

Study on E-Commerce and it's Impacts on Market and Retailers in India

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Abstract

Internet plays an important role in our daily life. We use internet daily almost for every single work. Before e-commerce buying and selling were done without internet physically in the markets but after the arrival of e-commerce in India our life has become more convenient because of its number of advantages. Online shopping is a part of e-commerce which is done mostly by the users due to e-commerce websites in India which allows us to buy and sell the products according to our choice at affordable price. E-commerce website has a lot of impacts on different markets and retailers. In this paper we will discuss about the different markets and retailers and impacts of e-commerce on them.

1. INTRODUCTION

E-commerce is buying and selling of goods and services over the internet. Before e-commerce buying and selling were done without internet physically in the markets but after the arrival of e-commerce in India our life has become more convenient because of its number of advantages. The advantages offered by e-commerce are online shopping of anything at any time and at any place, customers can find the products on e-commerce websites which is no available in physical markets, it reduces cost and time, without stepping out from home we can get our product at home [1]. Along with e-commerce there is also a popular term called e-business due to which the business of enterprises has increased electronically with the help of internet by which they can reach to many customers which increases their sales. There is no specific definition of the terms E-commerce and E-business, they are used interchangeably. In fact, E-commerce is a part of E-business which focuses on external activities while

E-business focuses on both internal and external activities of a business. E-commerce has a lot of good and bad impacts on different areas [2]. The key of having a successful e-commerce is to reduce the negative impacts and increase the benefits at the same time.

2. DIFFERENT MARKETS AND RETAILERS IN INDIA

2.1. Markets

- *Physical Markets*–Physical Market is a market where customers come physically in the market and face-to-face interact with the seller and buys the product and service in the exchange of money. Examples of physical markets are shopping malls, department stores etc.
- *Non Physical Markets/Virtual Markets*-Non-Physical Market is the market in which customers does not go physically to the seller and do not interact face-to-face. Customer buys the product on internet and exchange the money electronically. Examples of these markets are Flip kart, Amazon, eBay etc.
- *Auction Market*-Auction market is the market in which the goods are sold to the highest bidder and lower bidders are ignored.
- *Market for Intermediate Goods*-In these market raw materials are sold by using them final product is made.
- *Black Market* - In these market illegal goods like drugs, weapons, and alcohol is sold which is supervised by illegal sellers.
- *Knowledge Market*-In this market Information and knowledge based products are sold.
- *Financial Market*- In this market liquid assets or money is exchanged. There are three types of financial markets: Stock market, in which stocks are exchanged; Bond market, in which Debt securities is exchanged in the form of the bond; Foreign exchange market, in which currency exchanges and it is also called currency market [3].

2.2. Retailers

- *Department Store*–Departmental store is a store which is a combination of multiple small stores under one company which offers a wide variety of products. It adds value for the customers due to offer a wide variety of products at a place.
- *Supermarkets*–Supermarkets generally sell food and beverages but now due to customers need it also sell fashion, electronic related items. It has a good buying power that why it sells at low prices.
- *Warehouse Retailers*–Warehouse retailers are situated at the place where the premises rent is very low so that they can store, display and sell large amount of products.

- *Specialty Retailers*–Specialty Retailers sell a special service or product and provide expert knowledge and good service to customers. They add values by adding accessories and related products in the same outlet.
- *E-tailer*–E-Tailers are those sellers who provide the facility to customers to buy the product through internet and offers home delivery using which they can reach to customers within a big geographic area and can supply goods to them. They have low rent and overhead that's why they offer competitive prices.
- *Convenience Retailer*–These retailers are available in residential areas and sells limited products at a premium price because they add value of convenience.
- *Discount Retailer*–Discount retailers are those retailers which offer discounts on less fashionable brands by taking it from the suppliers and resell the product till end of line and return the left products at the discounted price to the supplier [5].

3. IMPACT OF E-COMMERCE ON MARKETS AND RETAILERS

3.1. Impact on Markets

- *Promotion of Products*-Through Ecommerce product can be promote in an interesting way and with lots of information directly to the customers which reduces the cost of offline promotion because internet can interact a lot of customers and save amount of cost of advertisements can be used in different areas of business.
- *Customer Service*-Customer service can be enhanced because customers can search detailed information about product or marketplace which offers the product and can compare the prices of different market places.
- *Brand Image*- New business men can establish their brands on internet by using attractive images at an affordable price.
- *Advertisement*- Traditionally the advertisements were one- way to attract customers and let them know about the new product or market place but now through e-commerce advertisements are two-way in which customer can browse the market place and product, can compare the prices and also can ask questions to the online retailers [6].
- *Customization*-Customized products can be made available according to the needs of customers. It will make a good place of business in market and new customers will be attracted.
- *Order Making Process*-Traditionally to take orders from customers, intermediaries are used which takes a lot of time and expenses but with e-commerce the order taking is so easy which reduces a lot of time and expenses and they can make more sales.
- *Customer Value*-Traditionally attaining a big value from the customers was the main interest. Only customers were attracted and it was the biggest target but now sellers make long term relationships with customers to attain long term value by offering them special discounts [7].

3.2. Impact on Retailers

- *Turnover*-Due to e-commerce the turnover of offline retailers has reduced which is a warning signal for the enterprise.
- *Profit Margin*-On the arrival of online shops in the market offline retailers are suffering from pricing. To survive in market, they have to sell product in low prices which covers only their operational costs and they do not get any profit margin.
- *Discount*-Offline retailers sell their products at discounted rates because online stores offer heavy discount to the customers and to stay in the market and to attract the customers they have to sell the products at discounts.
- *Variety of Stocks*-Variety of goods is offered by online stores to which offline retailers cannot compete because at the end of year the left over stock can give a huge loss to the retailer.
- *Customer Services*-Offline retailers are providing different services at which online stores fails. Repair and goods of services, home delivery and after sales services also like online shops.
- *Window Shopping*-Low prices offered by online stores leads to window shopping by customers at physical stores and they buy product online. Due to which they have prospective customer's more than actual customers.
- *Advertisement*-Offline retailers focus only on the advertisements so that they can attract customers and increase their sales. They do not leave a single chance to advertise [8].

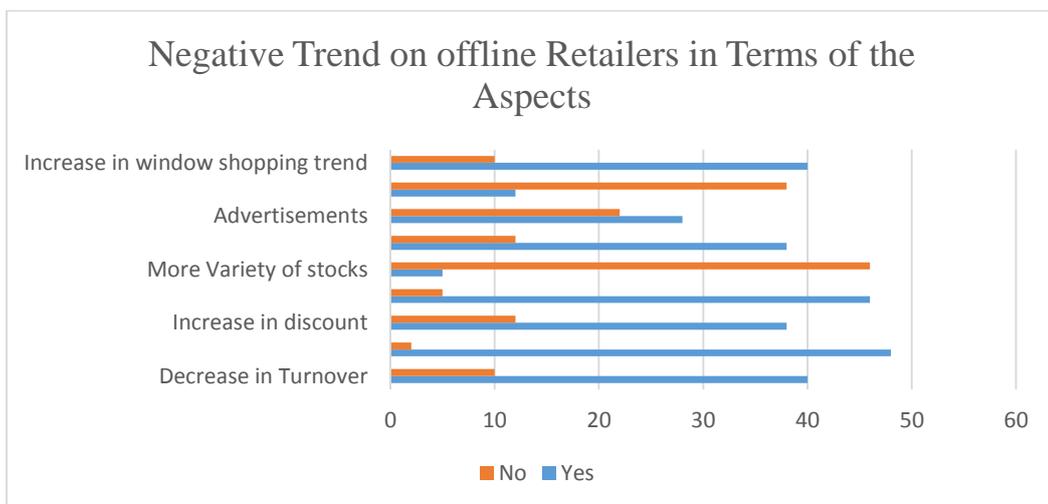


Figure 1: Impact of e-commerce websites on offline retailers in terms of different aspects.

4. CONCLUSION

This paper concludes that e-commerce is very good for us who provides us wide variety of products and services with lots of information and attractive pictures at an affordable price at our doorstep. It provides convenience to customers and allows the enterprise to expand their business over internet. E-commerce have good impact on markets like reduce the cost of advertisements as many customers can attract through internet, new brand can be developed, can maintain a good relationship with customers and can make customized products according to customer's needs. But e-commerce has bad impact on offline retailers because customers buys on low price from online shops due to which they also have to lower their price and does not get any profit, retailers cannot maintain a large stock like online shops have stores because it will cost a huge loss to them. They have to spend more money in offline advertisements to attract customers. Along with the impacts e-commerce also offers some limitation in terms of markets and retailers that is website cost, to create and maintain a website a lot of money is required; infrastructure cost, to fulfill the orders online retailers have to maintain a large stock in a big warehouse which costs a lot; security and fraud, due to popularity of online shops criminal elements are also attracted to them who can hack the personal information and can misuse them; customer trust, it is difficult for customers to trust a new brand without looking, touching and face-to face interaction.

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