

Research on Strategies of Physical Stores to Cope with the Impact of E-Commerce

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Abstract: In recent years, with the development of Internet technology and information society, e-commerce has taken an increasing proportion in the shopping and consumption of Chinese residents, and the real economy has been greatly impacted. This paper focuses on how offline physical stores confront the changes and challenges of the network information era, and proposes corresponding countermeasures based on the advantages and disadvantages of physical store compared with e-commerce platform.

Keywords: E-Commerce; Offline Physical Store; Internet

1. Introduction

In recent years, with the development of Internet technology and the popularity of mobile payment and logistics network, the development of e-commerce in China has become more and more rapid and mature. E-commerce adopt simple, fast and low-cost electronic communication, not limited by time and space conditions, making production and transactions networked, convenient and diversified, which is very consistent with the rhythm and lifestyle of people in today's society. With the vigorous development of e-commerce, online shopping has been favored by more and more consumers. Especially in recent years, the products sold by e-commerce platforms involve all aspects of people's lives. JD.COM, TaoBao and other e-commerce platforms have almost become the most important shopping channels for Chinese residents. There is no doubt that e-commerce is becoming an important power and engine to drive the national economy to maintain rapid and sustainable growth. But at the same time, due to the competition of e-commerce platforms, they constantly seize the market and customers, and the offline physical stores continue to lose customers. The operators of physical stores face huge challenges. In this case, the focus of this paper is on how Chinese physical stores should face difficulties and survive and develop in adversity.

2. Disadvantages of physical stores compared with e-commerce

2.1 The price of e-commerce products is lower than that of physical stores

E-commerce buyers and sellers conduct transactions through the network, merchants do not need a fixed place of business, the number of sales staff is also relatively small, which can correspondingly reduce the costs of store rent, water and electricity charges, employee salaries, etc. At the same time, merchants can directly trade with suppliers through the network, which greatly reduces a series of transaction costs such as intermediary, storage and logistics in the traditional trading mode^[1]. Finally, the e-commerce platform is open, and the customer groups facing the whole country or even the whole world, so it can realize the global sharing of information and give full play to the resource allocation role of the market^[2]. The above series of cost reductions are reflected in the price of goods above will also make e-commerce goods have more price advantages compared to physical stores.

2.2 E-shopping is convenient and fast, saving time costs

Consumers should consider the distance and time it takes to shop in offline physical stores, so the customer group of physical

stores is basically the surrounding residents. However, online shopping does not require consumers to spend time going out, just enter their own requirements in the search box to search, and there will be many products that meet the requirements for selection. At the same time, the e-commerce platform does not have the same restrictions on business hours as offline physical stores. It can provide 24-hour services through the network. As it is not limited by time and space, e-commerce platform can enable customers to shop anytime and anywhere, which is convenient, fast and time saving.

2.3 E-commerce products are more abundant

Physical stores have limited space, and most of them have their own fixed business scope, so there is less room for customers to choose. In contrast, the online shopping platform has a wide range of products and styles, it is also convenient and fast to search. E-commerce platform provides more options, and consumers are more likely to find their favorite products.

2.4 More promotional activities on e-commerce platform

Every year, e-commerce platforms have many nationwide promotions. In these days, many e-commerce platforms have large discounts, such as "JD 6.18 Promotion" and "Taobao Double 11 Promotion", which attract many consumers. The "Taobao Double 11" Shopping Festival is now a nationwide shopping carnival. In 2021, the "Double 11 Promotion" activity will have a total online turnover of more than 960 billion, and the number of packages on that day will reach 1.158 billion, which is huge. In contrast, there are few promotional activities in traditional physical stores, and consumers cannot receive promotional information in time due to insufficient publicity, which cannot attract a large number of customer groups to participate.

3. Advantages of physical stores compared with e-commerce

3.1 Product quality is more secure

Under the mode of e-commerce, the purchase and sale are virtual transactions, consumers can not personally experience, only through pictures, videos, text descriptions and other buyers' purchase evaluation to judge the quality of the goods. Consumers often find that the pictures and texts are inconsistent and the quality of goods is low after receiving online shopping goods, and some other issues. In contrast, in the process of buying and selling in physical stores, consumers can intuitively feel the quality of the goods, and some products can be tried out, so that they can judge their practical performance at the first time, and also ensure that the goods are intact^[3].

3.2 More enjoyable shopping process

Compared with online shopping, shopping in physical stores is not only a purposeful shopping process, but also a way of leisure and relaxation, which shows that the fun of shopping is also an important factor to attract consumers to physical stores. Compared with online shopping, the beautiful environment of physical stores and the face-to-face meticulous and personalized service can make consumers quickly understand the information and use of the products and have a better shopping experience^[4]. At the same time, the convenient after-sales service of physical stores is also incomparable to the e-commerce platform.

3.3 There is no logistics problem

The goods bought online need to be transported to the consumers through logistics. When shopping in offline physical stores, consumers can take the products home immediately, without waiting they can get the desired goods instantly, also do not have to worry about the damage in the logistics transportation process.

4. Development strategies of physical store economy

4.1 Improve the quality of service, provide featured services

Compared with e-commerce platforms, the biggest advantage of physical stores is that they provide consumers with shopping fun and face-to-face communication services. Physical stores should give full play to this advantage, and on the basis of meeting customers' product needs, they should try their best to provide them with high-quality humanistic services, and provide customers with

better service experience to meet their spiritual needs. First of all, the environment of physical stores should be improved. Physical stores can arrange a warm and pleasant shopping environment for customers, so that the store is clean and tidy, with rest areas, tea breaks and snacks, soothing and relaxing music, etc. Secondly, when communicating with customers, sales staff should pay attention to service attitude, tone and posture, and give reasonable shopping suggestions, so that customers can feel comfortable, happy and respected in the process of shopping. Finally, the operation of physical stores should pay more attention to after-sales service, do a good job in after-sales service, and provide customers with humanized, reassuring and high-quality services.

4.2 Establish Internet thinking, to achieve the integration of online and offline sales

The operators of physical stores should establish Internet thinking and realize the integration of online and offline sales. Firstly, they should promote on the Internet and social media. For example, it can be promoted on such platforms as www.dianping.com and www.word-of-mouth, so as to expand popularity and guide consumers. Secondly, the advantages of physical stores can also be transformed into e-commerce experience. For example, you can sell physical store goods on the online shopping platform, you can also provide free delivery service for offline sales through the distribution platform. Make full use of the Internet platform, combined with the advantages of physical stores and online stores, so that the integration of online and offline, the use of multi-channel marketing, so that they achieve more sustainable and stable development, and seek greater breakthroughs.

4.3 Improve publicity and enrich promotion methods

At present, the Internet accounts for a large proportion of residents' lives, but physical stores still have a certain attraction for consumers. Physical stores should increase the publicity of their advantages, so that some customers who are used to online shopping can enter the physical stores for consumption. At the same time, physical stores should also enrich their promotion methods, which can be used for reference in some marketing methods of online shopping platforms. For example, we will increase the discount and promotion on specific holidays. It also adopts a series of promotion methods such as package delivery, gift giving and lottery.

5. Conclusion

In summary, e-commerce can reduce costs for businesses, increase the number of customer groups, give play to the advantages of resource allocation, reduce the price of goods, and facilitate consumers with convenient and fast shopping methods. Therefore, the vigorous development of e-commerce has a positive effect on both the national economy and consumers. However, the emergence of e-commerce has undoubtedly had a great impact on the economy of physical stores. There are fewer and fewer offline physical stores, the competitiveness of goods is weakened, and many physical stores are difficult to operate. The rapid development of e-commerce is both an opportunity and a challenge for physical stores. Only by changing their marketing concepts and actively reforming, can physical stores survive and grow. Physical stores should effectively use their own advantages and grasp the mentality of consumers. We should improve service quality and innovate characteristic services; Establish Internet thinking to realize the integration of online and offline sales; Increase publicity, enrich promotion methods and change business philosophy. Through the above measures, we should deal with the impact and challenges brought by e-commerce and realize the healthy development of physical stores.

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