An Study on Indian Retail Sector: Retailing to Online Retailing

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ABSTRACT

India has witnessed an accelerated consumption of digital products over the last few years, which has led to growth of e-commerce. Today's shopper is tech-savvy with almost black belt certification in researching product and pricing. Concept of research via social sites and given their continued influence and time spent by consumers in these communities, it appears to be a divide between community and commerce as just significant number of customers take advantage of social sites for research. Large e-tailers have adopted an aggressive M&A strategy just like Flipkart and Myntra.com in which they acquire specialty e-tailers for an increment in product and service offerings in their existing portfolio and achieve economies of scale. Due to the success stories of big e-tailers like Flipkart, this sector has attracted large FDI's and has also interested various other investors. The changing lifestyles of the country's urban population have also to an increase in online shopping. India is on the verge of an Internet boom with a projected user base of 330 million to 370 million by 2015, which will be the second largest in the world, and the largest in terms of incremental growth (McKinsey & Company report).

Keywords: E-tailers, E-commerce, E-marketing, Internet retailing, hypermedia computer.

INTRODUCTION

Business is now changed from commerce to E-commerce and retailing to internet retailing. According to Hoffman *et al*. (2005), marketing communication model is driven by hypermedia computer aided environment promotes e-marketing on a large scale. Email marketing, blogs, Pay per Click, affiliate marketing, banner advertisements are different forms

of Internet marketing. India is witnessing a massive digital revolution. Broadband subscription rates of 3G and 4G services increased penetration of mobile internet which has led to an ever-increasing number of "netizens" and consequently broadened the country's internet horizons. Internet has become an integral part of this growing population segment in order to connect with friends through various social networking sites, accessing emails, buying air, rail, movie tickets or ordering food. The changing lifestyles of the country's urban population have also to an increase in online shopping. India is on the verge of an Internet boom with a projected user base of 330 million to 370 million by 2015, which will be the second largest in the world, and the largest in terms of incremental growth (McKinsey & Company report). In India, organized retailing has many hurdles to overcome, such as rise real estate prices, lack of viable store locations, overhead costs, pilferage, lack of trained manpower and many more. Internet retailing, on the other hand, is accessible even through a smartphone, saves time, energy and fuel for the e-consumers and demands no expensive real estate investment for expansion. The government as well as the marketers should channelize FDI allowance in this sector very wisely and more emphasis should be made on domestic and regional firms that operate within the geographical boundaries of this nation. This would lead to a rise in the number of entrepreneurial companies, small firms, new small-scale manufacturing firms, handwork and handlooms and in short, a boom in small-scale and medium-scale enterprises. Indian marketers and policy makers should try to use the labour workforce of the country and provide employment opportunities for the same by the establishment of national organizations. If the policies of FDI could be implemented to encourage Indian citizens to opt for new business opportunities, then this could bring a complete reform in the retail sector. Instead of allowing foreign organizations to eat up the retail market just like electronics and other major consumer durable sectors, GOI should focus more and more on formulating strategies that would provide benefit to the domestic consumers and also create new employment opportunities.

LITERATURE REVIEW

Kau, Tang and Ghose (2003) studied the Asian online consumers and categorized them into six e-consumer classes:

➢ On-off shoppers-Online shoppers who collect information from internet but shop offline.
➢ Comparison shoppers-These consumers compare product features, brand, prices, offers etc. before making the real purchase.
➢ Traditional shoppers-Consumers that buy only from retail stores and don't surf internet for information.
➢ Dual shoppers- Consumers who prefer to compare brands and product features and seek information online, however they are not particularly deal prone.
➢ e-Laggards-They have less interest in pursuing information from the Internet.
➢ Information surfers: Consumers who love and click on banner ads frequently and also use internet for information along with having an online purchase experience.

The critical success factor for retailers is to know their customers well. The ability to gather as much data as possible about consumers, and to analyze and interpret it accurately,

allows marketers to always be one step ahead with the help of predictive purchasing technologies. To enhance consumer satisfaction and purchase intentions, retail stores should start improving the reliability dimensions, such as capability of delivering products as promised, providing up-to date and accurate information, and strengthening the security of online transactions. (Lee & Lin, 2004). Online retail players have a scope to focus on new product delivery models and payment mechanisms, since customers are facing problems with the options available Ernst & Young (2012). Consumers expect varieties and alternatives including promotions, vouchers and discounts which may intrigue them to purchase online (Vegiayan, *et al*., 2013). Karve, Sunil (2014) hinted that India's big retail companies should start with virtual 3D online shopping.

OBJECTIVE OF THE STUDY

➢ To study the plan of action of retail marketers in order to gain consumer attention and trust
➢ To develop a conceptual understanding of retailing and e-tailing by the help of extensive literature review
➢ To study the Technology adoption models like TPB, TRA,TAM,DIT, UTAUT and their applications for researching factors that influence the consumer behaviour in India
➢ To propose a consolidated list of factors that play a major role in influencing the behavioural intention to purchase a particular product or service

India has witnessed an accelerated consumption of digital products over the last few years, which has led to growth of e-commerce. Today's shopper is tech-savvy with almost black belt certification in researching product and pricing. Concept of research via social sites and given their continued influence and time spent by consumers in these communities, it appears to be a divide between community and commerce as just significant number of customers take advantage of social sites for research. Large e-tailers have adopted an aggressive M&A strategy just like Flipkart and Myntra.com in which they acquire specialty e-tailers for an increment in product and service offerings in their existing portfolio and achieve economies of scale. Due to the success stories of big e-tailers like Flipkart, this sector has attracted large FDI's and has also interested various other investors. 2014 has witnessed flurry of deals in this sector and $1.6 billion (9700 crores) has been pumped in across 24 deals as compared to that of about $553 million (3300 crores) investment across 36 deals in the year 2013 (Venture Intelligence report).

Large fundraises by industry leaders like Flipkart, Snapdeal and the entry of investors like Singapore's sovereign wealth fund GIC have boosted investors confidence. Their growth stories are heating up and have occupied space in every day newspapers. Indian online population has overcome different mental barriers as socio-cultural conservativeness, feel and touch buying behavior, insecurities regarding payments on internet etc. and is accepting e-retailing model in a very fast way. Online users' impulse buying behavior has increased the revenue earned from Indian e-tail market which led to a positive effect on country's economy, govt. revenues, urban and rural development, industrial growth and employment opportunities (Ghosh, 2014).

With the median age of 26 years, India has a fast growing young population. According to a report by NCAER on the 'Indian Youth', the population between 13-35 years was 459 million in 2009 and is projected to reach 574 million by 2020. This young population uses technology the most and is one of biggest consuming age group (Manyika and Cabral *et al.*, 2013). Social media has given a boost to this trend. Despite country's diverse population, disposable income has increased in India and is expected to increase at the rate of 8.5% per annum till 2015. The number of workingwomen and the size of working middle class are also increasing. Indian Consumers have larger disposable incomes, greater purchasing power and less time to spend on daily shopping. This will lead people to buy daily goods online rather than waste time and fuel to shop from a supermarket.

Brick and mortar retailers are identifying the opportunities offered by e-commerce in India and have started to open online stores. Big Bazaar through Futurebazaar.com, Shoppers Stop through Shopperstop.com, Wills Lifestyle through Shopwillslifestyle.com and TATA's Croma through Cromaretail.com have been trying to take advantage of the online shopping wave. A Bain report states that going online has become a must for physical retailers also, especially to win new and retail critical customers. Such an integrated omni-channel strategy is also expected to enhance the offline experience.

Urban areas account for a majority of e-commerce where internet penetration is much higher as compared to the rural areas in India. However, this should in no way signify the inability of the villages to contribute in the digital commerce market of India. SREI SAHAJ e-Village Limited, a subsidiary of SREI Infrastructure Finance Limited, has launched one of the largest IT projects in rural India with an investment of about $160 million. This IT infrastructure project aims to establish about 250,000 Common Service Centres (CSCs) (website) in the numerous villages of West Bengal, Bihar, Orissa, Assam, Uttar Pradesh and Tamil Nadu and over 27,000 have already been established (website). These CSCs will serve as a bridge between the rural India and the world thereby enabling services like e-governance, e-learning and even e- commerce and will service a rural population of over 210 million people (Mohanti, 2008). Such initiatives in the country may build a tremendous platform for the growth of e-tailing in future. Online retailing in India is still in its infancy stage and the policy makers need to organize and channelize it properly and overcome the barriers in order to make it a success story.

Various studies have found different types of factors that contribute to offline and online shopping but none of them have done a combined analysis of different attributes of online buying behaviour of consumers. This study aims to bridge this gap and attempts to present a detailed study on factors influencing online purchase intentions of consumers. Customer-centric factors, website-related factors and perceived risk factors were found to cast a joint influence on internet shopping behaviour of e-consumers. E-marketers need to analyze the individual impact of these factors during sales in order to create innovative e-marketing strategies.

Factors affecting online buying behaviour of Indian
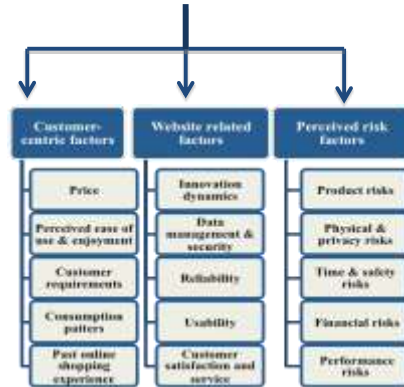
Factors affecting online buying behaviour of Indian consumers

Impact of online buying behaviour factors on behavioural intention of online purchase

SWOT ANALYSIS OF INDIAN RETAIL SECTOR

STRENGTH

- Will boost economic development
- Young and dynamic manpower to take the challenge.
- Highest shop density in the world so no fear for small outlet
- Presence of big business/industry house which can absorb losses.

WEAKNESS

- Low capital investment and intense competition in retail sector
- Lack of trained and educated force
- More prices as compared to specialized shops
- Poor infrastructure
- Heavy wastage due to non availability of sufficient warehouses and cold storage facilities

OPPORTUNITIES

- Hope of Major employment generation in future
- Will improve the financial conditions of farmers
- Will add to retailer"s efficiency
- Foreign capital inflows
- Big markets with better technology and branding
- Quality improvement with cost reduction
- Increasing the export capacity

THREATS

- Kirana and retailers will may lose business in long run
- Fear of controlling the retail sector by foreign investors/ Big stores
- FDI in multiband retail may result in job losses in manufacturing sector
- Roadside bargains may start which may harm the farmers
- Work will be done by Indian and the profit will go to foreigners
- Farmers will be exploited and will lose their fields and crops to foreign

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CONCLUSIONS

As the conclusion of the study we can say that Brand equity is found to be affected by the following web purchase related factors in many studies: privacy, security, brand name, word-of-mouth, online experience and information quality. By carefully exploring these variables in formulating e-marketing strategies, e-marketers can foster brand loyalty and eventually gain competitive advantage. For making adequate strategic, technological, and marketing decisions to increase customer satisfaction, as well as improving web site design of virtual stores, a deeper understanding of consumers' motivations and limitations to shop online is of major importance to e-tailers. Online vendors should design such website portals that may offer more interactive options and provide a sense of emotional attachment and enjoyment along with the detailed information about their offerings to gain recognition among Indian online users.

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