E Retailing in India: An Overview
Professor Divya Vyas[1]   Dr. Swati Sharma[2]

Abstract

Increase in internet users in India, online banking facilities, demographics and psychographics of Indian consumer accelerate growth of e retailing, Era of tablets, smart-phones, laptops and accessibility and increase in terms of tele-density and internet connectivity bring ease and access of online shopping options in India. Changing socio economic profile of consumers, increased work duration and accessibility of internet all the time with lucrative discounts, wide varieties, differential product mix, innovation and touch and feel factors created by these all online sellers, online shopping is emerged and growing in India but still some fear and hesitation in mind of customers which stop them to relay on shopping just a click away. Attempt has been made by authors to find out emergence and growth of e-retailing in India.

Key-words: Retailing, Organized Retailing, E-Retailing, Shop 24x7, Smart Store, Multi-format Strategy.

1. Emergence of E Retailing in India

Organized Retailing is emerging and growing field, marketers finding new ways to cater need of customers and introducing distribution channel as per their needs, E-Retailing is an extensive arm of marketer to provide convenience to customers as well solving problem of infrastructure and inventory in their distribution channels. Time, lifestyle changes, technology, online payment options like visa card, master card, credit card etc. are factors which influence online buying option. India has an internet user base of about 137 million as of June 2012 (Hindustan Times, 31 December 2012). The Telecom Regulatory Authority of India (TRAI) pegged the number of Internet subscribers in India at 164.81 million as of March 31, 2013, with seven out of eight accessing the Internet from their mobile phones. (The Hindu, 24th August 2013)

ICRIER (Indian Council for Research and International Economic Relations) estimates retail accounts for over 10 per cent of India's GDP. Fuelled by increasing customer base, rising disposable income, changing lifestyles and growing absorptive power of the domestic market, organized retail sector is likely to grow at a much faster pace of 45-50 per cent per annum.

Increasing tele-density, smart-phones, and internet connectivity is providing convenience for online shopping and E-Retail is also growing.

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[1] Assistant Professor, NMIMS University, Mumbai
[2] Assistant Professor, Navsari Agriculture University, Gujrat

As per IMAP retail industry report 2010 Online retail formats provided some respite for retailers as global online retail sales grew by 14.5 percent in 2009 to reach $348.6 billion USD (Data Monitor, July 2010). The online retail market consists of the total revenues generated through the sale of retail goods via online channels, valued at retail selling price. Electronics was the largest segment in global online retail sales, contributing around 22.6 percent. While the online retail sales sector continues to grow, its magnitude remains small with 2.5 percent of total global retail sales. On an average basis, globally, online sales account for 6.6 percent of total sales for the top 100 retailers in 2009.

According to Forrester Research, September 2010 between 2005 and 2009, the global Internet population increased from 1 billion to more than 1.6 billion and by 2014 it is projected to grow by another 42 percent, reaching a level of 2.3 billion.

Along with the smart-store concept, on the retail format front, most retailers have started adopting multi-format strategies, i.e., along with traditional retail stores, establishing online stores, catalogs, mobile stores and convenience stores to gain a competitive edge and expand their customer base (IMAP-2010).

According to IBEF report, against the backdrop of an accelerating modern retail revolution, India offers to be an attractive destination for global corporations and leading retailers seeking emerging markets overseas. India presents a significant market, with its young population just beginning to embrace significant lifestyle changes. Against the backdrop of an ageing world, India possesses the advantage of having a largely young population. 35 per cent of India's population is under 14 years of age and more than 60 per cent of the population is estimated to constitute the working age group (15-60) till 2050. Two-thirds of Indian population is under 35, with the median age of 23 years, as opposed to the world median age of 33. India is home to 20 per cent of the global population under 25 years of age. This trend is projected to continue for the next decade, with the share set to reach its maximum in 2010. The large proportion of the

Working - age population translates to a lucrative consumer base vis-à-vis other economies of the world, placing India on the radar as one of the most promising retail destinations of the world. The 'Click-to-buy' phenomenon is fast catching up in India, with increase in number of broadband and dial-up internet connections, limited personal time for shopping, increased use of plastic money and large base of young population that spends a considerable time online. The stated factors are facilitating rapid growth of online shopping with the industry players scaling up to meet the consumer requirements. Most retailers are developing and maintaining their own online sale portals for easy consumer access, facilitating online purchase of merchandise. Tata Indicom's i-choose.in and G&B's godrej lifespace.com are good examples of this trend. Players like Rediff.com, eBay.in, Indiatimes.com were some of the early entrants in the Indian online retail space, clocking impressive revenues through online transactions. Some of the more recent

Players to enter this niche market include Pantaloons Retail India Ltd., through its Futurebazaar.com venture. Many smaller retail portals are also thriving on the internet, meeting the niche Indian consumer requirements such as ethnic apparel, handicrafts and Jewelry. Demand for these portals, which has been primarily driven by the non-resident Indians, is gaining popularity on the Indian soil as well, with the young urban Indian consumer's increasing exposure to the virtual world of internet. With value-added services like cash-on-delivery to facilitate online transactions by consumers without credit/debit card, unique bidding schemes etc, e-commerce is fast gaining acceptance in India.

Mohanty & Panda (2008) opines about retailing as a sector of India occupies important place in the socio-economic growth strategy of the country. India is witnessing retailing boom being propelled by increasing urbanization, rising purchasing power parity (PPP) of ever growing India's middle class, changing demographic profiles heavily tilted young population, technological revolution, intense globalization drive etc.

The IAMAI report (2011) also highlights that other areas like digital downloads and e-tailing are showing promise and growing rapidly. These sectors are predicted to grow by 62% and touch INR 1100 crores and INR 2700 crores respectively by December 2011

2. Factors Influencing Customer's Purchase Intention in E-Retailing

Identification of factors influencing customers' purchase intention in e-retailing is of utmost importance. The retailers are to realize how customers start thinking about purchase and what factors they consider before actually buying any product or service. According to IMRB International (Indian Market Research Bureau) report top six reasons given by shoppers in buying through Internet are, rank-wise, as follows:

1) Saves time and efforts ranked firs
2) Convenience of shopping at home ranked
3) Wide variety / range of products are available
4) Good discounts / lower prices fourth**,**
5) Get detailed information of the product
6) You can compare various models / brands

3. Concerns in Online Buying

At the time of buying online the customers are concerned about certain aspects of the transactions or settings. These concerns can be summed up as follows:

1) Not sure of product quality
2) Cannot bargain / negotiate
3) Not sure of security of transactions / Credit Card misuse
4) Need to touch and feel the product
5) Significant discounts are not there
6) Have to wait for delivery

Why will the consumers prefer one Web-based retailer over a competing retailer? Answers to this question depend upon the type of products sought (Tractinsky and Lowengart 2003). Thus, consumers weigh various store attributes differently when shopping for low- or high-risk products (Jarvenpaa et al. 2000; Lowengart and Tractinsky 2001). Consumers also weigh design attributes of Web-stores differently, depending on the type of product or service offered by those sites Zhang et al. (2001).

Personal innovativeness was measured using four items aimed at measuring a person's tendency to experiment with new technologies. These items have been widely used and have been validated through several studies (Agarwal, 2000; Agarwal and Prasad, 1998). These measures have focused on dimensions such as experimentation, willingness to try new technologies, and early mover tendencies.

Computer self-efficacy was measured using five items targeted to measure a person's belief that they are able to use a computer to achieve their goals. These measures have been widely

used in Information Systems research and have been shown to accurately represent a person's underlying belief about their ability to perform tasks with a computer (Martocchio and Webster, 1992; Webster and Martocchio, 1992; Webster and Martocchio, 1995). These measures deal with dimensions such as proficiency, confidence, and use of computer skills. Perceived internet risk was measured using six items validated by McKnight, Choudhury, and Kacmar (2002). These items have shown to accurately predict an individual's perceptions of risk, hesitation, and lack of safety when dealing in an online environment.

4. Growth Drivers in E-Retailing
The following growth drivers can be identified in e-retailing:

• *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 begun to sell their products in the online marketplace.
• *Change in the customer's attitude:* There has been a significant change in the attitude of an average Internet user. He is ready to experiment to suit his convenience. Truly, an average user is buying a variety of products online.
• *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 big attractions 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.
• *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.

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Sahu (2010) describes that a rise in consumer confidence, improvement in profitability and aggressive expansion plans signal better tidings for listed players in the organized retail space. Moreover, analysts believe listed retailers could attract foreign investments by spinning off their subsidiaries into separate companies which can provide a great opportunity for the improvement of this sector.

Gellner (2007) explains in this context that in most retail meetings and/or publications, hardly ever is there any talk on problems that modern retail formats are encountering doing business in India. There is a significant profitability challenge, to deliver the brand promise in terms of quality and geographic spread in line with the growth in consumer demand

Nagesh (2007) describes that Indian retailing will see a sea of change in the next five years, driving consumption boom never seen in the history of any country. From a drought situation we will see flood of modern retail, So Indian retail will be on a steady ground of sustained growth year after year

5. Conclusion

Online retailing is emerging and growing in India, not only in urban but also in rural area. It is increasing with increase in internet connectivity and India is in fourth position in terms of internet users. Consequently, India is witnessing giant leap towards online shopping and change in customer attitude towards online shopping as a result of perceived convenience and 24x7 availability in this system. Ease in payment option is another factor responsible good growth in this sector.

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