
Effects of Online Shopping on Small Scale Offline Trading in Some Selected Shopping Complexes in Niger State, Nigeria

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ABSTRACT

Along with growth and development of technology in the world comes changes in the ways goods and services are produced as well as the expectations of the consumers from the producers or sellers. One of the most notable breakthroughs of technology in the modern era and in the world of business is the electronic commerce, hence online shopping system. Online shopping system is an alternative and highly promising system of trading characterized by absence of face to face interaction between the buyer and seller but through the intermediation of technology gadgets particularly the internet. Therefore, this research work generally seeks to determine the effects of online shopping on small scale offline trading in some selected shopping complexes in Niger state. In addition, it seeks to determine whether these effects are significant and also determine the awareness level of offline traders on online shopping. In light of this, a total of 99 small scale stores in the selected complexes (Obasanjo shopping complex Minna and Etsu-Yahaya shopping complex, Bida) were sampled, out of which only 88 responded to the structured questionnaire administered for the purpose of data collection. The null hypothesis for the study states that online shopping has no significant effect on offline small scale trading while the alternative hypothesis states that online shopping has a significant effect on offline small scale trading. The statistical tool used for this study to test this hypothesis was "Chi Square Goodness of Fit test" computed using Statistical Program for

Social Sciences (SPSS) version 22. The test led to the null hypothesis being rejected. The study found that online shopping affects offline small scale trading in several ways such as price fall, decline in profitability, increased requests for discounts by customers, increased window shopping, reduced store traffic and stimulates offline traders to diversify into online trading platform or a more technology driven operation system. The study therefore, concluded that the identified effects of online shopping on small scale offline trading are partially significant as evidenced from the data analysis. Therefore, it was recommended that offline store should adopt measure which will help reduce their cost of operation in order to allow for lower prices and also develop new store formats such as Virtual showroom, Flexible formats, and Mash ups as strategies for competing favorably with online stores.

Keywords: Online, Online Shopping, Offline, Brick and Mortar Shops, Small Scale Trading, Internet

INTRODUCTION

The retail or small scale industry is arguably the largest and most profitable industry in the world today. This industry has grown not only in size but has also evolved in its system and mode of operations, owing to steady increase in demand, resulting from global population growth. On a national scale, retail industry in Nigeria has also experienced this evolution significantly over the past few years. Historically, the path of this evolution has been from the traditional trading era of shopping in the open-air markets to shopping in brick and mortar shops and to virtual shopping (online retail system) as we have it today. However, these systems are currently coexisting in Nigeria and the world at large.

Online shopping sometimes called virtual shopping, is one of the fastest growing areas of e-commerce, with the internet providing a platform where sellers and buyers can come in contact for sale

and purchase of goods and services. Generally, online shopping entails purchases of goods and services from a seller utilizing the internet as the medium or platform upon which such transaction is carried out. According to Online Business Dictionary (2013), online shopping is an aspect of e-commerce which is the act of purchasing products or services over the internet. In the last 15 years, Nigeria has witnessed an immense growth in its online shopping sector which is attributable to some key factors. The first being, increased internet access as buttressed by internet world stats (2015), which disclosed that around the years 2000, about 200,000 people had access to internet (0.06% internet penetration) and in 2015, about 92,699,924 people have access to internet (51.1% internet penetration). In addition to this, according to Philip consulting (2014), "consistently rising numbers of internet-enabled devices and decreasing cost of internet-enabled mobile phones, along with the desire to connect with loved ones are all drivers for increased internet adoption in Nigeria". This increased internet penetration rate in Nigeria has positioned the country as one of the fastest growing internet consumer market in sub-Saharan Africa.

Another key factor which has contributed to the growth in online shopping sector is the "cashless policy" of central bank of Nigeria as disclosed in online shopping report by Philip consulting (2014). In the report, it was disclosed that Online shopping and e-retail in general is further driven by the central bank of Nigeria's "cashless policy", which seeks to reduce the use of physical cash and increase the adoption of various electronic portals for financial transactions.

In a study carried out by Kesteloo and Hoogenberg in Netherlands (2013), it was disclosed that online shopping will affect offline trading such that, Offline sales will decline as a result of online growth, store traffic will go down and the growth of online will put more and more pressure on offline prices due to increased price competition and increased price transparency. In addition to this, given that online shopping growth is directly related to internet penetration rate, and with Nigeria currently

experiencing about 51.1% internet penetration rate amounting to about 92,699,924 people using internet as revealed by internet world stats (2015), it is expected that the findings above will be applicable to Nigeria as well instead it has been observed that more shopping complexes are being constructed and little or no agitation has been heard from offline small scale traders as to whether their activities are being affected at all. Therefore, the study aims at finding out the effects of online shopping on offline small scale trading in some selected shopping complexes in Niger state. The study is further guided by the following specific objectives;

- i. To determine awareness level of small scale offline traders on online shopping.
- ii. To determine the effects of online shopping on small scale offline trading
- iii. To determine whether the identified effects are significant

The researcher has the following null and alternative hypotheses:

H₀: Online shopping has no significant effect on offline small scale trading

H_A: Online shopping has significant effect on offline small scale trading

ONLINE SHOPPING: MEANING, SCOPE AND HISTORY

The Internet's impact on people has been profound particularly with respect to buyers, who are starting to use the Internet as a new medium to trade and purchase goods and services (Rahaman, 2014). Online shopping is an aspect of e-commerce which is the act of purchasing products or services over the internet (Online Business Dictionary, 2013). It is also defined as "buying or purchasing items from internet retailers as opposed to the brick and mortar shops or store". According to Jusoh and Ling (2012), online shopping is the process of buying goods and services from merchants who sell on the internet. Online shopping is often referred to as online purchases, e-tail (electronic retail) or e-shopping. It is called online shopping

because it utilizes the internet (via a web browser) as a platform for which the buyer and the seller carry out their transactions virtually.

The scope of online shopping covers a wide variety of products available for sale over the internet. Nobbs (2011), the chief executive officer (CEO) of Extrabux.com, opined that the most popular types of products sold online, sorted by total US online sales are; Apparel, Accessories, footwear, computer hardware, software and peripherals, Autos and auto parts, Consumer Electronics, Home furnishings, Office supplies, Appliances and tools, Gift cards and gift certificates, Sporting goods and apparel, Toys and video games, Food, beverages, and groceries, Jewelry. Music and videos, Books, Event tickets, Flowers and cards, OTC medicines and personal care, Baby products, Pet supplies, Movie tickets, Cosmetics and fragrances. Similarly, konga.com which is arguably the most popular online shopping site in Nigeria has the lists of all its product categorized as; Phones and Tablets, Computers and Accessories, Electronics, Fashion, Home and Kitchen, Baby, Kids and Toys and Other Categories (http://www.konga.com/?k_id=manoskills)

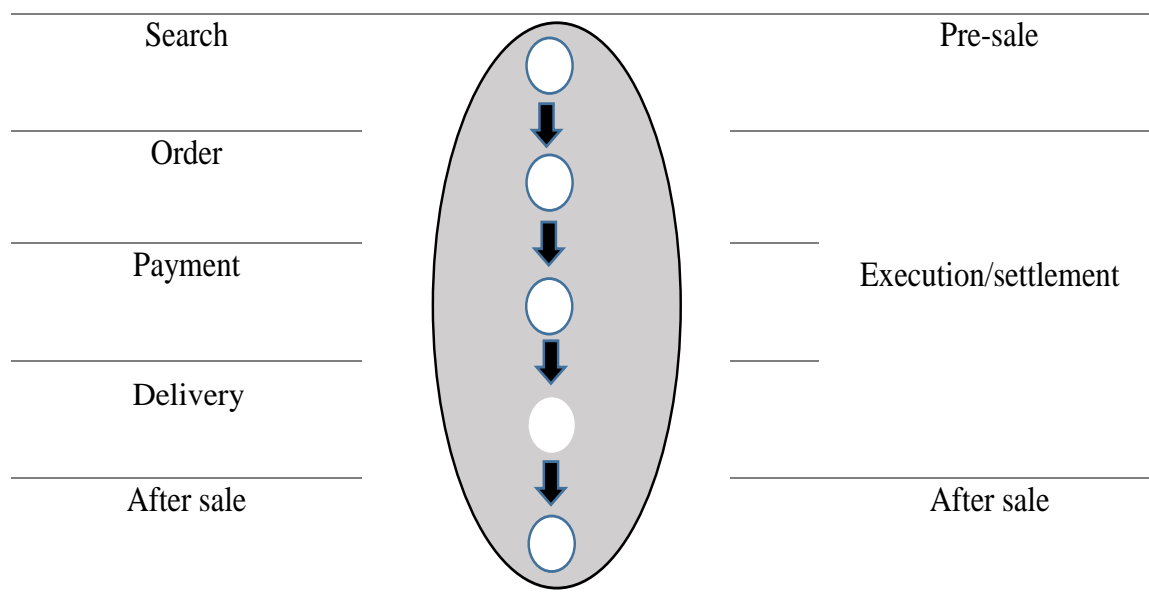
Historically, the origin of what we know today as online shopping can be traced back to the late 70s. A period which laid the foundation of a whole new market that has become quite a significant part of our business lives today by making it more virtual than it used to be. The most notable breakthrough of that time was in 1979. A year which saw Michael Aldrich (the founding father of online shopping), an English inventor and entrepreneur invent what he called "teleshopping" meaning shopping at a distance (today called online shopping). Michael Aldrich connected a modified 26" domestic television via a telephone line to a real-time multi-user transaction processing computer, an idea he was quoted to have said came to him "all of a sudden" as he was chatting with his wife during the summer of 1979 about their need for assistance with the boring weekly supermarket shopping expedition (the Michael Aldrich archive, 2011. retrieved from <http://aldricharchive.com/inventors-story.html>).

At that point, Michael Aldrich thought of connecting a modified 26" television sent to him for assessment, to a supermarket and getting the supermarket to deliver the groceries.

This however was on a very personal and simple application. Eventually he improved on the idea and started selling this idea and technology to big corporations so that they could connect their clients or customer, suppliers, distributors and agents to their corporate information system for direct shopping and sales. This idea eventually became known as the business to business (B to B) online shopping. However, the business to consumer (B to C) application of teleshopping as in supermarket shopping didn't become commercially viable until the 1990s when a critical mass of installed computers was reached, improved telecommunications with internet/www opened up continents and service providers appeared in volume. From 2000 onwards, improved availability of bandwidth at affordable prices, improved encryption for payment processing, improved search engines, high growth in service providers, and large amount of installed home computers in first world countries made B to C otherwise online shopping a phenomenon in retailing today.

BASIC ONLINE SHOPPING PROCESS AND PAYMENT METHODS

As it is with any other trade exchange, a purchase on the internet has a number of stages. Typically for a retail sale, the trade cycle is simpler than for business to business transactions; there is no negotiation and settlement that takes place at the same time as the order (there is no credit). The simplified trade cycle is represented diagrammatically by whitely (2000) below;



Source: Whitley (2000), *Electronic Commerce: Strategy, Technologies and Application*. Retrieved from repository.binus.ac.id/.../F066215768.pdf

The basic online shopping process starts with the consumer searching for a product to purchase which entails surfing the internet for an e-store or site, then once a desired product is identified an is placed which is merely few clicks depending on the e-store. The next step payment through credit cards, e-cash and other means as will be discussed shortly. However, for most local e-shops payment are sometimes made on delivery and then the product is delivered and lastly after sale services such as returns and replacements. The delivery issue associated with e-commerce is an important one and it is one that is often ignored. An e-commerce vendor needs a retail distributor network that matches the nature of goods, the cost structures of the distribution industry and the expectation of the consumer. The delivery requirements differ for a book that can be posted from almost anywhere, fresh food that need a local distribution depot

and , for instance software that can be delivered, at the time of purchase online.

There are several methods used in making payment for goods and services online. According to Acosta (2008), the different methods of making payments online includes; Credit cards, Virtual or online credit cards, Debit cards, Smart cards, E-checks, Digital cash, e-wallet, peer-to-peer payments, e-billing

MERITS AND DEMERITS OF ONLINE SHOPPING

Online shopping has attained immense popularity in recent times, mainly because people find it convenient and easy to shop from the comfort of their home or office and also eliminates the trouble of moving from shop to shop in search of the goods of choice (Saha 2015). However, online shopping has its own peculiar disadvantages which render it quite an imperfect shopping system as well.

Generally, it is perceived that the traditional and the online stores are not competing on level ground as the latter has significant advantages over the former. Online shopping provides more flexibility and opportunity for consumers. For example, consumers are shopping with increased knowledge of products through online research and are placing less reliance on salespersons. In addition, consumers are not restricted by time, distance, and location. Consumers can shop from any distance at any time from any location of preference. Furthermore, online stores do not incur costs such as store, staffing, maintenance, and inventory (Tabatabaei, Butler and Rogers, 2005). Therefore, some of the most salient merits of online shopping includes time saving, Convenience, World-wide coverage, 24 hours trading, easy comparison of prices, Offers cheaper price, more suitable for discrete purchases, Absence of Compulsive shopping, absence of crowd, Variety of products, Lesser indirect expense including delivery cost.

However, despite all the benefits attributable to online shopping, it also has some demerits. Literature reveals some of the major demerits of online shopping to include absence of physical examination of product to be purchased, absence of instant satisfaction as opposed to offline purchases where items bought can be used instantly, difficulties and time spent in returning goods which did not meet the specifications or is deficient, privacy and security issues attributable to internet generally, Absence of bargaining and total absence of credit facility.

Specifically in Nigeria, some of the major challenges of online shopping include; security concerns, Literacy issues, Conservatism and preference for conventional experience, Inadequate Infrastructural development (power) and Network Reliability.

SMALL SCALE TRADING: MEANING AND ROLES

Small scale trading is also referred to as small scale business or enterprise or simply small business. The word small is a relative word by nature as it depends on the individuals' perception. Therefore, the definition and meaning of the term varies from country to country as well as industry to industry. For instance, Oni and Daniya (2012) states that " the traditional definition in Germany Limits Small and Medium Scale Enterprises to two hundred and fifty (250) employees while in Belgium, it is limited to one hundred (100) employees. Recently, the European Union has standardize the concept by categorizing enterprises with less than ten (10) employees as 'micro', those with fewer than fifty (50) employees as 'Small' and those with fewer than two hundred and fifty (250) employees as "medium". In the United States of America, any business with fewer than one hundred (100) employees is classified as "small" while medium scale business refers to a business with fewer than five hundred (500) employees". In fact, it was stated in the instructional/teaching materials of UNESCO-NIGERIA project for revitalization of TVE in Nigeria that the United Nations industrial development organization (UNIDO) has located about 50 different definitions of small scale business in 75 countries all of which were based on

parameters such as installed capacity utilization, employment, capital and type of industry.

The US Small Business Administration (SBA), defines a small business as “one that is independently owned and operated, is organized for profit and is not dominant in its field of operation” (Daft 2012, page, 152). Similarly, as cited by Nwoye (2011), the central bank of Nigeria in 1988 defined small-scale industry as one with maximum annual turnover of ₦500, 000. However, today, the latest classification as adopted by the national council of industries in 1996 view small scale industry as enterprise with a total cost, including working capital but excluding cost of land, above N1 million but not exceeding N40 million, with a labor size of between 11 and 35 workers.

The small scale business holds a lot of potentials resulting from the roles it plays in the development of a nation as well as its advantages. According to Nwoye (2011), the advantages of small scale business or industry includes; Employment generation, Mobilization of local resources, Low capital requirement, Guaranteed diversification, Continuous innovation, Product variety, Adaptability etc. in addition, Stamatovic and Zakic (2010), opined that small and medium business enterprises are considered to represent the driving forces of sustainable development throughout the world and they form the base of economies, stimulate private property and entrepreneurial capabilities which, due to their flexibility can quickly adjust to market changes, generate employment, create diversified economic activity, and contribute to exports and trade.

EFFECTS OF ONLINE SHOPPING ON SMALL SCALE OFFLINE TRADING

- I. **Fall in Price:** Perhaps the most salient effect of online shopping on small scale offline trading is decline in prices of goods and services. Reduced consumer search costs as well as lower distribution costs are two of the fundamental

reasons for low prices of goods and services in the online shopping platform. This low prices in online products will eventually force the prices of goods and services in the brick and mortar shops to decline either directly or indirectly by way of discounts offered by the sellers else these offline traders suffer a loss too great to bear. For instance, supposing you go to a conventional store to purchase a phone, the chances are that you will be offered a fair price by the retailer. This is because the retailer expects that you may have checked the price of the same product online before coming to his shop.

II. Decline in Sales: Online shopping puts so much pressure on offline stores to an extent that offline shops experiences decline in sales volume. With the convenience attributable to online shopping, in terms of ease in shopping, the delivery methods, lower prices, even more information on the product before purchase, has reduced substantially the number and frequency of people who shop offline. Even though there are still large proportion of people who use both online and offline shopping systems, the advent of online shopping reduces the frequency of such individual's offline shopping thus results in decline in sales in offline shopping.

III. Reduction in Store Traffic: Major shopping complexes are usually crowded by consumers hopping in and out to purchases goods and services. According to Philips consulting (2014), the three major shopping malls currently in the city of Lagos i.e. the palms shopping mall, Ikeja city mall and Adeniran Ogunsanya shopping malls are frequently filled to capacity during peak shopping hours. It is therefore expected that the advent of online shopping would immensely reduce the traffic of customers going in and out of these complexes as these items they purchase are readily available online which offers relatively more convenience in acquiring them than that of these shopping complexes.

IV. Increased Window Shopping: The advent of online shopping also has increased the practice of window shopping resulting from price comparisons. Even though customers do

not and cannot completely desist from offline shopping as large part of those who shop online still shop in the conventional shops as revealed by a study carried out by Philip consulting (2014), this has made them compare prices of online products and offline products more often than it used to be thus visiting shops without necessarily having to buy anything.

V. Reduction or Less Variety Stock Kept by Offline Stores:

According to the findings of a study carried out by Saha (2015), it was found that offline store keep less variety of stock now-a-day, with more than 90% of respondents sharing the same opinion.

VI. Increased Discount and More Enquiries for Discount:

Another effect of online shopping is that it has not only made offline traders to offer higher discount rates to customer for their products than they used to but also customers also request for more discount than they used to. In the study conducted by Saha (2015), 74% of the respondents posit they have increased discount rates offered to customers in recent times. Similarly 90% of the respondents also opine that customers have increased the rate at which they request for discounts before purchases are made.

Perhaps the overall consequences of all the above effects of online shopping on small scale offline trading mentioned is that it leads to Fall in profitability of offline traders. It is expected that an increase in online shopping will adversely affect the profit making of offline small scale retail shops which threatens their survival.

METHODOLOGY

This study was designed to evaluate the effects of online shopping on small scale offline trading in some selected shopping complexes in Niger state. In order to actualize the objectives of this study, appropriate primary data is required for analysis.

Hence, the study being a survey research requires the use of instruments such as interviews and questionnaires. However, the use of a structured questionnaire with five point Likert scale was adopted for gathering data. Statistical tools such as relative frequency, percentages, mean and standard deviation were used to describe and analyze the data. Lastly, chi square test was performed using the Statistical Package for Social Sciences (SPSS 22) to test the research hypothesis. The formula used for computing Chi Squared is given as; $X^2 = \sum \frac{(E-O)^2}{E}$

Where; X^2 = Chi Squared, \sum = Summation, E = Expected Frequency, O = Observed Frequency

The population of this study constitutes the total number of functional shops in Obasanjo shopping complex Minna which is 62 as well as Etsu-Yayha shopping complex Bida which has 50 functional shops resulting in a total population of 112 small scale offline traders within the two major local government area in Niger state. In addition, the sample size for the study was computed using Yamane formula as follows;

$$\text{Sample size (n)} = \frac{N}{[1+N(e^2)]}$$

Where N = population size n = sample size and e = level of precision or confidence level

Sample Size Computation for Obasanjo Shopping Complex Minna

N = 62 , e = 95% confidence level (0.05), n = ?

$$n = \frac{N}{[1+N(e^2)]} = \frac{62}{[1+68(0.05^2)]} = \frac{62}{[1+62(0.0025)]} = \frac{62}{[1+0.155]} = \frac{62}{[1.155]} = 53.67$$

approximately 54

Sample Size Computation for Etsu-Yahaya Shopping Complex Bida

N = 50, e = 95% confidence level (0.05), n = ?

$$n = \frac{N}{[1+N(e^2)]} = \frac{50}{[1+50(0.05^2)]} = \frac{50}{[1+50(0.0025)]} = \frac{50}{[1+0.125]} = \frac{50}{[1.125]} = 44.44$$

approximately 45

Table 1: Population and Sample Size of Obasanjo Complex and Etsu-Yahaya Shopping Complexes

Table 1: Population and Sample Size for the Study

Shopping Complexes	Population of Shops	Sample Size	Percentage of Sample Size to Population
Obasanjo complex Minna	62	54	87%
Etsu-Yahaya complex Bida	50	44	88%
Total	112	99	88%

Source: Field Survey, 2016

The structured questionnaire administered comprises of five point Likert-type scale with options ranging from disagree, strongly disagree, undecided, agree and strongly agree. It consists of three sections A, B and C. section A seeks for demographic profile of the offline traders (respondents) while section B seeks for responses with regards to general information and awareness on online shopping and lastly, section C sought for responses on the effect of online shopping on offline small scale trading. The items rated on the five points Likert-type scale were adapted from the work of Kesteloo and Hoogenberg (2013).

RESULT AND DISCUSSION

Out of 99 questionnaires administered to sampled offline small scale traders in both Obasanjo complex, Minna and Etsu Yahaya complex, Bida, a total of 88 constituting 88% of these questionnaires were retrieved after several efforts. Some traders refused to respond totally to the questionnaire and in some cases some questions were not filled as well. Therefore only 88 were coded in SPSS 22 and subjected to data analysis. The implication of the above is that the response rate of this survey stands at 61% while the completion rate is 69%.

Demographic Profile of Respondents

The demographic profile of respondents shows that 60 respondents (68.2%) are male while 27 respondents (30.7%) are female, 37 respondents (42.1%) are above 28 years of age while

45 (51.1%) are below 28 years, 35 respondents (39.8%) are married while 43 respondents (48.9%) are single. Enquiries based on educational qualification of respondents' shows that 17 respondents are O-level certificate holders, 26 respondents are Diploma holders, 11 respondents are NCE holders, 15 respondents are Degree holders, 3 respondents are masters' degree holders and 11 respondents had other kinds of qualification other than the aforementioned. Furthermore, with respect to type of businesses conducted, a total of 41 respondents (46.6%) trade on mobile phones and accessories, 13 respondents (14.8%) trade on computers and accessories, 10 respondents (11.4%) engage in boutique business, 7 respondents (8%) trade in cosmetic and perfumes, 4 respondents (4.5%) trade in electronics and lastly 12 respondents (13.6%) engage in other types of businesses other than the aforementioned.

Lastly, the distribution of respondents based on years of operation shows that 29 respondents (33%) have been operation between 1 to 3 years, 32 respondents (36.4%) have been in operation for about 4 to 6 years, 7 respondents (8%) have been operational for about 7 to 9 years and 14 respondents (15.9%) have been operational for over 10 years. However the above data is further represented in tables 2, 3, 4, 5, 6 and 7 below.

Table 2: Distribution of Respondents Based on Gender

		Frequency	Percentage
Valid	Male	60	68.2
	Female	27	30.7
invalid	missing	1	1.1
Total		88	100

Source: Field Survey, 2016

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Table 3: Distribution of Respondents Based on Age

		Frequency	Percentage
Valid	18 - 22 years	14	15.9
	23 - 27 years	31	35.2
	28 - 32 years	16	18.2
	Above 32 years	21	23.9
invalid	missing	6	6.8
Total		88	100

Source: Field Survey, 2016

Table 4: Distribution of Respondents Based on Marital Status

		Frequency	Percent
Valid	Married	35	39.8
	Single	43	48.9
Invalid	missing	10	11.4
Total		88	100

Source: Field Survey, 2016

Table 5: Distribution of respondents based on Educational qualification

		Frequency	Percent
Valid	O-Level	17	19.3
	Diploma	26	29.5
	NCE	11	12.5
	Degree	15	17.0
	Masters	3	3.4
	Others	11	12.5
Invalid	Missing	5	5.7
Total		88	100.0

Source: Field Survey, 2016

Table 6: Distribution of Respondents Based on Types of Businesses

		Frequency	Percent
Valid	Mobile Phones and Accessories	41	46.6
	Computer and Accessories	13	14.8
	Boutique	10	11.4
	Cosmetic and perfumes	7	8.0
	Electronics	4	4.5
	Others	12	13.6
Invalid	Missing	1	1.1
Total		88	100.0

Source: Field Survey, 2016

Table 7: Distribution of Respondents Based on Years of Operation

		Frequency	Percent
Valid	1 - 3 years	29	33.0
	4 - 6 years	32	36.4
	7 - 9 years	7	8.0
	10 years and above	14	15.9
	Total	82	93.2
Invalid	Missing	6	6.8
Total		88	100.0

Source: Field Survey, 2016

GENERAL INFORMATION AND KNOWLEDGE ABOUT ONLINE SHOPPING

In line with the first objective of the study, the study found that overwhelming majority of respondents amounting to 78 people (88.9%) of the sample opine that they indeed know what online shopping is, while only 10 respondents constituting 11.4% opined that they don't. In addition, 66 respondents (75%) opine that the numbers of people shopping online are increasing while 11 respondents (12.5%) opine otherwise and 11 people (12.5%) did not respond to the question.

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Thirty six people (36) out of 70 who responded to the question on reasons why people shop online opine that consumers do so due to convenience, lesser price offered by online shopping, more variety and more product information. Meanwhile, a total of 34 respondents chose one or the other reason as mentioned above and 18 people did not respond to the question. Finally, 53 respondents (60.2%) believe that the cost of doing business online is cheaper than offline while 24 respondents (27.3%) opine otherwise and 11 people did not respond to the question. However, the above description is further represented below in tables 8, 9, 10 and 11.

Table 8: Do you Know What Online Shopping Is?

		Frequency	Percent
Valid	Yes	78	88.6
	No	10	11.4
	Total	88	100.0

Source: Field Survey, 2016

Table 9: Are the Number of People Who Shop Online Increasing?

		Frequency	Percent
Valid	Yes	66	75.0
	No	11	12.5
Invalid	Missing	11	12.5
Total		88	100.0

Source: Field Survey, 2016

Table 10: Why Do People Shop Online?

		Frequency	Percent
Valid	Convenience	7	8.0
	Lesser Prices	20	22.7
	More Variety	3	3.4
	More Product Information	4	4.5
	All of the above	36	40.9
Invalid	Missing	18	20.5
Total		88	100.0

Source: Field Survey, 2016

Table 11: Do You believe that Cost of Doing Online Business is Lesser than Doing Business Offline?

		Frequency	Percent
Valid	Yes	53	60.2
	No	24	27.3
Invalid	Missing	11	12.5
Total		88	100.0

Source: Field Survey, 2016

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Table 12: Effects of Online Shopping on Small Scale Offline Trading

Items	x	SD	D	UD	A	SA	Sum	Mean	Std. D	R
		1	2	3	4	5				
Online shopping has some effects on my business	F	6	1	1	42	9	78	3.4	1.1	6
	Fx	6	2	3	168	45	271			
There has been a decrease in my profit due to lower prices of online products.	F	9	2	9	23	16	78	3.2	1.3	8
	Fx	9	4	2	92	80	250			
Lately customers are requesting for more discount	F	2	1	1	46	15	75	3.8	1.0	2
	Fx	2	2	3	184	75	286			
There has been a reduction in my sales	F	5	1	6	37	14	78	3.5	1.1	4
	Fx	5	3	1	148	70	273			
I keep less variety of stock at my store now-a-days	F	6	1	8	39	8	78	3.3	1.1	7
	Fx	6	3	2	156	40	260			
Customers coming to make price inquiries have increased.	F	-	6	4	41	20	71	4.0	0.8	1
	Fx	-	1	1	164	100	288			
The number of customers that come to my shop at the same time has reduced	F	4	1	7	43	10	77	3.5	1.0	3
	Fx	4	2	2	172	50	273			
I am considering opening a website for	F	13	7	2	22	8	78	3.0	1.2	9

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my business so that my customers can place orders.	Fx	13	1 4	8 4	88	40	23 9	6	1	
online shopping affects my business positively	F	4	8	1 9	37	8	76	3.4 9	1.0 0	5
	Fx	4	1 6	5 7	148	40	26 5			
Online shopping affects my business negatively	F	8	2 4	1 5	25	5	77	2.9 4	1.1 5	1 0
	Fx	8	4 8	4 5	100	25	22 6			

Legend: SD = Strongly Disagree; D = Disagree; UD = Undecided; A = Agree; SA; Strongly Agree; Grand Mean (GM) =3.44; f = frequency; x = weight;M = mean; Std.D = Standard Deviation; and R= rank

Decision Parameter: Mean score of 1.00 – 1.99 = low significant effect; 2.00 – 3.49 = partially significant effect; and 3.50 – 5.00 = highly significant effect

Source: Field Survey, 2016

Table 12 above shows that the effects of online shopping on small scale offline trading is partially significant as evidenced by the GM of 3.44. This is in line with the third objective of the study. Specifically, the most significant effect of online shopping on small scale offline trading is that it has increased the rate at which customers’ window shop or make price inquiry without necessarily making purchases as evidenced by mean of 4.06. other effects of online shopping as disclosed in table 12 above includes; reduction in profit of offline stores, increase in request for discount by customers, reduction in store traffic, reduction in sales and reduction in variety stock kept by small scale offline traders.

Test of Hypothesis

H₀: Online shopping has no significant effects on offline small scale trading

Table 13: Chi Square Test

	Observed (N)	Expected (N)	Residual
Strongly Disagree	6	15.6	-9.6
Disagree	11	15.6	-4.6
Undecided	10	15.6	-5.6
Agree	42	15.6	26.4
Strongly Agree	9	15.6	-6.6
Total	78		

Source: Chi Square Test, 2016 Computed through SPSS 22

Table 14: Test Statistics

	Online shopping has some effects on my business
Chi-Square(a)	56.744
Df	4
Asymp. Sig.	.000

Source: Chi Square Test, 2016 Computed through SPSS 22

- a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 15.6.

A total of 78 traders were sampled and evaluated as to whether online shopping has a significant effect on offline trading or not. The data was analyzed using chi square goodness of fit test. The null hypothesis was rejected, because $X^2(4) = 56.744$, $P \leq .05$. A significant amount of sampled traders agree that online shopping has some effect on offline shopping and not as stated in the null hypothesis.

From the above chi square test computed via SPSS, the chi square value is 56.744, the degree of freedom is 4 and the Asymp. Sig (Asymptotic significance) or the P value .000 as depicted in the table 5.2 above. Moreover, the closer the obtained chi-square value is to zero the more likely we are to accept or retain the null hypothesis. However in this case the chi square value is quite far from zero. In addition if the Asymp sig is less than .05 then the null hypothesis should be rejected and if

greater than .05 then the null hypothesis should be accepted. Thus in this case the Asymp Sig is .000, therefore the null. Therefore, the null hypothesis which states that online shopping has no significant effect on offline shopping is rejected.

CONCLUSION AND RECOMMENDATIONS

From the results of the study, the conclusion drawn is that online shopping has several effects on offline small scale trading and the traders are quite aware of such effects. Specifically, the study concludes that online shopping affects offline small scale trading such that it leads to decrease in profit due to lower prices it offers, it leads to increase in requests for discount by customers, reduction in sales of offline small scale traders, less variety of stock kept by offline traders, increase in price inquiries and window shopping by customers, reduced store traffic and lastly stimulate offline small scale traders to diversify into online trading as well or a more technology driven operation system. On a similar note, efforts made by the study to determine whether online shopping has or has no significant effect on offline small scale trading revealed that online shopping indeed has a significant effect on offline small scale trading in these selected shopping complexes. Lastly, the study concludes that the effects of online shopping on offline small scale trading is both positive and negative.

In light of the above conclusions the study recommends that, the offline small scale traders find ways to cut down their operating cost in order to enable them compete favorably in terms of price. This can be facilitated by adequate government support by means of providing infrastructural development such as good roads, communications, power supply etc. which could help reduce costs such as rent and transportation. However, the main problem is that customers are moving from offline to online. Therefore, offline small scale stores should reduce and adapt their physical store network to the changing consumer behaviors. To do this,

they must develop new formats or modernize their existing store formats.

The traditional roles of the store such as getting product advice, doing comparative shopping, trying and testing, and purchasing product should be done by several other channels and media. So also, the store role should change in line with evolving shopping behaviors. This is to say that retailers should adopt or adapt store formats as disclosed in Kesteloo and Hoogenberg (2013), such as virtual showrooms which are mid-sized store formats that feature digital interaction via touch screen walls and other devices. This format allows retailers to display their full collection on a limited floor space. Similarly, the Flexible store formats which are stores used to temporarily serve specific customer needs or create a buzz. Like the "on-wheels" concept where a mobile store is placed at events can be adopted. Lastly, a combination of these formats can be made which is called the "Mash ups formats".

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