E-commerce and its impact on retail stores in Slovakia[1]

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Abstract

E-commerce is the purchase and sale of goods and services over the Internet. It assumed that despite the ever-expanding online transaction, the retail shops would not disappear. Various surveys have shown that customers still prefer to shop in stores and the number of purchases is increasing. Currently, they mainly use combinations of e-commerce and retail stores. Before the final purchase in the store, customers prefer to find out all the necessary information via the Internet. In the case of online shopping, customers prefer to look at the product in a retail shop and then purchase it via e-shop. In this paper, we decided to verify my hypothesis. The article aimed to determine the impact of e-commerce on retail stores.

Introduction

We are currently experiencing a digital boom that is also manifesting itself in the field of commerce, where the shift of business to the internet platform is evident. E-commerce represents not only online shopping, but also several other processes such as creating appropriate promotions, buying and selling various goods, but also public relations. E-commerce brings benefits not only to vendors but also to customers by making contact between the seller and the buyer through electronic systems and no need for personal communication. Moreover, e-commerce represents an exciting business opportunity without the need for a stone shop. Conversely, for the other side, for customers, e-commerce purchases are time-saving, buying convenience, a wide range, but often also saving money at lower prices for e-commerce products, otherwise called e-commerce.

Online shopping is a B2C-type e-commerce process. E-commerce in the form of business to the customer is an effort by companies to create the most attractive electronic environment needed to attract potential customers to sell products and services. B2C, through e-commerce, somehow replaces or supplements a retail sales network. (Sachenko)

The arrival of e-commerce has caused the trade itself to adapt to the rapid evolution of trends. The overall view of trading has changed. The global information exchange

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system is currently made up of the Internet, intranet, and extranet networks. The possibility of using the Internet has changed the way of communication, access to information as well as ordering and payment for goods, respectively, services. Financial services in the form of home banking, paying bills, and obtaining loans have been extended (Kašťáková, 2014).

Thus, we expect a significant impact on the establishment of e-shops on the existence of stone shops — the particular threat from the myriad of benefits that e-shops bring. However, we are increasingly recording the opposite, namely the preference of customers to try and see the product they are planning to buy live in a stone shop and thus want to avoid a misconception about the product and ultimately disappointment with the purchase. Therefore, not only e-shops but also stone shops bring their advantages and disadvantages, and they also influence each other, but in some companies, they exist alongside each other and act in cooperation.

1   Methodology

The methods of exploration that we bring closer to us have helped us to successfully e-commerce research on stone shops. At the first step in the survey was to collect mostly secondary data that had already been collected by other subjects. We used them to bring the given e-commerce, stone shops, and their mutual comparison closer.

The research consists of theoretical approximation of basic concepts such as e-commerce, online shopping, retail shop, and more, which form the basis for bringing the issue closer and achieving the goals of work. For the elaboration of general information of the given problem, we have drawn relevant information from mainly domestic and foreign sources. Since e-commerce, respectively. The online business nowadays often discussed a topic, the resources we have drawn from secondary methods.

To obtain a sufficient amount of relevant data and a continuous interconnection of individual parts of the issue, we used the method of analysis. As a result, we have selected the most pertinent data for topics and research from a large number of available data. Subsequently, the method of synthesis unified the individual parts of the issue into a whole. Using statistical-mathematical methods, we could project-specific data into a graphical form or tables using Microsoft Office Excel.

2   Results and Discussion

2.1 Development of online sale

Although only experts and specialized companies have used the Internet at the outset of its creation, it is now a vast source of information and creates communication between the world. Every business or an organizational unit can be part of global information exchange, only through a World Wide Web information page that can display text, audio, images, and videos. The Internet provides user feedback, which is then very

important for customer analysis. Feedback is missing in other media such as television or magazines (Kašťáková, 2014).

The main advantages of using the Internet include availability, immediate information, and search services. E-commerce or e-commerce is buying and selling products or services through electronic systems such as the Internet or similar computer networks. Electronic banking is also an integral part of e-commerce. When using internet banking, the client can execute multiple payment orders in his bank account without time and space constraints. (Sachenko, 2019).

Companies have several of the following applications available to their customers, especially individuals:

- an e-commerce website,
- interactive order processing,
- secure electronic payment systems,
- online customer support.

2.2 Online vs. offline sales

Retail shops have a long history around the world and based on certain traditions and customs. Trading starts in the earliest times when the exchange business was still in primitive form. Over time, the store has improved, and nowadays, retail stores are found all over the world. In the article, we deal mainly with the retail stores — the retail sales defined as the activities of direct sale of goods, respectively, the end-users. Online shopping gives us to purchase in the comfort of your home, with less time and a wide range of assortment that goes to our own hands, to the door of our house. Through the Internet, we can buy various kinds of goods, through clothing, books, electronics, but recently also the foodThe impact of online social networks on consumers' purchase decision.

According to the current research by Nielsen, which has devoted itself to online purchases in Slovakia, the most significant part of the shopping cart is mainly fashion, More books, music, office supplies, but also travel. Slovakian also buy tickets and personal hygiene products, respectively, cosmetics. The percentage of online purchases of individual types of goods shown in the following graph. (Nielsen, 2018).

As we have already mentioned, online shopping is used to buy not only fashion and electronics but recently also food, whether packaged or fresh. However, Nielsen's research suggests that buying food online is significantly lower than the European average. Last year, online packaged food bought 8% and fresh food 4% Slovak consumers, but in both cases, there was a year-on-year decline. (Nielsen, 2018).

From this, we can conclude that the trend of buying food in Slovakia is not as popular as other countries and placed at shallow levels of online purchases. Another reason for the low popularity of grocery shopping may be the poor e-commerce infrastructure offering the goods.

Graph 1 Comparison between e-shop and retail shops

Source: modified according NIELSEN, 2018. Online nakupovanie: móda na prvom mieste.
<https://www.nielsen.com/sk/sk/insights/news/2018/online-shopping-fashion-first.html>

When shopping through the e-shop, we can use various types of payment for goods. In Slovakia, consumers prefer to pay cash when delivering products. Although, to a lesser extent, they prefer, in addition to cash payments, to pay by card directly at the courier and with the possibility of contactless payment. (Regels, 2018).

In 2018, Ipsos conducted a study among Slovaks on the popularity of online stores. The result of the survey is a list of the ten most popular e-shops in Slovakia, which shown in Table 1 below.

Table 1 The most popular Slovaks e-shops for 2018 (%)

| Alza	35 %	Bonprix	8 %
Mall	31 %	Heureka	7 %
Hej	15 %	Wish	7 %
Aliexpress	15 %	Nay	6 %
Martinus	13 %	DrMax	5 %

Source: IPSOS s. r. o.

The Slovak online market is growing and gaining popularity. More than 11,000 e-shops have already appeared in Slovakia, which increased by 20% from year to year.

Also, a year-on-year increase of 15%   recorded in sales, which is 2017 amounted to EUR 937 million. (Král, 2018)

2.3 Assumption of e-commerce development

E-commerce itself is evolving at a high rate as well as trends in it. Every year, e-commerce grows by around 16% worldwide (DOD, 2018). The development is shown in more detail in figure no. 1.

Graph 2 Assumption of e-commerce 2014-2021
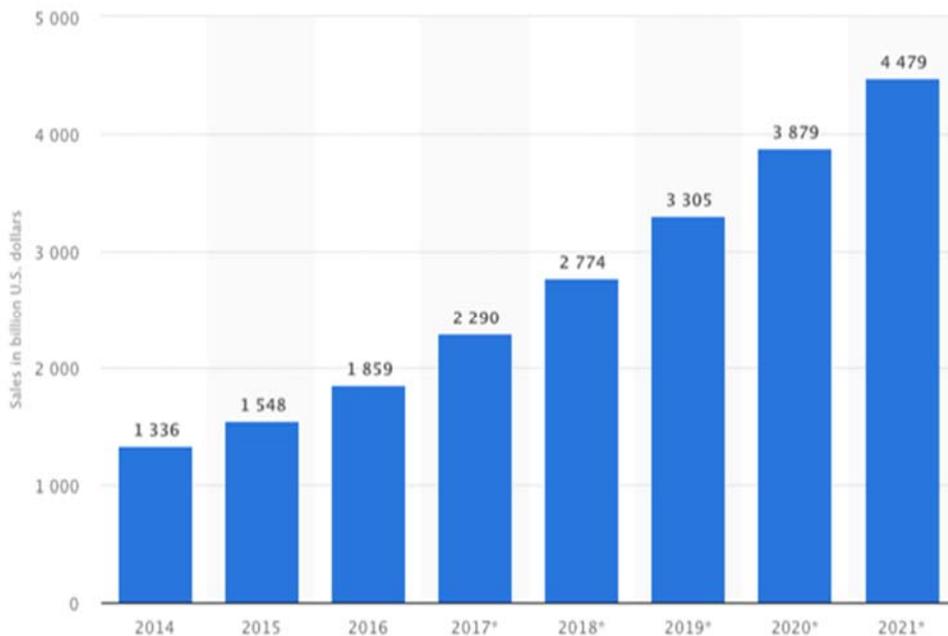
Source: Statista, 2016

E-commerce is mostly due to the increasingly widespread use of mobile phones. The value of mobile phone purchases was € 3.2 trillion in 2017. Likewise, Alexa from Amazon has contributed to making it easy for consumers to shop with a simple voice command. Alexa is scheduled to raise sales volumes by a further € 10 billion by 2020 (DOD, 2018).

We can argue that artificial intelligence and virtual reality will continue to advance and push the boundaries of online shopping. Several retailers use applications that allow consumers to experience virtual goods before they buy. An example is IKEA with an app that will enable you to display the furniture of your choice in the room, point the phone to where you would like to build the goods.

Figure 1 IKEA Mobile Application

Source: IKEA

Ray-Ban has also introduced an application through which you can try each of the glasses offered by them on your photo, making it easier to choose the shape that fits you. Already today, we can easily shop with chatbots in Messenger, but in the future, the online store will be directly involved in the conversation and dictate your requests, and the app will search for products based on your choices and offer you the opportunity to try out the products in the photo. Subsequently, with a simple command, you can immediately purchase for you, and you have to wait for the courier.

Consumers often do online research before entering a stone shop and buying a product. It's hard to figure out how many consumers come to the store through online research. 82% of consumers are looking for stores via mobile phones, of which 18% purchase during the day. That is why the ROPO application from "Research online, pur-chase offline" created. Thanks to them, traders can find out how many people will come to them by searching for their stores or products before. (DOD, 2018)

Conclusions

Online shopping through e-shops is now a fast-moving trend that goes hand in hand with the digital era. We can buy everything online, even outside Slovakia. Now, at first glance, it has the chance to survive and succeed just what's online. On the other hand, several vendors support the trend of building retail shops forwards and thus the so-called face-to-face contact with the customer, which can act as an added value in shopping. Both ways of shopping have their benefits, but also the negatives that the customer chooses to buy. E-shops, in comparison with traditional stores, get to the fore, especially the time-consuming purchase, comfort, but also a quick comparison of the competition, the offered assortment, and prices. However, on the other hand, what the

online store lacks and adds to the strength of the retail stores as we have already mentioned the face-to-face kitten of the customer with the seller, but also with the purchased goods.

As the worldwide trend indicates, typical retail shops have a problem with attracting their customers, and on the contrary, the development of online shopping goes in the opposite direction. Moreover, so the question for retailers is how to attract customers to the store and create a place where people feel good and happy to come back.

Based on the secondary data we have obtained, mainly from the research conducted by the research company Nielsen, we have succeeded in achieving the goal and assessing the perception of online commerce by the public and its impact on retails stores. Subsequently, we were able to make recommendations to stone shops focused on their future.

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