Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Management

Diploma Thesis

Development of e-commerce - analysis of customer behavior and preferences when buying apparel

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Declaration

I declare that I have worked on my diploma thesis titled "Development of e-commerce - analysis of customer behaviour and preferences when buying apparel" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on date of submission_____

he Internet has opened up new possibilities and

Acknowledgements

First of all, I would like to thank my supervisor Richard Selby. I could always visit Mr. Selby for the consultation; he tried to arrange time to help me when I had any a problem or if I had a question about my research or writing. He let me write this work the way I wanted but directed me in the right direction whenever he thought I needed it.

I would also like to thank the participants in my study who participated in the study for this research project. The respondents were mostly my friends, classmates, colleagues and relatives from all over the world. Without their eager participation and input, a validation of this diploma thesis could not have been completed successfully.

Finally, I must say that I am very grateful to my parents, Inna Kim and Mikhail Kim, for their constant support and constant support throughout my studies abroad, as well as for the process of researching and writing this dissertation. This success would not have been possible without them. Thank you

Vývoj elektronického obchodu - analýza chování a preferencí zákazníků při nákupu oblečení

Abstrakt

Cílem této diplomové práce je analyzovat chování zákazníka při nákupu zboží, jako je oblečení a oblečení. Vývoj elektronického obchodu se v dnešní době stal stále více populárním online nakupování. Tradiční i e-nakupování však mají výhody a nevýhody, které se v této práci ukážou.

Teoretická část obsahuje podrobný přehled vývoje online prodeje. V této části bude poukázáno na nejdůležitější kroky přechodu z tradičních obchodů na online prodej, vzhled prodejních platforem na internetu a obrovské agregátory jako Amazon-bay, AliExpress a další. SWOT analýza bude také představena v této práci, aby ukázala všem stranám online obchodování.

Praktická část bude základem pro vytvoření přehledu o postojích lidí při nákupu online nebo ve fyzickém obchodě. Průzkum navíc pomůže určit, zda se nákup oděvů online zvýšil ve srovnání s jiným zbožím na trhu.

Klíčová slova: E-commerce, online nakupování, oblečení, agregátor, prodej, sítě, ekonomika, obchodování.

Development of e-commerce - analysis of customer behavior and preferences when buying apparel

Summary

This master thesis aim is to analyze customer's behavior when doing purchases of goods like clothes and apparel. The development of e-commerce nowadays the online shopping became more and more popular. However, both traditional and e-shopping have advantages and disadvantages that will be shown in this work.

The theoretical part contains the detailed review of the online sales evolution. In this part will be pointed the most important steps of the transition from traditional shops to online sales, the appearance of sales platforms on internet and huge aggregators such as Amazon-bay, AliExpress and others. The SWOT analysis will be also presented in this work to show all the sides the online trading.

The practical part will be the base to make an overview of people's attitude when buying online or in a physical shop. Moreover, the survey will help to determine if the purchase of apparels online increased compared to other goods on the market.

Key words: E-commerce, online shopping, apparel, aggregator, sales, networks, economics, trading.

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Introduction

Since the mid-90s, there has been an increase in online trading activity around the world.

Following the massive companies producing computer equipment, sellers of traditional goods began to enter the Network. (There are many bookstores, CD stores ...) Nowadays almost any product is often bought through the Internet.

The use of electronic technologies and the Internet in all spheres of life is one of the essential features and prerequisites for the formation of the information society and the globalization of the world economy. There appeared new opportunities for the economy and its participants. In the economies of developed countries, various forms of e-business and its most important segment, e-commerce, have developed rapidly.

The word "e-commerce" mean many different technologies, , e-mail, the Internet, intranet , extranet. Thus, e-commerce can be characterized as doing business through the Internet.

E-commerce is the process of making money using Internet technologies or is it a form of goods delivery when products are selected and ordered through the internet the stage of making a paper copy at each stage., and payments between the customer and vendor are carried out using electronic documents and payment. In addition, individuals and organizations can act as purchasers of goods (or services).

E-commerce is that the acceleration of most business processes by conducting them electronically. During this case, the knowledge is transmitted on to the recipient, by skipping the paper issues on each step. Thus, e-commerce is often characterized as doing business through the web. In modern society, more and more companies transfer a big a part of business communication to the Network. Among the distinguishing features of online commerce before traditional trading are often noted: the shortage of geographical, temporary and language barriers, which allows you to market goods and services to new markets; A lower level of production costs and circulation, which is achieved by introducing new technologies altogether areas of the company: from procurement of raw materials and materials to distribution of finished products and post-sales services; a better level of competition: the space between stores is merely a couple of seconds - this is

often the time it takes to load the corresponding site; The potential capacity of an electronic store significantly exceeds the capacity of traditional stores thanks to the shortage of physical restrictions on warehouse and retail premises.

Internet commerce includes online stores, exchanges and online intermediary auctions, interactions between enterprises, the organization of various catalogs and means of user communication on the Internet, advertising campaigns for certain goods or resources, etc. The number of goods and services is constantly growing, offering users an increasing number of opportunities. Commercial applications must be profitable in the first place. Basically, income from Internet projects is achieved in several ways, among which are: · providing advertising spots; Direct sales of goods, services and information; technical support; · Providing tools for doing business. Advertising spaces are provided on almost all existing websites. Profit from advertising is achieved, first of all, due to the banner exchange service. Direct sales of goods and services are used for profit by online stores, banking and payment organizations.

Among the distinctive features of online commerce over traditional commerce are the following:

-Lack of geographical, temporary and language barriers, which allows you to promote goods and services to new markets;

-Lower level of production costs and circulation, which is achieved by introducing new technologies in all areas of the company: from procurement of raw materials and materials to distribution of finished products and post-sales services;

-A higher level of competition: the distance between stores is only a few seconds - this is the time it takes to load the corresponding site;

-The potential capacity of an electronic store significantly exceeds the capacity of traditional stores due to the lack of physical restrictions on warehouse and retail premises. Commercial applications must be profitable in the first place. Basically, the income from - internet projects is achieved in several ways, among which are:

-The provision of advertising spaces;

-Direct sales of goods, services and information;

-Technical support;

-Providing tools for doing business.

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Technical support via the Internet can significantly save money by offering users a faster and cheaper, compared to peers, support system for dealers and end users. Providing tools for doing business, or ASP (Application Service Providers - a provider of access services to applications located on a server remote from the user), is a relatively new, but actively developing form of profit. As well as technical support via the Internet, ASP allows to spend money more economically by choosing the necessary applications for use and paying a small monthly fee for them, instead of buying expensive solutions. ASP solves the problem of constantly updating applications that are updated on the provider's server and downloaded as needed and are not purchased separately by the company. Internet applications can be conditionally divided into two types: those using and not using the user interface. In most online applications, the basis of a user-interacting interface is a directory based on a database and / or a static set of pages in which application-specific functions are implemented. For example, for online stores, an extension of the online catalog is the ability to select and order products online; for sites that distribute software, the ability to download the displayed applications to a computer.

Internet applications that do not interact with the user (banner exchange networks, visitor accounting services, etc.), in most cases, are an "auxiliary" part of other Internet applications. It is no secret to anyone that in order to be able to use all the advantages of the Internet, the main of which are interactivity and accessibility, the company must include its virtual representation in the general business processes. This means that Internet customers should be able to receive the same range of services as if they had really visited an office or

a trading floor. For a company engaged in retail or wholesale, the best solution is to create your own online store, as well as developing methods to attract potential buyers.
(Bakos, J. Y. 1998)

1.Aims and Objectives

The main aim of this thesis is to research the existence and popularity of traditional shops in the face of competition from on-line E-Shopping.

In this work will be a detailed analysis of the development of online sales and e-commerce in general. The appearance of internet and IT technologies changed people's life completely. Nowadays it is possible to make purchases and sell all over the world without even going out of the house. Therefore, this topic is relevant today.

This master thesis focuses showing customers behavior when doing purchases of goods like clothes and apparel. With the development of e-commerce online shopping is more and more popular. However, both traditional and e-shopping have advantages and disadvantages that will be analyzed in this work.

The practical part will be the base to make an overview of people's attitude when buying online or in a physical shop. Moreover, the survey will help to determine if the purchase of apparels online increased compared to other goods on the market. This will include a comparison of peoples' behavior while making purchases, and to identify which way of buying goods or services modern customers prefer. The outcome will be to find whether both ways of sales can co-exist and cooperate to boost the volume of sales.

Methodology

The thesis will consist of two main parts. The first part will be a review of current literature on the topic and the second one is an analysis of the survey's results.

The literature overview helps to inspect the role of traditional trading and the e-commerce appearance. The theoretical part allows to track the key moments that influenced the online sales development. It will also review the history of virtual market starting from the first online transaction to the combining of different brands and stores in huge aggregators and marketplaces.

The second part of the thesis is an evaluation of the survey that includes 100 respondents all over the world. People were asked some simple questions about their living area and their preferences regarding purchasing goods especially clothes and apparel. It also includes a rigorous analysis of a survey among a range of shoppers to detect which way is most suitable for them to purchase goods and services

Therefore, in order to provide the information which sales method makes the highest amount of revenue for different businesses, there was made a detailed comparison of both ways.

Finally, the development of internet stores could replace the traditional shops. However, As it will be shown according to the research these both ways of selling are still successful and even coexist better when they are combined.

3. Literature Overview

3.1 The theory of online sales as an online sales as a subject matter

E-commerce is means to buy and sell over the web, or conducting any transaction including the passing of ownership and rights to use products or services through an internet. However, this definition is not complete enough to capture recent developments during this new and revolutionary business phenomenon. A more exact meaning is: E-

commerce is that the use of electronic communications and digital information science technology in business transactions to make, transform, and redefine relationships for value creation between or among organizations, and between companies and people. (Source: E. Lallana, 2003).

Because of the proliferation of broadband Internet access in fast-growing markets like the BRIC countries (Brazil, Russia, India and China), completely new markets are opening up for retail companies. the web also provides more and more opportunities for consumers to review products, as consumers can quickly familiarize themselves with products and determine whether the products offered by local trading companies are high or inferiority products. But not all the countries online shopping is developed as in Europe or US. Uncertainty about the seller's reliability and quality of products delivery services are the most factors that deter potential online store customers from shopping on the online. Social media have a significant impact on the decision of Internet users to make a purchase. Members of a social network trust the opinions of its other participants about products and manufacturers much more than advertising.

Large companies are extremely important to develop their online strategy. This does not mean that they need to have their own online store. Companies must understand that the Internet is a means of communicating with customers. So, a social network can help develop a brand, but it can also destroy it, and in a very short time. Investments in building a customer communication system are an important component of the whole strategy. Recently, miscalculations in the strategy of a number of global brands, such as a lack of attention to customer opinion and insufficiently effective management of customer interaction channels, have negatively affected the reputation of these brands. The Internet also serves as an extensive source of information, both necessary and undesirable. Therefore, retailers need to incorporate information tracking procedures and online communication methods into their strategies. Traditional stores are in a better position when brand awareness is needed on the Internet. But if companies do not pay enough attention to this growing channel of sales and communication with the client, this may adversely affect the prospects for business development.

Because of not stable economy consumers are always looking for the best deal. The time taken

to make a purchase decision is increasing. Today, the Internet has become a universal tool for market research. Unfortunately buyer may make a purchase without first checking the product reviews and the manufacturing company on the Web. An increasing number of people need to read reviews and ratings of other users about products and stores to decide. Search engines, services for the comparative analysis of technical characteristics and price comparisons, social networks are increasingly used for this.

Users began to devote more time to researching offers in the market of consumer goods, which is another qualitative shift in consumer behavior. Statistics confirm that the number of queries in search engines for expensive goods, such as cars and large household appliances, is comparable to the number of user requests for animal feed and hair care products.

Given the impact of the economic downturn, in the near future, consumers will spend more and more time looking for discounts and special promotions, exploring sites with price comparison systems and user reviews. The Internet space is becoming a single social community, and consumers are listening to the opinions of other participants, even completely unfamiliar. In general, as in real life, consumers trust each other's opinion more than advertising.

E-commerce systems can be divided into two classes - systems for organizing retail trade and systems for interacting with business partners (business-to-consumer systems and business-to-business systems).
There are many benefits and here are mentioned just a few of them:
-Significantly increases the efficiency of obtaining information, especially in international operations; the production and sales cycle is significantly reduced, as it is no longer necessary to enter the received documents every time, and the probability of input errors is also reduced;
-the cost related to the sharing of the information using cheaper ways of communication;
-Using Internet technologies of electronic commerce allow the company to become more open in relation to customers;
-Allows you to easily and quickly inform partners and customers about products and services;

-Allows you to create alternative sales channels, for example, through an electronic store on a corporate website. Today, millions of people daily, without leaving their homes, buy various products in electronic stores.

Electronic stores significantly reduce the costs of the manufacturer, saving on the maintenance of a regular store, expanding sales markets, as well as expanding the buyer's ability to buy any product at any time in any country or city. This gives e-shops an indisputable advantage over conventional stores. This point is significant when manufacturers switch from "regular" trade to "electronic".

3.2. Evolution of e-commerce

Initially, e-commerce relates to the very old saying as "sell and buy", electricity, cables, computers, modems, and the internet.
E-commerce was available in 1991 when the web was opened to the wide use. Since that time thousands of companies took a place at web sites.

year	event
1970	Electronic Funds Transfer (EFT)
	Used by the banking industry to exchange account information
	over secured networks.
1984	EDI, or electronic data exchange, was standardized through ASC
	X12. This guaranteed that companies would be able to complete
	transactions with one another reliability.
1992	CompuServe offers online retail products to its customers. This
	gives to people the chance to buy things off of their computer.
1994	Netscape arrived. Providing users a simple browser to surf the
	internet and a safe online transaction technology called Secure
	Sockets Layer.
1995	Two or the biggest names in e-commerce are launched : Amazon.
	Com and Ebay.com
1998	DSL, or Digital subscriber Line, provides fast , always-on
	Internet service to subscribers across California. This prompts
	people to spend more time, and money, online.
1999	World Wide Web :Retail spending over the internet reaches $20
	billion, according to Business.com.
2000	The U.S. government extended the moratorium on internet taxes
	until at least 2005.

3.3. Analysis of online sales development

The creation of the web and therefore the emergence of e-commerce cause meaningful

changes within the economy and cause a change within the traditional matters

of theory and practice. Data and communication technologies eliminate distance and

time, they're thus the most drive of globalization. The interspace between trading counterparties dissolve. Technology and standards of knowledge transfer over the web became a universal medium of business information exchange and in some ways have defined business principles within the field of e-commerce. during a broad sense, e-commerce is an business activity that implements commercial transactions with the use of electronic means of information exchange. Plus, e-commerce covers commercial operations, administered with the help of data networks , and amid the transfer of ability to utilize a product or service (Laudon & Traver, 2019). Information technology may be a reality of recent economy, and an entrepreneurship is inconceivable without electronic trading methods, without advertisement on the web. the utilization of the web radically transforms the processes of economic partnership between the businesses and their customers, partners, suppliers and even competitors. Methods and means of completing commercial transactions in e-commerce are somewhat different from those administered within the real economy (Albadr, 2003).

Global population
Total population (in billions) and
share of the population using the Internet

	49%	51%	55%	59%	61%
	5.38	5.43	5.48	5.53	5.56
	2015	2016	2017	2018	2019 (f)
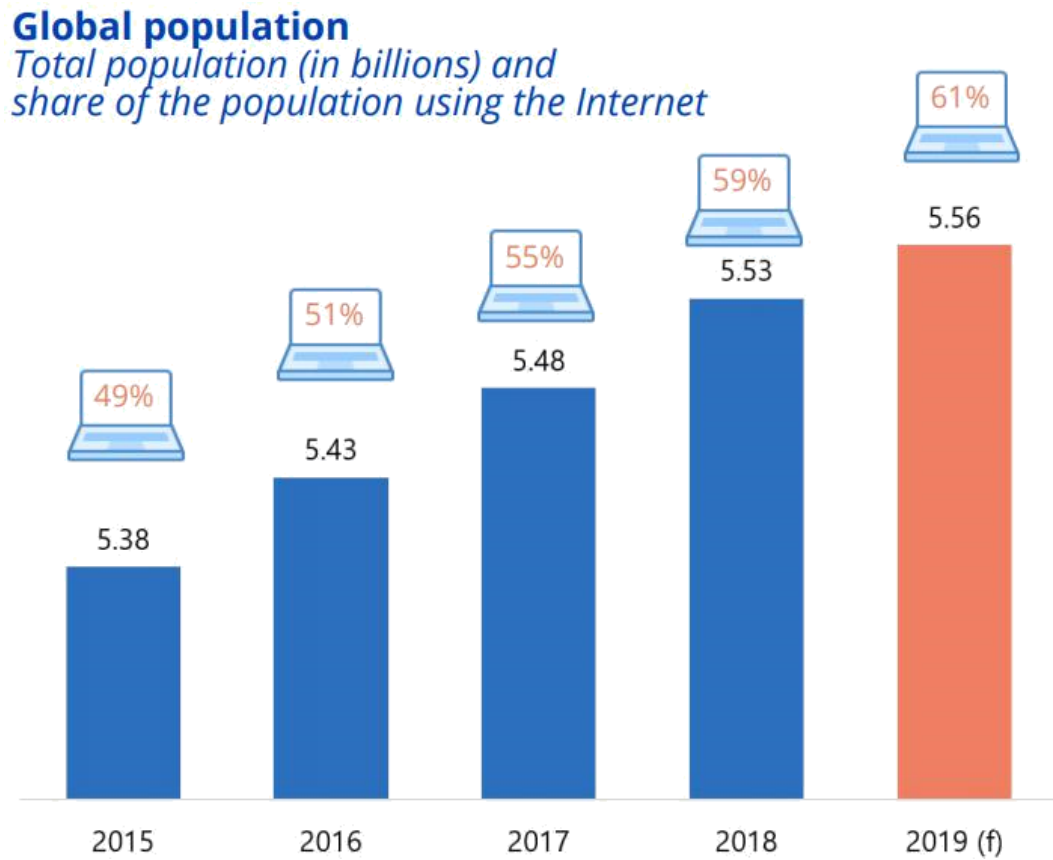
The shown graph explains the usage of the internet by the whole population. Here it is clear that from year to year there is a stable increase from 2015 to 2019 the usage of internet grew by 22 present all over the planet.

The next diagram made by Postnord in 2016 is connected to the amount of people using internet. It is showing the results of their survey regarding the amount of money they estimate to spend on purchasing online.

E-commerce in Europe in the past year (EUR billion)

Calculated based on the average answers of the respondents in each country to the question, "How much do you estimate that you have spent on buying products online in the past year?" (Base: Shop online)
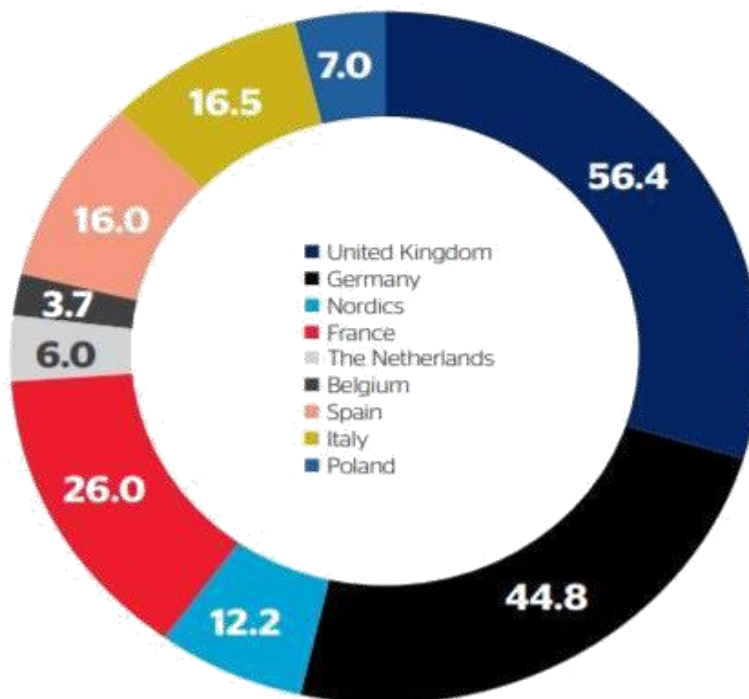
According to the Postnord report it is stated that 253million consumers shop online.

2016 shows 176 million of consumers from abroad who did shopping online. People in Europe spend approximately 189 billion euro on purchasing online. E-commerce started to develop at full speed. Just during a few years, the worldwide network was flooded by different resources that were within the best way possible adapted purchasable. They also included a spread of services that permitted transferring funds to the account of the vendor with minimum complexity. because it is understood, the method of shopping for and selling is impossible without money. The requirements for online means was accomplished as soon it grew. there have been variety of payment systems, which made operations with electronic currency with an opportunity of input and output with the

assistance of banking institutions. Transfer was administered instantly which was important for users. Also, such areas as currency exchange and other economical operations started to develop. The wide grows of sales made naturally the necessity for the appearance of electronic money to form payments, because bank transfers between countries aren't always the foremost convenient payment option, as they are doing not operate at the specified speed. All point that were mentioned were useful to maneuver to the third and therefore the current stage of development of e-commerce.
 (Tian & Stewart, 2007).

As already, tremendous changes are observed in the ways of doing business, and new business strategies are emerging. Business should be able to switch their direction very quickly. If they can do this, they will get significant benefits. Before, in order to start working, I needed to find suppliers, what the marketing department was doing, about a hundred people. After the suppliers were found, I negotiated with them. In parallel, the same collaboration went with design firms providing distribution. Production has always been accompanied by thousands of such processes. Now, if an enterprise has difficulty finding suppliers, it can use the Internet. Currently, up to fifty percent of such transactions can be carried out through it, and over the next four years you can completely switch to this market. What does it mean? The traditional, familiar way of working with the same suppliers, distributors, retailers will completely change. If another company offers the product at a better price, the company will buy from it, the electronic market allows it to do this, it will show many suppliers whose goods are cheaper. The next time, when the company again needs to buy something, it will find the third and fourth suppliers within 24 hours, who during this time will have time to restructure their work so as to offer the company even more favorable conditions and prices. Meanwhile, the massive transition to electronic commerce is causing concern for the fate of markets. And many fears that the simultaneous entry into the single market of a large number of participants that are not constrained by administrative boundaries will lead to significant price fluctuations and, consequently, profits of companies participating in the market?

But after all, the speed of transactions will increase significantly, their number will increase, so that the profit of companies will grow. And the farther, the greater the profit made by the

company in the new business environment will depend on a number of factors. The first is the reduction of commodity costs, the cost of purchased goods. The second is to reduce the costs of the transaction process, which, incidentally, gives more than saving on the cost of products. The company saves by refusing the services of intermediaries in finding partners, the cost of negotiating with them, entering into transactions with them, I conclude a deal based on a direct offer made via the Internet. The third is to reduce the so-called prospective costs, because the process of interaction between companies and other companies is simplified, and they will not need to use a long chain of intermediaries through which the manufacturer is forced to interact with distributors, suppliers, and retailers. The electronic market allows you to coordinate the efficiency of the entire supply chain with the least cost. If the company trusts its customer, and he trusts his own, together they can create a product that will be in demand. That is, they will be able to predict the demand for the goods and, therefore, produce only what will be purchased. Thus, automation of the purchase process will significantly increase profits, and hence annual income. Another concern regarding the prospects of electronic commerce is related to the likely monopolization of some global markets by especially large players who will dictate their terms not only to other companies, but also to entire countries.

But it must be emphasized that only large companies with high purchasing power can achieve low prices, while everyone else is not able to do so. But e-commerce has helped, for example, all hospitals in Europe to avoid this danger. They created a common electronic market, and now European clinics can buy drugs there, and not from large pharmaceutical companies such as Johnson & Johnson, at their terrible price. It is much easier for large companies to create an electronic platform themselves, through it to exert pressure on smaller customers and win. The creation of such sites would help small companies more, but today they cannot do this. At the dawn of electronic commerce, a postulate was put forward that soon became a classic: "Trading will become better, faster, cheaper ... but you can choose only two of these three desirable characteristics". This means that if a company wants to quickly and efficiently work in the field of electronic commerce, the price of its goods will be high. If high-quality and cheap execution of orders is preferable, delivery time will increase. If you like fast and cheap work more, the quality of your customer service will always suffer. Any e-commerce model should enable the company to use the Internet to: · disseminate information and services faster than through

any other marketing channels; · Significantly reduce transaction costs compared to other distribution channels; · Ensure the real availability of goods and services 7 days a week, 24 hours a day (of course, not everyone will order something at three in the morning, but if someone still comes to mind, this potential   buyer will be very upset, if your site cannot immediately satisfy his desire);

Allow customers to find exactly the goods that they need, using the latest search technologies, eliminating the need for expensive sales staff; · Finally, do all this without the delays and mistakes inherent in intermediaries. Time passed, and electronic companies were surprised to discover that they were having competitors for whom meeting all three conditions at the same time was not a problem. And, more importantly, partners and consumers began to expect from electronic companies that they met all three criteria. Firms of a new type gradually became the standard of an electronic company, and it became clear that the quality of service, its speed and relative cheapness are now inseparable from each other and are mandatory attributes of electronic commerce. E-commerce leaders must offer a completely new type of product and service within their industry to stand out from their competitors. The one who will be the first to find the right innovative solution that takes his company to a fundamentally new level of electronic commerce will win the most.

(NEMAT Rania, 2011)

3.4. The first online sales on the Internet.

The start of online sales was mostly spread on special forums. For those people who were looking for some rare items. For example, some collectors were looking for special things.

However, the real history of online stores has begun in America. Until 1990, the Internet was intended for military purposes, and its use in business was prohibited by the rules of the US National Science Foundation. In 1990, large private companies began to be admitted to the network. Around the same time, the first browser appeared, and gradually more and

more people learned to use computers to access the network.

One of the primary known online purchases happened in 1994. it had been a pizza with mushrooms and additional cheese from a web pizzeria by Pizza Hut2 . This was the start of the event of electronic commerce within the world. From now on big businesses began to take a position within the development of electronic commerce. At this step, e-commerce was mainly a purchase of advertising space, electronic publications, and software. It had been a narrow area that didn't attract a good audience of buyers. However, with the event of network technology, new services were possible, new sorts of resources started the functionality . (Source: Tian & Stewart, 2007).

Graph 3: Internet purchases by individuals

Source: Eurostat
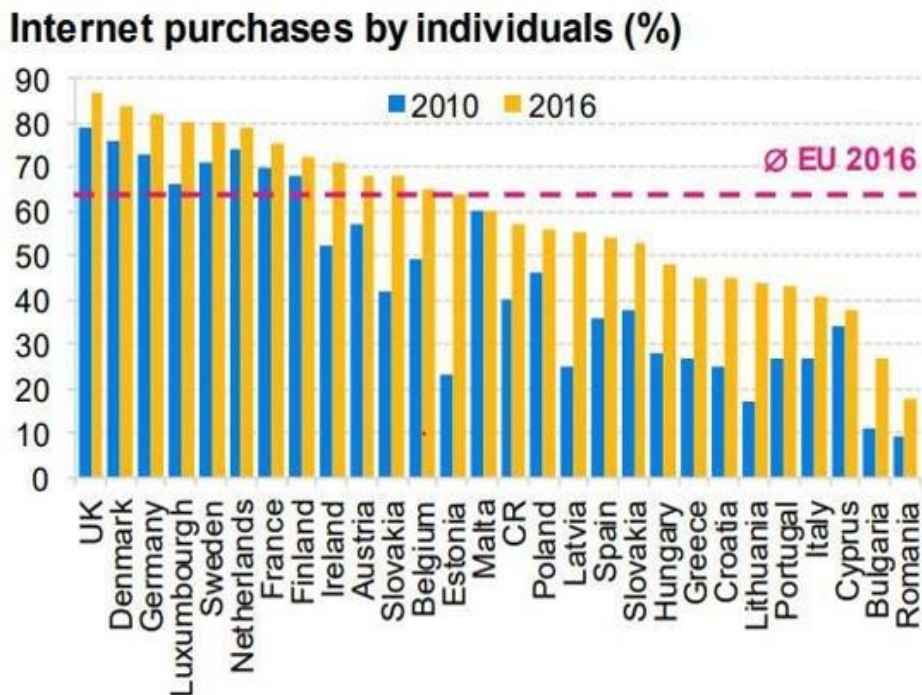
The usage of internet in very popular in Europe. According to the graph people between 16-74 are connected to the internet at least one time per year on 2016, what is considered as 80% of the population. It is visible that Czech Republic is increasing in this aspect and becoming at the same level as developed countries of the European Union.

Among of all functions of internet is shopping. 66% (more than a half) of all internet users purchased on internet at least ones in 2016. However, there is a huge difference of online buying. For example, United Kingdom- 87%, Denmark statistics says that 84% of citizens

purchased at least ones in 2016., Germany -82%. Also some countries of Europe such as Romania that has just 18%. With 57% the Czech Republic belongs among the below average countries, but it is among the countries with the biggest growth in recent years. The fastest growing age group of Internet users is not surprisingly16 to 24 years, which only in the past 10 years has increased by more than 20 percentage points to 68% in 2016

Among the foremost popular sorts of goods and services that are sell on the web within the member states are clothing and sports equipment (61 %); purchases of commodity and tickets for various events also are popular. a particular increase is being recorded within the area of food, which is even slowly catching up with the electronics category. There are not big differences in internet shopping between the EU Union average and the Czech Republic - apart from purchasing films and music — Czechs have simply not yet learned to buy on the web for these. (source: PostNord E-commerce in Europe 2016 report.)

3.5. Transition to online shopping

The predecessors of e-shops were official websites of computer shops and stores. These were the so-called electronic "business cards." Initially, they presented only contact information, catalogs and price lists for computers, components and software. Over time, in a competitive environment, the owners of these stores went a little further. They implemented in the global network a widespread system of ordering goods by phone or mail. According to this system, the buyer just needs to go to the store's website, select the desired product from the catalog, send the order by e-mail (or call by phone) and leave his/her contact information. Within a short period of time, they call him back, clarify his order and deliver the purchase. With the courier who delivers it, the buyer pays in cash. This system is not more complicated than ordering pizza or taxi by phone. With legal entities almost the same story. The company sends its order by e-mail or phone. After that, the store sends an invoice for payment to the customer. The purchaser send money to the current account. The bank through which this commercial transaction passes or the customer, in turn, sends a copy of the payment order to the store. After the store has accepted the

payment, the order is delivered to the customer within 24 hours. Speaking in Internet language, all trading takes place off-line. And it is almost no different from regular sales.

As for the real online stores, in the beginning they used to trade digital goods through the Network shareware programs. It was very convenient: Money are received so, sending the key by e-mail and the transaction was completed. True, then they began to use regular mail for sending goods. From this moment, the rapid development of Internet commerce began. For quite some time, books were the most popular "non- computer" product. Indeed, they are almost perfect for online retail trading. Then shops began to appear with other "small" goods - audio and video cassettes, souvenirs (mugs, T-shirts with stickers, etc.). And only then it came to serious goods - household appliances, furniture and even cars.

Because of unstable economy people make more research. The time taken to make a purchase decision is increasing. Today, the Internet has become a universal tool for market research. It is unlikely that a consumer will make a purchase without first examining the product reviews and the manufacturing company on the Web. An increasing number of people need to read reviews and ratings of other users about products and stores to make a decision. Search engines, services for comparative analysis of technical characteristics and price comparisons, social networks are increasingly used for this. A Media behavior Institute showed the study of that almost 44 percent of total weekly time spent in internet was done through a mobile, while 17 percent of your time was via a tablet, and therefore the report indicates that both of these numbers are expected to still rise. The report also states that email, social networking, and entertainment were among the highest online activities conducted via a mobile device within the half-moon of 2013. Research from comScore indicates similar trends, finding that within the single month of . The point remains whether or not all mobile activity and social networking is adding up some real money for brands. The short answer is yes! (Belew, Shannon. 2014) To promote the merchandise on social media many companies are using help of Influencers Influencer Marketing may be a thanks to promote products and services through opinion leaders. Influencers have a loyal audience that listens to them and is prepared to repeat almost everything their idols do. They talk tons about promoting brands through popular bloggers, although this is often only a part of the trend. Influencers are mostly young whose ponts of view is

important to a particular audience. most frequently they interact with this audience through social networks: Instagram, Facebook or YouTube. Influencers mention the newest trends in makeup, fashion, art and literature - the list goes on and on, they're present in almost any field.

Regarding clothes and apparel niche, t is a new trend to use service of different popular bloggers. Having many followers who admire them and sometimes trying to copy their behavior and stile people want to buy same shirt or belt that the influencer dressed on the video or on the photo in a personal blog. People rely more on the opinion of someone who has similar life instead of watching the old-style advertisement with famous singers or actors. They feel closer to people like them who have similar problems and similar social or financial status.

Table 2: Influencers

Source: own 2019

No	@name	Quality audience	Number of followers	ER	Followers grows (90 days)	Country	Operator
1	Lilmiquela	1.1M	1.7M	1.97%	110708	United states	Brud.fui
2	Noonoouri	230K	331K	2.39%	24136	France	IMGMODELS
3	Imma.gram	128K	159K	3.46%	79644	Japan	Aww.tokio
4	Shudu.gram	121K	192K	5.39%	7662	UK	TheDigitals
5	Bermudaisbae	107K	180K	4.92%	30384	United staets	Brud.fui
6	Blawko22	82.4K	145K	3.74%	6615	United staets	Brud.fui
7	Guggimon	61.7K	91.9K	5,21%	25648	United staets	Superplastic
8	Cadeharper	48.2K	93.3K	7.46%	-4547	United staets	sparkcgl
9	Janky	43.4K	68.6K	7.96%	33382	United staets	Superplastic
10	Aliona_pole	16.9K	22.8K	3.90%	-3955	Russia	Malivar

The interesting point can be explained from this table. Some of influencers are not a real people. They are only digital creatures who make a marketing of digital clothes. Plus, the market of virtual clothes is growing rapidly. In 2019 there was shown to the world the first

virtual fashion collection from Scandinavian brand Carlings.

Virtual costumes and accessories for the heroes of online games have long been an important part of the gaming market. So, in the gaming industry, users already spend more than $ 50 billion on virtual items for their avatar characters: weapons, armor, costumes. However, soon the developers drew attention to a request from fashion bloggers. Many influencers admit that they wear things only for the sake of one or two photos. The differences in the photo between the real cloak and the well-drawn non-professional are not noticeable - then why not offer them a fashionable digital wardrobe?

One of the first to grasp this idea was the Norwegian company Carlings. Last November, the brand launched the Neo-Ex unisex clothing collection, inspired by old video-fighting games like Tekken. All clothes are very unusual: a yellow crocodile cloak, blue latex pants with a print in the form of a computer code, a sweatshirt made of material similar to spreading mercury. Prices range from 10 to 30 euros, the models "dared" for a couple of weeks: largely because of their uniqueness. The offer was limited, the brand promised that the circulation of each item would not exceed 12 pieces.

The Carlings drop was in special demand among those who are now in the region of 20 years: The Z generation. If millennials and especially their parents, for the most part, believe that buying a digital dress is a waste of money, then today's teenagers are convinced of the opposite. Firstly, and with a small budget, you can afford an incredible designer thing that would cost a fortune. Secondly, you know for sure that it will sit well - they will "fit" the figure perfectly. But the main thing is to collect the coveted likes and comments, and you won't harm the environment, because the production of clothes, as you know, in terms of environmental pollution goes right after the oil industry.

3.6. Development of online stores and combining of stores into online aggregators and marketplaces

What is a trading aggregator?

Aggregator, or a trading platform, or a marketplace is a huge platform on which various online stores offer their services. It is a large market in which containers with sellers' goods are located. This is the marketplace, each merchant in it is a separate online store, and the customers who go from tray to tray and select products are users who visit the aggregator's website.

Aggregators are now very popular. Buyers can be understood instead of wandering around different sites, possible to go on Yandex. Market or AliExpress and wander through the pages, choosing the right products.

The advantages of aggregators

Aggregators, as a rule, provide quality content for users: a detailed description in the product cards, photos and videos, characteristics.

Convenient search by filters and parameters. If the buyer is looking for, for example, a women's coat, he is invited to choose a style, color, price and material.

It is possible to sort the displayed products by popularity or price. This is very convenient: first, the cheapest or the most popular are displayed.

Aggregators are in the top: unlike simple online stores, they have more links and useful content, which means they rise to the top of search results.

Cons of aggregators:

Among the really useful marketplaces there are those that will not help the user in any way, or even be completely misleading. These are all kinds of bulletin boards in which there is no intelligible verification and moderation. Take a well-known classifieds site: how many times have people encountered fraud, and vice versa, on another well-known booking site, the chances of meeting scammers are nullified.

Most aggregators take money for posting on their resource. Large marketplaces again check the information - this is how they monitor their reputation and the quality of the goods on display. There are examples when aggregators took money from entrepreneurs, not particularly checking what they sell there. The result - in the pursuit of profit, no one thinks about quality.

If everything is okay with quality, you can get lost on some aggregators: the list of categories and products in them is so great. For owners of trading floors, this is good: more conversions, more traffic, more conversion. It's not very good for customers: if time is short and the choice is long, the decision-making process may take a long time.

The table below can describe positive impact of marketplaces for customers.

Table 3: The benefits of online marketplaces
Source: E-Business and E-Challenges : Emerging Communication, edited by V. Milutinovic, and F. Patricelli, IOS Press, 2002

Control type	Benefits to Buyers	Benefits to Sellers
Buyer Controlled	Best prices is obtained by aggregating demand (from smaller buyers) Acting as purchasing agent Observing complementary products (across industries) that fulfill a buyer need in the single point of access	Opportunity for reaching a large number of buyers Low sales and marking costs Qualified sales leads
Seller Controlled	Possibility to access to the system on one access-point Observing complementary products from an industry Observing comparable/competitive products from multiple suppliers	Opportunity for reaching buyers for off-grade or surplus inventory Opportunity for smaller suppliers to consolidate supply for large buyers Acting as sales and marketing agent
Independent	Obtaining real time access to the global base of suppliers Buying goods and services at lower cost Opportunity for sharing product design in real time	Opportunity for access to new markets with no startup costs Reducing the cost of retaining existing customers Opportunity for gaining access to demand information

Online auction aggregators "allowed" bidders to upload their content directly to the aggregator platform and, therefore, "created" the content and eventually created a content-rich catalog of auction content. Although many auctioneers do not allow the prices of hammers to be displayed, aggregators still have all this data and can use them for internal purposes. Many aggregators offer paid services to auctioneers, sellers and buyers to search for their hammer content for further monetization.

Given that this channel has fully formed in a sector with more than millions of pounds, buyers using aggregation channels can now admit that they will have an increase in the standard commission fees paid to the auctioneer by 3%. Similarly, over time, and since the channel brought the auctioneer more transactions, in almost all cases it transfers these costs to the buyer and collects funds on behalf of the aggregator. The "3% mark-up" is unlikely to be seen as an obstacle to access for users of aggregated channels, since they do not have direct auctions.

Competition is good for consumers (buyers and sellers in the case of auctioneers) but taking into account the fact that the level of structural advantages and network capacity demonstrated by the main players will be stimulated only if auctioneers collectively use their negotiating positions to improve trade for themselves. At the moment, this seems to be balanced by a sector that has a high level of internal rivalry, and therefore it is difficult to create a "collective" negotiation force that would lead to change.

Due to these conditions, the aggregator is relatively easy to break up and operate. For users, they will understand the aggregator as a brand that they trust, and not the auctioneer who received, researched, cataloged, described and rated the item. Like changes in financial services, property and travel (Confused.com, Zoopla, Trivago) and retailers (Amazon, Groupon), the client begins to consider them as a brand that they trust, and the aggregator provides all the valuable data and transaction history for these users not an auctioneer. This, in turn, exerts less pressure on aggregators to stimulate product differentiation and pass through their market power. The entry border for aggregators is low for both auctioneers and consumers, and therefore the barrier to exit is high for auctioneers. This is often partially emphasized by the aggregators strategy to save consumers in their digital ecosystem the maximum amount as possible. The outcome might be almost like that seen

in internet retail with the likes of Amazon, applying increased fees to the supplier over time, and costs to the buyer being capped or abolished - solidifying the user traffic to the aggregator channel and maybe beginning the method of anonymizing the auctioneer. the most advantage of the aggregators for quality auctioneers has been the brand recognition, broader marketing touch points, and audience of latest buyers that they carry to the auctioneers. but the listing fees, historically this might be seen as a price neutral marketing initiative from a brand halo perspective, and a simple thanks to begin new marketing relationships with customers from the aggregator platform. For smaller auctioneers it's a good bigger draw, and that we have seen tons of latest entrants to the market empowered and enabled by the web bidding aggregators. Its clear that so far the channel has had positive outcomes for the expansion of the auction industry and therefore the access for the understanding of the market and lowered barrier to entry for the buyer. Auctioneers always saw the aggregator channels as advantageous in involving vendors by offering them the increased share of buyer attention they provide; but as platform usage has normalized within the industry it's not such a point, with vendors often expecting their items to be listed on many aggregator platforms as standard content aggregator is cost per click, or cost per thousand impressions. this idea is straightforward to know, but often viewed with suspicion by auctioneers that have had bad experiences with pay per click services like Google AdWords within the past. Where does the referred traffic to the auctioneers internet site really come from? I took a sample slice of knowledge across 80K 'referred' user visits to at least one of our clients over a 4 week period to ascertain where their traffic came from. Eliminating any direct and Google search traffic to ascertain genuine third party referred sources which left c32K sessions and this is often what was found; Auction alert marketing - email (20,459 sessions, 0.3% registration*) Google paid search (4,283 sessions, 2.08% registration) Facebook unpaid activity (2,756 sessions, 0.36% registration**) Content aggregator (2,333 sessions, 0.64% registration) Facebook paid search (468 sessions, 0% registration) The future hold for the web auction aggregation market. The reduced barrier to entry that the aggregator gives to the web user may be a useful gizmo for both players, but the particular market maker isn't currently the aggregator, it's the auctioneer. Without the auctioneer there's no content, no product, no trust, no expertise. The auctioneer though, may be a single entity during a big online world, (albeit sometimes with multiple points of presence) and can't achieve the breadth of reach that the aggregator can, successively the aggregator cannot reasonably 'become' an

auctioneer. The market maker who owns the trust and expertise is that the auctioneer. The auctioneer take on him all of the operational costs. Once it become possible to combine the reach of all of the auctioneers within the UK, their ability to physically touch just about every a part of the country geographically is large. But as they traditionally feel that they compete with one another there's no established national network of cooperation thanks to rivalry. An aggregators can run auctions at the size required to disrupt the normal auction market would require big investment in staffing and physical space. they might likely got to be London centric, which raises further barriers through operating costs. That's to not say that they might not operate from an outsized warehouse, but it might be a touch like Tesco Auctions, and would maybe drive realized prices for vendors down. Many auctioneers think of the aggregators where listing fees and commission increase are realistic, tensions will grow if costs rise without definable value add, or if aggregators plan to stifle competition through anti-competitive 'lock ins'. the important bone of contention will come if the aggregators plan to publicly run curated auctions under their brand, or enter the space occupied by players like 'Catawiki' by creating a web marketplace. At that time they become direct competitors, and Potterian forces once more kick in by opening the competitive landscape. For the aggregators, some actions during this direction could see rivalry within the auction industry disappear temporarily, driving the threat of substitution within the market. Actions were made recently to aim this with an industry driven body developing a rival online platform, but the force of industry rivalry, the structural advantage of the most players, the value of selling and fear of change is stifling its adoption. Auctioneers have traditionally been the market makers in their geographical area, and both sorts of aggregator (bidding and content) have created positive disruption within the buyer market by successfully moving the concept of a live auction event, or a simple thanks to search multiple auctions, online. In doing in order that they have then created brands that attract the general public that make satisfied both sides. However, during this world where only growth is sweet, the sole way within the current model for the aggregators to deliver meaningful growth for his or her investors is to draw in more business to their platform. this is often difficult for the larger players as they need most of the addressable market already. The new income strategy will probably include higher fees for brand spanking new auctioneers joining the platform and a huge increase in fees across the board for all. the opposite alternative is to run curated sales and take higher margin, but this comes with significant risk. Well

known incontrovertible fact that the lion's share of product money investments is within the aggregators own face channels, and independent back office will not be needed. The downside to the present strategy for auctioneers is that the decrease of their independent identity through 'cookie cutter' white putting labels that appears because the core marketplace and represents technology closed to the aggregator.

Combine this with the very fact that each one customer and vendor data is then aggregated into a multi-tenanted environment covered by reams of legal small print and the propensity for future risk has to be considered.

New entrants to the aggregator market ought to take care furthermore. there's a price to launching technology, certainly to getting it right and supporting it properly. Its unlikely that a replacement player in say the art & Furniture market, can actually generate enough real margin within the early stages without significant supportive funding, which they might need a moving ridge of auctioneers joining their platform willingly. Potterian forces again. The barrier to entry is simply too high, the extent of competition too mature, and also the main players have achieved structural advantage that's feeding into the fear of change from the bulk of auctioneers.

The retailers equally need to be extremely careful to not be over reliant on the marketplace providers who have huge reach, as they end up pricing to the lowest. Manufacturers who ditch a longtime supply chain and go direct to market via the marketplace providers, typically end up losing margin over time because the initial marketplace deals that interest them are taken off as their channel diversity thins. Players like Amazon have effectively taken control of their market by making the barrier to entry. As long as they focus the majority of their energy on their consumer service levels, they'll negate the impact of substitutes and rivals.

In the online ecommerce world where multiple vendors compete to sell constant product the sole winners are the foremost marketplaces who force prices down and take their fees despite the tip price. Smart ecommerce players are ditching these marketplaces and fixing their minimum online selling prices to push buyers into their core (profitable) selling channels. But they're then reliant on the extent of customer service that their retailers provide, and this is often to not the same perceived level as a marketplace...

Why auction marketplace is different?

The 'Catawiki' model was very effective. The UK market has stuttered thanks to the currency impact of Brexit, and also the quality of product on the channel isn't within the same class as that seen at a high quality auctioneer. However, it sets a precedent, is simple to use, and would naturally cause concern for a longtime online aggregator, particularly because it has allegedly raised over $95MM in venture since late 2014. The 'Catawiki' model is a hybridized platform where individuals, prosumers and traders list items on the technology platform and the site curates these into auctions. Supplier and vendor commissions are attractive, and therefore the shipping and packaging is that the responsibility of the seller, who adds a charge to the ultimate hammer price. Money is collected by 'Catawiki' and held in escrow until the customer receives the products. Then there are the dealers, where there seems to be more industry networking, and a general distaste for vendor commission, which could lead to curated auctions independent of the aggregators and therefore the auctioneers? Technology is certainly an enabler. However, the dealers are retailers and not auctioneers, in order that they aren't using the auction platform within the true sense of intermediation, more as a further channel to retail. they need a way higher interest within the product, as they own it, or are representing a personal individual who wants a wise return. Their commission are going to be a method, from the customer and therefore the margins in any case costs might not be sustainable. Early forays into this model haven't been a powerful success. The benefit of trading acts as a barrier because it must be done by the dealers initially, and like any auction there's no guarantee of sale. It is been said that general auctioneers might be certain some stormy waters within the near future, as they might be consumed by the web auction aggregators. I'm not convinced though; because the reward vs effort for the aggregators won't warrant the overhead of cataloguing and photographing numerous items. and therefore the 'Catawiki' model would be too time intensive for a private or dealer to list quite a couple of dozen items. However, generalist auctioneers that only use the web bidding aggregators for his or her internet auction catalogue listings should remember that they're not building any online equity for his or her own brand independently of the aggregator. Single owner niche collections might be a stimulating proposition though. If the aggregators can form relationships with private individuals that have purchased on the aggregator channels over time, it stands to reason that they might attract collections by offering significant reductions in vendor charges. And on behalf of me this is often the natural danger that auctioneers got to
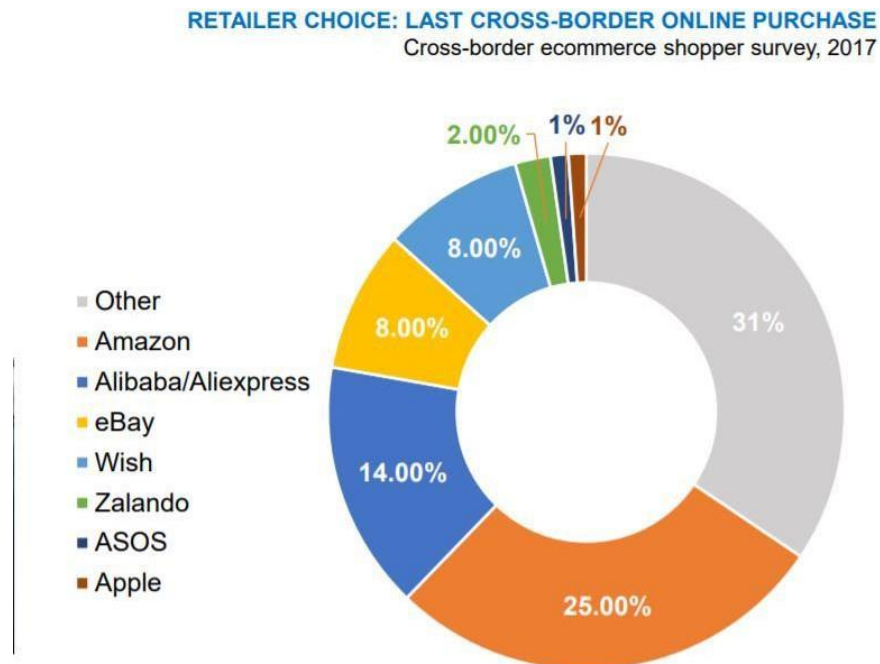
remember of. There are an increasing number of independent experts within the industry vertical that would be engaged by the aggregators on a consultancy basis to curate sales. 'Catawiki' point out this with their 'Auction Experts' presenting on every sale, who apparently recommend on reserve and estimates. Equally, what's to prevent the aggregators from leveraging their vast data intelligence on buyers and bidding history to effectively court consignors and sell consignment leads back to the auctioneer to register, show, list and sell only on the aggregator channel. Making similar auctioneer's brands into large aggregated platforms whilst under putting a lot pof money in their own online brand could lead on to the aggregators chipping away at the seller market. it's currently a neighborhood that they need not publicly entered. it'd start with single collections, the odd curated collection from multiple private vendors, and if they will realize 20% at hammer for themselves instead of 3% it doesn't take long to understand that the attractiveness of 3-5% from the established market makers won't be an extended term priority. At the very least it's likely within the short term that a number of the web bidding aggregators will plan to leverage their structural advantage and network size to extend fees to the auctioneer whilst forcing caps on the charge's auctioneers can levy to buyers. Aggressive development of their portals is going to be key to their revenue ambitions and protectionism could become an element as they debar competition from new entrants and make moves towards curated sales and development of vendor relationships is probably going. Content aggregators will still develop their platforms, and once they will prove ROI from end to finish, they might become subsequent powerful channel for the auction market. The threat of replication from the established online bidding aggregators is a problem for them, and one that's likely to point out its face within the next phase of business.

Fast development of digital world influenced on the increase of online shops. Many businesses from   different sectors switched to online sales or combining both ways. Their direction depends on the region and the culture of people who purchase those goods and services

Whatever the individual's type is, online purchases are growing: According to data provided by Eurostat, biggest growth in EU28 is among individuals aged 20 to 24: the % of users had the ultimate purchased in the internet in the last 3 months among internet users grew by 25% between 2013 & 2017, going from 51% to 64%, where for all individuals, this increase was of 14%.

Globally marketplaces own 56% of cross border e-commerce

RETAILER CHOICE: LAST CROSS-BORDER ONLINE PURCHASE
Cross-border ecommerce shopper survey, 2017

- Other
- Amazon
- Alibaba/Aliexpress
- eBay
- Wish
- Zalando
- ASOS
- Apple

2.00% | 1% 1%
8.00%
31%
8.00%
14.00%
25.00%

Aggregators are electronic platforms where products of various online stores are represented (for example, Yandex. Market, Pilsen, AliExpress). Such resources allow the buyer to quickly find a profitable offer, and the seller to get hot leads.

Features of commodity or price aggregators

-The sites have a standard set of characteristics for each type or group of products. Therefore, aggregators are not suitable for all types of products. Only for those that are well known, and which can be compared in certain parameters with similar products.

-The price is always indicated. It is a key factor for buyers comparing offers from different stores. There is a quality control service. This means that sellers located on the site have undergone rigorous screening and can be trusted. The aggregator checks the store's performance, service level, product quality, courtesy of consultants and other nuances.
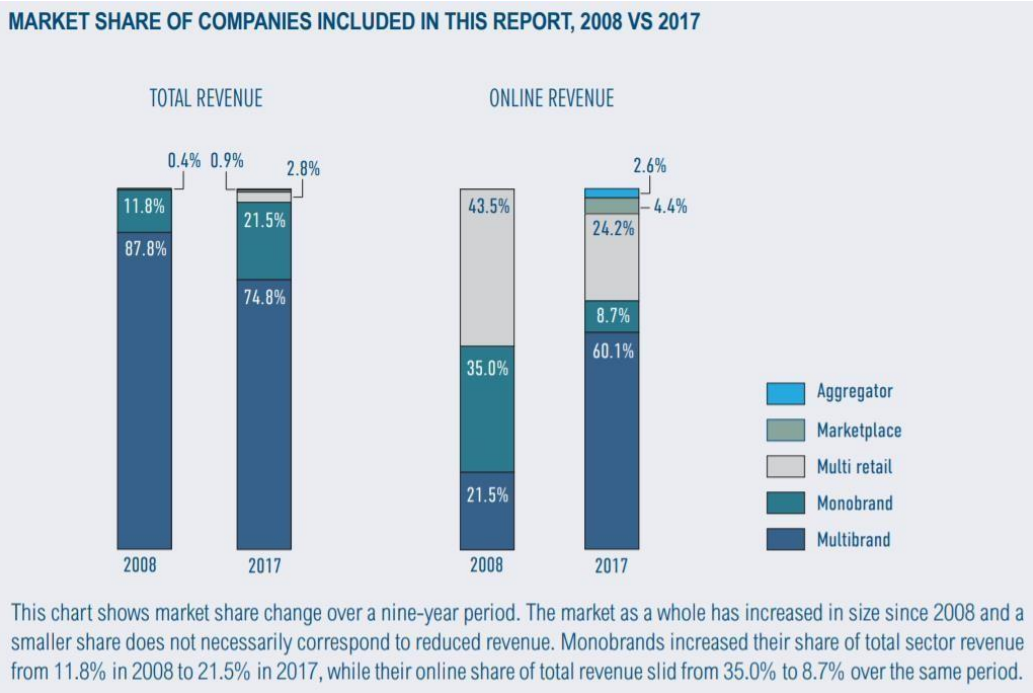
Today it is mandatory for the economy the existence of marketplaces , because the World has transformed dramatically, and customers have changed too, so noting is the some anymore. Days when buyers were lazy enough to not are already in a past. Today everyone has access to the web, and everybody would rather lose moment of their time, than to lose some money on unnecessary costs (like paining someone to figure small jobs for him/her). The concept of the e-Marketplace is new, but it's well accepted by many special buyers and little sellers without a well-known name; however, some businesses don't like this idea. These are some huge selling companies. These companies wish to have rich buyers with no time to lose on exploring the online market and with no interest for changing partner within the relationship. Number of the e-shopping platforms will grow within the future, but not endlessly. One day the harmony between marketplaces will appear and they will be able to exist all of them.

*(*V. Milutinovic, and F. Patricelli, 2002.)

On the table provide by " RetaiX analysis" it is possible to see the comparison of a share or different sales platforms in a market from 2008 to 2017.

Figure 1: Market share of companies

Source: RetaiX analysis

MARKET SHARE OF COMPANIES INCLUDED IN THIS REPORT, 2008 VS 2017

TOTAL REVENUE — ONLINE REVENUE

Total Revenue:
- 2008: 87.8%, 11.8%, 0.4%
- 2017: 74.8%, 21.5%, 0.9%, 2.8%

Online Revenue:
- 2008: 21.5%, 35.0%, 43.5%
- 2017: 60.1%, 8.7%, 24.2%, 4.4%, 2.6%

Legend:
- Aggregator
- Marketplace
- Multi retail
- Monobrand
- Multibrand

This chart shows market share change over a nine-year period. The market as a whole has increased in size since 2008 and a smaller share does not necessarily correspond to reduced revenue. Monobrands increased their share of total sector revenue from 11.8% in 2008 to 21.5% in 2017, while their online share of total revenue slid from 35.0% to 8.7% over the same period.

It is clear that the share of Multiband and multifetal increased dramatically. However appeared ne platforms like aggregators and marketplace.

3.7. The growth of online stores in new online platforms and the transition of large brands to online sales

Despite becoming one among the world's most famous fashion brands by being faster and more aware of shoppers than most of its competitors, Zara started to attract shoppers online. In 2010 the company finally started e-commerce a decade after its online

competitor ASOS started their activity. Even then, it had been a touch slow rolling it out beyond its core markets. The successful label and its parent company, Inditex, were rapidly making up for lost time, though. Inditex has been within the midst of a fast worldwide e-commerce expansion for Zara, which brought about 70% of its business, and its other brands because it seeks to revive its weakening sales. In March, Zara has started online sales in Brazil, Kuwait, Indonesia, Morocco, Egypt, Asian country, Lebanon, Israel, Serbia, Bahrain, Oman, Qatar, Jordan, and also the United Arab Emirates. Between September and October, it plans to travel online in Colombia, Ukraine, Africa, and also the Philippines. In 2018, it reported that the quantity of markets where its brands offered online sales reached 156. the quantity where that that they had stores stayed steady at 96. The overall sales went up slowed for the year, online sales increased quite 1 / 4 to achieve 12% of Inditex's total business. The brand has been stressed to innovate as customers transfer the way they buy very fast, online competitors rises up. One, country retailer Boohoo, announced already that annual sales surged 48% to £857 million (about $1.1 billion). Also, to increase its online sales, Zara has been updating its physical shops to use digital technology and closed many ineffective locations to focus on opening bigger, better spaces.

The company says both have helped. Inditex's total sales grew 7% to €12.8 billion ($14.1 billion) within the six months through July, a rebound from the three it recorded during identical period last year, at the time marking Inditex's slowest sales growth in additional than a decade. During the talk with investors to discuss Inditex's earnings for the first half 2019, CEO Pablo Isla Álvarez de Tejera pointed that sales at stores and on e-commerce operating a minimum of a year went up 5%, "with positive growth across all geographical areas, in both physical stores and online." But like other fast-fashion giants, like H&M and Primark, Inditex's margins, which indicate profitability, are dragging lately. For example, Nike and Adidas moved to online sales with the rise of e-commerce, many brands have gained an increased ability to sell on to the consumers who buy their products without the need for retail intermediaries. The trading way, called direct-to- consumer selling, is an emerging trend that's rapidly gaining traction among manufacturers. Two notable companies that have followed this trend are the favored shoe manufacturers Nike and Adidas, both of which have turned to direct-to-consumer selling because the thanks to combat a normal decrease in their traditional retail businesses. The decision to concentrate on direct consumer sales has been a recent invention for both Nike and Adidas. In October

of 2017, Nike announced that its business model would change to reflect a greater target online sales channels, as critical traditional retail sportswear stores. However Nike had in plans to provide their shoes to third-party retailers, the company announced at the time that it would be thinning the ranks of its roughly 30,000 partners where only about 40 of those partners going forward. In April of 2018, Adidas announced that it had been on a very similar track. By 2020, Adidas plans to double its online sales and shut 50 percent of its stores. The corporate has also been investing within the technology and digital system that should be able to functionate with the mobile app that customers can use to buy its online store.

The CEO of Adidas Kasper Rørsted announced at the time that the company's website was its most vital store and most important in terms of asset allocation. Focusing on the direct to consumer e-commerce Adidas and Nike are shifting toward sales through the internet in while reducing their retail sales. In 2017, Nike's sales decreased, while its profits dropped an alarming 24 percent. Adidas, meanwhile, had a 20percent increase during the same year. the actual fact that Adidas was ready to generate this sort of growth is perhaps going linked to the actual fact that it had been already far more deeply invested within the direct-to-consumer sales model than Nike.

Advantages of the direct-to- consumer e-commerce model:

The direct-to-consumer e-commerce business model started to be popular across industries in recent years. In large part, this is often a results of technological gains, as brands now have the pliability to achieve consumers more directly than they have at any time within the past. By collecting information by themselves, businesses nowadays are able to make a relationship with their customers and personalize their shopping experiences. Companies are able now to make more profit by eliminating their losses with the retail middleman.

The direct-to-consumer model allows producers full control of everything from production to distribution, leaving them less susceptible to the consequences of external business decisions made by their retail partners. Regarding the results of Nike and Adidas, Nike had some more cons. Since January, the announcement about expansion of the brand direct-to-consumer sales drove shares of Nike to their biggest price in two years. Nike's online sales also produced a powerful rate of growth of 18 percent between the fourth quarter of 2016 and therefore the fourth quarter of 2017. While, Adidas' continued investment in its direct e-commerce business contributed to a 21percent annualized rate of growth within the half-moon of 2018. Regarding the outcome it is obvious that the direct-to- consumer

model is effective to accelerate business growth during a rapidly changing marketplace.

3.8. Transition of Luxury brands to online sales

Traditional luxury brands are e-commerce sellers

Traditional luxury brands have long been moving away from e-commerce, retail concerns will weaken the image of the luxury brand and reduce its sense of exclusivity. Another reason that led traditional luxury brands to abandon e-commerce was the lack of control (the quality of the sales environment and prices, especially on multi-brand multi-user online platforms). However, if traditional luxury brands did not dare to fully embrace e-commerce, an obvious increase in the number of high-end retailers showed that affluent shoppers were ready to buy luxury goods over the Internet. Today, traditional luxury brands are enhancing the digital side of their business and have taken preliminary steps to sell online through their own e-commerce platforms. So why are some of the world's largest luxury brands finally investing in brand-owned retail?

Why LVMH launched its own luxury online store with 24 Sèvres brands

LVMH's digital business from 2008 to 2015 was mainly driven by websites, including Sephora.com. Until 2015, this emphasis on digital leadership prompted the Board to appoint its first Chief Digital Officer, Ian Rogers. Rogers previously served as senior director of Apple Music and CEO of Beats Music. After his appointment to LVMH, digital activity accelerated, and the LVMH Innovation Awards was presented at Viva Technology 2016 in 2016 and 2017. In 2017, the company also launched 24sevres.com, a site associated with Le Bon Marche. In 2018, she launched an accelerator program with station F called La Maison de Startups, and also conducted a round of financing at Lyst. In 2017, the group launched LVMH Luxury Ventures with the aim of acquiring minority packages of premium luxury brands. (The future of online Luxury Retail 2017)

In June 2017, the global luxury goods company LVMH launched its own multi-brand e-commerce portal 24 Sèvres, named after the address 24 rue de Sèvres and inspired by the luxury store Le Bon Marché in Paris. ECommerce, which includes not only its own

portfolio of LVMH brands (including Louis Vuitton and Christian Dior), is also the curator of luxury fashion accessories and cosmetics outside the group.

Even though LVMH has been launched for more than ten years after competing multi-brand online retailers, it remains optimistic about the 24 Shevrian odds. While recognized multi-brand online net players such as Yoox Net-a-Porter and Farfetch invest heavily in glossy editorial content and fast delivery, 24 Sèvres strives to differentiate by focusing on visually-driven digital storefronts (as we can see from the homepage) and interactive customer service technologies. The purpose of page 24 of Sevres is a Parisian theme, and its French curatorial experience aims to replicate the experience of online shopping in its department store of physical luxury.

"Products are tied and contextually related to props and experience," explains Eric Gogey, Executive Director of 24Sèvres.com. "This is an overrated visual shopping experience. However, in many ways, 24 Sèvres share features with their recognized multi-brand online competitors, including international delivery services, chat bots or stylists on demand and a glossy look. However, most importantly, note that the launch of 24 Sèvres is a step forward towards a more consolidated digital processing approach for LVMH, which goes beyond its previously highly fragmented e-commerce approaches throughout the group.

Why are traditional luxury brands investing in their own multi-brand e-commerce platforms? This is certainly a big step away from the silent world to which they are accustomed.

Relying on the latest study people are more interested to make shopping in multy-brand place. Deloitte estimates that multi-brand luxury stores currently account for 78 percent of online purchases. Recognizing the need to capitalize on this growing appetite (and steady growth) for online luxury, the suit of the traditional luxury group follows. Richemont, the owner of luxury brands such as Cartier, Van Cleef & Arpels, Piaget, Vacheron Constantin and Jaeger-LeCoultre, announced in January 2018 its intention to acquire the Yoox Net-A-Porter Group.MatchesFashion.com

This is the UK high street's ugly duckling story of how a 100% high street luxury retailer

turned into a leading global online luxury retailer with 95% of its revenue originating online. Having kept its physical store estate, the company has continued to create elaborate physical VIP shopping areas in central London. These act as a marketing tool, attracting celebrities and high net worth individuals who are looking for a unique shopping experience. In contrast to a pureplay such as Farfetch and Net-A-Porter, MatchesFashion.com has chosen to go with off-the-shelf solutions for its ecommerce operations and outsourcing of fulfilment. This appears to have saved the retailer both time and resources, allowing it to focus on product and sales. The matchesfashion.com website launched in 2007 and by 2012, revenue touched £70m, up from £23m in 2008. In February 2013, the two founders brought in ecommerce experience in the shape of a new CEO, Ulric Jerome. That same year, the company raised £36m from Highland Equity Partners and Scottish Equity Partners. In 2017, Apax Partners spent £800m on a majority share in the business online on their transaction sites are almost the best retailers were among the slowest to use e-commerce as a distribution channel. The traditional luxury industry is currently catching up with the growing digital habits of consumers.

Some traditional luxury brands (for now) are not ready to take a step towards the total volume of online sales. Chanel, the French luxury home, known for its unwelcomeness and extreme caution regarding e-commerce, recently announced a strategic partnership with FarFetch, the global luxury e-commerce platform, to develop new digital initiatives to increase the attractiveness of the physical business for young wealthy affluent consumers. "The Chanel will not be sold in the Farfetch market," explained Bruno Pavlovsky, President of Fashion at Chanel, to Business Fashion Fashion. "Our position in e-commerce is the same. Our goal is to connect people with our brand, and our boutiques in a best way. We are very consistent in our strategy, but we use Farfetch's know-how to speed it up. " (source: retailx sector analyst report luxury 2019.)

But the long-awaited launch of an e-commerce site in France in December 2017 suggests that it inevitably accepts online sales as an authoritative distribution channel for traditional luxury brands (Céline was the last of the LVMH fashion houses to go into e-commerce). Expansion in Europe and the US is expected in 2018.

Digital Experience and Customization Needed for E-Commerce Success "Consumers know they see the future of luxury in digital format," Deloitte notes in a recent study by Global Powers of Luxury Goods. Researches indicated "the essence of luxury varies from

focusing on the physical (products) to focusing on the (digital) experience." More than 37% of consumers believe that luxury goods and technology will be more closely linked. To stay relevant, luxury brands will have to offer and look for ways to adapt their marketing efforts to the needs of each individual personality. Personalization plays on consumer sentiment and is an integral part of the experience of luxury services. - Florine Eppe Beauloye

According to Deloitte, the growth of e-commerce and digital channels for luxury brands also "make the demand for wide range and high-quality personalized content." The Try-We-Wait Wait Net-a-Porter initiative encourages personal shoppers to deliver orders to EIP (Extremely Important People) customer homes, wait for samples to be tested, and collect whatever needs to be returned. EIP clients represent 2% of Net-a-Porter's customer base and generate 40% of revenue.

Figure 2: How many of Luxury products purchases take place in a physical store, online from a computer/laptop or online on a mobile devise

Source: Deloitte Luxury Multicountry Survey for Global Powers of Luxury goods 2017

Figure 7. How many of your luxury products purchases take place in a physical store, online from a computer/laptop or online on a mobile device?
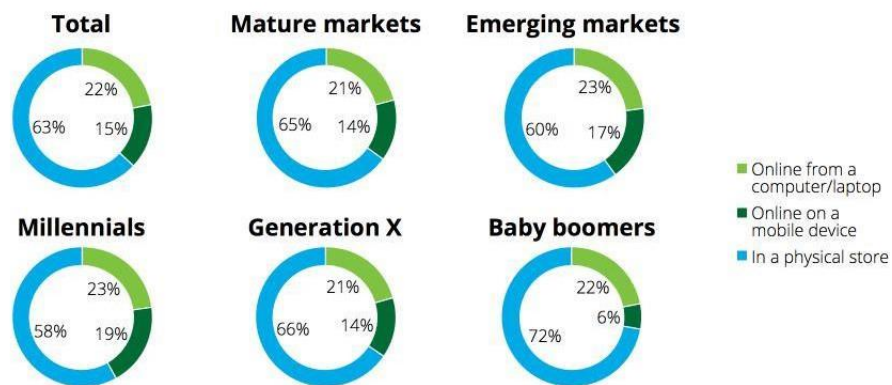
Percentages may not add up to 100% due to rounding
Source: Deloitte Luxury Multicountry Survey for Global Powers of Luxury Goods 2017

As most of the Luxury brands are purchased by Millennials and Z generation, Brands had to shift their focus on online sales. According to the Deloise research around42 present of Millennial's purchases were made from laptop of phone.

Nowadays it is possible to create own online selling platform or use the third-party services, e-commerce as a channel is no longer optional. Today people have many possibilities and their expectation has changed.

4. Comparisons of traditional and online stores

The virtual economy market is very different from the traditional market. In the virtual economy market, there is more fierce competition between producers, sellers and buyers of goods than in the traditional economy.

The traditional economy market is a market with almost complete symmetry and representing a combination of sellers and buyers, the interaction of which ultimately leads to the possibility of exchanging "goods - money". The visibility of the product, the ability to touch it and check it in action, etc., means the symmetry of the market, i.e. full compliance of the buyer's demand with the seller's offer.

The virtual economy market is an asymmetric market. When selling goods via the Internet or via mobile communications, the seller of the goods knows more about him than the buyer of the goods. An investor taking a loan from a bank (borrower) knows about the transaction more than the seller of money (the bank, i.e. the lender). The asymmetry of the market can lead to its insolvency. To reduce asymmetry, a whole complex of techniques is used, which together form the mechanism of market symmetry.

These are market signals in the form of additional information that goes in the form of a message from the seller to the buyer and allows the latter to better understand the product and its interests in it. This is the formation of a positive image - an appropriately formed image of a product, operation, manufacturer, seller, buyer, the level of which can

be measured by a numerical indicator - rating. It is also a guarantee and guarantee as an expression of the reliability of the manufacturer (seller) or buyer of this product, service or operation.

Let's take a closer look at the differences between e-commerce and traditional: By ways to attract customers.

Ways to attract customers to the store are very important. There are four stages to attract customers:
Attracting a buyer through advertising; here the main factor is the location of the store. Impact on the buyer with a good window dressing and entrance to the store. Attracting a buyer who has already entered the store with the interior design of the trading floor and its convenient organization. The choice by the buyer of the goods he needs; the decision of the buyer to make the following purchases in this store or not will depend on how quickly and easily he chooses the goods with the help of the seller in the trading floor.

In the electronic store, all the above stages of attracting a buyer are organized in a completely different way. Storefront and store entrance combined together. All advertising information should be presented in a concise and understandable way for the buyer. Site navigation should be well organized so that you can understand where, how and what can be purchased.

By means of psychological influence.
Sellers are deprived of the opportunity to exert a psychological impact on buyers in the electronic commerce system. Some people (usually people who know what they want) do not like it when they try to sell what they don't need, but another contingent of people cannot make their own choices.

By methods of submitting product information.
In the normal trading process, the acquaintance with the product takes place personally. In an electronic store, such acquaintance takes place through careful examination by the buyer of the information description and the corresponding characteristics of the goods. This

factor significantly reduces the product range, but this does not mean that it is not put up for sale at all, just the demand for such a product is lower. By shopping methods.

In the normal trading process, the purchase of goods by the buyer occurs in person. When purchasing goods in an electronic store, the buyer passes registration and ordering via the Internet.

By degree of cost and organization of trade.

The organization of trade and services through an electronic store makes the availability of store buildings, warehouses and offices, as well as all kinds of commercial equipment, optional. Instead of printing and mailing regular catalogs, you can create electronic catalogs that are cheaper. In the world there are many trading companies that sell products only through electronic stores and generally do not have sales facilities (for example, virtualvin.com, Amazon.com). The organization of trade in this case allows you to reduce the cost of sales, advertising and maintenance of the retail network. In fact, the products are sold at retail, but at wholesale prices (20-30% cheaper).

By the simplicity of shopping.

Visiting a dozen electronic stores is much easier than going around the same number of traditional stores or calling them at ten numbers in search of the right (or cheaper) product. Buyers do not need to waste time, hang around in traffic jams, look for a parking place and wander through endless transitions in stores in search of the right product.

By degree of accessibility.

Any electronic stores are available to customers from almost anywhere in the world. Therefore, he is unlimited in choosing the goods and services he needs during his travels and business trips. Such stores are open around the clock, there are no crowds of many buyers, as in ordinary stores. The buyer can shop at any time convenient for him.

By the quality of service.

In an ordinary store, when you buy and to get more complete information about the product, you have to consult the seller. In this case, the choice of goods will depend on the seller and on the level of his competence, as well as on the time that the seller can devote

to the buyer.

A well-organized electronic store offers a very wide range of information support for all products, and the buyer does not need to wait until the seller is free to get advice on the product. Also, in such a store there are links to other sites where you can get advice on the product from independent sources, thereby making a choice based on personal opinion. That is, the buyer does not have to communicate face to face with the seller, be exposed to persuasive and emotional factors.

By time to market.
Creating your own electronic store will take much less time than setting up a traditional store. In this case, the manufacturer itself can set and control prices for its products. Trading without intermediaries, she immediately receives income from the sale of her goods. The company has the opportunity to quickly add products to its range, change prices and descriptions of goods.

According to the range of goods.
In a traditional store, as a rule, the choice of goods is limited, so the buyer often has to go around in search of the right product for more than one such store. If the product the buyer does not need is in one electronic store, then it can be found in another. You can also directly request the manufacturer's website.

For completeness of information.
Buyers will find a large amount of comparative data about companies, products and competitors without leaving their home or office. They can focus on such objective criteria as price, quality, durability and availability.

4.1. Advantages of online stores for buying apparel.

One of the main advantages of e-commerce is the reduction in the cost of organizing and running a business. For example, the cost of creating a traditional commercial business, including the purchase, repair, design and decoration of premises, is much higher than the creation of its website. In addition, the cost of obtaining marketing information is reduced: the Internet is a relatively cheap source. When researching the market using surveys and questionnaires, it is not necessary to meet with the respondent in person, it is possible to reach a wider audience. Automation of order entry and processing, as well as interaction with suppliers, significantly reduces the burden on employees of a commercial enterprise (Ovseyko, 2009).

- The number of employees is reduced as a result of reduced interaction with customers, renting disk space and placing an "electronic window" is cheaper and easier than renting retail space and placing goods on shelves, cash services, etc., are not required, especially since the service marketing agencies today are pretty expensive. Each Internet user can quickly fill out a questionnaire from a computer through a computer. This allows to easily study the needs and tastes of potential buyers and take into account the results of marketing research in work -24/7 access. This allows customers to buy or perform other transactions 24 hours a day, all year round, from virtually anywhere. For example, checking the balance, making payments, obtaining travel and other information. In one case, a pop star installed webcams in every room of her house to check the condition of her house by surfing the Internet while he was away.
Source: (Tassabehji Rana, 2003).

The advantages of online stores for consumers:
-One of the main advantages of e-commerce is the reduction of costs for organizing and running a business. For example, the cost of creating a traditional commercial business, including the purchase, repair, design and decoration of premises, is much higher than the creation of its website. In addition, the cost of obtaining marketing information is reduced: the Internet is a relatively cheap source. When researching the market using surveys and questionnaires, it is not necessary to meet with the respondent in person, it is possible to reach a wider audience. External communications may be decreased. Automate order

placement, processing, and interaction with suppliers significantly reduces a load on the staff of commercial enterprise
(Ovseenko, 2009).

-Save time. When a person works 6 days a week from 10 to 19, he has no time to go to the store. The online store allows you to make purchases without leaving your office at any time, and choosing and ordering your product will give you a few minutes if the delivery service in the online store delivers the selected product at the right time and place. In addition, the selection and evaluation of product properties in the online store is much faster and more convenient than in a regular store. Imagine that you came to a regular household appliance store and want to compare the parameters of 20-30 cordless phones. To do this, you need to study all the price tags: remember the features, prices and model names. You can contact the dealer consultant if he is not busy requesting information about all these products. But usually no dealer has so much free time to work with one client, and there is no guarantee that he owns all the information. And if the search is provided with parameters, then you can simply determine the properties that the product should match, and then select from the list of models. Another very important point - no sales manager can remember as much product information as an online store can provide. In addition, the online store can provide you with information such as customer reviews, product tips and reviews, product articles that may determine your choice. The cost of an online store, including delivery, is significantly lower than that of a regular one. Unlike a regular store, an online store can simultaneously serve several hundred customers. In addition, if the buyer lives in another city, he will be given the opportunity not to mind the remote telephone consultation. All information can be found on the website of the online store. - Another key trend in e-commerce that should be taken into account is the prevailing decline in prices. With online shopping becoming part of everyday life, consumers have become more economical; The widespread use of consumer price comparison sites before deciding which site to shop from is a feature of raising public awareness of sales events such as Black Friday and Cyber Monday, which leads to an increase in daily and seasonal expenses. they should know and be able to take care of specific cultural differences and discounts. An example is France standing out as a country of demanding spending: 80 percent of shoppers compare prices before buying non-motorized products.35 French e-commerce retailers in 2018 presented a discounted event called "French Days", a version of "Black Friday". A

promotion-based culture of online shopping. 36 - There is an opportunity to shop online outside your country. , Sometimes people can't find certain products in one country, so e-commerce makes it   possible to receive goods from around the world. As noted in a Post Nord report: e-commerce from abroad is becoming more frequent. The proportion of those who make online purchases from abroad is growing in all markets. The consumers who most want to shop from abroad are in the Scandinavian countries, followed by British and Belgian customers. The largest increase compared to the previous year was in Poland, by 12 percentage points. The share in Belgium and Spain also increased by 8 and 7 percentage points more than in most other countries.

Graph 5: The grows of the purchases from abroad
Source: PostNord E-commerce in Europe 2016 report.

Purchases from abroad are growing most in Poland
Approximately how often do you buy products online from abroad? (Proportion who shop online from abroad, i.e., all respondents minus those who stated, "Never" or, "Not sure, don't know", %)

Base: Whole population aged 15-79

Country	Value
United Kingdom	63 (58)
Germany	57 (53)
Nordics	73 (70)
France	52 (49)
The Netherlands	47 (46)
Belgium	60 (52)
Spain	57 (50)
Italy	45 (41)
Poland	36 (24)

4.2. Disadvantages of online stores for buying apparel.

Electronic trade in goods also has disadvantages. Thus, studies conducted in early 2000 by the British company Armor Group showed that 35% of expensive goods sold through stores that work on the Internet are fakes. In other words, for example, the

Panasonic proposed to the buyer may not be the Panasonic of this well-known company, but its Asian counterfeit, made somewhere in Southeast Asia, but decorated with a loud trademark. Research has also shown great customer confidence. For example, customers are easily ready to believe in the worldwide fame of a non - existent brand. So, acquaintance with the never-existing Royal Alliance Insurance trademark was declared by 80% of the respondents. The easy usage of the of access to the Internet, the mass audience and the potential anonymity of advertisers makes the Internet an ideal platform for dishonest entrepreneurs.

The disadvantages of online stores for the buyer:

-you cannot "touch", you cannot learn more than what is written (example: furniture, clothes);

-problems of warranty, support (very critical in Russia);

-often long delivery (up to 6 weeks), especially if we are talking about internationality.

According to the PostNord E-commerce in Europe 2016 report

The expectations of very fast deliveries are increasing It is becoming increasingly important to offer customers fast deliveries. The 1-2 day delivery become the most common. People from Netherlands (37%) wish to get the purchase in 2 days maximum. Shoppers in the Nordic countries are the most patient. This is where there is the largest proportion who are prepared to wait for six days or more, although the majority of the consumers – expect to receive the ordered good within 3-5 days.

Graph 6:The appropriate delivery time by regions

Source: PostNord E-commerce in Europe 2016 report

Base: Shop online
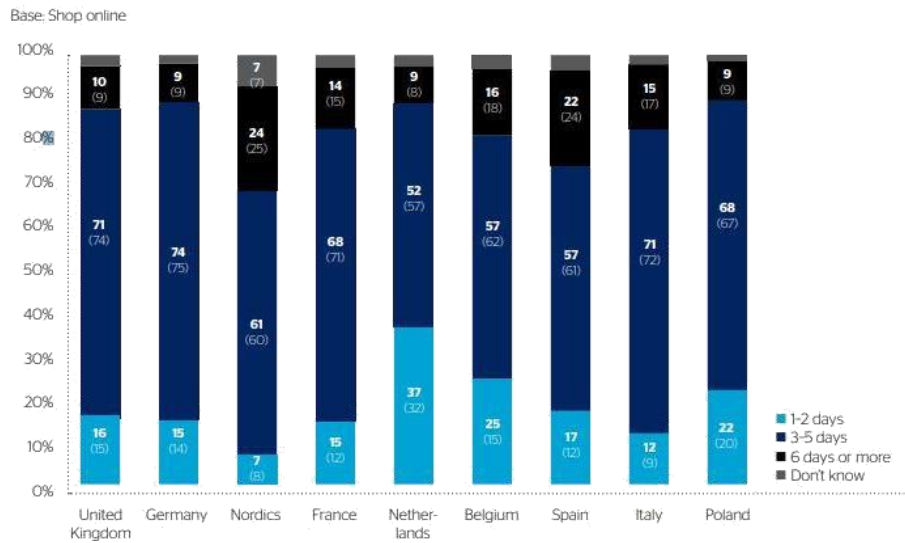
5. SWOT - analysis of online trading

In most cases, we see that the use of electronic methods in business brings additional value either by reducing transaction costs, or by creating some kind of network effect, or by combining both. In the SWOT analysis (reduction from strengths and weaknesses, opportunities and threats), we try to identify the strengths and weaknesses of e-commerce in relation to the Indian business environment. Then we will try to identify the opportunities that this environment presents and the threats that this environment presents. As shown in the following figure, the analyst will ask questions when performing the strengths of the SWOT analysis.

Strengths

-The global market: the strongest side of e-commerce is its limited access, in other words, no

trading structure is mandatory for business, or no special borders are required. This allows all companies to expand them to a global level. Expanding geographic retail markets can foster global retailers.

-Imaging: Transaction over the Internet is undoubtedly very fast. Saves time by reducing physical movement.

-No time limits: the 25X7 concept shows that online trance can be used wherever there is no time limit.

-Price product comparison: information and choice are some of the rights that every consumer has. On the same basis, e-commerce provides customers with a platform for efficient and effective price and product comparisons. He will negotiate more efficiently and effectively. It will have more opportunities to negotiate with suppliers than traditional local retailers.

-Cost-effective: eliminating a long chain of medium size, reducing the need for brick infrastructure and outsourcing logistics help small enterprises to be on a parwith giants. Flexible segmentation of the target market: business success depends on the right choice of segmentation. The target segment of the e-commerce market is flexible and can be changed at any time.

-Quick exchange of information: "e" always guarantees a quick and accurate exchange of information between sellers and buyers and provides a quick, timely and timely response.

-Faster buying process: a purchase is made with one click from the seller. No physical movement is required, the consumer is not looking for the right product at the right price, which speeds up the buying process.

-Niche market: this is the concept of sub-segmentation when a product of rare species is available without much effort on the part of consumers. Almost everything can be sold online. Although products targeted at small markets will be shoppers somewhere on the Internet.

Weaknesses

-Security. Security is the biggest challenge for the development of e-commerce. The client always felt insecure, especially regarding the integrity of the payment process.

-Fake sites: many fake sites are available on the Internet, promising better services and safer trading. These websites can not only dishonor e-commerce, but also bring the notoriety of e-commerce.

-Fraud: hackers abuse the personal and financial information provided for trading in order to abuse their personal disproportionate interests.

-Less discounts and deals: online companies are unlikely to offer discounts and bidding is not possible.

-Long delivery times: The delivery task is usually performed on the side of who does not care about the seller's terms. They provide their services as they see fit. Delivery time may be extended to days or weeks that cannot wait.

-Impossibility of physical examination. Products whose selection depends solely on the physical condition of the product, which requires personal contact before choosing, are not suitable for conducting business electronically. Because online products do not touch, wear or sit on them.

-Product restrictions: only a limited number of products are available.

-Lack of personal services: physical products may be available, but lack of personal services that are intangible.

-Limited exposure: in developing areas where the Internet is not available, e-commerce will have little or no risk. Limited advertising: Advertising opportunities are limited because e-commerce cannot be advertised in bulk. Advertising is limited to computer literate people. -And only those who are satisfied with e-commerce applications

--Customer satisfaction: there is no physical, personal or direct interaction between the buyer and seller. Consequently, customer confidence does not exist.

Opportunities

Changing trends: people know the brand very well. They are interested in purchasing branded material locally and locally. If such items are available across borders, they will not mind placing orders through e- commerce. E-commerce is fast and efficient, and the financial operation is possible to be accomplished from any place. Tomorrow it will be more convenient for consumers to purchase online.

-Increase in the number of users: the daily number of Internet users is increasing. People feel more comfortable shopping online.

-Regular global expansion: e-commerce can work at any time without interruption. It always has an extension range. Targeted expansion is all new and existing non-e-commerce groups.

-High availability (24 hours and seven days a week): the business works with every click of the mouse. Those who are busy during the daytime and cannot allocate time have the opportunity to shop at a convenient time for them in the late hours of the night.

Broad business growth. E-business has a wider reach and wider vision of growth. Business has always been in the abyss. Filling in the gaps is an endless process, and therefore business growth is also an endless process.

-Advertising: Advertising is cost-effective compared to a conventional autonomous system.

Threats

-Competitors: along with local competition, there is global competition. Competition is growing day by day. Large companies have already entered this field. They make people ordinary at the expense of their companies.

-Changes in the environment, laws and regulations: changes in trends, fashion and surpluses can be troubling.

-Innovation: Customers are now looking for innovative products and technologies for several days. Innovation will always be an additional burden for the buyer, whether it is a product, location, promotion, or even price.

-Confidentiality: it concerns the fact that the information may be used for other purposes, which can lead to spam or fraud by e-mail.

-There is no direct interaction: in e-commerce there is no direct interaction between the buyer and the seller. There is no room for negotiation. People prefer to buy physically compared to online and experience personal feelings.

-Fraud: people who use dishonest means to conduct electronic commerce can damage the trust and faith of ordinary people.

-Risk: the nature of fraud

Regarding the Inditex company annual report 2018.

The net online sales percentage was growing from 2017 and the percentage of same indicator until 2016 was not defined. Making the connection with the amount of net sales It is possible to notice a slight rise from 25,336 tin 2017 to 26,145 in 2018.

Table 4: Inditex's net sales

Source: inditex annual report 2018

Net Sales (€ million)					
	2018	2017	2016	2015	2014
Net sales	26,145	25,336	23,311	20,900	18,117
Like-for-like sales growth	4%	5%	10%	8,5%	5%
Online sales as % of total	12%	10%	N.R.	N.R.	N.R.

The incorporation of technology into customer relationship model reflects strict principles that reflect our business model. Our teams are always wary of technologies that customers want to use. Thus, the client instinctively gets acquainted with our technology, and the technological development of our model is also natural. In 2007, Zara Home was the first of our brands to start selling its products on the Internet, and in 2010 led the Zara race in the e-commerce world, followed by other brands. The online sales model was built from the very beginning with an integrated approach: its meaning has always been aimed at the need to maintain unique relationships with our customers, regardless of the channel chosen for us. This integrated model is the source of the digital expansion of the company leading our online platforms that are integrated   in our stores. The challenge of digital transformation is technological and logistic, with many initiatives in the field of logistics and operations, and the ultimate goal is to ensure the correct, flexible and integrated functioning of all the elements that make up our value chain. To better understand the scope of the Group's sales, the brand's website registered 2.95 billion visits in 2018, which is 500 million more than the previous year, and up to 9,500 orders were processed per minute. Internet income

increased by 27% compared to the same period last year, which is 14% of the total number of offline markets. Brand profiles on the most popular social networks added 22 million new subscribers, increasing the total to 143 million.

7.Consumers analysis of buying different goods according to the survey

To analyze the current situation on the market I made a survey where were participating 100 people from all over the world of different age categories. The survey was made in paper and online form for people from other regions then Prague.
As there could be many ways to verify the popularity of traditional and online shops. For example, qualitative method as interviews, case studies disclosure analysis or focus groups. This method could help to formulate the theory or hypothesis and interpret the results collected. However, I have chosen the quantitative method because the survey of at least 100 respondents could test the people's behavior to online and traditional shopping more precise. The survey allows to create graphs and charts in order to visually show the results of the testing area.

The first chart represents the opinion of 100 people where 50 % are men and 50% are women regarding the way they are doing their purchases. People who had to answer the survey had four options to choose on which basis they buy clothes and apparels online. On the chart it is possible to see that male respondents are purchasing closes and apparels more often them female. Even if it is considered that women purchase more clothes in general, however women choose their outfit more sophisticated and it is more important for them

to check the quality of the item and the way it looks on them. In most cases male are choosing the easiest way to buy clothes what is less stressful for them.

It is possible to notice that no so many respondents are buying fashion items every day . Though the biggest number of people are making purchases at least one time per week or per month it is around 19 and 24 out of 100 respondents respectively.

The frequency of people purchasing online clothes and apparel
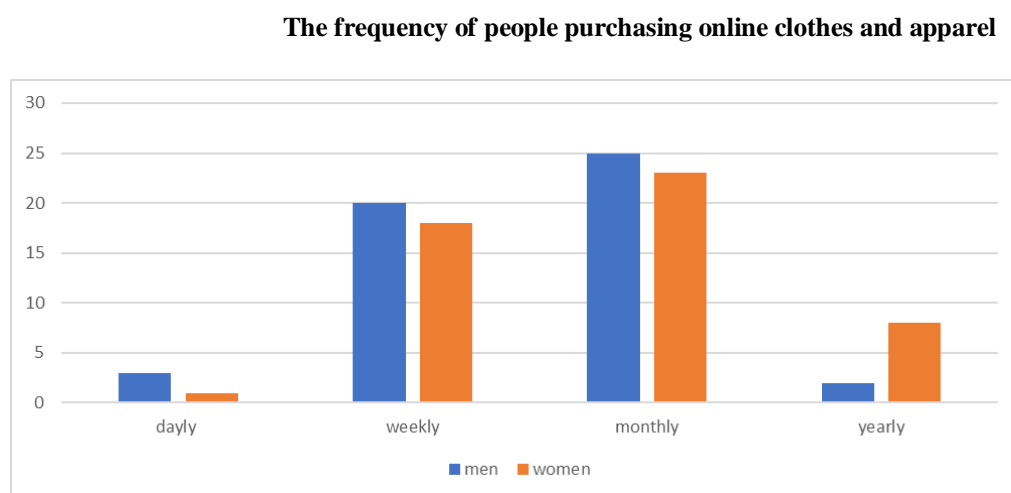

The bar chart is designed to visualize which goods people are buying online more actively. From the first glance it is noticeable that some type of goods has significantly higher rate of being bought online. More than half of people (from 5o to 60 people) chose to order electronics, books, auto parts and clothes from e-shops.

Items of Jewelry, groceries and home furnishing would definitely be acquired in traditional shops. Less than 10 people would buy office supplies and goods for sport through the internet.

Overall the given chart shown that there are still some types of goods that are not usual for online sales. However, niches as clothes, electronics, books or auto parts start to change the way we used to see the market some years ago. Online shops of such goods make a really huge competition to those who operate business only as a physical market.

The most popular goods for people to buy online
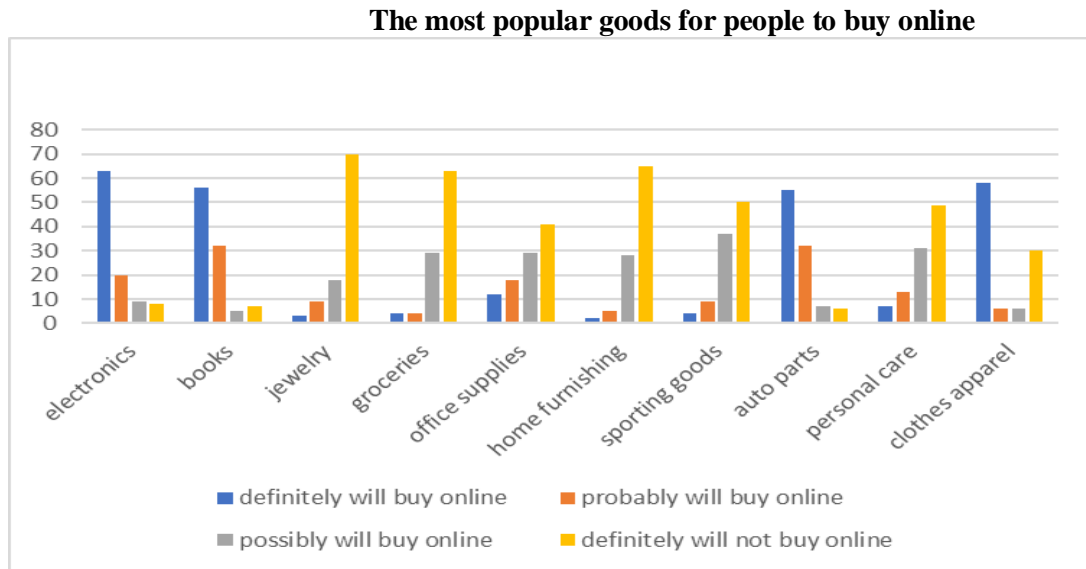
The next pie chart represents very interesting results showing the main reasons why respondents prefer buying different goods on e-shops compared to physical shops.

As we live in a modern world and lifestyle is faster and faster. People simply do not have time to go to do shopping. There are many reasons like location of the shop or huge queues on the cash desk. More than a half of the survey participants mentioned that the visit of the physical shop requires too much time which they just do not have.

The second main reason of online purchasing is that people feel more comfortable ordering from home even if they have time. There is a well-known phrase: "Laziness is a vehicle of the progress" . Nowadays people tend to make things easier and spend less energy on activities like shopping. According to my survey it is possible to say that around 28 of people consider e-shopping as a more comfortable way to buy goods.

It is also the fact that many times goods that were purchased online have better quality even if there are same items in a physical shop. The survey showed that 20 % of people buy online to get goods of a better quality. And just a small number of respondents answered that online shopping is a good way to not communicate with other people. That is possible to explain especially for those who live in a big city. People have a lot of noise and crowded public places. That is why it is understandable that there is necessity to escape traditional shopping.

Main reason for people to buy online
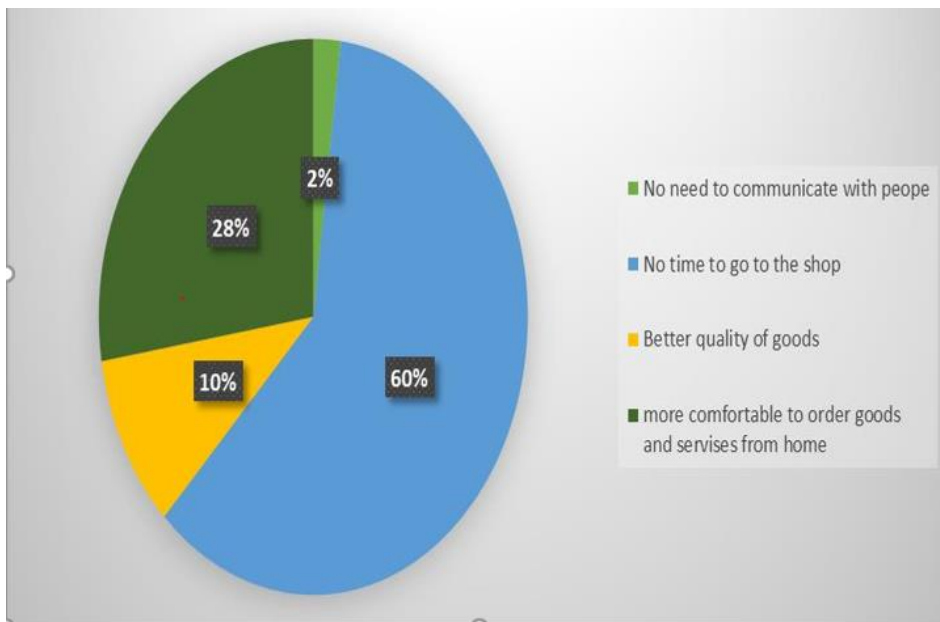
This chart indicates the main reasons why people are still using the service of traditional shops.

Slightly more than a half of the survey respondents replied that before buying the item especially clothes, they prefer to check the quality and try if it fits. Very often it happens that person does not know what exactly she or him wants to buy. In this case customers prefer walking in a shop touch and try different outfits. Unfortunately, the e-shops cannot yet give such possibility.

The similar reason of people's worriedness is that the ordered online item will not coincidence their expectations. It can be a photo of a very good quality, however in reality it will look differently.

Moreover, there is a possibility that the received good will just not fit or have a different size than expected. One of the reasons people go to traditional shops is that the delivery process can take a lot of time. Some online shops cannot give the exact delivery-time or due to some local post issues the order can be stuck during the process. In case of orders

from different countries the time between the order and the receiving can take month for example. People who need the item urgently cannot risk and spend time waiting to the order.

The cybercrime is a well-known fact. People are aware that they should not trust to suspicious vendors. There are applied many preventive procedures to protect the customer however not honest vendors could manipulate with the credentials of the credit cart inserted during the purchase. That is why 9 % of people participated in a survey mentioned the distrust as a main point to not buy online.

Graph 10: Reason why people do not buy online
Source: Own survey 2019

Reason why people do not buy online
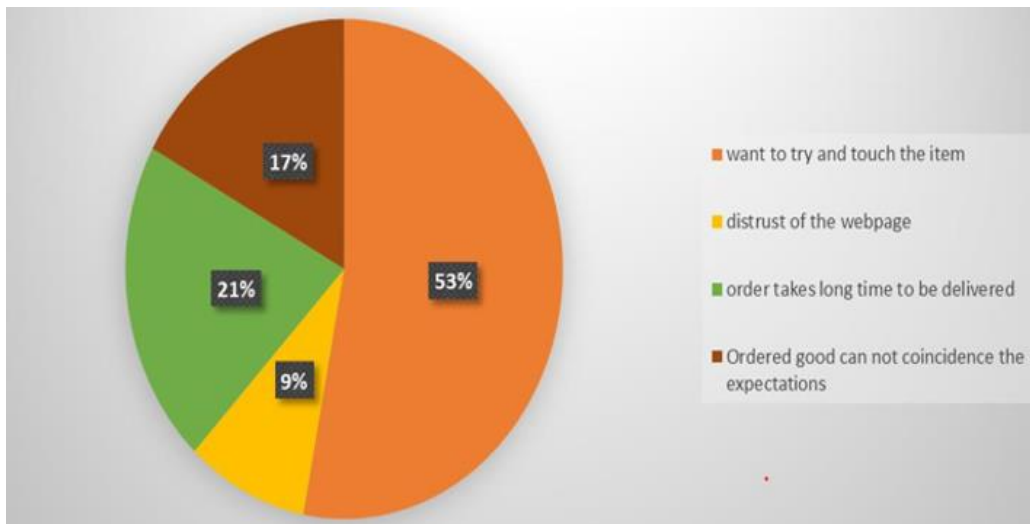
The graph below allows to make an analysis of online purchased by the region.

In a survey were participating people from different areas (USA, Europe, Africa, Australia, Asia). The survey was built the way to understand from which region people buy online clothes and apparel online more.

Respondents had options to choose how often they shop from internet. Highest results of daily online shopping were performed by people from Asia while Africans had the lowest rate to purchase on the daily and highest on yearly basis what means the online shopping is less popular in Africa according to the survey made for this diploma thesis. Dramatically high results were discovered for Europe and America. More than 50 % of respondents

answered that they buy clothes and apparel online every week approximately.

Clothes and apparel purchase online by the region
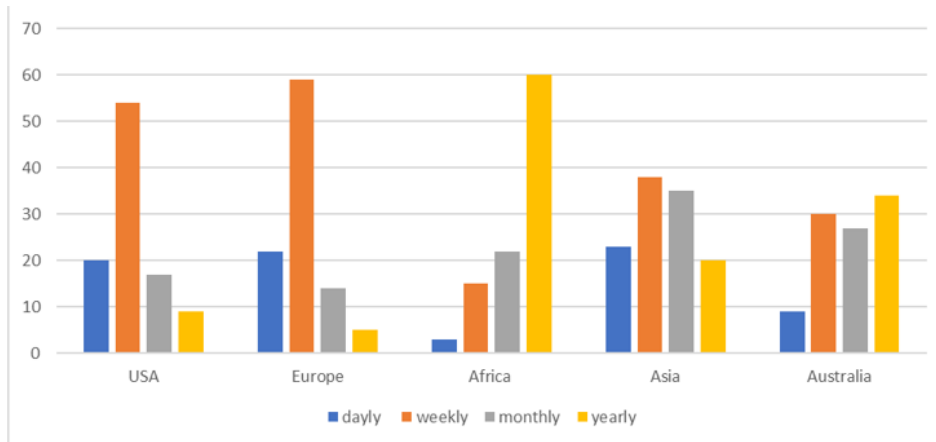
7.2 Comparison of the most effective way of trading according to revenue data

Country	AVERALL AMOUNT OF ONLINE SALES IN MLRD US DOLL PER YEAR	SHARE ONLINE sales in total retail sales
China	672	15,9%
USA	340	7,5%
UK	99	14,5%
Japan	79	5,4%
Germany	73	8,4%
France	43	5,1%
South Korea	37	9,8%
Canada	30	5,7%
Russia	20	2%
Brazil	90	2,8%

In 2016, the United States and China together accounted for more than half of the total online retail market. In 2015, the United States authorities announced the Digital Economy Agenda program, in which the government relied on promoting free Internet worldwide, promoting online trust, providing universal access and promoting technology.

By 2020, the volume of e-commerce of the traditional B2C segment in the world could reach $ 3.2 trillion, and the global B2B market, that is, e-commerce between companies, will have $ 6.7 trillion, predicted by Frost & Sullivan. The very high position of China in online business can be also explained from the book of Duncan Clark: "A key success factor for e-commerce in Chin is the barrier of real estate in traditional retailers". Land in China is expensive because it is the most important source of income for the state. Land sales provide 1/4 of the fiscal revenue of the state. At the local government level, they make up more than a third. One well -known representative of the e-commerce industry summarized this in a conversation with me as follows: "Our economy is organized in such a way that the state

owns a large amount of resources. It sets land prices. It decides how to allocate and direct resources, what to spend money on. It depends too much on taxes and duties associated with the sale of land. This practically destroyed the retail business in China and took a large number of consumers to the Internet. Traditional retailers lost the opportunity to benefit from the increase an increase in consumer demand that has been effectively used in e-commerce. "efficient vendors - from department stores to restaurants - suffer from their own success: in case of attraction a lot of customers, they can may have a rise in rents" (source: Duncan Clark, 2016)

Table 6: Business to consumer e-commerce market value 2021
Source: J.P. Morgan global payment trends

Business to consumer e-commerce market value 2021

Country	Currency	E-commerce market size	E-commerce compound annual growth rate (2017-2021)
UK	GBP	€178.5 billion	9%
France	EUR	€81.7 billion	10.5%
Germany	EUR	€73 billion	7.3%
Spain	EUR	€30.4 billion	13.5%
The Netherlands	EUR	€22.5 billion	11%
Italy	EUR	€21.2 billion	14%
Denmark	DKK	€15.4 billion	10.5%
Sweden	SEK	€12 billion	9%
Norway	NOK	€10.9 billion	13%
Switzerland	CHF	€10.1 billion	7.5%
Belgium	EUR	€10.1 billion	8.5%
Poland	PLN	€9.9 billion	10%
Austria	EUR	€9.2 billion	8%
Finland	EUR	€8.5 billion	11%
Ireland	EUR	€7 billion	8.6%
Czech Republic	CZK	€4.4 billion	16%
Portugal	EUR	€4.3 billion	12%
Luxembourg	EUR	€0.7 billion	8%

Source: J.P. Morgan 2019 Payments Trends – Global Insights Report: Data has been provided to J.P. Morgan Merchant Services by Edgar, Dunn & Company.

Figure 3: Regional structure of global internet commerce in 2013 (billion dollars)
Source: Global-B2C-e-Commerce-Country-Report-2018

regional structure of global internet commerce in
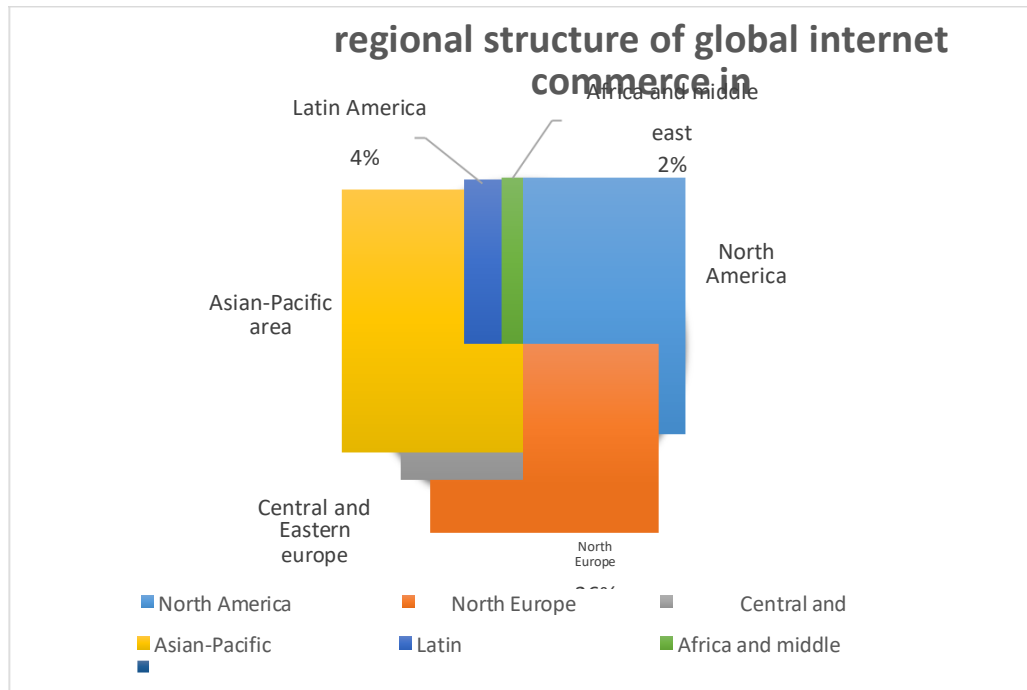
The largest share is made up of buyers from North America, and in second place is the Asia -Pacific region. Nevertheless, eMarketer experts predict that after 2015 the situation will change - and Asia will come out on top in the world, almost twice as much as North America in electronic goods turnover. This is largely due to the expected intensive economic growth of developing Asian countries. As noted in the Global Wealth 2014 report is shown annual growth rate of 10.5%, private capital in the entire region (Asia-Pacific, excluding Japan) will grow to an estimated $ 61 trillion by the end of 2018. At this pace, the region will displace Western Europe from second place in the ranking in 2014, and in 2018 deprive North America of the status of the richest (region)

8. Conclusion

The aim of this thesis was to investigate the current situation on the market. Nowadays people have many possibilities while shopping. The traditional way implies the existence of a brick and mortar stores. However, the development of It technologies and internet gives an opportunity to people change the way they make shopping.

The literature review help to track the development of online shopping.

The second part which is the theoretical one shows a processed date from the survey that was made with the help of 100 respondents.

The survey includes 10 questions. For wider analysis of the information that was received from the survey, people were asked about their area of residence. As it is a well-known fact that in some regions people buy online more than in some other countries. For the dipper outlook on the situation all participants also had to mention their age and gender. According to the questioner men buy slightly more clothes and apparel on monthly basis online then women.

Regarding most frequent goods that both men and women would definitely buy online were mentioned auto parts, clothes and apparel, books and electronics.

Additionally, there was detected the reasons why people still make purchased in traditional shops and in contrast why sometimes they prefer use internet for shopping.

The most important for more than half of respondents who were buying clothes and apparel was very significant the fact that they could try and touch the good that they are going to acquire. However, it requires a lot time to go to the physical shop. Nowadays people work a lot and have children, hobbies, so they do not have enough of time to spend on goods purchasing. And that is the reason that half of the respondents chose as a main for the buying goods online.

As it was already mentioned that in defend regions people's attitude to online shipping is different. The survey shows that online purchases on weekly basis are mostly made in USA and Europe.

On the very last practical part is possible to see the role of virtual commerce in different countries and its influence on the economy in general.

Overall the goal of this diploma thesis was to show people's behavior while making purchases. To analyze all benefits and disadvantages of both physical and online stores.

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How old are you?

    A. Less than 18

    B. 19-35

    C. 36-52

    D. 53 or more

What is your occupational status

    A. Student

    B. Employed

    C. Unemployed

    D. Pensioner

Where do you live?

    A. Europe

    B. Asia

    C. Africa

    D. Australia

    E. USA

How often you are purchasing goods or services?

    A. Daily

    B. Weekly

    C. Monthly

    D. Yearly

How would you buy electronics?

    A. Definitely will buy on-line

    B. Probably will buy on-line

    C. Possibly will buy on-line

    D. Definitely won't buy on-line

How would you buy books?

    A. Definitely will buy on-line

    B. Probably will buy on-line

    C. Possibly will buy on-line

D. Definitely won't buy on-line

How would you buy jewelry?

    A. Definitely will buy on-line

    B. Probably will buy on-line

    C. Possibly will buy on-line

    D. Definitely won't buy on-line

How would you buy music?

    A. Definitely will buy on-line

    B. Probably will buy on-line

    C. Possibly will buy on-line

    D. Definitely won't buy on-line

How would you buy groceries?

    A. Definitely will buy on-line

    B. Probably will buy on-line

    C. Possibly will buy on-line

    D. Definitely won't buy on-line

How would you buy office supplies?

    A. Definitely will buy on-line

    B. Probably will buy on-line

    C. Possibly will buy on-line

    D. Definitely won't buy on-line

How would you buy home furnishing?

    A. Definitely will buy on-line

    B. Probably will buy on-line

    C. Possibly will buy on-line

    D. Definitely won't buy on-line

How would you buy sporting goods?

    A. Definitely will buy on-line

    B. Probably will buy on-line

    C. Possibly will buy on-line

    D. Definitely won't buy on-line

How would you buy auto parts?

    A. Definitely will buy on-line

B. Probably will buy on-line

C. Possibly will buy on-line

D. Definitely won't buy on-line

How would you buy personal care?

A. Definitely will buy on-line

B. Probably will buy on-line

C. Possibly will buy on-line

D. Definitely won't buy on-line

How would you buy clothes?

A. Definitely will buy on-line

B. Probably will buy on-line

C. Possibly will buy on-line

D. Definitely won't buy on-line

What is the main reason for you to purchase online?

A. No need to communicate with people

B. No time to go to the shop

C. Better quality of goods

D. Lazy to go to the shop

Why don't you buy online?

A. Want to touch, try the good.

B. Scared to put your card credentials in a website

C. Order takes log time to be delivered

D. Ordered good cannot coincidence your expectations