



Trends in e-commerce and their effects on retail businesses

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Received 13 March 2026; Accepted 22 Apr 2026; Published 18 May 2026

DOI: <https://doi.org/10.64171/JSRD.5.S2.1-194-197>

Abstract

Basically, e-commerce is just buying and selling stuff online. It's gotten a ton of attention from business owners because, let's be real, it's got a lot of perks, both money-wise and otherwise. The internet is super key to all of this. Think of the web as this cool, interactive way people communicate now, often swapping out old-school media. It links up all sorts of multimedia and makes information accessible from pretty much anywhere.

E-commerce has really shaken things up in our daily lives, how we do business, and even how governments operate. It's made geographical distance a lot less of a barrier when it comes to forming business partnerships. Plus, it's way cheaper to get a retail website up and running or to create a network of producers, wholesalers, and retailers, which means it's easier for new businesses to get started in a lot of areas. By creating this virtual marketplace for everyone, ecommerce has totally revolutionized trade. Both shoppers and sellers can do their thing 24/7, which is a pretty big deal. In India specifically, e-commerce platforms are being adopted super fast, and it's really changing how consumers and businesses operate. This study aims to dive into the latest ecommerce trends because they're what fuel growth and help businesses spot new opportunities.

Keywords: E-commerce, Internet, Growth, Consumer behavior, Digital payments

1. Introduction

E-commerce is essentially going online to buy and sell products and services both business to business, as well as business to consumer. It has transformed the way in which companies conduct themselves on a worldwide basis, and the way in which society interacts within this digital era. E-commerce is an incredibly fast growing and dynamic marketplace, encompassing everything from online retail and digital payment systems to completely new business models. The past decade has brought advances in technology and different consumer behaviours, as well as increased access to internet by the general population, increasing the rate at which e-commerce is growing and bringing new importance to this sector in today's world.

Current trends indicate that ecommerce activities are changing in a number of different ways, including an increase in mobile shopping (m-commerce), increased significance of social commerce, and greater overall reliance on artificial intelligence. Finally, it should be noted that the COVID-19 pandemic has significantly accelerated the movement of businesses and consumers to ecommerce platforms, resulting in the widespread growth of ecommerce.

2. Recent e-commerce trends in India

The e-commerce landscape in India has changed rapidly over the past few years and is continuing to do so. A few significant and fundamental trends are beginning to emerge indicating the evolving dynamic of the Indian eCommerce industry, including technological developments, changes in consumer

expectations, and the development of new retail business models, are all helping define what retail will look like going forward. As more consumers turn to digital shopping; consumer demand continues to shift; internet infrastructure improves; and the growth of the Indian e-commerce industry is projected to increase. Below are some of the major shifts:

- **Mobile-first shopping:** There is a large number of people who access the internet through their mobile devices in India, and so it is not surprising that m-commerce (mobile commerce) is on the rise! Many eCommerce sites/apps are now optimizing their services for mobile devices, as many people use smartphones. Amazon India and Flipkart are focusing heavily on their mobile-first strategies by providing conveniences such as one-click payments, push notifications, and mobile-only discounts.
- **Digital payments & UPI adoption:** The Unified Payments Interface (UPI) has exploded in India and made using digital currency an extremely easy and convenient option. As more and more consumers start using UPI-based digital payments for shopping online, the convenience of this form of payment will continue to grow due to the government's push for a cashless economy.

The trend of Omnichannel retailing is at an all-time high. More traditional retailers are offering an omnichannel experience by allowing customers to order products online and pick them up at their nearest store or obtain a refund from a physical retail location for an online order. Big brands like Reliance Retail and Tata are combining their physical and digital shopping experiences to create a fluid shopping experience.

With the demand for faster delivery service especially concerning daily or urgent products, the creative logistics behind hyperlocal delivery (delivering products to customers within just a few hours or sometimes only minutes) is becoming very common.

Due in large part to AI and machine learning technology, Indian e-commerce companies are using AI and machine learning to create new ways of managing supply chains. E-commerce companies are saving on costs and creating customer satisfaction through faster shipping with techniques like predictive analytics, demand planning, and real-time inventory management.

3. Impact of e-commerce on Indian retail market

E-commerce has drastically changed the Indian retail market, how we shop, how businesses operate, and even how the products get to us. Here are some ways that e-commerce has had an impact on traditional retail in India.

Consumer shopping behavior has shifted

Convenience

E-commerce has provided consumers greater convenience when shopping. Shopping can now be done from home at any time day or night; this change has been welcomed by busy professionals, women who work, and people who live in less accessible areas.

Price consciousness

The numerous sellers online enable consumers to compare prices quickly and easily giving them a greater focus on price and thus forcing traditional retailers to remain competitive by matching their prices or offering better pricing.

Product selection

The number of products available online far surpasses what you could ever find in a store; this has opened the doors for consumers who want to find specialty items and products that are not available locally.

Impact of online retailing on brick-and-mortar sales

Decrease of physical store customers

The amount of customers that enter stores has diminished every year since the creation of the Internet and the opportunity for people to purchase goods online. Retailers, whether they be regional shopping malls, neighborhood retailers or independents in small towns, are experiencing a continual decline in traffic.

A need for digital transformation

To be competitive, traditional brick-and-mortar retailers are leveraging the Internet and the alternate retail environment of online or e-commerce to create an integrated retailing strategy (integrating both the physical and Internet channel). Many retailers without an e-commerce presence are now creating or partnering with existing e-commerce sites (such as Myntra or Amazon).

Showrooming

Today, a new trend is for consumers to come into a brick-and-mortar store, physically test out a product and then purchase that product through an online retailer. Retailers have adjusted their pricing strategies and the methods they provide customer service due to showrooming.

Global brands in India

The Indian market has been opened up to global brands via e-commerce, eliminating the prohibitive costs associated with opening bricks-and-mortar stores to enter the Indian market. This is levelled the playing field whereby global brands can now compete with Indian retailers.

Competitive pressure on the traditional retail sector

Price (and discounts)

E-commerce giants such as Flipkart, Amazon and Myntra have given Indian consumers access to massive sales with enormous discounts, which traditional retailers cannot match to continue to operate. The result has been a price war that has led physical stores to have to either lower their prices or provide similar discounts to remain competitive.

Increased competition from D2C Brands

Direct-to-consumer (D2C) brands have come into the market and have captured a lot of market share by only using their own online channels to sell directly to their consumers. As these D2C brands typically have lower General and Administrative Expenses, they can offer lower prices to their consumers and customize their offering to each of their individual consumers, while at the same time putting pressure on traditional retailers who have to rely on other retailers (middlemen) to get their products sell.

Changing logistics and supply chain elements

Changing expectations of speed of delivery

The growth of e-commerce has changed customers' expectations of delivery speeds. As a result, all parties including e-commerce companies and traditional retailers have had to improve their logistics capabilities. Large e-commerce companies have established regional warehouses for faster picking and despatching of orders, as well as local distribution centres to improve last mile delivery capabilities.

The emergence of new retail strategies

Effect on the job market

Retail job transition

Retail jobs have transitioned from brick-and-mortar stores to e-commerce. As more consumers shop online than at physical locations, the number of retail jobs dealing with store-based functions (such as sales floor staff) has decreased. However, there is a huge increase in the number of job-requiring tech skills related to e-commerce (such as logistics management, information technology, digital marketing, and data analysis) created by the growth of e-commerce platforms.

Job opportunities in logistics/warehousing/delivery

The rapid expansion of online shopping has resulted in a rapidly increasing demand for jobs involved in logistics, warehousing, and last-mile delivery, which have provided new jobs, particularly in urban areas.

Consumer autonomy & trust

Product Review/Sale Velocity Transparency: One of the major benefits of e-commerce is that it allows consumers to quickly see reviews and ratings for products, empowering them to make better purchasing decisions. This transparency will increase pressures on brick-and-mortar retailers to provide quality and consistent delivery of goods.

Return policy & customer support

Many e-commerce retailers have implemented "easy & free" return policies and provide around-the-clock customer service, which has raised consumer expectations for return policies and customer service at brick-and-mortar retail locations.

Emergence of new niches**Vertical e-commerce**

Although large internet retailers (such as Amazon and Flipkart) are leading the market, the growth of smaller, vertical (or niche) e-commerce sites that cater to a specific category of product (such as clothing, groceries, beauty, and fitness) are growing rapidly.

Electronic commerce impact

E-commerce has revolutionized retail in India, and consumers have greatly benefited. For example, through e-commerce stores, customers can shop anytime and anywhere for a variety of products at competitive prices. Because of e-commerce's lower cost structure, customers can find a larger selection of items at lower prices than traditional brick-and-mortar retail. E-commerce growth is strong in both rural and small urban markets, where traditional retail is being replaced by e-commerce. The reason for this change is because customers can do price comparisons, read product reviews, and get personalized recommendations during their shopping experience, and therefore be able to make better-informed buying decisions. Also, digital payment technologies such as UPI and hyperlocal services have added convenience and fast delivery improvements to the shopping experience. For businesses, e-commerce represents a lower-cost option for more growth by allowing small businesses to sell via e-commerce channels without having to invest heavily in a physical retail location and/or large inventory.

There are disadvantages to the increase of e-commerce, as there is still a digital divide between urban and rural populations. For many consumers living in rural areas, the lack of internet access or smartphones makes it difficult or even impossible to make purchases online. In addition, the number of cases of fraud in e-commerce is also increasing; many consumers are concerned about identity theft and other types of fraud, especially given the frequency of data breaches or unsafe transactions.

As e-commerce continues to grow, there will continue to be significant competition for traditional retailers from large multinational corporations like Amazon and Flipkart, and many traditional retailers will close their physical stores due to inability to compete on price, selection, and convenience. Many consumers are dissatisfied with their online shopping experience, particularly when it comes to receiving items in poor condition or receiving poor after-sales support.

The effects of e-commerce on the Indian retail sector have been transformative, as e-commerce has disrupted the traditional way retail has been conducted, encouraging consumers to shop online rather than go to brick-and-mortar stores, thus resulting in a decline in foot traffic to retail locations as well as changing spending habits. Many traditional retailers have adapted to the changes brought about by e-commerce, developing a combination of both physical and digital operations to remain relevant.

First, e-commerce has increased the potential market reach of both global and local brands, giving brands access to rural customers, and creating new opportunities for retailers to reach consumers with diverse purchasing behaviors. While these new opportunities create great potential for retail growth, they will also place significant pressure on brick-and-mortar retailers to innovate or risk being left behind by their competitors.

4. Conclusion

So, to wrap things up, it's pretty clear that e-commerce has totally changed the game for retail all around the world. It's basically changed how businesses work and how we shoppers connect with brands. Thanks to tech getting better, more people online, shopping on phones, using data, and digital payments, e-commerce has gone from just an extra way to sell stuff to being a really important part of any retail plan.

Electronic commerce had a big, mixed retail businesses. On bright side, it's opened up huge opportunities for businesses to reach more customers, cut costs, do personalized marketing, and make smarter decisions based on data. Retailers can now sell globally, manage their stock better, and give customers awesome experiences with things like AI, automation, and combining online and in-store shopping. But, with big online players like Amazon and Alibaba Group getting so dominant, competition has gotten super tough. This puts a lot of pressure on traditional stores to either come up with new ideas or risk becoming outdated. Physical stores have had to start blending online and in-person sales, invest in their digital tech, and rethink what it's like to shop in a store to keep up.

Plus, e-commerce has really changed how supply chains and delivery work, made pricing more open, and changed what we expect as shoppers – we want things fast, easy, and personalized. While it's made things more efficient and accessible, it's also brought up issues like cybersecurity, keeping our data private, environmental concerns, and a few companies controlling too much of the market. So, retail businesses really need to find a balance between using new technology and being responsible, while also thinking long-term.

Basically, e-commerce is not a just tech trend; fundamental shift in whole retail industry. To succeed in the future, businesses will need to be flexible, innovative, and good at blending online and physical shopping. As shoppers keep changing how they buy things, retailers who embrace digital changes while staying focused on what customers want will be in the best spot to do well in this super competitive and connected market.

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