

E-Retailing in India: Boon or Bane for Customers

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Abstract

In the future, the Indian online retail market is expected to rise by more than fourfold. According to a survey released by IMAI and Kantar Research, India's internet users are predicted to reach 900 million by 2025, up from 622 million in 2020, with a CAGR of 45 percent between 2020 and 2025. To avoid crowds during difficult times, everyone turned to online shopping. The primary goal of this study is to provide a strategic analysis of key online retailers in India, including market share, funding, obstacles, and consumer convenience. This study also conducts a SWOT analysis of the click-and-mortar retail model in India, identifying the elements that influence the expansion of the virtual retail industry, as well as the primary factors impacting the online retail company.

Keywords: *E-retailing, Omni Channel Retail, Convenience, E-tailing, E-retailers, Online retail*

1. Introduction

The Indian e-commerce business has been on the rise, and by 2034, it is predicted to overtake the United States as the world's second largest e-commerce market. The Indian e-commerce market is predicted to develop at a 19.24 percent compound annual growth rate (CAGR) from US\$ 46.20 billion in 2020 to US\$ 111.40 billion in 2025, with food and fashion/apparel set to be the main drivers of further growth. The findings of the IBEF analysis will astound industry professionals, as the industry is expected to grow at an exponential rate. By 2024, online retail penetration is predicted to reach 10.7%, up from 4.7 percent in 2019. Furthermore, by 2025, India's internet buyers are estimated to number 220 million. In the first quarter of 2021, smartphone shipments in India surged by 23% YoY to 38 million units, owing to new product launches and demand that had been postponed from 2020. With 26% of the Indian smartphone market, Xiaomi was first, followed by Samsung (20 percent). India will have 650 million consumers who watch short-form videos by 2025. The government of India's policies and regulatory frameworks, such as 100 percent FDI in B2B E-commerce and 100 percent FDI through the automatic route in the marketplace model of B2C E-commerce, are projected to boost the sector's growth. According to the new FDI regulation, online businesses that receive foreign investment cannot sell products that are sold by stores in which they own a share. The Indian government's Digital India plan aims to establish a trillion-dollar online economy by 2025. It has constituted a new steering group to oversee the creation of an e-commerce platform for the government. The Commerce Ministry has established a new committee to oversee the strategy for the Open Network for Digital Commerce (ONDC), an e-commerce platform that the government is supporting for development. The ONDC will provide the infrastructure for the final shop, which will resemble Flipkart and Amazon. NASSCOM claims that, despite COVID-19 problems and disruptions, India's e-commerce business is still growing at 5%, with estimated sales of \$56.6 billion.



Source: ibef.org

2. SWOT Analysis

Overall, the trend for online shopping is very positive. The reasons for this optimism, according to dot-com players, are an increased availability in online payment options, a wider range of merchandise, online tracking of shipments, 24-hour, seven-day-a-week customer care, and a larger Internet reach at cheaper costs. In SWOT analysis (the acronym is short for Strengths, Weaknesses, Opportunities and Threats), here we try to find out the strengths and weaknesses of online retail in respect of Indian business environment. Then after we try to identify opportunities presented by that environment and the threats posed by that environment.

Table: 2SWOT Analysis of e-retailing in India

2.1 Strengths	2.2 Weaknesses
<ul style="list-style-type: none"> ● Global market: E-retail biggest strength is the boundary less access. ● Time saving ● No time constraints: The concept of 25X7 - online transactions anywhere any time. ● Price/Product comparison: It will tend to have far greater bargaining power with suppliers than traditional local or national retailers. ● Flexible target market segmentation ● Faster buying procedure: The buying is just a click away from the seller. ● Niche Market: It is a concept of sub segmentation where the products of rare species are available without putting some special efforts by consumer. 	<ul style="list-style-type: none"> ● Security: Insecurity about the integrity of the payment process. ● Fraud: Personal and financial details provided for trading purpose are misused by hackers. ● Long delivery timing: The task of Delivery is usually outsourced, who do not care about the timing of the seller. ● Customer's satisfaction: There is no physical and personal or direct face to face interaction between customer and the seller. Therefore the scope of convincing the customer does not exist.
2.3 Opportunities	2.4 Threats
<ul style="list-style-type: none"> ● Changing trends: People of tomorrow will feel more comfortable to buy 	<ul style="list-style-type: none"> ● Competitors: Along with local competition, global competition also

<p>products through internet only.</p> <ul style="list-style-type: none"> ● Increasing number of Internet users: India has the world's second largest base of internet users which is contributing heavily to the growth of online retail in India. ● High availability (24 hour and seven days a week): Along with each and every click of the mouse business is in operation. ● Wide business growth: Business always took place in gap. Gap filling is a never ending process hence the growth of business is also never ending process. ● Advertising: Advertising is cost effective as compare to conventional offline system. 	<p>exists. Competition is increasing day by day. Big companies have already entered in this field.</p> <ul style="list-style-type: none"> ● Changes in environment, law and regulations: Change in trends, fashion and fad can distress E Commerce side by side change in law and regulations can also affect it. ● Innovation: Customers now days are always in a search of innovative products and technique. ● Privacy concerns: Fears that information can be misused lead to spam e mail or identity fraud. ● Risk: Nature of fraud
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3. Key Players Analysis in Indian Online Retail Market

Flipkart is the clear leader in this market. Flipkart's revenue was more than double that of Snapdeal, its closest competitor. Flipkart's revenue from the Fashion & Lifestyle division has increased with the acquisition of Myntra. Yebhi.com is now ranked third. While competitors such as Homeshop 18, Ebay.in, Naaptol, Fashion and You, and others are vying for a piece of the Indian online retail pie.

3.1. Fund raising by key players

The Indian e-commerce market has been a land of potential for institutional investors, with close to 250 million internet users. While big-ticket investments went to e-commerce marketplaces like Flipkart, Amazon, and Snapdeal, specialised websites like Urbanladder, Myntra, and Firstcry, to name a few, have also found their place in the sun. Apart from Tiger Global, Sequoia, and Naspers, the Indian e-commerce sector attracted new investors this year, including DST Global, Soft Bank, BlackRock, and Sofina.

Flipkart, the online retailer, has begun planning for a follow-up to its massive fundraising effort from last year, with a goal of earning \$1.7 billion (Rs 10,500 crore) in the coming months.

Table: Flipkart's Fund Raising Story so far

	Round 6	Round 5	Round 4	Round 3	Round 2	Round 1
Amount	\$1.7 billion (anticipated amount)	\$700 million	\$1 billion	\$210 million	\$160 million	\$200 million
Investors	Major investor would be	Steadview Capital, Tiger	Tiger Global, Naspers,	Russian investor Yuri	Dragoneer Investment, Morgan	Naspers, Accel Partners,

	US based Tiger Global Management	Global, T Rowe Price Associates, Greenoaks Capital, Qatar Investment Authority	GIC and others	Millner	Stanley Investment, Sofina, Tiger Global, Vulcan Capital	Tiger Global, Iconic Capital
Valuation	\$15 billion (anticipated)	\$11 billion	\$7 billion	\$3 billion	\$2 billion	\$1.5 billion

Source: The Economic Times (Feb, 2020)

In July of this year, Amazon announced a \$2 billion investment in Amazon.in, its India-focused marketplace. In a contract, Jabong, a leading fashion e-commerce company, received \$27.5 million (Rs 173 crore) from the British development finance organisation CDC. Portal for baby care on the internet Vertex Venture Management, a subsidiary of Singapore's state-run investment business Temasek Holdings, invested \$15 million (Rs. 92 crore) in Firstcry. Myntra, which is managed by Mukesh Bansal, has received a \$50 million (about Rs.300 crore) investment from Premji Invest, as well as current investors Accel Partners and Tiger Global.

3.2. Strategy of E-retailers

In today's 24-hour economy, when customers expect a consistent, high-quality experience across all aspects of e-commerce, the strategy must be comprehensive, embracing everything from the site's aesthetics, functionality, and content to marketing, supply chain, and customer care. Of course, the particular material will vary depending on the company's industry and target markets.

Key players' strategies

- **Flipkart: Lead Categories**
 Flipkart, located in Bangalore, decided to focus on online apparel shopping, a fast-growing market, late last year. It purchased Myntra in May, making it the largest ecommerce transaction in Indian history. Together, the two companies control more than half of India's online fashion retail market. In the long run, they want to account for 60-70 percent of all online fashion purchases.
- **Snapdeal: Target Non-Metros**
 Snapdeal is not an ecommerce company; instead, it provides a platform for e-tailing. It acts as a marketplace for vendors to sell their wares. They don't invest on inventory. There are two advantages to this model: Buyers have access to a wide choice of products, and Snapdeal has no inventory costs. This is also why the financial community considers Snapdeal to be the most likely of the 'Big Three' to profit first. They primarily target small towns and cities.
- **Amazon: Customer-Centric**
 Amazon has been in business for 20 years and has struggled to become profitable. That hasn't stopped it from pursuing an aggressive, high-investment business model in every area, including India. Since its introduction in June 2013, Amazon has amassed one of the country's largest online product assortments. Because Indian rules prohibit international ecommerce companies from establishing a wholly-owned subsidiary that sells directly to consumers, Amazon.in serves as a marketplace for buyers and sellers.

It has almost 15 million products in 28 different categories. Its local strategy has been influenced by its global ambition to become "Earth's most customer-centric organisation." Customers demand a good customer experience, a wide selection, and affordable costs all across the world, and the same is true in India.

4. Conclusion

According to recent transactions, funds do not appear to be a barrier for e-retailers. Even though profits aren't in sight, private equity funds are more than willing to release their purse strings since they see retail's future in it. Although e-commerce is more efficient than traditional retail, few have been able to develop a failsafe formula for success because it is such a new industry. Profits have been difficult to come by due to aggressive reductions. The situation is also difficult on a global scale. The fight for dominance in the Indian e-commerce space is sure to be a long one. The outcome is unclear, but one thing is certain: the fruits of war mostly benefit those for whom the war is being waged—consumers. It's easy for them to secure the greatest bargains because there are so many players. Thanks to all of the daily deals and discounts. At the end of the day, the best value and the best product are what important, not the website.

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