

E-Retailing : Opportunities & Challenges

Abstract

India occupied 2.4% of world area with 17.5% of world population. According to recent census of 2011 Indian population reached to 121.02 crores. The then Prime Minister opined that Indian population not to be assumed headque. However, comprehensive plan is essential to encash it making them aware about different skills required in the modern and e-age along with tremendous opportunities and facilities available in near future.

An attempt has been made to study e-retailing opportunities and challenges in India and focus on rural economy emerging trend, digital advertisement, traditional festival-a life line, mobile and e-commerce, internet users, FDI and urban India an opportunity. The study is based on secondary data which is procured through books, magazines, newspapers and websites.

Extensive use of ICT resulted in high speed growth and adoption of LPG era entire world is becoming a family looking for 365x24 operation soon. E-retailing took momentum as internet users increased from 63 million in 2008 to 150 million in 2012 which an increase of 138%. FLIPKART, Future Group, Snapdeal etc. and e-commerce format play pre-dominant role in expending online shopping.

Keywords: E-Age, E-Commerce, Digital Market, FDI, ICT.

Introduction

Fast development of communication & transportation facilities made tremendous change in production as well as marketing making entire world as a family. Advanced electronic technology play a significant role with the introduction of E-age leading to digital market including digital media, digital advertisement & e-commerce. The decision of digital India taken by the present govt. no doubt is highly appreciable in present context, reaping more benefits of available resources.

Indeed, modern telecommunication technology play crucial role to accelerate the economic growth & development of country. E-commerce is integral part of digital market. The most popular form of electronic commerce is online shopping. It is B2C business in which a private customers can place orders to purchase different products and can obtained by way of courier or postal mail. It is convenient, time saving and fast in operation due to availability of computer systems and mobiles with extensive internet connectivity.

E-commerce consisting of three categories i.e. business to customer (B2C). Manufacturer to whole sellers & whole sellers to retailers (B2B) and consumer to customer (C2C). The concept of commerce is comprehensive comprising all the functions involved in buying and selling by all individuals and organizations. Use of electronically transfer of information from one computer to another computer automated way helps to transform traditional commerce to modern commerce. It is paperless exchange of business information using electronic devices like data interchange, electronic mail, electronic fund transfer and other network based technologies.

Extensive availability and use of internet has given strong booster to rise e-commerce business. Govt. decision to adopt electronic technology made sufficient space to extend e-commerce activities in and outside the country. The widely known electronic data interchange (EDI) is an integral part of e-commerce. It is synonymous with e-business and e-trading, consisting online business.

E-commerce is unique and potential opportunity for different size of business by using internet. The present is the digital age, having tremendous scope to develop e-commerce in the country dominated by traditional commerce like India. According to WTO e-commerce is commercial process comprising production, distribution of goods and services electronically. India adopted LPG in 1991 to open and integrate the economy with global economy. Use of electronic data interchange (EDI) and establishment of EDI council in India in 1994 assumed an



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important step in this regard. The dream of digital India has great significance in the same direction.

Objectives and Methodology of the Study

An attempt has been made to study e-retailing opportunities and challenges in India and focus light on rural economy emerging trend, digital market, mobile and e-commerce, internet users, FDI and urban India an opportunity. The study is based on secondary data which is compiled to books, newspapers, magazines and websites. Simple techniques like percentage, average, comparison and index are used in the study.

E-Commerce - A Cutting Age

The present is popularly known as E-age. It consist E-banking, E-book, E-Journal, E-learning, E-banking, E-files, E-mail, E-Governance and E-Commerce. Digital market including e-commerce has great potential in developing country like India. The concept commerce has transformed from traditional barter system-many economy-face to face - mail telephone order etc to modern e-commerce. E-commerce includes B2B, B2C, C2C, B2G, G2G and G2C acknowledging wide scope to lift economy of our country.

Big no. of product and services can be offered by marketers using single web-sites, fastly and safely. It gives greater satisfaction to consumer with value added services, convenience with good options, marching towards paperless society reducing mental burden and improving sales volumes with healthy relationship among B2C. In short - web is easily accessible and low cost medium which brings together the customers and marketers those spread in and outside the country. So that even a small enterprise located any where in the world can easily enter in global market - selling product online. E-commerce is a need of hour, and great solution to limited space resources & staff etc on one hand and approach and supply goods to N number of people at once on the other.

Rural Economy - Emerging Trends

Indian economy still predominated by agriculture and rural part of the country. According to recent census of 2011 Indian population reached to 121.02 crores of which 70% lives in villages and about 59% dont have alternative to agriculture. According to a study, the proportion of upper and upper middle class population increased from 2% & 3% in 1995-96 to 8% & 6.1% in 2009-10 respectively. Same time middle and lower middle class population enhanced from 8.6 & 29% to 22.7 & 42.5% respectively acknowledging great potential to extend e-commerce in rural area. The govt. decision to link up Grampanchayat by internet has great significance in this regards. E-commerce have scope to extend their business in rural part of the country.

Digital AD Growth

Digital adv. growth givs substantial revenue, which hiked from Rs.15 bn in 2011 in India to Rs.44 bn in 2015 with an increase of 193% while total advertisement revenue recorded 69% growth reaching to Rs.506 bn from Rs.300 bn during the same period. It is clear that digital advertisement booming sector in India. Its share to total income enlarged from 5% in 2011 to 9% in 2015. Hence,

digital adv. Cos should formulate plan encashing opportunities in near future.

Internet Users Rising Trend

Fast and easy internet availability play a efficacious role in e-commerce business, where net users increased constantly from 60 mn in 2009 to 330 mn in 2015 with an rise of 450% and projected to reach to 580 mn in 2018 recognizing significant scope to grow e-commerce in India. Moreover, India recognized 3rd largest internet users in the globe.

Availability of PC's, electricity, mobiles and smart phones gives sufficient room to use internet facilities more especially youngster boys and girls including women domnating major portion of purchase play aggressive role in extending online shopping.

Mobile & E-Commerce

Use of mobile phone become common even with medium and low income group people. A study indicated that 78% of population in 2012 had mobile penetration. Many people are using two or more mobiles. Increasing trend of using smart phones with internet connectivity also becoming popular day by day. Few Co's created mobile optimized websites, and allow now people to complete e-commerce transaction on mobile. People can purchase any product on Amazon.com through Amazon mobile site.

Travellers can instantly book a room and can purchase rail tickets using different mobile sites. The private parties and operators boost the growth and development of telecommunication system from 21% in 2001 to 50% in 2006, creating sufficient space for e-commerce.

Indias per capita income rised in 9.7% US\$ 1631 in 2014 from US\$ 1487 in 2013. It is clear that top 5 global mobile operators by customers play vital role in mobilizing e-commerce business. China mobile ranked first with 626.27 mn users folowed by Vodaphone Group (403.08 mn), Bharti Airtel (303.10 mn) who began operation in 1995 in New Delhi, China Unicon (299.09 mn) and American Movil (274.14 mn) resulted in creation of strong base for e-commerce business.

Urban India - A Opportunity

Table-I reveals that urban population in India recorded rising trend. Out of 36.11 crores population in 1951, merely 17.30% was urban poulation which steadily increased reaching to 31.16% of 121.02 crores population in 2011 and projected to reach to 34.52% in 2021. On the contrary, the per capita increase in India enhanced to \$ 1631 in 2014 from \$1487 in 2013 with an rise of 9.7%. Both together is great opportunity to Co's having deep interest in e-commerce business.

Traditional Festival - A Life Line

Indian people use to celebrate different festivals during the year. Substantial online purchasing from clothing to shoes, electronic items to computers and smart phones is increasing fastly. Accordingly, many Co's engaged in e-commerce, use to plan to encash this golden opportunities. Celebration of festival, birth day & marriage ceremony, assumed so important occassions on which online shopping trend is rising where income availability not assumed important.

As e-commerce Cos required less investment, they can offer considerable discounts

attracting customers more and more. Computer, tablet and smart phone made easy to go for online shopping. Accordingly, e-commerce Cos plan to extend e-commerce busienss in 40 cities obtaining 60000 crores and above turnover on occation of Dashara and Dipawali. This become possible due to safety in technology, payment banks, cash on delivery, significant discount on online pruchase etc, so e-commerce is booming business sector.

Delhi based online market place Snapdeal announced its plan to invest Rs.660 crores to extend business in festival season. Many other Co's are working on same direction snatching more benefits on occasion of festival and programme.

Internet Users in India

From Table-II it can be proclaimed that internet users jumped to 150 mn in 2012 as against 63mn in 2008 with an increase of 138% and expected to touch 300 mn in 2015. Same time mobile net users recorded signiciant growth of 3150% in 2012 over 2008, indicating great scope to extent e-commerce business in India.

FDI - A Way of Development

It has been acknowledged that FDI in Top 10 sectors in India includes services, constructions, telecommunication, computer, pharma, auto, power and training etc in 2013-14 and 2014-15 of which FDI in services increased from \$2.22 bn to \$3.25 bn, telecommuncation \$1.30 bn to 2.89 bn, computer from \$1.12 bn to 2.20 bn and trading \$1.34 bn to 2.76 bn confessing significant scope for e-commece business in India.

Conclusion

It is obvious that fast and easy availability of internet connectivity with PCs and mobile made tremendous change in accelerating e-commerce busienss in India. E-commerce has been recognized as more convenient time saving, safe and low cost from of online shopping offering greater discounts to customers directly, hence customers get attracted toward online pruchasing. Cash on delivery payment facilities and fast delivery helps to grow e-commerce transactions in & outside country.

The poulation below age of 35 yrs is about 82 crores and 3G users (100 mn) smart phone users (450 mn) and internet users 376mn) play dominant role in online shopping. India ranked 7th in 2005 and 3rd in 2011 in global net users list with the availability of PCs and mobiles resulting in more electronic commerce. Most successful retailer in India is Jabong.com with 26.26 mn unique visitors in Oct. 2014 alone it manages to surpass Amazon.com the

worlds most successful e-retailers. Rising to urbanization and income of rural people and exensive use of debit / credit cards etc also supports online shopping.

Flipkart, Future Group, Snapdeal, Times Deal, Naaptol, RedBus.in, yatra.com, Indian Plaza etc are e-commerce formats in India play positive role in extending online supply. Online travel tickets, cosmetics, clothing, shoes, beauty products, computer, mobiles and so on extensively purchased online and have great scope to grow it generating income along with huge employment opportunities. Hence govt. should formulate intensive policy to overcome some problem of electricity safety and all time net facilities encashing opportunities of e-commece in the country.

Table - 1
Urban India

| Census | Population (Crores) | Rural (%) | Urban (%) |
|------------------------|---------------------|-----------|-----------|
| 1951 | 36.11 | 82.70 | 17.30 |
| 1961 | 43.92 | 82.00 | 18.00 |
| 1971 | 54.82 | 80.10 | 19.90 |
| 1981 | 68.33 | 76.70 | 23.30 |
| 1991 | 84.64 | 74.30 | 25.70 |
| 2001 | 102.87 | 72.20 | 27.80 |
| 2011 | 121.02 | 68.84 | 31.16 |
| 2021 (P ₁) | 139.17 | 65.48 | 34.52 |

Source : P.D. India Eco 2015, p.,116

P₁ = based on decadian growth in 2011 over 2001 (No)

Table - 2
Internet Users (MN)

| | Net Users | Moble Net Users |
|----------|-----------|-----------------|
| 2008 | 63 (100) | 2 (100) |
| 2009 | 78 (124) | 5 (250) |
| 2010 | 93 (148) | 12 (600) |
| 2011 | 121 (192) | 30 (1500) |
| 2012 | 150 (238) | 65 (3250) |
| 2015 (E) | 300 (476) | 200 (10000) |

Source : www.slideshares.net

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