

## The Trend of Increasing Online Shopping – A Bane or Boon for Retailers

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### Abstract

At present time, internet is playing a major role in removing business limitations of past, now a sales person can directly reach clients doorstep and offer the most satisfying services in a click. Advanced technologies and web applications with safe transaction assurance are giving enough reasons to the new age Indian buyers to shop online. So, Purchasing goods from the comfort of your own living room certainly is more convenient than actually driving to a store, while offering a virtually unlimited collection and the ability to compare prices. While online payment and security technology have come a long way, you still may experience problems with online shopping from time to time. The number of online buyers is likely to increase with the number of internet users, which has crossed the figure of 100-million. As per the report of com Score, Inc, about 60% of internet users have visited a retail site in the year of 2011. Online shopping has risen by a whopping 85 percent in 2013 as compared to last year's figure of \$8.5 billion on increasing Internet penetration, rising fuel

prices and wider choices in the comfort of one's home, a report revealed Monday. "Online Shopping - Review & Outlook in 2013," released by industry chamber Assocham showed that India's on-line shopping market rose from about \$2.5 billion in 2009 to \$6.3 billion in 2011, \$8.5 billion in 2012 and further to \$16 billion in 2013 and it is expected to touch \$56 billion by 2023-- 6.5 percent of the total retail market. This paper will covers some of the more common issues, such as getting the wrong item, retailers problems due to online shopping, and ways to minimize these potential pitfalls. Many of the problems seem to arise because the retail market is going to suffer a lot due to on-line shopping trends.

**Key words:** Online shopping, Problems & benefits, bane for retailers, Predatory pricing.

### Introduction

Online shopping can be considered as sub – category of e-commerce. Online Shopping in India has gone very famous and these a day's mostly people are buying

products online revealed by an online survey done in India. It is actually very simple; if you have internet connection then you can do online shopping. There are many schemes on online shopping and most of the people do online shopping to get the maximum comfort by allowing shopping themselves from their home. India is a big market that is growing day by day. Online shopping revenue of India was \$14 billion in 2012 and number of online shopping users was 19.2 million. Online shopping has doubled to \$14 billion in 2012 from \$6.3 billion in 2011. This figure is likely to reach \$ 38 billion by 2014. In this fast paced competition, the Indian online shoppers have specific expectations for online shopping websites in INDIA. First of all, in India on line shoppers have started expecting the option to return items purchased online, and some retailers already have made doing this convenient. Further, the retailers believe that this option is quite necessary to develop consumer trust and confidence in online shopping. Secondly, free door-to-door shopping is very much needed, say online shoppers. Already many online shopping websites are providing these services. But, even today there are certain limitations regarding this. Today, in India online shoppers have been trained to expect Common problem in online shopping. There are many online shopping

retailers in India like Flikart, YepMe, Myntra, Lensskart, Snapdeal, HomeShop18, Naaptol, eBay, Jungle, Healthkart and many more. Well, Letsbuy was also there, but it was acquired by Flipkart to bring the most out of it. A few years back, Flipkart was the only king in the online shopping jungle, but now it has got competitors like YepMe and many more as they are also doing well.

Apart from these things, there are some questions which come in the mind of a person doing shopping online for the first time. These questions are mentioned below.

1. Are these services real?
2. Will I be able to do exchange?
3. What if my product turns out bad?
4. Will the product reach to me in time?
5. After paying the money online, will I get the product?
6. Will the product last long?

### **Problems due to online shopping:**

1. Receiving wrong products: Many a times the product received are not of the same quality as promised customers have this fear since many of them wrong products or those are unfit to their expectations.

2. Damaging products in transit: This happens usually, in long distances, product gets damaged in the way and then customer fails to avail its benefits. They are totally at loss then.
3. Delay in delivery of products: Companies located at far of distance tends to more delivery time. This is another feature due to which customer are not satisfied with online shopping.
4. Concerns When Buying from Foreign Companies: Problems with online shopping can be especially difficult to resolve if the seller is located in a foreign country. Before you order, you want to know how the item is priced and when it is converted to U.S. dollars (if listed in a different currency); whether the retailer will ship to other countries; the likely length of time it will take to fulfill the order; any applicable special duties or taxes. As a general rule, though, you should approach international online orders with caution.
5. Watch out for Any Scams When Buying Online: In addition to general problems with online shopping pertaining to legitimate retailers, you also need to be aware of the various kinds of scams targeting online consumers. Some suggestions for avoiding scams are listed below:
  - Be careful of "Gray Market" Items: So-called gray market goods may be either illegal sold in a way that sidesteps regulations, or unintended for the market. You may get something that doesn't work properly or which has instructions in another language. Also, gray market merchandise typically lacks a warranty.
  - Make Sure You Understand Shipping Charges: A retailer may try to squeeze a profit from heavily discounted items by tacking on an extremely high shipping rate, most of it not actually used for shipping.
  - Other online scams include phishing and spoofing and identity theft (which is not limited to the Internet). Consider speaking with a consumer protection lawyer if you are unable to resolve one or more problems with online shopping.

### **Benefits due to online shopping:**

- If you have internet connection and like most people who use the Internet, you will probably purchase something online within the next month or two. Because you have so many choices, with a world of products at your fingertips and you don't have to waste

gas or deal with parking hassles, mall crowds, and long lines. You can prefer online shopping to avoid all these problems.

- Best thing about shopping online is that we can do it barefoot in the comfort of our home without any difficulty.
- Purchase with Care Unfortunately, there are some drawbacks to shopping online.

In April 2008, The Internet Crime Complaint Centre reported that online payment fraud complaints filed by consumers in 2007 reached \$239 million compared to \$198 million in 2006. Now in its 14th year of operation, the Internet Crime Complaint Center (IC3) has firmly established its role as a valuable resource for both victims of Internet crime and law enforcement agencies investigating and prosecuting these crimes. For the victims, the IC3 provides a convenient and easy-to-use reporting mechanism that alerts authorities to suspected criminal violations. For law enforcement agencies, the IC3 serves as a conduit to receive Internet - related complaints, to conduct research related to them and to develop analytical reports for state, local, federal, tribal or international law enforcement and regulatory agencies. These agencies then develop investigations based on the forwarded information as appropriate. In 2013, the IC3 received 262,813 consumer

complaints with an adjusted dollar loss of \$781,841,611 in which is a 48.8 percent increase in reported losses since 2012 (\$581,441,110). The IC3 continues its efforts to inform the general public about online scams by publishing public service announcements and providing tips for Internet consumers.

The IC3's success attracts international interest. Canada, the United Kingdom and Germany use the IC3 as a model for similar cybercrime centers. In furtherance of its continuing support of foreign law enforcement, the IC3 prepared dozens of country -specific statistical reports and disseminated hundreds of complaint referrals to FBI legal attaché offices throughout the world.

In 2014, the IC3 continues to pursue its mission to serve both the online public and law enforcement and regulatory agencies throughout the entire global community.

### **Reasons for growth of online Shopping in India**

As per an article by Amritanshu (2012), describe many reasons for the growth of online shopping in India. The trend of online shopping is increasing day by day. These days' people don't have time and

eye-catching offers are the two main factors boosting the online shopping stores these days. Books, Electronic items, accessories, apparels, movie tickets, insurance policies and air and rail tickets booking almost all the products that are available in the market can be purchased from online stores. You can also book a car and a house online.

Online shopping is still not very popular in India but the rate is increasing from last 2 to 3 years. After watching the advertisements of online stores on television consumers visit web sites but they don't do shopping. According to a survey conducted most people avoid doing transactions due to fear of online theft and some think that online stores are not reliable. This is a common phenomenon but slowly people will get used to it. Especially we are expecting a big change in the next generation. Online shopping is getting very popular among young folks.

Big Players like flipkart, jabong, myntra, homeshop, ebay are some popular online stores offering products with high discount. These stores are not just shopping stores but they are wholesalers that are selling their products like a retail store at wholesale price. They are not just offering discounts they provide a facility of returning the product within 30 days if buying if found defective.

Online shopping is all about selling and buying goods or services using internet. The overall market of ecommerce in India is expected to grow by \$200 billion till 2020. In last two decades, the country has come a long way. Computer and internet have become available in almost every home. This has created a market for online shopping in India. For online shopping, there are only two things to fulfill:- first is to generate trust and second make yourself discoverable.

These days' people don't have enough time to go to market to purchase goods so they prefer online to purchase the item. Also, India's population mainly youth, who prefer using internet for main activities like in collecting information, marketing, etc. Also the consumers have become quite smart and are looking for ways which prove they can make profitable purchase.

There are many reasons which made Indians ready for online shopping:-

- The changing attitude of consumers leads to development in online shopping. In old days, consumers preferred going to the markets for shopping. However, online shopping provided them with comfort and also a chance to avail on various kinds of offers which helps the consumer to save money. Thus, consumers have now

started developing habit to buy goods online instead of going to market.

- These days, people have become internet friendly. So, online shopping is becoming a comfortable option for the people. It is believed that around 75 million household are ready for online shopping in India.
- Many companies have entered the market of online shopping in India and these provided consumers with the best of options while sitting at home only. These big names are investing in the e-commerce market from a long term perspective rather than small term. Thus, the e-commerce market is to grow even more bigger and better in times to come.
- Sectors like travelling and retail have already proved to be successful in the field of e-commerce. These sectors have already made a lot of profit through the online market. The success of these sectors has encouraged other sectors to enter the market of online shopping and this is precisely the reason why the online market has expanded so quickly in India.

These are some of the reasons which make India a suitable market for online shopping. However, there is still a slight bit of disinclination in the Indian Consumers especially persons between age

group 45-60, regarding online shopping. Ultimately this hesitation and reluctance will go with better services and offers and this is precisely the reason for believing that the market for e-commerce will only grow in India in times to come.

Flip kart, Superbazaar.com, OLX.com, Snapdeal are certain online shopping websites that have created opportunity in the Indian e-commerce market. Many other small time companies are entering into e-commerce and this will make this market as a competitive market.

### **Bane for retailers:-**

Sathe (2014), in his article, reported a lot of problems being faced by retailers.

We, the General trade dealers are writing you this mail in sheer distress," reads the opening line of an email sent last month by the Delhi Mobile Association (DMA) to Samsung executives in India. The email - a copy of which was seen by NDTV Gadgets - talks about the "very rough time" that offline retailers are going through in India, and concludes with words that sound very much like a warning: "We have reached at a juncture where we are forced to take necessary steps to safeguard the interest of general dealers."

The fact that online discounts and sales have come to dictate pricing in India is widely known. While customers benefit from reduced pricing and increased convenience, the extent of the impact that online retailers like Flipkart and Amazon are having on the day-to-day operations of brick-and-mortar stores is something very few have paused to think about.

The conflict between the offline retailers and their online counterparts has really come to a head, and for the traders at least, the situation has started to look desperate. Their continued survival could depend on the brands' support at this stage - but not every brand is giving that.

Another email accessed by NDTV Gadgets urged retailers across India to individually email representatives from "Samsung, Apple, Sony, LG, HTC & Micromax to issue advisory against online [retailers]" and "control pricing to take action on dealers & distributors" who are supplying stocks to online market places.

However, the retailers' pleas seem to have brought about little response so far.

"We formed our union now, and we were talking about a ban," says Sanjay Sahani, President (South) of the DMA, adding, "But we decided not to take that step right now. We have talked to Samsung and

Apple, and asked them to reduce the number of units being made available to online sellers, which will also help bring fair play."

Most of the retailers we spoke to said they are being pushed against a wall by the changing scenario.

One such trader is Gagandeep Singh, the owner of Lakshmi Electronics, a large-sized retail store in Delhi that sells everything from televisions to mobile phones to ACs. His business has been hit hard by online competition, and he's starting to think about letting some staff go, or even moving to a smaller store.

"My father started the business. He was primarily selling household goods, fridges and food processors and things like that," says Singh. "We had a smaller shop, just down the road," he adds, gesturing vaguely towards the door of his store in Mayur Vihar.

As the demand for electronics grew in the 90s, so did the Singh's business. After his father's death in 1997, Singh was the sole proprietor of the business, and in 2001, he decided that it needed a bigger store. The new shop has a small ground floor display area, where you can see row after row of digital cameras and smart phones. The

larger items such as fridges, air conditioners, and televisions are arrayed in a larger basement area. Walking around the shop, you'll see that every item has a discount tag next to it."People won't buy anything at all now, unless it's on discount," Singh says. "You see all this e-commerce, this online shopping, and then you tell me, how is a shop like mine supposed to stay in business?"

The billion dollar competition for customers, the problem of a shopkeeper like Singh might not seem important, and the deals and discounts being offered by online sites are hard to pass up on. Today with companies like **Flipkart raising \$1 billion in funding, and Amazon announcing a further \$2 billion investment** in India, it's clear that the e-commerce marketplaces are not going away anytime soon. This is going to make it harder for shops like Singh's to stay in business.

The rise of online stores has also led to a practice known as "showrooming", which fills Singh and others in the retail business with anger.

"People come to the shop, and ask to see a dozen different products. They ask my staff hundreds of questions. They take the best advice, try out the latest products.

And then when the time comes to finally buy, they say, 'this is cheaper online.'"

Singh rightfully feels that the extra value that his shop has added - in terms of the ability to touch and feel the product, and the advice of his staff - is simply being used to further sales on sites like Flipkart and Amazon.

### **Predatory pricing:**

As per an article by Sathe (2014), Sahani of the DMA told NDTV Gadgets that part of the problem lies with some brands, he feels, are undercutting traders in a bid to build its visibility in India, and this is hurting the retail market across the board. "We're being turned into a showroom," says Sahani. "They [e-commerce sites] can offer much lower prices."He's clearly stressed by the subject, and complains about taxes, saying that the Delhi government is not able to help despite repeated requests."We have been talking to the brands as well, and if they do not take action either, then our next step will be to raise a court case about predatory pricing," Sahani adds.

The focus of these talks is on Samsung, which is the biggest brand that Sahani and his colleagues deal with."We formed our



union now, and we were talking about a ban," says Sahani, adding, "but we decided not to take that step right now. We have talked to Samsung and Apple, and asked them to reduce the number of units being made available to online sellers, which will also help bring fair play."

The DMA will wait for some time to let the brands respond, before taking any further action, Sahani says. He adds that Samsung has so far given a positive response, and supports its concerns.

Earlier this year, many brands had in fact taken steps to encourage people to buy products offline. Lenovo **had warned buyers** that Amazon, Flipkart and Snapdeal are not authorised resellers, while Nikon had made a blog post that read: "Please note that Flipkart (Flipkart Internet Private Limited) and Snapdeal (Jasper Infotech Private Limited) are not our authorised partner/dealer in India for Nikon Products."

Radhika Ghai Aggarwal, Co-founder and Corporate Vice President (Marketing and Merchandising) of Shop Clues, another e-commerce marketplace in India, is much more frank. Talking about the statements from brands urging customers to shop offline, Aggarwal says, "It was completely irrational behavior. You can't just kill a

channel. Not everyone wants to shop offline, and the brands will need to find ways to work with all channels."

She adds that on Shop Clues two-thirds of all merchants are also offline retailers. "We have one seller, Lakshmi Enterprises," she says. "It's a third-generation store, and it used to sell to people in a five kilometre radius. Thanks to our marketplace, they are growing and servicing clients around the country. They have started to import a wider range of products than before, and their price is lower on our marketplace than it is in the store."

Singh, in Mayur Vihar, also has a presence on the major online marketplaces, but he doesn't sound thrilled about it. "They've turned my shop into a warehouse," he says. "I will stay in business like this, but I will have to lay off the people working in the store, and move to a smaller space. I don't have a choice. My business will also go down, and when the shops close, doesn't the customer also suffer?"

## Conclusion

In India, with the increasing young population, the demand for online shopping is increasing quickly. So, no single online retailer can cater to the

growing market. Hence, all the players have to work together to make things happen. These online shopping websites have to make best use of the available mobile technology. Today, in India, reviewing the circumstances, multi-brand retailers have to be ready to launch more and more services. There is a need for online shopping services in multiple languages than only the English language in India, since India is linguistically a diverse country. Web experts believe that it will take some time to spread the online marketing phenomena in Indian society by and large; it will dribble in soon and benefit many Indian consumers. Indians are catching online shopping fever slowly, though right on time. But government needs to take appropriate steps or make some rules/ laws to protect the offline retailers.

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