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IMPACT OF E-BUSINESS ON ORGANISED RETAIL SECTOR

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ABSTRACT

The main sectors for any country from its economic strength perspective are Retail Sector. Indian retail industry is likewise no exception to the same. Over a period of time India has transitioned from different phases of development in practically all sectors and hence there were part of changes occurred in the retail segment. From the barter system in ancient India, it has transitioned from unorganized retail, organized retail and presently e-commerce is blasting and there is already entry of m-commerce which is an extension of e-commerce. Presently with the solid wave of e-commerce and other variables like computerized India initiative, mobile market development, etc., there is the chance of greater impact on organized retail. Newline Over the most recent twenty years, the Indian retail market has seen uncommon changes. Taking a gander at the potential size of the market top three business houses likewise ventured in the retail market with Reliance Fresh, Star Bazar, more alongside key part like Future gathering with Big Bazar and D Mart, etc. venturing in the retail sector, competing for some share of business from a huge populace of India. They have set up their outlets in huge shopping centers fundamentally in metro cities and metropolitan areas. The center is to reduce the levels in the circulation cycle by reaching close to the manufacturer and giving numerous items under one rooftop at discounted rates. Additionally, alongside these enormous gatherings, manufacturers have started opening their own outlets in huge cities. Every one of these is essential for organized retails. With the opening of the Indian economy, India increased foreign investment by changing foreign direct investment (FDI) strategy. Key International players like Wal-Mart mean to enter India to share this larger potential retail segment. Newline Current trend in India is that of E-business and E-commerce which has started step by step moving on to M-commerce. Different social, political, technological environmental changes are helping this change emphatically. Newline Digital India is one of the revolutionary initiatives in which might potentially change India into the carefully solid culture.

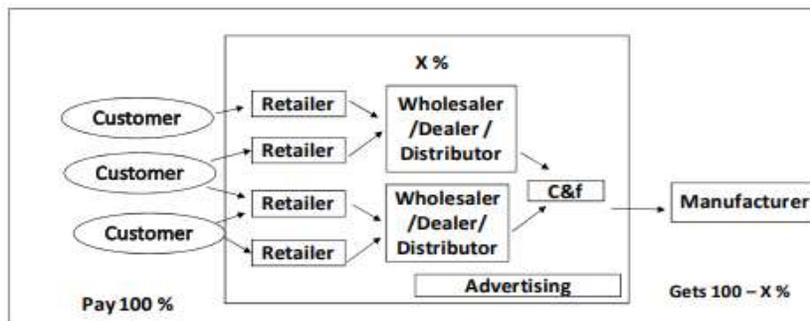
Keywords: E-Business, Organized, Retail Sector.

INTRODUCTION

The retail Segment is one of the main business sectors for any country from its economic strength perspective Based on the different definitions of the term business the fundamental concept behind business might be summarized as an economic system or business association where either services or merchandise or both are exchanged for some consideration which might be the result of business or service of business or for money. Hence the movement of labor and products from manufacturer/service provider to consumer is an important aspect here. Likewise, every business requires an investment in some structure or other and customers/consumers to whom its yield can be sold on a regular premise to generate benefits.

On the off chance that we consider the item dispersion cycle, there is one manufacturer of that item having its own assembling office at one area from where he serves to numerous customers across areas through retail outlets. There are around 6-7 levels between manufacturer and end-customer which comprises of the retailer, wholesaler, dealer, merchant, c&f agents, etc., and a major entity doing the advertisement of an item which advises the customer about the new item in the market. In this dissemination cycle, customers and manufacturers are the main entities however get least benefit from the exchange.

Figure 1.1: Current Product Distribution Cycle



The customer pays 100% of the MRP of the item. Some percent of this MRP goes to other entities in the dispersion channel while the manufacturer gets 100 – X %. This X varies from one item to another however it is a huge percentage of the MRP. Along



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these lines manufacturer gets very less which includes his expense of assembling and his net revenue too. The sum which gets distributed between channel entities of the dissemination cycle doesn't do any value add yet they simply add cost to the item. In quest for benefit amplification, considering the reality wherein customers and manufacturers are required entities yet appropriation channels can be shortened, there were two significant trends evolved over a period of time. The first was the emergence of the Organized Retail Sector and the latest one is E-commerce.

OBJECTIVES

1. To analyze the key factors influencing the growth of e-business
2. To study the categories preferred by consumer for e-business
3. To study the gender bias in need to feel the product before purchase

Conceptual Description of the Topic

Over the most recent twenty years, the Indian retail market has seen exceptional changes. Taking a gander at the potential size of the market top three business houses likewise ventured into the retail market with Reliance Fresh, Star Bazar, more alongside central parts like DMart and Future gathering with Big Bazar venturing in the retail sector, competing for some share of business from a huge populace of India. They have set up their outlets in huge shopping centers principally in metro cities and metropolitan areas. The center is to reduce the levels in the dispersion cycle by reaching close to the manufacturer and giving numerous items under one rooftop at discounted rates. Additionally, alongside these large gatherings, manufacturers have started opening their own outlets in huge cities. Every one of these are essential for Organized retail. With the opening of the Indian economy, India increased its foreign investment by changing its foreign direct investment (FDI) strategy. Key International players like Wal-Mart additionally aimed to enter India to share this larger potential retail segment.

The current trend in India is that of E-business and E-commerce which has started step by step moving to M-commerce. Different social, political, technological environmental changes are helping this change decidedly. Computerized India is one of the revolutionary initiatives which might potentially change India into a carefully solid culture. This program would be a significant component of e-commerce development in India.

The development of e-commerce and e-business is considerable over the last 5 to 7 years and is expected to fill faster in the coming years in terms of the number of items and services, the number of consumers exchanging on e-commerce stages, and the value of exchanges they perform utilizing e-commerce. Considering the speed of development of e-business and trends there is a perceived threat to organized retail in India which comprises different types of retail stores like retail shops in shopping centers, Departmental Stores, Specialty Stores, Supermarkets, Convenience Stores and Discount Stores, etc.

This research is aimed to analyze the impact of the e-commerce aspect of e-business on organized retail segments i.e., Reliance, Big Bazar, and other retail shops and retail outlets in shopping centers and other organization owned retail outlets, etc.

Theoretical Background

Important Definitions

Retail

In 2004, The High Court of Delhi defined the term 'retail' as 'Sale of an item to the ultimate consumer rather than a sale for further sale or processing (i.e., wholesale).

Unorganized Retail Sector

'Public Commission for Enterprises in the Unorganized Sector' has derived the term unorganized retail sector in the Indian context. It is stated in one of the Report on Work Conditions and Promotion of livelihood in the Unorganized Sector as... 'Comprising of all unincorporated private enterprises owned by people or households engaged in the sale or creation of labor and products operated on a proprietary or partnership premise and with less than ten complete workers'.

Organized Retail Sector

There is no clear definition of organized retail yet. Hence researcher has come up with the functioning definition of the organized retail sector based on the definition of unorganized sector in section 1.2.1.2. Based on the survey information, it was observed that on account of the greater part of the retail outlets which are operated by private limited or limited associations, the number of workers was less than 10 in a specific retail shop. Hence with the end goal of the thesis the functioning definition of



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organized retail is considered without the number of employees limit as below 'All incorporated enterprises which are engaged in the sales or creation of labor and products operated as private limited or limited associations governed by Companies act.'

E-business

The term Electronic Business or e-business was coined by IBM's marketing and Internet teams in 1996 and defined as; this refers to the utilization of data and correspondence technologies (ICT) on the side of the multitude of activities of business.

E-commerce

As per Wikipedia

"E-commerce is the action of purchasing or selling of items on online services or over the Internet."

As indicated by Techtargget.com

'E-commerce is the purchasing and selling of labor and products, or the communicating of assets or information, over an electronic network, principally the internet.

Retailers

- Department Store–Departmental store is a store that is a blend of multiple little stores under one organization that offers a wide variety of items. It adds value for the customers due to offer a wide variety of items at a place.
- Supermarkets–Supermarkets generally sell food and beverages yet presently due to customers' needs it likewise sells style, electronics-related items. It has great purchasing power that why it sells at low prices
- Warehouse Retailers–Warehouse retailers are situated at the place where the rent of the premises is very low so they can store, show and sell large measures of items.
- Specialty Retailers–Specialty Retailers sell a special service or item and provide expert knowledge and great service to customers. They add value by adding accessories and related items in the same outlet.
- E-tailer–E-Tailers are those sellers who provide the office to customers to purchase the item through the internet and offer home delivery utilizing which they can reach customers inside a major geographic area and can supply products to them. They have low rent and overhead that is the reason they offer competitive prices.
- Convenience Retailer–These retailers are available in residential areas and sell limited items at a premium price because they add the value of convenience.
- Rebate Retailer–Discount retailers are those retailers which offer limits on less fashionable brands by taking it from the suppliers and resell the item till the end of the line and return the left items at the discounted price to the supplier.

IMPACT OF E-COMMERCE ON MARKETS AND RETAILERS

Impact on Markets

- Advancement of Products-Through Ecommerce item can promote strangely and with heaps of information directly to the customers which reduces the expense of offline advancement because the internet can interact a ton of customers and save measure of the expense of advertisements can be used in different areas of business.
- Customer Service-Customer service can be enhanced because customers can search for detailed information about items or the marketplace which offers the item and can compare the prices of different marketplaces.
- Brand Image-New businessmen can establish their brands on the internet by using attractive images at an affordable price.
- Advertisement-Traditionally the advertisements were one way to deal with attract customers and let them ponder the new item or market place yet presently through e-commerce advertisements are two-manner by which customers can browse the marketplace and item, can compare the prices, and furthermore can pose inquiries to the online retailers.
- Customization-Customized items can be made available as indicated by the needs of customers. It will make a decent place of business in the market and new customers will be attracted.
- Order Making Process-Traditionally to take orders from customers, intermediaries are used which takes a great deal of time and expenses yet with e-commerce the order-taking is so easy which reduces a huge load of time and expenses and they can make more sales. Customer Value-Traditionally accomplishing a major value from the customers was the primary interest. Just customers were attracted and it was the biggest target however presently sellers make long haul relationships with customers to achieve long haul value by offering them special limits

Impact on Retailers

- Turnover-Due to e-commerce the turnover of offline retailers has reduced which is an admonition signal for the enterprise



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- Net revenue on the appearance of online shops in the market offline retailers are suffering from the evaluation. To survive in the market, they have to sell items in low prices which cover just their operational expenses and they don't get any net revenue.
- Markdown Offline retailers sell their items at discounted rates because online stores offer heavy limits to the customers and to remain in the market and to draw in the customers, they have to sell the items at limits.
- Variety of Stocks-Variety of merchandise is offered by online stores to which offline retailers can't compete because toward the end of the year the leftover stock can give a huge misfortune to the retailer.
- Customer Services-Offline retailers are offering different types of assistance at which online stores come up short. Repair and merchandise of services, home delivery and after-sales services additionally like online shops.
- Window Shopping-Low prices offered by online stores lead to window shopping by customers at actual stores and they purchase the item online. Due to which they have prospective customer's more than real customers.
- Advertisement-Offline retailers center just around the advertisements so they can draw in customers and increase their sales. They don't leave a single chance to advertise.

Gap in the Knowledge

Based on the literature review it was observed that the majority of the literature is with respect to the development of e-commerce as a stage for retail. Literature likewise discusses different enablers of e-commerce, challenges of e-commerce, etc. Mobile is a key component of e-commerce. This being new technology different papers are published specifying the overall development of mobile technology its development with respect to smartphone users etc. Very little consideration was given to Digital India and Smart Cities initiatives from an e-business perspective. Study on e-business and e-commerce/m-commerce development is done alongside some investigation on the impact of Organized Retail on unorganized retail however very little examination done of the impact of e-commerce aspect of business on Organized Retail in India.

Review Literature

Armstrong, K. P. (2001). In this paper, researcher attempts to summarize an investigation done in area of e-commerce and related points in allied subject areas based on the existing literature that is reviewed. The literature review is presented with sole objective of identifying the research holes to validate undertaking the present research work by the researcher. Retail sector is among generally important and largest sector helping the development of any economy.

Blackwell RD, M. P. (2006). Retail sector in India has transitioned through many changes over the period of time due to different elements. The central point which have impacted the Indian retail directly or indirectly are globalization and technological advancements. From little vendors from Unorganized retail sector to emergence of Mall and Organized retail sector, Indian customers are currently enjoying the development of e-commerce and the benefits it acquires the type of limits, convenience etc.

Churchill, G. &. (2012). With technological advancements, the world has come closer and the game of retail has completely changed with the new wave of e-commerce. This load of changes has likewise purchased changes in different strategy decisions of countries and India is no exception to the same. The policies related to Foreign Direct Investment i.e. FDI, plans related to advanced India, Make in India etc will certainly have a constructive impact on E-commerce in India and this potentially can have an impact on the retail sector both organize and unorganized. With globalization, there is huge change in Indian consumer behavior which will have an impact on retail.

D., G. (2003). A detailed research report 'Impact of Organized Retailing on the Unorganized Sector' by creators Nirupama Soundararajan, Mathew Joseph, Sanghamitra Sahu, Manisha Gupta³ for 'Indian Council for Research on International Economics Relations' on the retail business, is an expansive and exhaustive examination related to the impact organized retail can have on different pieces of the monetary system. The ends are based on one of the comprehensive surveys of different stakeholders including retailers from the unorganized sector, different manufacturers, different referees, a wide range of customers, and farmers and retailers from the organized sectors before 2008.

Engel, J. B. (2015). Based on the examination, retail trade-in India as predicted by researchers is to develop at the rate of 13% per annum, unorganized retail at 10% yearly while Organized retail 40-45% yearly.

Another observation is that low-income consumers are saving more than others in Organized retail outlets taking benefit of offers and limits. Farmers are likewise getting benefited due to direct sales to organized retailers.

G.C, B. (2001) Based on the information analyzed, the team has made a number of recommendations in unorganized and organized segments both for strategy changes. The two most important recommendations made by the team are that the government should help in the emergence of a 'private code of lead/ethics' for organized retailers in doing an exchange with little suppliers and the government ought to likewise improve on the licensing and permit which will promote the expansion of organized retail.

Harris, L. a. (2008). The Office for National Statistics (UK) has identified five drivers viz. advancement, investment, abilities, enterprise and competition. Alongside these drivers' e-commerce and m-commerce have proved to be important usefulness multipliers



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in the present economy. They provide 24 by 7 connectivity, minimizes time to order, increases cost investment funds, improved customer fulfillment, and creates new business opportunities like area-based commerce.

However, e-commerce and m-commerce offers loads of benefits still not all users shop online for different reasons like un-surety about an item, absence of trust, and other concerns about security, quality, delivery and low penetration of internet and poor monetary and delivery infrastructure.

The research paper 'Foreign Direct Investment in Retail in India' by Dr. Gaurav Biseria¹⁴ basically discusses the different aspects of the FDI in retail India. As essential data while explaining the concept of FDI Dr. Gaurav has given important characteristics of FDI i.e FDI is essentially an investment to get long haul management interest (10% or more) in an enterprise that is operating in a different country other than that of investor. Likewise, it is of two types In-word and Out-word FDI. FDI is likewise divided in two categories Single brands like Gucci, Nokia wherein the Indian government starting at 2012 has allowed 100% investment and Multi-brand FDI like Wal-Mart, Carrefour etc wherein it is allowed to the extent of 51% with certain states of investment.

The Paper discusses the different advantages and disadvantages

Favorable Factors

1. Farmers – Most benefited entity can be farmers wherein they can improve the usefulness and not just that will get better price by selling the produce to Organized retailers.
2. Consumers – Consumers will get quality merchandise for a minimal price directly at home. There is the plausibility of enormous limits and offers with worldwide competition.
3. Assessment system – Increase in charge revenue through VAT and service charge
4. Partnership opportunities – with a 51% clause for multi-brand retail, there is a chance of partnership for Indian Retailers
5. High Job accessibility – With new shopping centers and new setup, open positions will be increased
6. Appropriation system – Improvement in circulation system with the improved infrastructure of cold storage etc. will benefit other retailers too

RESEARCH METHODOLOGY

Researcher has attempted to establish the research hole by examining the existing research work, different studies by different people for varied purposes available in many structures like dissertation, articles published in different diaries, articles on different websites, etc. Based on this examination, it was observed that different studies were conducted on retail sector and e-commerce etc in disconnection. Research has likewise been conducted on the impact of organized retail on unorganized retail, yet no investigation has yet been conducted on the impact of e-business on organized retail, where speed of development of e-commerce aspect of e-business is a lot higher than organized retail. Therefore, the researcher proposes to undertake current research on the impact of e-business with a greater spotlight on e-commerce, a piece of e-business in the organized retail sector, considering factors affecting development, different aspects of consumer behavior and preferences, etc. In present paper the researcher presents the research methodology followed, for undertaking the present research work.

When organized retail flourished, however it was believed that it would dial back the development or unorganized retail yet in reality there was no impact or very less impact of organized retail on Un-Organized retail. In any case, presently taking a gander at the benefits of eCommerce, pace of internet penetration, development of mobile and PDAs, there is the potential impact of e-business through internet/mobile interface on organized retail. The sustained profitable endurance of organized retail and shopping center culture might be troublesome in the coming years.

For any research, the key element is the data on which the hypotheses are tested and conclusion of the research is based. The quality of the data determines the quality of the conclusion and therefore quality of the research. All the answers to the research hypotheses are hidden in the data. Therefore, the collection of correct data is the key to the success of any research.

DATA ANALYSIS

Retail stores generally operated in the traditional lines of business except a few superstores that brought in certain modification in their business patterns, but the advent of online shopping in recent times has put an upon them because they had been losing on several ground. The study has been made on several grounds to understand the aspects of impact upon the business of various retailers that to some extent has led to a change in their strategies.



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Table: Table showing the analysis of the various aspects of the impact of online shopping upon retail trade

List of questions:	Yes	No
Has there been any decrease in average turnover in the past three years	40	10
Is there any decrease in profit margin?	48	02
Have you made any increase in discount rates offered to customer in recent times?	37	13
Do customers ask for discount before making purchases?	45	05
Do you keep more variety of stock at your store now-a-days?	05	45
Do you provide after sale services of personalized nature to your customers?	36	14
Do you advertise about you enterprise?	27	23

Turnover: Retailers over a period of three years under examination has noticed a considerable decline in their turnover as compared to years back. Some has reported if not decline however dormancy in their development which is an admonition signal for the enterprise.

Overall revenue: Online shops have gotten a price battle in the market and the fundamental sufferers of this price war are the retailers. To survive, the vast majority of these retailers also have made an attempt to lower their prices however considering their significant expense of operation these retailers needs to sacrifice on their edge.

Rebate: The retailers are at a disturbing rate increasing their limits to remain with the online stores who woees the customers with unbelievable limits. Albeit the retailers can't compete with the online stores in terms of markdown however it needs to lower its prices to a relative extent to survive the market.

Variety of stocks: Online stores keep a wide variety of stocks and retailers flop in this context to the e-stores by a wide degree however the majority of the retailers as found by the survey has no tendency to compete with the online stores in this regard. The defeat is accepted. Retailers can't keep a large stock as that would have a negative impact of unsold stock toward the end of the year which thus may acquire huge loses to the concern.

Customer services: More and more retailers are currently picking customer services to expand upon faithfulness. Repair and maintenance to establishment and insurance, retailers are leaving no stones unturned to specialize in areas in which online shops come up short. Retailers are currently firing up with home delivery services in the same line of the online shops. Additionally, after sale services are provided with a smile.

Window shopping: There has been a trend in recent years for customers to browse the items in an actual store and get it from an online store at a reduced price. Retailers presently have more prospective customers than genuine ones.

Advertisement: The retailers now-a-days are more involved in advertisement crusade than at any other time to increase their sales. Retailers leave no events to take advantage of the circumstance to advertise their firm.

CONCLUSION

This paper concludes that e-commerce is very useful for us who provides us wide variety of items and services with loads of data and attractive pictures at an affordable price at our doorstep. It provides convenience to customers and permits the enterprise to expand their business over internet. Ecommerce has great impact on markets like reduce the expense of advertisements as numerous customers can draw in through internet, new brand can be developed, can keep a decent relationship with customers and can make customized items as indicated by customer's needs. In any case, e-commerce severely affects offline retailers because customers purchase on low price from online shops due to which they additionally have to lower their price and does not get any benefit, retailers can't keep a large stock like online shops have stores because it will cost a huge misfortune to them. They have to spend more money in offline advertisements to draw in customers. Alongside the impacts e-commerce additionally offers some restriction in terms of markets and retailers that is website cost, to create and keep a website huge amount of cash is required; infrastructure cost, to satisfy the orders online retailers have to keep a large stock in a major warehouse which costs a great deal; security and extortion, due to fame of online shops criminal elements are likewise attracted to them who can hack the personal data and can misuse them; customer trust, it is hard for customers to trust a new brand without looking, contacting and face-to face interaction.



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