

“E-Commerce and E-tailing In India”

Komal Gupta

Research Scholar (P.hd in Commerce)

ABSTRACT

In this paper I discuss about the E-Commerce and E-Tailing. E-commerce (EC), an abbreviation for electronic commerce, is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet. These business transactions occur either as business-to-business (B2B), business-to-consumer (B2C), consumer-to-consumer or consumer-to-business. Growth in e tailing and e commerce has been tremendous within the recent years and continue to expand in both volume and value. This study also includes the role of internet in e commerce. Unsurprisingly, the Internet is crucial to the smooth operation of E-Commerce. Businesses using E-Commerce alone need a fast, reliable service. The objective of my study is to understand e commerce and e tailing, role of internet in e commerce and e commerce in India. To achieve the objective of studying the data has been collected from secondary data collection method. The secondary information is mostly taken from websites, books, journals, etc.

Keywords: E-Commerce, E- Tailing

Objective of the study:

- To understand the concept of E-Commerce and E-Tailing.
- To Study about the e-commerce in India.
- To understand the role of internet in e-commerce.

METHODOLOGY-

To achieve the objective of studying the data has been collected from secondary data collection method. The secondary information is mostly taken from websites, books, journals, etc.

E-Commerce-

E-commerce (EC), an abbreviation for electronic commerce, is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet. These business transactions occur either as business-to-business (B2B), business-to-consumer (B2C), consumer-to-consumer or consumer-to-business. The terms e-commerce and e-business are often used interchangeably. The term e-tail is also sometimes used in reference to the transactional processes for online shopping.

History of e-commerce

The beginnings of e-commerce can be traced to the 1960s, when businesses started using Electronic Data Interchange (EDI) to share business documents with other companies. In 1979, the American National Standards Institute developed ASC X12 as a universal standard for businesses to share documents through electronic networks. After the number of individual users sharing electronic documents with each other grew in the 1980s, the rise of eBay and Amazon in the 1990s revolutionized the e-commerce industry.

Types of e-commerce

- **Business-to-business (B2B)** e-commerce refers to the electronic exchange of products, services or information between businesses rather than between businesses and consumers. Examples include online directories and product and supply exchange websites that allow businesses to search for products, services and information and to initiate transactions through e-procurement interfaces.
- **Business-to-consumer (B2C)** is the retail part of e-commerce on the internet. It is when businesses sell products, services or information directly to consumers. The term was popular during the dot-com boom of the late 1990s, when online retailers and sellers of goods were a novelty. Today, there are innumerable virtual stores and malls on the internet selling all types of consumer goods. The most recognized example of these sites is Amazon, which dominates the B2C market.
- **Consumer-to-consumer (C2C)** is a type of e-commerce in which consumers trade products, services and information with each other online. These transactions are generally conducted through a third party that provides an online platform on which the transactions are carried out. Online auctions and classified advertisements are two examples of C2C platforms, with eBay and Craigslist being two of the most popular of these platforms. Because eBay is a business, this form of e-commerce could also be called C2B2C - consumer-to-business-to-consumer.
- **Consumer-to-business (C2B)** is a type of e-commerce in which consumers make their products and services available online for companies to bid on and purchase. This is the opposite of the traditional commerce model of B2C. A popular example of a C2B platform is a market that sells royalty-free photographs, images, media and design elements, such as iStock. Another example would be a job board.
- **Business-to-administration (B2A)** refers to transactions conducted online between companies and public administration or government bodies. Many branches of government are dependent on e-services or products in one way or another, especially when it comes to legal documents, registers, social security, fiscals and employment. Businesses can supply these electronically. B2A services have grown considerably in recent years as investments have been made in e-government capabilities.

- **Consumer-to-administration (C2A)** refers to transactions conducted online between individual consumers and public administration or government bodies. The government rarely buys products or services from citizens, but individuals frequently use electronic means in the following areas:
 1. Education: disseminating information, distance learning/online lectures, etc.
 2. Social security: distributing information, making payments, etc.
 3. Taxes: filing tax returns, making payments, etc.
 4. Health: making appointments, providing information about illnesses, making health services payments, etc.

What Is Electronic Retailing – E-tailing?

Electronic retailing (E-tailing) is the sale of goods and services through the internet. Electronic retailing can include business-to-business (B2B) and business-to-consumer (B2C) sales of products and services. E-tailing requires companies to tailor their business models to capture internet sales, which can include building out distribution channels such as warehouses and product shipping centres.

Electronic Retailing Explained-

Electronic retailing includes a broad range of companies and industries. However, there are similarities between most e-tailing companies that include:

- An engaging website
- Online marketing strategy
- Efficient distribution of products or services
- Customer data analytics

E Tailing Vs E Commerce

E Tailing vs E Commerce	
E tailing is the activity of selling of retail goods on the internet.	E commerce is the commercial transactions conducted by electronic means on the internet.
Nature	
E tailing is a narrow concept.	E commerce is a broad concept in which e tailing is a part of.
Markets	

The United States is the biggest market for e tailing in the world at present.

At present, China is the biggest market for e commerce.

The difference between e tailing and e commerce mainly depends on the range of services offered by; where customers can purchase goods and services through e tailing, e commerce involves a number of services such as electronic funds transfer, internet marketing and online transaction processing. Growth in e tailing and e commerce has been tremendous within the recent years and continue to expand in both volume and value

Role of Internet in E-Commerce-

Unsurprisingly, the Internet is crucial to the smooth operation of E-Commerce. Businesses using E-Commerce alone need a fast, reliable service. Without an Internet connection and the huge developments in multimedia there would be very limited E-Commerce opportunities. Of course, the fast pace of technological change does increase the demand for E-Commerce just as the demand in turn increases the need for faster cheaper technology.

The Internet and its underlying technologies provide the infrastructure of E-Commerce. Web and networking technologies that include TCP/IP Protocols, Web Servers, Cloud computing and the mobile platform, enable a plethora of E-Commerce applications. Online Shopping Carts, Supply Chain Management and Customer Relationship Management applications are some of the systems made possible by the development of the Internet.

E-Commerce In India-

Let's take a look at some of the top e-businesses in the field today:

- ❖ E-Bay
- ❖ HomeStore.com
- ❖ Oracle
- ❖ CISCO
- ❖ Amazon.com
- ❖ DoubleClick.com
- ❖ YAHOO!

E-Commerce in India is passing through an interesting phase. Consumers are evolving and increasingly getting used to the idea of shopping online and certainly looking for info on anything and everything. It is expected that sooner or later marketplace players will start to go slow on discounts and consumer will demand delightful experience. In the world of deep discounts; customer care, exhaustive range, product information will emerge as some of the most important requisite to become successful in India. At Brand Loom Consulting we believe that the above will be the biggest opportunity for brands. We call it "Digital Brand Commerce"

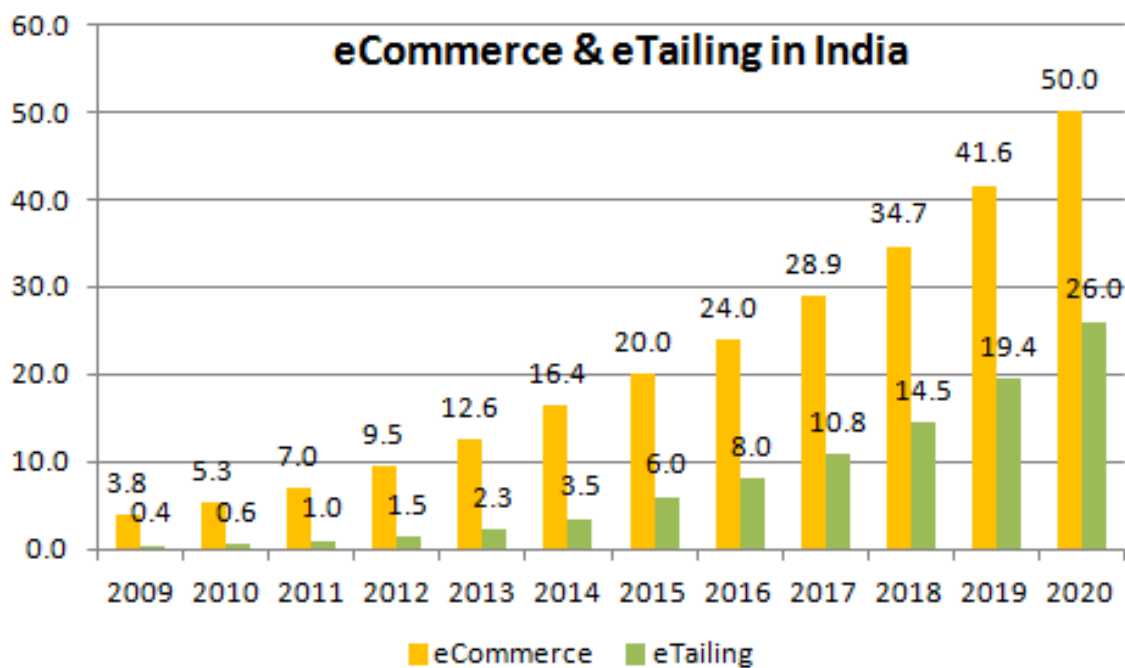
❖ Current status of E-Commerce in India

Indian eCommerce market is one of the fastest growing online retail market in the world. Current (in 2015) market size of eCommerce in India is estimated to be around US\$ 19-20 billion with eCommerce Retail market pegged at around US\$5 – 6 Billion in 2015.

❖ E-Commerce in India: Market Scenario

Indian eCommerce market is still maturing and currently caters to young consumers (75% of online shoppers in India are under the age of 35) with a keen eye for fashion and technology. It is estimated that the eCommerce market will account for 2.5 per cent of the India’s GDP by 2030, growing 15 times and reaching USD 300 billion. The report by Goldman Sachs also said that the “hyper growth in affordable smartphones, improving infrastructure, and a propensity to transact online,” as key growth factors.

Status of E-Tailing & E-Commerce in India: Past Present & Future



❖ The most important socio-economic and socio-cultural trend is the emergence of the middle class (200 Million people in 2013), who will be 35% of the population (500 million) by 2023.

Population Division of India	2013	2017	2020	2023
Population (Million people)	1209	1286	1319	1384
Lower Class*	1007	968	920	875
Middle & Upper Class*	201	318	399	509

- ❖ Middle class (in combination with upper class) of India will have substantial purchasing power (Current 50% of country disposable income US\$400 billion to 75% of total disposable income US\$1 trillion by 2023).

Disposable Income in US\$ Billion	2013	2017	2020	2023
Total Disposable Income	745	963	1144	1403
Lower Class	359	359	346	334
Middle & Upper Class	385	605	798	1069

This Young Population has no baggage of the past. They are born in an era of open consumerism

- Are confident and Optimistic about their Future
- Looking for opportunity to improve themselves
- Admires & Appreciates “Youth” and “Modernity” primarily inspired by west.

- New Generation icons are modern achievers like Bill Gates

❖ This is resulting in Lifestyle change with emergence of new value propositions like fashion and convenience rather than merely price. India's retail market will be undergoing complete transformation over the next decade with the emergence of eTailing and organised retail, which will be adding fuel to the apparel growth.

Retail Market status in India	2013	2015	2017	2020
Retail Market size (US\$ Billion)	535	614	705	867
Organised Retail	73	102	144	229
Unorganised Retail	462	512	561	638
Organised Retail as a % of total Retail	14%	17%	20%	26%
eRetail Market in India (US\$ Billion)	2.3	6	11	26
eRetail as a % of Total retail Market	0.4%	1%	1.5%	3%
eRetail as a % of Total retail Market	3%	6%	7.5%	11.4%

E-Commerce in India: Competitive scenario-

Many international (such as Amazon, Alibaba, eBay etc.) and homegrown (Flipkart, Snapdeal) players are fighting battle to win consumer and garner as much market space as possible. The eCommerce players are not trying to turn profitable anytime soon but to ensure that more and more people come online and buy on their portal. It is estimated that they will start to turn profitable by 2020 with reduced discounting.

At Brand Loom Consulting we believe that deep discounts, free shipping, intense competition and higher rejection rates due to cash on delivery (CoD) have impacted eetailing adversely. It will be very difficult for eCommerce players to overcome such issues.

eCommerce in India: Future of Brands

Till now most of the retail brands have been watching the entire game from the sidelines. Most of the brands were worried about potential channel conflict and did not want to offend their offline distributor and retailer. Traders have taken advantage of this situation and have started selling brands on the mushrooming marketplaces. These traders are completely ill-equipped to manage the complexity of the web and have been surviving by offering lower prices than the other one. The concept of customer service, customer intimacy and grievance handling has been on backburner. Leading marketplaces have evolved the situation and have started offering services like PaisaPay (ebay), A-to-Z Guarantee (Amazon) to protect consumers from mischievous sellers.

With consumers already getting used to the idea of shopping online sooner or later marketplace players will start to go slow on discounts (something which we have seen with organized retailers and travel-commerce companies in India and world over), customer care, range, product information will emerge as some of the most important requisite to become successful in India.

At BrandLoom Consulting we believe that the above will be the biggest opportunity in India. We call it “Digital Brand Commerce” and it will be driven by Brands across the categories and industries. Strong brands with distinct value proposition needs to adopt online retailing not only to sell their products but also to share their Brand Story. Consumers love to connect with brands with a soul and online consumers do that much more. By reaching out to consumers directly:

- Brands will be able to communicate (in the best possible manner) who they are, what they do and why should a consumer care about them & buy from them.
- Brands will be able to command higher margin and reduce cost as they will be able to save channel margin which at times is as high as 50% to 60% of the maximum retail price of a product.

- Brands will be able to increase their Speed to market as they do not have to depend on pushing through their new products through inefficient distribution networks.

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