



International Journal of Multidisciplinary Research and Development



Volume: 2, Issue: 7, 163-168
July 2015
www.allsubjectjournal.com
e-ISSN: 2349-4182
p-ISSN: 2349-5979
Impact Factor: 3.762

Rashmi Siag Poonia
Assistant Professor (Ad hoc),
Sri Aurobindo College (eve)
University of Delhi.

Emerging online-retail market in India- An overview

Rashmi Siag Poonia

Abstract

Indian online retail sector is growing day by day, year by year. Digital revolution and advanced technology are playing a vital role in strengthening the roots of online-retail. Increasing purchasing power, easy cash availability and global lifestyle of consumers has contributed significantly to online-retail for its growth and expansion. According to research and consultancy firm, RNCOS, "the online – retail market is projected to grow at a compound annual rate of 40-45% during 2014-2018." The online-retail market is experiencing exponential growth and expected to grow many folds in the coming years. Indian online-retail market is estimated to grow over 4-fold to touch \$14.5 billion (over Rs.88000 crore) by 2018 on account of rapid expansion of E-commerce in the country (The Economic Times).

Keywords: Online-retailing, traditional retail, transactional internet users, demographic dividend

1. Introduction

Retailing means to provide merchandise to the ultimate consumers. Retailing includes all the steps done to fulfil the buying needs of consumers and making product reach to the ultimate consumer.

Traditional retailing includes brick and mortar stores, they can be organised and unorganised.

Unorganized Retail	Organized Retail
<p>In India, unorganized retail refers to general stores, pan/beedi shops, convenience stores, the local "kirana" store and small family-owned stores (IRN, 2007).</p> <p>These shops are generally small with only 4 per cent 4% of them larger than 500 sq. feet. The shop density of shops in India is very high; they typically have at least one store for every hundred people.</p>	<p>Organized retail in India includes those retailers who register their business for sales and income tax, and have obtained a license to carry out their business. Typical examples of such retailers are supermarkets, hypermarkets, convenience and specialty stores.</p> <p>The Indian organized retail sector is dominated by some large Indian business groups and by also global retailers (following with the opening up of FDI).</p>

Source:-ASSOCHAM. SME Times, 2010, WWF-INDIA Report.

One another form of retailing is emerging in India i.e. Online-retailing. Online-retailing includes products sold through online media by using internet and it also includes a platform given by various internet sites for buying and selling the products online. Even we can say that all 'commerce' conducted by the medium of internet, it includes all the part of e-commerce where products are sold and bought but it excludes the services sold via internet such as online ticket booking (railways, airlines, entertainment), job portals provided by various online sites like naukari.com and also a platform where girl/boy find their partner to marry eg; jeevansaathi.com, shaadi.com is excluded from the definition of e-retailing or online- retailing.

Some key points which make online retailing different from traditional retailing

- In online-retailing, there is no face to face interaction of buyer and seller but in traditional retailing seller comes into direct contact with buyer.
- In online-retailing, there is no requirement for physical stores, but traditional retailing is not possible without physical stores.
- In online-retailing, advanced technology is required such as internet connections, modems, data cards, pc, laptops, mobile phones etc. by which consumer will able to buy products. In traditional retailing sales person is required to assist the customer.

Correspondence:
Rashmi Siag Poonia
Assistant Professor (Ad hoc),
Sri Aurobindo College (eve)
University of Delhi.

- In online-retailing, the shopping time is unlimited, it means one can buy product 24*7 but there is limited opening hours for traditional retailing.
- In online-retailing, multi-brands national and international with thousands of product, a huge variety in every single product, different price range with so many discount offers are available but in traditional retailing only limited no. of products can be available.

Online-retailing is like money making its move from the wallets of the customers to the bank statements of the retailers. This retailing form is giving benefits to both kind of customers who use plastic money to make payments through cards like debit card, credit card and also through online banking but those who don't use plastic money can go for another option available in online-retailing i.e. Cash On Delivery.

Objectives

- To study opportunities and challenges in online-retail sector.
- To throw light on booming potential of emerging online-retailing.

- To study a brief difference between traditional retailing and online-retailing.
- To gain insight into the development of online-retailing in India.

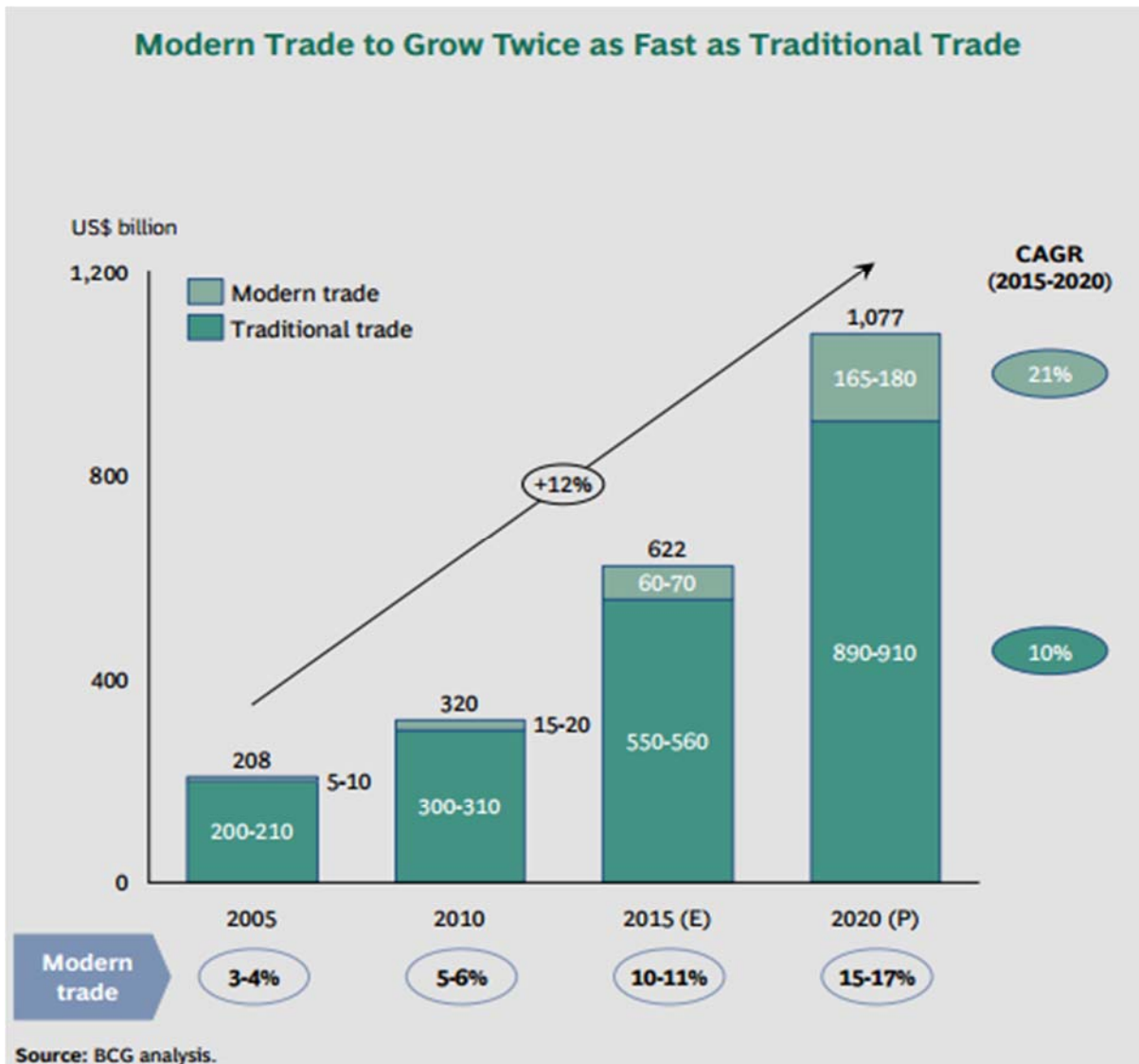
Research Methodology

This paper is based on secondary data. Information has been sourced from various books, journals, reports, government publications, newspapers, internet etc. and research is descriptive in nature. Charts and tables are used as a supportive data accessed from secondary data.

Literature Review

The Indian retail market which is the fifth largest retail destination globally, has been ranked the second most attractive emerging market for investment after Vietnam in the retail sector by AT Kearney's Seventh Annual Global Retail Development Index (GDRI), 2008.

As per the "White paper on Indian Online Retail Industry: The War of Clicks"- India is the most swiftly emerging online-retail market across Asia-Pacific region although the expanse of e-commerce is at a sprouting stage.



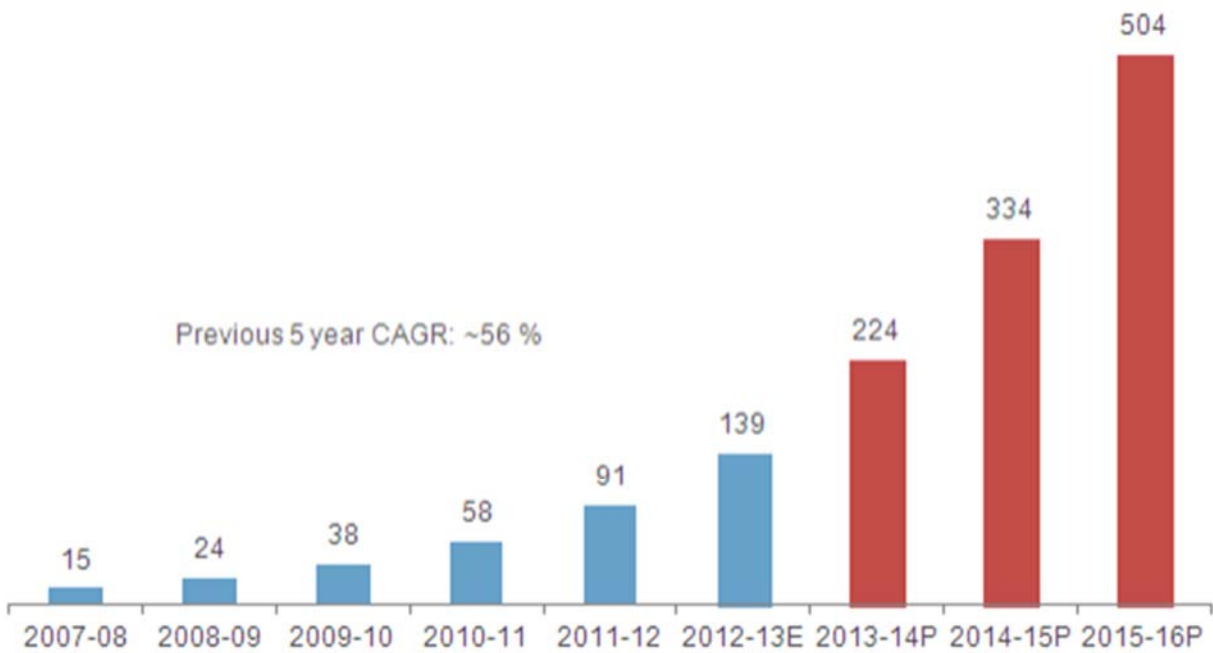
The Indian online-retail market has been showing exponential growth over the past few year on account of e-commerce. It is estimated to grow over many folds in the coming years. The size of Indian online-retail is very small as compared to developed countries like US, UK. This size is smaller than

overall retail which include organised and unorganised retailing. But it is estimated to grow 4-fold to touch \$14.5 billion (over Rs.88000 cr.) by 2018 on account of rapid expansion of e-commerce in the country (The Economic Times).

Online retail market size and growth

Rs Billion

Next 3 year CAGR: 50-55 %

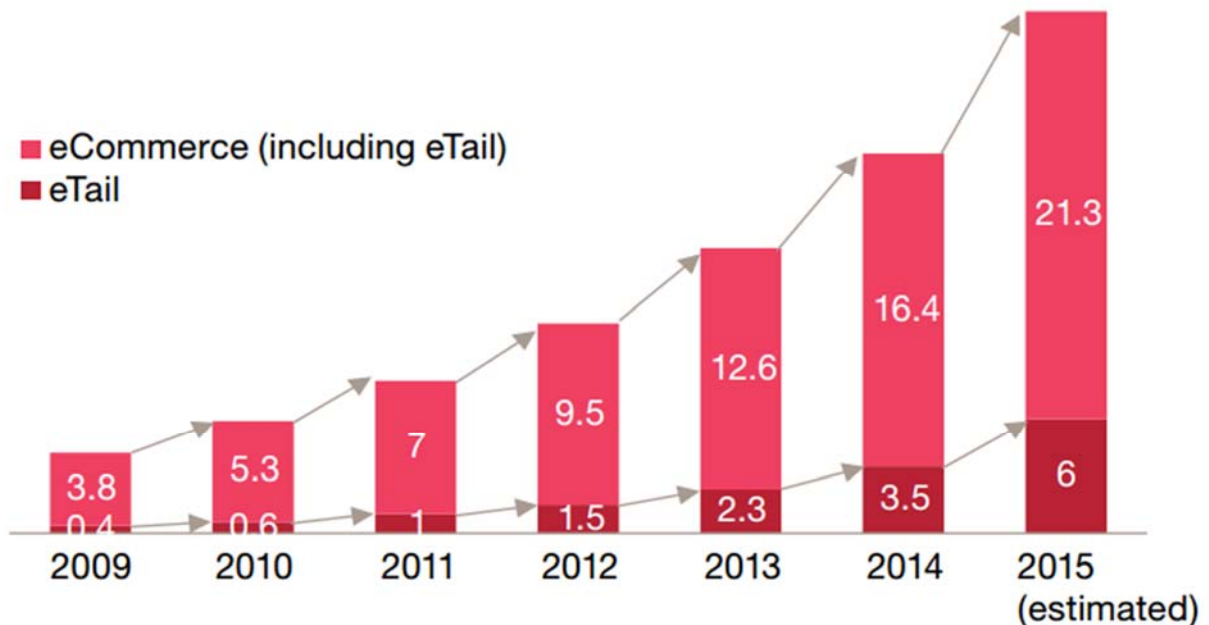


Source: CRISIL Research

The size of online-retail market is about 1% of overall retail (CRISIL Research). The current market size of online-retail sector has been pegged at \$3.5 billion and is projected to grow

at a compound annual rate of 40-45% during 2014-18 (RNCOS report).

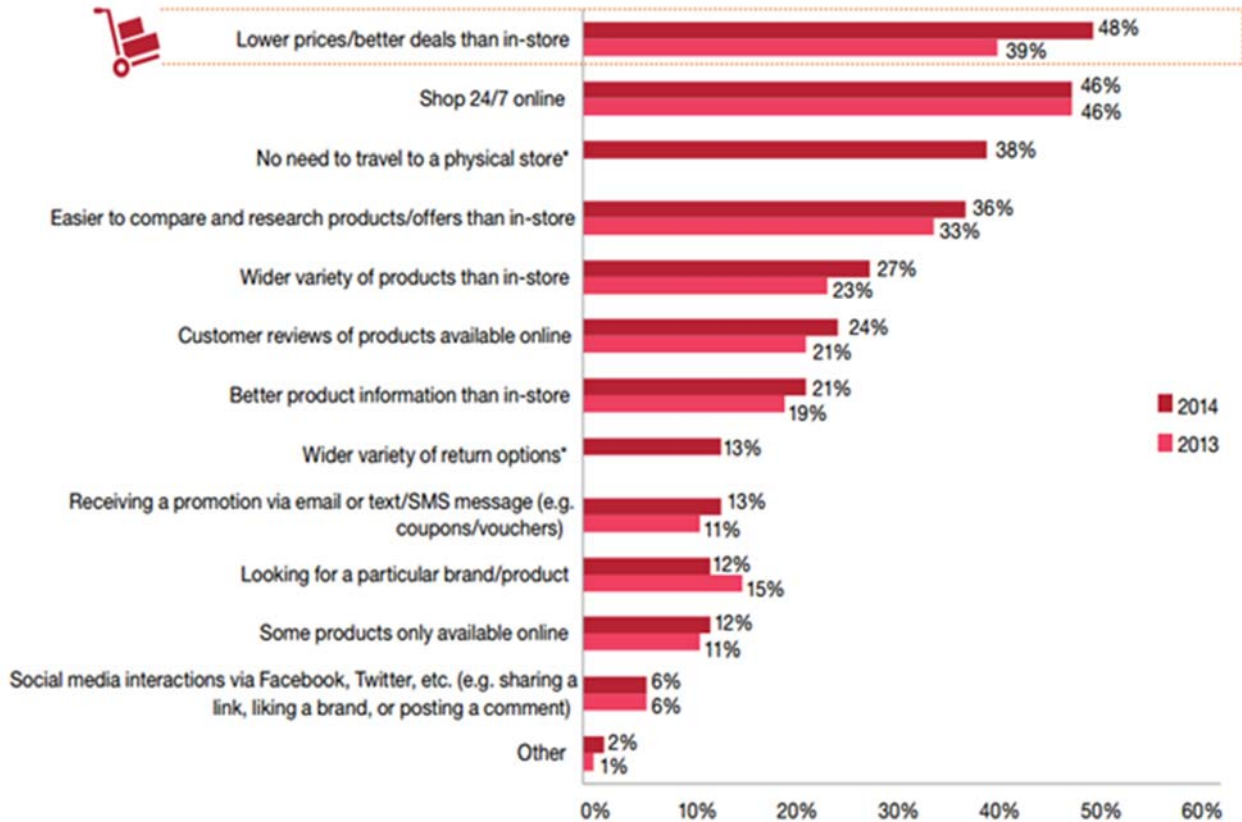
India's eCommerce and eTail growth



Source: IMAI, CRISIL, Gartner, PwC analysis and industry experts

Drivers for the growth of online-retail market

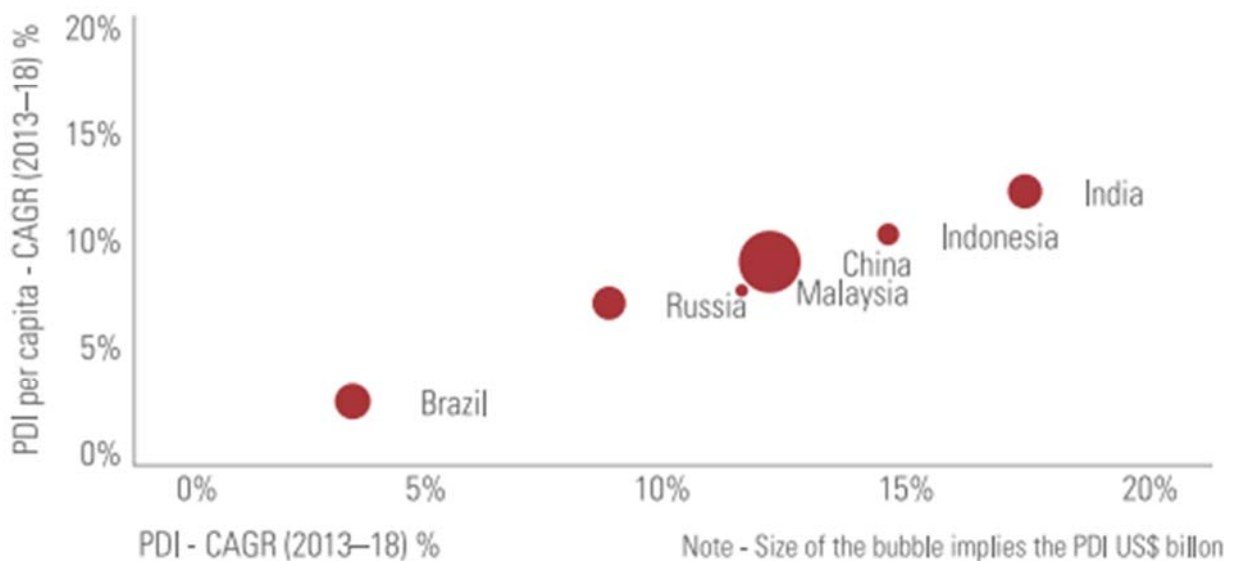
- Market penetration of mobile internet is increasing year by year which provides ease of shopping to the consumer.
- Availability of low cost and huge variety of smartphones.
- India is the top performing mobile advertising region in Asia (PwC report). Rapid increase in mobile internet user and more advertising through mobile gives the scope of opportunity for untapped potential for online retailing through mobile.



Source:-“Total Retail 2015: Retailers and The Age of Disruption”, a report by PWC.

- India is a young country with a very high percentage of its population in the working age of 15-59 years, this deliver a high income growth, which is referred to demographic dividend. The demographic dividend provide more purchasing power.
- Advancement in technology, boom in networks like 3G, wireless devices.
- Isolated families with double earning as husband and wife both are working which increase their income size and increase purchasing powers.

India’s personal disposable income (PDI) growth comparison with other emerging markets



Source: Euromonitor Estimates

- Busy lifestyle don't give time to go for shopping, so prefer to buy online.
- Crowd-pulling strategies also drive customers to shop online for example off-season discounts, late night discounts, many offers etc.
- Working women have no time to go to retail stores.
- Global lifestyle and availability of wide variety of products.
- Online banking has been playing a vital role in changing habits of the customers.

Challenges faced by online-retailing

- Cyber security is one of the main challenge, if not secured well hackers may get the important information of stock, customers personal information, sellers account information etc.
- Logistics has always been challenging in India.
- Consumers are doubtful about the online financial transactions.
- Late deliveries due to dependency on third party.
- Transactional phase of consumers, they still don't know how to use internet for shopping.
- Rural population don't have proper internet connection with the required speed for pcs and signals for mobiles.

Why Indian retail should go for online retailing?

Digital revolution and changing habits of consumers are the main reasons for the growth of online retail in India.

Transactional internet users, earlier people used to casual browsing and accessing e-mails etc. but now internet users are more aware about various other uses of internet like now they buy products online, make comparisons, online payments etc. The augmentation of internet usage have tailor made the habits of consumers to pick up trends, compare things, learn about new in the market and consume products.

Government has also played a vital role in changing habits of consumers. Government has provided easy way to life eg; to avoid queues people now go for online ticket booking, to save time they have provided with the provision of online filing of tax-returns, online banking facilities etc.

Schools and colleges also indulging the habits to use internet in youth by making provisions to pay fees online, by filing forms online, by submitting projects and reports online etc.

Problems of traditional retail are also removed by online retail such as lack of retail space, real estate issues, problems of HR- training of sales person, receptionist etc., cultural diversity etc.

Change due to online retailing in India

- Irreversible consumer buying habits.
 - Developing a new technological infrastructure in the whole India.
 - Increase in growth options and helpful in the nations growth.
 - Generating interest of rest of the world to invest in India.
- Online retailing is fading the boundaries among cities and states.

Discussion and Conclusion

Online retailing must be seen as revolutionary in the world of retail industry and viewed through a reformist lens to capture the potential in it. Online retailing, even its size is smaller than traditional retail, is giving a threatening competition to

traditional retail. Traditional retailers may not be able to compete with these online players without stepping into their shoes.

Traditional retailers have to go online as in many segments such as apparel, books, music, electronics etc. where product specifications are standard and differentiation is low, customers are going online and traditional retailers unable to match their huge discounts & volume games played by online retailers. Physical retailers in India will have to establish their online presence to match-up with the online players.

Online retailing may prove life changing for small businesses, by opting online selling strategies small businesses may earn huge profits and unbelievable growth in future. Small businesses may tie up with the pure online retail players or develop their own websites.

Online retailing gives growth opportunities to many industries, these are air cargo services, warehousing industries, transportation industries, packaging, IT sector, telecom sector. It is also helpful in generating employment opportunities in above mentioned industries.

It provide benefit to government also, it reduces the threat of tax leakage. Govt. through Indian Post Services may also earn more revenues from emerging and growing online retail, by becoming part of their supply chain.

To avoid the obstacle of logistics, to avoid late deliveries the online retail sector must invest in specialised supply chain management.

IT sector and telecom sector may develop suitable business models for online retailing.

Online retailing is like earth revolves around the sun i.e. customer satisfaction.

As the online retailing is at its sprouting stage in India , these online retailers, to build trust; confidence and comfort among customers, should maintain customer services by forming an efficient model for tracking the movement of ordered goods & ensure timely deliveries, cash back system as well as replacement of product if broken, damaged etc. A need for an efficient and effective order management model is there in online retailing in India.

Overall online retail in India offers many opportunities for growth of retail sector in the coming years and also making India an attractive destination for other countries to invest in.

Bibliography

1. Singh Kalpana, "Retail Sector In India: Present Scenario, Emerging Opportunities & Challenges" IOSR, Journal of Business & Management, Vol-16, Issue 4, pp-72-81.
2. Mr. Siddappa, "Indian Retail Sector: An Overview" Galaxy International Interdisciplinary Research Journal, Vol-2.
3. Sikri Sunita, Wadhwa Ms. Dipti, "Growth & Challenges of Retail Industry in India:- An Analysis" Asia Pacific Journal of Marketing Management Review, Vol.1, Issue 1, ISSN 2319-2836.
4. Handa Ms. Vidushi, Grover Mr. Navneet, "Retail Sector in India: Issues and Challenges" ZENITH, International Journal of Multidisciplinary Research, Vol-2, Issue 5, May 2012, ISSN 2231-5780.
5. Sinha Piyush Kumar, Gokhale Srikant, Thomas Sujo, "Development of Modern Retailing in India:-It's Impact On Distribution & Procurement Networks & Changing Consumption Pattern" Research and Publications, IIM, Ahmedabad.

6. Yadav Santosh Kumar, Bargal Hitendra, Sharma Ashish, Shukla Rajeev, Saxsena Bhanu, Phalke Manish, Ghune Nitish, "Growth & Challenges of Retail Market in India." ICBI 2010- University of Kelaniya, Sri Lanka.
7. Dhanwani Sanjay Kumar, "Impact of FDI in Retail Sector in India", International Monthly Refereed Journal of Research in Management and Technology, ISSN 2320-0073, Vol-II.
8. The Economic Times
9. Gupta CB, "Essentials of Business Environment" Second Revised Edition, Sultan Chand & Sons.
10. "Indian online retail market analysis". A report by RNCOS, Retrieved from www.rncos.com
11. "Retail 2020: Retospect, Reinvent, Rewrite" retrieved from www.bcgindia.com/documents/file181823.pdf
12. "Total retail 2015:retailers and the age of disruption" retrieved from www.pwc.com/et_EE/EE/publications/assets/.../total-retail-2015.pdf
13. "E-tailing in India; Unlocking the potential" retrieved from www.technopak.com/files/E-tailing_in_India.pdf
14. "Indian Retail : The Next Growth Story" retrieved from <https://www.kpmg.com/IN/en/IssuesAndInsights/.../BBG-Retail>
15. "Online retail article feb'2014" retrieved from www.crisil.com/.../CRISIL-Research-Article-Online-Retail-Feb14.pdf
16. "Pulse of Indian Retail Market" retrieved from www.rai.net.in/EY-RAI_Pulse_of_Indian_retail_market_Final.pdf
17. Global practices in promoting environmental sustainability: a roadmap for Indian retail retrieved from <http://www.indiaenvironmentportal.org.in/files/file/Globa1%20Practices%20in%20Promoting%20Environmental%20Sustainability.pdf>.