

## E-TAILING IN INDIA: OPPORTUNITIES AND CHALLENGES

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E-tailing simply put, is the selling of retail goods on the Internet. Short for "electronic retailing," and used in Internet discussions as early as 1995, the term seems an almost inevitable addition to E-mail, E-business, and E-commerce. E-tailing is synonymous with Business-to-Consumer (B2C) transaction. E-tailing or E-commerce can be described as transactions that are conducted over an electronic network, where the buyer and merchant are not at the same physical location, for example plastic card transactions via the internet. The major benefits for consumers is that e-tailing saves them time and money as more discounts pour in plus they get to choose from wide variety of choices. E-tailing has resulted in the development of e-tailware - software tools for creating online catalogs and managing the business connected with doing e-tailing. A new trend is the price comparison site that can quickly compare prices from a number of different e-tailers and link a customer to them. The economic conditions across the world are becoming harsh day-by-day and it is making it tougher for companies to increase their franchisee sales or shop sales but it is definitely making headway into their online E-tailing footprint. This could be again confirmed with companies reporting impressive growth in their E-tailing businesses. The total e-commerce business in India, including other products and services such as travel and financial services, is estimated to be USD 10 billion at present and is expected to touch USD 200 billion mark by 2020. "The coming years will see emergence of totally new sets of retailers in all formats, including hypermarkets, department stores, supermarkets, cash and carry, and specialty stores. However, these retailers shall be 'virtual' ones rather than physical ones," (*Technopak, Indian Times*). E-tailing refers to direct retailing by a company of its own products. The main cost for companies in retailing business are floor space, human resources, and other floor maintenance cost but in E-tailing companies do not incur other severe cost except warehouse cost and transportation cost. The investment required in e-tailing is very low and do not incur subsequent heavy investments and could be up in very short period of time. The bargain hunting consumers can be brought forward with more discounts as the companies save huge cost in their operations. The consumers today spend way too much time online and according to a survey 50% consumers do their research online and then go out to buy. E-tailing could be just the way to connect with them and initiate action from their side. The company can showcase more products online and thus offer variety of options and can part away with inventories easily by offering discounts. The present paper will study the opportunities and challenges faced by E-tailing business.

**Key Words:** E-tailing, Retailing, E-mail, E-commerce, Consumer

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## 1.1 INTRODUCTION

E-tailing simply put, is the selling of retail goods on the Internet. Short for "electronic retailing," and used in Internet discussions as early as 1995, the term seems an almost inevitable addition to E-mail, E-business, and E-commerce. E-tailing is synonymous with Business-to-Consumer (B2C) transaction. E-tailing or E-commerce can be described as transactions that are conducted over an electronic network, where the buyer and merchant are not at the same physical location, for example plastic card transactions via the internet. The E-tailing refers to direct retailing by a company of its own products.

## 1.2 E-COMMERCE SERVICES:

As e-commerce is a very wide aspect and is used by several people all over the world it provides large services to the people who use e-commerce website. e-commerce services usually includes providing patterns for building virtual storefronts or online catalogs, providing software for customized electronic "shopping carts," taking and filling customer orders, arranging for secure credit-card purchasing, and providing tools for tracking and managing inventory. E-commerce helps the business owners to easily and quickly build a secure shopping cart to merchandise your products, take orders online, process payments, and distribute digital products over the Internet. It helps in controlling all your on-line commerce activities. E-commerce provides a lot of services to its customers like:

1. E-commerce provides the opportunity to customers to purchase and sell goods online.
2. Customers can buy goods online at anytime they want.
3. Online purchased goods are delivered to the door by sitting in the house.
4. It displays products to the customers so that customers can decide what products can be purchased.

## 1.3 E-TAILING SCENARIO IN INDIA:

According to the Internet and Mobile Association of India (IAMAI) and IMRB report, the E-tailing market was worth Rs 850 crore for 2006-07 and went on to achieve 30% growth by registering a turnover of Rs 1,105 crore in 2007-08 and is expected to show impressive growth in future too. It was just recently when future group started E-tailing for their white labelled products. Although E-tailing has lagged in India just like E-commerce but hopefully in future it would see a lot more actions as internet habit of Indian online users are on a rise and low sales and higher overhead cost makes it tougher for companies to expand their retailing footprint in India. E-Tailing has begun catching the attention of many entrepreneurs. Suddenly a lot of e-tailers have come up like Rediff.com, Jaldi.com, Fabmart.com,

Tsnshop.com and Satyamonline.com. This could well be the beginning of an e-tail revolution in India. Blue Dart plans to enter the household shipment business in a big way to serve the needs of the online community in India. Looking at the coming e-commerce boom, Blue Dart is targeting a 80 per cent annual jump in its business, mostly from the shipment requirements of its online customers. For this purpose, Blue Dart has already invested Rs 40 crore to tune up its existing infrastructure and interface it with e-commerce potential. As the combination of retailing and e-tailing set to deliver the goods, the trend of using the internet as another service medium will gradually catch up. E-tailers like Jaldi.com have already set up kiosks in various cities which have been successful. Tsnshop.com makes use of its teleshopping network franchisees in various cities for selling its products.

#### **1.4 BENEFITS OF E-TAILING**

The major benefits for consumers is that E-tailing saves them time and money as more discounts pour in plus they get to choose from wide variety of choices. Reasons for e-tailing becoming a hot opening can be attributed to many factors viz.:

- **No real estate costs:** E-tailers do not have to maintain expensive showrooms or warehouses in prime locations; they operate through their web sites and thus save drastically on the real estate costs. The real estate costs in the metropolitan cities are sky high. Besides this, maintenance costs of a virtual store vis-à-vis a physical store are much less.
- **Easy and comfortably:** Easy and comfortably -obtained info is another advantages that shopping on the Net offers. On the Internet, product information is just a few clicks away, all accessed in the comfort of a home. Traditional retailing stands out in stark contrast: the consumer searches frantically, runs up and down, and grills a poorly trained store assistant who is unable to help him out. In the bargain, valuable time is lost. Simply put, shopping on the Internet for, say 15 minutes could save a two-hour trip to the mall. Consumers prefer to save this time so that they can devote more time for their professional and domestic priorities.
- **Better interaction with the customers:** The greatest benefits of online commerce are its ability to establish interaction en-masse. Interaction refers to the ability of reaching customers on an individual basis and reacts appropriately to responses of individual customers.
- **Mass Media:** A supermarket has limited area of operation. It caters to customers of a city (and/or its suburbs), but a web site can be accessed from any part of the country

or for that matter from any part of the world, thus increasing the potential customer base.

### **1.5 HURDLES IN E-TAILING**

Most of the e-tailing ventures have not been as profitable as they were expected to be, the reasons being: -

- One estimate is that India has a mere 4 million Internet users, mostly are from metros. According to web analysts many areas of retailing, Internet is unlikely gather a sizable slice of market. And that could be several years to come. , Especially in businesses where margins are thin.
- Despite a higher Internet penetration, cities like Mumbai or New Delhi might not be a haven for an E-tailer. Reason: for things like grocery, there is a shop out there at every nook and corner. All that an individual has to do is just make a phone call and the goods are delivered at his doorstep.
- There is mounting competitive pressures. The market for online buying is still at a nascent stage. Thus many E-tailers are eyeing a small market, exerting more pressure on operating margins.
- Shopping is still a touch--feel--hear experience. Unlike the Americans, Indians do not suffer from 'time-poverty' and shopping is still considered to be a family outing. Hence this type of an environment creates a problem of customer retention.
- Inadequate information provided when the customers discerns it certain products like clothes, cosmetics etc. involve higher customer involvement. But not so when a customer has to buy, say a blue Trouser. Here the customer wants to know: Which shade of blue is it? How does it feel on skin? How easily does it crease? This problem does not crop up in traditional retailing. In cyber space, on the other hand, the buyer is normally starved of crucial information. Only the seller knows about the true quality of trouser. This is a clear case of "information asymmetry".

### **1.6 FRAUDS IN E-TAILING:**

There has been a rise in online shopping in India. But the legal system is not good enough to protect buyer in case of any unwanted happening, not enough provision in legal system to secure buyer's interest. As the popularity of internet shopping and online auctions grows, so the number of complaints about transactions is increasing. Some of the most common complaints involve:

- buyers receiving goods late, or not at all
- sellers not receiving payment
- buyers receiving goods that are either less valuable than those advertised or significantly different from the original description
- Failure to disclose relevant information about a product or the terms of sale.

### **1.7 SUCCESSFUL FACTORS IN E-TAILING:**

There are many reasons which are considered for successful e-tailing. E-Tailing has very rapidly succeeded in the economy and has satisfied large customers. E-tailing products are survived by having a competent management team, good post-sales services, well-organized business structure, network infrastructure and a secured, well-designed website. Other factors are: Make sure to understand how the website's feedback function works. Feedback will give useful information about recent transactions other buyers have made.

- Check the item's description carefully – ask the seller questions if you're not sure of something.
- Beware of people offering you a deal below the current bid or reserve price, especially if they contact you direct. Remember, if an offer sounds too good to be true, then it probably is.
- Be extremely careful when buying things from people with little or no selling history.
- Be aware of phishing e-mails that look like they come from the online auction or payment site you're registered with, asking you to update your account details or re-enter them because your account has been suspended.
- Check the URL in the web browser. A tactic often used by fraudsters is to change the address very slightly (if they're spoofing an eBay site, for instance, they may have an address such as '...@ebayz.com' whereas the real site is '...@ebay.com')
- Read the terms and conditions carefully, including those relating to any dispute resolution procedures the site offers.
- If you bid for an item unsuccessfully, don't be tempted to trade off-site if another seller approaches you with a similar item.

### **1.8 VARIOUS ONLINE TRADING COMPANIES**

#### **Jabong.com:**

Jabong.com is a young and vibrant company that aims to provide good quality branded products. Jabong.com caters to the fashion needs of men, women and kids across footwear, apparel, jewellery and accessories. Jabong.com strives to achieve the highest level of

“Customer Satisfaction” possible. Its cutting edge E-commerce platform, highly experienced buying team, agile warehouse systems and state of the art customer care centre provides customer with: Broader selection of products, Superior buying experience, On-time delivery of products, and Quick resolution of any concerns.

### **Mynta.com**

Mynta.com is ranked among the leading e-commerce companies in India and is the largest online retailer of lifestyle and fashion products. The company was started by a group of IIT/IIM graduates in 2007 and is headquartered in Bangalore. Funded by top tier Venture Capital Funds, Mynta is among the best funded e-commerce companies in the country today. Mynta, which started as an online destination for personalized products back in 2007, has expanded into broader lifestyle and fashion retailing. Today, Mynta is the largest online lifestyle retailer with over 200 national and international brands under its banner. Mynta has brought in a new level of professionalism and technology enablement to the e-commerce space in India. For consumers, this translates to superior experience, broader product selection and unmatched efficiency, thus adding to a better purchasing decision. The company's unique offerings include the largest in-season product catalogue, 100% authentic products, cash on delivery, and 30 day return policy, making Mynta the preferred online shopping destination in the country. At the helm of Mynta's success is a management team of experienced and high caliber senior management professionals from globally recognized organizations such as Microsoft, Google, Intel, Trilogy and SAP, to name a few. The company has an employee base of over 400+ employees from a mix of corporate, business and premier academic institutions like IIMs and IITs who love to have fun and balance work at the same time.

### **Futurebazaar.com**

Futurebazaar.com is the digital commerce arm of Future Group - the family of retailers that brought you stores like Big Bazaar, Food Bazaar, Pantaloons, Central, Ezone, Hometown, Holi among others. Built on a dream to transform the way India shops, it tries to bring the best of deals from across categories at unbeatable. It acknowledges that every individual brings different perspectives and capabilities to the team and that a strong team comes together with a variety of perspectives. What hold them together are the core values that lay the foundation of this strength. Through the entire chain of Future Group identifies these values with what is called The Future Group Gene.

**Junglee.com**

Junglee is an online shopping service by Amazon which enables customers to find and discover products from online and offline retailers in India and from Amazon.com. Junglee organizes massive selection and multiple buying options from hundreds of sellers, and leverages Amazon's proven technologies and millions of customer reviews to help customers make smart purchase decisions. Customers can discover over 1.2 crore products and 14,000 brands, and purchase items directly from hundreds of retailers including Homeshop18, UniverCell, Hidesign, Gitanjali, The Bombay Store, Fabindia, Bata India Limited, Dabur Uveda, Microsoft India Store, Reebok, and Amazon.com. Customers can buy products online by following the link to the seller's website or find a seller's physical store if they would rather purchase the product in person or call the seller and place an order by phone.

**Homeshop18.com**

HomeShop18 is the largest e-tailing company in India providing shopping services on Internet, TV and via mobile. HomeShop18's goal is to be the largest and most trusted e-tailer providing an unmatched platform for virtual shopping to Indians worldwide. Every week HomeShop18 reaches 100 million+ consumers and 20 million+ households in India and [www.homeshop18.com](http://www.homeshop18.com) is one of India's fastest growing e-commerce websites with more than 2.8+ million monthly visitors (Source: comScore Inc., April 2012) HomeShop18 strives to provide high quality products at exceptional value to consumers through innovative, differentiated and demonstrative retail experiences on Internet and TV. The Company has, today emerged as the largest multimedia retailer in India with a base of 5 million+ happy and satisfied customers. The Company has won several prestigious awards and has partnered with marquee brands like Samsung, Nokia, Godrej, Reebok, Dell etc. HomeShop18 has in place highly customer-centric practices — captive 24 X 7 sales centre, 24 X 7 customer support, extensive product selection, flexibility of payment methods (pioneer in offering cash on delivery option) and highly user-friendly and intuitive web site. HomeShop18 has a proprietary delivery network covering 50+ cities which ensures superior "last mile" consumer experience through timely delivery. HomeShop18 today delivers products to over 3000+ locations in India and works with over 400+ suppliers and brands. The Company is led by a high quality management team and is backed by blue chip investors.

**Ebay.com**

**EBay Inc.** is an American Internet company that manages eBay.com, an online auction and shopping website in which people and businesses buy and sell goods and services worldwide.

In addition to its original U.S. website, eBay has established localized websites in thirty other countries.

### **Amazon.com**

**Amazon.com, Inc.** is an American electronic commerce (e-commerce) company in Seattle, Washington. It is America's largest online retailer, with nearly three times the internet sales revenue of runner up Staples, Inc. Jeff Bezos founded Amazon.com, Inc. in 1994 and launched it online in 1995. It started as an on-line bookstore but soon diversified to product lines of VHS, DVD, music CDs and MP3s, computer software, video games, electronics, apparel, furniture, food, toys, etc. Amazon has established separate websites in Canada, the United Kingdom, Germany, France, China, and Japan. It also provides global shipping to certain countries for some of its products.

### **Flipkart.com**

Flipkart went live in 2007 with the objective of making books easily available to anyone who had internet access. With over 11.5 million book titles, 14 different categories, more than 3 million registered users and sale of 30000 items a day, it is one of the leading e-commerce players in the country. It believes that its success is largely due to their obsession with providing customers a memorable online shopping experience. Be it path-breaking services like Cash on Delivery, a 30-day replacement policy, EMI options, free shipping - and of course the great prices that it offers. Then there's dedicated Flipkart delivery team that works round the clock to personally make sure packages reach on time.

### **Yebhi.com**

Big Shoe Bazaar India Pvt Ltd. is the fastest growing company in lifestyle category in India. It powered the sale of multi brand Footwear online through [www.bigshoebazaar.com](http://www.bigshoebazaar.com) which transformed into [www.Yebhi.com](http://www.Yebhi.com) Enormous success in footwear category inspired us to expand in other categories like Apparels, Accessories, Bags, Jewellery and Mobiles. It have multi brand footwear franchise retail stores chain by the name of "Big Shoe Bazaar" and multi brand & multi category lifestyle franchisee stores by the name of "Yebhi Fashion". [www.bigshoebazaar.net](http://www.bigshoebazaar.net) is online wholesale cash and carry portal catering to more than 1000 retailers across the country. It is also opening franchised EBOs of prestigious brands like "BLANCA", "FORRESTER" and "AIVA".

## **1.9 CONCLUSIONS**

To boost online purchasing, computer as well as internet literacy needs to be achieved. Moreover, the e-tailers should try to provide more amount of information on their websites in

order to help the customer in taking a decision. The online payment system should be made more secured. In India, still the main focus of the customers is more or less the price of the product. Therefore, in order to increase online sales, e-tailers should set competitive prices.