

A Business Review of E-Retailing in India

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Abstract

As a professor in computer science I am very much interested in training my students in e-Commerce and prepared myself for an in depth research in this area and to present a quick journal about e-Retailing concepts / framework, how an organization can start e-Retailing business quickly. Its Pro's & Con's, how to make the e-Retailing venture successful. How retailers should plan / experience to achieve varying success by leveraging the internet technology.

How to incorporate traditional retails practices with Internet technology. And strive for success in India. How internet is used by users and its use for online shopping. It serves as a best article for all the readers across the globe.

Keywords: E-Retailing,E-tailing, E-Commerce, Online Store, Retail, E-Business.

1. INTRODUCTION

E-Commerce is a huge domain on conducting business over internet and e-retailing is part of it. When we discuss on digitally / Internet enabled commercial transactions between organizations and individuals using latest web technologies as per the policies of the Organization it takes the form of e-business. Nowadays, 'e' is gaining momentum and most of the things if not everything is getting digitally enabled. Thus, it becomes very important to clearly understand different types of commerce or business commonly called as e-Commerce.

There are mainly five types of e-commerce models

1. Business to Consumer (B2C)

This model involves organizations as business houses and consumers and customers. This is the most common model in e-commerce. In this model, online businesses sell to individual consumers. When B2C started, it had a small share in the market but after 1995 its growth was exponential. In this business model the business house will have a e-commerce website which will list all their product categories with detailed information about products with photographs, flash animation and comparing similar products etc., for quick decision making over web. E.g. An online Music portal selling CD's / DVD's and streaming Audio on the web e.g. www.imusti.com.

2. Business to Business (B2B)

It is the largest form of e-commerce involving business of trillions of dollars. In this form, the buyers and sellers are both business entities and do not involve an individual consumer. It is like the manufacturer supplying goods to the retailer or wholesaler. E.g. www.indiaplaza.in is an online store, which sells popular branded products to consumer, where its supply chain network directly linked to Manufacturer. Hence Business to business model.

2. Consumer to Consumer (C2C)

E-Bay is an excellent example for this model an auction site where a consumer can sell their antique or old used items at discounted price to others, rest of the consumers who are all interested in those items will bid for that. This auction will happen for a time period and ends; now the highest bidder will make payment and buy the product. Here e-bay plays a role of having / facilitating a platform to make consumer to consumer transactions.

3. M-Commerce

Now a day's all business executives were busy and want to do financial transaction without going physically to bank. Example: Consumer want to pay their utility payments viz., Insurance premium, Telephone bills, Income taxes etc., Transfer money to anybody in this world via mobile banking (e.g. ICICI Bank iMobile) opens up the new technology of ecommerce as Mobile commerce. Further the regular online stores were also optimizing their site user interface design in order to make consumers shop from their mobile devices viz., iPad, iPhone, Android enabled phones, and Microsoft windows mobile 6.x enabled devices.

There are other types of e-commerce business models too like Business to Employee (B2E), Government to Business (G2B) and Government to Citizen (G2C) but in essence they are similar to the above mentioned types. Moreover, it is not necessary that these models are dedicatedly followed in all the online business types. It may be the case that a business is using all the models or only one of them or some of them as per its needs.

2. E-RETAILING A BRIEFING

To start an e-Retailing business, an organization or an individual should have the below.

1. A Unique Idea / Product to sell

When all Personal computer assemblers sell PC's and Servers in a traditional way, Michael Saul Dell, founder CEO of Dell Inc., got a unique idea of selling PC's over web. Beyond this he allowed users to choose all components one by one based on their interests and requirements and delivered a assembled PC over web, which was a grand success.

2. A Perfect Business Plan

Is all about the e-Retailing business idea, Product or services, people involved, their expertise, a Project report with all standard projected statements prepared by a professional team, Competitor analysis, Capital investment, Loans, Business location, Government regulations & policies, Technology plans, and IT infrastructure required.

3. Technology Plans

Organization may start off in a small way and then based on the response they can get more funding and grow in a big way.

- They need to finalize an attractive easy to remember domain name e.g. www.dell.com .

- Need to finalize a hosting server to book web space from their various plans e.g. www.Hostmonster.com to start with and later go for their own scalable IT infrastructure setup based on the response and growth.
- Need to Acquire IT team for developing e-Commerce website or to outsource the work. Also we can think of using Open source like OS Commerce a popular e-Commerce application and Open source CRM application for customer relationship.
- If we are going to develop from the scratch on our own technology, the below website development process will be followed as per Fig. 3. Web site development process.
- Compare and finalize Payment gateway based on their initial setup fee / transaction fee the popular payment gateway service providers are CC Avenue, ICICI, Bill desk, Pay pal and few more players.
- Once the website is launched, related internet marketing, popularly called as SEO (search engine optimization) work to be started to increase the popularity and visitors of the site.
- Plan and organize supply chain management to deliver product or service to the online users who place orders.
- Post sales support plans.

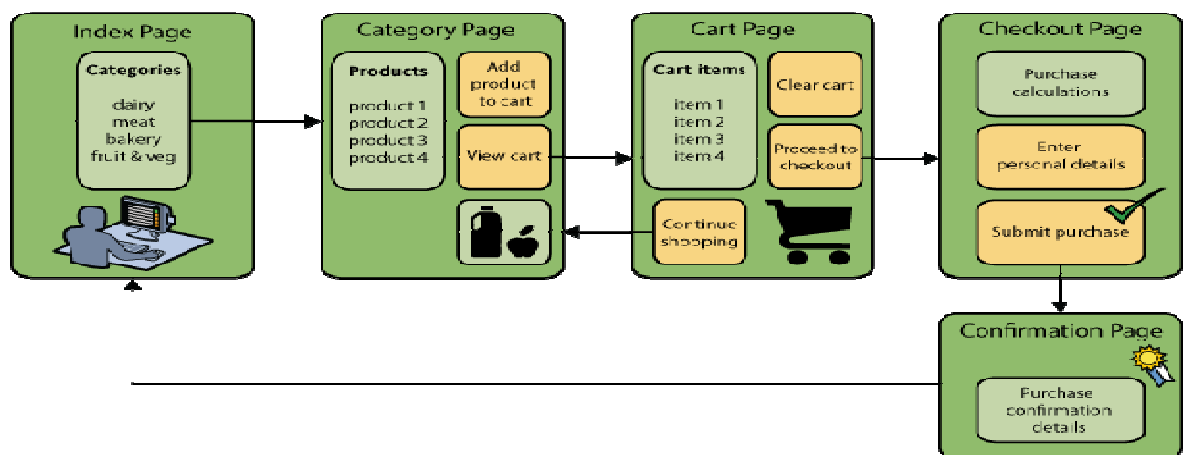
4. E-RETAILERS BACK OFFICE MANAGEMENT

There will be a huge team working on the back end systems of the web site which is called as control panel / system admin.

In which a group of people will be updating the product categories, products, prices, specifications and many other information before it's getting listed in the website.

Other than this to attract more users, the Marketing team will often send mailers / newsletters by giving more offers.

For an basic idea below image depicts the minimum required pages for a e-Retailers web site.



5. Payment Gateway

Now the e-Retailers web site is ready with products listed and when the online users orders the product online, the Retailers should link the Bank account with 3rd party payment gateway, to which the payment will be credited.

6. HOW AN E-COMMERCE SITE WORKS

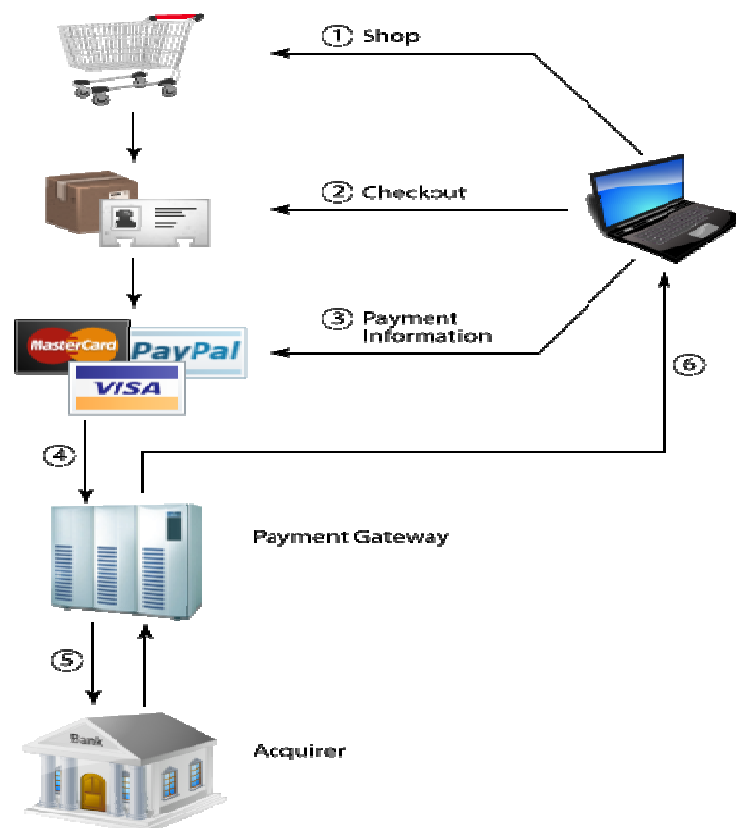
Normally a user will get to know about a online shopping web site through many ways, most frequently all online users will find websites on the go by using Google search or any other search engines.

When they see the web site information link, they click to it, complete the website registration process if any, choose the products they are interested, compare similar products specification cost etc., and confirm the items selected and finalize the invoice and make payment via their debit card / credit card bank account or via Pay Pal or Google checkout.

Once the payment is received the merchant will receive the payment, start processing the order, and ship the product to the user's delivery / shipping address.

Further if the product is carrying warranty, post sales support and service should be facilitated to the customer in order to create good word of mouth and get a good returning customer base which is the key success factor for the e-Retailer.

Let me illustrate the buying process in the image below:



1. Online visitor of the site, will pick up the items to be purchased.
2. Confirming / finalizing the item list selected and checkout.
3. Enter the credit / debit card / Pay Pal information to make the payment.

4. User payment information is getting checked with banker via payment gateway and once its authenticated.
5. The payment will be credited to retailer account and an Order confirmation is shown to the visitor along with order details and shipping information.

The visitor will also be notified on the purchase made via email.

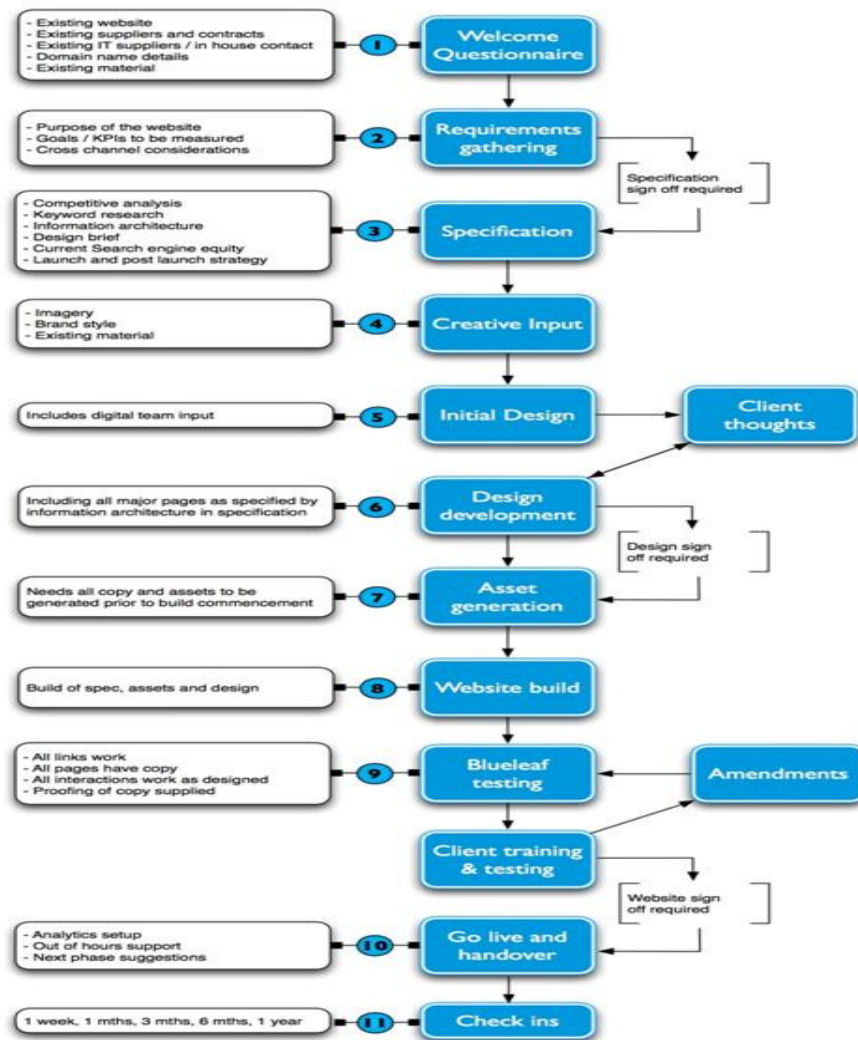
The visitor will be able to track their order status and an SMS / email update will be frequently sent to visitor on the product or service delivery.

3. E-RETAILING WEBSITE DESIGN AND LAUNCHING PROCESS

Once the Retailers business model and web site design layout is finalized. The software consulting and development team will start developing the site.

They will create all product categories, price, specifications and other details; put it in a test site for unit and integration testing.

Once the testing is over, it's being handed over to retailer for their acceptance testing. Once the retailer is satisfied with the performance of the web site; upon getting acceptance; the web site is moved to production server. Now the Retailer will initiate the web site promotional activity in order to get more visitors and generate revenue



4. GOVERNMENT REGULATIONS IN RETAIL

For the growth e-commerce, Indian government is taking necessary steps through effective Telecom policies, introduced Information Technology IT ACT to create necessary legal and administrative framework.

To build the confidence among common public to increase online business, The CCA (Controller of Certifying Authority) has created PKI (Public Key Infrastructure) i.e. for electronic authentication via digital signatures. This will avoid cyber space crimes and don't let anybody unpunished.

To increase the use of internet, our government has taken various steps to reduce cost and offer attractive plans for corporate and end users with high speed communication services getting increased day by day based on the demand. This will drive e-commerce transactions to huge growth in e-Retailing sector.

For goods or services delivered still there are few confusions in customs duty, State and central sales tax, VAT, excise etc., This has to be clearly spell out by the government.

To make e-commerce successful on regional level, we require mutual trust worthy environment. All the countries are having independent and separate Legal Framework in place. To enable mutual recognition of various countries Legal Framework, an International Legal Framework is necessary. Electronic commerce security planning and management calls for identification of the users, better risk assessment and evaluation, application specific security identification, better and appropriate network security policies, information resources protection, better security management policies, retransformation and re-skilling human resources in terms of identifying roles and responsibilities and improving physical and environmental security.

The trans-border data flow also cause serious concerns about authorization control, better audit trails, the country's legal laws and secure technology restrictions for developing nations, calls for supporting e-laws, better consumer education, better network management, cooperative regional and multilateral agreements between nations.

The delivery mechanisms and transportation should be tuned with appropriate modernization of clearing services of goods and products within and across the nations.

Other difficulties associated with the IT Act relate to the cyber crimes which are not fully covered are an area of concern for the growth of e-commerce. In this context it is also argued that Law Enforcement Agencies are not fully equipped and trained to deal in cyber crimes. Safeguards to protect privacy of personal and business data collected over the Internet are not covered under the Act. Also the IT Act is silent on the issue of protection of intellectual rights (patents, trademarks, copyrights) including domain names. Finally, payment gateways have to evolve to a level that inter-bank settlement should be enabled through Real Time Gross Settlement (RTGS).

These are some of the barriers that have been identified and have to be overcome, in addition to achieving higher Internet and PC penetration, for the growth of e-commerce.

Despite all these economical, political and social situations, Indian Retail Sector is growing and becoming huge. Here is a list of top retailer in India. Day by day the list is growing and there is a heavy competition in improving their operations and service to customers.

- Lifestyle
- RPG Retail
- Pantaloon Group
- Provogue
- Reliance Fresh
- Globus
- Reliance World
- Spencer's Retail
- Trent (Westside)
- Crossword

5. INTERNET MARKETING FOR E-RETAILING / SEARCH ENGINE OPTIMIZATION

Around the world all organizations have their websites; few of them generate more visibility and revenue.



For a web store / e-Retailing site, we need to study the business and marketing goals, and then pick / find the best keywords matching the products and services listed in our website.

Based on the Keyword analysis we need to build quality unique content for the store which will make the store to gain good ranking among the search engines. While publishing the content blended with product listing, we need to ensure that competitor web store strategies are analyzed and considered.

Now it's the time to plan for the sitemap, which is all about when a visitor is browsing our site, they should feel easy to navigate to all pages of the site without any difficulties. On the other side the site navigation should be developed as a RSS feed which is search engine friendly i.e. the site map will be read by the search engine crawler and got indexed, which results in good search results.

After building the sitemap, we start building the static and dynamic web pages with unique content. Each page should be optimized (On page optimization) so that search engine ranks the page; on completing this process. We need submit our site URL / sitemap feed to all popular search engines viz., Google, Yahoo, MSN etc.,

After submitting the site, we need to have plans to index our site in popular directories, classified sites. And then start indexing in social book marking sites.

Now a days the most popular sites Face book, Linked in and Twitter were few and there are 1000's of other book marking sites, in which we need to update our store information in relevant categories or Tags.

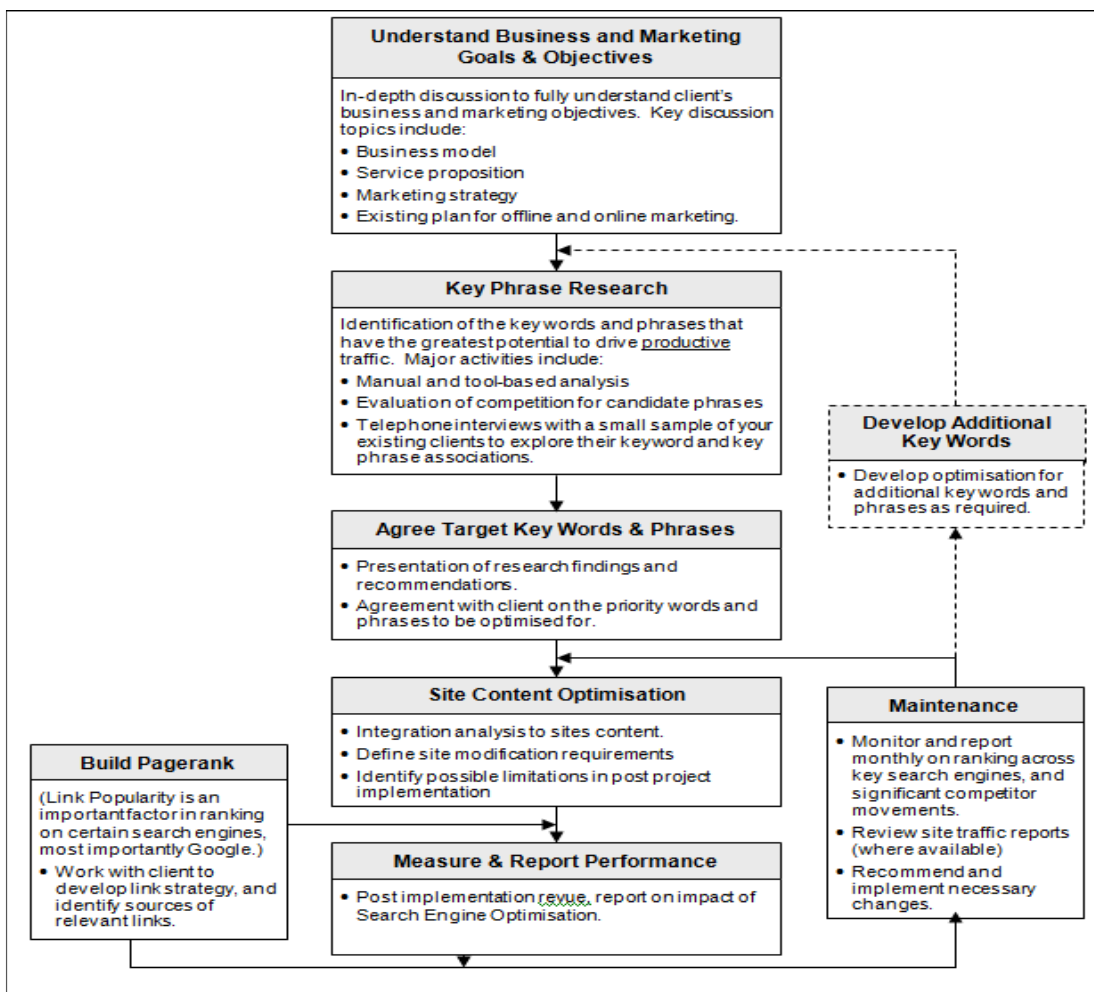
There are few sites which offers code snippet e.g. www.addthis.com by which we display links which will make the visitors to index a specific page to all popular social book marking sites, then email this page to friend, link to face book and twitter...

While doing this book marking, another unique promotional activity is to create blogs for the site and submit n. number of articles about our site / products / services in www.articlebase.com, www.ezinearticles.com and many others. This will also drive more inbound traffic to our website.

Beyond this Link exchange (inbound / outbound links) to our site will decide our page ranking i.e. our site is listed in 1st search result page of Google, Yahoo and MSN and others.

To ensure maximum success, we need to review the above processes often and keep on working will be a proven organic search engine optimization work; which will bring in more traffic to our website.

By implementing free Google Analytics in our site, we can generate excellent SEO report as and when required and be updated with our effort vs. results. Below process will elaborate further on the same with key information's.



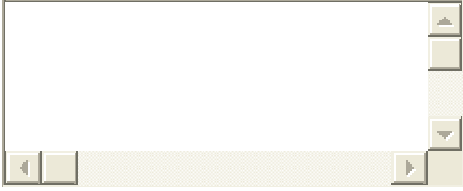
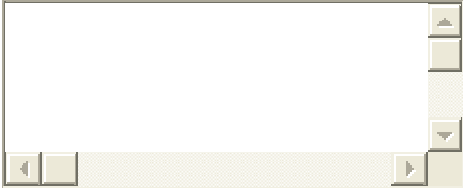
6. E-RETAILING INITIATIVE QUESTIONNAIRE

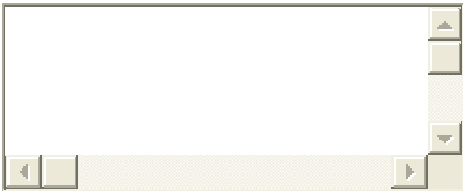
I was thinking from an organization point to view on how to start with an e-Retailing web site initiative as discussed above in section 3, find below the questionnaire to be filled out and then discuss with the IT company to progress further.

Web Development Questionnaire

Contact Information

Your Name (required)	<input style="width: 90%;" type="text"/>
Your Email Address (required)	<input style="width: 90%;" type="text"/>
Company Name	<input style="width: 90%;" type="text"/>
Address	
Contact Address	
Project Budget	<input style="width: 100px;" type="text"/>
Purpose of Website	<input type="checkbox"/> Informational <input type="checkbox"/> Direct Sales (shopping cart) <input type="checkbox"/> Indirect Sales
Will you be providing the copy (text) for the web site?	<input type="checkbox"/> Yes <input type="checkbox"/> Partial <input type="checkbox"/> No
Will you be providing graphics/logos for the web site?	<input type="checkbox"/> Yes <input type="checkbox"/> Partial <input type="checkbox"/> No
Additional Multimedia? (check all that apply)	<input type="checkbox"/> Flash <input type="checkbox"/> Animated Images <input type="checkbox"/> Streaming Audio <input type="checkbox"/> Streaming Video

<p>Site Maintenance. How often will site need to be updated?</p>	<p><input type="radio"/> Daily</p> <p><input type="radio"/> Weekly</p> <p><input type="radio"/> Monthly</p> <p><input type="radio"/> Only As Needed</p>
<p>Do you need the ability to update the content of your site yourself? (Content Management System)</p>	<p><input type="radio"/> Yes</p> <p><input type="radio"/> No</p>
<p>Description of the web site (number of pages; brief description)</p>	<p></p>
<p>Additional Features (check all that apply)</p>	<p><input type="checkbox"/> Shopping Cart</p> <p><input type="checkbox"/> Photo Gallery</p> <p><input type="checkbox"/> Forum</p> <p><input type="checkbox"/> Classified Ads</p> <p><input type="checkbox"/> Blog</p> <p><input type="checkbox"/> Search</p>
<p>Reference Sites. Please list some web sites we can review to get a better understanding of the site you have in mind</p>	<p></p>
<p>Project Deadline (approx)</p>	<p><input type="text"/></p>
<p>Contact me by</p>	<p><input type="radio"/> Phone</p> <p><input type="radio"/> Email</p>

Contact Phone/Best Time To Contact	
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Business Website Development Questionnaire

The purpose of this document is to provide Planet Media with a basic outline for determining your website design, Development and online marketing objectives. If certain items are not applicable, please leave them out however; please be as complete as possible. Our goal is to fully understand your project requirements and provide the Optimum solution to make your project a success.

Goals of website

What are the primary goals of the site? (Check all that apply)

- To increase public awareness of your company's name, brand, or identity
- To strengthen your position in the marketplace
- To develop a list of qualified prospects
- To gain an increase in sales
- To sell products directly taking credit card information over the Internet
- To make product information available to customers and/or distributors
- Others (describe below)

Who are the primary and secondary audiences? What types of people do you want to attract? (Describe interests, Needs, skills, age range, income, geographic location, and lifestyles. What motivates this audience?)

What's the key message you want the site to communicate? What is the second most important message? Please explain why this message is important.

Existing content or new? (Who will be providing this content? will it be new, re-purposed, or both?)

What information will change? (How often will it change? How extensively)

What existing images and photos are available? (Are the images digital, do they need to be scanned? Or is everything going to be created new?)

What outcome will make this project successful? How will you measure that the site is successful?

How have you advertised in the past? What medium? Was it successful?

Please describe your products and/or services.

Compare your products or services to the competition. Why are your products better? Why do people choose your products over the competition?

What are your plans to promote the site? (Check all that apply)

Networking

Referrals

Printed directory listings

Magazine/newspaper

Direct mail

Telemarketing

- Email
- Search engine and directory listings
- Search engine advertising e.g. Google Ad Words or Overture
- Other

List your competitor's websites. What do you like about them? Describe how your company is different than the Competitor:

Please list 3 favorite websites, for whatever reason. Briefly describe why you like them:

What content do you want in your site? (Check all that apply)

- List of products or services
- Product or service catalogue including details for each item
- Ordering facility
- Payment facility
- booking facility
- Calendar or diary
- Information about the business – its history and structure
- Client list
- Testimonials
- Case studies
- Project portfolio
- Helpful hints or trade secrets
- Articles
- User guides
- Contact details
- Inquiry form
- Mailing list subscription form
- How to find us instructions and/or map
- News
- Newsletter subscription
- Press releases
- What's new on the web site
- Links to other relevant web sites
- A directory of businesses
- Search facility
- Downloadable white papers or forms (PDF)
- E-books
- Message board or discussion forum
- Chat room
- Blog
- Audio or video
- Password protected pages for clients/members only
- Job vacancies
- Job application forms
- Third party advertising
- Other

Additional Considerations: (check all that apply)

- Content Management
- Database design or management
- E-commerce or online shopping
- E-learning or online classes
- Online Order Forms
- Animated Graphics
- Audio
- Video
- Flash/Shockwave Animation

Marketing and Search Engine Optimization: (check all that apply)

- Registration with the top search engines
- Pay per Click Advertising (Google Ad Words)
- creating an e-mail newsletter

If you are redesigning your existing web site, what is the current URL?

http://

Type of Website

- Business
- Personal

Purpose of Website

- Informational
- Direct Sales (shopping cart)

We appreciate you taking the time to complete this form. It will prove in valuable to us in providing an accurate picture of your web development requirements

E-Retailing web site Project Planning



Input

Online Text and voice chat, recorded telephone conversations, Mails, scanned images and supporting docs by the Client, Discussions Notes, Model sites/applications etc.,

Process

Business Need & User Need Analysis

Output

1. Work plan
2. Cost involved
3. Team requirements
4. Domain Name finalization
5. Web space provisioning or Own Hardware-software requirements
6. Payment gateway for ecommerce
7. Any other third party tools
8. Supporting documents and
9. The approval
10. Web Site / Page Design
11. Web development
12. Pilot & Testing
13. Promotional plans
14. Site Launch
15. Maintenance and Support.

7. CONCLUSION & FUTURE WORK

Now that we have reviewed all basic information about e-Commerce specific to e-Retailers and the challenges, advantages and disadvantages. From the government point of view, it has to take effective steps to resolve all barriers or disadvantages for e-commerce growth create opportunities for private, public participation in infrastructure development.

Similarly all our public organizations should plan ahead to train our Indian business community to learn more about the future business opportunities to compete global competition and towards our countries growth.

My future study is to plan, research and come out with strategic plans which are more realistic, easy to adopt and implement across the country which will resolve most of the prevailing issues.

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