

COMPARATIVE STUDY OF RETAILING VS E-TAILING IN UPCOMING RURAL INDIA WITH SPECIAL REFERENCE TO VILLAGES AROUND NAVI MUMBAI.

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ABSTRACT

With rapid growth of the Internet and globalization of market, the E-tail 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. Online buying has allowed consumers to buy their favorite products at the click the mouse while sitting at their homes. Presently, there are more than a hundred virtual shopping stores in the country that allow consumers living in tier 1, tier 2 and tier 3 cities, big or small towns and in villages - to enjoy the quality of leading brands. E-tailers offers everything from electronic gadgets such as mobile, computer, camera, TV, clothes, books, kitchen appliances, furnitures, Jewelery, Cosmetics & contraceptives. The main objective of this study is to understand the impact of after sales services on credibility of etailers.

Key Words: Etailing, Electronic Gadgets, Globalization, Virtual Shopping

INTRODUCTION

India lives in villages & Indian rural market with its vast size and heterogeneous demand base offers great lucrative opportunities to marketers. After all, two thirds of countries consumers live in rural areas and almost half of the national income is generated in the rural hinterland. Recent developments, which has taken place in the rural areas under the five- year plans and other such special programmes, are phenomenal. The overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. Development programs in the field of agriculture and related activities such as health education, communication, rural electrification, etc has resulted in the improvement of the lifestyles of village population through rapid rise of rural incomes which results in the rise of consumption pattern especially for factory produced goods in rural areas Rural India, which accounts for 83.3 per cent of the country's more than one billion population (according to the Census of India 2011), is not just witnessing an increase in its income but also in consumption and production.

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Hon'ble Shri Narendra Modi, Prime Minister of India has laid emphasis on rural improvement, employment generation and promotion of rural entrepreneurs through various rural development initiatives like Make In India & skill India, Startup India, Digital India etc.

The retail sector in India is witnessing a huge change in its retail industry as traditional markets make way for new formats such as departmental stores, hypermarkets, supermarkets and specialty stores. India is the 5th largest retail market in the world. Retailing in India accounts for over 10% of the country's Gross Domestic Product (GDP) and around 8% of the employment. The current market size of Indian retail industry is about US\$600 billion (Source: IBEF). By 2020, the Indian retail market is expected to nearly double to US\$1 trillion.

There are some major players in rural retailing to cater the need of Rural Population. They are; (i) DSCL - Hariyali Kisan Bazar (ii) Godrej- Aadhaar (iii) HUL Project - Shakti (iv) ITC - e-choupal and Chaupal Sagar (v) Kisan Seva Kendra.

The Indian retail scenario is poised for a quantum leap. Not only are newer names set to do the retail landscape but also new and emerging retail formats (especially in rural sector retailing) will drive the diversity of the fast-changing retail backdrop.

When Retailing is in boom, the convenience of shopping with online stores (online shopping), multiplicity of choice under one roof (Shop-in-Shop), and the increase of mall culture etc. are factors appreciated by the new generation. These factors are expected to drive organized retail growth in India over the long run. While the highly disruptive online retail has very small share in the total retail industry, it is growing at a very fast pace. Online retail in India is expected to be at par with the physical stores in the next five years,

Presently, there are more than a hundred virtual shopping stores in the country that allow consumers living in tier 1, tier 2 and tier 3 cities, big or small towns and in villages - to enjoy the quality of leading brands. E-tailers offer everything from electronic gadgets such as mobile, computer, camera, TV, to clothes, books, kitchen appliances, furnitures, Jewellery, Cosmetics & contraceptives. The benefits of variety, offers, discounted deals and convenience is driving the online shopping trend. India's large population base, changing consumer lifestyle and lack of infrastructure for bigger brick and mortar stores, is increasing opportunities for the e-commerce industry.

With internet penetration gradually increasing and new modes of payment such as cash-on-delivery coming into vogue, rural India, alongside tier II and tier III towns, are breathing life into the country's R2,050-crore e-retailing market, growing at 32% annually. Online retailing portals such as Flipcart.com, Snapdeal.com, Homeshop 18 and

Naaptol.com are registering anywhere between 40 and 60% of their sales from rural areas, apart from the tier II and III cities

India's Internet user base is expected to grow to between 300 million and 450 million in the next 3–5 years, driven by growing adoption of fixed broadband and the launch of 3G/4G services. Consumers in India have adopted innovative approaches to payment, such as net banking, prepaid wallets, and cash- or card-on-delivery. About 20–50% of online transactions are supported by the cash-on-delivery payment method. Leading logistics companies have recognised the growth in the ecommerce sector and are investing in their network to better address the opportunity. Some e-tailer companies are also building their own logistics. The average turnaround time for e-tailing deliveries has declined from 4–5 days to 1–2 days in the last year or two.

According to industry body IAMAI, the number of mobile Internet users in India is expected to grow over 55 per cent to 371 million by June this year, driven by strong adoption in rural parts of the country.

Mobile Internet users in urban India in 2015 was 219 million, about 53 per cent of the urban population. Rural India recorded 87 million mobile Internet users, doubling from the number in 2014. "The rural has a large potential for mobile internet and the data consumption is poised to grow leaps and bounds," said the report.

PROBLEM IDENTIFICATION-

Even though E-tailing has emerged as the sunrise industry in India & has helped in bringing a consistent hike in the economy of the country, it's penetration in the rural area is a major constraint due to availability & awareness of Internet facility, Demographic variations whereas in India for a long time a large chunk of retail outlets were grocery shop but this pattern has been changing in recent years, in urban and rural markets.

RESEARCH OBJECTIVES:-

- 1) To study current scenario of retail Vs E-tail market in villages.
- 2) To analyze challenges for e-tail market penetration in rural areas.
- 3) To design efficient distribution & supply chain system for remote villages.
- 4) To draw out, the driving factors for growth of the retailing & e-tailing in rural market.

LITERATURE REVIEW:-

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 fulfilment phase taking place offline. They also have suggested that web-site quality is a matter of delivering both hedonic and utilitarian elements.

According to Turban (2006), e-tailing is defined as retailing conducted online, over 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. 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.

Ratchford (2001) have told that through Internet, consumers can gather information about merchandise and they compare a product across suppliers at a low cost. 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. Myerson (1998) expressed that consumers are getting smarter in using e-tailers (and online search engines and agents) for convenience and comparison shopping.

Guttman (1998), describes Several unique elements make online shopping different from the traditional in-store retail model. Besides offering convenience and expanded product variety, the online model also makes it easy for consumers to access and compare data from multiple sources. Meeker (1997), retailers might cry foul, but the new shopping paradigm they have to face is that as premium customers begin to accept the e-tail alternative in larger numbers.

For the world's retailers, there is no doubt that India is the Promised Land (Fels, 2007). The modern retail formats are showing robust growth in the form of departmental stores, supermarkets and hypermarkets (Gill, 2007). The Retail industry in India is largely unorganized and predominantly consists of small, independent, owner-managed shops that have dominated Indian retailing over the decades and are present in every village and local community or street corner stores, addressing the needs of the population in the area and being the point of contact with the consumer. There are about 12 million retail outlets in the country; only about 4 per cent of them are larger than 500 sq. ft in size (Gill 2007).

Ordinary people are buying what the rich can afford, a surprising number of consumers have accepted private label brands in a country where small, individual stores selling no-

name goods have been the rule for decades (Gill, 2007). China, India, Brazil and Russia remain the highest priority markets for retail expansion according to these executives, with nearly 80 percent of respondents citing one of these markets as part of their firms' plans for short-term international growth. (Global Retail development index 2010).

Rajesh Kesari et. al (2012) studied the significance of retailing in rural India and explained the internal and external factors that influence the rural retailing. Further, the study reveals the comparative advantage of rural retailing with its urban counterpart and also projects various models of rural retailing avenues. **Namita Bhandari and Preeti Kaushal (2013)** in their study on online consumer behavior using factor analysis found the reasons for using online shopping. Their study gives a deep insight on the shopping behavior of e-tailing consumers and suggests the e-tailers to understand the changing scenario of cyber business. **Manoov and Prabhu (2013)** evaluated the impact of internet in rural India and its usages in e-tailing and virtual business and their study reveals that e-commerce reduces the marketing inputs and costs substantially, and ultimately improves the business with more sales turn over in addition to future opportunities. **Journal of Exclusive Management Science – February 2015 -Vol 4 Issue 2 - ISSN 2277 – 5684 4 www.aeph.in**

Basker D (2013) in his exploratory study on electronic retailing in India made a fair attempt to study the factors that promoted e-tailing and also the barriers that curb its growth in rural markets. In addition, his attempt to relate internet usage and e-tailing gives new portals for electronic based B2C transactions. **Ahmed Mir, Isar (2014)** studies the anticipation of e-retailing in rural India and rural consumer attitude towards e-retailing and found opportunities, available in the untapped market with high potentials for e-retailing. The researcher is of the opinion that, the survival of future retailers depends on their efforts in making use of the educated rural consumers as opinion leaders using digital marketing techniques, and also highlighted the role of Government in bringing this revolution to reach out the rural India.

Challenges for e-tail market penetration in rural areas

Challenges

A major challenge faced by the e-commerce industry in India is the lack of a robust ecosystem, especially in the area of connectivity and product delivery. Owing to the vast geography of rural India, it is sometimes challenging to reach remote corners.

However, most courier companies have invested in technology and processes to overcome this challenge. At eBay India, we launched the PowerShip initiative wherein we have tied up with leading courier companies to significantly increase the efficiency of

managing multiple item shipments for eBay merchants and delivery of items to buyers. PowerShip sellers can avail special courier rates and ship to over 1200 cities and towns in India.

As the e-commerce ecosystem matures in India, many such innovations will boost online shopping in rural markets.

Tapping the rural

The tier II and III cities as well as the rural areas are going to be the next big thing for e-commerce. They have shown extreme potential recently and are growing at a burgeoning pace. According to the eBay India Census 2014, an analysis of all online buying and selling transactions by Indians on eBay India, over a period of 18 months showed that out of the 4,556 e-commerce hubs in the country, there are 1,233 rural hubs along with 3,313 Bharat hubs (tier II and III cities). There has been a significant upsurge in the number of rural hubs as compared to the previous Census.

With the quantum of customers logging on to e-commerce sites, to shop online, increasing at a rapid pace, all players are looking forward to tapping the rural market and connecting with the emerging online shopper in these areas.

Growth Triggers

2015 is going to be the year of customers shopping online from non-metro cities. There has been a significant uptake of products by customers from rural markets as revealed by the eBay India Census 2014.

The increasing penetration of the Internet into the rural markets coupled with the surge in the number of users accessing the Internet through mobile phones and devices, is expected to expand the reach of e-commerce across the challenging geographies of the country.

According to the eBay India Census 2014, Guntur (Andhra Pradesh), Tada (Andhra Pradesh), Karthikappally (Kerala), Ghattia (Madhya Pradesh), Chorayasi (Gujarat), Jalgaon (Maharashtra), Budgam (Jammu & Kashmir), Cachar (Assam), Adur (Kerala) and Villupuram (Tamil Nadu) are the top ten rural hubs in the country.

Popular Categories

According to the Census, the top five products traded in the rural markets are — mobile

accessories, tools and hardware, stationery and office supplies, coins and notes, chocolates, cakes and food items. The top five products exported from the rural markets are —jewellery, watches, decorative pieces, cell phones and accessories, home and garden products, clothing, shoes and accessories. We expect these products to be traded extensively, with other products in the lifestyle and electronics category catching up fast.

Driving factors for growth of the retailing & e-tailing in rural market

E-Retailing Prospects in India The formalization and growth of E-Retailing will play a pivotal role in bringing sustainability and economic viability to many facets of the economy. It will provide both direct and indirect employment as well as support such infrastructure industries as logistics, telecom, etc. by creating demand. In India, E-Retailing has the potential to grow more than hundred fold in the next 7 years to reach a value of USD— 76 billion by 2021. The country’s growing Internet-habituated consumer base, which will comprise ~180 million broadband users by 2020, along with a burgeoning class of mobile Internet users, will drive the E-Retailing story. E-Retailing can provide employment to ~1.45 million people by 2021. Its growth will spur the creation of new— capabilities and human skills in the areas of logistics, packaging, and technology. Additionally, such growth will promote the rise of service entrepreneurs who will have the potential to earn ~USD 7.5 billion, annually, by 2021. It will open up international markets for the SME sector and can become an important facilitator for the growth of the telecom and domestic air cargo industries. The growth of E-Retailing in India will be complementary to the growth of traditional retail, and in no way be at— cross purposes. On the contrary, it will improve efficiencies and reduce transaction costs in retailing and thereby boost the productivity of manufacturers (SMEs) and service providers. The potential of India’s E-Retailing will continue to remain untapped if the current mindset, of exclusion and— seeing E-Retailing as a “passing fad”, prevails. E-Retailing is different from retail and therefore requires a different mindset and fresh thinking from the policy makers as well as the private sector.

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