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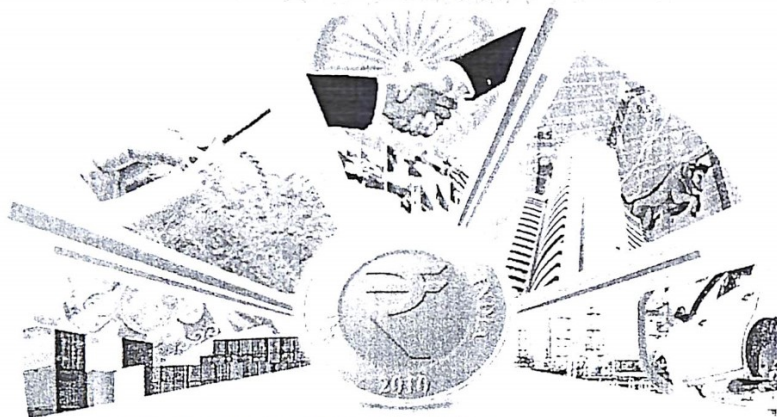
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E-Retailing in India and Future Scope

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I. INTRODUCTION

With rapid growth of the Internet and globalization of market, the retail sector has become an increasingly competitive and dynamic business environment. Business and marketing activities are affected by the invent of Internet technologies and the Internet is revolutionizing commerce, marketing, retailing, shopping and advertising activities of products and services. There are several attractive attributes of Internet to not only e-customers but also companies on time and money saving, communicate, convenience, easy accessibility, selection from a wide range of alternatives, and the availability of information for making decisions and all marketing activities can be performed via the Internet efficiently. In the era of globalization, companies are using the Internet technologies to reach out to valued customers and to provide a point of contact 24 hours a day, 7 days a week. E-commerce and e-marketing are the two important terms in the new Internet-based business domain. E-commerce can be defined as a way of conducting business by companies and customers performing electronic transactions through the Internet. E-marketing, (also known as Internet Marketing, Web Marketing, and Online Marketing etc.) can be defined as the promotion of products or services through the Internet whereas; e-tailing can be defined as selling products and services by using the Internet. Wang (2002) has provided a broad definition of e-tailing by defining it as the selling of goods and services to the consumer market via the internet. According to Turban et al. (2006), e-tailing is defined as retailing conducted online, over the internet. In general, the activities of e-tailing encompass three main activities. They are: (i) a product search facility (often referred as a product evaluation or information gathering facility), (ii) an on-line purchase function and (iii) a product delivery capability (Kolesar and Galbraith, 2000). Like general marketing activities of an organization, e-tailers have also stick to the same 4P^s of marketing activities. They are: Product, Price, Promotion and Place. With regard to the right products, e-stores can offer a larger spectrum of product offering like traditional retailers in categories ranging from electronics to shoes. E-store is the Internet version of stores that set up electronic storefronts on the Internet. It provides all kinds of products and renders service to the e-customer at the click of a mouse button and makes money by selling products directly to e-customers. When it comes to the right price, e-stores can be operated with low profit margin because of the lower cost and higher sales volume. As for the right promotion, e-stores have unlimited direct marketing, advertising and selling

opportunities. Finally, with regard to the right place; the location of e-stores is not important in the Internet and e-customer can connect and purchase products and services from the Internet at any time and place. According to Lim and Dubinsky (2004), e-store is defined as a commercial web site on which e-customers can shop and make purchases. According to Rao (1999), e-commerce offers increased market activity for retailers in the form of growing market access and information and decreased operating and procurement costs. The consumers can gain better prices due to the competition and also can enrich their knowledge on goods and services. According to a survey conducted by Internet and Mobile Association of India (IAMAI) and Indian Market Research Bureau (IMRB), the e-commerce market in India has garnered Rs. 9210 crore in 2007-08, whereas e-tailing market was only about Rs. 1150 crore). In general, e-tailing industry, from a business perspective offers an opportunity to cater to consumers across geographies, no operational timings, unlimited shelf space – and all this with miniscule quantity of infrastructure. For a country like India, the growth in the e-tailing market is driven by the need to save time by urban India. Besides with over 2.5 billion internet users, access to internet has also played an important role in growing the markets. Consumers' decision-making process has considerably changed with the introduction of the Internet as an alternative channel for shopping. The new wave of consumerism coupled with increasing urbanization and burgeoning middle class with paradigm shifts in their demographic and psychographic dynamics have driven consumers frequently to use retail websites to search for product information and/or make a purchase of products. In India, the shift from physical stores to e-store takes place due to the in-adequacy of time of consumers and the relatively high disposable incomes as well as due to a high need for labor-saving goods and services (Gehrt, Yale and Lawson 1996).

The electronic retail growth of Indian market as estimated by EuroEuro-monitor report, has already touched Rs. 2700 crores in the year 2010 from Rs. 400 crores in 2005. Online constraints tend to be related to the screen resolution and the hardware that exists at the consumer end of the channel. The hedonic factors in designing the web-site interface can be enhanced with symbolic, nonverbal elements, which can be created by images, colours, fonts and videos and music. Zeithaml (2002) has defined that the success of e-tailing depends on the efficient web site design, effective shopping and prompt delivery. The other e-store services are delivery on real time, return and replacement process, period of filling out online orders form, speed of response time to e-customers' queries. Kim and Lee (2002) have suggested that the design of e-store influences consumers' access to e-store. In the e-store, website design, design of product and service comparison and information, time to complete

online order form, easy of searching product and service, screen layout, screen complexity, page composition, information retrieval methods, information display, use of colour and background, assistance to the user and speed of accessing the e-store are notable factors attracting e-customers. Doolin (2004) has specifically pointed out that e-tailing is the sale of products and services to individual customers. According to him, the definition of e-tailing encompasses the sales of products or services online. Rabinovich (2004) and Cao and Zhao (2004) have identified the challenges of e-tailing industry. This challenge begins with the response time of the web-server; moves to the amount of time the customer must wait until the order ships, and also includes the time the shipping process takes. Delone and Reif (2004) have found that at present customers are more likely to continue shopping online when they have a greater experience of online shopping. It is also found that young adults have a more positive attitude towards online buying. Lavie and Tractinsky (2004) have expressed the expressive aesthetics of web-sites that convey a sense of creativity and uniqueness. This type of aesthetics is likely to serve an important role when shopping for specialty goods. The expressive design is relevant to specialty goods because of their unique characteristics that emphasized the shopping experience. Bauer et al., (2006) have compared the services of online retail service vs. traditional retail services. They have identified that the online retail services are broken into two rather distinct phases: the client interaction phase taking place online and the fulfillment phase taking place offline. They also have suggested that web-site quality is a matter of delivering both hedonic and utilitarian elements.

II. OBJECTIVES OF THE STUDY

1. To explore the factors that amount to the growth of e-Retailing in India.
2. To study the benefits and challenges associated with the e-Retailing business setup in brief.
3. To suggest positive recommendations for futuristic growth of e-Retailing in India.

III. RESEARCH METHODOLOGY

(a) Coverage of the Study: This research paper is confined to study of Prospect of e-Retailing in India.

(b) Source of Data: The study is based on secondary data collected through various books, business magazines, journals, newspapers, internet web sites and research studies.

(c) Data Analysis: Analysis of data and information collected from published sources were made keeping the objectives of the study in mind.

Essentials of e-Retailing

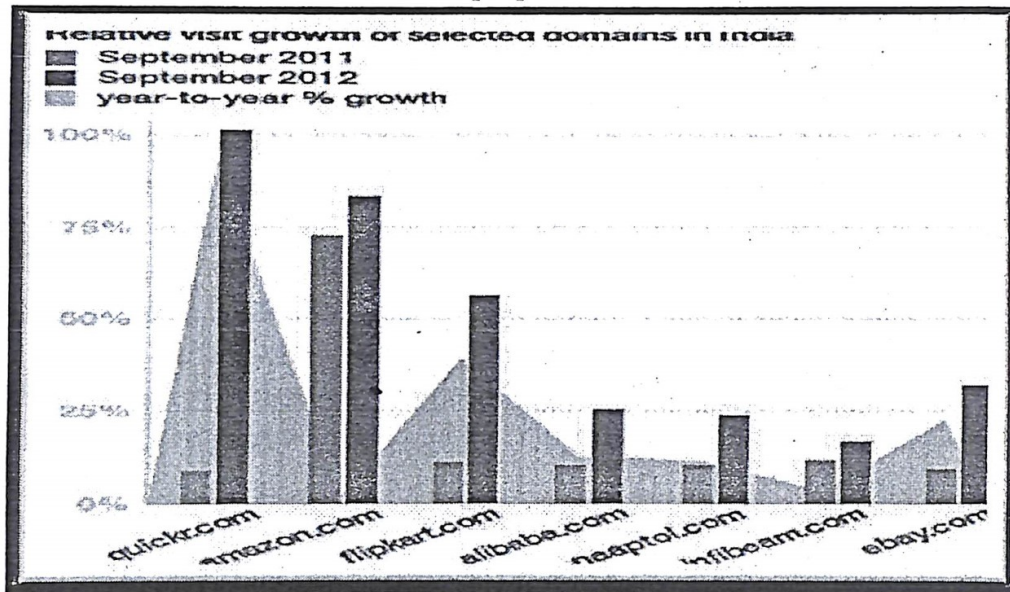
There are certain essential components for an e-Retailing business to be successful. Before setting up an electronic storefront, one must consider these components well in advance. The important essentials of e-Retailing are as:

- E-Catalog
- Search Engine
- Shopping Cart
- Distribution of Digital Goods
- On line Customer sales person
- An order status Checking Facility
- Create Consumer Community

IV. GRWOTH FACTORS OF E-RETAILING IN INDIA

As estimated by Euro-monitor report, Electronic retail growth of Indian market has already touched Rs. 2700 crores in the year 2010 from Rs. 400 crores in 2005. (<http://indianecommercestory.blogspot.com/2010/01/etailing-market-in-india.html>).

E-Retailing, which includes purchases of durable products such as electronic items, home and kitchen appliances, as well as personal items like apparels and jeweler, constitutes 8 per cent of the overall e-commerce market in India. The broadband and mobile penetration, 3G rollout, cash on delivery, internet banking has led to rise in online transactions. Indian e-Retail market is also expected to be more than INR 10,000 crores by 2015. India has seen some dramatic changes in the way internet has affected the lives of the people.



Source: <http://techloy.com/wp-content/uploads/2012/10/Growth-rate-of-top-domains-in-India.pn>

Following are the essential factors which are responsible for significant growth of e-Retailing in India.

Provision of Anywhere Anytime Services: People nowadays find it easier shopping online, as the products get home-delivered coupled with the facility to shop 24x7. Thus, an online buyer saves precious time, extra efforts and money while buying online as compared to buying from physical stores.

(a) **Best Price with Better Bargains:** e-Retailing eliminates the need to maintain expensive and fancy showrooms. Instead, what attracts customer attention to online stores is the 'great deals', 'best prices' and 'better bargains'.

(b) **Rising trend of cyber cities:** The rising trend of internet shopping has taken off more noticeably in metropolitans such as Delhi and Mumbai where both consumers and merchants have become equally net-savvy. There is also rise in internet shopping in small cities such as Chandigarh, Ludhiana, Jalandhar, puducherry etc.

(c) **Mobile Governance:** Moreover the growth of the mobile communication i.e. mobile governance has led to the growth of the online retailing as people are more accessible to internet 24 x 7.

(d) **Increased use of Net banking/credit cards/ debit cards:** The electronic transactions have been made secure by the use of various technologies. The banks (RBI and others) are bringing out new guidelines (like one time passwords, security questions) so that the online transactions can be made safe for the consumer.

(e) **Emergence of Nuclear Family in modern era:** In the present era, nuclear families are increasing and both husband and wife are working, as they have less time to go to the market for purchasing commodities.

(f) **E-Retailing attraction for NRI's :** Online shopping is a big attraction for the NRIs (non-resident Indian), the apparel and gifting business online has maximum NRI consumers.

(g) **Emerging Rural India:** With increased internet and broadband penetration and schemes like e Choupal for the convenience of farmers, the rural India is awakening. If farmers have to purchase any such thing they have to come all the way to a nearby city. The online stores can offer them these products and many good deals in a convenient way.

(h) **Mechanism of Product Comparison:** Most of the websites are providing product comparison facility wherein shopper can choose the product which exactly suits him.

(i) **Government –Online Initiatives:** Online shopping trend is not just for consumer market. The Government is another rising user of the online buying under the overall theme of e-Commerce. A series of initiatives from the government, public sector banks and Indian Railways embracing the net, have helped to boost the confidence of users to trade online in this sector as well.

(j) *Latest trend of Social Networking:* In the age of 21st Century, everyone wants to be in touch with friends and latest trends of technology by using the social networking websites.

(k) *Internet Shopping Portal for e-Retailing:* Internet shopping portal are also responsible for incremental growth of retailing industry.

E –Retailing Portals	Description
www.amazon.com	Amazon started as an online bookstore, but soon diversified, selling DVDs, CDs, MP3 downloads, software, video games, electronics, apparel, furniture, food, toys, and jewellery. Amazon.com also produces consumer electronics- notably the Amazon Kindle e-book reader and the Kindle Fire tablet computer- and is a major provider of cloud computing services.
www.asos.com/ -United Kingdom	Everybody can discover the latest in women's fashion and men's clothing online. Shop from over 40000 styles, including dresses, jeans, shoes and accessories from ASOS
www.ebay.in/	eBay Inc. (stylized as eBay) is an American multinational internet consumer-to-consumer corporation, headquartered in San Jose, California. eBay. in is India's most popular online shopping mall providing free online auctions for products like Mobiles/cell phones, Cameras, Computers etc.
www.hindustanlink.com/	It is a family portal of India provides services such as Beauty Care, Mehendi, Free classifieds, Classified Ads, Gift Services, Shopping, greetings.

www.quikr.com	This online portal buy and sell new & used Mobile phones. Compare prices, models ...Nokia mobile phones, Samsung Mobile phones, Ig Cell phone, blackberry cell phone ads.
www.Flipkart.com	It facilitates Online Shopping of Books, Mobile Phones, Digital Cameras, Laptops, Watches, Clothing & Other Products at Best Price in India. Free Shipping etc.
www.alibaba.com/	On this website, find quality Manufacturers, Suppliers, Exporters, Importers, Buyers, Wholesalers, Products and Trade Leads from our award-winning International Trade Site.
www.naaptol.com/	It provides Online Shopping in India for Cameras, Mobiles, laptops, tablet, pen drive at naaptol.com, an online shopping mall store in india.
www.infibeam.com/	It is an online retailer for books, electronics, and automobiles in India. Started in 2007, the company has offices in Delhi, Mumbai and Bangalore, and has a total of 600 employees. In 2011, Infibeam launched Buildabazaar, an e-commerce platform which allows users to create their own web store.

Major Benefits of E-Retailing to Consumer And Retailers

- Consumer Convenience
- Desirable Price and Selection
- Market Research On-line interactive customer service
- Promotional tool for business
- Virtual showrooms bearing less cost
- Better information for Customer

- 24x7x365 , Anywhere services.

V. FUTURE SCOPE FOR E-RETAILING IN INDIA

Currently e-retailers in India are focusing on producing sustainable and profitable business strategies for their Internet-based operations. Established retailers in India are using physical channels as well as the Internet to market their products. According to Dennis et al. (2004), online shoppers prefer shopping at web sites operated by established high-street retailers. Levy and Weitz (1995) have stated that generally retailers survive and prosper by satisfying customer needs more effectively than their competitors, addressing customer needs through effective. E-tailing in India has rapidly emerged, emulating non-store-based operations and demonstrate how the Internet can potentially completely redefine customer needs using the Internet and the web to create a virtual retail environment with extensive global coverage. For designing an effective e-tailing strategy in India, it is therefore needed to understand the needs of individual customers. Successful e-tailing are concerned with high velocity, flexible systems and procedures, extremely high service levels, and full electronic connections to the trading community (Forger, 2000). In order to develop the right e-tailing strategy, Feare (2002) has addressed five points. They are:

1. Prompt Delivery
2. Supply Chain
3. Demand nature
4. Reverse logistics
5. Accuracy

E-Retailing Companies in India

Today, online shopping has become part and parcel of the people all over the world. Online shopping sites gives a wide range of products and more stuffs to choose based on ones needs. Shopping online always has the advantage of price, many of the products will be discounted to a cheaper price. Customers will also be given online coupons, gift certificates, promotional codes based on special offers through which a considerable amount can be knocked off. One of the major advantages of online shops is that they provide complete information about the products such as – features, product description, sizes, models, colors, prices and many more details, customer reviews and ratings and the best part is they are open 24/7 and one can shop at their convenience. Indiatimes, Fabmart, Rediffshopping give users a wonderful online shopping experience. Online shopping at these sites is quick and easy as the wide range of products are categorized in a very convenient and user friendly manner. Indiaplaza.in is one of the largest book store selling over 3 Million titles. In 2003, 25% of their sales were for books and 15% for electronics. In 2007 there was a drastic drift from books & music to gadgets & electronic items. Today with E-commerce,

their market for books is intact with @60% of their revenue from gadgets with market for electronics increasing significantly Sify technologies kept pace with the market & witnessed more than 70% growth year on year. Gadgets account for much of their sales, says S. Rajaram, Head – Ecommerce, Sify technologies, adding that lot of purchase happen around events. Books bought online increased by 7% in past 2 years & clothing, accessories, shoes increased from 20% to 36% to witness the largest growth.

VI. SUGGESTIONS AND CONCLUSION

In a nutshell, the main suggestions of e-tailing business in India are:

- Customer care should be a top priority as with leading online companies. Online customers are more aware, more sensitive and therefore more difficult to retain.
- The industry should ensure that customers must feel safe and secure while transacting online.
- Consumer has to be served. A best 24x7x365 customer service through email, chat and toll free number facility is what the e-Retailers are providing.

□The industry/company should ensure that customer has the right information – a potent transparency weapon, right mechanism & feels safe and secure while transacting online.

□Objective of website should be to increase public awareness and cognizance of company's name, brand, or identity and make product information available to customers and/or distributor.

□The best method to reach out to people is to create medium through blogs and discussion forums for them so that they have the freedom to rate the quality of service delivery and leave behind suggestions for improvement.

□According to consumer expectations and business needs, Managers can control the degree of freshness of web site content by making design choices, such as use of dynamic pages and the more frequent updating of content.

□Certifying and authentication authorities that have to come up as a sequel to the Information Technology (IT) Act need to be fully operational early.

□Consumer do not think twice before buying a clothing item from a trusted and tried out brand because the fit and touch is already known.

□The steps also need to be taken by sorting out the issues of security and payments. Banking laws and regulations thus need to be adjusted to the new formats and requirements so that electronic fund transfers and credit card culture evolves and sets in India.

In modern scenario, e-Retailing or online shopping has become part and parcel of the people in India . The new wave of consumerism coupled with urbanization with

paradigm shifts in the demographic and psychographic dynamics have driven consumers frequently to use retail website to search for product information and make a purchase of products. And e-Retailing in India can be a success if the e-Retailers change their business models and understand their consumer more because consumer are the real Kings. It is inevitable to create a sustainable environment mechanism for futuristic growth of e-Retailing in India.

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