

**WILL E-COMMERCE COMPLETELY REPLACE TRADITIONAL
RETAIL MARKET IN UPCOMING YEARS?**

Author: Dilshodbek Jamolov

Student of Millat Umidi Univrsity

E-mail: jamolovdilshod.bek105@gmail.com

Abstract : Shopping behavior has changed considerably in the last decade, retailers find the way to customers preferences through technologies. More than 300% boost happened in e-commerce between 2014-2024 throughout the whole world. Online retail market is replacing traditional retail market steadily even most people cannot notice the change in the shopping. The research investigates what is happening in retail market especially global e-commerce right now and if the situation continuous the same in the following years what is the future of retail market. Both secondary and primary research shows that e-commerce will dominate in the future and it really depends on technology. This scenario is expected to occur in developed countries in the near future and it will take several decades in developing and undeveloped countries.

Key words: e-commerce, retail market, online shopping, traditional retail market

Introduction

Advancements in technologies influence on all business spheres and markets so retail market is no exception. Global retail market is digitizing stably with various e-commerce platforms and Covid-19 was important contributor for that boost. What will happen in the retail market in the future? What traditional retail business and online retail companies should do to survive in the competition? Will e-commerce replace traditional market next decades? In order to find answers for these questions, both primary and secondary research methodology will be used in the research. There will be analyze about where retail market is going as different possibilities can be identified with the help of experts and business specialists' opinions and their research will help to look through the topic through different perspectives. I will provide my recommendation and suggestions along with conclusion for both traditional and online retail companies as a future development strategy.

Research methodology

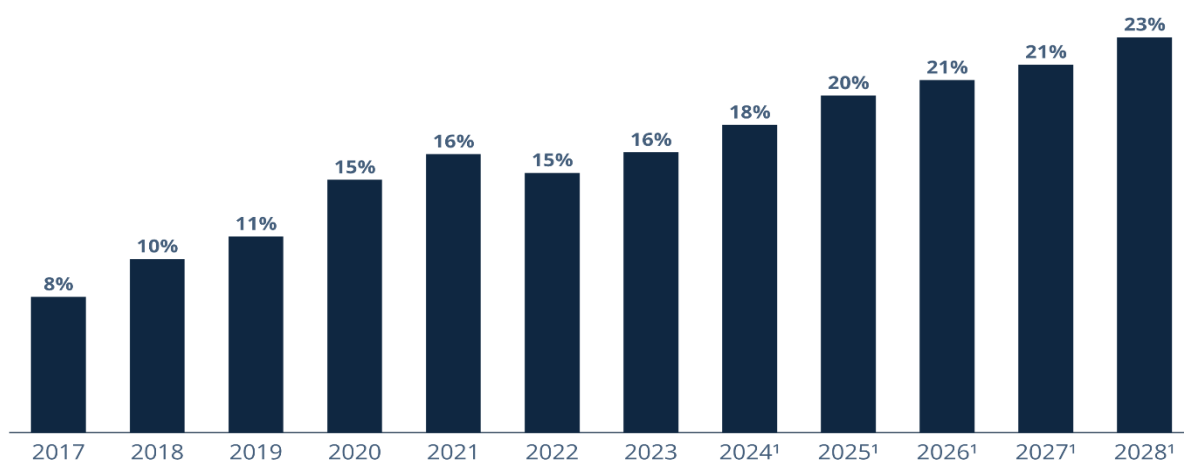
Both qualitative and quantitative research methods were used in this study. The study of people spending in Covid-19 and statistics of retail market were explored for quantitative research. There are several points and opinions of experts

about e-commerce and its future. All information in the research includes both primary (survey) and secondary (articles, online websites) data collection.

Literature review

Piotrowicz found out main elements that are redesigning retail market with mobile technologies, diversity in customer preferences, importance of social media and comprehending customer behavior. Addition to this, he stated that omnichannel handles challenges in both online and physical store (Santiago Iglesias-Pradas and Emiliano Acquila-Natale, p.657, 2023). Current opportunities and innovations are contributing for boosting online retail market and it is illustrated by different statistics. As an example, the diagram of Statista Marketing Insights predicts the future of e-commerce based on shares of the market in the last 8 years.

ONLINE SHARE OF THE GLOBAL RETAIL MARKET, 2017-2028



Notes: (1) Forecast.
Sources: Statista Market Insights, ECDB.

ECDB

According to National Establishment Time Series, average brick and mortar experienced 4% reduction in annual sales and percentage of retail store opening possibility has reduced to 8.1% in the USA (Sudheer Chava, Alexander Oettl and Linghang Zeng, p.2-3, 2022). So, decrease of traditional retail business indicates the rise of online stores.

Global online retail market

Launch of online shopping started in 1990s when internet got well-known among people and initial online market was Amazon.com as book shop in 1994. Poor internet connectivity, uneducated users and unsecure slow service could not gain customers trust at the beginning. After significant advancements in technology, those challenges and difficulties have been handled and now everyone can open easily online shops with the help of Shopify, Magento and WooCommerce. The biggest online retail organization is American multinational www.tadqiqotlar.uz

company Amazon with 1.9 billion market capitalization and next ones are Chinese companies Pinduoduo and Alibaba with \$200 billion and \$184 billion market shares with respectively (Cihan Uzunoglu, 2024). Nowadays, net worth of e-commerce market is \$6 trillion in the world and it owns 19.5% shares of retail sales. China is the biggest e-commerce market with the half of entire share (\$3 trillion) and the second largest online sales with \$1 trillion is the USA (Andrew Buck, 2024). Overall, the online retail market has experienced 15 % growth between 2019 and 2024. it is straightforward to identify the size of the market with audience. Total number of online buyers is estimated 2.7 billion people in 2024 and it is around 60 million higher that the last year (2.64 billion) (Daniel Ruby, 2024).

Most demanded goods are groceries (14.3%) in e-commerce then fashion and furniture consist of 8.9 % and 8.8% of global online sales in 2024 (Cihan Uzunoglu, 2024)

Year	Number Of People That Shop Online
2025*	2.77 billion
2024*	2.71 billion
2023	2.64 billion
2022	2.56 billion
2021	2.48 billion
2020	2.37 billion

Source: Oberlo

Impact of Covid – 19 on customer behavior and retail market

As an example of the US, around 60% individuals reduce their spending on electronics and web tariffs during pandemic. Main item that has more demand than others is groceries with 31% as well as demand on home entertainment and household goods underwent boost at that moment. According to survey that was conducted among different generation in the US, 5% Boomers, 10% Millennials, 11% Gen Z and 12% Gen X made online shopping the first time in their life in pandemic period. After Covid – 19, 37% teenagers and 10% of all people who experienced online shopping in pandemic still remained and changed from traditional shopping to e-commerce (Rae Yule Kim, p.213-214, 2024). People believed that waiting for few days was worthy for obtaining goods as it was safe and convenient in pandemic. So, repeat purchase made individuals to continue online shopping in spite of finishing Covid - 19. People's behavior tends to seek convenience, positive experience, flexibility and speed on everything and e-

commerce offers all of them. According to survey which I conducted in small scale, almost 80% people who have experience in online shopping used e-commerce platform the first time after Covid – 19. It proves once again pandemic plays crucial role in attracting more people to e-commerce.

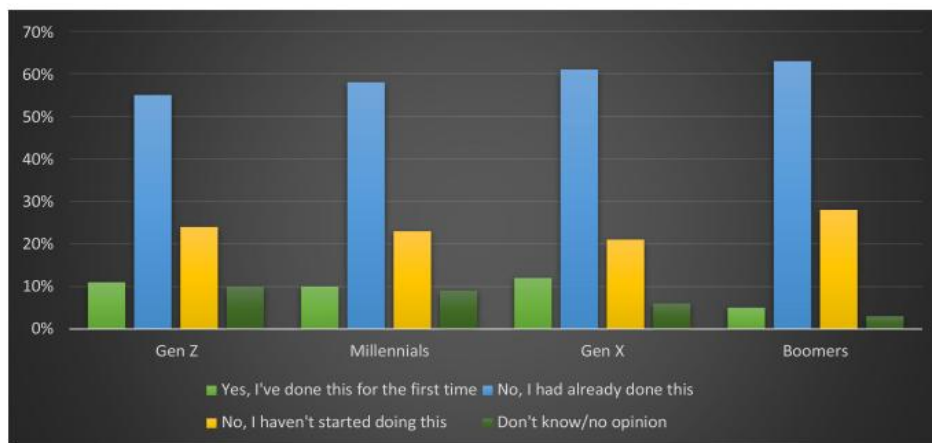


Figure 2. First time online shopping users due to COVID-19.

E-commerce had been experiencing stable enhancement before Covid – 19 and pandemic just push the online market to quick growth over several years. After 2020, people's strong addiction to phone lead to most businesses to move on online market and accelerate the process of adaptation.

Strength of e-commerce

People are looking for free time or trying to save time for more valuable things in this fast-passing world. Shopping is one of daily activity that takes enough time and energy. People who undergo online shopping once realizes that they can save their time and energy. Now shopping is not like before anymore. E-commerce provides individuals with their needs and demand with one click and deliver their products to their home. People can buy whatever they want through searching different goods but they have to visit every store in traditional market. Moreover, products in e-commerce are more inexpensive than traditional market as there is not spending for rent, land and other overhead costs in online stores. Addition to this, customers can compare prices of similar products easily thanks to user friendly system.

Customers do not have to stand on long queues or walk-through crowd in e-commerce. So that also saves time for people and also prevent stress and depression which are cause by noisy crowd and the long lines.

Weakness of e-commerce

One of the main drawbacks of online shop is that customer has to wait for receiving product several days. It may differentiate because of logistics, distribution and which e-commerce platform that buyer uses.

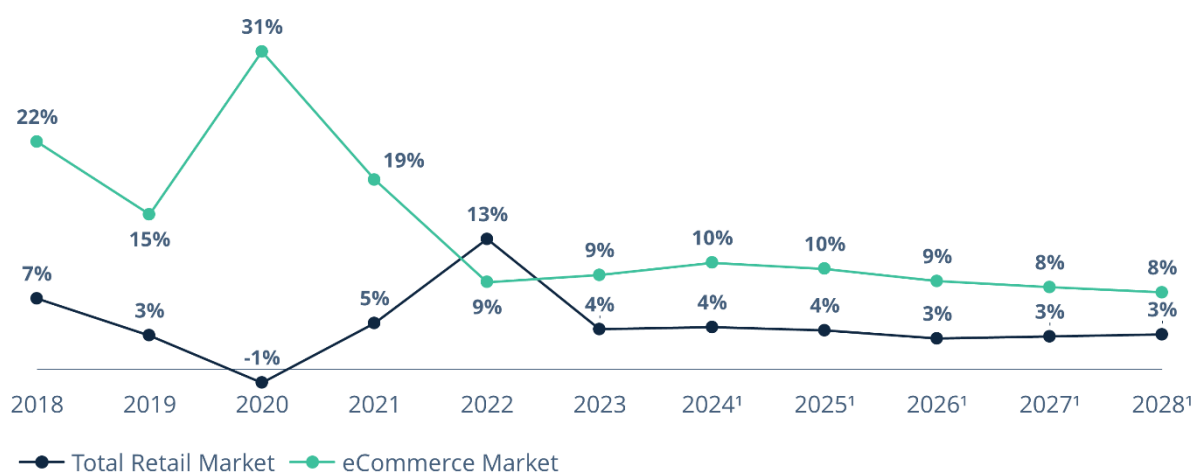
Client cannot try on item if it is cloth or electronics. That is why, buyers dissatisfied with product as it does not match with expectations. E-commerce may struggle to build trust relationship with customers due to lack of physical inspection.

There are different kinds of online retail shops and platforms in the world so it is possible that people may encounter with scammers. Unexperienced person who uses online shopping the first time might make purchase in unreliable platform. As a result, buyer loses money or personal information such as name, phone number and credit card are taken for various fraud purposes.

Analyze of retail market and its future

E-commerce is influencing significantly on retail market, market trends, innovation in the market and customer behavior. Retail market is getting more digital year by year with social media platforms, voice commerce, artificial intelligent (AI) and various augmented reality (AR) technologies

GROWTH RATES OF THE GLOBAL ECOMMERCE MARKET AND THE TOTAL RETAIL MARKET, 2018-2028



Notes: (1) Forecast.
Sources: ECDB.

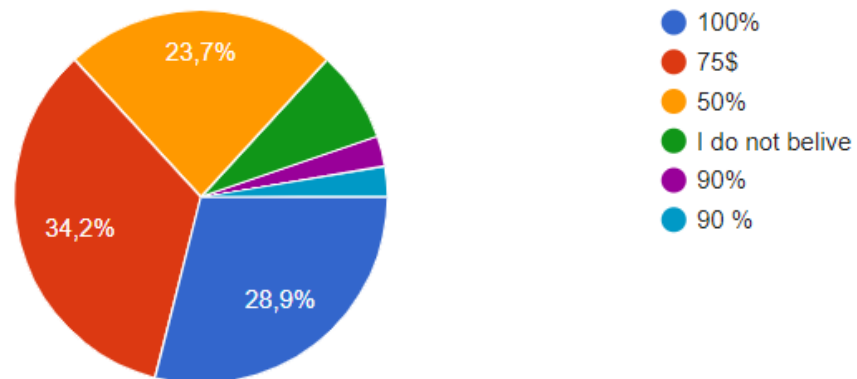
ECDB

As the figure shows, traditional retail market underwent a huge decrease during Covid – 19. In spite of growth after pandemic, growth rate of total retail market has been reducing stably in the following years. This small growth will be expected to continue with reduction in the future. However, e-commerce reached its peak in pandemic and still experiencing persistent increase nowadays. According to ECDB, e-commerce will boost 2x more than traditional retail market in upcoming years. If numbers remain the same the next decades, online retail market will own more than half of retail market in developed countries around 2030. This might happen worldwide before 2050. According to my survey, 63.1%

individuals who have different preferences on traditional market and e-commerce, believe that most of retail market in Uzbekistan will be dominated by online retail market by 2050.

What do you think e-commerce will replace traditional market by 2050 in Uzbekistan?

38 responses



According to Aisha Mohdhar, commerce is currently at the top of collaborating with advent of technology and its core is building on cyber physical systems. This enhancement will continue with Social Internet of Things, Intelligent agents, wearables, AR and machine learning. The future of e-commerce and its architectural system cannot be envisioned without omnichannel system. So, retail market will be more digital and automated as technologies and innovation never stop developing.

In spite of persistent growth in e-commerce, there is a big challenge related to product return and more than 30% sales are made due to that policy in online retail (Brian Ratchford, Gonca Soysal and Alejandro Zentner, p.8, 2022). There are more cost-effective shipping methods than before for online retailers but 30% return of sales sometimes put online retailer to worse situations. LL Bean American retail company was the first one that it used return policy as its advantage. Most online retail companies were struggling to provide permanent free product return, LL Bean increased minimum order size for free shipping and also restrain the policy with different measures like processes to combat fraud (Steve Dennis, 2018).

It is getting clearer that retail market will be completely digitalized in upcoming years and it may be different based on how technologies involved in businesses in countries.

Recommendation

Dr. Naveed Iqbal Chaudhry stated that if traditional retailers want to survive

in the future, they have to introduce interactive innovations or unique something that match customer desires. And online retailers need to build hybrid models to move on complete omnichannel. It would be hard to survive with only traditional retail store in following years so digitalizing is getting the only option to stay competitive. Physical retail stores do not have to leave traditional market but it is essential to launch online stores for them. Transforming into omnichannel system is more crucial for physical stores than online ones. This is because, it would be difficult to enter to e-commerce after arising dominant stores. Online retail market always requires new innovations and technologies for development even distributing by drones would be common eventually.

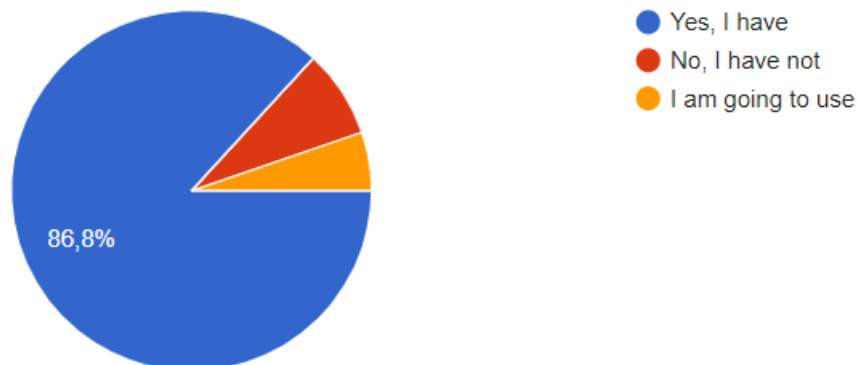
Conclusion

In conclusion, the study illustrated retail market, the role of e-commerce and its future. In order to reach the purpose of the research, apart from other reliable researches and articles, survey was conducted on a small scale. Result of survey almost completely match with other researchers' opinion and studies. The future of retail market is seen as digitalized with the latest technologies and main part of the market will be online eventually.

Appendix

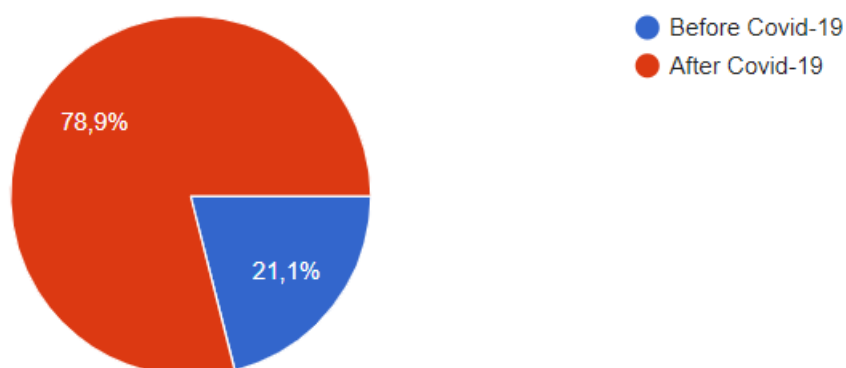
Have you ever used e-commerce platform?

38 responses



When did you used e-commerce platform?

38 responses



Reference list

- Buck, A. (2024). *eCommerce Market Size by Country in 2023*. [online] www.mobiloud.com. Available at: <https://www.mobiloud.com/blog/ecommerce-market-size-by-country> [Accessed 14 Dec. 2024].
- Chaudhry, D.N.I. and Farooq, D.A. (2024). The Future of Retail: Trends and Transformations. *Review Journal for Management & Social Practices*, [online] 1(3), pp.36–45. Available at: <https://rjmosp.com/index.php/Journal/article/view/17/28> [Accessed 15 Dec. 2024].
- Chava, S., Oettl, A., Singh, M. and Zeng, L. (2022). Creative Destruction? Impact of E-Commerce on the Retail Sector. *SSRN Electronic Journal*, [online] 48(30), p.48. doi:<https://doi.org/10.2139/ssrn.4122806>.
- Dennis, S. (2018). The Ticking Time Bomb Of E-commerce Returns. *Forbes*. [online] 14 Feb. Available at: <https://www.forbes.com/sites/stevendennis/2018/02/14/the-ticking-time-bomb-of-e-commerce-returns/?sh=3332c5394c7f> [Accessed 17 Dec. 2024].
- Iglesias-Pradas, S. and Acquila-Natale, E. (2023). The Future of E-Commerce: Overview and Prospects of Multichannel and Omnichannel Retail. *Journal of Theoretical and Applied Electronic Commerce Research*, [online] 18(1), pp.656–667. doi:<https://doi.org/10.3390/jtaer18010033>.
- Kim, R.Y. (2024). The Impact of COVID-19 on Consumers: Preparing for Digital Sales. *IEEE Engineering Management Review*, [online] 48(3), pp.212–218. doi:<https://doi.org/10.1109/EMR.2020.2990115>.

Mohdhar, A. and Shaalan, K. (2021). The Future of E-Commerce Systems: 2030 and Beyond. *Recent Advances in Technology Acceptance Models and Theories*, [online] 335(509), pp.311–330. doi:<https://doi.org/10.1007/978-3-030-64987-6>.

Ratchford, B., Soysal, G., Zentner, A. and Gauri, D.K. (2022). Online and offline retailing: What we know and directions for future research. *Journal of Retailing*, [online] 98(1). doi:<https://doi.org/10.1016/j.jretai.2022.02.007>.

Ruby, D. (2023). *123+ Handy eCommerce Statistics For 2023*. [online] DemandSage. Available at: <https://www.demandsage.com/e-commerce-statistics/> [Accessed 14 Dec. 2024].

Uzunoglu, C. (2024). *Global eCommerce market 2024: Top players, market growth & online share / ECDB.com*. [online] ecommercedb.com. Available at: <https://ecommercedb.com/insights/global-e-commerce-market-2024-size-market-growth-online-share/4784> [Accessed 14 Dec. 2024].