

E-COMMERCE: A NEW NORMAL TO RETAIL BUSINESS

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ABSTRACT

The Retail segment probably is the most important sectors for economy of any country and its growth & strength perspective. Indian retail industry is also not an exception to this rule. Over period of 7 decades since independence India has passed from various stages of growth in all sectors of the industry and service and lot of changes has occurred in this retail segment. Starting from bartering system in India, it has upgraded in different phases from unorganized retail to organized retail, and now organized retail to e-commerce. In today's world E-Commerce is booming and with expansion of E-Commerce into Mobile-commerce (i.e. M-Commerce). Now with the strong hold of E-Commerce in the retail Market, and other online platform like digital India, mobile market growth etc. there are greater chances of impact of E-Commerce and M-Commerce on organized retail. Due to this potential in this E-Commerce and M-Commerce, various Big Business houses also entered in the retail market. Few of them are with Reliance Fresh, Big Bazar, and DMart etc. Even JIO is planning to enter into online segment. Having Venture in retail sector, and having competition for a portion of share of business from such a huge population of around 125 Crores of India. With the setup of big outlets in Metros and Urban areas to some extent they have given competition to small and existing players in the market. The whole object of these business is to form a strategy where the approaches to manufacturer directly and reduces the levels in intermediaries and distribution cycle and providing many products under one roof along with huge discounts. Now along with such retail business houses the manufacturers has started to have their own outlets in urban cities. They all are termed as organized retail sectors. With opening of Indian economy for all retail sectors, India has now started increasing foreign investment by changing its foreign direct investment (FDI) policy. Various International retail chain outlets like Wal-Mart has entered into India to be the part of this large potential retail segment. This study focuses on impact of such online E-Commerce and M-Commerce segment on the retail businesses with the finding out the Globle impact on Indian economy and its Gross domestic Income.

KEYWORDS: Retail Business, M-Commerce, E-Commerce, Foreign Investments, Foreign Policy.

Introduction

The Retail segment probably is the most important sectors for economy of any country and its growth & strength perspective. A Business is an economic system or an organization where goods and services or sometimes both are interchanged for some monetary consideration or some time in exchange of other product of business or service of business. Every business is based on the two pillars called Investment and customers or consumers to whom its output is sold out to generate income and profits. The product distribution cycle, of any business is that kind where manufacturer of that product having factory at one location and from where he supplies or serves to many customers throughout the country or place through retail outlets. However there are various intermediaries between the manufacturer and the customer such as retailer, wholesaler, dealer, distributor, c&f agents etc. apart from it a huge amount of marketing cost suppose to be incurred too to make people familiarizes with the product. Due to this long chain both manufacturer as well as customer does not get the whole benefit and the same is distributed among the intermediaries. The E-Commerce and M-Commerce has been incepted only due to this reason. The ultimate benefit shall be pass on to the consumer by reduction in the cost by curtailing out the cost incurring

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on intermediaries. This has been forming part of the business now a days since both of the important component of the business cycle are benefitted by this. The term Electronic Commerce or E-Commerce was incepted by IBM company's marketing and Internet teams in 1996. They defined it as the application of information and communication technologies for business activities.

Objective of Study

As far as organized and unorganised retail sectors are concerned, it was observed that when organized retail sector was enriching, it was the common perception that it would probably slow down the growth in unorganized retail sector, but all these perception became myth later on when it was found that there is no impact Organized Retail sector on Un-Organized Retail sector. However the situation is not same in case of E-Commerce. As far as benefits of E-Commerce are concerned, Availability of internet penetration, easy accessibility of smart mobile phones, there is huge potential impact of E-Commerce on organized retail sector. However with the increased competition with E-Commerce, the sustainable profitability for survival of organized retail sector and mall culture may be difficult in coming years. This study has been conducted considering this aspect along with following other objectives of the research

- To make evaluation of various categories preferred by consumer for E-Commerce,
- To make evaluation of relationship between annual income of consumer and their expenses on online purchase,
- To make evaluation of preference between various devices used for E-Commerce,
- To make evaluation of various Key Factors influencing the growth of E-Commerce.
- To make evaluation of potential impact of E-Commerce Business on retail sector.

Review of Literature

Dr. K.V.S.N. Jawahar Babu, S. Kalesha Masthanval (2017) The paper 'Role of customer retention strategies in retail sector' by is as name suggest, is focusing on the customer retention. Those days are now past when once customer is won, he will be loyal throughout his life. Now customer needs satisfaction at all the levels when is dealing with seller. Also it is generally said that retained customers tend to have higher level of perceived quality of service.

Rijwan Ahmed, Mushtak Ahmed Shaikh And Dr. Dilip B. Shinde (2017) In paper 'Strategies Implemented In Organized Retail Sector', the authors deals with the Organized Retail and strategies to enhance the organized sale at shopping malls. Overall retail is growing very fast in India with major increase seen from Organized retail. Shopping malls are one of the most attractive channels for Organized retail which started with 3 malls in 1999 to 190 in 2010 and current scenario where number is around 280.

B Kusum, N Durga Prasad and M Srinivasa Rao (2013) the researchers has written the paper on 'Study On Organized Retailing And Its Challenges And Retail Customer Services' 8 with the objective 1. To find out the result on growth and development of organized retail sector in India. and to understand the leading players of organized retailers and customer services provided by the retailers. Second to understand the challenges faced by the Indian organized retail sector. Last but not the least to make recommendations for overcoming the challenges faced by organized retail sector.

Veenu Jain (2016) in his article on Challenges for Organized Retailing in India as published "International Journal of Research In Commerce & Management" the researcher has highlighted very interesting statistics. The data points which are highlighted in the paper are a. Number of outlets per person are highest – 7 per 1000 b. Retail space per capita is Lowest – 2 sq.ft. c. Highest retail density – 6% d. she found that Indian retail sector is the fifth largest in the world.

Rational of Study

Considering the lacking observed in above mentioned literature review it is clear that all the studies have been conducted on E-Commerce, Internet utilization in E-Commerce, unorganised and organized retail sector etc. There found no study on evaluation of impact of E-Commerce on high investment Organized E-Commerce and Retail sector. Considering the fast pace of growth of E-Commerce it is now a necessity to have a research in detail regarding the customer sentiments, their preferences in E-Commerce segment and also to study the Organized Retail sector along with unorganised Retail sector so that both the systems can provide a leverage strength of each other without any impact on overall growth of the country. The scope of the research has been limited considering only the Business to Consumer E-Commerce aspect and completely excluding the Business to Business aspect of E-Commerce. All other aspects of E-Commerce including services aspect of E-Commerce is out of scope. Hence study covers only one part or segment of E-Commerce Business.

Hypothesis for Study

H₀1: **Null Hypothesis:** Product Category based on consumer for E-Commerce Purchases is not significant.

H₀1: **Null Hypothesis:** There is no Negative impact or drop in profit of retail Sector due to E-Commerce.

H₀1: **Null Hypothesis:** There is no Negative impact or drop in turnover of retail Sector due to E-Commerce

Research Methodology

For any research or any thesis, the major factor is the data on the basis of which hypotheses are set out and tested. The conclusions are drawn considering the research results obtained by applying the research methodology on data. This quality of the data which ultimately determines the level of quality of the conclusion obtained and ultimately provides for quality of the research work. All the answers to the research hypotheses are calculated and find out from the data. Hence a researcher always concentrates primarily on availability of correct, reliable and relevant Data.

Source of Data

The data used in above research is of two types. The first one is primary data and other one is secondary data. Secondary data has been majorly collected from interviews and survey method. The surveys have been conducted using online methods and Google form. Apart from it personal interviews of varied nature of customer has also been obtained to ensure variety in nature of data.

Sampling Technique

The random sampling method is used as it provides an unbiased data and trends result. The population used for sampling is homogeneous. Therefore, random sampling was considered for data collection. Apart from it Pilot Study, Scale Reliability Questionnaire has also been used at its optimum level.

Sampling Design

Sample has been designed using random number table and block sampling method.

Results and Analysis

The result obtained from questionnaire and surveys has been put into the following table and hypothesis has been checked after calculating the there summarized Z and P values.

Table 1

Maximum Amount in INR you are Okay to spend for Online Purchase at One Time	≥ 1,000	Sample Proportion	Z Statistic	P value	Significance
Others	539	0.9563	21.86	0.00000	Significant
Baby care	489	0.9156	21.05	0.00000	Significant
Home & Living	514	0.9853	20.01	0.00000	Significant
Home essentials	567	0.9253	19.98	0.00000	Significant
Fashion both male & Female	400	0.9152	22.22	0.00000	Significant
Personal accessories	713	0.9838	21.95	0.00000	Significant
Computer and Accessories,	426	0.9838	17.70	0.00000	Significant
Mobile & computer & Accessories	506	0.9919	18.25	0.00000	Significant
Entertainment and electronics	544	0.9153	25.01	0.00000	Significant
Books & Periodicals	559	0.9425	19.89	0.00000	Significant

The above table shows the sample selected and the proportion of the sample. Their Z Values along with P Value has been obtained by applying the statistical methods. The sample results are significant in each selected block which is tested. Based on above result the following hypothesis has been checked.

Hypothesis

There is no negative impact or drop in profit of retail Sector due to E-Commerce. The responses of the various respondents obtained from survey and questionnaire are analysed and following results are obtained:

Table 2

Impact Of E-Commerce On Retail Business with Respect To Profit	Frequency (Total - Nil)	Sample Proportion	Z Statistic	P value	Significance
	254	.6101	4.18	0.0000	Significant

Hypothesis

There is no negative impact or drop in Turnover of retail Sector due to E-Commerce.

The responses of the various respondents obtained from survey and questionnaire are analysed and following results are obtained:

Table 3

Impact of E-Commerce on Retail Business with Respect to Turnover	Frequency (Total - Nil)	Sample Proportion	Z Statistic	P value	Significance
	250	.5945	5.10	0.0000	Significant

On the basis of above results and table various observations has been obtained. The respondents give priority to E-commerce Website for Home & Living and Home Essentials. After they give preference to Computer Accessories, and Mobile phone & Accessories. However for personal care products and baby care and pharmaceuticals, they do not give preference to Retail market and not to E-Commerce. In almost all segments both the modes i.e. mobile application and website have been given preference. It is clearly visible from above, that except in certain category the customer's preference has been given to E-Commerce and not to Retail sector. The reason behind the same is Convenience of Purchase and easy methods of payments. Other benefits are also there such as Time Saving and Time Flexibility and various offers of Discounts, along with easy Return Policy. One other important reason is availability of huge variety makes number of choices for consumer.

Conclusion

However this fact is not at all ignorable that both the markets have their own importance. For serving day to day need of any consumer ultimately the consumer is dependent on retail market existing near to it. For any immediate requirement it can be get fulfilled only through the retail market. The second factor is E-Commerce or online market cannot serve in each area including the rural and extreme rural. For that the user is dependent on the local market. However on the other hand the charm of huge discounts and availability of variety in almost all categories, the user attracted towards E-Commerce or Online shopping, which could never be available in the retail market. But there is no doubt that the Retail market has succeeded to retails market and has demolished its existence to a large and great extent. With some change in strategies adopted by Retails investors for their business and removing the role of intermediaries, the retail market can pick up and become the part of competition with E-Commerce or Online Market.

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