

The Future of E-Tailing in India

Prof V.R. Hiremath¹, Dr.Sanjeev Ingalagi², Dr.Alok.V.Gaddi³

¹*Research Scholar, Department of MBA, Gogte Institute of Technology, Belagavi*

²*Associate Professor, Department of MBA, Gogte Institute of Technology, Belagavi*

³*Assistant Professor, Department of MBA, Gogte Institute of Technology, Belagavi*

Abstract - Internet has become an integral part of this growing population segment for remaining connected with friends, accessing emails, buying movie ticket sand ordering food. The changing lifestyles of the country's urban population have also led many people relying on the internet for their shopping needs. The trend of online shopping is set to see greater heights in coming years, not just because of India's rising internet population, but also due to changes in the supporting ecosystem. The borderless medium of internet technology changed the scenario of the retailing in India. The electronic retailing (e-Retailing, e-Tailing, Online Retailing, etc.) is described as transactions that are conducted through interactive online computer systems, which link consumers with sellers electronically, where the buyer and merchant are not at the same physical location. This paper attempts to provide a clear picture about the e-tailing in India and its future prospective. It also attempts to draw the future growth of e-tailing in India based on the detailed survey of e-tailing companies.

Index Terms - e-Retailing, e-Tailing, Online Retailing

INTRODUCTION

The Indian retail market is witnessing a revolution. The growth of internet has enabled the new retail format of the virtual retailer to emerge and forced the existing retailers to consider e-tailing model of retailing as well. Online retailing or e-tailing is described as transactions that are conducted through interactive online computer systems, which link consumers with sellers electronically, where the buyer and merchant are not at the same physical location. In a short space of time, internet retailing or e-tailing has firmly established itself as a viable alternative to store-based shopping-Retailers have developed many innovative promotions to lure customers and there by growing the market. As one of the market trends, e-Retailing has been widely used in retail industry and growth is increasing day by day in today's scenario.

According to Turban (2006), e-Retailing is defined as retailing conducted online, over the internet. The vocabulary electronic retailing that used in internet discussions as early as 1995, the term look like an almost inevitable addition to e-mail, e-business and e-Commerce, etc. It started out way back in 1997 when Dell Computer got multimillion dollars orders on the website. E-Retailing is synonymous with business-to-consumer (B2C) transaction model of e-Commerce. E-Commerce is the master field defining the e-Retailing operation's-Commerce is a huge domain on conducting business over internet and e-Retailing is a part of it.

LITERATURE REVIEW

There are a number of research works have been done by researchers but only a few has been given, related to the paper.

Guttman (1998) He describes several unique elements make online shopping different from the traditional in store retail model. Besides offering convenience and expanded product variety, the online model also makes it easy for consumers to access and compare data from multiple sources.

Alba et al (1998) suggested that 'disintermediation' might be the 'the most important structural change brought about by interactive home selling'.

Bakos (1998) It was recognized that such 'electronic intermediaries' might play an important role in areas such as matching buyers and sellers, providing product information to buyers and marketing information to sellers, negotiating prices between buyers and sellers, and managing guaranteeing financial transactions.

Kim and Lee (2002) have suggested that the design of e-store influences consumer's access to e-store. In the e-store, website design, design of product and service comparison and information, time to complete online order form, easy of searching product and service, screen layout, screen complexity, page composition,

information retrieval methods, information display, use of color and background, assistance to the user and speed of accessing the e-store are notable factors attracting e-customers.

Zeithaml (2002) has defined that the success of e-tailing depends on the efficient web site design, effective shopping and prompt delivery. The other e-store services are delivery on real time, return and replacement process, period of filling out online orders form, speed of response time to e-customers queries.

Delone and Reif (2004) have found that at present customers are more likely to continue shopping online when they have a greater experience of online shopping. It is also found that young adults have a more positive attitude towards online buying.

Bauer et al (2006) have compared the services of online retail service vs. traditional retail services. They have identified that the online retail services are broken into two rather distinct phases: the client interaction phase taking place online and the fulfillment phase taking place offline. They also have suggested that web-site quality is a matter of delivering both hedonic and utilitarian elements.

According to the latest report by IAMAI and IMRB International, The number of Internet users in India was estimated to be 481 million in December 2017, a growth of 11.34% over December 2016 estimated figures. The number of internet users is expected to reach 500 million by June 2018, according to a report 'Internet in India 2017', published jointly by the Internet and Mobile Association of India & Kantar IMRB today.

OBJECTIVE OF THE STUDY

1. To explore the factors that amount to the growth of e- tailing in India.
2. To study the benefits and challenges associated with the e-tailing
3. To understand and predict the futuristic growth of e-tailing in India.

RESEARCH METHODOLOGY

1. Coverage of the Study: This research paper is confined to study of Future of e-tailing in India.
2. Source of Data: The study is based on secondary data collected through various books, business magazines, journals, newspapers, internet web sites and research studies.

3. Data Analysis: Analysis of data and information collected from published sources were made keeping the objectives of the study in mind.

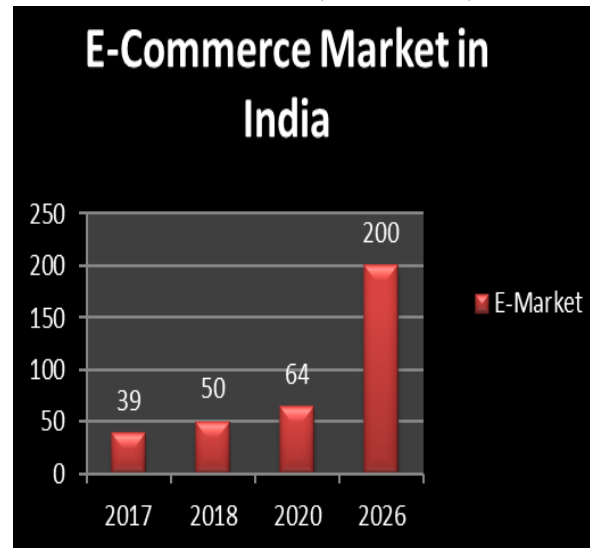
Analysis of Scenario of E-tailing in India

1) E-Commerce Industry in India

Due to the diffusion of Smartphone, The introduction of 4G networks and increasing consumer wealth, the Indian E-commerce market is expected to grow from US\$ 38.5 billion 2017 to US\$200 billion by 2026. With the increase in awareness about the benefits of online trading, there has been a substantial rise in investment in E-commerce business. Numerous established businesses who use to do offline trading have engrossed themselves on online business.

Ex - Shoppers Stop or Lifestyle, have setup online transaction channels.

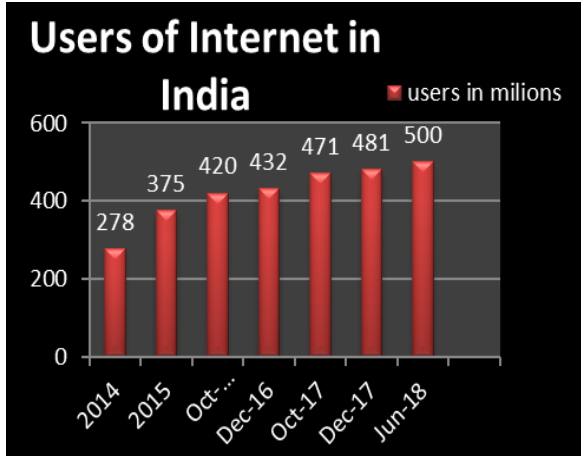
Indian E-commerce Market (US \$ Billions)



Source: Economic Times, PWC, Financial Express

2) Internet Users and E-commerce

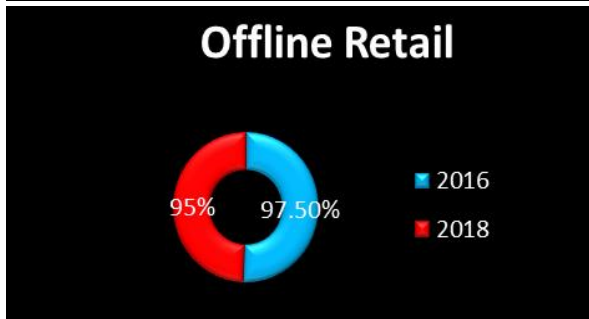
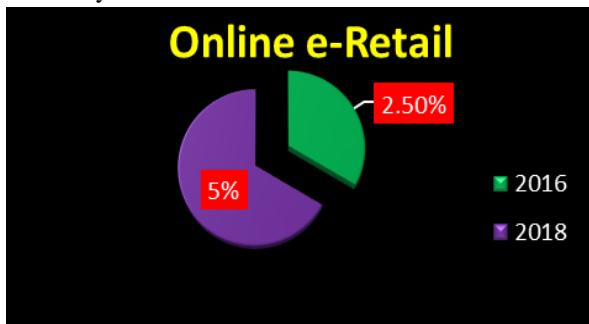
In 2017, the number of internet users in India stood at around 481 million and it was estimated that the number would rise to around 500 million by 2018. An increase of almost 11.34% million Internet users in a year is very significant (2016-2017). Comparing this with the projected growth, the E-commerce in India by the year 2021 is expected to touch USD 829 million. The rising internet penetration is expected to lead to the growth in e-commerce industry.



Source: IMAI & Kantar IMRB I-Cube 207, All India Users Estimates, October 2017

3) E-commerce of Retail Market (Online market v/s Total retail market in India)

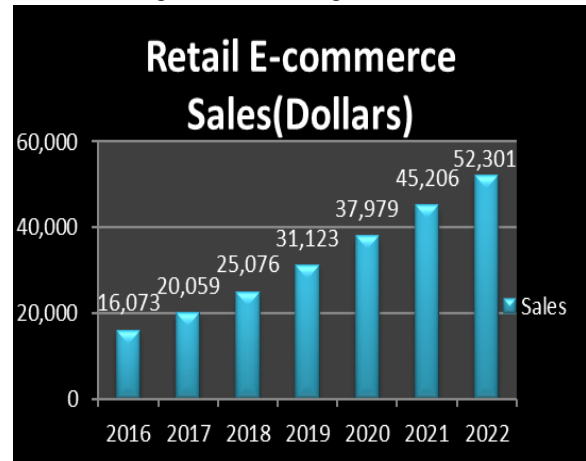
The penetration of online retail in India’s total retail market is expected to rise from 2.5 percent in 2016 to 5 percent by 2020. There are a lot of opportunities for e-retailers in India to capitalize upon with the progressively growing internet penetration in India. The online retail market in India increased to US\$ 17.8 billion in 2017 and is estimated to reach US\$ 28-30 billion by 2018.



Source: KPMG Report–E-commerce Retail Logistics India

4) Retail E-commerce Sales in India (2016-2022)

In 2017 the sale of physical goods by digital means in India amounted to 20,059 billion U.S.Dollars in revenues. According to the recent market research it is estimated that 2018 will witness 25,076 sales in the year. These all calculation represents a huge potential in terms of digital and e-tailing consumers.

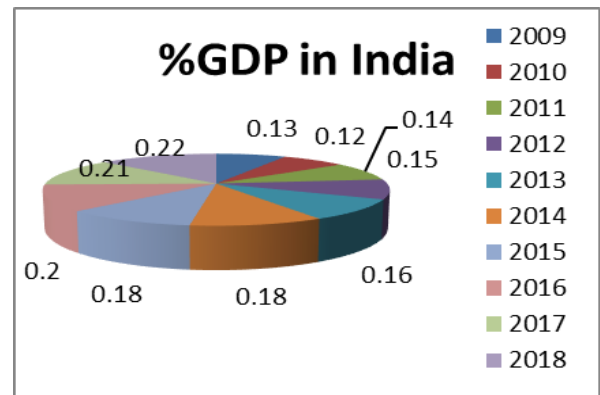


Source- (Statista.com)

5) Share of E-commerce and GDP

The Indian economy grew by 6.74% in October-December 2017 and is expected to grow at 8% in 2018-19. The E-commerce industry which was worth US \$ 38.5 billion in 2017 is estimated to be contributing about 1% of GDP.

B2C E-Commerce as Percentage of GDP in India 2009 to 2018



Source- (Statista.com)

Segment-wise estimates for the share in GDP are also put out by some agencies. The B2C E-commerce segment accounted for 0.20% of India’s GDP in 2017 and is estimated to be around 0.21% of GDP in 2018 (Statista.com).

6) GST for Growth of E-commerce

The Government of India has introduced Goods and Services Tax (GST) which is expected to enhance the growth of E-commerce. GST will enforce a single comprehensive indirect tax regime that will be applicable across all states on the supply of goods and services. The implementation of GST is expected to subsume all taxes like the central excise duty, service tax and additional customs duty at the central level and VAT, CST, entry tax etc. at the state level. GST will enhance operational efficiency of the E-commerce industry in many ways like:

1. Transparency and simplification of taxes across the borders in India
2. Elimination of the incidence of double-taxation and improvement in the efficiency of supply chain.

7) Government Initiatives in E-commerce

1. The Government of India has announced various initiatives like Digital India, Make in India, Start-up India, Skill India and Innovation Fund. The judicious and Effective Implementation of such programs will likely support the e-commerce growth in the country.
2. In the Union Budget of 2017-18 government has allocated US\$1.55 billion to BharatNet Project announcing availability of high-speed broadband connectivity on optical fiber and accessibility of Wi-Fi hot spots and digital services at low tariffs in more than 150,000-gram panchayats, by the end of 2017-2018.
3. The Government has emphasized on cashless economy by making ban on cash transactions over Rs-300,000. Tax incentives have been made to create cashless infrastructure and directing people towards non-cash modes of payments.
4. In order to increase the participation of foreign players in the e-commerce field, the Indian government hiked the limit of foreign direct investment (FDI) in the E-commerce marketplace model for up to 100 percent (B2B Models).
5. The Government of India has distributed rewards worth around Rs-153.5crore (US\$ 23.8 million) to 1 million customers for embracing digital payments, under Lucky Grahak Yojana and Digi-DhanVyaparYojana.

CONCLUSION

The e-commerce market in India is estimated to grow at 30 per cent year-on-year. E-retailing comes under e-commerce. E-tailing helps retailers build loyal customers and is aimed at selling in areas where they don't have a physical presence. "E-tailing accounts for 7-10 per cent of our worldwide sales. The e-Retailing has now become an integral part of modern way of shopping in India. The Changing work habits and consumers opting for adaptability and convenience had made the consumers to adopt the new ways buying the products with minimum diligence. The new wave of consumerism coupled with urbanization with paradigm shifts in the demographic and psychographic dynamics have driven consumers frequently to use retail website to search for product information and make a purchase of products. E-tailing is an integrator of technology, logistics, and infrastructure, and creates a relatively efficient marketplace for vendors and consumers. The fast internet speed improving comfort levels with using of internet, and discount offers made by players, advertising by e-commerce firms would lead to sharp acceleration in the market in by end of 2019.E-tailing possesses the potency to create new capabilities which India needs and offer viable employment to Indian youth over the next decade. We expect this share to increase in coming years. Electronic goods and apparel are the most popular online purchases." In future there will be more number of International, J&K, Andaman & Nicobar Islands Orders, etc."

REFERENCES

- [1] Bakos, J. Y. (1998). The emerging role of electronic marketplaces on the internet. *Communications of the ACM*, 41 (8).
- [2] Delone, H.W. and McLean R.E. (2004): "Measuring E-Commerce Success: Applying Information Systems Success Model", *International Journal of Electronic commerce*, vol 9, no 1, pp 31.
- [3] *Electronic commerce: A managerial perspective*, Pearson Prentice Hall 2006Economic Times, Financial Express.
- [4] Guttman, Robert H., Moukas, Alexandros G. and Maes, Pattie (1998), "Agents as Mediators in Electronic Commerce". *International Journal of Electronic Markets* 8(2): pg.no:22-7.

- [5] IMAI and IMRB International Report on E-commerce.
- [6] IBEF (Indian Brand Equity Foundation) Report on e-commerce 2018.
- [7] Kim, J. and Lee, J. (2002), “Critical design factors for successful e-commerce systems”, Behaviour and Information Technology, Vol. 21 No. 3, pp. 185-9.
- [8] Kantar IMRB Trends 2018
- [9] KPMG Report–E-commerce Retail Logistics India
- [10] National Report on E-commerce Development on India (submitted to UNIDO – United Nation Industrial Development organization)
- [11] Union Budget 2017-18, Media sources, Aranca Research
- [12] Zeithaml, V.A. (2002): —Service excellent in electronic channelsl, Managing Service Quality, Vol. XII, No.3, pp.135-138
- [13] www.redseerconsulting.com
- [14] www.Statista.com
- [15] www.ibef.org
- [16] <http://www.thehindubusinessline.com/features/martbuy/tech-news/amazons-...>
- [17] consumeraffairs.nic.in/consumer/writereaddata/e-Retailingindia.pdf
- [18] <http://consumeraffairs.nic.in/consumer/writereaddata/e-Retailingindia.pdf>-Priyanka Joshi and
- [19] Hemant Upadhyay
- [20] consumeraffairs.nic.in/consumer/writereaddata/e-etailingindia.pdf
- [21] www.scribd.com/doc/240157218/e-Retailingindia
- [22] [consumer-voice.org/Consumer Matters/It-Infra/e-retailing-in-india](http://consumer-voice.org/ConsumerMatters/It-Infra/e-retailing-in-india)
- [23] <http://consumeraffairs.nic.in/consumer/writereaddata/e-Retailingindia.pdf>