Taking advantage of these deals is simple because these services tell you when is the best time to spend and you can shop anywhere, at any time.
- 5. Reviews:** Online retailers frequently allow buyers to read reviews before making a purchase in order to gain a better understanding of the product's worth and quality. Making an informed choice regarding whether or not to buy the product can be aided by it. Before making a purchase, be sure you're getting the greatest deal possible without wasting too much time or effort by reading reviews and comparing items.
- 6. Comparison Shopping:** Online shopping allows you to check costs from several retailers to be sure you're getting the greatest value. Online shopping makes it far simpler than shopping in physical stores. You can compare costs and do a comprehensive search when you shop online.

- 7. Time Savings:** Customers can save time by shopping online because they don't have to drive to the store or stand in line. Online retailers promise to take your order and send it right to your home in a few of days.
- 8. Privacy:** Because neither the employees of the store nor the other customers need to know who you are, you may maintain your privacy when you shop online. Using an app that retains your personal information as you shop also expedites the checkout process.
- 9. Security:** You don't have to worry about your credit card information being stolen because the majority of online retailers employ secure payment methods.
- 10. Rewards:** Numerous online retailers provide loyalty systems that entitle you to exclusive deals and discounts.
- 11. Easily Save Items for Later:** If customers save products for later or leave them in your basket, many stores will also send you an email with a product reminder. These emails serving as reminders occasionally include exclusive deals or promo codes as well. Items are easily saved for later using this procedure.
- 12. Low-Pressure Purchases:** In-person shopping for major lifestyle expenditures like vehicles, insurance, and vacation frequently results in pushy salespeople. Online purchasing, on the other hand, provides a sales-free environment. When there's no one pressuring you to buy something, it's simpler to do more research, ask friends and family for advice, and weigh all of your options before committing. If you change your mind, it's simple to save your work for later or to abandon your cart without completing the transaction.

Disadvantages

While there are undoubtedly benefits to online buying, there are drawbacks as well. If a business deploys chatbot robots or makes it difficult to get in touch with a human on the phone, it may also be challenging to get good online customer support.

Some of the other disadvantages of shopping online include:

- 1. Hidden Fees:** Online shopping could contain unstated costs. When making an online purchase, the total cost may change due to delivery and other fees. Restocking fees and other expenses related to returning an item to the vendor may be incurred by customers who opt to return an item. Additionally, the cost of delivery may be equal to or higher than the cost of the goods, depending on the item, the region, and the business.
- 2. Time Delays:** The time lag between making an online purchase and actually receiving the item is another glaring drawback of internet shopping. Even though a lot of internet companies are becoming better at sending quickly, overnight delivery is frequently more expensive. Weather and other variables

may also cause shipping timeframes to be further delayed. To deliver client merchandise, online retailers that don't own their own delivery fleets must depend on outside shipping providers. If the third-party shipper encounters delays or other problems, it may cause delays.

- 3. Human Interaction is not Guaranteed:** While one benefit of online shopping is that one does not have to deal with salespeople; nonetheless, many online merchants use chatbots or international customer care, which makes it challenging to get straight answers when a query or problem comes up.
- 4. Buying on Faith:** The requirement for consumers to view or handle the merchandise before making a purchase is another drawback of internet shopping. Online shoppers are not allowed to use the "buy before you try" policy. To avoid an unpleasant experience, it's crucial to know accurate size and measurements, especially when buying clothing.
- 5. Limited Customer Service:** In a physical store, patrons seek assistance from a clerk, cashier, or store manager when they have questions or concerns. There may not be as much customer service with an online store. The website only offers assistance during defined times, and its online service choices may not be very clear or responsive to particular queries.
- 6. Security Risk:** Online stores can also be risky, particularly if users keep their credit card details for convenience in the future. Threat actors might steal that credit card information if the retailer's website is compromised. A retailer's reputation may potentially be harmed by a data leak. Hackers with experience can construct websites that look real and purport to sell well-known goods. Rather, the website either delivers consumers phony or counterfeit versions of such goods or just takes credit card information.
- 7. Difficult Returns:** The challenge of returning things that are not what was expected is another drawback of online purchasing. Customers may require assistance returning things or even be required to cover the cost of return postage, contingent upon the store's return policy.
- 8. Inaccurate Product Descriptions:** The challenge of returning things that are not what was expected is another drawback of online purchasing. Customers may require assistance returning things or even be required to cover the cost of return postage, contingent upon the store's return policy.

Conclusion

The practice of purchasing for goods and services online is growing in popularity. Worldwide access to goods and services is practical and affordable. There are many things available for purchase online, ranging from electronics to home goods to apparel. The ease of purchasing from home and the large assortment and accessibility of products are just two benefits of online shopping. It does have several disadvantages, though, including the possibility

of fraud, the lack of actual physical interaction with the purchased item, and the possibility of items arriving damaged or late. Higher incomes and educational attainment are generally correlated with more positive attitudes toward internet buying. Age is another important element that influences internet shopping. Consumer perceptions of online shopping are thought to be influenced by privacy and security considerations even more so than by product considerations. The risk considerations associated with internet purchasing are perceived differently by shoppers across various age groups. For many customers and businesses, it is still a desirable alternative in spite of these drawbacks.

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