



EMERGING TRENDS IN MARKETING BUYING ON-LINE: A NEW PARADIGM IN SHOPPING

Dr. D. V. RAMANA MURTHY,
Professor in Management and Director,
PG Centre, KBN College (Autonomous), Vijayawada.

ABSTRACT

Internet is a potent medium that can serve as a unique platform for the growth of retail brands in India. The Indian retail market is witnessing a revolution. The current web-based models for e-tailing are part of an embryonic phase preceding an era of rapid transformation, challenge, and opportunity in Indian retail market. It is not just the metros that are fuelling the online scene in India. The demand supply gap in tier 2-3 cities where there is brand awareness but no availability of products and services is also adding to growth. Online retailing portals such as eBay.in, Flipkart, Snapdeal, Naaptol.com and many other local area sites like localbaniya.com etc., are registering anywhere between 40 and 60% of their sales from rural areas apart from the tier II and III cities. The penetration rate is quite low in comparison to other countries worldwide; however the number of users is significantly high. The objective of this paper is to discuss some observations on, present scenarios of e-tailing opportunities, its market, the viabilities and trends etc.

Keywords: Internet, Paradigm, e tailing, E Commerce, Brick and Mortar, Brick and Click.

INTRODUCTION

E-tailing is defined as retailing conducted online, over the internet. it is the selling of goods and services to the consumer market via the internet. The success of e-tailing depends on the efficient web site design, effective shopping and prompt delivery. Through Internet, consumers can gather information about merchandise and they compare a product across suppliers at a low cost.

The Nielsen Company recently announced the findings of its Global Online Shopping Report conducted among Internet users in 55 markets launched in September 2010. IndiaSocial reached out to Nielsen India for some deeper insights about the key findings for the Indian market. Alongside some key findings shared in their company release.

Scope of the Report

The Nielsen Global Online Shopping Report looks at how consumers shop online: what they intend to buy, how they use various sites, the impact of social media and other factors that come into play when they are trying to decide how to spend their money.

Summary of the Key Findings

More than eight out of ten Indian online consumers plan to shop online in the next twelve months.



More than a quarter indicate they spend upwards of 11 percent of their monthly shopping expenditure on online purchases

71 percent Indians trust recommendations from family when making an online purchase decision, followed by recommendations from friends at 64 percent and online product reviews at 29 percent

Half the Indian consumers (50%) use social media sites to help them make online purchase decisions.

Online reviews and opinions are most important for Indians when buying Consumer Electronics (57%), Software (50%), and a Car (47%).

More than four in ten Indians are more likely to share (post a review/ Tweet/ review) a negative product or service experience online than they were to share a positive experience

In the next six months Indians are most likely to buy Books (41%), Airline ticket/reservations (40%), and Electronic equipment like TV, Camera, etc. (36%) online

When shopping online, one third of Indians (33%) purchase most frequently from websites which allow them to select products from many different stores.

Google India Study reports numbers about online shopping in India; ‘Electronics’ Top Search but ‘Apparels’ most bought

Online shopping in India, saw 128% growth in interest from the consumers in the year 2011 to 2012 in comparison to only 40% growth in 2010 to 2011, making 2012 the tipping point for online shopping in India.

In terms of product categories, consumer interest on Google search for apparels & accessories (30%) emerged as the second biggest product category after consumer electronics (34%).

Massive growth in niche product categories in 2011-2012 on Google search, in comparison to electronics, baby products, Home & furnishing, & health care saw over 2x growth and were also the fastest growing product category in terms of query volume on Google search.

As mobile internet user base grows in India, mobile phones is also becoming a contributor in the surge for online shopping with Google witnessing 2X growth in number of queries from mobile phones in the year 2011 to 2012. Currently, 30% of all shopping queries in India come from mobile phones. These trends were also validated with the help of a online research conducted by TNS Australia of the internet users in the age group 18 to 50 from Delhi, Mumbai, Kolkata, Bangalore, Ahmedabad, Hyderabad & Pune.

As per the research, 90% of online shoppers are planning to buy more products online which reflect on the positive experience of the users. In terms of top product categories ever purchased online:

Apparels & accessories was among the top category (84%), Electronics (71%), Beauty & personal care (64%), Books (62%), Household products (61%)



The frequency of purchase was also higher for categories like apparels & accessories (34%), beauty & personal care (33%) products in comparison to electronics (28%). Which also makes these categories more profitable because of repeat purchase? In terms of converting more users to shop online, online ticketing emerged as the gateway, as it was easier to convert online ticket buyers to shop online.

Online ticket consumers were also likely to spend higher average amount of INR. 2347 on their first product purchase in comparison to INR 1626 for a internet users. Online ticket buyers were also seen to be more comfortable with the use of debit cards (24%), credit card (19%) and cash on delivery (55%). For regular internet users – cash on delivery was the most preferred mode of payment (74%), followed by debit card (18%) & credit card (5%).

In terms of motivators to shop online, the consumer's highlighted cash back guarantee as the number one benefit, ability to give cash on delivery, fast delivery, great deals and access to branded products were highlighted amongst the other benefits of shopping online. The consumers also highlighted some barriers that deter them from shopping online – the number one factor was inability to touch and try the goods before purchase, fear of faulty products, fear of posting their personal and financial details online and the inability to bargain were cited among the other reasons.

E-commerce offers increased market activity for retailers in the form of growing market access and information and decreased operating and procurement costs. Consumers are getting smarter in using e-tailors (and online search engines and agents) for convenience and comparison- shopping. Several unique elements make online shopping different from the traditional in-store retail model. Besides offering convenience and expanded product variety, the online model also makes it easy for consumers to access and compare data from multiple sources.

Traditional Bricks and Mortar re-tailors (B&M), realizing the importance of online sales and acquiring a Bricks and Clicks (B&C) platform both as a defensive strategy and to access market opportunities. Most sector companies have consistently outperformed overall economic growth. In the US, the e-tailing sector performed robustly throughout the recent recession with sales increasing 6.4% in 2008 and by an estimated 4.3% in 2009. By comparison, retail sector sales overall fell 1.8% in 2008 and by an estimated 7.2% in 2009. This growth phase is expected to continue; strong forecast growth

Retailers are increasingly leveraging their presence across channels of catalogue, web, stores and kiosks, to increase their share of the customer's wallet and expand across consumer segments. Recent studies on consumer shopping behaviour indicate that multichannel shoppers show a significantly higher value and frequency of purchase than single channel shoppers. Thus, the focus of modern retailing shifted to 'e-tailing', one of the most adoptive channel



ELECTRONIC RETAILING – GROWTH TRENDS

INTERNET PENETRATION:

The key global e-tailing drivers include, increasing broadband penetration. Expansion in e-tailing services is closely correlated with an increase in broadband penetration. Continuing growth in broadband uptake, as well as faster connection speeds, provides support for growth at internet companies. Continuing increased broadband penetration will remain a key factor in the ability of e-tailors to acquire market share at the expense of general retailers.

BETTER TECHNOLOGY & BETTER SERVICES:

Increased internet connectivity and lower costs of computer processing power are making the mechanics of conducting an e-tailing business easier. The advent of sophisticated software and supporting hardware has allowed e-tailors to study consumer behaviour more efficiently, facilitating targeted sales and increased product cross-selling. This gives e-tailors a major and increasing competitive advantage compared to their B&M competitors. Extensive product search, instant product comparison, wide scope of brand selection, easy transacting, free shipment and flexible sale return policies etc., prove to be the marked advantages.

INCREASED PRODUCT DIVERSITY:

With e-tailors better understanding customer requirements, online shopping has responded by providing a greater diversity of products and services, include more specific, niche offerings. In the case of a number of very small specialist markets, regarded as either too small or specific for traditional retail outlet viability, the development of online retailing has improved their commercial feasibility, increasing the range of products available online.

MORE CONFIDENCE IN PAYMENT OPTIONS:

Another crucial driver has been improvements in processing payments for transactions. For example, Amazon allows payment using either credit cards or electronic funds transfer. eBay has implemented PayPal, through which shoppers run a personal online account, enabling them to shop online without disclosing their financial details to retailers. Credit card providers have made advances in security, and increasing consumer familiarity has also improved confidence.

REDUCING THE INCREMENTAL MARK-UP:

Majority of Intermediaries are feeling the pinch from manufacturers as the Internet threatens, disintermediation in channel networks allowing the manufacturers to sell direct to the consumers. It is possible to enjoy the cost advantages of direct selling while still maintaining an effective and economic customer service without passing the expense for either on to the consumer. The manufacturer initiates a web strategy allowing it to sell direct to the customer reducing the incremental mark-up at intermediate levels.



THE ROLE OF SOCIAL SITES IN SHOPPING RESEARCH:

Today's shopper is savvy in researching product and pricing. They are willing to make a significant investment in time when the reward reaped is finding the right product at the right price. Research via social sites and given their continued influence and time spent by consumers enhanced the growth in e tailing..

CONCLUDING OBSERVATIONS:

Large e-tailors have adopted an aggressive Mergers & Acquisition strategy in which they acquire specialty e-tailors in order to increase product and service offerings in their existing portfolio and achieve economies of scale. As a result, such companies are able to offer an integrated product portfolio to consumers and increase market penetration. Over the past five years, pure play e-tailors comprised 32% of total deal volume in the e-tailing sector.

The sector is competitive, with a number of larger companies offering similar products. Although price competition (both with online and with Brick & Mortar, Physical store) is an important element. e-tailors are trying to avoid margin pressure by focusing on differentiation by products and services provided (e.g. through product ratings, product descriptions and pictures, payment options and shipping). For these reasons, e-tailors have become keen to acquire companies which either provide them with new and differentiated product lines or enhance the service they can offer. The leading example, of course, is Amazon.com, which began operations in 1995 as an online bookseller before growing rapidly to become a multinational e-tailer with a highly diverse and extensive product portfolio. Based on revenue, Amazon.com is now the largest e-tailer in the world, with growth also reflecting the acquisition of multiple e-tailors to expand both geographical penetration (e.g. joyo.com, enabling access to China) and product portfolios (e.g. netflix.com, providing entry to the lucrative DVD rental market and online video services).and catalogues can be innovatively deployed to increase awareness and drive customer demand.

As the costs of advertising on the Web increase (leading to an increase in customer acquisition and retention costs), several innovative retailers have also begun to use direct marketing and traditional media channels to get their online presence across to customers. Thus a lot of synergies can be achieved by combining some of the core retailer strengths with an online business channel. Only time will tell if these strategies succeed in exploiting the possibilities of e-tail without losing out on the richness and inherent advantages of in-store retail.

Most of us couldn't do without the convenience of online shopping. Whether it means getting the best price on the latest video game or purchasing the perfect pair of shoes, online shopping gives us access to products, services, and special deals that might be unavailable to us otherwise.

However, online shopping has its risks. The popularity—and profitability—of online retail has resulted in unscrupulous people looking to take advantage of unwary shoppers. Their tactics may include:



- **Deception.** In the virtual world, it can be hard to distinguish reputable retailers from criminals, as just about anyone can set up fraudulent a web site that appears to be a legitimate business.
- **Invasion.** You may inadvertently download spyware on your computer that allows access to your personal information and passwords, and sophisticated hackers can breach online business databases to harvest customer payment information.

With risks that differ from walk-in stores, online shopping requires special precautions.

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