



## The Rise and Rise of E-tailing: A Case Study of Delhi Consumers

Tanjot Singh

Designation: Assistant Professor, Dept. of Economics, Gargi College, University of Delhi

### ABSTRACT

*The business world is changing and internet penetration has brought an important source of income for small, medium and big organizations. Today, customers can have their product or service through internet, whether they are at work place or at home. From sellers to customers, retailers to wholesalers, more and more people are adopting e-tailing in India. E-tailing is revolutionizing the shopping experience for the Indian consumers. This research evaluates the shopping pattern among Indian consumers today. A survey was conducted in Delhi amongst both men and women of different age group to understand the behaviour and mode of shopping. This paper is an attempt to answer the most prominent question today, whether e-tailing is the next big opportunity or is it just a bubble?*

**KEYWORDS : E-commerce, E-tailing, Internet, Market, Service, Product Diversification.**

### Introduction

Internet has been playing, a major role in providing people with an easy and quick lifestyle. From communications to explorations, shopping to reservations, personal to official purposes, Internet has been the driving force. Consequently, Internet has led to a lot of new developments, such as providing a variety of products under one website, decreased margins for companies as consumers turn more and more to the internet to buy goods and demand the best prices etc., as observed by C.K Prahalad, Professor, Business School, University of Michigan. Internet has changed people's way of conducting business today.

E-commerce typically involves movement of physical retail (e-tailing) or sale of service through the online medium (the internet). With the advancement in computer technologies and telecommunications have made computer network has become an integral part of not only our work but also for our day to day activities. E-commerce can be in any form: E-retailing, B2B (Business to business) trading, marketing, pre-tailing for launch of new products and service, bill payments, etc. Most experts believe that overall e-commerce will increase exponentially in the coming years. The e-commerce industry in India has come a long way since the tumultuous years of the dotcom bubble. It has been experiencing stupendous growth in recent times which has led to a boom in the online travel and e-tailing segment in India.

E-tailing is a subset of e-commerce, which encapsulates all "commerce" conducted via the Internet. Electronic retailing is most commonly known as e-tailing, which is essentially "retailing conducted online". These are websites (online shops) where a customer can choose from a variety of products like apparel, accessories, mobiles/cell phones, cameras, computers, books, magazines, music CDs and DVDs, etc.

Electronic retailing has emerged as a new avenue to consumers for shopping. Internet penetration is spreading across India at a faster rate, gaining attractiveness for online buying. It is believed that e-tailing in India will grow more than hundred-fold in the next eight years to reach a value of 76 billion dollars by 2021. In the coming years, the online shopping trend will see greater heights attributable to various reasons such as growth of internet, mobile applications, lifestyle changes, easy access and availability, etc. Earlier the online portals were primarily flooded by travel sites such as Indian Railway Catering and Tourism Corporation (IRCTC), Makemytrip, Yatra, etc; which changed the way we all booked travel tickets. Now e-tailing or online retailing has taken the center stage and is experiencing rapid growth than all the other e-commerce segments.

According to Associated Chambers of Commerce & Industry of India, the Indian e-commerce industry is bound to grow at a compound annual growth rate of 35% and is valued around \$17 billion in 2014 and is likely to grow to \$31 billion by 2020. The growth aspect of this industry is evident considering the amount of private equity funding

and buy-outs have happened in the recent past. In 2014, a major buyout took place, the domestic e-tailer, Flipkart bought Mynta for \$300 million and many other such takeovers are in the pipeline between the major players. For instance, the Chinese Alibaba group is looking to acquire Indian e-tailers with a large customer base so as to expand and improve its range of products and services. A lot of money is being invested by major players in this sector since the growth prospects of this sector look very promising in the coming future.

### Objective of the Study

With the increasing numbers in the e-tailing business it becomes imperative to study this model from the consumer's perspective. The aim and scope of the study is to understand the behavioural pattern of shopping of Delhi consumers. Here, an attempt has been made to understand the growth of e-tailing amongst the various age groups as well as distinguish the shopping pattern between male and female shoppers in Delhi. It also seeks to investigate the mode of shopping preference of Delhi consumers whether the online shopping is more through mobile applications or through the website portal.

### Data and Methodology

The study is based on primary and secondary data. The primary data has been collected through a survey based on a questionnaire, telephonic interviews and emails. The survey was conducted on 120 respondents from Delhi amongst different age groups. The respondents were randomly selected from different areas of Delhi. The secondary data pertaining to the latest figures of the online industry were collected from journals, research papers, news paper articles and the internet.

### Empirical Findings

For the purpose of the study a random sample of 120 respondents were surveyed via questionnaire in person, over the telephone as well as on email. The respondents were deliberately divided into 60 males and 60 females. The age groups were classified into three categories - 18 to 24 years, 25 to 40 years and 41 years and above and 20 respondents were surveyed under each category. The questionnaire had 15 questions pertaining to mode of shopping, type of products, quality of products, variety of products online, availability, accessibility, companies, payment options, return policies, experience and feedback.

As per the survey results, it is observed that Delhi has one of the youngest online audience, with 42% males and 60% females in the age group of 18-24 years like to shop online. This age segment forms the core customer base for e-tailing in Delhi. The consumers in the age group 25-40 are trying to adopt the new technology however it is less as compared to the previous age category. In the years to come and with growing access and exposure to technology, we will see a steady growth in this age group. As it is, this is the working age group and does not have the time to go and shop at stores. The age group 40 & above sees a lesser number of both male and female shoppers.

This is primarily due to lack of trust, basic internet knowledge and access. The details of the survey analysis are given in the following charts.

**Chart: 1 Percentage of Online and In-Store Shopping of Males and Females in Delhi**



Source: Primary data based on the Survey results

It is observed that if we compare between male and female respondents, in Delhi the e-tailing consumer base has been skewed towards the female population. This is mainly due to easy accessibility, bulk discounts, convenience and the variety of products offered online. But with the growing awareness, attractive discounts, a wide variety of range of products in the electronics and communication segment is tempting the men to shop online as well.

It is expected that the gender disparity in the online shopping pattern will eventually even out in the future. In fact this gap has reduced significantly in the last few years, from 20 per cent female internet users in 2009 to approx. 40 per cent in 2014. Women, being the driving force behind categories like apparel, lifestyle, home, etc., make up an essential consumer segment in the e-tailing market. Mostly consumers tend to buy products online like electronics, consumer durables, apparels and footwear, accessories etc.

Another point, worth noticing, became the penetration of m-commerce, i.e. e-tailing through mobile phones. M-commerce is expected to be the driver of the next phase of e-tailing. According to our findings only 34% people shopped using mobile app as compared with 64% using web browsers. However, according to a latest news by Times of India, it is believed that more Indians will now shop on their mobile. Lastly, it was observed that despite having bad experiences in e-tailing, 55% people still continue to shop online as compared with 45% consumers oppose not to shop again. The preferred shopping websites of the respondents were Flipkart, Amazon, Snapdeal, Jabong, Groupons, urban ladder, etc and mobile apps were mainly travel based – Makemytrip, Yatra, Olx, and Quickr.

**Success Factors**

The various reasons for the success of e-tailing are listed below:

- E-tailing is based on superior user experience built on smart use of internet and mobile technology.
- It has easy accessibility and is a time saving and efficient mode of shopping.
- It is a plat-form which offers a wide range of products and of different categories under one roof.
- They provide attractive, bulk discounts and other amazing offers.
- There is quicker delivery assurance for consumers to distribute products at a specific time/location.
- Offers a range of payment options to build trust and confidence with the consumers – cash on delivery as well as easy EMI (easy monthly installments) options are available too.

**Challenges of E-tailing**

Despite the various prospects and opportunities available through e-tailing one cannot overlook the challenges associated with it which makes the consumer apprehensive of shopping online. These are:

- There is no assurance of product quality because of lack of touch and feel.
- There is no scope for bargaining or negotiating with the seller.
- The major challenge associated with this model is the trust, security and privacy concerns.
- There is a longer wait period of delivery of the product as compared with in-store shopping. In some cases it takes more than 2-3 weeks to get the product delivered.
- There is another concern of access to the web and need to have basic internet knowledge to shop online.

**Suggestions and Conclusion**

As noted above, there are quite a few challenges in this sector which need considerable attention. A few suggestions made in this regard are as follows:

- The standard of the product quality needs to be maintained.
- There should be prompt delivery.
- The customers should feel safe and secure for making online transactions.
- There should be a forum to address problems relating to this sector.

If the problems are addressed appropriately then this sector has huge potential to grow many folds in the coming years given the amount of investment and private equity funding taking place.

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