

A Study on Non-Store Retail Sector

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Abstract—Following the trends of the market and the shift of interests of consumers across many years, this is a comprehensive review paper on various research papers done on the subject of non-store retail sector and regarding the shifts of profitability, customer satisfaction, customer retention, customer interests and other factors related to physical stores and non-store retail business. The non-store retail sector includes e-commerce, direct selling, vending, telemarketing and catalog sales. The great significance of this industry is due to the worldwide estimates of non-store retail sector to grow from 4.2 trillion USD in 2024 to 7.3 trillion USD in 2029. This review also suggests recommendations for ones who are looking to improve adoption, efficiency and other various factors in the non-store retail sector.

Index Terms—Non-store retail, E-commerce, Consumer behavior, Customer satisfaction, Profitability, Retail trends, Digital retailing, Market growth.

I. INTRODUCTION

Since the start of trading, retailing has always been known by physical stores, but due to globalization across the globe and the technological upgradations, retailing too has advanced into various forms such as online selling, telemarketing and more. Non-store retailing simply means retail trade outside the conventional physical stores, through channels such as direct selling, vending machines, mail order catalogs etc.

The biggest benefit of non-store retail in comparison to the conventional stores is their 24 hours service. They provide round the clock service. In contrast, its biggest flaw is the lack of safety and high security issues, and also the lack of physical contact between the buyer and the seller. This has given a great rise to the omni-channel business due to the consumer tendency of alternating between online and offline channels. The newer generation has grown into needs

of things being convenient and wanting all things at the tip of their fingers. So the omnichannel business has developed into giving a seamless shopping experience with the help of online websites and mobile apps. This gives the seller an opportunity to use adaptive selling techniques as well as a challenge of keeping up with the online competition.

The evolution of social media and interactive and direct marketing platforms has made it significantly difficult to sell to customers. Omni-channel customers (OCC) have been growing due to the customer friendly development of these platforms, making the conventional store business insignificant in the newer markets. However, due to the lack of trust and the in-shop shopping experience, the older age groups still prefer the conventional stores over the non-store sellers.

The OCCs often use one channel to gather all the information about a product and purchase it from another channel. Therefore, the omni-channel business has granted opportunities to the retailers to leverage this and take out benefit from it. The wide range of technologies help these retailers track and understand consumer behavior across physical and virtual platforms into developing a great shopping experience. Studies have shown that consumers who utilize multiple channels to interact with a single retailer are more satisfied and tend to be more loyal.

This in turn has challenges for the omni-channel businesses such as the competition from pure online businesses for product pricing ads they have to cover infrastructural expenses and also the tendency of customers to shift across channels. Furthermore, the integration between online and offline stores raises concerns about data security or privacy invasion.

Hence, this shows the shift from pure store retailing to multi-channel retailing to omni-channel retailing.

II. ADVANTAGES

1. **Cost Efficiency:** In contrast to the requirement of expenses on plant, bills, rent for a physical store, the non-store retail sector helps cutting down all these expenses and only requires some storage facilities and none in some cases. This is a great help for all segments of the economy as it enables everyone to start an e-commerce business with little to no investments.
2. **Wider Reach:** The online segment of the non-store retail business enables the seller to access and reach customers across the globe which helps over a conventional retail store that is stagnant at its place and can only be reached by customers in that vicinity.
3. **24/7 Availability:** Whereas physical stores have closing and opening times, an online website or an app can run throughout the day. It does not require a physical person to always be there to manage or attend customers. The customers can surf and purchase to their convenience without interruption. This allows customers from all place and removes the hindrance of time zones.
4. **Personalization:** Due to the availability of complete information online, customers can either surf through search engines or inquire about the product using tools such as AI tools. This gives a clear idea to the customer about the product and the find a product that matches to their requirement.
5. **Diverse Channels:** Unlike the physical stores, customers can be reached through multiple channels such as apps, websites, direct marketing, social media platforms etc.

III. DISADVANTAGES

1. **Lack of Tangibility:** One big drawback of non-store is that customers can't see, touch or try the product physically before purchasing it. It makes the customers hesitant as they have to rely on virtual information rather than hand on experience. This results in lack of trust due to the risk of disappointment or dissatisfaction with the product's quality.
2. **Security Concerns:** Security concerns can really pull out a customer's interest from buying online. These concerns could be about fraudulent websites, online scams or even risk of misuse of sensitive data such as card details, phone numbers, house addresses. Online payment is also a concern as customers use their

banking or card details or UPI information which could result in threats like hacking or no delivery of products after taking online payments.

3. **Delivery Costs and Delays:** Unlike physical stores, where the customers get their product's possession instantly after the purchase with no extra costs, non-store retail involves delivery time, platform fee, shipping charges, or any other charges, which could discourage the customers for buying them online.
4. **Logistical Barriers:** At the time of delivery, the products travel across many regions, which could result in some accident and the delivery of products might get delayed. Customers might even receive defective products which results in dissatisfaction. A mistake from delivery company might even impact the selling company's image resulting in loss of customer retention.
5. **Digital Barrier:** To order online and make purchases, people need a strong internet connection. This could act as a barrier in areas where good internet connection is not available. Also, the older age group is not always educated on how to use the internet which completely cuts them off from the internet, acting as yet another barrier.

IV. REVIEW OF LITERATURE (ROL)

1. Balasubramanian (1998) analyzed the early behavior between direct marketing (marketing primarily via mail/catalog) and traditional brick-and-mortar (physical store) retail in his seminal work "Mail versus Mall: A Strategic Analysis of Competition between Direct Marketers and Conventional Retailers,". Through a strategic approach, the study depicted that direct channels perform more effectively when the product features are suitable for selling remotely. It also found that the increase in consumer awareness of direct channels can positively as well as negatively effect profitability depending on the channel and product compatibility. This set a base for understanding how newer channels disturb traditional retail, but its pre-digital context lacks behind in applicability to current omnichannel ecosystems. The study showed that "Mail versus Mall" should be used as economical and mathematical methods to compare direct marketing and the conventional physical stores. This was done based on assumptions and models

and not through surveys or interview. The main focus was to determine how the type of product and awareness of customer can affect the profitability of a channel.

2. Lal and Sarvary (1999) challenged the strong and prominent assumption that the Internet increases the price transparency and competition. They argued about how product characteristics, consumer search behavior and the relevance of offline factors heavily influence the impact of Internet on price competition. They further argued that Internet may reduce price sensitivity in some conditions such as customer loyalty for the brand and customer trust. This early analytical work still remains relevant till date. It helps in framing the multiple ways online platforms can influence market behavior, especially in multi-channel and omnichannel retail business. They used theoretical and ethical models to build a model to understand the changes internet has on price competition. They elaborated that online channels do not always provide lower prices due to factors like trust and brand loyalty. This was done on basis of logical reasoning and theory and no surveys or experiment.
3. Verhoef, Kannan, and Inman (2015), examined the transition from disconnected channel strategies toward integrated, consumer-centric retailing, in their influential paper "From Multi-Channel Retailing to Omni-Channel Retailing". They stated that omnichannel retailing is a completely coordinated approach as the consumer experience is connected across virtual and physical channels. They mentioned about several key areas that haven't been researched about enough such as retail mix optimization and customer journey mapping. This paper is considered as a guide for understanding the shift to omnichannel and influenced the much-required inquiry into this subject. They gave "From Multi-Channel to Omni-Channel" method which explains that relying on others work and studies, this study defined omnichannel and emphasized on key points that need more research. Using literature review and conceptual framework, they collected and reviewed past research to explain how retail is shifting toward omnichannel.
4. Yurova, Rippe, Weisfeld-Spolter, Sussan, and Arndt (2017), in their research found out how adaptive selling techniques influence omnichannel consumer behavior, namely "Not All Adaptive Selling to Omni-Consumers Is Influential: The Moderating Effect of Product Type". The study found out that utilitarian products (basic need products) are sold more effectively than hedonic products (Luxury products), and that the consumer's sense of control acts as a medium for this relationship. It reflects that adaptive selling is not universally beneficial adding to the understanding of consumer-channel interaction. This study used surveys and statistical analysis to determine how the product type (basic vs luxury) affects success of adaptive selling strategies. They collected responses through questionnaires instead of relying on others work or just theory-based research.
5. Hübner, Wollenburg, and Holzapfel (2018), focused on the support for omnichannel retail, or in other words, it's backbone in their paper "Retail Logistics in the Transition from Multi-Channel to Omni-Channel". It analyzed the logistics system and how it should evolve on the basis of order fulfillment, inventory management and instore pickup to support the physical retail models. This study shows the difficulties for a company and how providing seamless multi-channel experiencing can challenge them. This study used company data, case studies, analyzing how companies manage their logistics such as shipping, store pickups etc. when shifting to omnichannel. They focused on highlighting real challenges in making logistics work smoothly across different channels and platforms.
6. Iglesias-Pradas and Acquila-Natale (2023), gave a detailed and clear review about the present and future status of e-commerce and omni-channel retail business in their review paper "The Future of E-Commerce: Overview and Prospects of Multichannel and Omnichannel Retail". They pointed the advantages of technologies such as AI and user-generated content, keeping in mind the challenges about sustainability and cross-border commerce. It provides a future framework for integrating new technologies with the retail business in their recent contribution. This review paper studied the existing research present and focused on current trends in the online and omnichannel shopping. It explained how new

technologies like AI and global challenges like sustainability are building and shaping the future of the non-store retail business. The research is done on existing data and trends rather than on newer data.

V. DISCUSSION

The literature highlights three new themes that influence business development in the upcoming future, those are: hybrid retail models, trust and security, and use of technology for growth. In the constant evolution of traditional and digital selling due to new preferences, each of these themes are essential for the retail business.

1. Technology as a Source of Development

Online e-commerce websites and the development of mobile apps have become very essential for non-store retail growth. Customers are highly dependent on mobile phones for product information, price comparison and purchasing as it is convenient and easy to use for all. E-commerce provides retailers access to markets across the globe, as well as the ease of scalability which accelerates global retail growth.

2. Trust and Security

Customers still don't trust purchasing expensive items online even after huge technological upgradations. This hesitation is due to worries about payment security, data privacy and other sensitive things that could be used to harm them. It is essential to build trust among customers through safe transactions, good customer support and open procedures. A key aspect is cybersecurity, a strategy to maintain customer trust with the business.

3. Hybrid Models

By the introduction of omnichannel business, customers have access to online as well as offline platforms enabling them to interact with brands on their own terms and switch seamlessly between online and offline platforms due to the click-and-collect services, showrooming, and omnichannel tactics. Through this integration, convenience is improved and new chances are created for individualized interactions.

Direct selling is still really popular due to its emphasis on personal touch and different interaction with each of its customers to provide satisfaction. But it also has to face difficulties in keeping up with the trends and adjusting accordingly. E-commerce is influencing

growth across the globe, with a difficulty of its own. Fast growing innovation is quite necessary for complex logistical issues like returns management, last-mile deliveries and international fulfillment. Effective risk management is also essential in context to the strong digital infrastructure for the increase in cyberthreats.

VI. CONCLUSIONS

The evolution from conventional physical stores to non-store and omnichannel platforms in the retail business signifies the shift in consumer behavior and the adoption of technologies by the retailers to enhance customer shopping experience and wider global reach. This review paper highlights that the non-store retail sector like e-commerce, telemarketing, direct selling have become an important influencer for the growth of the retail market.

VII. SEVERAL EMERGING KEY THEMES

1. Consumer Convenience: Consumers demand instant access and seamless purchasing experience that has made the non-store retail business very attractive, especially for younger generations. Their flexibility and their ability to provide 24-hour service has helped in meeting this demand effectively.

2. Technology Playing a Crucial Role for Growth: Innovation in the modern world in AI, mobile apps, logistics systems have enabled non-store retailers to increase the audience by reaching global markets with efficiency. This support from technology is really crucial for delivering consistent customer experiences across various channels.

3. Trust and Security: Even after many technological advancements, due to cyberthreats like data theft, payment risks, and online website frauds, consumers find it difficult to trust businesses that sell online. These threats and risks make customers hesitant to trust in online retailing.

4. Omnichannel Integration: Omnichannel retailing is trending due to its balanced model. It gives the customer the best of both online as well as offline channels. It provides flexibility to customers and also provides retailers information about customer preferences and market trends for better customer engagement and loyalty.

5. Logistical and Infrastructural Barriers: Delivery

delays, returns management and import-export fulfillment is crucial challenges in the non-store retail business. Also, the digital divide between older and younger generations and low infrastructure regions limits the reach of the business.

Overall, the non-store retail business is proving to be sustainable, effective and convenient due to the technological upgradation and shifting of consumer preferences. However, businesses must resolve the challenges and inefficiencies to reach to the maximum potential.

VIII. RECOMMENDATIONS

Based on the research and review, these are some recommendations for practitioners, researchers and policymakers involved in the non-store retail sector:

1. Invest in Data Security and Transparency:

- Ensure that no customer has issues with payment and can file returns easily.
- Earn the customer's trust by qualifying for certifications.
- Having proper reviews about the business, and a strong and impenetrable system.

2. Develop Logistic System and Delivery System:

- Choose your logistics providing partner wisely or provide delivery services.
- Make efficient use of technology like AI for better services.

3. Use Omnichannel Strategies Carefully:

- Focus on integration of online and offline channels.
- Offer services such as BOPIS (buy online, pickup in-store) and easy return policies.

4. Focus on Factors that Narrow the Digital Divide:

- Develop interfaces that are user friendly and easy to use for the elderly.
- Develop apps that are low-band with or make efforts for office ordering for rural areas where it is difficult to access internet.

5. Government Involvement and Spread Awareness:

- Government involvement should be present in regulation of transactions and data privacy and also keeping check for fair competition.
- Spread awareness among the customers that are not much literate about cyberthreats and make them aware of the security measures while

purchasing online.

By using these strategies, businesses can achieve sustainable and steady growth in the rapidly evolving retail business.

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