
E - RETAILING in India: Changing Technology Oriented Business Scenario of 21st Century

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ABSTRACT

The emergence of Internet retailing or e- tailing as is popularly known, has been a key driver of change in retail. Retail industry has observed major revolution in the changing technology oriented business scenario of 21st century in India. Internet facility has shrunk the entire world and the rules of retail marketing are changing dramatically with the introduction of information technology. The e-retailing website is the front door of the online store interact between the e-retailer and consumers. E- Retailing is a subset of e-commerce. E-Retailing accounts for about 10% of the overall growth of e-Commerce market. The growth in the e-Retailing market is driven by the need to save time by urban India. It is estimated that 2.5 billion internet users, access to internet has played a significant role in growing the business markets. The Internet gives retailers an instrument for: broadening target markets, enhancing consumer relationships, extending product lines, improving cost efficiency, improving consumer communications, and delivering customized offers. Changing demographics, changing lifestyles and exposure to the developed markets give a fillip to e-Retailing industry. One can buy anything from stereos to iPod's without stepping out through internet media. E-Retailers serve 24 hours x 7 days in a hassle free manner to consumers.

KEY WORDS: *Consumer Satisfaction, e-Retailing, e-Tailing, Information Technology, Online Retailing.*

INTRODUCTION

Retail is the final stage of any economic activity. By virtue of this fact, retail occupies an important place in the world economy. According to Philip Kotler, "Retailing includes all the activities involved in selling goods or services to the final consumers for personal, non-business use. A retailer or retail store is any business enterprise whose sale volume comes primarily from retailing". Any organization selling to finally consumers whether it is a manufacturer, wholesaler or retailer is doing retailing.

E-RETAIL PLAYERS IN INDIA

E-retail or online retail is defined retailing activities done through internet. We have many online or e-retailers in India who provide a variety of merchandise to customers. In general retail business is referred as Business to Consumer (B2C). Online retail players are classified into two types category focused players and multi category focused. Category focused players provide particular merchandise with deep assortment. Ex: - Myntra, Jabbong (Apparels and

Lifestyle products), Bigbasket, Local banya (Grocery segment) and Fabfurnish, Pepper fry (Furniture), Carat lane, Juvalia and you (jewellery), First cry, my baby cart (baby products). Multi category players provide variety of merchandise with limited assortment. Ex: - Flipkart, Amazon, Future bazar and Snapdeal etc. For better understanding we look at some of the categories and the major online retailers in these categories. Retailers provide categories like books, stationery, electronics, furniture, apparels, personal care, grocery, flowers, sports goods and services also.

The major players in book category include Amazon, Flipkart, Naaptol and Land mark. Stationery items are sold by online players like Flipkart, Amazon, Stationery shop, Snapdeal and Homeshop 18 etc. In Electronics segment we have specialized players like Croma (Tata group) and E-zone (Future group) along with other players like Flipkart, amazon, Infibeam, Snapdeal, Future bazar, Naaptol who sell electronics items like mobile phones, computers, tablets, television and other durables. In Furniture category we have players like Fabfurnish, Pepper fry, Urban ladder, Home town, Zansaar and Homeshop18 etc. In Apparel and personal care segment we have Myntra, Jabbong, Zovi, fashion and you, Flipkart, Amazon and Yebhi.com etc. In grocery category the major players include Bigbasket, Greencart, ekstop, Local banya, Nature's basket etc. We have specialised players like Ferns n Petals, Talia and Floraindia forflowers and birthday cakes etc. In sports goods the major category players include Decathlon, Playground online, Khelmart and Sports 365 etc. Service retailers include lenskart which provide eye tests along with eye lens, glasses and well forte for some limited medical service. Some retailers like Apollo pharmacy, Healthkart and Buydrug which do online sales of medicines. If we look at the whole sale market (B2B) we have players like best price (Wal-Mart) who is operational in online space. In C2C (Customer to Customer) we have E-bay, Olx which serve as an on-line shopping space and for auctioning of different products.

THE EMERGENCE OF NEW MARKET

Asia, especially China and India are the emerging marketplace. In the past the sheer size of China and India did not necessarily lead to their having an impact as a market. The technological, transportation and industrial revolution of the past two decades have change much of that. Increasing urbanizing in both the market has fast emerged as an important factor in the rise of these nations as important emerging markets. Together, China and India, or **Chindia** as they are now termed, are estimated to see the **GDP** rise to \$6trillion by the year 2020. they will consume 45-50 % of the world's natural resources and have the potential of becoming the world's largest exporters of goods and services with a 25 % and more share.

THE GLOBAL RETAIL MARKET

Retail has played a major role world over in increasing productivity across a wide range of consumer goods and services. The impact can be best seen in country like U.S.A, U.K, Mexico, Thailand and more recently China. Economics of countries like Singapore, Malaysia, Hong Kong, Sri Lanka and Dubai are also heavily assisted by the retail sector. Retail is the second largest industry in the United States both in number of establishment and number of employees. It is also one than \$3 trillion in retail sale annually. Retailing is a \$7 trillion sector.

Wall-Mart is the world's largest retailer. Already the world's largest employer with over 1 million associates, Wal-Mart displaced oil giant Exxon mobile as the world largest company when it posted \$219 billion in sale for fiscal 2001. Wal-Mart has become the most successful retail in the world due its ability to leverage size, market clout, and efficiency to create market dominance. Wal-Mart head fortune magazine list top 500 companies in the world. Forbes annual list of billionaires has the largest number 45/497 from the retail business.

OBJECTIVES OF THE STUDY

The major objectives of the study include:

- 1) To understand the e- retail market and its impact on global retail market.
- 2) To analyze the opportunities for e- retailing in global scenario.
- 3) To study the major challenges for e- retailers in global market.

SCOPE AND METHODOLOGY OF THE STUDY

The study based on online retail market and how they impact in global retail industry. The scope of research study of retail market is very broad, the opportunities and challenges for the evolving online retail market in global perspective.

SOURCE OF DATA:

The study is primarily based on the secondary data collected from journals, industry reports, company website, news articles and reports.

10 TRENDS IN GLOBAL RETAILING:

1. Social Responsibility

Relatively affluent consumers in affluent countries are increasingly concerned about the impact that companies have on society, which includes on the physical environment, on worker in the countries that supply products, and the impact that products have on the consumers who purchase them.

2. Global consumer growth shifts away from the US

Growth of consumer spending in the US was a driving force for the global economy and for the global retailing industry in particular. Quite the opposite is true in the rest of the world- particularly in Asia.

3. Commoditization run amok

We live in an age of great technological innovation. Improvement in manufacturing efficiency enable the highest quality products to be sold at amazingly low prices. Commoditization takes place when consumers view products as essentially undifferentiated other than on the basis of price.

4. The rise of 'long tail' retailing

As a result of improvement in information technology, it is now possible to operate a portfolio of small, targeted business just as efficiently as one largest business. Hence,

retailers seeking growth can invest in new business along the tail rather than expanding existing mass market formats.

5. The fight to plant the flag in India

India has become the next big thing for the world's leading retailers. India is after all, a country with more than a billion people which is moving towards a true market economy.

6. Retail investment in services

Retailer can successfully sell services related to their core merchandise or simply based on the strength of their brand name, can increase their growth expanded share of the wallet.

7. Emerging market investment in developed retailers

One of the notable aspects of the global economy lately has been huge surpluses of key emerging countries. China, for example, has accumulated \$1.4 trillion of foreign currency reserves.

8. Multi-channel integration

The rise of online retailing has taken market share from store retailers in some markets. Yet in the US, 40 % of online retail sales are conducted by store retailers themselves. The opportunity to create a seamless multi-channel experience for consumers exists.

9. Focus on customer experience

Focus on improving the experience of consumers in the store. This encompasses far more than customer services-important through that is-and includes all the elements influencing consumers such as store layout, signage, lighting, services, and the ease and speed of transaction.

10. Retailers as world class marketers

Retailers become the principal holder of relationships with consumers. Moreover, through their sale of private label goods, they became leading suppliers in their own right. Today some of the world's top retailers are aggressively hiring top marketer away from FMCG companies.

OPPORTUNITY IN E-RETAIL MARKET

The main conclusion from this research study is that retailer have a very positive outlook regarding their future. Even though they expect market places to have a share of 39 % in the global retail market in 2020, they also believe that their company will grow as well. According to the study, this optimism is based on two view: retailers consider the impact of market place to be neutral or positive and they can outperform market place.

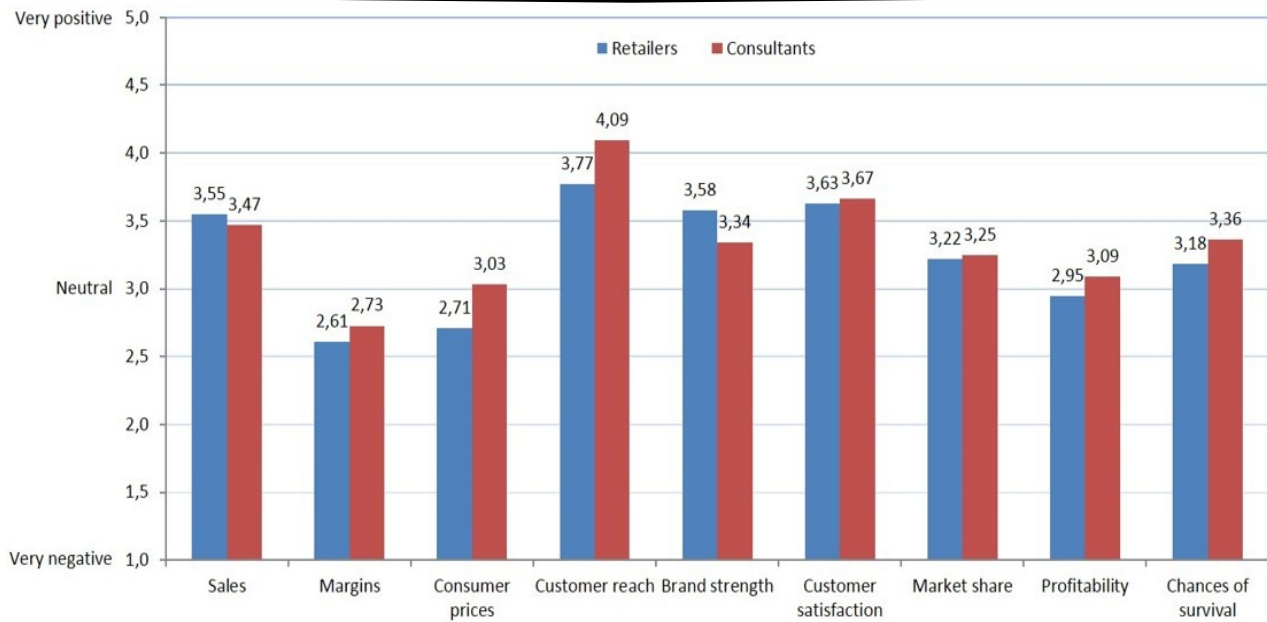


Figure 1: To extent will market places improve retail performance towards 2020?

Barrier in e-retail industry in global scenario

The answer provided by retail consultant shows some interesting differences compared to those retailers, especially with regard to the obstacles that retailer face towards dealing with market place. Where retailer sees many different barriers, consultants clearly see a lack of market place and on average lack a clear vision on how the market will develop.

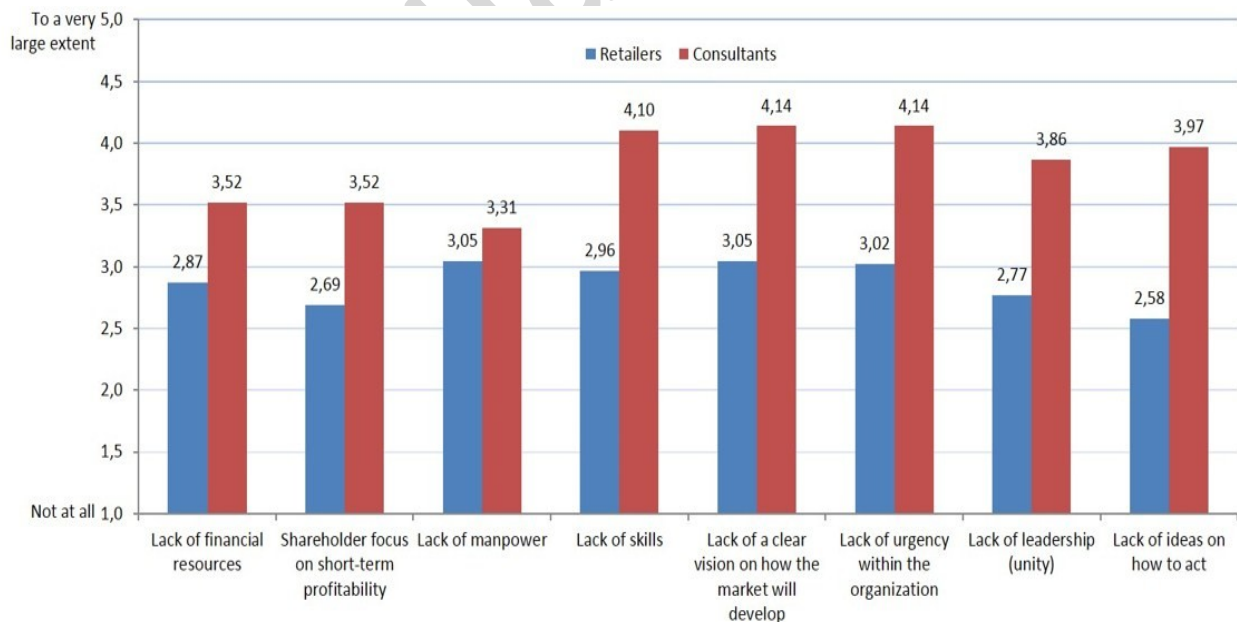


Figure 2: Barriers do retailers face towards dealing with market places.

FINDING:

- Almost 60 % of retailer think the overwhelming purpose of retail websites will be transactional, while one fifth see it as informational.
- Around 60% of retailer expect their website and physical store to be similar, while almost 23% expect them to be completely different with very separate function.
- Of those who do not expect to achieve full consistency between website and physical retail store, over half expect to be operating separate format.
- More than two third of retailers expects to launch new format such as information services and local pick up alongside existing ones, with retail in UK and Netherlands being the most likely to do this.
- By 2012-15 over 71% of consumers are likely to carry out pre-purchase research using the internet.
- Around 48% of retailer are expected to provide electronic devices for customer in the form of electronic kiosks or interactive PCs by 2015, with retailer in Sweden and Germany most likely to have introduced these technologies.
- Around 48% of retailer think electronic payment are important or very important in achieving customer automation i.e. self-service, automated payments. The strongest view being held among those in the UK 53%, and Netherland 50%.

CONCLUSION

E-retail sector is witnessing dynamic changes over the years. With a steady growth rate of 50-60% online retail can make significant contribution to retail industry and economy of our country. But to capitalize on these growth trends we need to improve our physical infrastructure, policy framework and operational environment in our country.

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