

## From retail to E-tail: The transformation and future

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### Abstract

Gone are the days when shopping meant getting out of homes and going for shopping. Now shopping is as easy as breathing. Shopping can be done in minutes with just few clicks even if one is busy, apart from saving oneself from pollution, heavy traffic etc. This is possible because of the increasing demand of online shops which not only saves time but also gives us the opportunity shop from any part of the globe and at any time.

This paper focuses on how conveniently e-commerce has become a part of our lives making it simpler and hassle free. It also attempts to find out the sustainability of e-commerce sector in future.

**Keywords:** demand, e-commerce, hassle free and sustainability

### 1. Introduction

In the era of 21<sup>st</sup> century, there have been radical changes in the mode of conducting business. Due to the rising popularity of internet and network technology, electronic commerce or e-commerce has changed the global scenario of business operations. Today, a large number of business activities are conducted online as the internet users around the world is growing at a faster pace. Despite being a developing country, India has shown a tremendous progress in the e-commerce industry in the last few years, thereby is providing opportunities for global and regional e-commerce.

According to the explanation given by Wikipedia, electronic commerce, commonly written as e-commerce is the trading and facilitation of trading in products or services using computer networks, such as internet. E-Commerce basically plays the role of middleman thus eliminating the distributor/wholesaler/retailer.

India first came into picture with the successful online E-Commerce via IRCTC. The concept of e-Commerce was first introduced in India during late 1990's with Rediff trying to capture the Indian market; however, it was IRCTC that was able to create a successful e-commerce portal. The government of India launched this website as an experiment and online strategy to make it convenient for public to book the train tickets which proved to be a boon to the common man as they were relieved from waiting in long queue at the reservation counters. The best part was that any person could book a ticket from any part of the country and at any point of time as per convenience.

### 2. Relevance of the Study

India is a huge potential market for e-commerce which can be seen from the unprecedented growth of e-commerce sites like flipkart, snapdeal, amazon, ebay etc. By the end of the year 2017, it is expected that more than 500 million people would have access to internet which will, in turn, create a huge consumer opportunity. The reasons behind the growth of e-commerce are;

- A steep rise in the number of smart phone users.

- Increased internet access and ever dropping rates of internet surfing.
- Lack of time to visit retail markets.
- Increased use of plastic money.
- Convenience.

Recent years have seen a marked change in the way India shops and trades. Online retail, which represents a small fraction of the total e-commerce industry, is slowly capturing the market. Technology, that is, increased use of internet and smart phones also played a pivotal role in making online shopping a common thing in every household.

Some of the major reasons that contributed to the growth of e-retail are that one can enjoy online shopping from any part of the country and at any point of time. There is no hassle of waiting in a queue for payment of bills. Problems of excess crowd, traffic, pollution, parking issues have been resolved with the advent of online shopping. One can shop either from desktop computers or laptops and even mobile phones. Shopping online makes it easy for the buyers to browse through a variety of products and compare prices offered by different vendors before actually buying the product. It has given the shopper more than one channel to shop with, convenience of shopping at home, driven down costs, etc. A shopper today is well informed is understating the facts.

### 3. Review of Literature

- i) Chih-Chien Wang and Chien-Chang Chen (2010) examined various articles and the results revealed that electronic commerce literature can be classified into seven categories: business and management; computer and information science; industrial engineering and operation research; engineering; economics; law; and others. The study also examined the country distribution of authors. This literature review should serve as a supplemental resource for electronic commerce academics to formulate future research.
- ii) Nisha Chanana and Sangeeta Goele (2012) have given an overview of E-Commerce in India and discussed the future growth segments in India's E-Commerce. Also find out

various factors that would essential for future growth of Indian E-commerce.

- iii) D. K. Gangeshwer (2013) presented the conceptual knowledge of search engine marketing (SEM) or ecommerce, literature review, current and future aspects of e-commerce in Indian context. The paper discussed about the top motivator factors of shopping online.
- iv) Liran Einav, Jonathan Levin, Igor Popov, and Neel Sundaresan (2014) presented some evidence about the penetration of mobile e-commerce, the way it affects behavior, and the nature of mobile retail use on eBay.
- v) Shahrzad Shahriari, Mohammadreza Shahriari, Saeid Gheiji (2015) analysed that in order to understand electronic commerce it is important to identify the different terms that are used, and to assess their origin and usage. These include information overload, reliability and security issues, and cost of access, social divisions and difficulties in policing the Internet.
- vi) Silviu Vlad Mirescu highlighted some of the characteristics of electronic commerce, the global implementation stage, reviewing in the process the main steps taken in this area up to the present and last but not least to identify possible development trends for the future.

**4. Objectives**

This paper attempts to study the role of e-retail in making lives simpler and also its future prospects in India. The specific objectives of the study are mentioned below;

- To study the role of e-retail in making buying and selling convenient.
- Comparative study of e-retail and retail.
- The future prospects of e-retail in India.

**5. Research Methodology**

The sources of data used for the study is both primary as well as secondary in nature. The primary data has been collected through surveys and questionnaires whereas the secondary data has been collected from different articles, journals, books and internet.

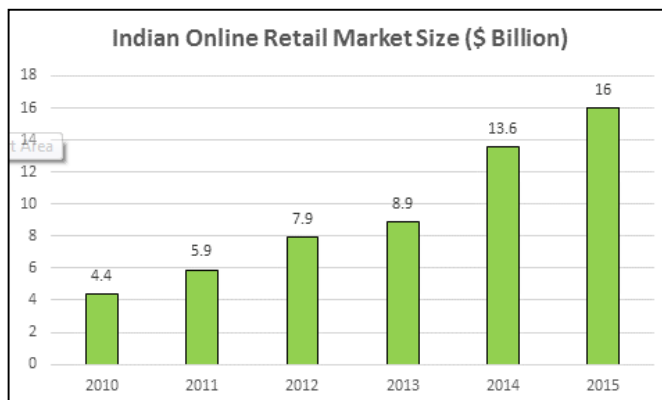
**6. Retail v/s E-tail**

In the debate of retailing versus e-retailing, the answer is that it lies somewhere in middle. Technology has been one of the major disruptive forces for the retail industry leading to growth of e-retailers which has also given shoppers a wide range of options to shop from, convenience of shopping at home at any point of time. The up-to-date customers today research online, see and feel the product in store, and place the order online. According to PwC’s Global Multi-Channel survey, the top two reasons shoppers buy online is convenience, followed by cost. Online shopping gives them the convenience of shopping from home, doing so 24/7, and it also gives them the cost advantage. To be able to capitalise on these trends, it’s important for the physical store retailers to understand the reasons behind the changing behaviours.

On the other hand, people who shop in-store do so because they like to feel the product, get instant delivery and like personalised services. A large part of India shops in-store also because they do not trust the delivery system, are worried about data security, don’t own a credit card or don’t have a data connection. While with the penetration of data and credit services the last three reasons will become less important over

a period of time, it is time for physical stores to plan for a sustainable business.

As e-retailers require physical formats and physical retailers see a need to go online. It is important for the physical retailer to take the multi-channel option as a big driver for growth. This requires a change in operations, the way analytics is used, the way technology is scaled, the way marketing is done. Retailers also need to create business models that will take into account all these factors. At the same time, it is also true that the e-retailers are feeling the need of getting into physical formats be it small stores where customers can walk in, feel and see products and then order online for convenient delivery, lenskart being an example of that. Thus, both e-tailers and retailers need to upgrade themselves in order to be in the rat race and cater to the ever changing needs of the people.



The above table suggests that e-retail in India has been on an increasing trend since 2011. The main reasons behind the growth of online retail are the easy access to internet and a steep rise in smart phone users.



Source: Economic Times, 16<sup>th</sup> Feb 2016 (<http://economictimes.indiatimes.com/industry/services/retail/indian-ecommerce-market-to-grow-fastest-globally-over-3-years-morgan-stanley/articleshow/51031652.cms>)

According to a report by US Bank Morgan Stanley, the gross merchandise value (GMV) of top three e-commerce companies exceeded that of top 10 offline retailers in India in 2015 and dominated the Indian e-commerce market in 2015 with a combined market share of 83%. Flipkart, including Myntra, maintained its No. 1 position with a 45% market share, followed by Snapdeal (ex-Freecharge) at 26% and Amazon India at 12%. Paytm had a 7% share. At \$13.8 billion, the GMV of the top three ecommerce companies exceeded that of the top 10 offline retailers at \$ 12.6 billion last year.



Internet penetration is expected to increase from 32% in 2015 to 59% in 2020 in India, translating to a near-doubling of the Internet user base. It also estimated that India will have almost 320 million online shoppers by 2020 compared with 50 million in 2015.

### 7. Conclusion

The most important outcome of the advancement in technology in India is the connectivity which has fuelled unprecedented access to information. The internet and technology have made our lives a lot easier and convenient by offering plenty of options for the smooth conduct of daily activities like buying groceries, transfer of funds, apt payment of bills, etc. just at the click of a button. With changes in secure payment processing and cash on delivery option, this industry shows all signs of growth and development in the upcoming years.

The e-commerce boom in the country is also attracting entrepreneurs and artisans across the country to start their own venture without much hassle. The e-commerce platform significantly reduces the interference of middlemen thus providing the best value for their products, all thanks to internet and innovation. Use of e-commerce platform can provide a market access across borders as well. In the long run, e-commerce will become significant route for entrepreneurs to have direct access to world markets and to get the best value for their products. As e-commerce evolves with more and more online sellers for customers, optimizing the customer experience becomes increasingly important in order to thrive and survive.

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