Study of Physical vs Online Store

Subjective research case study

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This paper aims to do the detailed examination of the topic of concern here Physical Store versus E-commerce store. This study aims to provide an in-depth understanding of the complexities, motivations, and unique elements surrounding the topic. Here we explore the considerations, advantages, and challenges surrounding the differences/similarities of conducting business in the online versus offline spheres.

1. Introduction:

A physical store is a traditional brick-and-mortar store that customers can visit; it has a space to display and sell products. Physical stores could be independent businesses or franchises. Independent companies target locals, while franchises can rely on widespread brand recognition.

A digital or online store refers to an e-commerce site. An online store is a shopping website where customers can browse and order products. It involves managing a business on the Internet. Online stores can have dedicated web domains or web pages on social media sites or online marketplaces. (K Milika, Blog)

2.Comparitive Study(Physical Store vs Online store):

2.1 Market Reach and Accessibility:

Physical Store:

Physical stores are inherently limited by their location, which can pose challenges in reaching customers beyond their immediate vicinity. While a physical store can attract customers who live or work nearby, it may struggle to capture the attention of potential customers from other areas. This limitation results in a narrower target market and may prevent businesses from tapping into the full potential of a broader customer base. On the other hand, online stores have the advantage of reaching customers worldwide, transcending geographical boundaries. (Website, doofinder.com)

Online Store:

One of the significant advantages of online stores is the ability to reach customers globally. Unlike physical stores, online businesses can expand their customer base beyond geographical limitations. With an online store, you can tap into international markets and sell to customers anywhere in the world, opening up endless sales opportunities. By leveraging digital marketing strategies, such as search engine optimization (SEO) and social media advertising, you can expand your reach and attract a diverse customer base. (Website, doofinder.com)

Online shopping allows customers with disabilities or mobility issues to shop for products without leaving their homes. This can provide access to products and services for people needing help visiting physical stores. For example, Target offers some features on its website, like font sizes and keyboard navigation. (K,Milika ,Blog)

2.2 Customer Engagement and Experience

Physical Store:

Physical stores provide customers with a personalized experience.Customers have the opportunity to physically interact with products, allowing them to touch, feel, and try out items before making a purchase.This tactile experience can enhance their buying confidence by providing a hands-on understanding of the product's quality, texture, and features. One of the distinct advantages of

physical stores is the presence of knowledgeable staff who can offer immediate assistance. Customers can seek guidance, ask questions, and receive real-time answers from trained professionals.(Website, doofinder.com) A physical store might spend considerable money on seasonal or promotional decorations that attract window shoppers or on designs that make a store seem sleek and attractive (Indeed,Career Development)

Online Store:

You can attract and engage new customers from different regions, even those who may not have access to physical stores. Unlike physical stores with fixed operating hours, online stores are open 24/7. This convenience benefits both you and your customers. Customers can shop at their convenience, anytime and from anywhere. (Website,doofinder.com)

Online stores create a customer experience with creative content posted on social media and uniquely designed web pages. Online stores must have an intuitive layout so visitors can find what they're looking for and clearly view the products they're considering. Online stores also have to plan for how to handle returns or customer questions. They usually offer customer service via email or phone.(Indeed,Career Development)

2.3 Operational Efficiency and Cost Considerations:
Physical Store:

Operating a physical store often requires a significant investment in rent, utilities, inventory, and staffing, leading to higher operational costs compared to online stores. Renting or owning retail space can be expensive, especially in prime locations.In addition, there are ongoing expenses related to utilities, store maintenance, security measures, and visual merchandising. These higher costs can impact profit margins and pricing competitiveness, requiring careful financial management. (Website, doofinder.com)
Online Store:

Operating an online store generally incurs lower costs compared to a physical store. You don't have to worry about expenses like rent, utilities, or store maintenance. The costs associated with inventory management can also be reduced by adopting dropshipping or utilizing on-demand production methods. This cost advantage allows you to offer competitive pricing to attract customers. (Website, doofinder.com)

2.4 Adaptability and Innovation:
Online Store:

Unlike physical stores with fixed operating hours, online stores are open 24/7. This convenience benefits both you and your customers. Online stores are more scalable and can accommodate high website traffic without the risk of overcrowding. By leveraging robust e-commerce platforms and cloud infrastructure, you can ensure a smooth shopping experience even during peak demand periods. Online stores offer automation opportunities that can streamline business operations. You can automate processes such as inventory management, order fulfillment, and customer support, saving time and resources. Online stores provide valuable customer data that allows for effective segmentation. By analyzing customer behavior, purchase history, and preferences, you can tailor your marketing efforts to specific customer segments. This targeted approach enables personalized promotions, recommendations, and offers, improving customer satisfaction and boosting sales. (Website, doofinder.com)
Physical Store:

Physical stores may struggle to handle a sudden influx of customers during peak times.Physical stores provide customers with the advantage of immediate gratification. Unlike online shopping, which often involves waiting for shipping and delivery, physical stores allow customers to make purchases and obtain products instantly.This aspect is particularly beneficial for customers who require the product urgently or prefer to have it in their possession immediately. Whether it's buying a last-minute gift or

satisfying an immediate need, physical stores cater to the desire for instant fulfillment, saving customers time and eliminating the anticipation of delivery.
(Website, doofinder.com)

3.Case Studies and Industry Examples:

These are case studies that show how having an online store helped these companies ramp up their businesses.

- **Happy Box 10x-ed their online store revenue during Covid**

The company started as a side project and grew into a full-time ecommerce business during the Covid pandemic. In fact, they were able to achieve a 10x growth rate in 2021!

- **Growing your brand organically using ColourPop's marketing strategy**

There are 4 key takeaways from ColourPop's winning social media strategy:Give freebies in exchange for authentic reviews,Build meaningful relationships with your influencers,Get your hashtag trending and Host Instagram giveaways. (Optimonk Blog)

- Another major E commerce giant success story is that of **Amazon** who has been one of the pioneers in this model of business.

4.Future Trends and Predictions:

The rising trend of online retailers investing in physical stores shows how combining both can have benefits. Physical stores can enhance a brand's image and add value for customers. They can also ease online shopping by providing a convenient way to buy online but use curbside pickup instead of postal shipping. E-commerce continues to be the driving force for many businesses.

There are several innovative companies that have developed tools to help physical and online stores provide better customer experiences. Softech Solutions has created a fantastic digital tool known as Digital Spark.It offers real-time sales tracking and measurable results. This enables optimizing inventory and building solid relationships with employees through automated reward programs. Cart Boss has created a solution that offers an easy way to recover abandoned carts and reduce the dead stock using text messages for online stores. (K,Milika ,Blog)

The various methods to identify consumer preferences open up plentiful opportunities for future research especially surrounding the effective usage of AI. AI may play a crucial role in unearthing physical retailers' immense potential for data collection. While the online sphere offers plentiful data that often comes in a structured format, physical retail spaces generate an astonishing variety of data that, however, is mostly unstructured (Dekimpe 2020). Here, AI can play a crucial role in structuring and interpreting the rich available data .For observing for example, visual AI may leverage in-store cameras to interpret how consumers move, what products they inspect, and what attracts their attention. Relating such insights to customer characteristics and preferences, personalization effectiveness, and purchase behaviour can be used to enhance the user experience.

Insights:

The future looks very exciting for both online and physical stores. With the power of AI the whole marketing and customer experience can be revolutionized. It is the combination of physical store with a strong online presence aided by AI and technological tools that would be the game changer for companies.

Reference List:

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