

A Study on Brick-And-Mortar Retailers Optimal Strategies to Withstand In the Competition with Online Retailers

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Abstract: *In the evolving landscape of modern commerce, the rapid growth of online retailing has significantly reshaped consumer behaviour and business strategies. However, despite the digital shift, brick-and-mortar stores continue to offer unique value propositions that remain unmatched by their online rivals. This study investigates the best tactics that physical stores may use to stay competitive in the face of online retailing's explosive growth. The results show that physical stores may successfully compete by utilizing their primary advantages, most notably providing individualized, human centred experiences that are sometimes absent from online platforms.*

The greatest levels of support were given to strategies that focused on developing relationships with customers based on trust, improving in-store experiences, and using trained service personnel. This highlights the long-term benefits of face-to-face communication with customers. Furthermore, strategies like changing store designs and implementing mass customisation methods can raise consumer satisfaction, profitability, and price competitiveness. brick and mortar stores have a vital chance to meet changing consumer demands with a smooth, integrated retail model as online and offline channels merge, as consumers tastes evolve toward increased convenience and flexibility.

Key Words: Retail store, offline, online, strategies, competition.

1. INTRODUCTION

Over the past 20 years, e-commerce has grown rapidly, and this trend is expected to continue, e-commerce is only starting to transform the way people shop, as artificial intelligence, virtual reality, robotics, the internet of things, and many other emerging technologies advance, e-commerce continues to change. People prefer online buying over offline shopping for a variety of reasons, including huge discounts, round-the-clock availability, simple payment methods, flexible return policies, a large selection, time and transit cost savings, and the chance to compare prices (Suyog S Dekhne, 2020).

The rapid growth of e-commerce and changing consumer expectations has been the main drivers of the significant changes in the retail sector in recent years. Traditional brick-and-mortar businesses are facing a significant threat from online merchants who have completely redefined price competitiveness, accessibility, and convenience, retailers in physical stores are facing mounting pressure to change or face obsolescence as more customers purchase online.

Even while online shopping is becoming more and more popular, physical stores still have special benefits that, when used wisely, can provide them a competitive edge. Online platforms find it difficult to match value propositions like localized services, immediate fulfilment, human engagement, and tactile product experiences. Physical businesses face the problem of recognizing and maximizing the advantages that are intrinsically linked to their physical presence, rather than copying e-commerce methods.

The best tactics that conventional shops can use to stay competitive and relevant in the digital era are examined in this article. It looks at sustainable strategies to combat the rise of online retail can include selective digital integration, trust-based partnerships, individualized customer service, and experience buying. The study also looks at how hybrid and omnichannel strategies, along with creative ideas like mass customization and adaptable store formats, can draw in contemporary customers whose tastes are being influenced more and more by convenience, customization, and smooth transitions between online and offline platforms.

The retailer's decision to go online is also influenced by price competition. Since channel structures are always evolving, a manufacturer selling to customers online and through physical retailers may not be able to maintain this dual channel structure over time. Channel conflicts are known to arise when a manufacturer uses a dual channel structure, selling a product to customers directly online and through physical retailers. The merchants' physical stores are thought to be in competition with the manufacturer's online sales activities, which lowers their profitability.

2. Literature Review

Traditional retail has transformed into a digital shopping marketplace, as revenue for ecommerce businesses have increased and is expected to rise over the next five years, whereas traditional brick and mortar companies without online capabilities have experienced a decline in revenue. Many consumers thus prefer to inspect and feel products at physical stores to resolve product fit uncertainty before making a purchase decision. Showrooming refers to the behaviour of the consumers who identify the best-fit products at physical stores but buy them at online retailers and inevitably causes brick-and-mortar retailers to lose consumers (Hsieh & Lathifah, 2023). As per middle class tendency consumers prefer offline purchase in order to check and test the product and have its possession immediately after payment (Suyog S Dekhne, 2020). Increasing trend of online shopping is adversely affecting offline retail. Offline sale is declining day by day which creates a huge problem for offline retailers about their future. Offline retailers continue to play an important role for the following three reasons. First, some customers lack the ability to use the internet, such as not knowing how to find the most suitable website for their needs. Second, purchasing from online retailers incurs several costs, including those relating to the waiting time for delivery or the limited information available on products, lastly, some customers may prefer offline retailers because they prefer the feeling of shopping in physical places or they wish to share time shopping with family and friends. (Colombo & Matsushima, 2019)

When selling a product with high value uncertainty such as clothes, the offline retailer can make effort to improve consumers' experience and lessen their price sensitivity in stores, especially with a strong brand (Shi et al., 2019). When consumers are more likely to have sufficient information about the product and the probability of liking the product is high, they may purchase online directly and do not need to examine the product at the offline store. In this circumstance, operating online should be an option for the offline retailer. Therefore, the offline retailer needs to carefully balance between the benefits of extending operations online and the costs of adopting integrated strategies (Shi et al., 2019). Shopping is part of everyday life. Shopping is probably one of the oldest terms for what we've been doing over the years. It is seen as a way to relieve stress, satisfy the craving of the heart and add flavour to a mechanical lifestyle. (Joshi, 2025). Fuelled by technological innovations, increased internet penetration, mobile device usage, and advancements in logistics and digital payment systems, e-commerce has become a dominant force in both developed and emerging markets (Sakshi kumara, 2025). The rise of e-commerce has had a profound and transformative impact on traditional offline retail sector. (Sakshi kumara, 2025). Due to the rise of online retailing, traditional brick-and-mortar retailers need to understand what customers find convenient when shopping at physical locations and focus their efforts on those convenience dimensions to remain competitive (Sen et al., 2022). Many manufacturers now operate in dual channel structures in which they sell through offline retailers and their own websites. These dual channels are believed to primarily help manufacturers grow sales and enhance their profitability (Karray & Sigué, 2018). Mass customization enables the offline retailer to satisfy the heterogeneous customer taste preferences (Ananto et al., 2022).

Mass customization has greatly impacted businesses across multiple industries. With the help of advanced flexible manufacturing technologies, mass customization enables firms to satisfy the heterogeneity in consumer tastes through increased product variety (Zhang & Zheng, 2020)

3. Statement of the Problem

The traditional retail environment has been upended by the explosive expansion of internet commerce, which has also drastically changed customer expectations and behaviour. Online competitors who provide more convenience, a wider range of products, and frequently more affordable prices are gaining market share from brick and mortar stores. Physical retailers now face a difficult climate as a result of this change finding it difficult to stay profitable and relevant.

While some physical retailers have tried to adapt by setting up online channels or investing in digital technologies, the results of these initiatives have been patchy and mostly context dependent. In this changing environment, it is still unclear which tactics are actually sustainable and successful for physical businesses. Many still

use antiquated operating models that are unable to satisfy the needs of contemporary consumers for flexibility, customisation, and smooth transitions between online and offline interactions.

The urgent necessity to determine and assess the best tactics that physical businesses might use to defend them against online competition is addressed by this study. It specifically aims to ascertain how physical businesses might carefully integrate digital resources while utilizing their natural strengths such as individualized service, immersive shopping environments, and customer relationships to develop a hybrid model that satisfies changing market expectations, traditional shops run the risk of further losing their relevance and profitability in the digital age if they don't have a clear strategy framework.

4. Research Gap

The rise of e-commerce and the digital revolution in retail have been the subject of much research, but the particular tactics that help physical stores stay competitive in this new environment have received comparatively less attention. The literature now in publication frequently highlights omnichannel integration and technology adoption as universal solutions, but it does not adequately examine how effective these tactics are in the context of conventional businesses with weak digital infrastructure.

Research concentrates primarily on online consumer preferences, ignoring the timeless benefits of physical retail, which many customers still find valuable. These benefits include in person interactions, immersive purchasing, and locally tailored services. In-depth research on how traditional retailers may enhance their human centred services and in store experience to meet changing customer demands for flexibility, convenience, and customisation is also lacking.

The lack of a thorough strategic framework that takes into account both the special skills of physical retail and the selective integration of digital tools represents the research gap, most significantly, the necessity for a hybrid model that is based on the fundamental human aspects of retailing while still being technologically adaptable is rarely addressed in current research, by determining, examining, and assessing the best tactics that physical stores might use to compete sustainably with internet retailers in a market that is changing quickly, this study seeks to close that gap.

5. Objectives of the Study

1. To study how physical stores compete with online retailers.
2. To study the best strategies of physical stores to outperform their online retailers.

6. Methodology

In order to investigate and assess the best tactics that physical stores might use to stay competitive with internet merchants, this study uses a quantitative research methodology. The main goal is to collect information on customer preferences and reactions to different retail tactics used by physical establishments.

Research Design

To evaluate the present tactics and conduct of physical retailers with regard to retail strategies, a descriptive research design was employed. In the context of physical retail, this design makes it possible to identify the critical elements that affect customer pleasure and loyalty.

Sampling Method and Sample Size

The study employed a convenience sampling method, selecting participants in and around Pondicherry, based on their availability and willingness to respond, because of its affordability and simplicity of use within the parameters of the study, this non-probability sampling method was selected, in all, 125 respondents took part in the study. A wide range of consumers with recent shopping experience in an offline setting were included in the sample. Convenience sampling offers important preliminary insights into consumer viewpoints and strategic preferences, even though it restricts the findings' generalizability.

Data Collection Method

A standardized questionnaire that was hand-delivered to consumers at actual retail locations was used to gather data. A 5-point Likert scale was used in the questionnaire's closed-ended questions to gauge respondents' agreement with a range of strategy-related claims.

7. Analysis and Interpretation

Table 1: Respondents opinion on brick-and-mortar retailer's optimal strategies to withstand in the competition with online retailers

S. No.	Statements	Strongly Agree	%	Agree	%	Neutral	%	Disagree	%	Strongly Disagree	%
1.	Ensuring that high-quality information is easily accessible.	44	35.2	75	60	02	1.6	03	2.4	01	0.8
2.	Creating more flexible purchasing choices	35	28	29	23.2	42	33.6	13	10.4	06	4.8
3.	Maintaining knowledgeable and understanding employees	50	40	65	52	05	4	03	2.4	02	1.6
4.	Improved in-store experience	90	72	31	24.8	02	1.6	01	0.8	01	0.8
5.	Personalized customer service	76	60.8	42	33.6	04	3.2	02	1.6	01	0.8
6.	Start Local delivery services	22	17.6	35	28	30	24	25	20	13	10.4
7.	Provide better Service quality	69	55.2	34	27.2	15	12	05	04	02	1.6
8.	Partnering with online platforms	25	20	36	28.8	41	32.8	15	12	08	6.4
9.	Launching own website or online presence	17	13.6	21	16.8	60	48	20	16	07	5.6
10.	Developing customer relationship	95	76	12	9.6	15	12	02	1.6	01	0.8

Ensuring that high-quality information is easily accessible:

95.2% of respondents (Strongly Agree + Agree) support this, very minimal disagreement. Helpful staff, online catalogs, or in-store signage can all help to ensure that information is clear and understandable.

Creating more flexible purchasing choices:

Responses were mixed, with 33.6% remaining indifferent and only 51.2% agreeing. 15.2% is a moderate amount of disagreement.

Maintaining knowledgeable and understanding employees:

92% of respondents agreed (strongly agree + agree), minimal disagreement (4%). Implication: Human resources are highly prized. Employees with proper training are a definite competitive advantage.

Improved in-store experience: Overwhelming support:

96.8% in agreement. There is hardly any dissent. Implication: Immersion, captivating experiences are what a physical presence should highlight, not what can be done online?

Personalized customer service:

60.8% of respondents strongly agreed, with 94.4% agreeing, very little (2.4%) disagreement, two key advantages of physical shopping are personalization and customization.

Start Local delivery services:

Only 45.6% of respondents agree, 24% are neutral, and 30.4% disagree. Cost, logistics, or a lack of demand may prevent adoption, even though delivery may close the gap with online shopping.

Provide better service quality: High agreement:

82.4% of people agree, while 6% disagree and 12% are neutral, although it could overlap with other tactics like personalized service, service quality is still crucial.

Partnering with online platforms: Split opinion:

While 18.4% disagree and 32.8% are neutral, 48.8% agree, retailers are wary of hybrid partnerships or approaches (such as listing on marketplaces) or are not experienced with them.

Launching own website or online presence:

Just 21.6% disagree, roughly 48% are neutral, and only 30.4% agree. Implication: Unexpectedly low levels of enthusiasm. Potential explanations include perceived intricacy, expense, or a deliberate emphasis on offline experience.

Developing customer relationships:

The highest level of support is 95.2%, with 85.6% strongly agreeing and 9.6% agreeing, extremely low disagreement or neutrality. The main advantage over internet competitors is thought to be relationship-building.

8. Findings

Traditional brick and mortar stores can remain competitive with online retailers by focusing on enhancing in-store value, service quality, and customer connections.

The tactics that are most highly recommended are:

- ❖ **Developing customer relationships (76% strongly agree)**
- ❖ **Improving the in-store experience (72% strongly agree)**
- ❖ **Providing personalized customer service (60.8% strongly agree)**
- ❖ **Maintaining knowledgeable and understanding employees (40% strongly agree)**
- ❖ **Ensuring access to high-quality information (35.2% strongly agree)**

These results suggest that in order to differentiate themselves from their online competitors, physical businesses should emphasize their immersive and human-centric features. On the other hand, strategies like creating their own websites or working with online platforms generated a variety of responses, such as high neutrality and lower levels of agreement, indicating that digital integration may not be sufficient or usually suitable for all physical establishments.

Initiatives like extending the variety of buying alternatives or establishing local delivery services also garnered a reasonable level of approval, suggesting that their effectiveness varies based on the specific market or product type. To sum up, physical retailers should make use of their unique advantages like personalized service, employee expertise, and immersive experiences while carefully incorporating digital technologies to improve their core offerings. This hybrid approach appears to be the most effective way to withstand the growing competition from internet merchants.

9. Conclusion

The findings show that physical stores may effectively compete with online retailers by leveraging their fundamental skills, particularly in offering personalized, human centred experiences. The importance of direct consumer engagement was shown by the greatest levels of agreement gained for tactics such as having competent service professionals, enhancing in-store experiences, and developing trustworthy relationships with customers.

Conversely, tactics that solely focused on digital transformation—like creating websites or working with online platforms—generated more conflicting or equivocal responses, indicating that they might not be generally effective. Their limited support for local delivery and flexible purchasing options suggests that their success depends on the circumstances.

All things considered, the most viable and competitive path for traditional stores is to embrace a hybrid approach that carefully integrates digital technologies while emphasizing personalized service and immersive shopping.

Offline retailers should change their store designs and marketing strategies to attract more customers and increase revenue (Suyog S. Dekhne, 2020). The online retail revolution has posed a serious challenge to traditional brick-and-mortar retailers. We consider the mass customization method to help the offline business compete with the internet retailer, it impact on companies' pricing decisions, profits, and client satisfaction through the use of a standard pricing structure.

Retailers must adapt by offering a seamless, integrated strategy that combines the best features of both worlds in order to draw in more customers with "extreme" preferences as consumer preferences shift toward greater convenience, customization, and flexibility. This convergence enables omnichannel retailing, which lets customers move between online and offline channels with ease.

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