

# Analysis of Businesses of E-Commerce and Organised Retailers in Thane District

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## ABSTRACT

*E-Commerce (or E-Retailing) is synonymous with business- to- consumer (B2C) transaction model of e-Commerce. E-tailing, which comprises of online retail and online marketplaces, has become the fastest-growing segment in the larger market of India. According to Ibef report, the Indian e-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion as of 2017. India has an internet users base of about 475 million as of July 2019, about 40% of the population. The penetration of e-tailing in India is very low compared to markets like the US and the UK but is growing at a much faster rate with a large number of new entrants like Snapdeal, Flipkart, Amazon etc. Recently, many e-tailers like Flipkart, Snapdeal etc. has mushroomed in the Indian market with their big discounts and events like “Big Billion Day Sale”. But emergence of these e-players in Indian retail market has an impact on the sales and profits of the brick and mortar stores (organized retail stores).*

*This research paper aims to explore the pros and cons of E-commerce. The researcher mainly focuses on cons which are in terms of influence (impact) of e-commerce business on brick-and-mortar retail business. Researcher takes thirty-five retail stores from the two main markets of Thane city as a sample for the study. The study is based mainly on primary method of data collection. After the analysis of the study, researcher suggests that although the brick-and-mortar retailer’s businesses are affected due to sudden emergence of e-tailers, there is a space for both the retailers to grow and expand their business.*

*Keywords: E-Commerce, E-Tailers, E-Business, Brick-and-Mortar Stores,*

## A) INTRODUCTION

E-commerce, which comprises of online retail and online marketplaces, has become the fastest-growing segment in the larger market of India, growing at a significant rate. According to Ibef report, the Indian e-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion as of 2017. India has an internet users base of about 475 million as of July 2019, about 40% of the population. Books, apparel and accessories and electronics are the largest selling products through E-tailing, constituting around 80% of product distribution, according to PWC. Increased internet penetration, improved security measures, convenience of shopping in lives pressed for time, and, of course, dozens of retailers to choose from – these are a few factors that are attracting more and more consumers to shop online. In last few years, many e-tailers like Flipkart, Snapdeal, Amazon, etc. has mushroomed in the Indian market with their big discounts and events like “Big Billion Day Sale”. Through Big Billion Day Sale, Flipkart had sold products worth of hundreds of crores in the various parts of Indian market. But it had affected the diwali sales of many of the brick and mortar stores. These retail stores are now gearing up to accept the challenges brought by e-tailers. This paper attempt to identify the impact of e-tailers like Snapdeal, Flipkart etc. on the brick and mortar stores and how these retailers are preparing to face the challenges.

## B) E-TAILING IN INDIA

**Table-1: Share of E-tailing in India’s Retail Sector**

	2014	2020
Independent Retail	91.60%	83%
Brick and Mortar Retail	8.00%	14%
E-tailing	0.40%	3%

Source: PWC Report, “E-Commerce in India - Accelerating Growth”, p. 8.

The share of e-tailing is, at present, is 0.40% of total India's retail sector which can be seen from the above table 1, while brick-and-mortar retail (organized retail) is 8%. But with increasing internet users, convenience factor and emergence of multiple online retailers, **e-tailing will grow to 3% of India's retail sector in 2020.**

## C) REVIEW OF LITERATURE

Indo-Asian News Service (2014) in an article "Indian E-Commerce Growth Shakes up Retail Industry in 2014" concluded that e-commerce format will give serious competition to brick-and-mortar stores. It found out that e-commerce market is still a small component of India's Rs. 38 trillion (\$600 billion, roughly Rs. 38,08,200 crores) overall retail sector. Yet, the e-commerce format with sales of Rs. 1 trillion (\$16 billion, roughly Rs. 1,01,552 crores) managed to create a buzz in 2014 like never before - not just with mega promotions but also with mergers, acquisitions and some crazy valuations. CRISIL Research (2014) showed the recent impact of Indian e-tailers on organized retailers such as Shoppers Stop, Trent etc. It found out that the net store addition of these organized retailers, because of emergence of e-tailers, was reducing on continue basis such as 39 in 2009-10; 23 in 2010-11; 1 in 2011-12 and 15 in 2012-13. It also found out that the maximum impact were in books, music & electronics segment. Sinha V. and Gairola M. in an article "E-tailing: next big thing in India's retail story" concluded that it is a win-win situation for online and brick-and-mortar retailers. The retail market will expand at a rapid pace and there will be space for both groups to grow.

By taking a sample of 1,327 customers with considerable online shopping experience, the survey was conducted in the NCR, Chandigarh and Lucknow between November 2013 and December 2013 by Joshi P. and Upadhyay H. (2014). They found out that although websites like Flipkart, Jabong and Myntra have got the highest number of respondents reporting problems with regard to delay in delivery, asking for replacement/ return/refund, or deficiency in customer service, the overall share of these problems is relatively small against the positive ratings they have got. These are the sites that have been rated the best in terms of overall satisfaction. And they concluded that e-tailing market will increase its market share at rapid rate. Based on series of interviews with senior managers, e-tailing consultants and 30 shoppers in Kolkata, Dawn S. K. and Kar U. (2011) suggested effective e-tailing strategy for the Indian companies. To retain, a mix of marketing tools such as public relations, advertising, promotions, direct marketing and Internet advertising should be used. Customer loyalty programs should be initiated and also customer care should be a top priority as with leading online companies.

## D) OBJECTIVES OF THE STUDY

Following are the objectives of the study.

- To study and understand the growth of e-commerce in India.
- To study the influence (impact) of e-commerce on brick-and-mortar (organized) retailers.
- To find out the ways adopted by brick-and-mortar retailers to face competition with e-commerce business.
- To give suitable suggestion and recommendation on the basis of the study.

## E) SCOPE OF THE STUDY

For the purpose of this study, thirty-five stores are taken as a sample from the two main markets situated within one km. of railway stations of Thane (W) and Dombivili (W) respectively, mainly to find out the influence of e-tailing business on brick-and-mortar retail business.

## F) LIMITATION OF THE STUDY

The present study has some limitations such as:

- It is restricted to only thirty five stores as sample size from two main markets of Thane city.
- The research findings are based on the responses of the store managers. However, the genuinity and frankness in their responses is assumed.

**G) METHOD OF DATA COLLECTION**

This research study is mainly based on primary method of data collection such as questionnaires, interviews and observation. All the data and information are properly classified and arranged in tabular form and simple percentage method is used as statistical tool for this study.

**H) ANALYSIS AND INTERPRETATION OF THE STUDY**

**Table and Chart 2: Category of Retail Stores**

	In No's	In %
Clothing	7	20
Footwear	7	20
Electronic Products*	7	20
Watches	7	20
Books/Music/Gifts	7	20
<b>Total</b>	<b>35</b>	<b>100</b>

\*Electronic Products means Mobile & Accessories Stores and T.V/DVD Stores.

From the table and chart 2, it is understood that researcher takes thirty five stores as a sample from five product categories. Seven stores are taken from each category for the study.

**Table and Chart 3: Has E-tailing (Online retail) affected your Store's Sales?**

	In No's	In %
Yes	24	68.60
No	9	25.70
Can't Say	2	5.70
<b>Total</b>	<b>35</b>	<b>100</b>

Above table and chart 3 shows that nearly 69% of the sample store's sales are affected from the business of e-tailers, while nearly 26% of stores are unaffected.

**Table and Chart 4: If affected, then please give the Severity of Impact?**

	In No's	In %
Extreme	9	37.50
Moderate	11	45.80
Less	4	16.70
<b>Total</b>	<b>24</b>	<b>100</b>

Out of the affected stores, nearly 46% of them (table and chart 4) have a moderate impact on their sales because of e-tailers and 37% of them have an extreme impact.

**Table and Chart 5: In which of the following occasion, E-tailing affects your Store's Sales?**

	In No's	In %
Festivals	16	66.70
Seasonally	6	25.00
Daily	2	8.30
<b>Total</b>	<b>24</b>	<b>100</b>

Out of the stores affected, table and chart 5 shows that nearly 67% of store managers say that e-tailers take away the business in festivals and 25% of them say during seasonal time.

**Table and Chart 6: Whether E-tailing will hamper your Store's Growth in future?**

	In No's	In %
Yes	31	88.60
No	4	11.40
Can't Say	0	0
<b>Total</b>	<b>35</b>	<b>100</b>

It is clear from the table and chart 6 that majority of stores feel that e-tailers will hamper their store's growth in future.

**Table and Chart 7: Which of the following e-tailer is/will be more harmful to your store?**

	In No's	In %
Flipkart	12	34.30
Snapdeal	14	40.00
Amazon	7	20.00
Ebay	0	0
Any Other	2	5.70
<b>Total</b>	<b>35</b>	<b>100</b>

Table and chart 7 shows that majority of stores (i.e. 40%) are feeling threat from Snapdeal, 34% of stores from Flipkart, and 20% of them are feeling threat from Amazon.

**Table and Chart 8: According to you, which is the main Strength of E-tailer's Selling?**

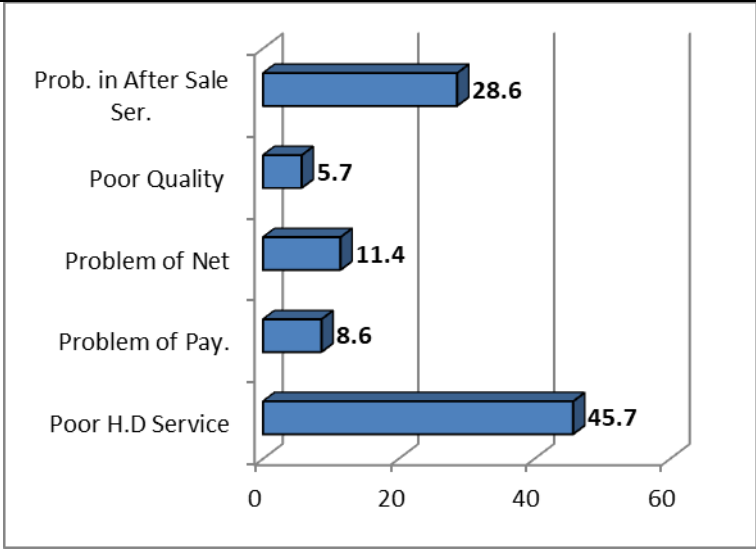
	In No's	In %
Cost Benefit, So lower Price	15	42.90
Heavy Advertising	10	28.60
Quality Product	2	5.70
Efficient & Quick Service	3	8.60
New Concept		14.2

New Concept, So attractive to Customers	5	14.20
<b>Total</b>	<b>35</b>	<b>100</b>

Regarding strengths of e-tailers, then table and chart 8 shows that majority of stores (i.e. 43%) feel the cost benefit as a biggest strength of e-tailers, nearly 29% of stores say heavy advertising as the strength, 14% of them feel e-tailing as a new concept for customers so attractive, 8% of stores say efficient service and last 6% of them say quality product as a strength of e-tailers.

**Table and Chart 9: According to you, which is the main Weakness of E-tailer’s Selling?**

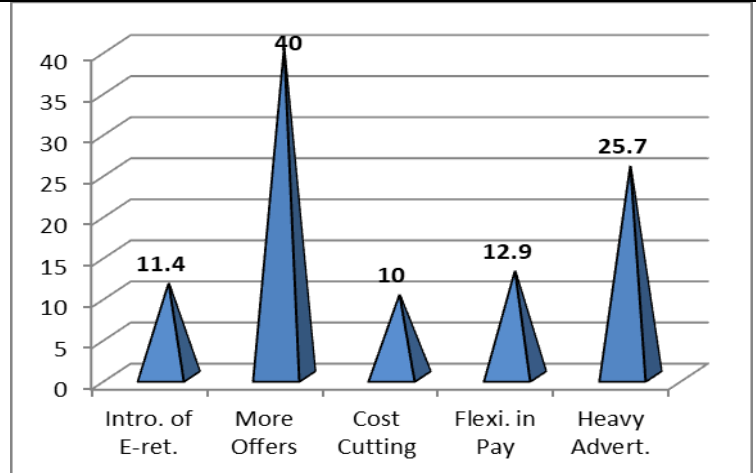
	In No’s	In %
Poor Home Delivery Service	16	45.70
Problem of Payment	3	8.60
Problem of Internet	4	11.40
Poor Quality of Product	2	5.70
Problem in After Sale Service	10	28.60
<b>Total</b>	<b>35</b>	<b>100</b>



Regarding weaknesses of e-tailers, then table and chart 9 shows that majority of stores (i.e. 46%) feel the poor home delivery as a biggest weakness of e-tailers, nearly 29% of stores say problem in after sale service as the weakness, 11% of them feel problem of internet, 8% of stores say problem of payment and last 6% of them say poor quality product as a weakness of e-tailers.

**Table and Chart 10: Which two important measures you will take/have taken for facing the Competition with E-tailers? (Please tick any two measures)**

	In No’s	In %
Introduction of E-retailing	8	11.40
More Attractive Offers/Schemes	28	40.00
Cost Cutting for lower Price	7	10.00
Flexibility in Payment	9	12.90
Heavy Advertising & Publicity	18	25.70
<b>Total</b>	<b>70</b>	<b>100</b>



It is understood from the table and chart 10 that majority of stores (i.e. 40%) say that they adopt the strategy of more attractive offers/schemes to face the competition from e-tailers, nearly 26% resort to heavy advertisement & publicity as their strategy, 13% of them say flexibility in payment, 11% say introduction of e-tailing business and last 10% of them say cost cutting as their strategy to face competition.

## I) CONCLUSION AND SUGGESTIONS

It can be concluded that more than one-third of sample stores have feel the impact of e-tailing business on their sales. Mostly, the impact is extreme or moderate on their sales and that also mainly during festival times. But almost all stores agree that e-tailing business, if maintained the same growth rate, would hamper their business growth in future. Therefore, these brick-and-mortar stores are gearing up to face the competition with e-tailers with the different strategies such as more attractive offers/schemes, heavy advertisement and publicity etc.

*There are number of reasons behind the success of e-commerce business in India.* On e-commerce portals, products are priced lower than in brick-and-mortar shops, customers can shop at their convenience, a customer in a small town can buy products that are available only at big store in cities. Overall, it can be said that it is a win-win situation for both i.e. online and brick-and-mortar retailers. The retail market will expand at a rapid pace and there will be space for both groups to grow and expand their business.

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