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E-commerce and Local Retail Market Performance in Lagos State, Nigeria

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Abstract:

The study investigated e-commerce adoption on local retail market performance among selected retail markets in Lagos State. The research made use of the survey design as its methodology; the method of data collection was a questionnaire. One Hundred (100) local retail marketers from randomly selected companies in Lagos State participated in answering the research questions. These local retail markets were randomly selected based on their utilization of e-commerce. The null hypothesis, which was formulated to guide the study, was rejected while the alternate hypothesis was accepted. The findings revealed a significant influence of e-commerce adoption among selected companies in Lagos State. It was recommended that e-commerce should be adopted to enhance employer service operations, minimized costs, and maximized profits, among others.

Keywords: E-commerce, local retail markets

1. Introduction

Since its inception in 1989, the Internet has transformed many aspects of human endeavor, including commercial operations around the world. Businesses are no longer restricted to the old "bricks-and-mortar" approach of conducting business. The obvious advantages of electronic commerce (EC) have created a plethora of opportunities for businesses and business specialists to investigate. The use of electronic currency (EC) continues to develop at a rapid pace, and its merchants are making strenuous attempts to keep their consumers in the face of increasing competition in the EC market.

In 2018, according to Baroud (2018), the European Commission aspires to achieve a broad range of objectives, the most important of which are to increase business efficiency processes, lower the marketing cost by eliminating the traditional methods of transaction with electronic methods, provide consumers with market information and accelerate service delivery to customers. Furthermore, EC has the capability of establishing a suitable power imbalance between the providers and the users of its services (Sinkovics, Hoque, & Sinkovics, 2018). The fact is that despite the numerous benefits linked with the use of electricity, the accompanying technology has not yet reached its maturity level in developing countries such as Nigeria, where it remains difficult for many Nigerians to accept. Due to the fact that it is used in a manner that results in a wide range of severe problems, this is the case. To name a few of the issues raised in this study, privacy concerns, security concerns, trust concerns, and perceived threats are just a few examples of the difficulties that may arise. Contrary to conventional face-to-face contacts, many customers in Nigeria continue to perceive electronic commerce transactions as a potentially risky mode of conducting business, despite the increasing expansion of such firms in the country. To survive in today's global competitive environment, businesses must embrace e-commerce to the fullest extent possible. This is a fundamental requirement. Business companies must be aware of the critical success factors associated with e-commerce deployment in order to effectively handle the associated issues and move forward, because a failed implementation can have major consequences for the performance of the organization.

It has the potential to be a tool for ensuring long-term, sustainable economic improvement if it is applied appropriately for development purposes. In no doubt, the tremendous impact that electronic commerce will have on the economies and societies of the world will result in increased productivity, affordability, and profitability (for e-commerce users), and as a result, will contribute to the advancement of the information society. By connecting remote regions and bringing scientists, administrators, developers, and managers together in projects and programs that promote economic and social development, the Internet, and emerging digital technologies and services have the potential to improve the livelihoods and well-being of millions of people around the world. Customers are deterred from utilizing e-commerce because of mistrust and a feeling of risk, to name a few of the variables that contribute to this. With unresolved security

and privacy issues impeding the growth and expansion of technology, there is no question that these roadblocks have prevented EC users from realizing their hopes of living in a world where transactions are quick and secure. Customer loyalty and demands must be met by EC providers in Nigeria, and this can only be achieved through the development of effective security measures that can improve privacy and trust. Traditional brick-and-mortar ways of purchasing and selling in Nigeria, according to Martin (2018), are beset by a number of issues, including the security of the payment system itself.

Other European countries have considered it as a worldwide phenomenon, contrary to the majority of existing European Commission (EC) studies, which are largely focused on western countries such as the United States (US). As a result, Internet penetration in developing countries is still not at its peak, but rather is on a fast downward trajectory, making the adoption of EC a grey area in these countries for the time being. This is due to the fact that developing countries are not always successful in their technology adoption efforts, which accounts for the low level of EC acceptance in these countries. It is, therefore, possible for EC technology to achieve widespread adoption and to generate additional employment, which will, in turn, contribute to the country's economic development through its innovative performance (Hao, Farooq, & Zhang, 2018). Because of growing privacy and security concerns, as well as difficulties of trust, it has become increasingly difficult to function in the European Commission environment in recent years. The possibility of identity theft has caused intending users to become increasingly reluctant of giving their personal information as a result, which has hindered the overall performance that could have been accomplished through the adoption of new technologies. If European consumers pay online using online systems and portals in developing nations such as Yemen and Iraq (both of which are developing countries), there is still a foreign exchange restriction in effect, which results in some challenges for these consumers (AAR, 2011). It all comes down to a matter of trust and safety. According to the authors of Ibiam, Boyinbode and Afolabi (2018), insufficient regulatory framework, customer trust and safety, dangers associated with online transactions, and challenges with the telecommunication system are among the factors that influence the performance of EC in Nigeria. EC in Nigeria is a government-owned enterprise. To minimize identity theft and monetary loss, it is important to evaluate the case for consumer safety as end-users of technology while completing online transactions.

There exist numerous studies of EC adoption, but only a few of them have focused on local retail markets and how e-commerce has impacted the performance of these local retail markets. However, there has been a minute empirical research that has examined the impact of e-commerce on business performance in local retail markets, particularly in Nigerian businesses. Because of this, the goal of this study is to analyze the performance hurdles that local retail marketplaces face when it comes to e-commerce in the state of Lagos.

2. Literature Review

2.1. E-commerce

E-commerce is much more than just the coupling of electronics and commerce; it is a broad concept that includes several subfields. For the first time, a whole new way to doing business across a medium is being offered, one that affects the very rules of doing business as we know them. This means that strategy and company management are far more crucial in this situation than technology is in most others. A significant shift is taking place in supermarket retailing as a result of the fact that online shopping has been introduced, particularly in the areas of channel development, business scope redefinition, development of the fulfillment center model and core processes, new methods of customer value creation, and online partnerships. The acquisition, selling, and marketing of goods and services to customers through the use of information and communication technologies, primarily the internet, is a typical definition of electronic commerce. Due to the advent of e-commerce, the value of physical location has been considerably reduced, with shops now able to offer their items to customers all over the globe. This has the ability to greatly increase their earnings as well as their clientele base.

Having surpassed Denmark and Colombia in terms of revenue, Nigeria will be the world's 33rd largest e-Commerce market in 2021, with a revenue of US\$7 billion. This will place Nigeria ahead of Denmark and behind Colombia in terms of revenue (eCommerceDB, 2022). Because of a 30 percent increase in the number of transactions, the Nigerian e-commerce market will contribute to a worldwide growth rate of 29 percent in 2021, according to the World Economic Forum. Untold numbers of new markets are forming, and existing markets have the potential to expand even further in the coming years. World trade will continue to grow over the next few years, as will the global economy. East and Southeast Asia, with their expanding middle classes and underdeveloped offline shopping infrastructure, will be the driving force behind this trend, according to the World Bank. E-commerce transactions can be classified into three sorts of transactions: (B2C) which means business to consumer; (B2B) this means business to business transactions and (B2G) business to government transactions (Sajuyigbe, 2012; Ayo, adewoye and Oni, 2019). However, e-commerce does not relate solely to the purchase of a product. It can apply to any information or services that a firm provides to its consumers over the Internet, ranging from pre-buy information to aftersales service and support, among other things. These are essentially the two most major e-commerce programs available today. The first application is to reduce transaction costs by increasing the efficiency with which individuals use time and procedures while simultaneously cutting costs. Another alternative is to use information and communications technology (ICT) as a marketing tool to increase sales (and customer service), as well as to generate new business prospects. Among other things, information technology-enabled businesses, call centers, software maintenance services, and other such initiatives are examples of what is meant by "information technology." So, it may both help existing firms while also opening up new prospects for new enterprises, both for established businesses and for new entrants to the market. Due to the widespread use of online banking and investment services, consumers now have

the ability to conduct banking and investment transactions as well as purchase, distribute, interact, explore, and learn from virtually any location where an Internet connection can be obtained through the use of electronic commerce (Abubakar, 2017; Bola and Ehimen, 2017).

In summary, according to Baroud (2018), the evolution of e-commerce may be separated into two stages: a first phase followed by a second phase. When it came to e-commerce, the "first wave" was dominated by large firms in the United States that had easy access to finance, which was primarily provided by foreign investors. According to Igwe, Alaba and Abbas (2020), e-commerce is a "land grab" at this early stage of development. Within seconds, an entirely new marketplace was created, and businesses with sufficient resources and the determination to "take from the earth" were able to "grab" their way into existence. These massive firms were among the first to see the potential benefits of e-commerce and to begin researching and exploiting them as soon as they became available. Since the vast majority of enterprises were dependent on external investors, generating a profit was a rare occurrence in the commercial world. Smaller firms were particularly hard hit, and many of them suffered financial losses as a result of the economic downturn. According to him, the technology was simple and affordable at the time, and the internet connection was slow; websites were predominantly in English; e-mails were delivered in an unstructured manner; and the integration of e-commerce with other processes was inefficient. In the "second wave," the technical boom that occurred after 2001, the development of mobile broadband and the increased speed of the Internet at a low cost are all characteristics of the period. The territory had already been conquered, and the attention of the most significant participants had been drawn away from conquering it and onto protecting it rather than capturing it. In recent years, businesses have placed an increasing emphasis on attaining competitive advantage and developing strategies to do so (Johnson, 2014). At the same time, it is important to overcome some of the difficulties connected with the use of new technology, which were a prerequisite for the development and adoption of e-commerce by smaller enterprises that were able to do so using their own internal resources to do so. The benefits of utilizing e-commerce, according to Johnson (2014), should be evident and considerable so that firms are encouraged to rise up the ladder from a basic to a more advanced stage of e-commerce use. In general, it is feasible to divide e-commerce into two sub-categories: the first is the general category and the second is the specific sub-category.

- E-merchandise: the sale of products and services over the internet, as well as the movement of commodities through distribution channels, such as online grocery shopping, concert tickets, music, clothing, hardware, travel, books, flowers, and gifts.
- E-commerce: the sale of products and services over the internet, as well as the movement of commodities through distribution channels.

In today's global competitive environment, it is impossible to overestimate the importance of electronic commerce in achieving the stated objectives of corporate organizations. No one can deny that electronic commerce through the internet has given major benefits to both buyers and sellers, including a more efficient means of completing business transactions for both customers and sellers (Santimi, Ladeire, Sampaio, Perin & Dolci, 2019). The authors (Schmidhuber, Maresch and Ginner, 2020) asserted that purchasers can obtain information instantly through e-commerce and test the goods virtually, which would be impossible in a traditional marketing approach.

2.2. Local Retail Market

To put it another way, the phrase "retail" comes from the French expression *retailer*, which literally translates as "to cut once more." In the business world, a retail store is defined as one that isolates small pieces of a large lump of merchandise from a larger whole (Ibiam, Boyinbode & Afolabi, 2018). "Retail" is the polar opposite of "wholesaling," which is defined as the sale of huge amounts of items in a given time period. While manufacturing and distribution are important parts of the supply chain, retailing is the final link in the chain of distribution of commodities from manufacturers to end users, often known as consumers. A major focus of this course is on the management of marketing activity in the retail industry. Retailing is described as the sale of items intended for consumption by consumers for their own, families, or household needs, as opposed to commercial purposes. Depending on the location, it might take place in retail stores or non-store retail locations. Smaller specialized shops and boutiques are included among retail outlets, which include large mixed-retail department and variety stores – hypermarkets and supermarkets, discount sheds, classic specialty stores, and so on – as well as smaller specialized shops and boutiques. According to Martin (2018), a retail market is defined as "a business enterprise that sells primarily to the ultimate customers for non-commercial reasons." The sale of a product to an eventual consumer for non-business purposes, regardless of how or where it is made (at a store or at the consumer's residence) is referred to as a retail transaction. Manufacturers, wholesalers and retail establishments that sell to consumers for non-business objectives are included.

Retailing has a wide range of applications in a variety of industries. In Nigeria, it is one of the most rapidly expanding industries, and it is providing work opportunities to a huge number of people around the country. There are two methods by which the retail industry creates jobs. In the first instance, it offers individuals the possibility to create their own enterprises, and in the second instance, it provides work to a huge number of individuals who are unable to operate retail establishments (Baroud, 2018).

3. Theoretical Framework

3.1. Theory of Innovation Diffusion

Developed by Everett Rogers in 1962, the innovation diffusion hypothesis examines how new technologies are accepted and whether or not they will be viable in the long run. It is the goal of this theory to explain how and why new

ideas and technologies spread within a social system, as well as at what rate they do so (Rogers, 2003). When Rogers used the terms technology and innovation interchangeably, he saw innovation as "new information, new methods of doing things, or something that is regarded as novel and adopted by others." He also defined technology as "new information, new methods of doing things, or something that is regarded as novel and adopted by others." He also defined innovation as "anything that is seen to be original and is embraced by others" in his statement (Rogers, 2003). The innovation-decision process is characterized as the transition from being aware of innovation to develop an outlook on it, to accepting or rejecting it, to putting it into action, and lastly verifying its effectiveness (Rogers, Singhal and Quinlan, 2019). Based on the passage of time, the adopters of innovation have been split into five distinct groups:

- Innovators: Individuals who are actively seeking out new ideas and jumping on the innovation bandwagon are referred to as innovators. Those that fall within this category are extremely rare, accounting for only 2.5 percent of the population (Rogers *et al.*, 2019).
- Early Adopters (also known as thought leaders) are individuals who embrace technology at an early stage and are sought after by others for the sake of information (Sobti, 2019).
- Early majority: Members of this cluster are more likely than ordinary member of society to accept new ways of thinking (Rogers, 2003).
- The Late Majority: The late majority is made up of people who are skeptical of new ideas and technology, but who eventually come to accept them after they have been implemented. A great number of people have made the decision to adopt (Sobti, 2019).
- Those who are the last to adopt a new technology are referred to as laggards (Rogers *et al.*, 2019). For a variety of reasons, the hypothesis is relevant to this study in this case. When it comes to traditional shops, e-commerce is a relatively new technology that has only recently arisen in the previous few years. Whatever the reason, the innovators among them have tuned in and aligned their operations with specific characteristics of E-commerce, such as mobile banking, while the laggards continue to push back implementation dates for a variety of different reasons. According to innovation diffusion theory, change agents and leaders are critical in facilitating the acceptance of a new trend and removing the obstacles that prevent it from spreading.

4. Research Methods

4.1. Research Method

The research utilized the quantitative method as data was acquired via questionnaire administration to respondents.

4.2. Population

Here, the target population, where the research will be concentrated, is 100 local retail markets in Lagos state. These local retail markets were randomly selected based on their utilization of e-commerce. Each retail market was represented by the head of retail sales and this head of retail sales cooperated in filling the questionnaires given.

4.3. Research Design

The research employed the descriptive design where data was obtained from respondents on the influence of e-commerce on local retail markets.

4.4. Sources of Data Collection

The primary source of data was questionnaires collected from the participants, and the secondary data source was acquired from journals, textbooks, conference papers, seminar papers, etc.

4.5. Method of Data Analysis

The data were analyzed through SPSS. Simple regression that was in line with the hypothesis was used to determine the extent of e-commerce on local retail markets.

5. Results and Discussion of Findings

5.1. Test of Hypothesis

- H_0 : E-commerce does not have a significant impact on local retail market performance

Model Summary				
Model	R	R Square	R Square Adjusted	Std. Error of the Estimate
1	.526 ^a	.277	.274	1.76904
a. Predictors: (Constant), E-commerce				

Table 1

Source: Researcher's Survey (2022)

5.1.1. Decision Rule

When (R) ranges from 0.0 to 0.20, it shows a very weak relationship; 0.20 to 0.40 is weak, 0.40 to 0.60 shows a moderate relationship, 0.60 to 0.80 is strong, while above 0.80 shows a very strong correlation.

5.2. Result Interpretation

Table 1 indicates that (R) in the model summary has a 0.526 relationship of e-commerce on local retail market which displays a moderate relationship. From the result of the table, it revealed the extent to which the variance of the dependent variable (local retail market performance) is explained by the independent variable (e-commerce). This is denoted by R square (R²) which equals .277 and is expressed as 27.7%. This indicates that e-commerce accounts for 27.7% of the variance in local retail market performance. The other factors not involved in the model explain 72.3% (i.e., 100% - 27.2%). The standard error term estimated is 1.76904.

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	299.078	1	299.078	95.568	.000 ^b
	Residual	782.371	250	3.129		
	Total	1081.449	251			
a. Dependent Variable: Local Retail Market Performance						
b. Predictors: (Constant), E-commerce						

Table 2

Source: Researcher's Survey (2022)

5.2.1. Decision Rule

- The null hypothesis should be rejected when the significance is below 0.05
- The null hypothesis should be accepted when the significance is above 0.05

5.3. Interpretation of Result

Table 2, which is the ANOVA table, shows F value to be 95.568 at 0.000 significance level. This means that there is a significant influence of e-commerce on local retail market performance. Therefore, the researcher rejected the null hypothesis because the significance is less than 0.05.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.967	.807		8.633	.000
	E-commerce	2.292	.234	.526	9.776	.000
a. Dependent Variable: Local Retail Market Performance						

Table 3

Source: Researcher's Survey (2022)

5.4. Result Interpretation

B, which is the constant (6.967), intercepts the regression analysis. It reveals the degree of local retail market when e-commerce is at point zero (0) (i.e., e-commerce = 0; local retail market performance is 6.967). The B value for e-commerce is 2.292 which signifies the slope of the regression; every increase in unit of e-commerce will lead to 2.292 increase in performance. Table 3 indicates that e-commerce has a significant influence on local retail market performance ($\beta = 0.526$, $t = 9.776$, $p < 0.05$).

5.4.1. Decision

From the analysis conducted, it can be adduced that e-commerce has a significant influence on local retail market performance. The result of this finding is in alignment with the findings of Abubakar (2017) that with the advent of technology, e-commerce will help many retail businesses reach out to their respondents instead of the traditional open market. Igwe, Alaba and Abbas (2020) affirmed that e-commerce will help local retail markets eliminate intermediaries which will, in turn, reduce the amount of time that will be needed to purchase a product.

6. Conclusions and Recommendations of the Study

The purpose of this research is to examine the influence of e-commerce on local retail market performance. The findings of this research show a significant effect of e-commerce on local retail markets performance. Therefore, e-commerce has been found appropriate in retail businesses rather than the traditional open market. The study supports the extent literature on e-commerce and traditional open market (Yassen, Dingley, Alhusban, Alhosban; 2017), and recommends that organizations, especially retail markets, should embrace e-commerce as a mechanism for business growth and performance.

The following has been recommended based on the findings of this research:

- Adequate training on local business markets to recognize the usefulness of adopting e-commerce and have a uniform perspective of what e-commerce entails.
- Governments should provide maximum internet security to encourage local retail markets to adopt e-commerce.
- Adaptation of e-commerce should be cost-effective in order to allow retail marketers the opportunity to make use of it.
- Retail businesses that use e-commerce should pay attention to the constant software advancement and always be up to date.

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