



## Contemporary Issues in E-Tailing

### KEYWORDS

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**ABSTRACT** E Retailing popularly known as Online shopping or E Commerce is the mechanism wherein the consumer can explore, select, buy and receive the desired merchandize sitting at his / her home. Since the time the organized retailers have entered our Country, the concept of online shopping have also been seen on the rise. Many experts have analyzed that the online retailers have been extracting business out of Brick and Mortar model retailing. The authors have discussed various issues and concerns in this paper regarding the advent and working of online retailing.

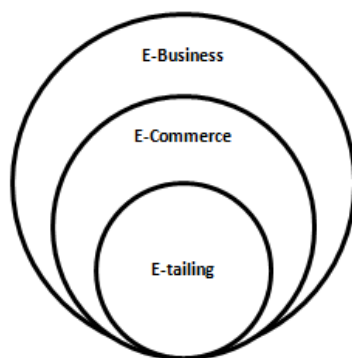
### INTRODUCTION

E-Retailing is the use of technology such as computers and the internet to sell a range of products and services online to the world. It means any product and service can be found at anywhere **at the click of a button**. Commonly known as e-tailing, electronic retailing. E-retailing is B2C (business to customers) business model that executes a transaction between businessman and final customer.

It is a play on the words "retail" and "e-commerce." E-tailing requires businesses to tailor traditional business models to the rapidly changing face of the Internet and its users. E-tailers are not restricted solely to the Internet, and some brick-and-mortar businesses also operate websites to reach consumers. Online retailing is normally referred to as e-tailing. Chen et al. (2004) divided e-tailing into three categories:

(1) Pure online players, (2) click-and-mortar retailers, and (3) retailers who replace the physical store with a wholly-online operation.

It is a subset of e-commerce.



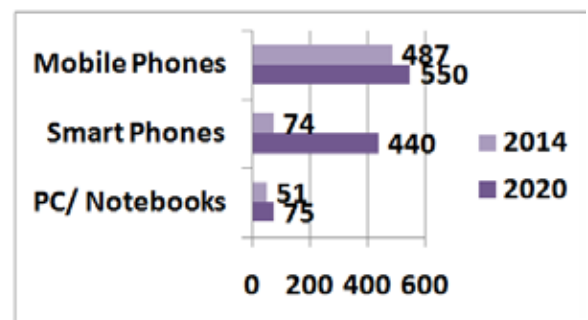
**Relationship between E-Business, E-Commerce and E-Tailing**

### DRIVING FORCES OF E-TAIL

- Growth of broadband internet
- Surge in cheaper Smartphones

- Expansion of 3G Telecom Services
- Better System for product delivery

### The Numbers Drive Growth



Source: Research by Technopak Advisors

### GOOD GOING

- About 60% of internet users visit e-tailing websites
- High rental for brick-and-mortar stores makes e-tailing a better option
- Rising aspirations to buy branded stuff by people in smaller cities
- Consumer save time and get lower prices

### CURRENT SCENARIO:

Earlier it was said that "Indian's do not buy online". It is their nature that they generally compare prices online and mostly they gather only the information for the products through internet. It was rarely seen people choosing the online mode for purchasing the item they had explored. There was news that the Network 18's comparison site clocks more hits than its E-tailing website.

But the times have changed now. Now most of the people in India have started buying online because of the numerous benefits they offer: The online retail has seen 30 % increase year on year.

**a) Convenience Factor:** The most important parameter which a retail customer wants in today's time is the convenience. Online retailers are moving towards enhancing the convenience factor and thus attracting the shoppers to use this channel. The shoppers can search for a variety of products within no time and even sitting in the comfort of home. Moreover the growth of the mobile communication has led to the flourishing of the online retailing as people are more accessible to Internet 24 X 7.

**b) Cash on Delivery:** Retailers have given the solution to the problem of Fear Factor. People used to think that if they order online and make advance payment; they might end up losing their money if the product is not delivered to their doorstep. But now-a-days most of the retail websites such as flipkart.com, snapdeal, yebhi have given the option of Cash on delivery which has made the consumer more comfortable. It has enhanced their faith in e-tailing where they have to pay after receiving the ordered product. Even few of the e-tailing websites are offering that the customer can check the product before paying the money to the courier boy.

**c) Costing:** The online websites are displaying the full cost of the product without any hidden charges or "Condition Apply" which consumer comes to know after purchase. This has gained the consumer's trust and increasing acceptability. The customer can have the information of full cost in the first web page only and have liberty to search and scroll further if the price suits him or her.

**d) Delivery period:** Most of the sites are offering 2-3 working days for delivery of items which are shown in stock on the website. For those products which need to be procured and then delivered, they are giving the delivery time of 6-7 working days on an average. A shopper gets the advantage of:

- Saving in time for the purchase of even those items which are to be procured globally
- Even single unit can be imported / bought which is not possible for a normal consumer to do on his own at such a reasonable price
- **Economies of scale benefit:** As these websites are procuring in bulk, the consumer gets good discounts on even the smaller quantity of purchase
- The cross border procurement has become very easy

**e) Convenient Delivery Timings:** The online retail delivery has flourished from fixed delivery timings to flexible delivery timings. Now on most of the websites, consumer can choose the convenient delivery time when he wants the goods to be delivered to his doorstep. Even the most of the courier service providers call upon the customer to ask for the delivery timings, which saves time and hassles to both the parties.

**f) Efficient comparison of various Brands at one place:** Without having to move from one shop to other for comparing the brands of product, benefits of the product, the shopper gets the benefit of performing the features vs cost analysis at one place. Most of the sites are providing this facility wherein shopper can choose the product which exactly suits him. He is also guided for what is best suited for him. The shopper has the liberty to filter the information to further saving the time. Most of the websites provide size guides for the customers of fashions, clothing's and shoes etc. even such type of assistance is not available at offline stores. The shopper has also the option of

going through customer reviews before finalizing the purchase, which is not possible at offline stores.

**g) Convenient Returns:** Almost all e-tailing website offer convenient returns of the purchases made on their website. If the shopper feels that the purchased item is not suitable due to various reasons like; Wrong size delivered, Non suitable color or design, Manufacturing defect or any other personal reason. Even these websites offer the return if the shopper has found a better deal. In all these cases the e-tailing websites return full cash back or after deducting nominal charges. In many cases the

**h) Effective Problem Resolution:** All e-tailing websites are keen on solving the problems of shoppers effectively. Most of the problems are related to delivery of damaged items, non delivery of items, wrong transaction of money etc. All these e-tailing websites try to resolve the problems/issues as quick as possible to maintain the reputation of e-tailing business.

**i) 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.

Moreover the problem of traffic jams has added to this woe. Sometimes the road is so overcrowded, that it takes very lengthy time to go and buy even vegetables for the evening meal.

Here comes the advantage of online shopping. Certain retailers in NCR region are providing these basic services online in a very reasonable time.

**j) Customization:** DELL was one of the first website in the segment of laptops to heavily promote the concept of online selling of Laptops and mass customization. DELL laptops were not available on the shelf. One could go their website, choose the configuration he desires and order the product. Soon this customization concept was also started by various other manufacturers.

This customization benefit is not at all possible with similar efficiency in the products available on the shelf.

**k) Wider range to choose from:** It is not possible to stock each and every model of every product on the shelf by the retailer. And the consumer today has become so choosy that for those high involvement items, he wants to touch and feel the product. Online retail helps to overcome this weakness by displaying each and product with its features on the website.

Moreover, **the product can be viewed 360 degree by rotating it on the website and the shopper feels as if he is physically viewing the product.**

**l) Enormous growth in the gifts sector:** The most fastly growing sector in the online retail is the Gifts sector. Long time back, the websites such as 123greetings.com have stolen a huge market share of Greeting Card companies such as Archies. Most of the tech savvy consumers now choose to send the greetings online rather than going to the store physically, choosing the product, then packing it and then sending it by post. All these tasks can be done at one click online and that too, **for Free.**



Now-a-days the customized gifts can be chosen from the websites, payment can be made online and delivery can be made on the selected day to the selected location without any hassles.

One of the fastly growing website is Flipkart.com. Some analysts are referring it to as Indian amazon.com. They have now the traffic / visitors comparable to that of the famous website ebay.in; it no more seems to be a start up now.

#### IMPORTANT FOR E-TAILING TO GROW IN INDIA

The growth of e-tailing in India will positively have four broad impacts:

- A. Generate employment
- B. Facilitate growth of allied industries
- C. Promote entrepreneurship
- D. Reduce transaction costs

#### SOME STATISTICS:

- Internet, broadband and mobile telephony subscriber numbers in the country are the potential customers.
- There are 100 million internet users, 12.98 million broadband connections and 881.40 million mobile phone customers, many of whom are 3G-enabled and, therefore, an ideal target group for online shopping on handsets.
- **Sachin Bansal, co-founder and CEO of online book store, Flipkart, argues:** "Online stores have millions of products that are not available with even the biggest of-line book store." **The online business model has lower overheads, which generally means better prices in the form of discounts, he explains.**
- **According to Arvind Singhal, founder and chairman of Technopak Advisors,** online shopping is the biggest disruptive force for organised retail in India. He cited the closure of 4,000 megastores in the UK over the past seven months due to the growth of e-commerce.
- Data from Technopak Advisors show that 85 per cent of the non-store market constitutes e-commerce transactions, 10 per cent direct selling and around two per cent tele-shopping.

#### ISSUES IN E-RETAILING IN INDIA

We have identified about several impediments for the growth of e-tailing. They are:

- (i) consumers can not touch and feel products,

- (ii) orders may take several days to be delivered,

- (iii) shipping costs can be excessive,

- (iv) customer service may be poor and

- (v) Returns can be difficult.

A number of consumer characteristics as potential obstacles to Internet growth, including consumer traditional shopping experiences, an aversion or lack of access to the required technology and the perceived risks of electronic shopping.

#### Controlling customer data

As the delivery services are becoming more modern in using information technology, e-tailors may face some risks to properly handle on their consumer data. The data related to the socioeconomic status of customers to their buying patterns and preferences, helps intermediaries and shippers reduce costs. Even the customer data can be misused by some wrong elements with or without involvement of e-tailing website. In most of the cases the customers fill in their personal information as well as their bank details.

#### Problems with the payment system

People in India are not accustomed to the online shopping system and moreover the online payment system through the credit card is also totally alien to them. Most of them do not avail of the transaction facilities offered by the credit cards. They are also dubious regarding the online payment system through the credit cards. Companies should protect their system from hackers as customers often worry about theft of their personal information, such as a credit card number. Both technological and legal tools should be used to enhance the security of e-commerce.

#### Lack of full cost disclosure

It is easy to compare the basic price of an item online, it may not be easy to see the total cost up front as additional fees such as shipping are often not be mentioned. Many a times the e-tailing website offer a product on heavy discount like a product costing Rs.150 at 50% off i.e. For Rs. 75 but the shipping charges are quoted as much as Rs. 100 or more. In some cases the shipping cost is not properly visible or visible when the item is put in cart. In that case the customer feels cheated as it is really difficult to pay high shipping charges on a low cost product.

#### Handling returns

All e-tailing websites advertise that they will accept unconditional returns in most cases. But the problem of returns is very much prominent in e-tailing businesses in India. The customers can return defective or unwanted merchandise which he receives. E-commerce retailers, with their emphasis on convenience and customization, must match this standard of service. At present, they do not. Many times the e-tailing delay the cashback in cases of return.

#### Delivering the goods cost-effectively

At present, every single transaction challenges e-tailors to deliver the goods quickly, cheaply and conveniently. The existing mode for home delivery works well for letters and flat packages but not for e-tailing as it encompasses with high volumes and wide variety of package shapes and sizes. Especially during the festive season or some special days the number of customers visiting the websites and ordering goods increase exponentially. This increase in volume makes it difficult for the e-tailing businesses to de-

liver the goods effectively and efficiently. Some times they make the long delays and irritate their regular customers.

### Problems with shipping

The customers using the online shopping channel should be assured that the products that they have ordered would reach them in due time. The cost of shipping forces the e-tailing websites to look for cost effective shipping channels. Such cost effective shipping channels are not of up to mark quality and are not able to handle the shipments effectively and efficiently. They can create problems for e-tailing websites as well as for the customers.

### Offline presence

The customers of India should be assured that the online retailers are not only available online but offline as well. This gives them psychological comfort and trust. The concept of e-retailing or online retailing in India has not gained prominence as Indians prefer to touch the products physically before buying them. Studies have also revealed the preferences of the customers towards the traditional shopping methods. Hence the online retailer in India should first make it a point to spot the potential customers and accordingly plan out the product.

### Language problem

Most internet retail shops use English as their mode of communication. English may not be comprehensible to the majority of the Indian population. To increase the customer base, content in the online retail shops should be provided in local language.

### Cash Back Guarantee

The retail websites have been giving the guarantee to the customers that they will buy back the products if the consumer doesn't like it after receiving. But there are so many hidden terms and conditions which are known only when the consumer actually receives the product and initiates the return process.

### Ability to handle large orders

Few months back Flipkart had launched the campaign of India's largest sale online to mark a special day October 06, 2014. But on the day of event, the famed e-tailing entrepreneurs were not able to handle the orders and were out of stock in many items in the phase of the Day. Though they managed to cross the One Billion mark. The website offered many popular products at attractive prices. This became very embarrassing for the customers who were unable to buy the desired products due to heavy rush. Even now Flipkart is exclusively retailing a popular model of Xiaomi (Leading Chinese Mobile Brand) named as Red Mi. They are offering a limited volume of these mobiles once a week, which is closed within seconds of opening. This practice has developed a craze for these mobiles in the market but also leaves many desirous customers desperate.



### Order cancellation

It has been regularly seen that some websites keep on booking orders continuously during the Sale period and then they are not able to fulfill such large orders and keep on cancelling the orders. This simply disturbs the normal life of the person who has planned in a particular way. During their Big Billion Day sale on October 06, 2014, Flipkart initially accepted large number of orders and cancelled afterwards. Similar practices are followed by other e-tailing websites like Snapdeal etc.



**Guarantee/ Warrantee issues:** These e-tailing websites sell a large number of costly electronic products like Laptops, DSLR Cameras, LED TVs etc at heavy discounts compared to offline retailers. The most of manufacturers of these products have mentioned on their websites that they have not authorized these e-tailing websites to sell their products and they will not be entertaining the Guarantee/ Warrantee issues. It leads to confusion in the mind of the customers of such products.

**Sales Tax/ Value Added Tax:** It has been reported by the media that these e-tailing websites don't pay proper applicable Sales Tax/ Value Added Tax to the respective authorities. That is the secret behind their heavy discounts offers in comparison to the offline retailers. Even some e-tailing websites clearly announce it on their websites that the customer will be responsible for applicable Local Tax/ Octroi. This issue again creates confusion in the mind of the customers.

### CONCLUSION

The whole paper discusses that the online retailing is a growing channel in the region. But somehow there are a number of issues which still needs to be addressed before it can grow exponentially. The frequent clashes between store based retailers and online retailers have made the existence of either one of them in darkness. There must exist a perfect outline and boundaries of both these channels of retail so that retailers are perfectly fine in their operations. There are certain areas, products, services, consumer classes where only offline or only online retail can work.

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