

INNOVATION IN MARKETING: E-TAILING

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ABSTRACT

Globalisation has integrated the world economies into a single unit and is now like a new economic order for the nations of the world. Further, the advent of the Internet has speeded up the process of globalisation. The joint family system has disappeared. The number of nuclear families is increasing and both husband and wife are working, as they have less time to go to the market for purchasing utensils of day-to-day use every now and then. The life is becoming fast not only in the metros but also in the cities and rural areas. Today's generation of consumers' prefers everything online. Retailing is one of the pillars of Indian economy and accounts for about 15 per cent of the country's GDP. Delivery of goods at the doorstep of the customers was in practice in both urban and rural areas by retailers earlier. Online companies have replicated the marketing skills of petty shops more effectively with the support of technology. Earlier consumers used to buy the goods in local market; thereafter they started buying goods in instalment. Now the consumer is buying goods from where she is. TVs, computers, laptop, smart phones etc., supports her in buying. In India, in the age group of 25-35 years, 55 per cent of youth prefers online. Time has come to remove the wall that separate online from an offline business. This paper suggests survival strategies for brick and mortar stores to remain relevant in the industry. In the name of promoting online marketing, the role of retail sector per se should not be curtailed.

Keywords : E-tailing, Internet Revolution, brick and mortar stores

Introduction:

Globalisation has integrated the world economies into a single unit and is now like a new economic order for the nations of the world. Further, the advent of the Internet has speeded up the process of globalisation. Reaching out to the global customers is very simple in this internet era. E-tailing is the result of internet revolution. The world is fast shrinking into a Global Village because of the Internet and other communication media. The same scale and degree, however, is not completely reflective in the Indian context. While the developed and fast developing countries have understood the power of the Internet, India still has a long way to catch up.

The Internet has brought nearly the entire world just a click away from us. The western culture has affected every aspect of our Indian society. The life is becoming fast not only in the metros, but also in the cities and rural areas. The joint family system has disappeared. The number of nuclear families is increasing and both husband and wife are working, as they have less time to go to the market for purchasing utensils of day-to-day use every now and then. Other reasons include shortage of time, traffic jams, late working hours, versatility of plastic money and above all the approach of internet at the doorstep of whosoever desires it. Today's generation of consumers' prefers everything online. Even online retailers have improved their services that are convenient to the customers. From advance payment options, they have moved on to payment on delivery. From fixed delivery timings, they have moved on to convenient delivery timings at the choice of the customer. India has opened the doors for foreign direct investment in retail. The retail industry canvas has been redrawn by the Internet and the rules of the game in retailing are fast changing.

Objectives:

The objectives of our paper are –

- to understand the E-tail market and to study the causes of the emergence of e-tailing
- to analyse the popularity of online selling
- to explain the barriers to the growth of e-tailing market
- to suggest survival strategies for brick and mortar stores
- to make recommendations for increasing the role and reach of e-tailing

Methodology:

This paper is based on the secondary data obtained from various published and unpublished works such as books, reports, journals, dissertations, magazines and electronic web materials.

Overview of E-tailing:

E-tailing is the modern form of retailing. A retailer is the connecting link between the company and the consumer (Sherlekar and Krishnamoorthy, 2014). E-tailing or e-retailing refers to the selling of retail goods electronically over the internet. Electronic retailing has generally been called as direct sale of products, information and services through virtual stores on the web, usually designed around an electronic catalogue format and auction sites. There are thousands of e-commerce sites on the internet that are mostly extensions of existing retailers. Companies like Amazon and Dell were the first to create the online retail industry by putting the entire customer experience – from browsing products to placing orders to paying for purchases – on the Internet (Sreedhar and Davy, 2014). Flipkart, Mytra, Jabong, Snapdeal are now names every urban household is now very familiar with (Sodhi, 2014). Their evolution in the e-market has revolutionised marketing itself.

E-tailing is similar to business-to-consumer (B2C) transactions in online stores. Here a customer can shop for cell phones, cameras, CDs, DVDs, shoes, apparel, furniture, etc. Online retailing can be categorised into: (i) Click – The businesses that operate only through the online channel fall into this category. Prominent examples in this category include Dell, Amazon.com and e-Bay; and (ii) Click and Brick – the businesses that use both online as well as offline channel. Common example includes Barnes and Noble's. E-tailing is a multichannel retailing offers unique advantages to the consumer which no other form of retailing can match, like allowing easier comparisons across broad product categories, flexible/dynamic pricing mechanisms, doorstep delivery of bulky durables and other products to the consumer. These evolutions reduce any friction in the online marketplace and stimulate the growth of e-tailers benefitting both marketers and consumers in the long run. Today all that we consumers need to do is to take out his laptop. Through cyber bazaar consumer can place an order to buy goods and can have products at the doorstep of the customer. The innovative efforts of these big e-tailers have resulted in remarkable growth of online retailing. Estimates say that online retail industry, which was valued at \$1 billion two years ago, is expected to reach \$32 billion in 2020.

Change in the buying attitude of the consumer

In India of the total population, half of the population is young. The buying behaviour of the youth has changed over years. Earlier people use to buy goods as and when they required it, but the consumers of today buy whatever they see in the shop without analysing the utility of the product. Earlier the consumers visit the retail shops whenever they need a product or service. Today, consumers go for shopping on every weekend many times to spend time. We are in the era of online. Consumers can have goods at unbelievable prices at their doorsteps. Nobody had imagined that this trend would emerge in India so soon.

The emergence of online market is an indicator of economic development. This phenomenon is very common in advanced countries. For example, in Britain, 95 per cent of the consumers

purchase goods through online. In India 10 crore consumers buy online. About 70-80 per cent of home search happens online. Corporate giants are also aware that conventional strategies of physical distribution and communication will no longer guarantee the pace of growth or success seen in the past. Companies will try to find easier and cost effective ways to reach out to a larger base of customers. Online is the only way forward. Nevertheless, capitalising on India's growth online is no cakewalk. Evolution in the consumer market fuelled by demographic shifts, behavioural changes and consumers' attitudes towards the economy has resulted in the growth of e-tailing, which has hard pressed brick and mortar retailers making their recovery and growth at a snail's pace.

Emergence of E-tailing

Though the monsoon in India may be deficient, e-tail market is raining with deals and discounts for the Indian consumer is very common today. To attract customers, retailers are sending personalised messages via SMS or emails. The Indian retail landscape is evolving from the brick-and-mortar model to adopt technology for connecting with consumers. The aim is to achieve a complete seamless customer experience. It is a new world for both retailers and the customers where the latter is the king. Indians spend 25.2 per cent of their time on social networking websites. As we move from the world of sceptics to early adopters to ultimately the tacticians, online retailing and mobile retailing are the new modes of growth (FICCI, 2012).

Retailing is one of the pillars of the Indian economy and accounts for about 15 per cent of the country's GDP. India is one of the top five retail markets in the world in terms of economic value (Rao and Hans, 2013). According to a report –

- Total retail spending across top seven cities stood at Rs.358,600 crore in 2014 of which 17per cent or Rs.61,500 crore was brick and mortar modern retail, 2 per cent or Rs.7,200 crore was e-tail and the balance 81 per cent or Rs.289,900 crore non-modern retail.
- E-tail will grow 64 per cent annually (i.e. from Rs.7,180 crore to Rs.84,000 crore) from 2014 to 2019 while brick and mortar modern retail will grow at 11 per cent annually in the same period
- The overall retail market will grow at an average annual rate of 16 per cent between 2014 and 2019 with total retail spending to more than double in the same period

The findings of the report give encouraging signs of modernisation of retail in India. Many hope that players from the entire retail value chain will find them useful in making informed decisions when it regards retail real estate or space – which has been and will remain the final frontier (Tiwari, 2015).

- The overall sentiment for the sector continues to be optimistic. India's large and aspiring middle class of 75 million households or 300 million individuals want products that are value-driven. The country's 500 million people under the age of 25 have access to more money that has additionally resulted in independence, aspirations and a demand for products. The factors driving the organised retail sector include the following:
- Higher incomes driving the purchase of essential and non-essential products
- Evolving consumption patterns of Indian customers
- New technology and lifestyle trends creating replacement demand.
- Increase in rural income as well as urbanisation
- Increase in easy access to credit and consumer awareness.
- Rapid urbanisation and growing trend towards nuclear families
- Effortless and joyful shopping
- Universal reach – A supermarket can cater only to a limited number of customers of a particular place. A website can be accessed from any part of the globe, which increases its market manifold (Shreedhar and Davy, 2014)
- No rent or land costs
- Any time accessibility and price comparison
- Since branded products are sold at competitive prices on credible online portals, it reassures the consumer that no duplicated, low quality products will be sold on these sites
- Increasing credit and debit card penetration with higher value limits for spending
- Falling communication costs, increasing PC, broadband internet penetration

Advantage: E-Tail:

There are various reasons contributing to the boom in the sector. Minimal investment like in case of Flipkart, comfortable and easy to use, savings in operating and fixed costs, customer interaction that helps to know the preferences, responses, complaints and mass customisation are added advantages to this sector. Very important among all is its global accessibility and increasing customer-base. This has led to increased popularity and preferences of the customers towards e-tailing. Earlier if a consumer had to buy a good, he needed to go to retail shops to buy the day to day essentials, had to wait in long queues, and had to spend lot of time for shopping purposes, but today the situation has changed.

From a small calculator to a smart phone – all types of goods can be bought online. Even a Mahindra Scorpio can be bought online. A cine-goer can buy cinema ticket without paying more in black. 24x7x365 shopping is also possible. They provide service round the clock. Even at midnight, we can place order for goods. Consumers can remain indoors and trade. The consumer has no risk of traffic jams; no risk of parking of vehicles; and saleswoman has no role in influencing buying behaviour.

The consumer can exercise greater freedom of choice. Since these online companies buy goods directly from manufacturers, they can offer goods to the consumers at a lower price. Consumers don't need to wait for holidays to go for shopping. From the table of the kitchen consumer can trade. Even without having much knowledge of handling computers online shopping is possible. When we switch on the laptop even if server is down or if the commodity that you are willing to buy is out of stock, the consumer is in trouble and if technology backfires, shopping is impossible. Online shopping is so convenient that –

- With least effort consumer can have the complete knowledge about the product or service
- She can choose a commodity of preference and can pay in cash or through debit or credit card
- If the consumer prefers to deal in cash when a good is delivered at the doorstep she need not share her debit or credit card details. Further, with “card less banking” already in, there will be a major boost to rapid marketing

End of Mall Culture?

Up to 2011, India did not allow FDI in the multiband retail sector and FDI in single brand retail was allowed up to 51 per cent. On December 7 2012, the Central Government allowed 100 per cent FDI in single brand retail and 51 per cent FDI in multiband retail. This policy attracted wide opposition from the retail traders as they felt that this is against their interest. Exactly after two years of implementation of this major reform, the situation in the market has completely changed. Today, consumers prefer online to retail malls. The rise of online may drastically reduce ruin the mall culture in Urban India.

Threat to Brick and Mortar Stores

India has more than 6 million large and small retail outlets, marketing goods and services to the consumers. The popularity of online shopping indicates that retailers have tough time to survive in the market. The marketing strategies adopted by online companies are superior and attractive. Today, consumers enter the retail shop not to buy the products, but to know about the prices of the products and to buy later online. Even the consumers of rural India are no exception. This new trend evidences that e-tail revolution is here to stay for long.

Today's consumers buy the products in the retail market only if there are not available in the online market. We can buy mobile on line, but consumer need to go to a mobile shop to fix mobile cover to the mobile purchased online. This evidences that consumer sooner or later need to rely on brick and mortar stores. This highlights the relevance of these kirana shops in the presence of e-tailing. Today consumers buy goods at lower prices. Tomorrow these goods may not be available. Later on, these online companies emerge as monopoly producers. According to

the Federation of Publishers and Booksellers Association of India in the last 2 years, nearly 200 book selling retail outlets have downed their shutters. If the same trend continues, the future of retail sector is in stress.

Co-existence of retail and e-tail: possible?

As a survival strategy, today kiranas have reinvented themselves in the cities to stay relevant to its target audience. Traditional shopkeepers are now latching on to portals. When a customer orders online through these portals, it is communicated to the closest shopkeeper partner near his or her house who in turn delivers the purchase order at home. The experience of China and Indonesia shows that traditional and modern retail can co-exist and grow.

The advent of e-tailing was considered to impact the kirana stores. However, these stores exist and persist. Their presence in the midst of a residential area is a big advantage. In India, kirana and traditional retailing continues to be the single largest outlet for sale of FMCG goods. Modern retail has been in existence for some time now and there have not been many cases where kirana shops had to shut down due to an organised player coming up in the neighbourhood.

There are certain external environmental factors such as high rentals, demographic change in the consuming class and increased disposable income that led to a slower growth in the traditional retail. In fact, large retailers had to reinvent and evolve their business models to arrive at a format that could compete with a local mom-and-pop-shop. To outdo the modern trade players, kirana shopkeepers conduct bulk purchases from organised players and avail volume discounts. This has helped them to stay relevant to customers' needs and at the same time earn a higher margin for themselves.

MNCs from Backdoors:

The emergence of online business indicates that MNCs have entered the retail market from backdoor. Now the time has come to remove the wall that separate online from an offline business. Delivery of goods at the doorstep of the customers was in practice in both urban and rural areas by retailers earlier. Online companies have replicated the marketing skills of petty shops more effectively with the support of technology. Retailers should also need to go online to attract the customers. Attempt is already on in this direction. In the age group of 25-35 years, 55 per cent of youth prefers online. They are internet savvy. India's Internet user base is expected to touch 550 million by 2020, against about 243 million users at present. If retailers fail to retain the good will of this section of consumers, they will land in trouble. Retailers must innovate new marketing technologies in order to remain relevant in the industry.

Barriers and Challenges to the growth of E-tail market:

The major hurdles in the growth of the e-tailing are –

- Not hassle free: there could be a huge difference in the click to sale ratio of many e-commerce sites if they make the browsing experience hassle free. One of the biggest challenges is to offer merchandise to the consumer in such a manner that he "feel like buying" instead of the site "trying to sell." Most of the e-tailers want the customer to register first. Only then one can enter the site. It is like covering the windows of a showroom and asking the window-shopper for personal details if he wants to even window-shop.
- Slow change in the buying behaviour: Indians are still reluctant to buy on-line and prefer brick and mortar models. Indians still like to have a feel of product and spend time in the market before they buy the products.
- On-line portals are not up to the mark: There have been few lacunae in the exiting online websites like poor front-end service, not-so good website search options, lack of sufficient information about products and terms and conditions, slow search engines etc.
- Lack of seriousness: Many online portals have come up in India backed by major retail distributors but for many it seems to have been just a one-time setup. Post this there has not been enough drive to propagate the brand and services of the portals among potential clients. Many big retailers have opened a website because their peers are doing so.
- Issues concerning security and transaction frauds: in addition, many of the web portals do not support all online modes of payments. There are high occurrence of failed payments and this is often a deterrent for clients to revisit the portal.
- Competitors are just a click away: When consumers search for something online, they have multiple options available, and many use 'search' to navigate the Web rather than type in or bookmark specific sites.
- Visitors can disappear in 15 seconds or less: Online consumers are goal-oriented shoppers. If they do not immediately find what they are looking for when they reach your site or landing page, they are gone in under 15 seconds.
- Shopping is a multistep process: Online consumers love to browse. For most, it is fun-time visiting several sites or at the most to gather information. They may also compare the offerings of several competitors before hitting the "buy now" button.
- Time gap: The time between the initial visit and purchase has increased. Increasingly financially challenged consumers may wait longer before buying.
- Offers: Sellers woo the customers and advertisement is their sharp weapon. Customers wait for merchants' best offer. Having been seduced during the holiday season with free shipping and handling and other price-driven offers, consumers have been entrained to wait for a special deal. Consumers will display a bias for brands that they know well and have had a good experience in the past (Dwivedi, Mahesh and Verma, 2012). Thus, products of brands with a favourable bias will score over the products of less popular brands.

- Lack of ‘touch-feel-try’ experience: lack of ability to try a product before buying acts as a barrier for some internet users (Arora, 2013). The customer is not sure of the quality of the product unless it is delivered to her and (post-delivery of the product) it is sometimes a lengthy process to get a faulty or the unsuitable product as replaced. Thus, unless the deliverables are as per the customers’ expectations/orders, it is hard to infuse more credibility in the e-tailing market.
- Mounting competitive pressures: The market for online buying is still at early stage. This market is swarmed by the players selling their or third party’s products online. To attract the customers, the competing online players are going all-out to provide products and services at the lowest prices. This has resulted in making the consumers “spoilt for choice” who in turn surf various websites to spot the lowest price for the product (Gopalan and Sarma, n.d.). No wonder that the number of transactions is increasing, but the value of the products sold is continuously falling owing to high competition and leaner margins.
- Seasonality: E-tailing market also faces seasonal fluctuations. Generally, August to February is the peak seasons for sale, while March to July is the dry season for sale. During the peak season, occasions that drive the sales are Diwali, Rakhi, Valentine’s Day, New Year, Christmas, Mother’s Day, Friendship Day etc. On these occasions younger generations prefer buying and sending gifts online (Goswami and Mathur, 2011).
- Credibility in Payment System: These days in the markets, online frauds and breach are the biggest barriers to online sales. As a result, prospective buyers prefer staying away from revealing their credit card and bank details.
- Untimely Delivery of Products: No doubt, it takes only a few minutes to search, book and pay for products and services online, but the delivery of the product may take unreasonable time. Thus, the online retailing raises more issue than the benefits it currently offers. The customers should be assured that the online retailers are not only available online but offline as well. This gives them the psychological comfort that these companies can be relied upon.
- Language Problem: Most internet retail shops use English as their mode of communication. English may not be comprehensible to the majority of the Indian population. To increase the customer base, content in the online retail shops should be provided in local language (Sreedhar and Davy, 2014).
- Low Penetration: The internet penetration rate in India is still one of the lowest in the world. Average broadband speed in India is among one of the lowest (0.9 mbps in 2012 as against South Korea at 16.7 mbps, Japan 8.9 mbps and US at 6.1mbps).
- Poor Infrastructure: Lack of quality power and transportation in many places increases the cost of the overall cost of operations, as well as the human talent pool.

- Ad-hoc Policies: Policy uncertainty at the macro level, which needs clarity and political will

Recommendations:

We suggest the following remedial measures to improve the role and reach of e-tailing to remain relevant in the industry:

- Supply Chain: most customer complaints and delivery returns can be traced to the supply chain vendors or merchants. It is important to have the supply chain vendors or merchants well integrated into the system – both technically and strategically.
- New Business Models: some Indian sites simply collect orders over a period of time say a week, order in bulk from the vendor and finally ship it to customer at a discounted rate. The customer is told beforehand about the delivery date, of course.
- Comparison Shopping and Customer Reviews: All the E-tailers are present on comparison shopping sites is of paramount importance – especially since people now visit these sites before they place the order. In addition, they encourage customer to write the product reviews – nothing authenticates their offering to an undecided customers like a good product review.
- Bind with Social Media: Social media has really empowered consumers. Information travels fast among the ever-connected consumers, and negative experiences disseminate quickly around large communities. Retailers who fail to monitor how their brand is being discussed on social media sites are potentially missing opportunities to respond to and rectify sustained criticism. Social media is an important marketing tool. Retailers can reach large numbers of consumers quickly through their own social media channels, and the provision of a consumer forum. Facebook allows consumer complaints to be managed efficiently and conveniently for them. The ever-connected consumer also acts as a brand advocate, advertising products and retailers to friends simply by ‘liking’ them. However, consumers should be both aware and alert, not sacrificing their rights at any cost. The Consumer Protection Act (COPRA) must incorporate this element for healthy regulation (Hans, 2015).
- Understand the customer: understanding of Web site visitor profiles and their needs enables a company to tailor not only its prospective consumer interface but also its future line of product features and offerings.
- Provide a medium: the best way to reach out to people is to create blogs and discussion forums for them so that they have the freedom to rate the quality of service delivery and leave behind suggestions. Need to control the degree of freshness of Web site content by making design choices, such as use of dynamic pages and the more frequent updating of content, depending on business needs and consumer expectations.

- Trust on Brand Name: brand name is the safest bet for consumers as it removes the problems of 'touch-feel-try' eventually. Consumers do not think twice before buying a clothing item from a trusted and tried out brand because the fit and touch is already known (Goswami and Mathur, 2011).

Conclusion:

Innovation is a tactical term now, and it is having positive effects. For the generation that works on laptops and mobile phones, quick turnaround time is utmost important. Thus, being present across multiple channels has become inevitable. Growth is no more seen as a success measure. Profitable growth is the norm in the boardrooms. The Indian customers today have several choices that they can make. The boundaries among cities are fading quickly. Infrastructure and connectivity are improving and customer awareness is at an all-time high. In India, e-tailing has the potential to grow to 76 billion USD by 2021. The Indian customer is creating the new 'Indian Bazaar'. For retailers in India, online shopping is gaining recognition as it entails many benefits for them. Internet retailing in India has witnessed a promising growth. Consumers in the country can now truly expect a well-streamlined, efficient and excellent shopping experience supported by the best technology. The next battle for the consumer market will be fought on the back of technology. Companies that are able to use technology will move forward. Consumers have moved from local market bazaar market and online with metal, paper money, loan, bank money, plastic money to e-money. Earlier consumers used to buy the goods in local market; thereafter they started buying goods in instalment. Now the consumer is buying goods from where she is. TVs, computers, laptop, smart phones etc. supports her in buying. WhatsApp, Big data, Omni-channel retailing, hyper local targeting etc. are part of the futuristic retail technology. Channels are multiplying; we are now facing channel conflict. Conflict resolution in modern marketing management is going to be the decisive test. Amidst all this, the position of small retailers is less secure and more challenging. What will they procure in modern marketing? In the name of promoting online marketing, the role of retail sector per se should not be curtailed. Meaningful research in marketing is also needed in this regard.

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