

A SYSTEMATIC REVIEW ON THE IMPACT OF E-TAILING ON INDIAN RETAIL INDUSTRY

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Abstract

The paper initially focusses on the growth and issues concerning internet retailing in India. The study also aims to explore exhaustively on the growth potential of internet retailers and their prospects in the Indian retail market. The profile of the country's customers is also discussed in detail including their expectations and the complications posed by their demography. The study also intends to analyze the challenges confronting the e-tail players, their hardships, and investments. Using a meta-analysis framework study reviewed articles from national and international journals, newspapers, and books on drivers of e-tail growth in India, E-tail players in India, and Indian E-tail customers. In the results and discussions, more was spoken about the advent and opportunity exposed by the digital wallets to promote internet retailing. In the summary and conclusions investigators talked about the digital learning mania and the dynamic online shopping behavior exercised by the subscribers of e-tailing.

Keywords: Internet Retailing, Organised Retail, Retail Experience, Multifold Gadgets, Electronic Retailing, India

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INTRODUCTION

The unprecedented growth of organized retail is having a forward-looking and doubling effect on the economic scenario of the country. Online retail business is a prospective business format for the next generation having high growth potential currently. After dealing with physical stores, retailers are now venturing into the arena of e-retailing. E-tailing or e-retailing deals with the selling of products in the retail format electronically using the Internet. The term is a short usage for 'electronic retailing', which commenced in the 1990s frequently using the Internet. The term is a complementary addition to common terms such as e-business, e-mail, and even e-commerce. E-tailing primarily considers the business-to-consumer (B2C) commercial transactions.

According to Turban (2006), e-tailing is when retailing is conducted online, utilizing the internet. Doolin, Dillon, Thompson, and Corner (2005) specifically stressed on the point that e-tailing involves the sale of products and services and caters to individual customers. According to him, e-tailing is all about the sales of products or services conveniently online. Bauer, Falk, and Hammerschmidt, (2006) emphasized that the online retail services are divided into two rather distinct divisions: the client interaction stage taking place online and the next stage fulfillment phase, which takes place offline. India has occupied a remarkable position in global retail rankings; the country has high market potential, low economic risk, and moderate political risk. India's net retail sales are fairly significant among promising and developed nations; noticeably, the country is ranked third (after China and Brazil) (IBEF, 2016).

India had the first application of online E-Commerce when used by the IRCTC. It is a division of the Indian Railways, innovated the function of e-commerce in India. The success story of online ticket booking was on a large scale motivated other business players to try out this technique for expanding their e-businesses, to increase sales volumes and thereby to attain high profits. Emulating the success story of the IRCTC, the online ticketing was even followed by the airlines (like AirDeccan, Indian Airlines, Spicejet, etc.). The online shopping has a good presence in India since 2000 and has gained popularity with the innovation of deep discount model by Flipkart, back in 2007.

Further other portals including Amazon, Jabong, etc. are aggressively targeting Indian consumers to gain a sensible share of their business. Gupta (2012) believed that in the changing retail state of affairs, the consumers should essentially look beyond traditional retail stores and transform their purchase towards organized outlets withstanding some uncertainties.

There are still plenty of avenues in the market for innovative and well planned virtual merchants, such as Amazon and eBay. In the Internet's second and more remarkable and sustainable period of growth, it is the established players in retailing, rather than the 'pure-plays' who are exercising a more dominant role (Min, & Wolfinger, 2005). Online retail reduces the burden and difficulty of small-town retailers who can now reach the metro customers utilizing the medium of the internet. Ambareesh Murty, country manager, eBay India, concurs, 'women from the metros are buying a lot of sarees, the sellers are spread across various cities and towns of India, including manufacturing hubs and handicraft hubs like Davangere (Karnataka), Chittaurgarh (Rajasthan), Lucknow(UP) and Kunnankulam (Kerala)'. E-tailing, which comprises of online retail and online marketplaces, now has emerged as the fastest-growing area in the larger market known to grow at a CAGR of around 56% over 2009-2014 (PwC, 2015).

In the words of research and consultancy organization RNCOS, the e-tailing expansion is expected at a CAGR of 40-45% in the period of 2014-18. 'The trend is expected to continue as the online retail market in India is estimated to touch the mark of USD 14.5 billion by 2018,' according to RNCOS. The expectations and returns from the Indian retail market are huge, and it is expected to touch an ambitious figure of USD 1 trillion by 2020, according to Mr.Nitin Bawankule, the Director of e-commerce in India. Sankarson Banerjee, CEO of Future Bazaar (the Future group's e-tailing venture), says, 'E-tailing accounts for 7-10 percent of our worldwide sales. We expect this share to increase in the coming years. Electronic goods and apparel are the most popular online purchases.' Abrar (2012) concluded that facilitating healthy FDI in the retail sector also helps to increase GDP and also is an indicator of economic development.

Objectives

1. To explore the growth and issues concerning internet retailing in India.
2. To explore the growth potential of internet retailers and their prospects in the most prospective Indian retail market.
3. To analyze the challenges confronting the e-tail players, their hardships, and investments which they are forced in to in creating success stories.

Method

The method has a strong reliance on secondary data and an exhaustive review of literature spanning more than ten years. A systematic review with meta-analysis follows this.

Materials

The exhaustive materials contributing to this paper are a variety of referred journals, national and international, and newspaper articles which gave an insight of subject matter experts in the arena. More expertise was gained from Retail Management textbooks by reputed authors. The details have been elaborately cited in the references.

Procedure

The procedure included an elaborate review and analysis of related literature using journal articles, newspaper articles, and books on the topic mentioned. Meta-analysis was done to get the maximum effectiveness and the period spanning more than a decade of literature added to its completeness. Identified literature is arranged under three major headings. The contents mentioned under three major headings talk about 1) Drivers of e-tail growth in India, 2) E-tail players in India and 3) Indian E-Tail Customers. Detailed descriptions are given below.

Drivers of e-tail growth in India

It's interesting to know how that the established retailer community reacted to the onslaught on their market position, evidently posed by virtual merchants and manufacturers, and was eager to cut out the middleman. Moreover, they propose that it is those cutting edge retailers who have formed the most sophisticated web-site which will facilitate the greatest competitive advantage from their on-line ventures and offerings (Wetevrenden & Boschma, 2008). As Tse (2007) notes the power of the 'clicks and mortar' strategy is that it provides the freedom to the established retailers 'To leverage their existing physical assets and brand', while also providing the customers to enjoy the range of personal and sensual pleasures involved in shopping. There is a huge investment made by the Indian retail business in a lot of ancillary industries. The online retail industry was booming very strongly in the last two decades.

Access to the internet will need supporting devices, which could be broadly classified into PCs/laptops, mobile smartphones, and tablets. The usage rate of laptops and PCs is increasing steadily, complemented by increasing affordability and want. It is projected that by the end of 2020, 150 million populations will be having either a laptop or a PC. Still, a disruptive change is anticipated to be carried on by the propagation of smart devices, i.e. smartphones and tablets. The statistics say that in 2012, that the Indian population possessed 1 900 million mobile subscriptions and as many as 380 million mobile phone consumers. It is expected that by the year 2020, there would be 600 million mobile phone users (Technopak, 2013). However, an interesting feature is that these mobile phone users will switch from normal mobile phones to smartphones. Availability of free internet in common areas, demonetization, and a variety of user-friendly E-tailing applications are providing online retail with a great opportunity.

According to IBEF (2012), India had long time plans for Paytms as a part of creating a retail infrastructure, institute around

50,000 retail outlet centers which will be of great advantage to customers to make their payments online using digital wallets. The plan is to assign preferably Kirana stores as logistics partners to coordinate payments digitally. According to Malik, Kumara, and Srivastava (2013) it was revealed that perceived usefulness and flexibility significantly affect the popularity of m-commerce (mobile commerce), and on the contrary perceived financial risk creates a limitation on the acceptance of applying m-commerce by consumers. Demonetization gave a big boost to avenues like Paytm and the usage of digital wallets in India. 'Demonetization has opened up an ocean of opportunities to get into innovative partnerships between digital wallets which promote retailers to apply digital technologies,' Retailers Association of India (RAI) CEO Kumar Rajagopalan told Press Trust of India (PTI).

Lavie and Tractinsky (2004) stressed the expressive aesthetics of web-sites which signifies a sense of creativity and uniqueness. This feature of aesthetics is expected to serve an important influence when shopping for specialty goods. The expressive design applies to specialty goods because of their distinctive characteristics that supported the shopping experience. The website design, product design and features, time required and difficulty to complete the online order form, ease of searching product and service, information recovery methods, information display, use of color and surroundings, support to the user and convenience of accessing the e-store are prominent factors attracting e-customers. Bauer et al. (2006) have recommended that web-site quality is a substance of offering both hedonic and utilitarian components.

The other expected e-store services are delivery on the promised time, an efficient return and replacement process, ease of filling out online orders form, and speed of response time to customer's grievances. In addition to this, it has recently been found that the embracing of e-commerce, by retailers, is principally driven by management support and even by strategic fit, even as its perceived triumph requires retailers to position a portfolio of appropriate resources and capabilities, complementing its on-line operations (Doherty & Ellis-Chadwick, 2009). Since then, a very considerable body of research is accumulated, which openly adopts a consumer perspective, and thereby provides detailed inputs into shopping behaviors, the process involved, and even the factors which influence shopping behaviors (Keen, Wetzels, de Ruyter, & Feinberg, 2004). It helps internet retailers to get into personalized services and aggressively promote it to the customer.

Online retailers continue with promotional prices offered in the market, contributing a significant boost to e-retailing in consumer durable sector options like cash-on-delivery and even manufacturers' warranty complement this deal. Even though Internet prices are mostly lower than their off-line counterparts, there is plenty of evidence that on-line prices, for the same products, have a big difference (Brynjolfsson & Smith, 2000). Online shopping provides a fast, convenient, money-saving, and remarkable shopping experience. It has various advantages including 24 hours shopping. It also facilitates shopping using a coupon to get a discount, doing shopping from home, which also provides the advantages of rich product availability with multiple specifications. Cash-on-delivery is the most prevalent and most convenient payment mode with a very good subscription of more than 30 percent of buyers selecting it for their purchasing in India (IBEF, 2016).

The key drivers of online retail include easier access to credit and payment options, the ever-increasing internet penetration, and speed along with 24-hour accessibility coupled with convenient and secure transactions. Other advantages include no rent or land costs, universal reach, any time accessibility, and the provision for comparison of prices online. These days many sites like Shopclues, eBay, Paytm provide great deals daily or weekly

which you can't resist. The offers range from a Jaw-Dropping Deal, Sunday Flea Deal, PayTm Karo, eBay, and Amazon Lightning Deals. These also could be in the form of Sankalpdeals, Homeshop18.com, Flipkart offers, and even Amazon Happy Hours.

E-tail players in India

Details of major E-tail players in India are included in this heading. Major E-tail players in India include Amazon.in, eBay.in, Flipkart.com, Jabong.com, Myntra.com and Snapdeal.com. Descriptions are mentioned underneath.

Amazon.in

It's the world's biggest e-commerce company based in the United States of America and its Indian subsidiary Amazon.in is also a promising online business enterprise in the country. Amazon started its operations in 1994 in Washington as a bookseller, which later expanded its business to a range of products like Blu-rays, CDs, DVDs, MP3-MP4 downloading/streaming, electronics, video games, software, food, furniture, apparels, and toys so on. As on date Amazon.in is India's largest online shopping portal having a net worth of US\$ 3,24,25,00,000.

eBay.in

It's a U.S. based multinational online marketing organization, eBay.in which was incorporated in 1995 and is spread over 30 countries today. It is the leading online platform where customers and organizations buy and sell products and services. Items from different categories including apparel, electronics, jewelers, home appliances, and automobile products can be dealt with at eBay. The net worth of e-Bay.in was a figure of US\$ 35, 80, 00,000 in June 2015. eBay.in is the Indian version of the favorite global online shopping portal eBay.com which is the world's online marketplace.

Flipkart.com

Flipkart is the leading Indian online retail shopping web portal started by Binny and Sachin Bansal in 2007. It commenced its operations in Bengaluru but is registered in Singapore, and this website was started as Flipkart Online Services Private Limited. The book 'Leaving Microsoft to Change the World' was the first item dealt with by Flipkart. Flipkart has expanded to the current stage and is one of the largest online shopping outlets in a very short period. The net worth of Flipkart has reached a figure of US\$ 74, 96, and 58,861 in June 2015. After the takeover of letsbuy.com now Flipkart is the largest player in the e-commerce of India.

Jabong.com

Jabong.com was incorporated in 2012 and was based in Gurgaon, Haryana, and is a known brand in lifestyle and fashion in the online retail space. Now Jabong is one of the leading e-commerce companies based in India and has an estimate of, 58, 23,695 as of June 2015. The latest news is that in July 2016, Flipkart acquired Jabong.

Myntra.com

Myntra.com is a Bangalore based leading Indian online apparel and lifestyle web portal. It was founded by the Indian Institute of Technology (IIT) alumnus Mukesh Bansal, Vineet Saxena, and Ashutosh Lawania in the year 2007. Myntra has range offerings ranging from T-shirts, Shoes, watches, and much more at the most reasonable prices. Myntra.com joined hands with Flipkart in 2014 through a merger.

Snapdeal.com

Snapdeal.com is one of the largest players in the Indian retail e-commerce industry. It was founded in 2010 by two brothers Kunal Bahl and Rohit Bahl and is based in New Delhi. It commenced its operations as a leading platform for buyers and sellers and later became a major online marketplace. It is one of

the fastest growing online retail companies in the country. In June 2015, the net worth of Snapdeal.com was amounting to US\$ 43, 41, and 65,075. Snap Deal offers a range of products from local daily deals on restaurants, spas, travel to online product deals. Their specialty is the offer of the best price with free shipping.

Indian e-tail customers

This section talks about reviews, reports, and news of the customers of the Indian E-tail. According to the IBEF report (2015), India is expected to become one of the biggest markets for internet retailing because of a lot of investment in this area as well as the gradual shift in the shopping behavior of internet users. It was a magical expansion that is expected to happen in India's e-commerce market which is expected to expand from USD 2.9 billion in 2013 to beyond USD 100 billion by 2020. The prevalent use of smartphones, tablets, and the internet in multifold gadgets using broadband 3G/4G technologies has produced a strong consumer segment which is likely to increase further. M-commerce is an emerging avenue of technology in India which is dedicated to the exemplary shopping experience, but never have an intention to look down at conventional methods, rather it has a noble intention of empowering the same. This development, combined with a lot of homegrown e-tail companies having innovative business models is responsible for the emerging e-tail market in India ready to take off at high speed. Delone and McLean (2004) believe that customers are more prone to continue shopping online when they enjoy and perceive it as have a greater experience.

In the early days of online retailing, only young males, who are generally better educated and well-off than their contemporaries, only had the confidence and desire to experiment with this dynamic and interesting new channel (Korgaonkar & Wolin, 1999). It was also visible that the most ambitious, early adopters of the Internet and those who embraced online retailing were retailers whose core business segment was young men. These customers were members of the professional/managerial classes (Doherty & Ellis-Chadwick, 2003). The latest research suggests that in terms of their demographic profiles of age, gender, education, and salary, Internet shoppers are not much different from their offline counterparts (Jayawardhena, Wright, & Dennis, 2007).

Customer's positive attitude in subscribing to online shopping is a major predictor of making prospective online purchases (Yang, Lester, & James, 2007). In India, there are lots of factors that change the customer preference to choose an e-tail website. It can be because of the increase in family income, which will lead to more disposable income. Some customers are very brand conscious, and they prefer the e-tail website where they will get a particular brand. The young generation has a feeling that only famous brands are providing a good quality product, so they have a practice of buying branded products from branded shops. According to the NCAER data, the total families with the annual income less than INR 90,000 have been reduced to 1, 14,394 in 2013 from the previous figure. This shows that the annual income of Indian households increased and because of this, the standard of living also will increase. Due to this the social class to which they previously belonged also changes. Customers are having a lot of options for shopping online retailing, which is dealing with a vast range of products. Now, most of the retailers started their online sale web sites; at the same time, they have also tied up with other online retailers.

RESULTS AND DISCUSSION

An Indian retail customer is reluctant to use their digital wallets for payment for which security is the main constraint. Consumers are expected to be cautious to shop online as they have concerns attached to financial risks, including the leakage of credit card information, privacy issues related to credit card handing, or

insensible related to a purchase (Forsythe & Shi, 2003). A majority of Indians prefer to shop the product taking into consideration the tangible features after touch-and-feel only which creates an unparalleled experience of the products purchased. The day to day increases in the shipping charges is creating a negative effect on the customer's mindset. Most of the e-tailers tend to use English to communicate to reach a wider population in India, and it is observed that regional Language is a preferred option in their website for better market penetration. The deficiency of skilled human resources influences the goods delivery and to a great extent, the return process. The simplicity of return policy is often distress to online shoppers (Teo, 2002). The big-time retailers in the field of retailing venturing into unhealthy competition lead to the closing down of small players. A good number of potential e-tail customers have a grievance that there is negligible direct interaction especially with the principals whom they are in constant touch. As per Eroglu, Machleit, and Davis, (2001) the retail market is very unpredictable, consumers are fast evolving, and retailers need to comprehend expanding their operations, which calls for further driving the demands and need for IT adoption.

Summary and Conclusion

Valdani (2009) clarified that organizations are important due to the presence of the consumer who has to be taken care of. Today's consumer is ever more associated with both the material and the digital space and is prepared to collaborate with a range of retailers through various channels in tandem with the assistance of physical and virtual methodologies. The rising learning mania and dynamic online shopping behavior displayed by the consumers will play a pivotal role in gaining prosperity to the contemporary retailing in India (Akra, Anwa, & Khan, 2014). Online shopping provides a fast, convenient, money-saving, and remarkable shopping experience. Changes in the lifestyle of the customer will lead to a difference in preferences. Suggestions for further research are a qualitative analysis has a good scope in the research to get e-tail customers to feedback as a result of an in-depth analysis. This could give detailed and in-depth suggestions regarding the expectations and aspirations of the customers in various dimensions. The current developments in the Indian economy including demonetization, have given a thrust to digital wallets and ultimately to internet retailing.

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Conflict of Interest

There is no conflict of interest between the authors

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