

E-Tailing (B2C) A Growth Story... Opportunities And Challenges

L Jalaja & Dr. R. Prakash Babu

Abstract : E-tailing also referred to as Electronic retailing, pertains to the selling of goods on the Internet. It is both on business to business (B2B) and business to customers (B2C) basis. E-tailing is a subset of e-commerce refers to transactions that are conducted over an electronic network, where the buyer and the merchants are not at the same physical location. E-tailers account for a majority of online sales in several categories such as books, music and video, foods & beverages, home appliances etc. E-tailing industry is also growing tremendously due to the rapid growth in the broadband connections and smartphones in many developing economies. With the growth in the trend in e-commerce (e-tail) there arises few challenges which if addressed with an appropriate strategy can get the industry booming. This study covers the present scenarios of e-tailing opportunities and challenges and the future trends etc., this study is based on secondary data and references.

Keywords: Business, Broadband connections, Customer, Developing economies, E-commerce, Electronic retailing, E-tail Growth.

1. INTRODUCTION

E-Tailing is the sale of products and services through the internet. Electronic retailing can include business-to-business (B2B) and business-to-consumer (B2C) for selling of goods and services. E-tailing needs companies to suit their business models with an eye on internet sales, which include creating channels of distribution such as warehouses or product storage and shipping points, internet WebPages etc. Strong channels of distribution ensure success to electronic retailing roadmap through which the goods are moved to the customer. Strong branding is required for the successful e-tailing. Websites which are designed must be attractive, easy to browse, and also regularly restructured to meet consumers' changing demands. Products and services offered need to be different from the products offered by competitors and assure to include value to the customer. Also, the offerings made by the company must be competitively priced to offer value option to the consumer. The e-tailers need a strong distribution channel which is prompt and efficient. Consumers do not wait for a longer time for the delivery of products or services. Trust and loyalty factor from the consumer has to be earned through transparency of practices and business ethics.

• 1.1 Types of Electronic Retailing (E-tailing)

Business-to-consumer (B2C) e-tailing: This is the most common form of e-tailing. This group consists of retailers who sell goods and services to final consumers directly through online by their own or third party websites...

Business-to-business (B2B) e-Tailing: Under this type of e-tailing, companies sell to other companies rather than sell to individual. Such retailers include consultants, software developers, freelancers, and wholesalers.

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Retail earning through internet in India alone is estimated to grow from USD 39 Billion in 2017 to USD 120 Billion in 2020. However even though the ecommerce transactions are growing drastically, but its contribution to total retail sales in 2018 is only 11.9%. This means that physical point of sales such as the neighborhood stores and malls are still enjoying the major share of the market. Thus the predominant role of ecommerce in future is building link between online and offline retail sales.

2. REVIEW OF LITERATURE

Park & Kim (2003) have elaborated on the E-tailing prospects which can be summarized as follows. They have indicated that the main interface for e-commerce being the retailer's website, the consumer buying behavior depends on the adaptability of the website to the customer's expectations of security and information quality. In Parallel, Rowley (1996) believed that internet marketing was the main reason behind the sales increase being reported. Also that Hart, Doherty & Ellis Chadwick (2000) outlined that Internet marketing could soon overtake the neighborhood stores in all segments and set to become a reckoning force. They have also plotted the future trends to this effect.

Shashidhar (2015), in the may issue of Business Today disclosed the potential of internet marketing by 2020. He indicated that the penetration levels will be to a tune of 4.5% to 5.5% and that India was on a road map to be among the fastest growing markets for E-tail.

3. OBJECTIVES OF STUDY

1. To understand the emergence of e-tailing.
2. To study the growth story of e-tail business in India
3. To analyse the market dynamics with respect to e-tailing
4. To study impact of e-tailing on current economy.
5. To visualise road ahead.

4. RESEARCH METHODOLOGY

This paper completely depends on secondary data. The statistical data are collected from various e-reports, websites, references books, research articles from newspapers etc.

5. FINDINGS AND ANALYSIS

5.1 EMERGENCE AND GROWTH OF E-TAILING:

The growth of online shopping since 1995: Couple of decades ago, many of us were oblivious to the option of the internet as a place to shop. It all started with Tesco and Asda who tried their hand at home shopping services via the computer in the mid-1980s, but it was not until the invention of the World Wide Web by Tim Berners-Lee that widespread consumer use of the Internet became a possibility.

Following are the key timelines that led to the emergence of e-tailing as it is today

1. 1995 – Amazon launched online book store
2. Same year EBay launched a auctioning website
3. 1997 – 70 million internet users lead to launch of more online stores such as Dixons and Water Stones
4. 1998 – Google launched which at a later date became the most powerful and sought after search engine which changed the way world logged into the web.
5. 1999 - Internet users grow to 248 million which makes PayPal to launch a website for payment related options.
6. 2000- Dot com bubble burst
7. 2003 – Apple launches online stores as a platform for low cost digital downloads
8. 2004 - Launch of Face book which later became the world's largest social media platform and a hub for sharing online ideas
9. 2007 - I Phone launched which later became the most effective tool for online shopping apps
10. 2010 – China Dominance on Internet. 825 million internet users in Asia which was more than 741 million combined for Europe and America
11. 2010 – I Pad launched which paves way for people for easy online shopping on the move.

5.2 GROWTH :

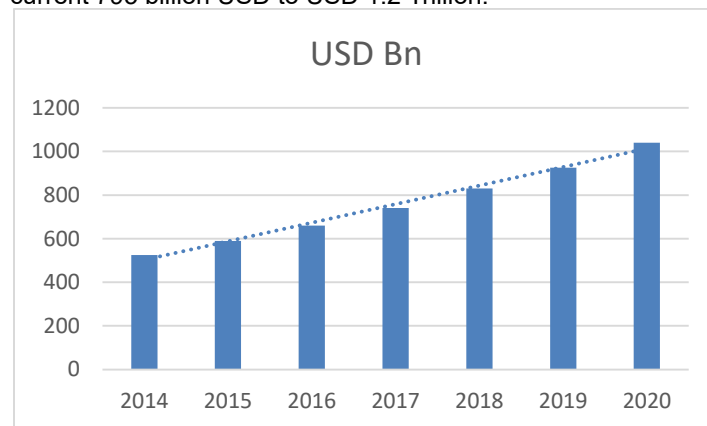
E-tailing Industry is booming at an exorbitant pace and exponential growth. Most of the retailing companies selling through internet have shown notable growth within a short period of time. In today's world, everyone prefers to shop online due to shortage of time. It has led to this boom in e-commerce space. India has also not lagged behind in catching up with the e-tail space. Thanks to the economic policies and also the global exposure the Indian consumer today has, the boom in E-tail sector in India has also been substantial. Some of the electronic tailing companies in India include Flipchart Internet Pvt Ltd, Amazon India, Mantra, Jasper InfoTech Pvt Ltd etc(Snapdeal). While Flipkart and Amazon have given shape to their business models and Myntra has been taken over by Flipkart, Jasper had to go through tumultuous times which will be discussed in the challenges part. Flipkart Internet Pvt Ltd

It is one of the top e-commerce companies in India. Flipkart was founded in 2007 by Sachin Bansal and Binny Bansal. While the company is registered in Singapore, it is currently head quartered in Bengaluru. Jasper Infotech Pvt Ltd (Snapdeal.com) Snapdeal is another Etail website with its company based out of New Delhi, India. It has having a reach of approximately 6,000 towns and cities across the country. However, of late they have been going through turbulent times and there was a 40% drop in revenue to ₹903 crore in the fiscal year ending in 2017. Myntra-Jabong Myntra is among the top fashion based e-tailing companies in India. Launched in the year 2009, with its headquarters in

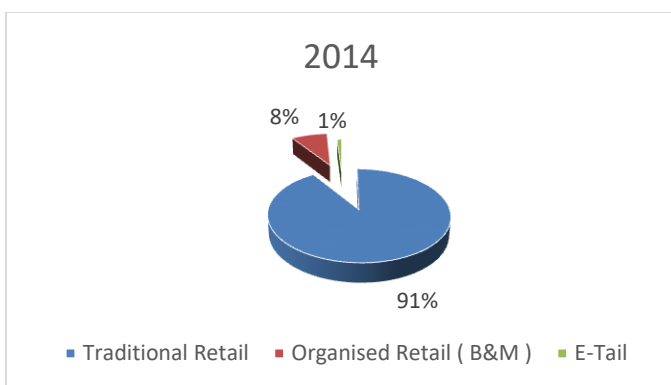
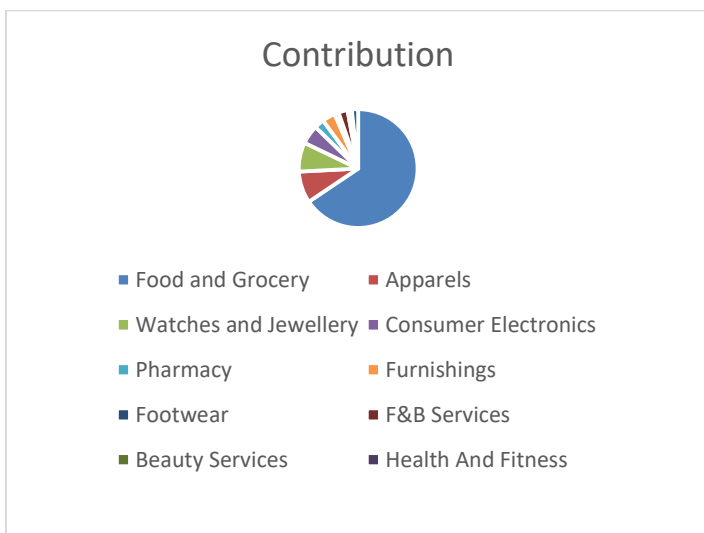
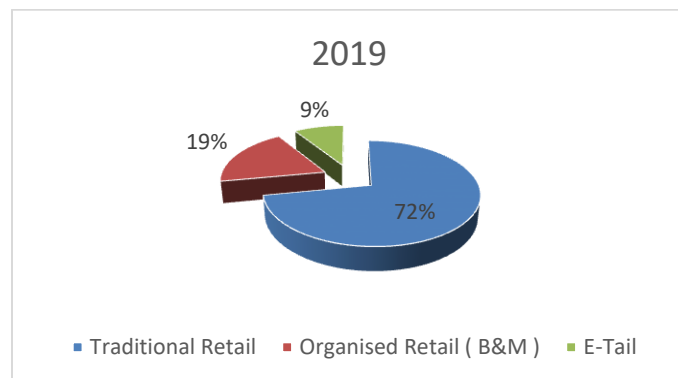
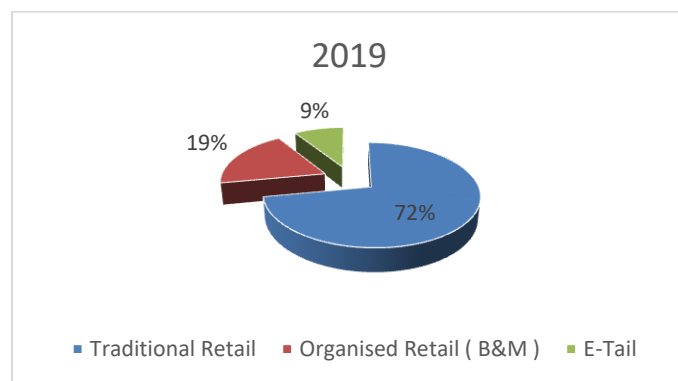
Bengaluru, it has gained success in short span of time. The company was originally founded in 2007 to sell personalized gift items. The latest numbers indicate that Myntra has grown more than 50% in the current financial year. Myntra's strong performance has been driven largely by the growth of its private labels business. Amazon India Amazon.com, Inc. also referred to as simply Amazon, is an American electronic commerce and cloud computing company with headquarters in Seattle Washington. Amazon India, the Indian arm of the above company has been doing wonders in the e-tail space. Amazon India reported gross sales of \$7.5 billion in the year ended March 2018, which is better when compared with Flipkart's gross sales of \$6.2 billion.

6. GROWTH STORY

It all started with K Vaitheeswaran who founded the what is said to be the first e-commerce company FABMART.COM, in 1999. Not many would have believed or predicted the future of India's E-commerce at that time which has grown to become a 50 billion USD industry which is now. Today's Ecommerce is abuzz with endless possibilities such as interest shown by strategic investors and venture capitalists, mergers and acquisitions etc. Latest is the acquisition of Flipkart by the US retail major WARMART in what is touted to be a multi-billion dollar deal. It is the biggest ecommerce acquisition till date with an estimated 16 billion USD being the deal value. Flipkart gives us an interesting case study. Founded in 2007, it primarily focused on consumables. It was then Mantra acquisition in 2014, Jabbing acquisition in 2016 which strengthened its position in the fashion and lifestyle segment. These acquisitions played a strategic role for Flipchart in not only eliminating competition, but also to broaden its customer base, technical know-how and assets to give it an edge over its nearest rival and global ecommerce giant Amazon. This has resulted in Flipchart having a reported 39.5-percent market share compared to Amazon's 31 percent. It may be very apt to say that in a relatively short period of time, India has seen an exponential growth in the ecommerce space. The industry has now reached a phase where the established players in specific sectors are looking to consolidate their position and achieve long-term success. With this juggernaut rolling and showing no signs of stopping, we can expect many more such stories. It is expected that at this current rate of growth, the ecommerce industry in India is expected to touch USD 85 billion by 2021 from the current USD 25 billion. This can be attributed to the growth in organised retail which is expected to grow from current 795 billion USD to USD 1.2 Trillion.



Retail Sector	Contribution
Food and Grocery	66%
Apparels	9%
Watches and Jewellery	8%
Consumer Electronics	5%
Pharmacy	3%
Furnishings	4%
Footwear	1%
F&B Services	2%
Beauty Services	0%
Health And Fitness	1%
Others	2%



6.1 Market Dynamics Leading to Growth in E-Tailing

Due to a rapid growth in the broadband connections and smartphone usages the online sales have primarily increased within a short span of time. Other relevant factors driving e-commerce growth across all major geographies include:

- Technological uptrend: Advancements in technology has changed the ecommerce space with new entrants gaining a fast and economical entry into the market. This has made the market highly competitive. Consumers are using technology with ease and comfort which created a positive impact on online commerce.
- Developing consumer needs: Internet retailers have shifted their focus to identify consumer needs and understand their behaviour during online shopping which will help them to serve the market in a better way with innovative new goods and services.
- Smartphones and Internet: Since 2011, the sale of desktops and laptops have been reduced due to a drastic change in the sale of smartphones and internet. In future also this trend is expected to continue unhindered and most of the final consumers are expected to access the internet through their mobile phones rather than from their personal computers or laptop computers.
- Social media: Social networking platforms such as face book, twitter etc., have created a new avenues for internet sellers to advertise their products and services.

The subtle statement is that understanding consumer behavior in terms of their product and payment preferences in order to ensure a positive internet shopping experience is the key driver to the e-tail growth. But as they say, a coin has two sides; there are challenges too which keeps plaguing the e-

commerce industry and its estimated future growth.

6.2 Key challenges:

- Security concerns: The rise in incidents from 2010 is a prima-facie evidence of this rising concern. This shows that the difficulty and high technicalities of the fraudulent incidents on the internet is on the rise and this accounts for the consumer's preference in choosing to shop or not to shop online.
- Lack of internet marketing skills: E-tailing being a new concept, marketing teams involved in e-tailing is still exploring pertinent ways of connecting with consumers. While the eyeballs through paid media are certainly more, the free media such as face book and Twitter can also be tapped effectively. However the Lack of understanding of the requisite skills to have an appropriate media planning also affects in a negative manner with respect to the business prospects.
- Weak customer service focus: A low predictable and reliable delivery system would lead to deterioration in the customer online shopping experience.

6.3 Impact of E-tailing on Economy

E-commerce impacts business costs and productivity in a significant manner. Being simple in its application, there is a widespread possibility of fast and quick adoption to the process. This results in a large economic impact. This increases competition and innovation, which are likely to boost overall economic efficiency. From the period 1999 onwards, E-tail has become the fastest growing industry which has surpassed everyone expectations and also outpaced every other industry. This was the time when the U.S. Census Bureau started collating all the data on e-commerce. While prior to 1999, e-commerce retail sales was a negligible % (<1%) of total retail sales in the US, the same increased to a about 2 percent by 2003, then to about 3.5% by 2008 percent, and to an overwhelming 4.4% by 2010. In dollar value terms if the US retail market is at USD 3.9 Trillion today, the e-tail stands at about USD 165 billion which shows that there is a long road to cover ahead. The Great Recession of the 2007-2009 period shook up the entire industry and all the sectors such as manufacturing, wholesale and retail succumbed to this recession. However e-commerce surprisingly cruised along through the recession albeit slowly with a lesser growth rate during the recession when compared with the rate of growth before the staid period. While In the first quarter of 2002, retail ecommerce had a quarterly, YOY growth of about 42 percent, the same dropped to 18 percent during the recession.

6.4 Road Ahead

It would be interesting to discuss the next phase of E-tailing which probably will be personalized e-tailing, paradigm shift in online purchases. Transactions on a simple web page by a single user will be replaced by a group transaction on a three dimensional web page where opinions will be shared across as in case of offline shopping. At the e-store, customers can browse through the merchandise and then, by clicking on an image of a particular item, purchase anything for themselves through the characters that users create to represent them in virtual worlds. Some companies have already initiated processes in this direction. But virtual-world commerce is becoming ever more sophisticated, and people will soon be able to replicate the same buying experience of offline shopping in real world to online shopping. Futuristic

technology has enabled these realistic representations of products and the ability to interact with them. The potential of online shopping goes far beyond clothing stores' opening their doors in existing virtual worlds. For instance, iTunes which has a virtual store in which people can hang out and listen to others' playlists, dancing as they swapped opinions about the music. The opportunities are unprecedented and phenomenal. We are probably at the surface right now with the e-commerce juggernaut rolling at a very fast pace. No matter what, the future holds a lot of promise for E-tail and the plunge into the world of e-tail is worth every penny for the companies involved.

7. CONCLUSION :

E-tailing has been and will be the harbinger of economic growth in the coming years with more and more technological advancements, variation in consumer behavior, ease of access, etc. Companies embarking upon the e-tailing journey have to strategies with a view on all of the above factors in a most coercive manner which could define their road map in the journey.

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