LEAP INSIGHTS
LAW ECONOMICS POLICY

Digital adoption in Retail shops

Based on a primary survey of markets in Delhi NCR

EKANSH TANDON AND SHREYA SINGHVI
SUPERVISION: MEGHA PATNAIK

Report number: **LI-2025-001**

March 25, 2025

1 Introduction

The digital age has shown us how e-commerce has fundamentally changed the face of retail shopping around the world, with the leaders of the business such as Amazon and Walmart transforming the scenario of market functioning for local retailers. Traditional businesses have to bear the brunt of increasing pressure as consumers have drastically changed their preference toward online shopping in the light of its ease, convenience, variety, and competitive pricing—a trend getting a big push after the COVID-19 pandemic. While local retailers find it difficult to cope with this long drawn disruption, they now have their hands on distinctive leverages which can help them make the most out of the internet and social media through community connections, personalized service, and experiential shopping environments.

A survey of MSMEs in Delhi NCR showcases a visible digital divide: while 50 percent of businesses use social media platforms for marketing, the other half are still dependent on traditional word-of-mouth approaches. According to the survey, businesses established and running for over a decade demonstrate lower digital adoption rates compared to newer enterprises. Most surveyed businesses (60 out of 68) are not seen using websites, which displays the lack of technological tools, which hampers them taking the full benefits of the internet and choosing traditional methods over the new age techniques. In the light of this, we find that approximately 30% showcased a keen interest in developing an online presence, suggesting an increasing awareness of digital opportunities that can prove to be a game changer.

Major adaptation planning for retail businesses entails embracing multi-channel approaches, taking the benefit of community engagement, providing personalized service, enhancing in-store experiences, implementing strategic inventory management, and adopting appropriate technologies. When we talk about rural businesses specifically, digital adoption faces a set of problems, which include limited and outdated infrastructure, cost barriers, and gaps in the process of relaying knowledge. The future of retail success will most likely lie in effectively integrating traditional values with digital innovation instead of pushing it away rather than resisting e-commerce trends.

The survey was designed to collect information from a diverse range of businesses on their 5 social media practices. Respondents were asked whether they use social media, if yes, then which platforms they prefer, how long they have been in business, if they have a website or are interested in one, and the number of employees they employ. Additionally, the survey explored the reasons why some businesses choose not to engage with social media. Understanding these dynamics is crucial for businesses that want to leverage social networks effectively in their marketing efforts. The results of this survey will provide valuable information that can inform strategies to improve online presence and user engagement and how these MSMEs can grow in this modern era. By analyzing the responses, we aim to identify trends and best practices that can guide these kinds of businesses in optimizing their use of social networks as a marketing tool. The rise of e-commerce has transformed the retail landscape, simultaneously creating opportunities and challenges for firms, especially small and medium-sized enterprises (SMEs). This paper focuses on how small businesses can adapt to

the e-commerce revolution and effectively reach their target consumers.

2   Background

There are around 900 million active Internet users in India, which is increasing daily due to the low cost of the Internet and its easy accessibility via mobile phones in remote areas. Internet usage in India has been growing rapidly. The use of the internet has started a new age of e-commerce, which has changed the face of day-to-day shopping for individuals.

E-commerce giants like Amazon, eBay, and Walmart have changed the definition of market space for local retailers. Their vast range of product offerings, competitive and low pricing, and smooth and efficient supply chains have posed significant challenges to traditional brick-and-mortar stores (Chen & Barnes 2012). These digital platforms have thrown traditional retail markets into disarray by offering consumers a wide range of products with the convenience of online shopping. As a result, consumer preferences have shifted towards online shopping due to the convenience, variety, and often lower prices offered by e-commerce websites (Verhoef, Kannan & Inman 2015). The COVID-19 pandemic further accelerated this trend, as consumers sought safer and more accessible shopping options, leading to a surge in online purchases (Grewal, Gauri, Roggeveen & Sethuraman 2020). This has compelled many firms to establish an online presence through websites and social media platforms, allowing them to reach a broader customer base (Curtis, Abratt & Rhoades 2013). For small businesses, e-commerce offers significant benefits, including reduced transaction costs, access to a global market, and the ability to operate on the "long tail" by selling niche products to a wide audience (Anderson 2006). However, the adoption of e-commerce requires a cultural and organizational transformation, as well as the integration of new technologies and processes according to (Chaffey 2000, Parolini 2003)

SMEs face many challenges in adapting to the digital economy. One of the first challenges is the cost of digital transformation. For many small businesses, the costs that come with establishing an online presence, implementing e-commerce platforms, and investing in digital marketing can be prohibitive. Additionally, SMEs often lack the technical expertise needed to effectively leverage digital tools, which can hinder their ability to compete with larger, more technologically advanced firms. The shift towards online shopping has led to a decline in foot traffic to physical stores, particularly in rural areas, where local retailers may already be struggling to maintain profitability (Findlay & Sparks 2008).

To survive in the digital age, companies have incorporated different strategies to take advantage of their unique strengths while navigating the challenges posed by the big players in e-commerce. Cross-cultural studies of e-commerce highlight the importance of understanding local consumer preferences and cultural differences when designing online platforms (Hwang & Lee 2006). For example, consumers in high-context cultures, such as China and India, place greater emphasis on trust and personal relationships when shopping online, while consumers in low-context cultures, such as the United States, prioritize convenience and efficiency (Gong 2009). These cultural differences have significant implications for the design and marketing of e-commerce platforms, particularly in emerging markets where internet

penetration and digital literacy are still developing (Elbeltagi 2007, Park & Jun 2003). To stay relevant in the market, small businesses can make a bunch of changes to stay more relevant. Embracing Online Channels: Many local retailers have created an online presence through websites and various social media platforms. This allows them to cater to both online and offline shoppers, offering an e-commerce option for customers who prefer to shop online while maintaining the in-store experience for those who prefer to visit physical locations (Curtis 2019) Personalized Service: Local retailers can leverage their local knowledge to provide personalized service, offering curated selections and recommendations that cater to the unique tastes and needs of their community (Homburg, Jozić & Kuehnl 2017). This level of personalization is often found missing in larger e-commerce platforms. Building and maintaining strong relationships with local customers can be a significant asset for firms. Engaging with the local community through sponsorships, partnerships, and participation in local events fosters a sense of belonging and customer loyalty Inventory Management: Firms must carefully put their records straight based on local demand and trends. Adapting product offerings to meet the changing preferences of the customer base is crucial for remaining relevant. Leveraging Technology: The use of technology, such as inventory management systems and data analytics, has enabled firms to optimize operations and enhance their competitive position (Verhoef, Broekhuizen, Bart, Bhattacharya, Qi, Fabian & Haenlein 2021) Small businesses that can successfully leverage technology, personalize their offerings, and engage with their local communities are well-positioned to thrive in the digital age (Homburg et al. 2017). The rise of social commerce, which combines social media and e-commerce, offers new opportunities for small businesses to reach consumers and build brand loyalty (Anderson 2006) A change in the scenario, Local online shopping platforms (LOSPs) have emerged as a light from the tunnel to work through some of the challenges faced by SMEs. LOSPs can serve as a low-barrier entry point for SMEs looking to establish an online presence, as they often require less investment than building a standalone e-commerce website (Bärsch, Bollweg, Lackes, Siepermann & Wulfhorst 2019). However, the success of LOSPs is not guaranteed. Studies have shown that while these platforms can extend the local catchment area and foster cooperation among SMEs, they often struggle to attract a large customer base (Ahlers, Driscoll & Wibe 2018). Additionally, the logistics of managing online sales, including inventory management and delivery, can be challenging for small businesses (Schade, Schuhmacher & Kuester 2018). Firms that can successfully integrate their online and offline operations are likely to see a boom coming their way in the digital age. This requires a focus on creating a seamless customer experience, where consumers can easily transition between online and offline shopping channels (Lemon & Verhoef 2016). For example, when customers have the option to click-and-collect services, where customers can order online and pick up their purchases in-store, this can help drive foot traffic to physical locations while also catering to the growing demand for online shopping.

3 Methodology

We used a primary survey to comprehend the adoption of social media by MSMEs. The surveys was regularly updated as the team continued their research to fit the questions according to the selected markets of Noida, which comprise mainly retail stores involved in

B2C types of businesses.

The survey asked about the number of employees, the length the business has been operating, whether social media is used in the business and if so, which platforms are used and if not, why is social media not used, whether there is a website for your business? If not, if there is interest in having one. The full questionnaire is available in the Appendix.

Our unit of analysis was an own-account enterprise. Responses were collected from a range of businesses across various sectors, ensuring a comprehensive understanding of current practices. 5 markets were targeted: Sector 46, Atta Market, Bhangel Market, New Ashok Nagar Market, and Sector 93 Market. Alongside those, the surveyors visited a few more markets like Sector 15, Sector 110, and Munirka but could not find many responses. They also had to be specific in terms of the shops they surveyed because the shops had to be a bit established, and also, there was a need for the shop owners to be present at the shop so that the survey conductors could get the answers to the questions that were imposed on them. With some trial and error, it was found that unestablished shops and stores where the owners were not present gave incomplete answers, which affected the research.

It was important for the owners to be present at the shop when the surveys were conducted. Whenever surveyors spoke with the shop manager or an employee, they faced difficulty in surveying them as they lacked knowledge and awareness of the business. Almost 92 percent of the respondents were the owners, nearly 7 percent were the managers, and the rest were employees.

4   Sample characteristics

A total of 68 shops were surveyed. Bhangel Market had the highest representation at 19.4%, followed by New Ashok Nagar (17.9%) and Sector 93 Market (16.4%). This was followed by Atta Market (13.4%), Sector 46 Market (9.0%), Munirka (9.0%), Sector 15 Market (7.5%), and Sector 110 Market (4.5%). Smaller markets like VDS Market and JNU had the least representation, each at 1.5.

Most firms operate with 2–5 employees managing all aspects of the operation. In some cases, the owner was the sole individual running the entire business. This highlights the minimal workforce typically required to operate an MSME. Given this limited staffing, it is likely that all employees are fully occupied throughout the day. If these businesses were to adopt social media marketing or develop websites, they would likely need to hire additional personnel to manage these tasks. This observation was true even for businesses that already had websites and social media platforms in place.

All the different firms varied in experience. They were divided into various categories. All the different firms varied in experience. They were divided into various categories. Most responses (91.7) came from business owners, primarily from firms that have been operating for over a decade. In contrast, 6.7 of responses came from managers, representing newer businesses still in the process of establishing themselves[1]. The remaining small percentage

---

[1]These firms expressed an interest in adopting social media strategies but preferred to do so once they

reflects a minor portion of responses from individuals in different roles within the firms.

5 Findings

Out of the 68 businesses surveyed, 60 did not have a website. When these 60 businesses were asked whether they would consider selling their products or services through websites, the majority declined. When asked about their interest in a website, 40 respondents stated that they were not interested, while 20 respondents expressed interest in developing one. A small number, approximately 5 respondents, indicated that they already had a website. The reasons varied: some businesses felt they lacked technological proficiency, others believed a website would not be beneficial for their operations, some were deterred by transportation costs, and others preferred to maintain the status quo without making changes to their current practices. Notably, these businesses were primarily those that had been established for over a decade. This reflects a mindset among long-standing business owners who remain hesitant to embrace technology, favoring traditional methods of managing their enterprises.

Half of the respondents confirmed they use social media for marketing purposes. The most popular platforms included Instagram, Facebook, Whatsapp, and Jusdial, and they also used Google reviews to increase their firm's outreach. The rest of the firms stated that they don't use digital tools to market their business and stay strict towards word-of-mouth marketing. This indicates that while many firms use social media as a marketing tool, it needs to become more effective to encourage broader adoption and utilization by businesses.

A clear trend emerged in the responses regarding the longevity of the businesses. The majority of firms that declined to engage in social media marketing had been operating for over 10 years, reflecting the traditional mindset prevalent among many shop owners in India. In contrast, businesses established more recently were actively utilizing social media to grow and promote their operations. This highlights how newer and emerging firms increasingly rely on social media to expand their customer reach and drive growth.

When businesses that were uninterested in advertising through social media were asked about their reasons, several factors were cited. Among the most commonly cited reason by many firms was their reliance on a fixed base of local customers who visited them regularly. These businesses felt no need to attract additional customers or invest in efforts to expand their reach as they rely on the quality of their product and word of mouth, which help them with loyal customers. Further, another reason cited, which can be thought of as an extension to the above argument, is that they never thought about using such social media platforms for their business. Some firms showed concerns about the time and resources required for managing social media. Most firms that we surveyed operate with 2–5 employees managing all aspects of the operation. In some cases, the owner was the sole individual running the entire business. This highlights the minimal workforce typically required to operate an MSME. Given this limited staffing, it is likely that all employees are fully occupied throughout the day. If these businesses were to adopt social media marketing or develop websites, they would likely need to hire additional personnel to manage these tasks. This observation was true even for

---

achieved greater stability.

businesses that already had websites and social media platforms in place. Some still perceive social media as irrelevant to their target audience, as most cost-conscious customers typically prefer to visit several shops before making a purchase. Another important observation was made, particularly regarding businesses citing a lack of knowledge or expertise in social media platforms. While these businesses lacked the necessary understanding of social media, they expressed a strong desire to utilize such platforms to expand their operations. Another notable insight was that some businesses appeared apprehensive about integrating technology into their operations. These firms seemed to fear social media advancements and were hesitant about associating such technologies with their businesses.

6 Conclusion

The findings of the survey show various approaches MSMEs adopt when it comes to social media and digital marketing. While many businesses recognize the importance of social media platforms, some of them remain skeptical due to hurdles like lack of knowledge and notions of irrelevance, which create problems in the transition. To encourage greater adoption of social media and websites among retailer shops, strategies can be put into place. Education and training through workshops or sessions can help businesses develop effective social media strategies tailored to their unique operations. Providing resources or partnerships for website development can help businesses create and maintain an online presence. Along with this, conducting periodic follow-up surveys can track changes in attitudes toward social media usage and assess its impact on business growth. By highlighting these areas, businesses can increase their digital engagement, improving their marketing effectiveness and overall success.

References

Ahlers, D., Driscoll, P. & Wibe, A. (2018), 'Local online shopping platforms: A study of their impact on local retailers', *Journal of Retailing and Consumer Services* **42**, 1–9.

Anderson, C. (2006), *The Long Tail: Why the Future of Business Is Selling Less of More*, Hyperion, New York, NY.

Bärsch, S., Bollweg, L., Lackes, R., Siepermann, M. & Wulfhorst, V. (2019), Local shopping platforms—harnessing locational advantages for the digital transformation of local owner-operated retail outlets, *in* 'Proceedings of the 14th International Conference on Wirtschaftsinformatik', AIS Electronic Library (AISeL), pp. 1032–1046.
URL: *https://aisel.aisnet.org/wi2019/track09/papers/5/*

Chaffey, D. (2000), *E-Business and E-Commerce Management: Strategy, Implementation, and Practice*, Financial Times/Prentice Hall, London, UK.

Chen, Y. & Barnes, S. (2012), 'Initial trust and online buyer behaviour', *Industrial Management & Data Systems* **107**(1), 21–36.

Curtis, D. (2019), Social Media Marketing Strategies Used by Owners of Small Retail Businesses, Doctoral dissertation, Walden University.
URL: *https://scholarworks.waldenu.edu/dissertations/6989/*

Curtis, L., Abratt, R. & Rhoades, D. L. (2013), 'An empirical investigation of the impact of e-commerce on firm performance', *Journal of Business Research* **66**(9), 1599–1605.

Elbeltagi, I. (2007), 'E-commerce and globalization: An exploratory study of egypt', *International Journal of Technology Marketing* **2**(3), 273–289.

Findlay, A. & Sparks, L. (2008), 'Weaving new retail and consumer landscapes in the scottish borders', *Journal of Rural Studies* **24**(1), 86–97.

Gong, W. (2009), 'National culture and global diffusion of business-to-consumer e-commerce', *Cross Cultural Management: An International Journal* **16**(1), 83–101.

Grewal, D., Gauri, D. K., Roggeveen, A. L. & Sethuraman, R. (2020), 'Strategizing retailing in the new technology era', *Journal of Retailing* **96**(1), 6–12.

Homburg, C., Jozić, D. & Kuehnl, C. (2017), 'Customer experience management: Toward implementing an evolving marketing concept', *Journal of the Academy of Marketing Science* **45**(3), 377–401.

Hwang, Y. & Lee, K. C. (2006), 'The role of personalization in cross-cultural e-commerce: A theoretical framework and research propositions', *International Journal of Electronic Commerce* **10**(4), 49–69.

Lemon, K. N. & Verhoef, P. C. (2016), 'Understanding customer experience throughout the customer journey', *Journal of Marketing* **80**(6), 69–96.

Park, C. & Jun, J. K. (2003), 'A cross-cultural comparison of internet buying behavior: Effects of internet usage, perceived risks, and innovativeness', *International Marketing Review* **20**(5), 534–553.

Parolini, C. (2003), *The Value Net: A Tool for Competitive Strategy*, Wiley, Chichester, UK.

Schade, M., Schuhmacher, M. C. & Kuester, S. (2018), 'Local online platforms: A new way to connect local retailers and consumers', *Journal of Business Research* **88**, 1–10.

Verhoef, P. C., Broekhuizen, T., Bart, Y., Bhattacharya, A., Qi, J., Fabian, N. & Haenlein, M. (2021), 'Digital transformation: A multidisciplinary reflection and research agenda', *Journal of Business Research* **122**, 889–901.

Verhoef, P. C., Kannan, P. K. & Inman, J. J. (2015), 'From multi-channel retailing to omni-channel retailing: Introduction to the special issue on multi-channel retailing', *Journal of Retailing* **91**(2), 174–181.

Questionnaire

General Information

Enumerator
Date of Interview
Time of Interview
Town/City/State
Market/Area

Business Information

Are you a franchise business? [Yes/No]
Business Name:
Type of Business:
Address of Business/Owner:
How long has your business been operating?
☐ Less than 1 year   ☐ 1–3 years   ☐ 3–5 years   ☐ More than 5 years
How many employees do you have?
☐ 1   ☐ 2–5   ☐ 6–10   ☐ More than 10

Digital Presence and Marketing

Does your business have a website?
☐ Yes   ☐ No, not interested   ☐ No, but interested
What digital platforms do you use to get customers?
☐ Facebook   ☐ Instagram   ☐ WhatsApp   ☐ Google Business Profile   ☐ Other: _____
Main challenges in adopting digital tools?
☐ Lack of knowledge   ☐ Cost   ☐ No benefit   ☐ Other: _____

Marketing and Advertising

Who am I speaking with?
☐ Owner   ☐ Manager   ☐ Employee
Are you responsible for marketing? [Yes/No]
Would you like to advertise your products to more customers? [Yes/No]
Most popular product/service?
Do you have seasonal products? [Yes/No]
Interested in a website to advertise new/seasonal products?
(If no marketing is done, interview ends here.)

Additional Comments and Impressions

Other comments from respondent: _____ Enumerator's impression: Does the owner want a website?
How often is the website updated?
Additional comments or suggestions: _____

Contact Information

Business Owner's Name
Phone Number
Email ID
Photo of Shop/Business Owner (uploaded)