

**ONLINE SHOPPING “A Boon To Indian Retailing”**

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**ABSTRACT**

*The nature of retailing is changing. Online shopping is no longer a fad; it's an acknowledged and important part of the retail experience, with more than a tenth of the world's population having bought products and services over the Internet. The new battleground is electronic retailing. With burgeoning consumer spending, retailers must establish their presence across all channels traditional and new to grab their share of wallet. The advent of the Internet as a shopping medium has enabled shoppers to gain shopping benefits such as convenience and timesaving, better information, and price savings. This paper aims to provide a better understanding of the benefits of Internet shopping by identifying and discussing the advantages of Internet shopping over traditional storefront shopping. This paper is a study on the reason describing the attraction of the people towards online shopping, various factors affecting it and security concerns while buying online. With the growing proclivity and economic growth online shopping has increased drastically. Consumers expect merchants not only make their products available on the Web, but also to make payments a simple and secure process.*

**KEY TERMS:** - CONSUMER SPENDING, INTERNET, ONLINE SHOPPING, SECURITY CONCERNS.

**Retailing in India** is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP. The Indian retail market is estimated to be US\$ 450 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with 1.2 billion people. **Online shopping** or **online retailing** is a form of electronic commerce, which allows consumers to directly buy goods or services from a seller over the Internet, using a web browser. One of the most enticing factor about online shopping, particularly during a holiday season, is it alleviates the need to wait in long lines or search from store to store for a particular item. An online shop evokes the physical analogy of buying products or services at a bricks-and-mortar retailer or shopping center; the process is called business-to-consumer (B2C) online shopping. In the case where a business buys from another business, the process is called business-to-business (B2B) online shopping. The largest of these online retailing corporations are Alibaba, Amazon.com and eBay.

## **BACKGROUND**

As of 2013, India's retailing industry was essentially owner manned small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4 percent of the industry, and these were present only in large urban centers. India's retail and logistics industry employs about 40 million Indians (3.3% of Indian population).

Until 2011, Indian central government denied foreign direct investment (FDI) in multi-brand retail, forbidding foreign groups from any ownership in supermarkets, convenience stores or any retail outlets. Even single-brand retail was limited to 51% ownership and a bureaucratic process. In November 2011, India's central government announced retail reforms for both multi-brand stores and single-brand stores. These market reforms paved the way for retail innovation and competition with multi-brand retailers such as Wal-Mart, Carrefour and Tesco, as well single brand majors such as IKEA, Nike, and Apple.

In January 2012, India approved reforms for single-brand stores welcoming anyone in the world to innovate in Indian retail market with 100% ownership, but imposed the requirement that the single brand retailer source 30 percent of its goods from India. Indian government continues the hold on retail reforms for multi-brand stores. On 14 September 2012, the government of India announced the opening of FDI in multi-brand retail, subject to approvals by individual states. Economists and the markets, but caused protests and an upheaval in India's central government's political coalition structure welcomed this decision. On 7 December 2012, the Federal Government of India allowed 51% FDI in multi-brand retail in India. The government managed to get the approval of multi-brand retail in the parliament despite heavy uproar from the opposition some states will allow foreign supermarkets like Wal-Mart, Tesco and Carrefour to open while other states will not.

#### **REVIEW OF LITERATURE-:**

Cohen and Golden (1972) have used the term “informational social influence” to describe the process of consumers' acceptance of information coming from friends and reference groups. Pine and Gilmore (1998) explain the customer experience has a crucial importance and considered an integral part of any service, good or commodity shaping them for the next level of the economic value. Mesenbourg (2000) differentiates electronic business (e-business) as one that is utilizing Computer mediated network channels to organize its business processes within its operations, while electronic commerce (e-commerce) is any online transaction that Involves transfer of ownership or rights to use goods and services including the procurements, payments and authentication processes through financial institutions, electronic marketing and electronic searching. Ward (2001) claims that in the trading milieu with several retailing channels: traditional stores, direct to consumer and e-commerce, online shopping represents closer substitute to direct mail ordering than traditional bricks and mortar stores due to similar product delivery mechanisms. Wang, Head and Archer (2002), the term used in this paper to describe online retailing, define online retailing or e retailing, as sales of goods and services to the consumer market via the Internet. Schoenbachler and Gordon (2002) argue that traditional

retailers are facing a big dilemma whether to adopt the e tailing as multichannel strategy or to remain one-channel retailers. This paper explores the consumers' information search and preference of retailing channels, examining the positive and negative elements of shopping experience in both retailing channels making it possible for retailers to improve shopping environments, and consequently increase sales. It also describes the changing trends in retailing.

**OBJECTIVE OF THE STUDY:-**

- To study the changing pattern of retailing.
- To study the behavior of the consumer in online shopping
- To study the Security / fraud concerns in online shopping.
- To find out what drive consumers to shop online
- To analysis the factors which influence their purchase decision.

**RESEARCH METHODOLOGY-**

- **Period of the study-:** Period of the study is six months and conducted during the year 2013 in District Solan.
- **Sample-:** The sample consisted of 191 respondents comprising of students, housewives and working people of age between 20 and 50 years. Convenient sampling method is used to collect information from different respondents.
- **Sources-:** A questionnaire is designed to collect the data from 191 respondents.
- **Tools:** - Percentage method is used for interpreting the data.

**TRADITIONAL VERSES ONLINE SHOPPING**

**SHOPPERS KNOW AS MUCH AS SALESPEOPLE**

**Then:**

People came into stores with little to no knowledge and relied on a salesperson to advise them on what to buy.

**Now:**

Today's shoppers have become accustomed to doing their own research to get the maximum value out of every dollar they spend, and to feel secure about the purchases they're making. With this power shift comes a great opportunity for retailers; those that use tools and insights from the web have the opportunity to close the gap between the smart online consumer and the offline retailer, and to stand out in a competitive marketplace.

**2. RETAILERS CAN DELIVER PERSONAL, RELEVANT SUGGESTIONS AT SCALE**

**Then:**

Retailing began with shopkeepers who would welcome in people from the neighborhood and then come to learn their customers' needs and preferences.

**Now:**

In our constantly connected world, a device is just a proxy for what really matters — getting to know your customers. It can help retailers deliver relevant suggestions, essentially recreating those shopkeeper conversations at scale. The right message at the right moment is the next level in customer service; it can quickly and easily turn intent into action.

**3. MOBILE DEVICES DRIVE FOOT TRAFFIC TO STORES**

**Then:**

Finding the right store — and the product you needed — depended on familiarity, or serendipity.

**Now:**

As the lines blur between online and offline, innovative retailers are integrating mobile into their brick-and-mortar store experience. When shoppers search for a store name or category, they expect to see a map with directions, a phone number that they can easily click-to-call or special offers that match their location and time of day.

**4. OPINIONS CARRY MORE WEIGHT THAN EVER**

**Then:**

Retail therapy was an activity shared by friends and family — and word of mouth was a social force that transformed new products into must-haves and small shops into retail empires.

**Now:**

This is truer than ever. With You Tube and social networks like G+, face book, twitter etc. people are now sharing their opinion on products not just with a group of friends, but with millions of people. This is why Google Shopping incorporates reviews and introduced shortlists to make it easy for people to discuss products and purchases with friends and family.

## **5. PRODUCTS CAN JUMP OFF THE SCREEN**

**Then:**

The internet was fine for researching, but there was no replacement for holding, feeling, inspecting a physical product on a store shelf or showroom floor.

**Now:**

Interactive video, 360 views, gestural controls are just a few of the options bringing products alive on customers' multiple screens. Shopping has introduced 360-degree imagery to some product sets to give shoppers a better sense of what an item really looks like.

## **MODES OF PAYMENT IN ONLINE SHOPPING**

Online shoppers commonly use a credit card or a PayPal account in order to make payments. However, some systems enable users to create accounts and pay by alternative means, such as:

- Billing to mobile phones and landlines
- Cash on delivery (C.O.D.)
- Cheque
- Debit card
- Direct debit in some countries

- Electronic money of various types
- Gift cards
- Postal money order
- Wire transfer/delivery on payment
- Invoice, especially popular in some markets/countries, such as Switzerland

Some online shops will not accept international credit cards. Some require both the purchaser's billing and shipping address to be in the same country as the online shop's base of operation. Other online shops allow customers from any country to send gifts anywhere.

### **CONSUMER NEEDS AND EXPECTATIONS FOR ONLINE SHOPPING**

- **Convenience**

Online stores are usually available 24 hours a day, and many consumers have Internet access both at work and at home. Other establishments such as internet cafes and schools provide internet access as well. In contrast, visiting a conventional retail store requires travel and must take place during business hours.

- **Information and reviews**

Online stores must describe products for sale with text, photos, and multimedia files, whereas in a physical retail store, the actual product and the manufacturer's packaging will be available for direct inspection (which might involve a test drive, fitting, or other experimentation).

- **Price and selection**

One advantage of shopping online is being able to quickly seek out deals for items or services provided by many different vendors (though some local search engines do exist to help consumers locate products for sale in nearby stores). Search engines, online price

comparison services and discovery shopping engines can be used to look up sellers of a particular product or service.

- **Fraud and security concerns**

Given the lack of ability to inspect merchandise before purchase, consumers are at higher risk of fraud than face-to-face transactions. Merchants also risk fraudulent purchases using stolen credit cards or fraudulent repudiation of the online purchase. However, merchants face less risk from physical theft by using a warehouse instead of a retail storefront. Computer security has thus become a major concern for merchants and e-commerce service providers, who deploy countermeasures such as firewalls and anti-virus software to protect their networks. Phishing is another danger, where consumers are fooled into thinking they are dealing with a reputable retailer, when they have actually been manipulated into feeding private information to a system operated by a malicious party.

#### **RECENT TRENDS:-**

Here are some of the statistics from the AC Nielsen Global Online Shopping Report 2010

- Currently more 23% Indians surveyed don't buy any goods online
- 8 out of 10 Indians surveyed plan to shop online in the next twelve months and more than a quarter indicate that they spend towards 11% of their monthly expenditure on online purchases
- 71% Indians trust recommendations from their family, 64% from friends and 29% from product reviews while making an online purchase decision
- More than 50% of Indians utilize social media sites to help them make purchase decisions
- Books (41%), Airline tickets / reservations (40%) and electronic equipments (36%) dominate the online purchase basket.

**DATA INTERPRETATIONS-:**

**1. WHY DO INDIANS SHOP ONLINE?**

<b>Reasons</b>	<b>No. of Respondents.</b>
comfortable to shop	68
more variety	78
discounts	45



Fig-1.1

**Sources: Primary Probe**

The above fig-1.1 shows that 36% respondents prefer online shopping because of comfortability while 40% says that it has more variety and 24% respondents buy through online due to discounts.

## 2. HOW MUCH SHOPPING IS DONE ONLINE?

How much shopping is done online

Up to 25 percent	92
25 to 50 percent	48
50 to 75 percent	36
More than 75 percent	15
	191

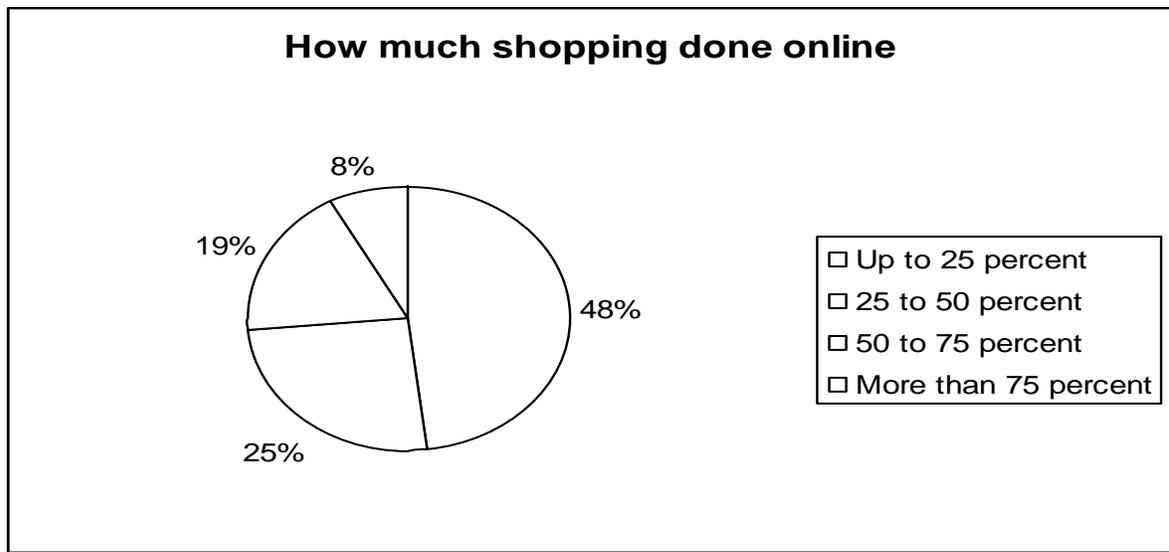


Fig-1.2

Sources: Primary Probe

The above fig-1.2 shows that only 8% respondents who do their more than 75% shopping online. 48% respondents do only half part of their shopping online. There are 19% respondents who buy products by online from 50% to 75% and rest respondents do 25% to 50 % shopping online.

**3. COUPONS AND DEALS EFFECT ONLINE SHOPPING.**

Coupons and deals effect online shopping

Strongly Agree	57
Agree	64
Neither Agree Nor Disagree	18
Disagree	35
Strongly Disagree	17
	191

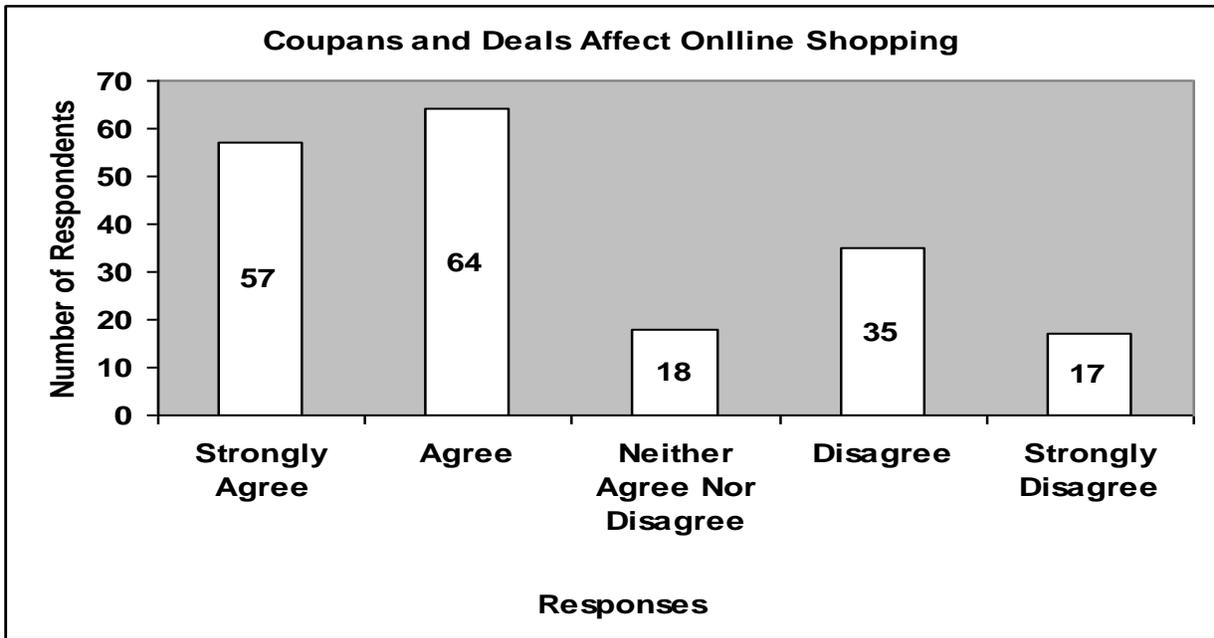


Fig-1.3

Sources: Primary Probe

Besides convenience, coupons and deals are the most important factors for an online shopper in India. It reveals that 57 respondents out of 191 strongly agree that they buy online due to

Coupons and deals. 64 respondents agree that coupons & deals effect online shopping. 18 respondents are neutral. 35 respondents disagree and 17 strongly disagree and say that coupons & deals do not effect online shopping.

#### **4. CONSUMER'S PREFERENCES TOWARDS THE PURCHASE OF ONLINE SHOPPING GOODS.**

Consumer's preferences towards the purchase of online shopping goods.

	Respondents
Books	33
Apparel and Accessories	43
Electronics	52
Beauty Products	22
Home & Furnishing products	18
Baby Products	12
Health Care	11
	191

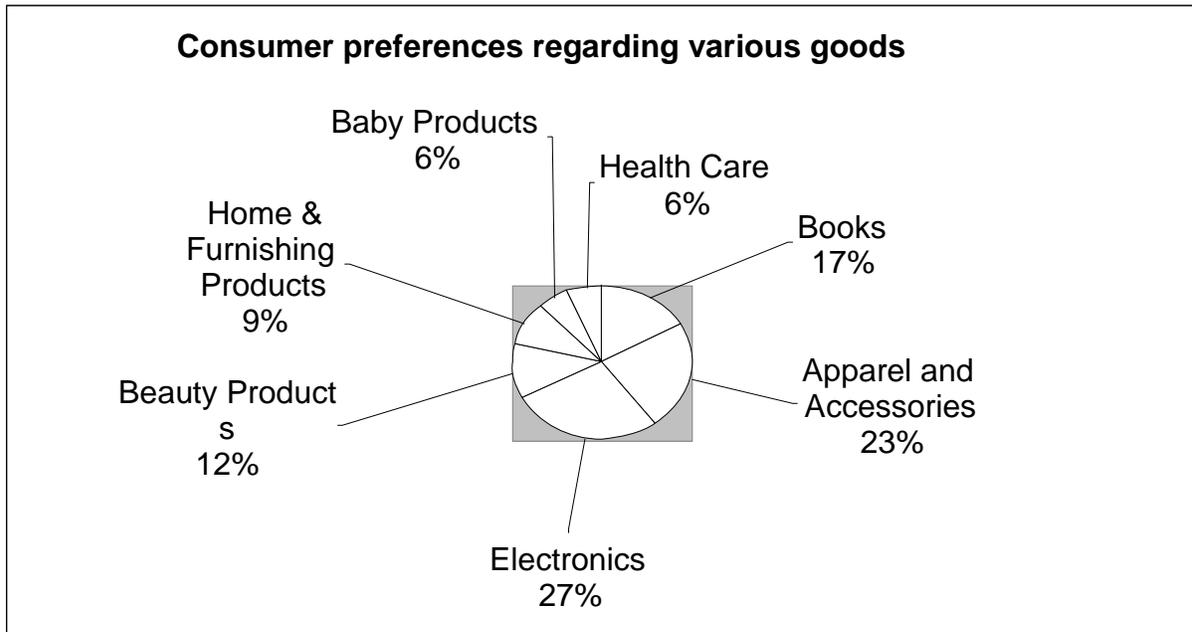


Fig-1.4

Sources: Primary Probe

Above figure shows the distribution of Online Retail Shopper in India. We can see that most of the respondents around 27% go for Electronics and 23% apparel and accessories buy online. Books and beauty products occupy 3<sup>rd</sup> and 4<sup>th</sup> ranks. Respondents are least interested in buying Baby products & health care products through online.

## 5. SECURITY / FRAUD CONCERNS

People feel safe while buying online.

Strongly Agree	46
Agree	74
Neither Agree Nor Disagree	30
Disagree	28
Strongly Disagree	13

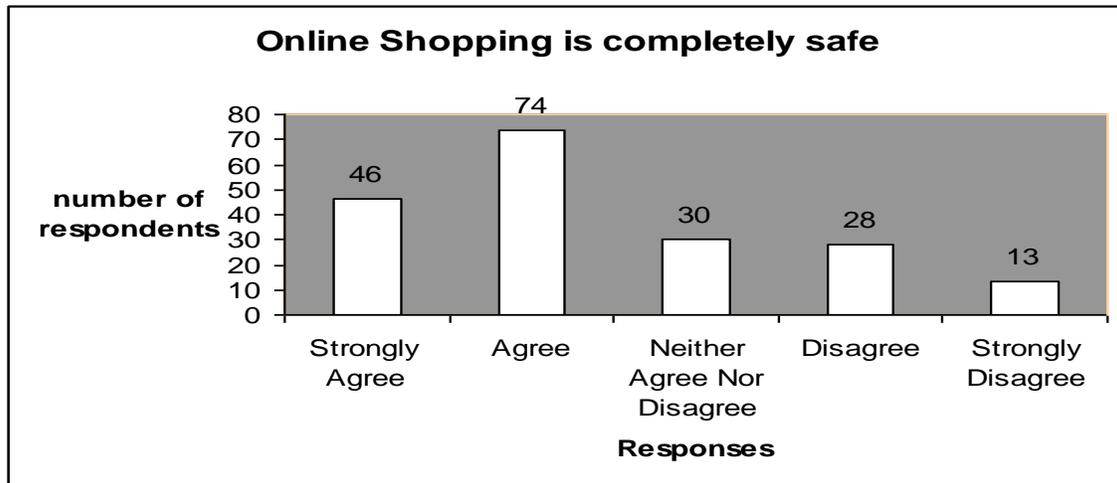


Fig-1.5

Sources: Primary Probe

The above fig-1.5 shows that 74 respondents out of 191 agree that online shopping as a safe mode of shopping while 46 strongly agree and 30 respondents neither agree nor disagree for safety concern rest 28 respondents are disagreed.

### CONCLUSION:-

Online shopping in India is now dependent on the eagerness of Indian retailers to think out of the box, build on their existing strengths and becoming truly multi-channel retailers. The challenge is to make customers look beyond the informative and functional online activity and direct them towards online shopping for travel, entertainment, lifestyle and food and grocery. This paper is an attempt to retrospect the past, introspect the present and prospect for the future of E-Retailing in India. By the medium of this paper I am trying to discuss the nature of online shopping, what all problems it is facing and what measures can be taken to resolve them so that it can become a great success. Finally, it is important to conclude, with respect to the study's limitations. Firstly, by its very nature, paper has to be limited in its ambitions: it tends to pose more respondents. There responses are ambiguous in nature that cannot be easily concluded. Moreover, a review is

typically limited by the number of articles that it can realistically accommodate: in attempting to critique and summaries the most common and compelling predictions and themes, to have emerged from the Internet retailing revolution, thus far, it is inevitable that we will have missed some important articles and ideas that might have made a useful contribution to this paper. Consequently, rather than attempting to provide definitive answers and conclusions, this study has sought to highlight key issues and raise questions, that should hopefully provide an important point of departure for future studies.

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