E-RETAILING IN INDIA: GROWTH, TRENDS, AND EMERGING CHALLENGES

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Abstract

E-retailing is the activity of selling consumer items online. In essence, it is a modernization of online sales of products and services as well as a revolution in e-business and e-commerce. Because of technology development, e-retailing has become a new idea in retailing. The present era is rife with fresh issues; fashions of today become dated tomorrow, and a fresh problem emerges. As a result, businesspeople are constantly alert to dangers and changes in the market. E-retailing is the process of selling retail items online, which is advantageous to customers who are time-constrained but desire a wide selection of goods at affordable prices.

Keywords: E retailing, e.commerce, customers, purchase, B2C, B2B.

1. Introduction

The online purchase and sale of products and services. Both business-to-business and direct to consumer sales are a part e-tailer. The phrase is a necessary addition to other phrases with a similar meaning, like electronic business, electronic -mail, and electronic commerce. commonly, when we talk about e-retailing, we mean company to consumer transactions. Through websites with helpful links to other websites that provide opportunities for consumers to select and collate with comparable products and can choose commodities according to desire, electronic-retailing provides the user a plenty of different products. The ease of online shopping is truly unsurpassed. It saves time and reduces stress associated with paying, carrying, standing in long lines, and putting up with pushy salespeople and shopkeepers.

However, online shopping presents fit issues because customers cannot test the products before buying them, and returning items can be challenging due to the strict return policies. The expense of shipping and handling can discourage the customer. customers that are tech adept, and thereby limits the potential reach of e-retailing. By 2026, it is predicted that India's electronic commerce market will have increased from US$ 38.5 billion to US$ 200 billion. By 2034, India's electronic commerce sector is anticipated to overtake China as the second-biggest in the globe. Further along, India's e-retail sector is poised to attract close to 300–350 million consumers in the following five years, increasing online Gross Merchandise Value (GMV) to $100–120 billion by 2026. The $850 billion Indian Consumer's market is the fourth largest market in the Globe.

2. Challenges faced by e.retailing in india

In spite of India e-tailor has potential development, there are multitudinous provocation for ecteronic retailers in India trade. It includes:

a. Logistics: The operational performance of e-retailers is significantly influenced by effective logistics. When we examine India, we find that it is a sizable, fragmented nation with subpar infrastructure. The major difficulties for online retailers in our country are therefore timely delivery and other priority services. Additionally, India has a high cost of logistics due to inadequate infrastructure. Some of the major retailers, including Flipkart and Amazon, were compelled by this to develop their own logistical divisions. E-Kart Logistics, a division of Flipkart, manages the company's delivery procedure. For the purpose of filling consumer orders, certain online retailers have agreements with logistical providers. The limited aeroplane foot size of logistic firms is one of the greatest issues they deal with.

b. When we examine the situation in India, we see that there is a small fleet of freight carriers, which can impede the delivery of customers' urgent services like same-day deliveries. Aircraft fleet comparison providers of courier services in the US and India The limited technological expenditures and advancements in the Indian logistics industry are another significant constraint.

In industrialised nations, there has been significant finance in innovation like Global Positioning Systems and Radio frequency Identification to improve the tracing of shipments and the dispatch of consumer orders.

c. Internet lag connection speed: One of India's main issues is its poor web access , which could eventually harm online shopping chances. Given that the average online network speed is below 1 megabits per second, it is one of the lowest-ranking countries in the world. This can impact the obtainability to web shop and electronically connected business which will in rotate decrease the buyer buying through website portals.

d. Customer Loyalty and Trust: Customers don't have much faith in some Indian online retailers. Even while we have confidence in firms like Flipkart, Myntra, and Jabbong, other retailers lagged behind other competitors in terms of quality. Indian players have been compelled to increase client loyalty as a result of the entry of global online shops like Amazon. Flipkart has launched a programme called Flipkart first that offers free shipping, priority customer care, same-day delivery, and exclusive discounts.

e. Indian consumers' mental barrier to touch and feel: Indian buyers select to touched emotionally items before making a purchase. The hardest obstacles for internet sellers to get over this one. By including additional details and information about their products, online sellers are attempting to get over this obstacle. They also trade clients response to intensify the trust of consumers.

f. Management of Cash On Delivery and get back : Cash on delivery has become the select method of payment for online shoppers. This has led to some serious complication for internet sellers. Some logistics service providers charge their clients extra fees, which over time may hurt the retail industry. Online retailers' working capital may be impacted by a delay in the remittance of cash received from clients by logistics suppliers. Customer returns and how to manage them are another significant challenge that internet sellers must deal with. Some logistical participants are unable to manage the returns. Additionally, this may result in increased costs for the retailers, which is a significant problem for online shops. It has demanded few of the e-tailers to begin their possess logistic arm to address these affair in a best way which can better customer confidence and flexible. Moreover this can supply the expenditure precedence for online retailers in ultimately.

g. Composite Tax Authorities: One of the biggest obstacles for online businesses is India's complicated tax structure. Different states impose non-uniform VATs (Value Added Taxes). State governments occasionally impose VAT on goods sold within the borders of the state where the warehouses situated. This has impacted how much it costs internet businesses to source and deliver goods and services. Other significant issues in India, such as entry fees, Octroi, and multiple point taxation, can harm the chances for online retailing there. In order to lower entry and other taxes, it also forced several retailers to open facilities in other states. The unified Goods and Services Tax (GST), which can improve working comfort for electronic retailers, is being considered online retailers.

h. Lack of seriousness: online portals supported by significant retail distributors have emerged in India, however, for numerous it appears to have been a temporary arrangement. Since then, Not enough has been done energy to promote the portals' name and services provided by prospective customers. Our conversations a few portal owners provided us with the impression that many large shops launched websites as a result of what their competitors were doing.

i. Concerns with transaction and security frauds: In addition, not all online payment methods are supported by all web portals. High rates of rejected payments are frequently a deterrent for customers to return to the portal.

j. The closest rivals are only a click away: There are various alternatives accessible to customers when they search, and many people utilise search to traverse the Internet as opposed to typing in or bookmarking particular websites.

k. Customers anticipate the finest offer from retailers: Customers have been conditioned to Await a unique opportunity offer after being lured in throughout the Christmas season by offers like free handling, shipment, and other costs-focused promotions.

l. Essential to online Retail: The success of an e-Retaling business depends on a few key factors. These elements need to be taken into account far prior to establishing an online storefront. The key components of e-commerce include an e-catalog, a search engine, a shopping cart, the delivery of digital products, an online sales representative, a facility to check the progress of orders, and a

consumer community.

m. E-commerce and the top online retailers in India: E-commerce, also known as online retail, describes retailing operations carried out online. In India, there are many internet stores that offer a wide range of goods to customers. Business to consumer is the term used most commonly to describe retail (B2C). We can divide online retailers into two groups: players that focus on a single category and players who focus on multiple areas.

n. Players who specialise in a particular category: offer a wide variety of specific products. For example, Bigbasket, Local Banya (which sells groceries), First Cry, Carat Lane, Juvalia and You (jewellery store), Fabfurnish, Pepper Fry (furniture store), and My Baby Cart (baby items). Players in multiple categories: provide a range of products with limited options. For example, Snapdeal, Future Bazaar, Flipkart, and Amazon. We examine a few of the categories and the leading online merchants inside them to have a better idea. Retailers use many websites to advertise different kinds of merchandise. items and services such as stationery, books, electronics, furniture, clothes, personal hygiene, groceries, flowers, sports items, and etc.

Major Types of E-commerce

TYPE OF E-COMMERCE	EXAMPLE
B2C—Business to Consumer	Amazon.com is a general merchandiser that sells consumer products to retail consumers.
B2B—Business to Business	eSteel.com is a steel industry exchange that creates an electronic market for steel producers and users.
C2C—Consumer to Consumer	eBay.com creates a marketspace where consumers can auction or sell goods directly to other consumers.
P2P—Peer to Peer	Gnutella is a software application that permits consumers to share music with one another directly, without the intervention of a market maker as in C2C e-commerce.
M-commerce—Mobile commerce	Wireless mobile devices such as PDAs (personal digital assistants) or cell phones can be used to conduct commercial transactions.

Amazon, Flipkart, Naaptol, and Landmark are the leading players in the book sector. Flipkart, Amazon, Stationery Shop, Snapdeal, and Homeshop 18, among others, are the online players that sell stationery items.. There are specialised players in the electronics industry, such as Croma (Tata group).and E-zone (Future group) alone with other players like Flipkart, amazon, Infibeam, Snapdeal, Future bazar, Naaptol who sell electronics items like mobile phones, computers, tablets, television and other durables.

3. Objectives of the study

The objectives of the study include:
1. To understand the online retail market in India and its impact on Indian retail.
2. To analyse the opportunities for online retailing in India
3. To study the major challenges for online retailers in India

4. Methodology of the study

The study examines the effects of the internet retail market on the Indian retail sector. The research study's focus is

solely on the Indian internet retail market, including its potential and problems as it continues to evolve. The primary source of secondary data for the study includes industry reports, corporate websites, journals, news items, and reports.

5. Review of literature

According to Akash (2009), retail industry is vital to an economy in India as it is anywhere else in the world. In the upcoming years, India's retail industry could add value to over USD 76 billion in businesses, employing about 2.5 million people in various retail operations and over 10 million more in retail support jobs like supply chain and logistics, retail real estate development and management, and contract production and processing.

Better news for listed businesses in the organised retail market is indicated by increased consumer confidence, improved profitability, and ambitious expansion ambitions, according to **Sahu (2010).** Additionally, experts think that by splitting out their subsidiaries into distinct businesses, listed retailers could draw in international investment, which could be a fantastic opportunity for the improvement of this sector.

Using a scale of consumer perceptions on the ethics of online retailers, **Sinan Nardal and Ayse Sahin (2011)** performed a survey on 400 online shoppers from three Turkish cities: İzmir, Manisa, and Mersin. The purpose of the survey was to examine consumers' perceptions regarding the ethical issues of online retailing. It led to moral dilemmas with security, privacy, dependability, and honesty over the internet— fundamental concerns that impede the expansion of e-commerce. The results showed that the four criteria mentioned above are highly predictive of internet users.

According to Chandra and Sinha (2013), demographic factors such as age, income, and education were associated with online shopping; however, this association was strongest among younger respondents, those with higher levels of education, and those in higher income brackets. It implies that an online buying awareness campaign is important.

In their factor analysis study on online customer behaviour, **Namita Bhandari and Preeti Kaushal (2013)** discovered that trust, product and service knowledge, ease of use, and effortless shopping are the main drivers of online shopping.

Bansal, Rashmi (2013) This article's goal is to investigate the many social and cultural components. According to the article's conclusion, a number of factors, including the rise in automobiles, the migration of rural to urban areas, secure payment policies, and government interventions regarding security will help people gain confidence and trust in them as internet and broadband penetration grow in the future. It is anticipated that these obstacles will be lifted, enabling India's e-commerce industry to flourish. Romeo Asa Asa, Asa (2015) This study examines the factors that may impact the development and expansion of e-commerce in developing nations. The analysis was conducted in several cities, especially in the more rural areas. Their numerous problems are impeding the spread of e-commerce. The results of this study show that there are numerous advantages to the growth of e-commerce. Compared to wealthy countries, developing countries faced much more obstacles and hurdles while implementing e-commerce because of things like low ICT penetration rates, high costs, inadequate infrastructure, and unreliable and inaccessible access.
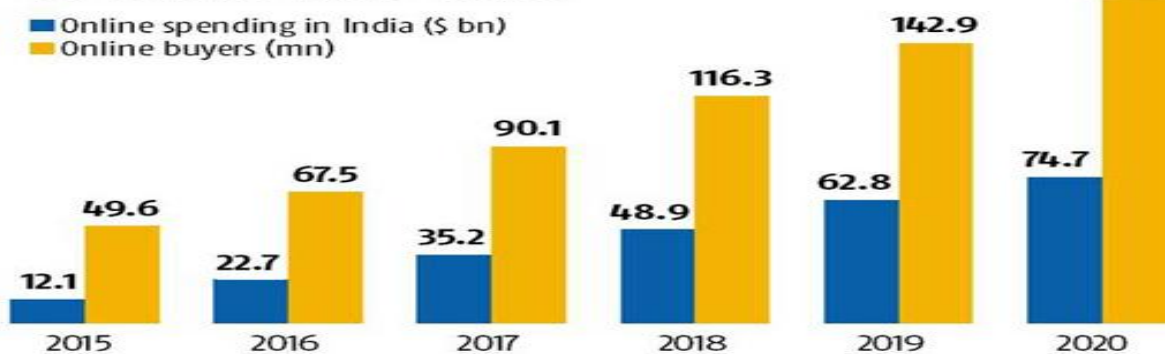
6. Major trends in e.retailing

- **Augmented reality** will improve the reality of online purchasing: Augmented reality (AR) will drastically reduce the uncertainty in online shopping, making it a major game-changer. It will assist buyers in choosing and visualising the product they wish to purchase. They can determine whether the furniture they are purchasing will look good in their house. before clicking the "Buy Now" button. Customers will be able to overcome the obstacle of not being able to physically view the item thanks to this, which will elevate comparison to a whole new level.

- **Voice Search** Will Be Used by a Large Number of People: These days, voice assistants such as Google

Assistant and Amazon Alexa are used for everything from setting alarms to checking the weather to making online purchases. Because it will save a lot of time browsing, especially if it's a repeat order, consumers will likely start ordering groceries with a simple voice command in the future. This is because one won't have to enter the brand, the address, the payment information, and the shipping information repeatedly. Therefore, there are many unrealized potentials for businesses wishing to get in on the ground floor.

- **Chatbots** Will Enhance Online Purchasing: In the near future, chatbots will fill the roles of a physical store's salesperson and greeter. They will not only be of great assistance to the business since they will be able to interact with hundreds of consumers, but they will also make them feel special and offer them insightful advice based on their responses. A study found that due to their quicker response times, Conversations with bots and other self-serving digital technologies are really preferred by customers. They will become one of the most important marketing tools and drastically change how consumers shop online.

- **Subscription Feature** to Encourage Repeat Business: Subscription plans offer a variety of benefits to merchants, including the ability to more easily estimate fulfilment requirements and the ability to keep consumers for a longer period of time. As a result, in the years to come an increasing number of businesses will provide a a monthly payment option or a subscription service for their products.

- One of the main areas of focus in the upcoming years will be sustainability: The fact that more and more individuals are becoming conscious of their part in how their purchase selections affect the planet's finite resources is one subject that is becoming very popular and, hopefully, isn't a fad. As a result, brands now need to figure out how to include their marketing and fulfilment strategies into their products. Consumer purchasing decisions will definitely be significantly influenced by brands that strive to improve their business practises through programmes like using recyclable materials, biodegradable packaging, becoming paperless, and working for the environment. In addition to the aforementioned, the industry anticipates increased export income and increased tax revenue for the exchequer in 2021. Additionally, these industries have expanded independently, but they are also having a domino impact on related sectors, particularly MSMEs. By collaborating with MSME businesses, e-tailers have been able to increase their capacity for sourcing and purchasing while simultaneously fostering the expansion of MSMEs' businesses.

ONLINE RETAIL SPENDING IN INDIA: 2015–2020

- Online spending in India ($ bn)
- Online buyers (mn)

Year	Online spending in India ($ bn)	Online buyers (mn)
2015	12.1	49.6
2016	22.7	67.5
2017	35.2	90.1
2018	48.9	116.3
2019	62.8	142.9
2020	74.7	167.8

Source: Forrester research online retail forecast, 2015–2020, Asia–Pacific

7. Conclusion

As a conclusion, I would say that although India has a low per capita purchasing power, it is still one of the most

alluring emerging markets. This industry is able to do a lot, and as the saying goes, "we don't grow when things are simple, we grow when we face problems." Over time, the Indian retail industry has undergone significant transformations. Online retail has the potential to significantly impact the retail sector and national economy with a consistent growth rate of between 50 and 60 percent. E-Retailing, or internet purchasing, is a common practise among Indians in the modern world. Consumers now regularly utilise retail websites to find product information and make purchases as a result of the new wave of consumerism, urbanisation, and fundamental changes in the dynamics of the psychographic and demographic. The e-retailers should also instil trust in their online customers by delivering items on time, offering discounts for large purchases, lowering delivery costs. They must also give hesitant customers strong justifications for embracing online shopping as a new method of shopping. The Indian market will thereafter develop a new perspective. For India's e-retailing industry to develop in the future, a sustainable environment framework must be established.

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