

E-Retailing in India: - Issues and Challenges

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ABSTRACT

Over the last few years, the importance of e-retailing has increased tremendously because of its speedy and convenient way of exchanging goods and services. Internet is an effective and important medium that gives a unique platform for the growth of retail brands in India. E- Retailing means Electronic Retailing. It is a set of powerful tools and methodologies which is used for promoting products and services through the Internet. Online marketing is also called as Internet marketing, digital marketing and search engine marketing. Effective online marketing programs leverage consumer data and customer relationship management. It connects organizations and industries with qualified customers and takes business and economic development to a much higher level than traditional marketing. It is one of the modern developments of e-commerce which is gaining popularity day- by-day. But there are various pros and cons of it which need to be considered. The incredible growth of e-retailing presents various issues by the way internet represents new environment for unethical behavior. Although many businesses are acknowledging the importance of online retailing activities, little attention has been given to the business community's perception of the ethically of this new medium. This research paper focuses on various issues and problems which are faced by e-retailing now a days from industrial, security, privacy, legal and global point of view. Further, it focuses on the guidelines for solving these issues so that e-retail can develop successfully over the world.

Keywords: - *Delivery, E-Retailing, E-tailing, Internet, Privacy, Security*

1. INTRODUCTION:-

With rapid and fast growth of the internet and globalization of market, the retail sector has become an increasingly competitive and dynamic business environment. The invention of internet technologies are affecting the business and marketing activities. Internet is revolutionizing commerce, retailing, marketing shopping and advertising activities of products and services. Now, companies are using the internet technologies to reach out to valued customers and to provide a point of contact 24 hours a day, 7 days a week. E-Commerce and E-Retailing are the two important terms in the new internet-based business domain. E-commerce can be explained as a way of conducting business by companies and customers performing electronic transactions through the Internet. E-Retailing is a sub-part of e-commerce. It consists of the buying and selling of products or services over electronic systems such as the internet and other computer networks. It gives transformation from traditional piling up of stock system in big warehouses, godowns to classic non-store formats resulting into

successes for business now-a-days. It is used an easy means to transact business without any hurdles. Electronic retailing will set a new platform for the expansion of the business. The rapid growth of e-retailing in India is being driven by greater customer choice and improved convenience.

2. REVIEW OF LITERATURE:-

- 2.1 **Chandra and Sinha (2013)** found that the demographical issues like age, education and income were responsibilities for online shopping but the rate is high when the respondent are young, when the education is higher the respondents were agree for the same and the higher income group respondents are strongly agree for the same. It means an awareness programme for online shopping is very necessary.
- 2.2 **Sinha and Kim (2012)** found that the majority of people who bought online more number of times were in the age of group of 40-49 years. They observed that Female although have a good opinion for online shopping but they do not want to do it because of inconvenience they perceive in online shopping.
- 2.3 **Sinan Nardal and Ayse Sahin (2011)** conducted a survey on 400 online shoppers (three cities in Turkey(Izmir, Manisa, Mersin) in order to measure consumer's perceptions regarding the ethical issues of online retailing by using scale of consumer's perceptions regarding to Ethics of online retailers. It resulted into ethical problems like security, privacy, reliability and non deception on internet are core issues that limit the growth of online retailing. Finding indicated that above four factors are strongly predictive of online consumers.
- 2.4 **Virpi Kristiina Tuunainen Matti Rossi (2010)** tried to develop a framework for choosing the right technology and development options based on the business model and business orientation choosen. They illustrated the framework by four case companies, which have adapted different basic strategies and business models. The cases include companies with traditional operations with also physical retail outlets, as well as companies operating only on the internet. There are still a number of unresolved problems related both to consumer-oriented e-commerce in general and to apparel industry in particular.
- 2.5 **Mark S. Ackerman and Donald T.Davis,Jr. (2001)** explained that Privacy- the control over one's personal data and security – the attempted access to data by unauthorized others- are two critical problems for both e-commerce consumers and sites alike. Without either, consumers will not visit or shop at a site, nor can sites function effectively without considering both. He found that the current state of the art that the relevance for privacy and security respectively. He examined privacy from social psychological, organizational, technical, regulatory, and economic perspectives.
- 2.6 **Kim et al. (2000)** elaborated on this conclusion, including the risk and benefit perceived by users in a digital transaction as critical issues in a virtual purchase.
- 2.7 **Bellman et al. (1999)** concluded that there is a set of indicators associated with how connected (wired) users are that makes it possible to assess their inclination to undertake an online purchase.

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3. OBJECTIVES:-

- 3.1** To study the concept of e-retailing business
- 3.2** To find out various issues and challenges related to e-retailing.
- 3.3** To find out guidelines to overcome the issues of e-retailing.
- 3.4** To find out future scope of E-Retailing

4. RESEARCH METHODOLOGY:-

The research design is descriptive which helps me to describe issues and problems in e-retailing. There is not any dependence on primary data so I have collected secondary data from books, magazines, Internet, journal etc.

5. CONCEPT OF E-RETAILING:-

E-Retailing is mainly known as e-tailing. It means shopping through the Internet and other types of media forms. Retailing is the most important channel of distribution of the goods and services. Now a days, the Indian industries which is related to e-retailing is growing speedily. The market size of e-retailing has been grown from \$600 million two years back to \$2.3 billion. It is expected to reach \$ 32 Billion up to 2020. It creates job opportunities by opening their stores in different states of the India. It has emerged as new opportunities to customers for shopping. Pure Play e-retailers and Brick and Click e-retailers are the two types of e-retailing. Pure e-retailers are present only online outlets and do not have any physical outlet for the customers. For e.g. – Amazon. In Brick and click e-retailers, they sells computers through internet. It has physical outlet for the customers.

6. BENEFITS OF E-RETAILING TO CONSUMER AND RETAILERS:-

Now-a-days the importance of e-retailing is increasing. Indian retail industry is one of the fast growing industries and it contributes a lot for the development of the country. The internet is playing vital role in the consumer's life for online shopping. Such are as:-

- 6.1** Consumer Convenience
- 6.2** Better information for customers
- 6.3** Promotional tool for business
- 6.4** Desirable Price and Selection
- 6.5** Virtual showroom bearing less cost
- 6.6** Market research On-line interaction customer service
- 6.7** Heavy discounts and schemes
- 6.8** Large customers

7. DIFFERENCE BETWEEN TRADITIONAL RETAILING AND E-RETAILING

- 7.1 In Traditional retailing customers can use all their senses to enhance their selection criteria whereas the visual presentation is even more important in e- retailing.
- 7.2 Traditional retailing operates on longer time frames .On the other hand, changes and modification to an online store can be made any time.
- 7.3 The technology used to run in traditional business has been around for years and rarely changes but most online store owners find that their technology is constantly changing.
- 7.4 In traditional retailing, retailers must hire, train and manage staff for face to face service but in e- retailing they also use staff to provide a pleasant experience even if not face-to-face.

7.5

8. PROBLEM / ISSUES: -

The growth of e-retail business in India is attracting the attention of players around the globe. Internet based e-retailing has posed many threats because of its being what is popularly called faceless and borderless. Some of these are as follows:-

- 8.1 **Language problem:** -Language is the main problem in e-retailing because English is mostly used as a mode of communication by most of the internet retail shops. English may not be comprehensive to the majority of the Indian population. Content in the online retail shops should be provided in local language to increase the customer base.
- 8.2 **Lack of trust among the customers:-** The online consumers are in lack of trust with the e-retailing regarding the safer and secured delivery of product. Consumers need to wait for the delivery of the products and moreover products are not delivered as per the time schedule. The online consumers also lack confidence in payment, since they are forced to pay high rates for shipping charges.
- 8.3 **System and data integrity:-** Data protection and the integrity of the system that handles the data are serious concerns. Computer viruses are rampant, with new viruses discovered almost every day. Viruses cause unnecessary delays, storage problems, file backups, etc. The danger of hackers accessing files and corrupting accounts adds more stress to an already complex operation.
- 8.4 **Problem with the Payment System:-** People in India are not aware to the online shopping system and moreover the system of online payment through the credit cards is also totally alien to them. Most of them do not avail of the various transaction facilities which are offered by the credit cards. Companies are also required to protect their system from hackers as customers often worry about theft of their personal information, such as a credit card number etc.
- 8.5 **Lack of touch and feel experience of the products:** - Indian prefer to touch the products physically before buying the products. This facility is provided through the multi-brand outlets, not available online.

- 8.6 **Internet penetration is low:** - In India, internet penetration is low other than western countries. Moreover, the quality of connectivity is also poor in many areas. So both problems are fast disappearing in India.
- 8.7 **Limited range of products:-** This type of business has limited range of products and services to deal with. So people prefer the traditional retailing to purchase the products.
- 8.8 **Lack of Trust between Buyer and Sellers:-** The buyer hesitate to buy the product due to lack of confidence. Many times, sellers cheat the customers while they are buying online and charged extra or high prices for their products which actually are of less cost.
- 8.9 **Unreliable delivery mechanisms:** - Postal services or the most expensive courier companies may not be able to guarantee prompt delivery.
- 8.10 **Competitors:** - Many companies like Amazon, snap deal etc have invested huge amounts in E-retail business. These big E-Retailers give huge competition to each other by offering discounts, lower prices to their customers. So this has become a major challenge for E-retailing.

9. SUGGESTIONS: -

While embracing e-retailing, there is a need on the part of the retailers to be aware of the high expectations which consumers have in relation to e-retailing. There are many ways to generate more in store traffic from online presence. Some of the solutions are:-

- 9.1 **Trust:** - Lack of trust is the main problem in e-retailing which should be solved. There are some key areas for improvement which are offering clear and correct information as well as facilitating the effective buying process.
- 9.2 **Listen and Serve:** - Customers should be given the ability to tell what they want. If they asked the information, reminders should be given about promotions and deals. So E-retailers should be using product feeds for reaching a wide audience.
- 9.3 **Prompt delivery:** - Delivery of the orders, made by customers is very important for effective operating of e-retailing. So sellers should use effective delivery while ordering the product.
- 9.4 **Supply chain:** - E- retailers must have reliable supply chain partners with the support of a back and supply chain management and warehousing management system. So E-retailers should ensure supply or required amount of raw material and products at right time for the right price for delivery the product.
- 9.5 **Accuracy:** -Order fulfilment rate, warehouse performance, efficient packing, accuracy of order fulfillment are the main indicators in successful implementation of e- retailing. So companies must have to analyse these indicators regularly.
- 9.6 **Wide range of products:** - For the effective implementation of e-retailing, there should be wide range of products so that customers have choice of selection the products.
- 9.7 **Language:** E-retailers should use local language so that customers may be attracting easily.

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10. FUTURE SCOPE OF E-RETAILING:-

There has been a consistent growth in the number of Internet users over the past few years. As of June 2014, there were 243 million claimed internet users in India out of which 192 million are active internet users who access internet at least once a month. All these internet users are potential candidates for online shopping. With increase of internet users, numbers of smart phone users are also increasing day by day, which is also good indicators for E-retailers.

11. CONCLUSION:

In modern scenario, E-retailing has become a part and parcel of the people in India. The e-retailing has taken the business world by a storm which has become the backbone for new economy which is having huge potential. In India E-retailing has the potential to grow more than hundred-fold in the next few years. As a coin has two sides, it also has some issues which can be sorted with the improvement in technology and better legal framework. Many major investments have been made into this sector in the recent years and many more are expected to come in the near future so the growth potential of this sector is very high. As we know that consumers are the king of the market. E-Retailer should concentrate on satisfying their consumers, and then they can be successful. So E- Retailing is having very bright future in India.

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