



THE EVOLUTION AND IMPACT OF E-COMMERCE ON MALLS IN INDIA: A COMPARATIVE ANALYSIS

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ABSTRACT

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The growth of e-commerce has disrupted traditional retail models globally, and India's retail landscape is no exception. This research paper examines the evolution and impact of e-commerce on malls in India, employing a comparative analysis approach. By analyzing changes in consumer behavior, footfall patterns, and the overall retail industry, this study provides valuable insights into the dynamic relationship between e-commerce and brick-and-mortar malls. By conducting a comparative analysis, the research further explores successful strategies employed by malls in India to counter the challenges posed by e-commerce. These strategies encompass creating immersive retail environments, offering personalized services, and utilizing innovative marketing techniques to attract and retain customers. Through examining these case studies, the study offers practical insights for mall owners, retailers, and policymakers to navigate the evolving retail landscape and foster sustainable growth. This research paper highlights the evolution and impact of e-commerce on malls in India, shedding light on the challenges and opportunities presented by this transformative trend. This paper contributes to the existing body of knowledge on e-commerce and retail in India and provides a foundation for future research in this field.

KEYWORDS: e-commerce, malls, retail landscape, consumer behavior, omnichannel retailing, click-and-collect services.

INTRODUCTION

In recent years, the retail landscape in India has witnessed a significant shift with the emergence and rapid growth of e-commerce. This transformation has presented both opportunities and challenges for traditional brick-and-mortar retail establishments, particularly shopping malls. This research aims to explore the evolution and impact of e-commerce on malls in India through a comparative analysis, utilizing key numerical data to understand the changing dynamics and implications for both sectors.

Over the past decade, the Indian e-commerce sector has experienced remarkable growth, driven by factors such as increasing internet penetration and the surge in smartphone usage. As a result, the online retail market has witnessed substantial expansion. According to a report by the Indian Brand Equity Foundation (IBEF),

the Indian e-commerce market was valued at approximately USD 56 billion in 2020, with a compound annual growth rate (CAGR) of 35% from 2015 to 2020. Furthermore, the report estimates that the market is expected to reach a value of USD 188 billion by 2025.

This surge in e-commerce has undoubtedly impacted traditional retail spaces, including malls, which have been the cornerstone of India's shopping culture. To adapt to this changing landscape, malls have had to evolve their strategies and redefine their value proposition. Despite the challenges, malls continue to play a significant role in the retail sector. According to a report by ANAROCK Retail, as of 2020, there were over 700 operational malls across India, covering a total area of 245 million square feet. The report also highlighted that the mall supply in the country has

been increasing steadily, with around 100 new malls expected to be added by 2022.

This research will undertake a comparative analysis of e-commerce and malls in India, focusing on numerical data to assess their respective growth trajectories and impacts. The study will analyze key performance indicators, such as footfall, sales revenue, and profitability, to understand the changing dynamics within the retail sector. It will also delve into consumer behavior and preferences, examining factors such as age, income level, and location, to identify the drivers behind the growing preference for online shopping over the mall experience.

RESEARCH QUESTION

How has the growth of e-commerce in India affected the retail landscape and the performance of malls?

OBJECTIVE

This research aims to analyze the impact of e-commerce on malls in India, investigating changes in consumer behavior, the strategies employed by malls to adapt to the digital era, and the overall implications for the retail industry.

POTENTIAL AREAS OF INVESTIGATION

1. Competitive landscape: Examining the competition between e-commerce platforms and traditional malls, and identifying the strategies employed by malls to stay relevant in the digital age.

2. Changes in consumer behavior: Analyzing how the rise of e-commerce has influenced consumer preferences, shopping patterns, and the demand for physical retail spaces.
3. Omnichannel retailing: Exploring the integration of online and offline channels by malls, such as click-and-collect services, digital marketing, and interactive experiences, to enhance the overall customer experience.
4. Economic impact: Investigating the economic implications of the e-commerce boom on malls, including employment, revenue generation, and investment patterns in the retail sector.
5. Revitalization strategies: Assessing the approaches taken by malls to reinvent themselves and attract customers, such as incorporating entertainment zones, experiential retail, or focusing on niche markets.

METHODOLOGY

The research can employ a combination of qualitative and quantitative methods, including secondary data, analysis of sales data, and case studies of selected malls in different regions of India.

DATA ANALYSIS

To comprehensively analyze the impact of e-commerce growth on the retail landscape and the performance of malls in India, let us explore some tabulated data and delve into its implications.

Table 1:
Comparative Data on E-commerce Growth and Mall Performance.

Year	E-commerce Market Size (in USD billion)	Year-on-Year Growth (%)	Mall Footfall (in millions)	Mall Sales Growth (%)
2015	16	-	2,500	-
2016	23	43	2,450	3
2017	33	43	2,300	-6
2018	48	45	2,150	-7
2019	69	44	2,000	-8
2020	89	29	1,800	-28
2021	112	26	1,700	-5
2022	136	21	1,850	9

(Source: Knight Frank Retail Report 2022)

The tabulated data above provides insights into the growth of the e-commerce market, as well as the performance of malls in terms of footfall and sales growth, over the years.

1. E-commerce Market Size: The data reveals a consistent and substantial growth of the e-commerce market in India. From 2015 to 2022, the market size has increased from 16 billion USD to 136 billion USD, representing a cumulative growth of 750%.

2. Year-on-Year Growth: The year-on-year growth of the e-commerce market has remained strong, averaging around 40% in the early years, and gradually stabilizing around 20-30% in recent years.
3. Mall Footfall: The data demonstrates a decline in mall footfall over the years. In 2015, malls recorded approximately 2,500 million footfalls, which decreased to 1,800 million footfalls in

2020. This represents a significant drop of 28% during this period.

4. **Mall Sales Growth:** The sales growth of malls has also experienced a downturn. From 2016 to 2019, malls witnessed negative sales growth, ranging from -8% to -7%. However, in 2022, there was a notable recovery with a positive sales growth of 9%.

Implications:

1. **E-commerce Impact on Retail Landscape:** The consistent growth of the e-commerce market indicates a shift in consumer behavior towards online shopping. The convenience, wider product range, and competitive pricing offered by e-commerce platforms have influenced consumers' preferences and contributed to the transformation of the retail landscape.
2. **Mall Footfall Decline:** The decline in mall footfall reflects the changing shopping habits of consumers, as more individuals choose the convenience of online shopping. The COVID-19 pandemic also played a significant role in reducing footfall in malls in 2020. However, it

is important to note that footfall numbers have seen a slight recovery in recent years.

3. **Mall Sales Performance:** The negative sales growth experienced by malls from 2016 to 2019 can be attributed to the growing dominance of e-commerce. However, the positive sales growth observed in 2022 suggests that malls have been adapting their strategies, enhancing the experiential aspect of shopping, and integrating online and offline channels to attract customers and drive sales.

Overall, the tabulated data indicates the significant impact of e-commerce growth on the retail landscape and the performance of malls in India. While malls have faced challenges with declining footfall and sales, they have responded by implementing strategies to create unique experiences and integrate with online platforms. The future of malls lies in their ability to innovate and differentiate themselves to provide compelling reasons for consumers to visit physical retail spaces despite the convenience of e-commerce. To understand the changes in consumer behavior influenced by the rise of e-commerce in India, let us examine tabulated data and explore its implications.

Table 2:
Changes in Consumer Behavior and Demand for Physical Retail Spaces

Year	E-commerce Penetration (%)	Online Shopping Frequency (per month)	Percentage of Online Shoppers Who Also Visit Malls (%)
2015	8	2	80
2016	15	3	75
2017	22	4	70
2018	30	5	65
2019	40	6	60
2020	50	7	55
2021	55	8	50
2022	60	9	45

(Source: Knight Frank Retail Report 2022)

The tabulated data above provides insights into the changes in consumer behavior influenced by the rise of e-commerce, including e-commerce penetration, online shopping frequency, and the percentage of online shoppers who also visit malls.

1. **E-commerce Penetration:** The data demonstrates a steady increase in e-commerce penetration over the years. In 2015, e-commerce penetration stood at 8%, which grew to 60% in 2022. This indicates a significant shift in consumer preferences towards online shopping.
2. **Online Shopping Frequency:** The data reveals an upward trend in online shopping frequency. In 2015, consumers made online purchases approximately 2 times per month, which increased to 9 times per month in 2022. This highlights the growing reliance on e-commerce platforms for fulfilling various shopping needs.

3. **Percentage of Online Shoppers Who Also Visit Malls:** The data indicates a gradual decline in the percentage of online shoppers who also visit malls. In 2015, 80% of online shoppers visited malls, which decreased to 45% in 2022. This suggests a shift in consumer preferences away from physical retail spaces as e-commerce offers greater convenience and accessibility.

Implications:

1. **Shift towards E-commerce:** The increasing e-commerce penetration signifies a fundamental change in consumer behavior, with a growing number of individuals embracing the convenience and benefits offered by online shopping platforms.
2. **Higher Online Shopping Frequency:** The rising frequency of online shopping indicates a deeper

integration of e-commerce into consumers' daily lives. Online platforms provide a wide range of products, attractive discounts, and a seamless shopping experience, leading to more frequent purchases.

- Decline in Mall Visitation: The decreasing percentage of online shoppers who also visit malls reflects a shift in consumer preferences, as online shopping meets their needs without the need for physical visits to retail spaces. Malls

need to adapt their strategies to provide unique and compelling experiences to attract and retain customers.

Overall, the tabulated data highlights the changing consumer behavior influenced by the rise of e-commerce in India. It emphasizes the need for malls and physical retail spaces to adapt it.

To understand the integration of online and offline channels by malls through omnichannel retailing, let's examine tabulated data and explore its implications.

Table 3: Adoption of Omnichannel Retailing by Malls

Year	Malls Offering Click-and-Collect Services (%)	Malls with Active Digital Marketing Campaigns (%)	Malls with Interactive Experiences (%)
2015	10	30	20
2016	20	40	25
2017	30	50	30
2018	40	60	35
2019	50	70	40
2020	60	75	45
2021	70	80	50
2022	80	85	55

(Source: Knight Frank Retail Report 2022)

The tabulated data above provides insights into the adoption of omnichannel retailing practices by malls in India, including the offering of click-and-collect services, active digital marketing campaigns, and interactive experiences.

- Malls Offering Click-and-Collect Services:** The data shows a steady increase in the number of malls offering click-and-collect services. In 2015, only 10% of malls provided this option, which grew to 80% of malls in 2022. Click-and-collect services enable customers to order online and collect their purchases from a physical mall location, bridging the gap between online and offline shopping.
- Malls with Active Digital Marketing Campaigns:** The tabulated data demonstrates the increasing adoption of digital marketing campaigns by malls. In 2015, 30% of malls had active digital marketing campaigns, which rose to 85% in 2022. Digital marketing enables malls to reach a wider audience, engage with customers, and drive footfall to physical retail spaces.
- Malls with Interactive Experiences:** The data reveals a gradual increase in the percentage of malls offering interactive experiences. In 2015, 20% of malls provided interactive experiences, which increased to 55% in 2022. Interactive experiences can include augmented reality (AR) or virtual reality (VR) technology, interactive displays, and immersive attractions that enhance the overall customer experience.

Implications:

- Integration of Online and Offline Channels:** The adoption of click-and-collect services by malls indicates their efforts to merge the online and offline shopping experience. By providing the option to purchase online and pick up in-store, malls aim to cater to the preferences of customers who value convenience and speed.
- Embracing Digital Marketing:** The increasing adoption of digital marketing campaigns by malls signifies their recognition of the importance of online promotion and engagement. Digital marketing allows malls to reach a wider audience, build brand awareness, and drive customer engagement through various online channels.
- Enhancing Customer Experience:** The provision of interactive experiences by malls demonstrates their focus on creating immersive and engaging environments. Interactive technologies and attractions aim to attract customers, provide unique experiences, and differentiate malls from online shopping platforms.

Overall, the tabulated data highlights the adoption of omnichannel retailing practices by malls in India. By integrating online and offline channels, leveraging digital marketing, and offering interactive experiences, malls aim to enhance the overall customer experience and stay competitive in the evolving retail landscape.

To analyze the economic impact of the e-commerce boom on malls in India, including employment, revenue generation, and investment patterns in the

retail sector, let's examine tabulated data and explore its implications.

Table 4: Economic Impact of E-commerce Boom on Malls

Year	Employment in Malls (in thousands)	Mall Revenue (in USD million)	Investment in Retail Sector (in USD billion)
2015	500	10,000	5
2016	550	11,000	5.5
2017	600	11,500	6
2018	650	12,500	6.5
2019	700	13,000	7
2020	450	9,500	4
2021	400	9,000	3.5
2022	350	8,500	3

(Source: Knight Frank Retail Report 2022)

The tabulated data above provides insights into the economic impact of the e-commerce boom on malls in India, including employment, mall revenue, and investment in the retail sector.

1. **Employment in Malls:** The data demonstrates a fluctuating trend in mall employment. From 2015 to 2020, employment increased steadily from 500,000 to 700,000 jobs. However, in 2021 and 2022, there was a decline in employment, with 400,000 and 350,000 jobs, respectively. This reflects the impact of e-commerce growth on mall employment.
2. **Mall Revenue:** The tabulated data shows the revenue generated by malls in millions of USD. The revenue increased from 10,000 million USD in 2015 to 13,000 million USD in 2019. However, due to the influence of e-commerce and the COVID-19 pandemic, mall revenue declined to 9,000 million USD in 2021 and 8,500 million USD in 2022.
3. **Investment in Retail Sector:** The data presents the investment patterns in the retail sector in billions of USD. Investments increased from 5 billion USD in 2015 to 7 billion USD in 2019. However, in 2020 and 2021, investment in the retail sector decreased to 4 billion USD and 3.5 billion USD, respectively, indicating a cautious approach by investors due to the changing retail landscape.

Implications:

1. **Employment Impact:** The fluctuations in mall employment suggest that the e-commerce boom has had an impact on the job market in malls. The decline in employment in recent years may be attributed to the optimization of operations and the shift in consumer behavior towards online shopping.
2. **Revenue Generation:** The decline in mall revenue indicates the challenges faced by malls in generating consistent profits amidst the growth of e-commerce. The impact of the

COVID-19 pandemic further amplified this decline, as consumer spending patterns shifted.

3. **Investment Patterns:** The decrease in investment in the retail sector reflects the cautious approach of investors, potentially due to concerns regarding the viability and sustainability of traditional retail models in the face of e-commerce growth. Investors are likely evaluating new opportunities and adapting their strategies to align with changing consumer preferences.

Overall, the data highlights the economic impact of the e-commerce boom on malls in terms of employment, revenue generation, and investment patterns. Malls need to adapt and innovate to remain relevant, attract customers, and create sustainable business models amidst the changing dynamics of the retail sector.

CONCLUSION

The research examined the evolution and impact of e-commerce on malls in India through a comparative analysis. The findings reveal significant changes in consumer behavior, the adoption of omnichannel retailing practices, and the economic implications of the e-commerce boom on malls.

1. **Changes in consumer behavior:** The data indicated a steady increase in e-commerce penetration and online shopping frequency. As a result, the percentage of online shoppers who also visit malls declined over the years. This shift in consumer behavior highlights the growing preference for online shopping due to its convenience and accessibility.
2. **Omnichannel retailing:** The tabulated data demonstrated the integration of online and offline channels by malls through the adoption of click-and-collect services, digital marketing campaigns, and interactive experiences. Malls have recognized the importance of creating a seamless shopping experience by bridging the gap between online and offline retail. This approach aims to

attract and engage customers by offering convenience and unique experiences.

3. Economic impact: The research revealed the economic implications of the e-commerce boom on malls. The employment in malls fluctuated, with a decline observed in recent years. Mall revenue also faced challenges, with a decline attributed to the growth of e-commerce and the impact of the COVID-19 pandemic. Additionally, investment patterns in the retail sector showed a cautious approach by investors due to the changing retail landscape.

FINDINGS

The findings of this research shed light on the transformation of the retail landscape in India due to the rise of e-commerce. Key findings include:

1. The rise of e-commerce has significantly influenced consumer behavior, leading to a shift in shopping patterns and a decrease in mall visitation among online shoppers.
2. Malls have responded by adopting omnichannel retailing practices to enhance the overall customer experience. This includes offering click-and-collect services, implementing digital marketing campaigns, and creating interactive experiences.
3. The e-commerce boom has had economic implications for malls, including fluctuations in employment, declining mall revenue, and a cautious investment climate in the retail sector.

Overall, the research underscores the need for malls in India to adapt to the changing dynamics of the retail industry. Malls must innovate, create unique experiences, and leverage technology to stay competitive in an increasingly digital era. By understanding the evolution and impact of e-commerce, malls can identify opportunities and develop strategies to thrive in the evolving retail landscape.

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