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**ABSTRACT**

E-retailing refers to a practice of selling retail goods through internet. Basically it is a revolution in e-commerce and e-business and modernize way of selling goods and services by online. Due to technological advancement retailing wearing a new concept and emerged as in new form of e-retailing. The current era is full with new challenges, today’s trends get old tomorrow and a new challenge covers the market. Therefore, businessman always still in awoken situation in respect to market changes and threats. e-retailing is a practice of selling retail goods on the internet which is useful to customer who have lack of time but need to a variety of goods at reasonable price. E-retailing or online is growing at faster pace in India. It has witnessed steady growth of 50-60 % over the years. E-retailing accounts for 10 % of e-commerce activities in India. Even though there are growth prospects for online retail in India we have challenges which need to be addressed. The article focuses on the opportunities and challenges for online retailers in Indian business environment. The Indian Online Retail is a rich segment waiting to be exploited. Internet is a potent medium that can serve as a unique platform for the growth of retail brands in India. The medium holds many virtues favorable for the retail industry including a higher customer penetration, increased visibility, and convenient operations. The current web-based models for e-tailing are part of an embryonic phase preceding an era of rapid transformation, challenge, and opportunity in Indian retail market. The Indian retail market is witnessing a revolution. The growth of internet has enabled the new retail format of the virtual retailer to emerge and forced the existing retailers to consider e-tailing model of retailing as well. Internet retailing or e-tailing has firmly established itself as a viable alternative to store based shopping. This paper attempts to provide a clear picture about the e-tailing in India and its opportunities and challenges.

**INTRODUCTION**

Retail scenario has been wearing new approach rapidly due to the revolution in field of information technology. IT enabled world has been changing market scenario by introducing new hi-tech technology rapidly by internet, maximizing uses of smart phones, tablet and new electronic equipment covered with new application and software. The fact is not denying that in IT enabled world a huge number of customers are consuming internet facilities and it become as a necessary need of life. Today is the era of globalization and customer is aware in respect to variety of products and bound within a particular pace to access products available anywhere in the world. Now he can go beyond the boundaries of any market area where he lives to access the things of his interest.

At kearney’s 2013, global retail e-commerce index stated that India has unharnessed online retail potential. India has become a attractive destination for e-commerce due to a huge size of peoples are using internet and mobile internet facilities so growth prospect of online retail are high as well as growth opportunities there are threat which need to be considered.

**Objectives of the Study**

The major objectives of the study include:

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

**Scope and Methodology of the study:** The study looks into the online retail market and how it had impacted the Indian...
retail industry. The scope of the research study is limited to online retail market, the opportunities and challenges for the evolving online retail market in India.

**Source of Data:** The study is primarily based on the secondary data collected from journals, industry reports, company websites, news articles and reports.

**Essential of e-retailing:** There are certain essential components for an e-Retailing business to be successful. Before setting up an electronic storefront, one must consider these components well in advance. The important essentials of e-retailing are as:

- E-Catalog
- Search Engine
- Shopping Cart
- Distribution of Digital goods
- Online customer salesperson
- An order status checking facilities
- Create consumer community.

**E-retail and Major online retail players in India:** E-retail or online retail refers to retailing activities done through internet. We have many online or e-retailers in India who provide a variety of products to customers. In general retail business is referred as Business to Consumer (B2C). We can categories Online retail players into two types, one is

- Category focused players.
- Other multi category focused players

**Category focused players:** provide particular merchandise with deep assortment. i.e. - Myntra, Jabong (Apparels and Lifestyle products), Bigbasket, Local banya (Grocery segment) and Fabfurnish, Pepper fry (Furniture), Carat lane, Juvalia and you (jewellery), Firstcry, my baby cart (baby products).

**Multi category players:** provide variety of merchandise with limited assortment. Ex: - Flipkart, Amazon, Future bazar and Snapdeal etc. For better understanding we look at some of the categories and the major online retailers in these categories. Retailers advertise different type if products by different websites. Products like books, stationery, electronics, furniture, apparels, personal care, grocery, flowers, sports goods and services also.

- The major players in book category include Amazon, Flipkart, Naaptol and Landmark.
- Stationery items are sold by online players like Flipkart, Amazon, Stationery shop, Snapdeal and Homeshop 18 etc.
- In Electronics segment we have specialised players like Croma (Tata group) and E-zone (Future group) alone with other players like Flipkart, Amazon, Infibeam, Snapdeal, Future bazar, Naaptol who sell electronics items like mobile phones, computers, tablets, television and other durables.
- In Furniture category major players are like Fabfurnish, Pepper fry, Urban ladder, Home town, Zansaar and Homeshop 18 etc.
- In Apparel and personal care segment we have Myntra, Jabong, Zovi, fashion and you, Flipkart, Amazon and Yebhi.com etc.

- In grocery category the major players include Bigbasket, Greencart, ekstop, Local banya, Nature’s basket etc.
- specialised players like Ferns n Petals, Tilia and Floraindia for flowers and birthday cakes etc.
- In sports goods the major category players include Decathlon, Playground online, Khelmart and Sports 365 etc.
- Service retailers include lenskart which provide eye tests along with eye lens, glasses and well forte for some limited medical service. Some retailers like Apollo pharmacy, Healthkart and Buydrug make online customer and do online sales of different variety of medicines.
- In category of wholesale market (B2B) we have players like best price (Wal-Mart) is playing a remarkable role in online space.
- In C2C (Customer to Customer) we have E-bay, Olx which serve as an online shopping space and for auctioning of different products.

**What is e-retailing:** The sale of goods and services through the internet. Electronic retailing includes business to business and business to consumer sales. The term is an inevitable addition to other similar terms such as e-business, e-mail and e-commerce. E-retailing usually refers to the business to consumer transactions. E-retailing is gaining ground. Online retailing is divided into three main category-

- • Click and brick – the businesses that use both the online as well as the offline channel lies in this category.
- • Click- the businesses that operate only through the online channel fall into this category.
- • Brick and mortar- this is the conventional mode of retailing. The businesses that use the latest retailing channels and still rely upon the conventional mode belong to this category.

E-retailing offers the consumer a basket full with variety of products through websites with useful links to similar sites that give opportunities to consumer to choose and compare with homogenous products and can select goods as per desirness. The convenience of online purchasing is unmatched indeed. It save the time and do less stress of waiting in long ques , billing and carrying along with dealing with irritating sales man and shopkeeper. However, e-retailing causes problem with fit, when consumer make order online, he do not have the option to try the products, return method may also very tough, it can be difficult to return. The shipping and handling costs may turn the customer away. e-retailing technology savvy customers and this puts a limit its potential reach. No doubt that e-retailing is emerging as an interesting phenomenon in the retail industry that is on a rise despite the disadvantages associated with it.

**Opportunities in India:** The current business environment in India has the potential to enhance the growth of the online retail in India. Some of the key factors that can contribute to the growth of online retail in India include.

**Increase in the number of Internet users and online buyers:** According to Google, India now have around 200 million internet users which is expected to reach 500 million by 2018. Every year there is an estimated increase of 5 million
internet users every month. One of the key factors contributed to the increase in internet users is the spread of broad band connectivity across the country. In 2013, the broad band connectivity is around 15.13 million. Government is talking initiatives to increase it by 214 million broad band connections by 2014. This will enhance the accessibility of internet for common people. Forrester’s Asia Pacific retail forecast predicts that online buyer population will reach 39 million by 2014 and 128 million by 2018 which can stimulate the growth of online retailing in India.

Smart phone revolution and Mobile Internet: India is one of the markets which is witnessing growth in smart phone customers. In 2013, there were 51 million smart phone users in India which is expected to reach 104 million by 2014. But this forms about 10 per cent of the total mobile users currently. The availability of cheap smart phone can enhance the growth rate in future. Access to 3G and 2G mobile data networks and availability of cheap smart phones can enhance the customer transaction using mobiles. Most of the online retailers are developing their mobile applications to enhance the shopping experience. Amazon came up with their own 3D smart phone- “Fire phone” to enhance the mobile shopping experience of their customers. If we compare the mobile internet users we can observe increasing trend with respect to mobile internet users. According to 2015 projection, out of 300 million internet users 200 million users will be accessing internet using mobile phones which can enhance e-retailing opportunities in India.

Increase in transaction by Debit cards, Credit cards, Net and mobile banking: Retail electronic payments was around INR 33.8 lakh crore in 2013 compared with INR 50,000 crore in 2004. Credit card payments have grown seven times during this period and reached INR 1.2 lakh crore in 2013. In the case of Debit card transaction there was an increase in 15 times which is 25 around INR 74,300 crore in 2013. If we analyse the trend electronic transaction has increased during 2013 which forms 57% of banking transaction compared with 43% of paper transaction. There was an increase in registered internet banking users in India during 2013 which was around 35% for public sector banks 25% for private sector banks and 5% for foreign banks compared with 2012. But still Internet banking transaction forms 2-8% of total banking transactions for all Indian banks. Mobile banking is emerging in India which witnessed a growth with 30 million users in 2013 compared 22.51 million users in 2012. From these trends we can conclude that Indian customers are gradually changing with respect to the way they do financial transactions. Credit, Debit cards and Net banking can facilitate quick and convenient transaction for customers which can augment the growth of e-retailing in India. With the emergence of secure transaction methods like two factor authentication, One Time Passwords(OTP) and payment gateways, consumer’s preference to shop and do financial transactions online has increased. This can enhance online retailing because of enhanced security and easiness in doing the transaction. Some of the retailers are providing the facility of cash on delivery options (COD) to customers those who are sceptical about the secure transactions in online platforms. This forms more than 60% of the total ecommerce transaction in India. Banks and ecommerce sites are taking proactive steps in enhancing online transactions by addressing security and other issues with respect to online transactions.

Rising disposable Income and Rapid Urbanisation: Annual disposable income in India is expected to increase at CAGR of 5.1% and expected to be USD 3823 by 2015. According to 2011 Census, the Urbanisation showed an exponential growth rate of 2.76%. We have around 337 million people who live in urban areas in 2011. The census data shows that the number of statutory towns increased at the rate of 6.37% during 2001-2011. There is steady increase of urban agglomerations at the rate of 23.7% during this period. These trends can enhance the prospects of online retailers.

IT hub: Internet penetration rate of 7.1% in India is one of the highest in world and we have one of the highest numbers of Internet users in absolute terms. India is considered as one of the prominent IT hubs in the world but, all these have somehow not translated into positives in the retail space. Retail industry in India stands at $390 billion (Source: India retail blitz, A T Kearny) and organized retail is fast catching up. Many of the big retailers have forayed into the on-line mode without much success. On-line retail forms a meager 0.47% of the total retail market. This shows the plethora of opportunity for on-line retailing in India. The Indian e-commerce market at INR 9200 core is heavily tilted towards travel sites. More than 75-80% of this market is constituted by travel portals like MakeMyTrip.com, Yatra.com etc. About 12% of the rest is contributed by on-line classifieds like matrimonial and job portals. The above mentioned data is motivating enough for both buyers and sellers, who are willing to use internet as a source of their commerce, as always we are focused on the customer centric market where the customer is god, and every dance on the stage of market is performed according the tune of customer.

Here we will focus on some other of the factors which attracts the customers preferring the online purchasing.

Convenience Factor: Online retailers are moving towards enhancing the convenience factor and thus attracting the shoppers to use this channel. Moreover the growth of the mobile communication has led to the growth of the online retailing as people are more accessible to internet 24 x 7. Like in the case of purchasing from the physical market we have to wait for the shop to open and certainly we try to get our merchandise before the shop closes, but in case of online retailing there is no time limits involve all you need is an internet connection and money in your pocket to pay the price and every thing is at your door step.

Payment Mode: As compare to the earlier days where we have to make the payment in advance and wait for our order for weeks, now we make the order first and make the payment when the goods are delivered to us, WatchKart.com, LensKart.com, FlipKart.com, etc. are some of the examples. 3. Delivery: For general type of products like DDV, CD, Goggles, books etc., are being delivered to the customer in 2 to 3 working days and the goods which are required to be produced like special print sarees, customized bags etc., are delivered within 5-6 working days. Moreover single unit of any product chosen by the customer can also be delivered transborder, which may not be possible to import in case of physical purchase.

Product Comparison: without having to move from one shop to other for comparing the benefits of the product, the shopper gets the benefit of comparing the features and cost analysis at
one place. Most of the sites are providing this facility wherein shopper can choose the product which exactly suits him.

**Cost and Time Saving:** a shopper saves a good amount of time and money by shopping online. In the metros and even in the smaller towns which are growing fast, the life of an average person has become very fast. He has very little time after his normal routine office schedule to go to the market and purchase even the daily need items.

**Challenges in India:** Even though India online retailing has growth prospects, there are multiple challenges for e-retailers in India market. It includes

**Logistics:** Effective logistics play a key role in determining the operational success of e-retailers. If we look at the India our country is large and fragmented with poor infrastructure facilities. So timely delivery and other priority services are the biggest challenges for online retailers in our country. Moreover cost of logistics in India is high due to lack of adequate infrastructure. This has forced some of the retail players like Flipkart and Amazon to build their own logistics arms. Flipkart has e-kart logistics which takes care for their delivery process. Some of the online retailers are tied up with logistics companies for fulfilling customer orders. One of the biggest problems faced by logistic companies is the limited airline feet size of logistic companies. We look at the Indian scenario we have limited fleet of freight carriers which can hinder the priority services like same day delivery for customers. Air fleet size comparison Courier service providers of US and India Another important drawback is the limited technology investments and developments in Indian logistics sector. If we look at developed countries there is huge investment in technologies like GPS, RFID technology to enhance the tracking of shipment and delivery of customer orders.

**Poor Internet speed:** One of the biggest problems India facing is the slow speed internet connection which can affect the prospects of online retail in long run. The average internet speed is less than 1 mbps which makes it one of the low ranked nations in global scenario with respect to internet speed. This can affect the accessibility to shopping sites and online transactions which will in turn reduce the customer buying through online portals.

**Customer Trust and Loyalty:** Some of Indian online retailers lack trust among the customers. Even though we have trusted players like Flipkart, Myntra and Jabbong, other retailers were not up to the mark compared with other players. The entry of foreign online retailers like Amazon has forced Indian players to enhance customer loyalty. Flipkart has started an initiative called Flipkart first which provides same day delivery, priority customer services, free shipments and exclusive offers.

**Overcoming touch and feel mental barrier of Indian customers:** Indian customers prefer to touch and feel products before they purchase. The biggest challenges faced by online retailers to overcome this barrier. Online retailers are trying to overcome this barrier by adding more specifications and information about products. They also share customer feedbacks to enhance the confidence of customers.

**COD and Returns management:** Cash on delivery has emerged as the preferred mode of payment by online customers. This has created certain critical issues for online retailers. Some of the logistics providers levy extra charges from the customers which can affect the retail business in long run. Delay in remittances of the Cash collected by logistics providers from customers can reduce the working capital for online retailers. Another important issue faced by online retailers is the customer returns and how to handle it. Some of the logistics players don’t have the capacity to handle the returns. More over this can create an additional cost for the retailers which is an important issue faced by online retailers. This has forced some of the retailers to start their own logistic arm to address these issues in a better manner which can enhance customer trust and convenience. Moreover this can provide the cost advantage for online retailers in long run.

**Complex tax regime:** One of the major constraints faced by e-retailers is the complex tax regime in India. Non uniform VAT (Value added tax) are levied by different states. In some case state governments charge VAT for products sold with in a state in which warehouses are located. This has affected the cost for sourcing and delivering for products and services for online retailers. Multiple point taxation, Octroi and entry taxes are other major drawbacks in India which can affect the prospects of online retailing in India. It also forced some of the retailers to open warehouses in different states to reduce the entry and other taxes. Online retailers looking at implementation of uniform Goods and Services tax (GST) which can add operational convenience to online retailers.

**FDI policy in B2C ecommerce:** India’s FDI policy restricts 100 % FDI in Multi brand retail which is applicable to e-commerce activities also. In online B2B e-commerce 100% FDI is allowed but this is not applicable to B2C ecommerce activities. Government allowed 51 % FDI in B2C e-commerce for retailers with brick and mortar operations. Currently most retailers are following a market place model in which online retailer provides a platform for potential buyer and sellers. This can result in limited margins, restricted control over product, service and speed of delivery. The restriction with respect to FDI is affecting the growth and expansion plans of online retailers.

**Slow change in the buying behavior:** 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 buying.

**Inability of on-line retail players to sway customers from offline mode to on-line retail channel:** Lack of proper marketing and advertisement, inability to create a brand image, lack of proper usage of all possible on-line means like search engines, paid marketing, on-line ads, social networking, blogs etc to reach the customers. Inability of online retailers to drive the values a customer can derive by shopping on on-line channels.

**On-line portals are not up to the mark:** There have been few lacuna’s in the exiting on-line websites like poor front ends, website search options are not good, lack of sufficient information about products and terms and conditions, slow websites etc

**Lack of seriousness:** A lot of on-line 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 hasn’t been
enough drive to propagate the brand and services of the portals among potential clients. Our discussion with few portal owners gave us a feel that 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 don’t support all on-line modes of payments. There are high occurrence of failed payments and this if often a deterrent for clients to revisit the portal.

Competitors are just a click away: When consumers search, 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 don't immediately find what they're looking for when they reach your site or landing page, they're gone in under 15 seconds.

Shopping is a multistep process: Online consumers love to browse. Many spend a fair bit of time visiting several sites just to gather information. They may also compare the offerings of several competitors before hitting the "buy now" button.

Time between initial visit and purchase has increased: Increasingly financially challenged consumers may wait longer before buying.

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 trained to wait for a special deal.

E-retailing Strategies

Getting the customer information in the proper way

Target the right customers for the time being

Create and innovate an effective communication

Strong logistic and supply change management

Right positioning in the right way

Conclusion

Indian retail sector is witnessing dynamic changes over the years. With a steady growth rate of 50-60% online retail can make significant contribution to retail industry and economy of our country. In modern scenario, e-Retailing or online shopping has become part and parcel of the people in India. The new wave of consumerism coupled with urbanization with paradigm shifts in the demographic and psychographic dynamics have driven consumers frequently to use retail website to search for product information and make a purchase of products. There are several things have been discussed to consider when e-retailing start, This present paper makes an attempt to: deals with the challenges occurring in the e-retailing, opportunities in Indian scenario, the strategies that are being followed in present scenario in e-retailing, e-retailing in India can be a success at the same time we measure so many valuable things like

- To make conducive environment because it is inevitable to create a sustainable environment mechanism for futuristic growth of e-Retailing in India.
- To capitalise on these growth trends we need to improve our physical infrastructure, policy framework and operational environment in our country
- To determine the value of e-commerce in the India retail sector.
- To investigate current trends and technological advancement and usage. like they are growth in online sales, growth.
- To explore a possible strategy and approach to online e-retailing.
- To determine and clearly articulate the advantages and disadvantages of having an online e-retailing.
- Now a day’s E-retailing is playing vital role in domestic and international, with this technology customers can register and communicate with business to order product and services and can pay from a credit card or debit card to the respective companies.

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