DETERMINANTS OF SUCCESS OF E-RETAILING

RASHMI DANG*

INTRODUCTION

The revolutionized world today is digitally knocking the doors of E-retailing for almost all the day to day needs of their life. E-retailing, a sub-set of E-commerce, is becoming a 'pure play' to transact for almost all goods & services to be sold through internet. Comprised of online retailers & online consumers, E-retailing has emerged to be the best business model and also most economical path for existing as well as new Start-ups to conduct their businesses. Branding & Advertising the products to end-use consumers have resulted to be most economical way through E-retailing thus abolishing the need of middlemen/agents/distributors, big advertising hoardings and big shopping malls. The most favoured feature of E-retailing ‘No need travel and still choose and pick’ has made the end-use consumers to always access this way to buy goods & services. With E-retailing, the end-use consumers Find, Analyse, Judge and decide what they want to buy. Today we are quite familiar with websites like Flipkart.com, Amazon.com, Naukri.com, Magic-bricks.com, Redbus.in, Packers & Movers wherein they conduct their business of Durable Products, jobs, property deals, travel operations, Logistics respectively via E-retailing. the concept of Electronic Commerce has emerged as a booming sector over the past few years all around the world. Combining a range of processes such as EDI (Electronic Data Interchange), electronic mail (E-mail), WWW (World Wide Web) and internet applications, e-commerce has changed the ways of doing business. It comprises of buying and selling of goods, services and other information over the internet. It provides B2B (business to business) as well as B2C (business to consumer) services. This kind of commercial use of internet has given rise to another concept called e-retailing or e-tailing which is in fact, a subset of e-commerce. In e-tailing, sale of goods and services along with branding and advertising is done through internet. It is a B2C business model that executes transactions between businessman and consumer. It relates to a system in which the vendor sells products and services directly to the customer from the web portal (on which the consumer chooses the item and places the order online) using a digital shopping cart and allows payment through credit card, debit card, internet fund transfers or simply, cash on delivery.

According to IAMAI, of the whole pie, 70 percent of total online buying is composed of online travel which includes booking rail and air tickets, hotel accommodations and tour packages. Thirteen per cent is e-Retailing, which includes durable products such as electronic items, home and kitchen appliances as well as personal items such as apparels and jewelry. Nine percent is amounted to transactions for financial services such as insurance payments and renewals and trading accounts. Two percent of the overall share comprises downloading mobile and digital content. Six percent of the overall market makes other online services such as classifieds (jobs, matrimonial, cars, real estate, and others), online food delivery and buying movie tickets and DVD rentals. Because of changing lifestyle and changing mindset of the Indian customer,

*Research Scholar, Department of Commerce, HNB Garhwal University.

Correspondence E-mail Id: editor@eurekajournals.com
companies like Snapdeal, Infibeam, Deals and You, Futurebazaar and more, see business opportunities as they can cater to consumers across geographies, with no operational timings, unlimited shelf space and almost zero infrastructure. Fashion and You, 99labels and others are making online fashion retail an emerging trend in this segment. This kind of commercial use of internet has given rise to another concept called e-retailing or e-tailing which is in fact, a subset of e-commerce. In e-tailing, sale of goods and services along with branding and advertising is done through internet. It is a B2C business model that executes transactions between businessman and consumer. It relates to a system in which the vendor sells products and services directly to the customer from the web portal (on which the consumer chooses the item and places the order online) using a digital shopping cart and allows payment through credit card, debit card, internet fund transfers or simply, cash on delivery. It can be a ‘pure play’ business model like the one Amazon.com endorses or a business model that has evolved from legacy businesses such as Tesco.com.

It does not only facilitates sale of goods and services but also makes possible delivery of the same via an efficient logistics division, thus providing a convenient option to the consumers to simply order the products online and get the same delivered at their doorstep without having to waste their precious time on going to different stores to peruse and choose what they need. Hundreds of international websites like Shopzilla.com, Buy.com, Overstock.com, Amazon.com, Ebay.com, Alibaba.com, etc. are available today which provide millions of products and services to choose from at the instance of a click of the mouse.

E-commerce is witnessing phenomenal growth and has become an attractive option for many technology experts and engineers at senior as well as junior level with rich experience & knowledge who are ready to join this bandwagon of e-retailing businesses considering it as a considerably better employment option.

The world wide spread of internet accessibility via ‘smartphones’, tablets, ‘phablets’, etc. is a major driver in expanding approach of e-retailing. The widespread contribution of e-commerce helps consumers in shopping much more conveniently all over the world and an explosive growth of this process can be witnessed in India too in past few years. For consumers, the World Wide Web has provided access to a wide range of products and services at low cost, with extensive and tailored information, at-home convenience and facility for product comparisons. Marketers can benefit from new retail models, increased sales and enhanced consumer relationships. The fast growing popularity of online retailing is not only a regional phenomenon but truly a global phenomenon as well

DRIVERS OF E-RETAILING

TECH SAVVY POPULATION

The demand for online purchasing opportunities is increasing as more tech-savvy people belonging to the coming generation are emerging and getting older. This is driving the growth of online sales and will continue to do so for the next 10 years. At the same time, the elders with decent pension savings are retiring. They do not intend to save as much for their children as earlier generations, and are using their savings to improve their own quality of life. India’s e-commerce has grown more than 6 times in 7 years from net valuation of $2billion in 2007 to more than $13billion in 2014.

HOME DELIVERY

According to a report, consumers now expect the retailers to deliver as many articles of their use as possible, even in meagre quantities right at their doorstep. They simply choose to go online and place orders without having to go through the
hassle of driving to the store and picking up the required goods by themselves. This trend is seen even in the food business, where groceries and fresh food products are delivered right at your doorstep by restaurant chains such as 'Dominos' and 'Pizza Hut' all over the world.

**ALWAYS ONLINE**

Until recently, it was fairly easy to separate online activity from other activities. There was a clear pattern as to how people used the internet. They used to go online in the morning, then in the afternoon for some hours and would go back online for another couple of hours in the evening. This pattern has but disappeared today, being replaced by even online use from early in the morning until late at night as a result of the market increase in the use of smartphones and tablets. The first thing most people do when they wake up in the morning and the last thing they do before going to bed is to check online activity on numerous social networking websites. 252 million people have access to internet in India which is the third highest after US and China. This figure is expected to double in 5 years. 14% (around 35 Million) of Indian users shop online which is a figure quoted by a research firm, Forrester. It is expected to reach 128 million by 2018.

**MOBILE RETAILING**

Mobile retailing, or M-commerce, is growing more rapidly than any other kind of retailing activity. Ebay’s global mobile sales reached close to USD 2 billion in 2010. In 2011, this figure more than doubled to USD 5 billion. One trend is that consumers have started to use mobile apps for shopping. The reason may be the fact that habit relating to shopping, commuting and household tasks now make up a major part of people’s daily lives. The spread of smartphones has turned Indians into smart shoppers, converting e-commerce into m-commerce. Mobile shopping is expected to grow at a CAGR of 150% between 2012 and 2016. Mobile’s share in e-commerce has risen from 0% to 70% from 2008 to 2014.

**SOCIAL COMMERCE**

Social commerce takes place when online social networks and group activities are combined with e-commerce and/or offline retailing. The key to social commerce is to create an interest among buyers so that they spread the word to their contacts on social network and other places. A growing number of companies are using this form of business logic with success. A common example is ‘Groupon’, which provides customers with big discounts if a sufficient number of members pounce on a particular offer. This creates a basis for viral marketing on a large scale.

**MULTICHANNEL WORLD**

Multichannel retailing is a powerful trend that is gaining momentum. Most traditional retailers are moving in this direction or will be forced to do so in coming years. Multichannel retailing is growing in response to all of the five trends presented above. However, some retailers, especially those in the lowest end of the market, will still rely mostly on their physical store 10 years from now.

**FACTORS SUPPORTING THE GROWTH OF E-RETAILING**

E-retailing is a powerful marketing technique for placing the right product with the right person at the right time with the help of highly efficient logistics division of E-retailers.

1. Convenience- People who have less time for shopping get more added value in short span of time. Buying transaction can be completed without hassle.
2. Early Access- An electronic retailing campaign may be the only place where it is available immediately.
3. Low inventory carrying cost- E-retailer can carry a massive variety and reach out to
customers with much less inventory carrying cost than non-traditional retail.

4. Cost of entry: The Cost of entry and inventory carrying cost are relatively less than the cost of traditional strategy. Electronic retailing is low overhead operation and does not require the network of wholesaler and retailer between seller and consumer.

5. Can start with less investment.
6. Location is unimportant factor.
7. Saves the wages & premises cost.
8. Shopping anywhere, anytime.
9. Size and quantity of goods does not matter.
10. Reaches to the larger section.
11. Competitive pricing audience.

OBJECTIVES OF THE STUDY

Following are the objectives of the study:

1. To assess and evaluate the changing scenario of e-retailing.
2. To identify the supporting factor of e-retailing.
3. To study the satisfaction of customers towards e-retailing.

HYPOTHESIS

H₀₁=There is no impact of e-retailing business on the traditional retailers’ business.

H₀₂=There is no difference on the satisfaction level of customers whether they buy through e-retailing or conventional buying from the market.

REFERENCES


