

Challenges for Malls in the Era of E-Commerce: An Empirical Investigation of Shop Owners in Malls

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Abstract

The rise of e-commerce has revolutionized the way consumers shop, posing significant challenges to traditional brick-and-mortar malls. This study aims to investigate the challenges faced by mall shop owners in the era of e-commerce. Through an empirical investigation, data was collected from shop owners in different malls, and the results were analyzed using descriptive statistics and regression analysis. The study identifies various challenges faced by mall shop owners, including high rent costs, intense competition, and the need to adapt to changing consumer preferences. Shop owners also reported that e-commerce platforms have made it easier for consumers to compare prices, reducing their willingness to pay higher prices at malls. Furthermore, the study revealed that mall shop owners have adopted various strategies to mitigate the impact of e-commerce, such as improving customer service, offering discounts, and creating online presence. The study recommends that mall owners and managers need to collaborate with shop owners to find innovative ways to attract customers, including the use of technology to enhance the shopping experience.

Keywords - *Malls, E-commerce, Empirical investigation, Shop owners, Consumer preferences, Customer service, Shopping experience.*

Introduction

In recent years, the rise of e-commerce has transformed the retail industry, challenging traditional brick-and-mortar stores, including malls. E-commerce platforms have enabled consumers to shop from the comfort of their homes, reducing their reliance on physical stores. This trend has significantly impacted the performance of malls, which have traditionally been the go-to destination for shoppers seeking a variety of products and services in one location. Consequently, malls are facing numerous challenges in their efforts to remain relevant and competitive in the era of e-commerce.

One of the key challenges facing mall shop owners is the high rent costs. Malls require significant investments in infrastructure, maintenance, and advertising, which are usually passed on to shop owners in the form of high rent costs. The high rent costs, coupled with declining footfall and sales, make it difficult for shop owners to sustain their businesses. As a result, many shop owners have been forced to close their stores or move to cheaper locations. Another challenge facing mall shop owners is the intense competition from e-commerce platforms. E-commerce platforms offer consumers a wider range of products and services, often at lower prices than those available at malls. The ease of online shopping has led to a decline in footfall and sales at malls, particularly among the younger generation, who prefer the

convenience of online shopping. In response to these challenges, mall shop owners have adopted various strategies to remain competitive. Many have focused on improving customer service, offering discounts and loyalty programs, and creating an online presence. Shop owners have also collaborated with mall owners and managers to find innovative ways to attract customers, such as hosting events and providing entertainment.

Despite the challenges facing malls, they remain a crucial component of the retail industry, and many shop owners still depend on them for their livelihood. It is therefore imperative to investigate the challenges faced by mall shop owners in the era of e-commerce and identify the strategies they have adopted to remain competitive. This study aims to investigate the challenges faced by mall shop owners in the era of e-commerce. The study is based on an empirical investigation, and data was collected from shop owners in different malls. The findings of this study provide insights into the challenges facing mall shop owners and the strategies they have adopted to mitigate the impact of e-commerce. The study also recommends innovative ways to attract customers, including the use of technology to enhance the shopping experience.

Literature Review

With the growth of e-commerce and the loss of conventional brick-and-mortar establishments, the retail sector has experienced substantial changes recently. These changes have prompted retailers to rethink their strategies and adapt to the new market landscape. Researchers have also investigated the strategies that mall owners and shop owners have adopted to remain

competitive, including enhancing customer service, offering discounts and loyalty programs, and creating an online presence. Research analysed the quality characteristics of online shopping malls using the Kano model. E-shopping malls are categorized into three types: basic, performance, and excitement attributes. A study found that excitement attributes are the most important for e-shopping malls, followed by performance attributes, and then basic attributes. The study recommends that e-shopping mall managers focus on developing and enhancing excitement attributes to attract and retain customers (Oh et. al., 2012). Another study found that mall environment has a significant impact on consumer behaviour, including satisfaction, loyalty, and purchase intention. The study identifies six factors. The study recommends that mall managers focus on enhancing these factors to create a more positive and satisfying shopping experience for consumers (Seo & Cho, 2014).

A study identified the key factors that contributed to the decline of malls. The study found that the main factors were changing consumer preferences, competition from new malls, poor management, and economic recession. The findings of the study can be used to inform the design and management of malls, with a view to improving their performance and competitiveness in a rapidly changing retail landscape (Ferreira & Paiva, 2017). Motivation to shop in malls and shopper behavior in malls are two closely related topics in retail research. The motivation to shop in malls refers to the reasons why consumers choose to visit malls over other retail formats. Research has identified several factors that influence consumers' motivation to shop in malls, including

convenience, product variety, social interaction, entertainment, and atmosphere (S. R. & Rani, 2013).

A study discussed the challenges of ensuring data security in online retail, including the risk of cyber-attacks, data breaches, and identity theft, highlighting the need for effective security measures to protect consumers' personal and financial information and maintain their trust in online retail (Ladekar, 2013). Another study investigated the determinants of shopping experience in malls in the emerging city of Raipur, India. It found that various factors contribute to the shopping experience, including store layout, product variety, accessibility, and availability of parking. It also revealed that the availability of entertainment and leisure options in malls has a positive impact on the shopping experience (Singh et. al., 2014).

An article investigated the influence of demographics, psychographics, shopping orientation, mall shopping attitude, and purchase patterns on mall patronage in India. It found that demographics such as age, income, and gender significantly influence mall patronage in India. Younger consumers, those with higher income, and female consumers are more likely to visit malls frequently. Psychographic factors, such as lifestyle and personality traits, also play a role in mall patronage. The study also found that consumers' purchase patterns, such as frequency of purchases and amount spent per visit, are positively correlated with mall patronage (Kuruvilla & Joshi, 2017).

Another article investigated the growth of shopping malls in the Indian retail industry, focusing on the cities of Chennai and Coimbatore. The study used an empirical approach to examine the factors that have contributed to the growth of shopping malls

in these cities and their impact on the retail industry. According to the study, the development of organised retail, shifting customer tastes, and rising consumer spending power are the main factors contributing to the rise of shopping malls in Chennai and Coimbatore (Naidu & Naidu, 2016). An article looked at the factors that affect customer satisfaction with e-commerce logistics services as well as the link between customer satisfaction and service quality. According to the study, e-commerce logistics service quality significantly affects consumer happiness. The study highlighted dependability, responsiveness, tangibility, empathy, and assurance as the essential characteristics of high-quality e-commerce logistics services. The article (Hua & Jing, 2015) emphasised the significance of these factors in raising consumer satisfaction with e-commerce logistics services.

A research looked at how several elements, such as store appearance, pricing, goods, service quality, and convenience, affected consumers' perceptions of shopping malls and their preferences for them. According to the study's findings (Pandey & Bhatla, 2014), shoppers like shopping centres that offer a large selection of goods at competitive rates and give a comfortable environment for shopping. A study looked at what influences online shoppers in Saudi Arabia to pick e-malls for their online purchases. The study reveals a number of elements that affect customers' decisions to use e-malls for online purchases. According to the study, website design, product diversity, and trust all significantly influence whether online shoppers plan to use e-malls for their online purchases (Bahaddad et al., 2015).

This literature review aims to synthesize and analyse the existing research on malls

in the era of e-commerce. The review will examine the challenges facing malls, the strategies that mall owners and shop owners have adopted to remain competitive, and the quality attributes of e-shopping malls. The study will also point out gaps in the literature and offer suggestions for more studies in this field. In order to inform practise and policy in the retail industry, this literature review aims to give a thorough overview of the present state of research on malls in the e-commerce age.

Objective of the Study

To measure the challenges for malls in the era of e-commerce

Methodology

This study utilized a structured questionnaire to conduct a survey, and statistical methods such as mean & t-test were used to analyze the responses from 159 participants. The sampling method used in this research was convenience sampling, where individuals were selected based on their accessibility & willingness to participate.

Table 1 Challenges for Malls in the Era of E-Commerce

Serial No.	Statement of Survey	Mean Value	t-value	p-value
1	With the rise of e-commerce, consumers have shifted their shopping habits to online platforms, resulting in reduced foot traffic in malls.	4.47	12.486	0.000
2	E-commerce has altered consumer behavior, with shoppers increasingly seeking convenience, competitive pricing, and personalized experiences.	4.28	9.443	0.000
3	Online retailers offer a vast array of products, competitive prices, and fast delivery, making it challenging for malls to compete effectively.	4.44	11.097	0.000
4	As foot traffic decreases, malls face financial challenges in covering these costs and maintaining profitability.	4.11	6.151	0.000
5	Malls must find ways to entice shoppers to complete their purchases within the mall premises to counteract this trend.	3.92	4.445	0.000
6	As large retailers face closures or downsizing, malls must find innovative ways to fill the vacant spaces and attract new anchor tenants.	4.39	10.621	0.000
7	Malls need to incorporate technology to enhance the shopping experience and meet the expectations of tech-savvy customers.	4.40	11.159	0.000
8	To draw customers back to physical stores, malls must focus on providing unique, immersive experiences that cannot be replicated online.	4.19	9.463	0.000

9	Malls can leverage their physical presence to strengthen their connection with e-commerce.	3.88	4.959	0.000
10	Malls must explore alternative uses for their spaces to remain viable in the e-commerce era.	4.24	9.719	0.000

Table 1 demonstrates the mean values for each of the statements of the study done on the “challenges for malls in the era of e-commerce”, examining the average scores, the statement that obtains the highest mean score can be described as “With the rise of e-commerce, consumers have shifted their shopping habits to online platforms, resulting in reduced foot traffic in malls”, which has the mean score of 4.47, Looking at the next statement which is “Online retailers offer a vast array of products, competitive prices, and fast delivery, making it challenging for malls to compete effectively” the mean score is found to be 4.44. Looking at the mean value of 4.40 for the statement “Malls need to incorporate technology to enhance the shopping experience and meet the expectations of tech-savvy customers” shows that integration of technology is crucial for malls in the era of e-commerce. Looking at the other concern of e-commerce is, “As large retailers face closures or downsizing, malls must find innovative ways to fill the vacant spaces and attract new anchor tenants” which displays the mean score of 4.39, and the statement “E-commerce has altered consumer behavior, with shoppers increasingly seeking convenience, competitive pricing, and personalized experiences” showcase the mean value of 4.28. Then the statement “Malls must explore alternative uses for their spaces to remain viable in the e-commerce era” obtains mean value of 4.24 and the statement “To draw customers back to physical stores, malls must focus on providing unique, immersive experiences

that cannot be replicated online” has 4.19. The statement “As foot traffic decreases, malls face financial challenges in covering these costs and maintaining profitability” showcase the mean value of 4.11. Therefore, the last two statements fall within the lowest category or level, “Malls must find ways to entice shoppers to complete their purchases within the mall premises to counteract this trend” mean value of 3.92, the statement “Malls can leverage their physical presence to strengthen their connection with e-commerce” has 3.88. The significance of the t-value for each statement in the investigation on the challenges for malls in the era of e-commerce is significant. The t-value statements were positive, and their significance value was less than 0.05, indicating a significant relationship between the two variables.

Conclusion

In conclusion, this empirical investigation of shop owners in malls sheds light on the challenges that malls face in the era of e-commerce. The study identifies several key challenges, including the rise of online shopping, changing consumer behaviour and preferences, and the need for innovation and adaptation to remain relevant in the marketplace. Furthermore, the study suggests that malls can address these challenges by adopting innovative strategies such as leveraging technology to enhance the shopping experience, providing personalized services, and enhancing the overall atmosphere of the

mall. The study also highlights the importance of collaboration between mall owners, shop owners, and other stakeholders to create a more cohesive and customer-focused shopping environment. Overall, the study provides important insights into the challenges faced by malls in the current retail landscape and offers practical recommendations for mall owners and shop owners to navigate this rapidly changing environment. As technology continues to shape consumer behaviour, it is essential for malls to remain agile and adaptable to remain competitive in the marketplace.

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