



THE IMPACT OF E-COMMERCE ON LOCAL BUSINESS: A STUDY OF SMALL-SCALE RETAILERS IN PUNE

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Abstract: This study examines the impact of e-commerce on small-scale retailers in Pune, focusing on changes in sales, customer base, and competitiveness. With the rapid growth of online marketplaces, many local businesses face challenges such as declining footfall, price competition, and limited digital skills. The research uses surveys and interviews with retailers to analyze digital adoption practices, coping strategies, and awareness of government support programs. Findings reveal that retailers who adopt digital tools such as social media marketing and online payment systems experience better engagement and resilience. However, low awareness of government schemes and limited technological preparedness remain major concerns. The study highlights both challenges and opportunities created by e-commerce and provides practical recommendations for retailers, policymakers, and industry bodies to support digital transformation and sustainable growth.

This study investigates how the expansion of e-commerce is reshaping the operations of small-scale retailers in Pune. It analyzes the shifts in customer purchasing behavior, revenue patterns, and market competitiveness faced by local businesses. Through surveys and interviews, the research identifies how retailers are using digital tools to adapt to the changing retail environment. The findings show that businesses adopting online payments, digital advertising, and e-commerce platforms experience improved visibility and customer interaction. However, many retailers still struggle with digital readiness, limited training, and strong price competition from online platforms. The study also highlights low participation in government programs meant to support digital growth. Overall, the results reveal both challenges and growth opportunities for small retailers. The study suggests that embracing digital technologies is essential for sustaining business performance in an increasingly online-driven market.

Keywords: Small-scale retailers, Online competition, Challenges and opportunities, Social media marketing.

1. INTRODUCTION

The rapid rise of e-commerce has transformed the retail industry by offering consumers convenience, wider product choices, and competitive pricing. This digital shift has created both opportunities and challenges for small-scale local retailers, especially in cities like Pune. Traditional brick-and-mortar shops, which rely on personal customer relationships, now face strong competition from large online platforms. Many small retailers struggle with declining footfall, reduced sales, and the need to adopt new technologies. At the same time, digital tools such as online payments and social media marketing offer new avenues for growth. Understanding how retailers perceive these changes is essential for identifying effective coping strategies. This study examines the impact of e-commerce on small retailers in Pune and explores their level of digital adoption. It also highlights key challenges, opportunities, and the role of government support in helping businesses adapt. The findings aim to guide retailers and policymakers in strengthening the local retail ecosystem.

The emergence of e-commerce has brought major changes to the retail sector, reshaping how customers shop and how businesses operate. Small-scale retailers in Pune are increasingly experiencing the effects of this shift, as online platforms attract customers with convenience and competitive pricing. Traditional retailers, who once depended on regular local customers, now face pressure to modernize their business practices. Many are exploring digital tools such as online payment systems, social media promotions, and listing products on e-commerce portals. While these tools offer opportunities to improve visibility and expand market reach, several retailers struggle with limited digital knowledge and financial constraints. The growing influence of technology has created both challenges and possibilities for local businesses. Understanding these changes is essential to support retailers in adapting effectively. This study aims to examine how e-commerce impacts their sales, customer base, and overall competitiveness.

2. REVIEW OF LITERATURE

1. Recent studies indicate that the rise of e-commerce has drastically changed consumer behavior, offering convenience, wider product choices, and competitive pricing (Kumar & Raj, 2021). In India, cities like Pune have seen rapid adoption of online platforms, which has affected footfall and sales for local retailers. E-commerce has also intensified competition, forcing traditional retailers to adapt or risk losing market share (Sharma & Gupta, 2020) [6].
2. Small-scale retailers often face challenges such as limited financial resources, low digital literacy, and difficulty integrating technology (Patil, 2019). Studies have shown that many local businesses experience declining sales and customer retention issues due to the convenience and pricing advantages offered by online platforms (Rao & Singh, 2020) [5].
3. Literature highlights that small businesses adopt digital tools—such as online payment systems, social media marketing, and e-commerce portals—tend to maintain better competitiveness (Verma & Agarwal, 2021). Strategies include offering personalized services, loyalty programs, and using ERP-based dashboards to manage operations and customer engagement [7].
4. Research identifies key challenges for small retailers, including supply chain constraints, lack of technological expertise, and limited access to institutional support (Mehta, 2020). However, e-commerce also presents opportunities, such as reaching wider markets, collaborating with online platforms, and leveraging digital marketing to enhance visibility [3].
5. Government initiatives like Digital India, MSME schemes, and training programs aim to encourage digital transformation among local businesses. Studies reveal that while some businesses benefit from these schemes, awareness and utilization remain low, highlighting the need for better dissemination and support mechanisms (Joshi & Patel, 2022) [1].

3. OBJECTIVES OF STUDY

The specific objectives are:

1. To evaluate the perception of small business owners regarding the impact of e-commerce on their sales and customer base
2. To analyze the coping strategies and digital adoption practices of local retailers to stay competitive
3. To identify the challenges and opportunities small businesses face in an e-commerce-dominated market
4. To assess awareness and utilization of government schemes or institutional support

4. RESEARCH METHODOLOGY

4.1 Population and Sample

4.1.1. Population: The target population includes small-scale retail business owners and managers operating in Pune across sectors such as apparel, electronics, grocery, and general merchandise.

4.1.2. Sample Size: A sample of 100 small-scale retailers will be selected for the study using purposive sampling, ensuring that participants are actively involved in managing the business and have experience with digital platforms or e-commerce.

4.2 Data Collection Methods

4.2.1 Quantitative survey:

The quantitative survey is designed to collect structured data from small-scale retailers in Pune to understand the impact of e-commerce on their business operations, sales, customer base, and adoption of digital strategies.

4.2.2 Online survey:

The online survey will be designed using tools like Google Forms, Microsoft Forms, or Survey Monkey to collect structured data from small-scale retailers in Pune. The survey will focus on capturing quantitative and categorical information for analysis.

4.3 Interviews Qualitative:

Qualitative interviews will be conducted with selected small-scale retailers to gain deeper insights into their perceptions, experiences, and coping strategies regarding the rise of e-commerce. These interviews will be semi-structured, allowing participants to express their views freely while covering key thematic areas.

5. DATA ANALYSIS AND INTERPRETATION

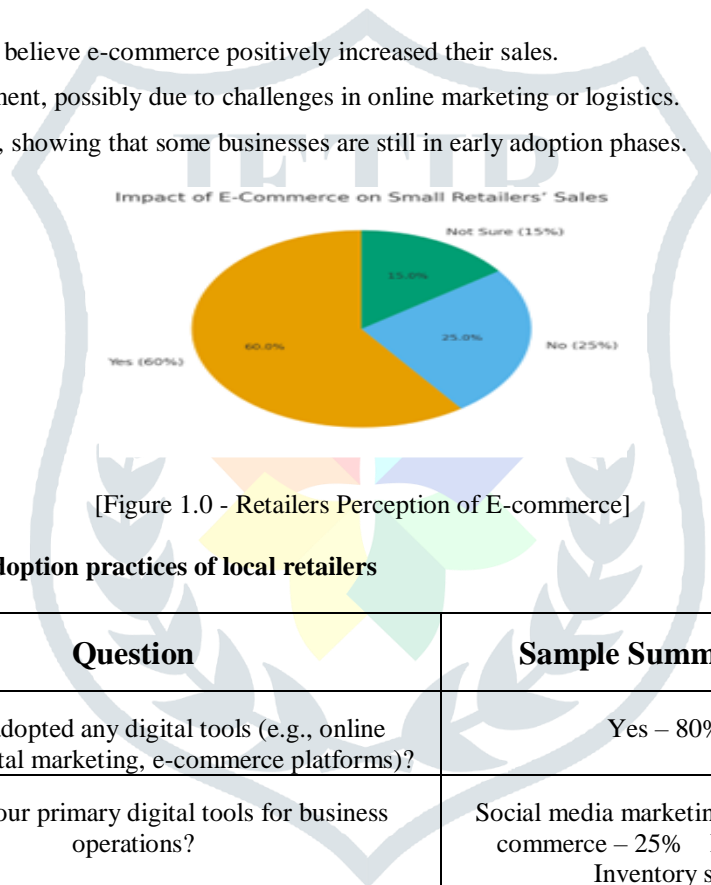
1. Perception of small business owners

No.	Question	Sample Summary of Responses
1	Do you currently sell your products online?	Yes – 70% No – 30%
2	Has e-commerce increased your overall sales?	Yes – 60% No – 25% Not Sure – 15%
3	How has e-commerce affected your customer base?	Expanded customer reach – 65% No major change – 35%
4	Has online competition negatively impacted your in-store sales?	Yes – 50% No – 35% Not Sure – 15%

[Table 1.0 - Retailers Perception of E-commerce]

Interpretation:

- 60% of small retailers believe e-commerce positively increased their sales.
- 25% feel no improvement, possibly due to challenges in online marketing or logistics.
- 15% remain uncertain, showing that some businesses are still in early adoption phases.



[Figure 1.0 - Retailers Perception of E-commerce]

2. Strategies and digital adoption practices of local retailers

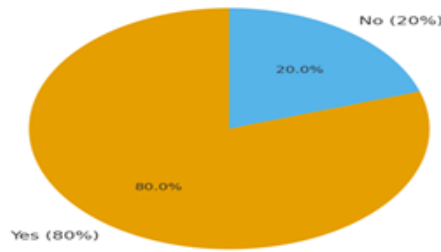
No.	Question	Sample Summary of Responses
1	Have you adopted any digital tools (e.g., online payment, digital marketing, e-commerce platforms)?	Yes – 80% No – 20%
2	What are your primary digital tools for business operations?	Social media marketing – 40% Online store/e-commerce – 25% Digital payments – 20% Inventory software – 15%
3	How has digital adoption affected your business efficiency?	Improved significantly – 50% Slight improvement – 30% No change – 20%
4	What strategies do you use to stay competitive against large online retailers?	Personalized customer service – 35% Loyalty programs – 25% Online promotions – 20% Community engagement – 20%

[Table 2.0 - Digital Strategies of Small Retailers]

Interpretation:

- 80% of local retailers have adopted some form of digital tool — indicating strong awareness of digital transformation.
- 20% remain offline, often due to cost or limited digital skills.
- The most common strategies include social media marketing and personalized customer service, blending traditional and digital methods to stay competitive.

Digital Adoption Among Local Retailers



[Figure 2.0 - Digital Strategies of Small Retailers]

3. Challenges and opportunities small businesses in E-commerce

No.	Question	Sample Summary of Responses
1	What major challenges do you face in competing with e-commerce platforms?	High competition – 35% Delivery/logistics issues – 25% Price undercutting – 20% Limited digital skills – 20%
2	Do you think e-commerce has created new opportunities for your business?	Yes – 65% No – 35%
3	What opportunities have e-commerce trends provided?	Wider market reach – 45% Brand visibility – 25% Customer insights – 20% Partnerships – 10%
4	How difficult do you find adapting to online selling trends?	Very Difficult – 30% Somewhat Difficult – 40% Easy – 30%

[Table 3.0 - E-commerce Challenges & Opportunities]

Interpretation:

- 70% of small business owners see e-commerce as an opportunity, highlighting optimism about reaching more customers.
- 30% perceive it as a threat, mostly due to price wars and logistics challenges.
- The most common challenges include intense competition and limited digital capabilities, while wider market reach and brand visibility remain top opportunities.



[Figure 3.0 - E-commerce Challenges & Opportunities]

4. Awareness and utilization of government schemes

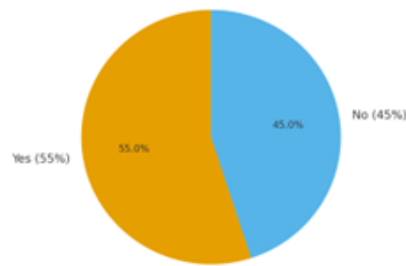
No	Question	Percentage
1	Are you aware of any government schemes or programs that support small businesses?	Yes – 55% No – 45%
2	Have you ever applied for or benefited from any government or institutional support scheme?	Yes – 35% No – 65%
3	What types of support are you aware of?	Financial loans – 40% Training programs – 25% Digitalization grants – 20% Tax incentives – 15%
4	If you haven't applied, what are the main reasons?	Lack of information – 40% Complicated procedures – 35% Lack of eligibility – 15% No interest – 10%

[Table 4.0 - Awareness of Support Programs]

Interpretation:

- 55% of small retailers are aware of government or institutional support, but only 35% have utilized them.
- Major barriers include lack of information and complex application processes.
- A high 80% express interest in future training or funding — showing strong willingness for support if accessibility improves.

Awareness of Government Support Programs Among Small Retailers



[Figure 4.0 - Awareness of Support Programs]

6. FINDINGS OF THE STUDY

1) Impact of E-commerce:

Small-scale retailers in Pune are experiencing reduced footfall and sales due to competition from online marketplaces.

2) Digital Adoption:

Retailers who use social media, online platforms, and digital payment systems report better customer engagement and operational efficiency, though overall adoption is limited.

3) Coping Strategies:

Discounts, loyalty programs, personalized services, and partnerships with online platforms help mitigate the negative impact of e-commerce.

4) Awareness of Government Schemes:

Awareness and utilization of government initiatives for digital transformation are low, limiting the potential benefits for small businesses.

5) Challenges and Opportunities:

Challenges include price competition, technology adoption, and supply chain management, while opportunities include wider market reach, improved visibility, and enhanced customer engagement.

7. CONCLUSION

The study concludes that e-commerce has brought both challenges and opportunities for small-scale retailers in Pune. While many businesses experienced reduced footfall and strong online competition, adopting digital tools showed better resilience and growth. Digital payments, social media marketing, and online visibility emerged as key factors for staying competitive. However, limited digital skills and low awareness of government schemes continue to restrict progress. The study highlights the need for training and supportive policies to help retailers adapt to the digital era. Overall, e-commerce is reshaping the retail landscape, and embracing technology is essential for long-term sustainability. The findings emphasize that local businesses can thrive by combining traditional strengths with modern digital strategies.

E-commerce has become a major force shaping the future of small-scale retail businesses in Pune. As online shopping grows, local retailers are compelled to rethink their traditional business models and adapt to modern consumer expectations. Those who incorporate digital tools into their operations benefit from improved visibility, smoother transactions, and wider customer reach. However, many retailers still struggle with the fast pace of technological change and limited access to digital training. The lack of awareness about government initiatives further restricts their ability to grow in a competitive market. Strengthening digital literacy and offering simpler support mechanisms can help reduce these gaps. Encouraging small retailers to embrace online engagement and digital promotion can increase their competitiveness. Overall, the study highlights that digital transformation is no longer optional—it is essential for survival. With the right guidance and resources, small retailers can thrive alongside e-commerce platforms rather than compete against them. Awareness of government schemes remains limited, reducing the impact of available support. To stay competitive, small retailers must continue integrating digital strategies into their daily operations. Policymakers and industry bodies should focus on simplifying access to training and financial support. Overall, the study emphasizes that digital readiness is essential for long-term sustainability in an increasingly digital marketplace.

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