E-Retailing: Boon or Bane?

Raja Sarkar, Ph.D. Scholar/ UGC Junior Research Fellow

Department of Business Administration, Utkal University, Bhubaneswar, India

Abstract:

Introduction of internet media has changed the way consumers go about shopping . There is a revolution of sorts in the retail industry in the 21st century India. Internet has brought the entire world within our grasp. The rules of the game in retailing are fast changing with the introduction of Information Technology. The e-retailing website is like the entrance door of the online store where the online seller & the consumer can interact and make transaction without losing too much time. E-retailing is the alternative platform of selling goods using electronic media especially internet. E-retaling is a subset of e-commerce. In urban India e-retailing is driven by the urge of shopping without spending too much time. It has been found that the ever growing internet population in India has contributed handsomely to this new age shopping channel. The internet helps retailers to expand their customer base to astronomical proportion. It also enhaces the CRM, cost efficiency and personalization. One can virtually buy anything from pin to elephant through this channel at any given time of the day (24 x 7). But even after all these conveniences there is the other side of the coin. Privacy & security are the biggest drawback of this medium. But with all, we can say that the prospect for e-retailing in India is looking very bright.

Key Words:

E-retailing, e-tailing, Information Technology, online shopping, consumer satisfaction

Introduction:

Consumers are increasingly tilting towards on-line platform to shop and purchase for products & services, making payments, arrange shipment or take delivery of various products, and for after sales service. Business-to-consumer (B2C), commonly known as e-business includes retail sales, often called e-retail (e-tail), and other online purchases such as airline tickets, entertainment venue tickets, hotel rooms and shares of stock . E-retail or electronic retail is defined as the sale of goods and services via Internet or other electronic channels, for personal or household use by consumers. Two distinct categories of e-tailers are pure play and bricks and clicks. A pure play e-tailer uses the internet to push its goods or services but also has the traditional physical storefront available to customers **(Murugavel, 2010)**.

   In general, the activities of e-tailing comprise of three main activities. They are: (i) a product search facility (often referred as a product evaluation or information gathering facility), (ii) an on-line purchase function and (iii) a product delivery capability **(Kolesar and Galbraith, 2000)**. Like general marketing activities of an organization, e-tailers have also stuck to the same 4P's of marketing activities. They are: Product, Price, place and Promotion. With regard to the right products, e-stores can offer an unlimited varieties of product offering like traditional retailers in categories ranging from electronics to shoes. E-store is the Internet version of stores that set up electronic storefronts on the Internet. It provides all kinds of products and renders services to the e-customer at the click of a mouse button and makes money by selling products directly to e-customers. When it comes to offering the right price, e-stores can

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories

International Journal in Management and Social Science

http://www.ijmr.net.in email id- irjmss@gmail.com   Page 206

be operated with low profit margin because of the lower overhead cost and higher sales volume. As for the right promotion, e-stores can utilize unlimited direct marketing, advertising and selling opportunities. Finally, with regard to the right place; the location of the e-store is not important as it works on the virtual platform and e-customer can connect and purchase products and services from the Internet at any time and place. According to **Lim and Dubinsky (2004)**, e-store is defined as a commercial web site on which e-customers can shop and make purchases without the restriction of time & place .

The electronic retail growth of Indian market as estimated by Euro-monitor report, has already touched Rs. 2700 crores in the year 2010 from Rs. 400 crores in 2005 **(http://indianecommercestory.blogspot.com/2010/01/etailing-market-in-india.html)**. Also in the recent report of Internet and Mobile Association of India (IAMAI) it was expected that the Indian e-commerce market will gallop at an impressive growth rate of 47 per cent to over Rs 46,000 crore in the year 2011. Comprising about 81 per cent of the total e-commerce in the country, the online travel market, which includes booking rail and air tickets, hotel accommodations and tour packages, is estimated to grow by 50 per cent and is expected to touch Rs 37,890 crore by December, 2011. E-tailing sector in India is expected to grow by 34 per cent and touch Rs 2,650 crore in the year 2011.

(http://www.deccanherald.com/content/147517/india-e-commerce-market-cross.html).
Highly optimistic about the growth prospects of the online market, the Indian retail market has observed that online spending has been skewed towards certain products in e-tailing. E-tailing, which includes purchases of durable products such as electronic items, home and kitchen appliances, as well as personal items like apparels and jewellery, constitutes only 8 per cent of the overall e-commerce market in India. The top E-tailers in India are Flipkart, Snapdeal, Myntra, naaptol, etc. They have managed to create a niche due to innovative business strategies, supply chain model and changing urban lifestyles.

Objectives of the Study:

The objectives of present study are:

(i) To describe the present status of E-Retailing in India;

(ii) To analyze the present trends of E-Retailing in India;

(iii) To examine the barriers of E-Retailing in India.

Literature Review:

In e-Retailing, manufacturer or retailer directly deals with the end user or consumer thereby eliminating the series of middleman involved in the traditional trading system. The process also do away with the series of logistics firms involved, such as transporters, C&F agents, financers or bankers, etc. This considerably reduces the overhead costs involved in the maintenance of infrastructure and manpower. **(Srikanth & Dhanapal)**

With Mobile commerce fast catching up, people are no longer dependent upon internet for the virtual transactions. Through smart phones and WAP (wireless access protocol) enabled applications, one can do banking or commercial transactions, search for information and send or receive pictures, videos or music. **(Levy et al, 2012)**

After the dot-com bubble burst in the year 2000, large number of internet based companies crashed on the stock market in U.S. However with the consolidation of market and more safety measure incorporated, the e-commerce in its various variants is now gaining acceptance not only in the developed world but also in the emerging nations. **(Wikipedia)**

Globally, Amazon.com, ebay.com and Dell are few companies that are operating successfully through online retailing mode for last several years and have inspired many more to adopt this channel.

There are basically five parties that are involved in the e-retailing, namely the Seller, Buyer, Support Providers, Government and Technology Providers. **(Khurana, 2010)**.

According to **Gilbert (2006)**, the rapid advancement of this channel of sale and distribution has taken place because of consumer time poverty, buyers wanting to have more control over time and place of transaction, the technology convergence allowing changes to take place, and growing experience of the benefits offered by this medium.

Hansun, J. V. (2001) in his study highlighted the fact that when a corporation begins exchanging business transactions over the internet, the internet becomes part of the corporate computer network, and then the scope of security concerns expands significantly. A variety of useful security software is available for controlling unauthorized intrusion, data corruption, and other potential vulnerabilities.

Bush et al., (2000) in his study provided initial insight as to marketer's perceptions of ethics and marketing on the Internet. The major impediment to business is the issue of security and privacy. The result showed that perceptions about security were still a major concern and that these perceptions insights be difficult to change. Over 80% of the respondents in his study indicated that organizations should develop a code of ethics for the Internet.

Sahoo, S.C. et al., (2010) in their study identified six decision–making styles in Indian environment. These are price consciousness, quality consciousness, recreational, confused by over choice, novelty consciousness and variety seeking. They do not confirm other four dimensions proposed i.e. fashion consciousness, brand consciousness, impulsiveness and brand loyalty. Young consumers between the age group of 11-20 years are most recreational in their shopping.

Rao, A.S. et al., (2010) in their study indicated that development of information technology and the growth of the communication network have radically transformed the local networks and connected them to international markets. Online buyers could gain the ability to search for products not on display, gather information without taking up are the salesperson's time and even purchase or pay for products for immediate delivery. When conducting online shopping security, reliability and trust are the factors which restrict the employees to go online.

Murugavel, D.M.V. (2010) concluded that Indian market and their reports have gone away. Many companies, who have entered both e-tailing and direct retailing based on their reports, are winding up their operations. The online retailing raises more issue them the benefits it currently offers. The quality of products offered on line and procedures for service delivery are yet to be standardized although e-tailing has lagged in India, but hopefully in future, it would see a lot more actions as internet habit of Indian online users is on a rise and many factors are in favor of its growth.

Nathan, C.S. (2009) in his research paper highlighted the fact that telecommunication department is focusing on implementing 3G and Wi-max technologies in India. So there is greater scope for internet and mobile phone penetration in the country. These technologies cannot only enable emarketers to enhance existing 'e- marketing' method, but also innovate new methods such as user created commercials for internet. As companies are going latest technology in all areas of business to overcome competition, they should understand that
'Technology' is a double-edged sword. Technology is essential to improve employee's
performance for long term survival of the organization in the market and at the same time
it should not be overused to substitute and replace manpower. This will lead to economical problems and increase in crime rate in the long run.

Popular e-retailing websites in India:

Some of the e-retailing sites that are commonly preferred by e-shoppers in India, these days, have been given below-

(i) Flipkart.com
(ii) Snapdeal.com
(iii) Fashion and you.com
(iv) Myntra.com
(v) Inkfruit.com
(vi) Deals and you.com
(vii) ebay.com
(viii) Homeshop18.com
(ix) Infibeam.com
(x)   99labels.com

Characteristics of Indian e-retail market:

Some of the characteristics that define e-commerce in India are:

(i) Cash on Delivery as a preferred payment method. India has a vibrant cash economy as a result of which 80% of Indian e-commerce tends to be Cash On Delivery (COD) .

(ii) Direct imports constitute a large component of online sales. Demand for international consumer products (including online purchases from international retailers) is growing much faster than in-country supply from authorised distributors. E-commerce uses sophisticated technology and logistics to create a cross-border supply chain that allows consumers to shop online for international products that are delivered duty paid to their doorstep.

Reasons of rapid growth of e-retailing:

(i) Increase in the number of buyers and sellers: Over the years there has been a sharp increase in the number of buyers and sellers in this segment. In addition to online buyers, many offline stores have also begun to sell their products in the online marketplace.
(ii) Change in the customer's attitude: There has been a significant change in the attitude of an average number of Internet user. They are ready to experiment to suit their convenience. Truly, an average user is buying a variety of products online.

(iii) Shop 24x7: People nowadays find it easier shopping online, as the products get home-delivered coupled with the facility to shop 24x7. Convenience appears to be a big attraction as most online shoppers find the crowded high streets too stressful. Thus, an online buyer saves time, effort and money when buying online as compared to buying from physical stores.

(iv) Better Bargains: e-Tailing eliminates the need to maintain expensive and fancy showrooms. Instead, what attracts customer attention to online stores is the great deals' 'best prices' and 'better bargains'. For an industry player, Online retailers can manage to offer attractive offers as they operate out of websites and thus save on inventory handling and maintenance costs.

Advantages of e-retailing for consumers & retailers:

(i)   Consumer convenience
(ii)   Desirable price & selection
(iii) Market research & on-line interactive customer service facilities
(iv)   Promotional tool for business
(v)   Virtual showrooms bearing less cost & improved efficiency
(vi)   Better information for customers
(vii) 24x7x365, anytime anywhere services
(viii) Saves time & efforts
(ix)   Wide variety /range of products
(x)   Comparison of brands/models
(xi)   Good discounts/lower price

Major drawbacks of e-retailing:

(i)   Unavailability of ubiquitous internet access
(ii)   Absence of 'touch-feel-try'
(iii) Consumer favouritism for brands
(iv)   Untimely or non delivery of products
(v)   Loophole of seasonal fluctuations
(vi)   Lack of trust between buyers & sellers
(vii) Language barrier
(viii) Cyber crimes
(ix)   Mounting competitive pressures
(x)   Credibility in payment system

How to make e-retailing more attractive:

(i) Making the payment mechanism more customer friendly and safer.
(ii) Mention clearly the delivery time and delivering the product within that timeframe.
(iii) Strong government policies against online frauds and cyber crimes and policies favoring ecommerce industry.
(iv) Complete and transparent information about product.
(v) Providing price comparison to customer.
(vi) Selling branded goods and providing innovative and Quality products with best pricing.
(vii) Limited personal information
(viii) Products offered and products delivered should not vary.

(ix) Promising online security and safety.   (x) Establishing trust and winning consumer's confidence.

Statistical data concerning e-retailing in India:

i) According to eBay census guide 2011, India is home to 3,311 e-commerce hubs; 1,267 rural hubs; 391 export hubs and 2,217 import hubs.

ii) As per 2011 statistics in the retail division, e-tailing and financial services are the fastest growing segments with each capturing 5.8 per cent of the market.

iii) According to IAMAI study, the size of the total e-commerce market in India is estimated to expand at a CAGR of about 40.0 per cent during 2010-20 to US$200.0 billion. Also according to Forrester, a leading global research and advisory firm, India is expected to record the highest growth in the Asia pacific region during 2012-16.

iv) According to a report, around 3,311 Indian cities were engaged in online shopping between Julu 2010 and June 2011, of which over 1,267 were non- metro cities.

v) Of the total 200.0 million credit and debit card holders, just about 10.0 million people transact online, indicating a huge untapped market. A report by First Data Corporation and ICICI Merchant services showed that there are around 150 million users willing to shop online.

Conclusion:

Consumers are always craving for modern ways of shopping. The retail sector all around the globe is growing fast and its employment potential is growing fast. The retail scene is changing really fast. Retaining e-customers is a tough challenge. The internet customers are very unpredictable and are different from normal customers. While a normal customer expects strong loyalty, such a loyalty on the Internet is difficult to attain. To attract and retain the customers, the retailers particularly the e-tailers have to take more efforts than to just attract. It is very easy to lose an e-customer. To retain, a mix of marketing tools such as public relations, advertising, promotions, direct marketing and Internet advertising should be used. Customer loyalty programs should be initiated. In addition to this, the e-tailers must attract a growing segment of customers who are technologically competent, place a high emphasis on convenience, and are willing to pay a premium price if they find the product they are looking for. Therefore, the e-tailers need to improve convenience and value for consumers and assist them in overcoming their fears around security. They must also provide reluctant consumers with compelling reasons for accepting the Internet as a new way to shop. Some of these reasons might include the use of consumer assurance brands and enhanced levels of convenience, customization, selections, service and pricing. While skills like speed, differentiation, and branding are very more important in the digital world, it is the ability to transform core operations and practices to this new medium which might make the difference between success and failure. Retailers need to examine the viability of such a transition, and look into the synergies of using the new channel of e-tail. E-tailers, on the other hand, need to revisit some basic retail functions, and develop further competencies in the areas of merchandising and demand forecasting. In a nutshell, the main suggestions of e-tailing business are:
(i) Customer care should be a top priority as with leading online companies. Online customers are more aware, more sensitive and therefore more difficult to retain.
(ii) The industry should ensure that customers must feel safe and secure while transacting online.

References:

(i) Huduck, B. (1998): "No silver bullet", July/August, available at: www.opsandfulfillment.co

(ii)   Kim, S.Y., Lim,Y. J. (2001): "Consumers' Perceived Importance of and Satisfaction with Internet Shopping", Electronic Markets, vol.11, no. 3, pp. 148-154

(iii) Kolesar, M.B., Galbraith, R.W. (2000): A services-marketing perspective on E-retailing: Implications for E-retailers and directions for further research", Internet Research-Electronic Networking, vol. 10, no. 5, pp. 424-438

(iv) Krueger, M. (2000): "E-fulfillment solutions", Manufacturing Systems, vol. 18 no. 12, pp. 60-4

(v)   Lam, S. Y., Chau, A. W.-L. & Wong, T. J. (2007): "Thumbnails as online product displays: How consumers process them", . Journal of Interactive Marketing, vol. 21**, pp.** 36-59

(vi) Lavie, Talia & Noam Tractinsky (2004): "Assessing Dimensions of Perceived Visual Aesthetics of Web Sites." International Journal of Human-Computer Studies, vol. 60, pp. 269-298

(vii) Levy, M. & Weitz, B.A. (1995): "Retailing Management", 2nd edn. Irwin, Chicago

(viii)   Lim, H., Dubinsky, A.J. (2004): "Consumers' perceptions of e-shopping characteristics: an expectancy-value approach", Journal of Services Marketing, vol. 18, no. 7, pp. 500-513

(ix) Peterson, R., Balasubramanian, S. & Bronneaberg, B.J. (1997): "Exploring the implications of the internet for consumer marketing", Journal of the Academy of Marketing science, vol 25, no 4, pp 329-346

(x) Rabinovich, E. (2004): "Internet Retailing Intermediation: A Multilevel Analysis of Inventory Liquidity and Fulfillment Guarantees", Journal of Business Logistics, vol. 25**, pp.** 139-170

(xi) Raman, A. (1998): „The Importance of Retail Operations: Implications for e-tail", A Presentation at the Round Table on e-tailing: The Future of Selling Online, Global Digital Community Sandbox, New York Information Technology Center, 55 Broad St, 10 July

(xii) Rao, B.(1999): "Developing an effective e-tailing strategy", Electronic markets, vol. 9, no1, pp 89-92

(xiii) Rao. B. (1999): "The Internet and the revolution in distribution: A cross-industry Examination", Technology in Society, vol. 21, no. 3, pp. 287-306

(xiv) Ratchford , B.T. , Talukdar ,D.& Lee , M.S. (2001): " A model of consumer choice of the Internet as an information source", International Journal of Electronic commerce , vol. 5, no. 3, pp. 7-21

(xv) Tractinsky, N. and V. Srinivasan, R. (2001):. "Social Dimensions of Internet Shopping: Theory-Based Arguments for Web-Store Design." Human Systems Management, vol.20, pp.195-121

(xvi) Tractinsky, N. A. Cokhavi, M. K. & T. Sharfi (2006): "Evaluating the Consistency of Immediate Aesthetic Perceptions of Web Pages." International Journal of Human-Computer Studies, vol 64: 1971-1983

(xvii) Turban, E., King, D., Lee, J. & Viehland, D. (2006): "Electronic Commerce A managerial perspective", International Edition, Prentice Hall

(xviii) Wang, F. and Head, M. (2002): "E-tailing: An analysis of web impacts on the retail market", Journal of Business Strategies, vol 19, no 1, ABI/INFORM Global, p. 73