



Web Retailing In India

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Introduction To E-Retailing

Online shopping (sometimes known as **e-tail** from "electronic retail" or **e-shopping**) 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. Alternative names are: e-web-store, e-shop, e-store, Internet shop, web-shop, web-store, online store, online storefront and virtual store. Mobile commerce (m-commerce) describes purchasing from an online retailer's mobile optimized online site.

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,

History OF E- RETAILING



Michael Aldrich, pioneer of online shopping in the 1980s.

English entrepreneur Michael Aldrich invented online shopping in 1979. His system connected a modified domestic TV to a real-time transaction processing computer via a domestic telephone line. He believed that videotext, the modified domestic TV technology with a simple menu-driven human-computer interface, was a 'new, universally applicable, participative communication medium — the first since the invention of the telephone.' This enabled 'closed' corporate information systems to be opened to 'outside' correspondents not just for transaction processing but also for e-messaging and information retrieval and dissemination, later known as e-business.^[2] His definition of the new mass communications medium as 'participative' [interactive, many-to-many] was fundamentally different from the traditional definitions of mass communication and mass media and a precursor to the social networking on the Internet 25 years later.

In March 1980 he went on to launch Redifon's Office Revolution, which allowed consumers, customers, agents, distributors, suppliers and service companies to be connected on-line to the corporate systems and allow business transactions to be completed electronically in real-time.

During the 1980s^[4] he designed, manufactured, sold, installed, maintained and supported many online shopping systems, using videotext technology.^[5] These systems which also provided voice response and handprint processing pre-date the Internet and the World Wide Web, the IBM PC, and Microsoft MS-DOS, and were installed mainly in the UK by large

corporations. The first World Wide Web server and browser, created by Tim Berners-Lee in 1990, opened for commercial use in 1991.^[6] Thereafter, subsequent technological innovations emerged in 1994: online banking, the opening of an online pizza shop by Pizza Hut,^[6] Netscape's SSL v2 encryption standard for secure data transfer, and Intershop's first online shopping system. The first secure retail transaction over the Web was either by Net Market or Internet Shopping Network in 1994.^[7] Immediately after, Amazon.com launched its online shopping site in 1995 and eBay was also introduced in 1995. Alibaba's sites Taobao and Tmall were launched in 2003 and 2008, respectively.

Retailers are increasingly selling goods and services prior to availability through pretail for testing, building, and managing demand.

International e-commerce statistics

Statistics show that in 2012, Asia-Pacific increased their international sales over 30% giving them over \$433 billion in revenue. That is a \$69 billion difference between the U.S. revenue of \$364.66 billion. It is estimated that Asia-Pacific will increase by another 30% in the year 2013 putting them ahead by more than one-third of all global ecommerce sales.

The largest online shopping day in the world is Singles Day, with sales just in Alibaba's sites at US\$9.3 billion in 2014.

Customers

Online customers must have access to the Internet and a valid method of payment in order to complete a transaction. Generally, higher levels of education and personal income correspond to more favorable

perceptions of shopping online. Increased exposure to technology also increases the probability of developing favorable attitudes towards new shopping channels

In a December 2011 study, Equation Research surveyed 1,500 online shoppers and found that 87% of tablet owners made online transactions with their tablet devices during the early Christmas shopping season.

Product selection

Consumers find a product of interest by visiting the website of the retailer directly or by searching among alternative vendors using a shopping search engine.

Once a particular product has been found on the website of the seller, most online retailers use shopping cart software to allow the consumer to accumulate multiple items and to adjust quantities, like filling a physical shopping cart or basket in a conventional store. A "checkout" process follows (continuing the physical-store analogy) in which payment and delivery information is collected, if necessary. Some stores allow consumers to sign up for a permanent online account so that some or all of this information only needs to be entered once. The consumer often receives an e-mail confirmation once the transaction is complete.

Less sophisticated stores may rely on consumers to phone or e-mail their orders (although full credit card numbers, expiry date, and Card Security Code, or bank account and routing number should not be accepted by e-mail, for reasons of security).

Payment

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^{[13][14]}
- Cash on delivery (C.O.D.)
- Cheque/ Check
- 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.

The financial part of a transaction may be processed in real time (e.g. letting the consumer know their credit card was declined before they log off), or may be done later as part of the fulfillment process.

Product delivery

Once a payment has been accepted, the goods or services can be delivered in the following ways. For physical items:

- Shipping: The product is shipped to a customer-designated address. Retail package delivery is typically done by

the public postal system or a retail courier such as FedEx, UPS, DHL, or TNT.

- Drop shipping: The order is passed to the manufacturer or third-party distributor, who then ships the item directly to the consumer, bypassing the retailer's physical location to save time, money, and space.
- In-store pick-up: The customer selects a local store using a locator software and picks up the delivered product at the selected location. This is the method often used in the bricks and clicks business model.

For digital items or tickets:

- Downloading/Digital distribution: The method often used for digital media products such as software, music, movies, or images.
- Printing out, provision of a code for, or e-mailing of such items as admission tickets and scrip (e.g., gift certificates and coupons). The tickets, codes, or coupons may be redeemed at the appropriate physical or online premises and their content reviewed to verify their eligibility (e.g., assurances that the right of admission or use is redeemed at the correct time and place, for the correct dollar amount, and for the correct number of uses).
- Will call, COBO (in Care Of Box Office), or "at the door" pickup: The patron picks up pre-purchased tickets for an event, such as a play, sporting event, or concert, either just before the event or in advance. With the onset of the Internet and e-commerce sites, which allow customers to buy tickets online, the popularity of this service has increased.

Shopping cart systems

Simple shopping cart systems allow the off-line administration of products and categories. The shop is then generated as HTML files and graphics that can be uploaded to a web space. The systems do not use an online database. A high-end solution can be bought or rented as a stand-alone program or as an addition to an enterprise resource planning program. It is usually installed on the company's web server and may integrate into the existing supply chain so that ordering, payment, delivery, accounting and warehousing can be automated to a large extent.

Other solutions allow the user to register and create an online shop on a portal that hosts multiple shops simultaneously from one back office. Examples are Big Commerce, Shopify and Flick Rocket. Open source shopping cart packages include advanced platforms such as Interchange, and off-the-shelf solutions such as Magento, Shopgate, PrestaShop, and Zen Cart. Commercial systems can also be tailored so the shop does not have to be created from scratch. By using an existing framework, software modules for various functionalities required by a web shop can be adapted and combine.

Design

Customers are attracted to online shopping not only because of high levels of convenience, but also because of broader selections, competitive pricing, and greater access to information. Business organizations seek to offer online shopping not only because it is of much lower cost compared to bricks and mortar stores, but also because it offers access to a worldwide market, increases customer value, and builds sustainable capabilities.

Information load

Designers of online shops are concerned with the effects of information load. Information load is a product of the spatial and temporal arrangements of stimuli in the web store. Compared with conventional retail shopping, the information environment of virtual shopping is enhanced by providing additional product information such as comparative products and services, as well as various alternatives and attributes of each alternative, etc.

Two major dimensions of information load are complexity and novelty. Complexity refers to the number of different elements or features of a site, often the result of increased information diversity. Novelty involves the unexpected, suppressed, new, or unfamiliar aspects of the site. The novelty dimension may keep consumers exploring a shopping site, whereas the complexity dimension may induce impulse purchases.

Consumer needs and expectations

A successful web store is not just a good looking website with dynamic technical features, listed in many search engines. In addition to disseminating information, it is also about building a relationship with customers and making money.

Businesses often attempt to adopt online shopping techniques without understanding them and/or without a sound business model; often, businesses produce web stores that support the organizations' culture and brand name without satisfying consumer expectations. User-centered design is critical. Understanding the customer's wants and needs is essential. Living up to the company's promises gives customers a reason to come back and meeting their

expectations gives them a reason to stay. It is important that the website communicates how much the company values its customers.

Customer needs and expectations are not the same for all customers. Age, gender, experience and culture are all important factors. For example, Japanese cultural norms may lead users there to feel privacy is especially critical on shopping sites and emotional involvement is highly important on financial pension's sites. Users with more online experience focus more on the variables that directly influence the task, while novice users focus on understanding the information.

To increase online purchases, businesses must use significant time and money to define, design, develop, test, implement, and maintain the web store.^[22] Truly said, it is easier to lose a customer than to gain one. Even a "top-rated" website will not succeed if the organization fails to practice common etiquette such as responding to e-mails in a timely fashion, notifying customers of problems, being honest, and being good stewards of the customers' data.^[22] Because it is so important to eliminate mistakes and be more appealing to online shoppers, many webshop designers study research on consumer expectations.^[24]

User interface

An automated online assistant, with potential to enhance user interface on shopping sites.

The most important factors determining whether customers return to a website are ease of use and the presence of user-friendly features. Usability testing is important for



finding problems and improvements in a web site. Methods for evaluating usability include heuristic evaluation, cognitive walkthrough, and user testing. Each technique has its own characteristics and emphasizes different aspects of the user experience.

Market share

E-commerce B2C product sales totaled \$142.5 billion, representing about 8% of retail product sales in the United States. The \$26 billion worth of clothes sold online represented about 13% of the domestic market, and with 72% of women looking online for apparel, it has become one of the most popular cross-shopping categories. Forrester Research estimates that the United States online retail industry will be worth \$279 billion in 2015. The popularity of online shopping continues to erode sales of conventional retailers. For example, Best Buy, the largest retailer of electronics in the U.S. in August 2014 reported its tenth consecutive quarterly dip in sales, citing an increasing shift by consumers to online shopping.

There were 242 million people shopping online in China in 2012.

For developing countries and low-income households in developed countries, adoption of e-commerce in place of or in addition to conventional methods is limited by a lack of affordable Internet access.

Advantages

1. 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.

In the event of a problem with the item (e.g., the product was not what the consumer ordered, the product was not satisfactory), consumers are concerned with the ease of returning an item in exchange for either the correct product or a refund. Consumers may need to contact the retailer, visit the post office and pay return shipping, and then wait for a replacement or refund. Some online companies have more generous return policies to compensate for the traditional advantage of physical stores. For example, the online shoe retailer Zappos.com includes labels for free return shipping, and does not charge a restocking fee, even for returns which are not the result of merchant error.

2. 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).

Some online stores provide or link to supplemental product information, such as instructions, safety procedures, demonstrations, or manufacturer specifications. Some provide background information, advice, or how-to guides designed to help consumers decide which product to buy.

Some stores even allow customers to comment or rate their items. There are also dedicated review sites that host user reviews



for different products. Reviews and even some blogs give customers the option of shopping for cheaper purchases from all over the world without having to depend on local retailers.

In a conventional retail store, clerks are generally available to answer questions. Some online stores have real-time chat features, but most rely on e-mails or phone calls to handle customer questions.

3.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.

Shipping costs (if applicable) reduce the price advantage of online merchandise, though depending on the jurisdiction, a lack of sales tax may compensate for this.

Shipping a small number of items, especially from another country, is much more expensive than making the larger shipments bricks-and-mortar retailers order. Some retailers (especially those selling small, high-value items like electronics) offer free shipping on sufficiently large orders.

Another major advantage for retailers is the ability to rapidly switch suppliers and vendors without disrupting users' shopping experience.

Disadvantages

1. 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.

Secure Sockets Layer (SSL) encryption has generally solved the problem of credit card numbers being intercepted in transit between the consumer and the merchant. However, one must still trust the merchant (and employees) not to use the credit card information subsequently for their own purchases, and not to pass the information to others. Also, hackers might break into a merchant's web site and steal names, addresses and credit card numbers, although the Payment Card Industry Data Security Standard is intended to minimize the impact of such breaches. Identity theft is still a concern for consumers. A number of high-profile break-ins in the 2000s have prompted some U.S. states to require disclosure to consumers when this happens. 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. Denial of service attacks are a minor risk for merchants, as are server and network outages.



Quality seals can be placed on the Shop web page if it has undergone an independent assessment and meets all requirements of the company issuing the seal. The purpose of these seals is to increase the confidence of online shoppers. However, the existence of many different seals, or seals unfamiliar to consumers, may foil this effort to a certain extent. A number of resources offer advice on how consumers can protect themselves when using online retailer services. These include:

- Sticking with known stores, or attempting to find independent consumer reviews of their experiences; also ensuring that there is comprehensive contact information on the website before using the service, and noting if the retailer has enrolled in industry oversight programs such as a trust mark or a trust seal.
- Before buying from a new company, evaluate the website by considering issues such as: the professionalism and user-friendliness of the site; whether or not the company lists a telephone number and/or street address along with e-contact information; whether a fair and reasonable refund and return policy is clearly stated; and whether there are hidden price inflators, such as excessive shipping and handling charges.
- Ensuring that the retailer has an acceptable privacy policy posted. For example, note if the retailer does not explicitly state that it will not share private information with others without consent.
- Using strong passwords, without personal information. Another option is a "pass phrase," which might be

something along the lines: "I shop 4 good a buy!!" These are difficult to hack, and provides a variety of upper, lower, and special characters and could be site specific and easy to remember.

Although the benefits of online shopping are considerable, when the process goes poorly it can create a thorny situation. A few problems that shoppers potentially face include identity theft, faulty products, and the accumulation of spyware. If users are required to put in their credit card information and billing/shipping address and the website is not secure, customer information can be accessible to anyone who knows how to obtain it. Most large online corporations are inventing new ways to make fraud more difficult. However, criminals are constantly responding to these developments with new ways to manipulate the system. Even though online retailers are making efforts to protect consumer information, it is a constant fight to maintain the lead. It is advisable to be aware of the most current technology and scams to protect consumer identity and finances.

Product delivery is also a main concern of online shopping. Most companies offer shipping insurance in case the product is lost or damaged. Some shipping companies will offer refunds or compensation for the damage, but this is up to their discretion.

2. Lack of full cost disclosure

The lack of full cost disclosure may also be problematic. While it may be easy to compare the base price of an item online, it may not be easy to see the total cost up front. Additional fees such as shipping are often not be visible until the final step in the checkout process. The problem is especially



evident with cross-border purchases, where the cost indicated at the final checkout screen may not include additional fees that must be paid upon delivery such as duties and brokerage. Some services such as the Canadian-based Wishabi attempts to include estimates of these additional cost,^[33] but nevertheless, the lack of general full cost disclosure remains a concern.

3. Privacy

Privacy of personal information is a significant issue for some consumers. Many consumers wish to avoid spam and telemarketing which could result from supplying contact information to an online merchant. In response, many merchants promise to not use consumer information for these purposes,

Many websites keep track of consumer shopping habits in order to suggest items and other websites to view. Brick-and-mortar stores also collect consumer information. Some ask for a shopper's address and phone number at checkout, though consumers may refuse to provide it. Many larger stores use the address information encoded on consumers' credit cards (often without their knowledge) to add them to a catalog mailing list. This information is obviously not accessible to the merchant when paying in cash or through a bank (money transfer, in which case there is also proof of payment).

4. Product suitability

Many successful purely virtual companies deal with digital products, (including information storage, retrieval, and modification), music, movies, office supplies, education, communication, software, photography, and financial

transactions. Other successful marketers use drop shipping or affiliate marketing techniques to facilitate transactions of tangible goods without maintaining real inventory.

Some non-digital products have been more successful than others for online stores. Profitable items often have a high value-to-weight ratio, they may involve embarrassing purchases, they may typically go to people in remote locations, and they may have shut-ins as their typical purchasers. Items which can fit in a standard mailbox—such as music CDs, DVDs and books—are particularly suitable for a virtual marketer.

Products such as spare parts, both for consumer items like washing machines and for industrial equipment like centrifugal pumps, also seem good candidates for selling online. Retailers often need to order spare parts specially, since they typically do not stock them at consumer outlets—in such cases, e-commerce solutions in spares do not compete with retail stores, only with other ordering systems. A factor for success in this niche can consist of providing customers with exact, reliable information about which part number their particular version of a product needs, for example by providing parts lists keyed by serial number.

Products less suitable for e-commerce include products that have a low value-to-weight ratio, products that have a smell, taste, or touch component, products that need trial fittings—most notably clothing—and products where colour integrity appears important. Nonetheless, some web sites have had success delivering groceries and clothing sold through the internet is big business in the U.S.

Aggregation



High-volume websites, such as Yahoo!, Amazon.com, and eBay, offer hosting services for online stores to all size retailers. These stores are presented within an integrated navigation framework, sometimes known as **virtual shopping malls**

CONCLUSION

One of the great benefits of online shopping is the ability to read product reviews, written either by experts or fellow online shoppers.

The Nielsen Company conducted a survey in March 2010 and polled more than 27,000 Internet users in 55 markets from the Asia-Pacific, Europe, Middle East, North America, and South America to look at questions such as "How do consumers shop online?", "What do they intend to buy?", "How do they use various online shopping web pages?", and the impact of social media and other factors that come into play when consumers are trying to decide how to spend their money on which product or service. According to the research, reviews on electronics (57%) such as DVD players, cellphones, or PlayStations, and so on, reviews on cars (45%), and reviews on software (37%) play an important role in influencing consumers who tend to make purchases online. Furthermore, 40% of online shoppers indicate that they would not even buy electronics without consulting online reviews first.

In addition to online reviews, peer recommendations on online shopping pages or social media websites play a key role for online shoppers when they are researching future purchases. 90% of all purchases made are influenced by social media. Each day, over two million buyers are shopping online for jewelry.

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