A STUDY OF E-RETAILING IN THE CONTEXT OF
E-COMMERCE CONCEPTS: OPPORTUNITIES AND CHALLENGES

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ABSTRACT

E-retail or online is booming sector in India. It has seen steady growth of 50-60% over the last several years. E-retail accounts for 10% of e-commerce activities in India. Although there is potential for online retailing in India, we have challenges that need to be addressed. The global retail e-commerce index says India has made online retail capabilities non-expensive. Online retailing can add immense value to the various stakeholders in the Indian retail sector. The potential for online retailing in India is huge, but along with the growth opportunities, there are also challenges that need to be addressed. The article focuses on the opportunities and challenges of online retailers in the context of e-commerce in Indian business environment.

KEYWORDS: *Online Retail, E-commerce, Global Retail, Business Environment.*

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Introduction

E-retail or online retail is from the internet. We have many online or e-retailers in India that offer a wide range of products to consumers. Retail is commonly called Business to Consumer (B2C). Online retailers are categorized into two categories of focused players and multi-category. Category-focused players specifically provide trades with deep rankings. For example: - Myntra, Jabbong (apparel and lifestyle products), Big baskets, local shopkeeper (grocery class) and Fab furnish, Pepper fry (furniture), Carat Lane, Juvalia and you (jewellery), First cry, My baby cart (baby products) etc. Multi-category players offer a variety of equipment with limited ratings. For example: - To better understand Flipkart, Amazon, Futures bazar and Snapdeal etc., we look at some of these categories and the major online retailers.

Retailers provide categories such as books, stationery, electronics, furniture, apparel, personal care, grocery, flowers, sporting goods and services. Major players in the book category include Amazon, Flipkart, Naaptol and Landmark. Stationery is sold by online players such as Flipkart, Amazon, Stationery Shop, Snapdeal and Home Shop 18. In the electronics segment we have other players with expertise like Croma (Tata Group) and E-zone (Future Group) such as Flipkart, Amazon, Snapdeal, Future Market, Naapatal which sells electronics items like mobile phones, computers, tablets, televisions and other sustainable sales. In the furniture category we have Fab furnish, Pepper Fry, Urban Staircase, Home Town, Zansar and Home Shop 18 etc. In the apparel and personal care class we have Myntra, Jabbong, Zovi, Fashion & You, Flipkart, Amazon and Yebhi.com etc. The big players in the grocery category include Big Basket, Green Cart, etc. We have special players for flowers and birthday cakes like Furnace Petals, Telia and Flora India. Sports equipment includes decathlon in a large category of athletes, Playground online, Khelmart and sports 365 etc. Service retailers include Lenskart that provide eye tests with eyeglasses, glasses and some well-fortified medical services. Some retailers such as Apollo Pharmacy, Healthkart and Buydrug sell drugs online.If we look at the whole sales market (B2B), we have players like Wal-Mart who run the online space. At C2C (Customer to Customer) we have E-bay, Olx, an online shopping space and auction of various products.

Objectives of the Study

- To study the online retail market and its impact on Indian retail.
- To study the opportunities for online retailing in India.
- To study the most important challenges for online retailers in India.

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Methodology

This study looks at the online retail market and how it has affected the Indian retail industry. The scope of the research study is limited to the online retail market, the opportunities and challenges of the developing online retail market in India. The study is based primarily on secondary data collected from newspapers, industry reports, company websites, news articles and reports.

Online Retail Market and its Impact on Indian Retail

Organized retail in India is still in its infancy with a retail penetration of 7.5% in 2013. Online retail accounts for 7.9% of organized retail and 0.5% of overall retail in 2013. 2014 saw a steady growth of 50-60% with an estimated value of USD 3.2 billion. Online retailing has hit brick and mortar stores. With the advent of online retailers, the biggest impact was the entry of traditional retailers into the online space. This is evident from the trend of online store growth by traditional retailers. If we look at this trend, we can see a steady increase in the growth of online stores through traditional retailers in India. From 2017 to 2019, the trend in net store growth was declining, but we can see a growing trend in the following year. Shopper Stop, for example, entered the online space in 2018. We have Future Bazaar, Chroma (Tata Group), Nature's Basket (Godrej) and Aditya Berla Novo entering the online space to compete against online retailers.

Some Major Opportunities for Online Retail in India

The current business environment in India has the potential to boost the growth of online retail in India. These are some of the important factors that can play an important role in online retailing in India:

- **Increase in transaction by Debit cards, Credit cards, Net and mobile banking:** Mobile banking is emerging in India which grew with 30 million subscribers in 2013 as against 22.51 million in 2012. From these trends we can conclude that Indian consumers are slowly changing the way they conduct their financial transactions. Credit, debit cards and net banking can provide quick and easy transactions for customers which can boost the growth of e-retail in India. With the advent of secure transaction methods such as two-factor authentication, one-time passwords (OTP) and payment gateways, consumer's preference for online shopping and financial transactions has increased. This could lead to an increase in online retailers due to increased security and easing of transactions. Some retailers are offering Cash on Delivery Options (COD) to customers who are sceptical about secure transactions on the online platform. It accounts for over 60% of total e-commerce transactions in India. Banks and e-commerce sites are taking proactive steps to increase online transactions by removing security and other issues related to online transactions.

- **Rising disposable Income and Rapid urbanisation:** Annual disposable income in India is expected to exceed the CAGR of 5.1% and is expected to reach USD 3823 in 2015. We have about 33,337 million people living in urban areas in 2011. Census data show that the number of legal cities grew by 6.37% between 2001 and 2011. During this period, there has been a steady increase in the aggregate of citizens at a rate of 23.7%. These trends can increase the chances of online retailers.

- **Rise in the number of Internet users and online buyers:** According to Google, there are now around 200 million more Internet users in India, which is expected to reach 600 million by December 2020. An estimated 5 million Internet users are added each month each year. One of the major contributors to the growth of Internet users is the spread of broadband connectivity across the country. In 2013, broadband connectivity is about 15.13 million. The government is talking about measures to increase its broadband connections to 214 million by 2014. This will increase Internet access for the general public. Forrester's Asia Retail forecast predicts that the online shopping population will reach 39 million by 2014 and 168 million by 2020, which could trigger the growth of online retail in India.

- **Smart phone revolution and Mobile Internet**: India is one of the markets that is witnessing an increase in smartphone users. In 2013, there were 51 million smartphone users in India, which is expected to reach 104 million by 2014. But at present it is about 10% of the total mobile users. The availability of cheap smartphones could boost growth in the future. Access to 3G and 2G mobile data networks and the availability of affordable smartphones can increase consumer transactions through mobiles. Most online retailers are developing their own mobile applications to enhance the shopping experience. Amazon launches its 3D smartphones to enhance its customers' mobile shopping experience. Has brought Fire Phone. If we compare mobile internet users, we can see the growing trend towards mobile internet users.

Most Important Challenges for Online Retailers in India

Although India has potential for growth in online retail, the Indian market has many challenges for e-retailers. These include:

- **Overcoming Touch and Feel Mental Barrier of Indian Customers:** Indian consumers prefer to touch and feel the product before purchasing it. The biggest challenges facing online retailers are overcoming this barrier. Online retailers are trying to overcome this barrier by adding more specifications and information about the product. They also share customer feedback to build customer confidence.

- **COD and Returns Management:** Cash-on-delivery by online customers is preferable to payment. This has created some special problems for online retailers. Some logistics providers charge customers extra which can affect the retail business in the long run. Delays in remittances from customers through logistics providers can reduce working capital for online retailers. Another major issue facing online retailers is the return of the customer and how to handle it. Some logistics players do not have the capacity to handle returns. This can lead to additional costs for retailers, which is a major problem for online retailers. This has forced some retailers to start their own logistics arm to better address these issues, which can increase consumer confidence and convenience. In addition, it can provide a cost advantage for online retailers in the long run.

- **FDI policy in B2C E-commerce:** India's FDI policy prohibits 100% FDI in multi-brand retail, which also applies to e-commerce activities. Online B2B E-Commerce allows 100% FDI but does not apply to B2C. Commerce activities. The government allowed 51% FDI in B2C E-Commerce to retailers with brick and mortar operations. Most retailers are currently following a marketplace model in which online retailers provide a platform for potential buyers and sellers. This can result in limited control over margins, product, service and delivery speeds. The ban on FDI is affecting the growth and expansion plans of online retailers.

Conclusion

The government has taken several steps to promote the e-commerce sector in India. It is taking advantage of the e-commerce digital platform to traditionally target offline markets, even for agricultural production. Among others, it has launched an e-market platform to connect farmers to markets in different states to sell agricultural commodities online. Important government initiatives such as Digital India, Start-up India, Make in India and Skill India also play an important role in the development of the e-commerce industry and this effects Indian retail sector has seen dynamic changes in recent years. With a stable growth rate of 50-60%, online retail can make a significant contribution to our country's retail industry and economy. But to take advantage of these development trends, we need to improve our physical infrastructure, policy framework and operational environment in our country.

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