

Vistas, Frets and Effective Stratagems for Growth of Online Retailing in India

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Abstract—There are several pockets in various segments of the Indian Online Retail Industry which are yet to be explored. Internet is a powerful means that can provide an exclusive platform for the escalation of retail brands in India. The Internet beholds many qualities that are in line with the retail industry including a higher customer penetration, increased visibility, and expedient operations. The present Internet based e-Retailing models represent only a small fraction of a phase preceding an age of quick transformations, challenges, and opportunities in the Indian retail market. The Indian retail market is undergoing a tremendous insurgency. The emergence of Internet as a backbone for new businesses has enabled new formats of virtual retailers to surface and compelled the existing retailers to seriously view and consider the existing models of E-Retailing. Online retailing or E-Retailing is depicted as transactions that are conducted through interactive online computer systems, which link consumers with sellers electronically, where the buyer and merchant are present at remote physical locations. In a short span of time, Online Retailing has resolutely established itself as a practicable option to physical store based shopping. This paper makes an effort to provide a more lucid image about the E-Retailing in India and its various concerns and opportunities. It also tries to attempt to devise an effective Online Retailing strategy in India based on the detailed survey of present online retailing companies.

Index Terms—E-Retailing, Merchandizing, Online Shopping, Reverse Logistics

I. INTRODUCTION

With speedy growth of the Internet and globalization of market, the retail sector has become more and more aggressive and vibrant business environment. Business and marketing activities are affected by the advent of Internet technologies and the Internet is revolutionizing commerce, marketing, retailing, shopping and advertising activities of products and services.

There are numerous striking features of the Internet to not only the online customers but also companies on time and money saving, communicating, quicker expediences, easy accessibility, choice from a broad array of alternatives, and the availability of information for decision making and all marketing activities can be executed via the Internet efficiently. In this globalization age, companies are offering a 24x7 point of contact by using Internet technologies. E-commerce and e-marketing are the two significant terms in the new Internet-based business realm. E-commerce can be defined as a way of conducting business by companies and customers performing electronic transactions through the Internet. E-marketing, (also known as Internet Marketing, Web Marketing, and Online Marketing etc.) can be defined as the promotion of products or services through the Internet whereas; e-retailing can be defined as selling products and services by using the Internet. Wang (2002) has presented a broad meaning of e-retailing by defining it as the selling of

goods and services to the consumer market via the internet. According to Turban et al. (2006), e-retailing is defined as retailing conducted online, over the internet.

According to Rao (1999), e-commerce renders improved market activity for retailers in the form of increasing market access and information and reduced operating and procurement costs. The consumers can bargain for better prices due to the competition and price transparencies and also can supplement their knowledge on goods and services. According to a survey conducted by Internet and Mobile Association of India (IMAI) and Indian Market Research Bureau (IMRB), the e-commerce market in India has acquired Rs. 9210 crore in 2007-08, whereas e-retailing market was only till Rs. 1150 crore. In general, e-retailing industry, from a business perspective offers an opportunity to cater to consumers across geographies, no operational timings, unlimited shelf space – and all this with diminutive quantity of infrastructure. For a country like India, the growth in the e-retailing market is determined by the urge for better time management in urban India.

II. TRADITIONAL VS. E-RETAILING

Table-I

	Traditional Retail	E-retailing
Location & Presence	→ Physically branded goods can be easily identified and sought → Most traditional and oldest location for retail → Dominates attention in the retail space	→ Location is web address, available globally throughout the Internet Connection → Can establish presence through cross promotion (interlinks between sites)
Merchandizing	→ Use of store space and product assortment techniques → Signage other product information tools	→ Category search and sorting mechanisms → Interactive web page layouts and product locations
Promotional activity	→ Pricing strategies and campaigns can be implemented on a daily basis	→ Pricing strategies and campaigns can be implemented instantaneously depending on internal organizational constraints
Inventory Management	→ Product must be available at multiple store locations to maximize purchasing opportunities	→ Multiple inventory ownership options, with most prominent being traditional, “just-in-time” and a hybrid of two.

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(Table. II)

	Strengths	Weaknesses
Traditional Retailer	→Established brand value/image →Established quality →Merchandising skills →Consumer acceptance of current proposition →Can touch and feel products	→Lack of execution speed →Lack of technology and its competence →High advertising costs
E-Tailer	→Low overhead →IT infrastructure →Execution speed →Low advertising costs	→Concerns over security →Lack of trust and dependency among the users →Users are less due to high technology

Table. I provides an evidence of how online retailing can rumble the retail industry. Most of the players in this segment are of the opinion that new online payment options, wider range of merchandizing, online shipment tracking, 24x7 Customer Care, and a larger reach of the Internet at a cheaper cost would make E-retailing an inevitable alternative to physical retailing.

Table. II below, depicts the comparison of strengths and weaknesses of both the models of retailing i.e. Traditional and Electronic.

III. CHALLENGES & OPPORTUNITIES IN E-RETAILING (INDIA)

Bruke (1999) has recognized numerous barriers for the growth of e-retailing. They are: (i) lack of physical touch and feeling of products by the consumer, (ii) delayed deliveries of orders received, (iii) high shipping costs (iv) poort after sales service and (v) difficult to achieve returns on investment. Deighton (1997) has defined a number of consumer attributes as potential obstacles to the growth of the Internet, including traditional shopping experiences, and repugnance or lack of access to the required technology and the perceived security risks of electronic shopping, a few of which are as below:

A. Controlling Customer Data

As the logistics service providers are becoming more technosavy by adopting modern means of communication like the Internet, e-tailers may encounter certain risks in management of their customer data. The data related to the socioeconomic status of customers to their buying patterns and preferences, helps intermediaries and shippers reduce costs.

B. Troubles with Online Payment Systems

Indian people are not so well versed with the Online Shopping Methods. Most of them do not avail of the transaction facilities offered by the credit cards. They have also remain unconvinced regarding the online payment system through the credit cards. Banks and Internet companies should be able to provide better mechanisms to protect their customer data from hackers, since the customers are more and all the time concerned about their personal

information viz. Credit Card Number, PIN Number, Passwords etc. Both technological and legal tools should be used to augment the e-commerce security.

C. Lack of Full Cost Disclosure

It may be very easy to select a product online as per your needs, compare it with the competing products and add it to your online shopping cart, but it may not be so convenient to view the total cost upfront as additional fees such as shipping, service charges etc. often may not be mentioned separately and may be charged once the order is placed.

D. Managing Product Returns

Though a few of the companies have starting providing services for product returns, the problem of product returns is still very much prominent in e-retailing businesses in India. The customers can return defective or unwanted merchandise which he receives. E-commerce retailers, with their stress on convenience and customization, must match this standard of service, which at present, they do not.

E. Cost effective delivery of goods

At present, every single transaction challenges e-retailers to deliver the goods quickly, cheaply and conveniently. The present mode for home delivery works well for letters and flat packages but not for e-retailing as it encompasses with high volumes and wide variety of package shapes and sizes.

F. Offline Presence

Especially the Indian customers should be assured that the online retailers are not only available online but also offline. This gives them psychological comfort and trust. The concept of e- retailing or online retailing in India has not gained distinction as Indians prefer to touch the products physically before buying them – which is a cultural aspect related to the buying behavior of customers of this region. Studies have also revealed the preferences of the customers towards the traditional shopping methods. Hence the online retailer in India should first make it a point to spot the potential customers, their buying intentions and accordingly plan out their marketing strategies and products.

G. Language Constraints

Most internet retail shops use English as their mode of communication. English may not be comprehensible to the majority of the Indian population. To increase the customer base, content in the online retail shops should be provided in local languages.

With the economic slowdown worldwide, many retailers who preferred having a presence are looking to go online at minimal costs and keep the sales increasing. Compare to a traditional brick and mortar store front which has a commercial address and where address and where customers can transact face-to-face, e-store is relatively small, convenient and low-cost start-up. The only costs involve in the e-retailing platform include the monthly hosting and ISP bills. With a web-site, an online retail has the adaptability to gauge the market condition and market attractions accordingly. The opportunities of e-retailing industry in India are as follows:

- 1) CONVENIENCE: Normally, online stores are usually available 24x7x365, and many consumers have internet access both at work and at home.
- 2) PRICE AND SELECTION: One of the biggest advantages of online shopping is to find out quickly deals for items at services with many different vendors. Search engines,

on-line price comparison services and discovering shopping items can be used to find out sellers for a particular products or services. Some retailers also offer free shipping on sufficiently large orders. Searching an online catalogue can be faster than browsing the physical catalogue of a brick and mortar store.

- 3) **MARKET RESEARCH:** Retailers can use their online presence as a tool to gain valuable customer information to forecast future customer demand. Baker (2005) has pointed out that online market research has some powerful advantages, such as monitoring real-time buying decisions. In addition, online customers have the knowledge and experience necessary to answer the questions, which produces more accurate and reliable data.
- 4) **ONLINE CUSTOMER SERVICE:** In India, websites are becoming new channels for conducting customer service; therefore their general acceptance level will increase, due to the benefits provided to customers. For example, a customer could ask for a product introduction or a personalized product in the pre-purchase stage, and could also check the delivery status online. All such services can be available uninterrupted online, which is almost impossible in the physical world, due to the cost.
- 5) **PROMOTIONAL TOOL:** A website can be used as a medium to conduct promotional experiments, due to the wide reach of the internet, and the low cost (Rao 1999). Therefore, it will be a great opportunity for Indian companies to promote their businesses.
- 6) **MARKETING TOOL:** As indicated by Peterson et al. (1997), a website is also an effective channel to communicate with customers. Organizations do not need to rely solely on one-way communication media, such as TV and newspapers. The internet provides a two-way communication channel. As a new communication channel, the internet can provide benefits to retailers, such as low costs, interactivity, personalization, and continuous communication. In this connection, Wang et al. (2002) have suggested that by better understanding consumers through customer relationship management, marketers can employ relationship marketing techniques in the retail market to provide personalized services.

IV. EFFECTIVE STRATEGIES ON E-RETAILING IN INDIA

Currently e-retailers in India are focusing on producing sustainable and profitable business strategies for their Internet-based operations. Established retailers in India are using physical channels as well as the Internet to market their products. According to Dennis et al. (2004), online shoppers prefer shopping at web sites operated by established high-street retailers. Levy

And Weitz (1995) have stated that generally retailers survive and prosper by satisfying customer needs more effectively than their competitors, addressing customer needs through effective. E-retailing in India has rapidly emerged, emulating non-store-based operations and demonstrate how the Internet can potentially completely redefine customer needs using the Internet and the web to create a virtual retail environment with extensive global coverage.

For designing an effective e-tailing strategy in India, it is therefore needed to understand the needs of individual customers. Successful e-tailing are concerned with high

velocity, flexible systems and procedures, extremely high service levels, and full electronic connections to the trading community (Forger, 2000). In order to develop the right e-tailing strategy, Feare (2002) has addressed five points. They are:

A. Prompt Delivery

The first major challenge faced by e-retailers was high expectations for prompt delivery of Web orders by customers (Krueger, 2000). One of several delivery options such as, express (next day), priority (three to four days) and regular (five to ten days) may be selected and paid for by the customer while ordering the product.

B. Supply Chain

Ensuring supply of required amount of raw materials and products at the right time for the right price as well as proper slotting and picking methods are very much important for effective operating of e-tailing. E-retailers must have reliable supply-chain partners with the support of a back end supply-chain management systems. Proper slotting and picking methods based on the size, weight and demand nature must be devised to receive, slot, pick and pack properly. A warehouse management system should be a part of the supply chain management system to oversee the activities like order sorting, packing, and final bar coding for shipment.

C. Demand Nature

Successful e-retailing companies will have to assess the supply and demand condition so that they can meet unpredictable demand. A news-worthy event can create a huge demand for a product within a short time. According to Hein (2000), seasonality factor also contributes to the unpredictability of the demand nature. Popular items and may need to be assessed on its future demand to avoid processing delays. Proper use of seasonality factors in forecasting models may contribute to better demand forecasting for highly unpredictable items.

D. Reverse Logistics

In any retail business, some products are returned from the point of consumption. Therefore, the challenge is setting up infrastructure and procedures for reverse logistics. The process is not only inevitable but also gaining importance as a viable, sustainable and profitable business strategy

(Dowlatshahi, 2000). Procedures need to be established for returning orders. Drop-off points must also be set up. A customer wanting to return merchandise should be encouraged to have authorization to do so through the Web site. The e-tailors need to have an understandable product return policy on the Web. A copy of the same policy may also be included in the shipped package. A customer must identify the reason for returning the item. Based on the reason, one of several actions such as restock, recycle, remanufacture, send back to the supplier may be taken. A flexible sorting or packaging line in the warehouse may be used to handle returned items when needed.

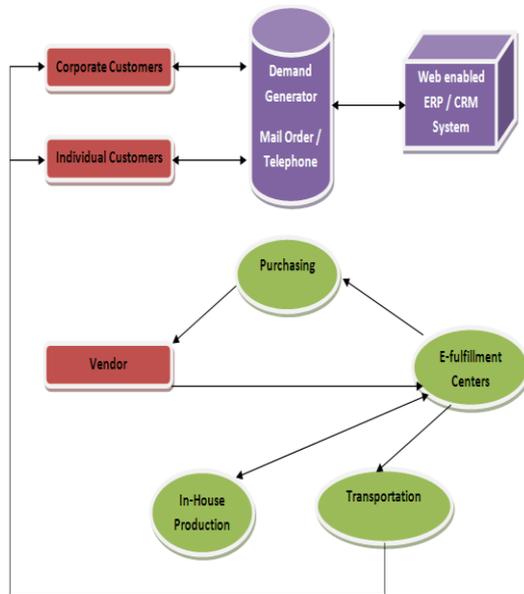
E. Accuracy

To achieve high levels of accuracy in e-tailing business, the firm must consider the right equipment to increase accuracy. This will augment the nature of its operations, and the level of adjustment that managers are willing to make to minimize

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human errors. But if companies gather and analyze warehouse performance statistics regularly, invest in automated data collection and verification systems and equipment to the extent possible, create efficient picking procedures, and train all employees thoroughly, then they can improve their accuracy level and streamline the customer fulfillment process (Huduck, 1998). Order fulfillment rate, accuracy of order fulfillment and cost per order fulfillment are among important indicators need to be evaluated routinely.

In general, the E-Retailing Activities in India can be depicted as shown in Fig. I



(Fig. I)

V. E-RETAILING COMPANIES IN INDIA

In these times, Online Shopping is day-by-day becoming an inevitable part of people living an urban life. Online Shopping websites give tremendous amount of choices and power to the users to select based on ones needs. Shopping online always has the advantage of price, many of the products will be discounted to a cheaper price because of the elimination of the intermediaries. Customers will also be given online coupons, gift certificates, promotional codes based on special offers through which a considerable amount can be knocked off. One of the major advantages of online shops is that they provide complete information about the products such as – features, product description, sizes, models, colors, prices and many more details, customer reviews and ratings and the best part is they are open 24/7 and one can shop at their convenience. Flipkart, Snapdeal, Jabong.com, myntra, ebay.in, yebhi.com, 99lables.com etc. give users a wonderful online shopping experience. Online shopping at these sites is quick and easy as the wide range of products are categorized in a very convenient and user friendly manner.

Yet another new platform for aggregate shopping called kiranawalla.com has been launched in Bangalore, India. Kiranawalla.com is a hybrid retail platform for independent neighborhood retailers, where they can connect with their consumers who have the option to select from a comprehensive range of brands. At present it showcases 307 brands and 2097 products in Food, 290 in Organic, 124 vegetables and 84 in fruits category. It boasts off filters like food, fruits, organic and vegetable along with location filter for consumers to shop through specific categories and location.

Indiaplaza.in is one of the largest book store selling over 3 Million titles. In 2003, 25% of their sales were for books and 15% for electronics. In 2007 there was a drastic drift from books & music to gadgets & electronic items. Today with E-commerce, their market for books is intact with @60% of their revenue from gadgets with market for electronics increasing significantly Sify technologies kept pace with the market & witnessed more than 70% growth year on year. Gadgets account for much of their sales, says S. Rajaram, Head – Ecommerce, Sify technologies, adding that lot of purchase happen around events. Books bought online increased by 7% in past 2 years & clothing, accessories, shoes increased from 20% to 36% to witness the largest growth.

VI. SUGGESTIONS AND CONCLUSIONS

Consumers are always starving for contemporary ways of shopping. Indian retail sector is growing fast and its service latent is growing even faster. The retail panorama is changing really fast. Retaining the e-customer is a hard-hitting challenge. The internet customer is very hard to envisage and is different from the normal customer. While a normal customer expects strong devotion & loyalty, such a loyalty on the Internet is difficult to obtain. To attract and retain the customers, the retailers particularly the e-retailers have to take more efforts than to just attract. It is very easy to mislay an e-customer. To preserve, 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-retailers in India must attract a growing segment of customers who are technologically capable, place a high emphasis on expediency, and are willing to pay a premium price if they find the product they are looking for. Therefore, the e-retailers of India 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 of India need to examine the viability of such a transition, and look into the synergies of using the new channel of e-tail. E-retailers, 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 in India are:

- 1) Customer care should be a top main concern as with leading online companies. Online customers are more aware, more sensitive and therefore more difficult to retain.
- 2) The industry should ensure that customers must feel safe and secure while transacting online.

VII. APPENDIX

Appendixes, if needed, appear before the acknowledgment.

VIII. ACKNOWLEDGMENT

The preferred spelling of the word “acknowledgment” in American English is without an “e” after

the “g.” Use the singular heading even if you have many acknowledgments. Avoid expressions such as “One of us (S.B.A.) would like to thank” Instead, write “F. A. Author thanks” **Sponsor and financial support acknowledgments are placed in the unnumbered footnote on the first page.**

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