E-COMMERCE AN INVISIBLE GIANT COMPETITOR IN RETAILING IN EMERGING COUNTRIES

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Abstract

The objective of this paper is to show how E-commerce is rising and is the main competitor of the shopping markets and mall, while being invisible. Its giant stature is covering many shopping arcades and changing its customers way of shopping. More and more customers are becoming loyal to the shops which are not visible and shopping from the shopkeepers who are not physically present.

Findings: It was found that the online companies are grabbing more and more of customers. Online shopping is becoming a leading trend in many emerging countries. This is becoming a threat to the physical shops which they cannot even see.

Research Limitations/Implications: Confirmatory research needs to be conducted to establish the stability of these factors. More surveys need to be conducted by the brick and mortar companies to understand the need of today's customers and in turn format a business model where they can compete with the online invisible giants.

Practical Implications: The online companies are expanding rapidly both in the remote as well as developed cities. The brick and mortar companies need to identify their invisible competitor and try to build a model which is giving an equal and opposite competition to them. The need of the hour is to shake and wake up the customer and force them to drive into the physically present shop rather than changing them to lazy customers shopping online without the feel and touch of the product.

Originality/Value: Earlier studies have not shown the threats of the online companies to the brick and mortar companies. It is rising and expanding in emerging companies but does not show that it is rising in the remote areas more rapidly than in the developed cities. Also it shows that it can be a big and huge threat, not only to the small shops but also to huge giants.

Introduction: Need of the Study

Electronic commerce, commonly known as e-commerce' or 'e-comm', is the buying and selling of product or service over electronic systems such as the Internet and other computer networks. The term "e-business" was coined by IBM's marketing and Internet teams in 1996.

There are many features in e-commerce industry. Initially, it was used for banking transactions or B2B deals. It occupied a large space in travel sector as

most of the ticket bookings were done online. Travel industry occupied about 75% of the transactions in which air ticketing, railway ticketing, hotel bookings and mobile recharge were most of them.

Now, in e-commerce the most familiar and most widely used feature is "shopping online". It gives the customer the privilege to shop online 24x7 all types of items and with range of varieties and most importantly, in the comfort of the home. It is rapidly rising in the Asian markets, especially in India.

India, has a population of about 1.2 billion people and 50-60% of this population are young (25-35 yrs) people. With the rise in technology, there is a rise in general awareness about the technology and its uses. The youth in India are becoming more gadget friendly and are accepting and adapting to the advancement in the technology. Nowadays the use of mobile and internet goes hand-in-hand and the youth are becoming more and more addicted to it.

Looking at these young people, who know how to access and use the technology or internet, the online fashion stores or the shopping sites have used these customers as their targets. These sites offer one with various varieties of products and services and with various price ranges and with the comfort of saving time of travelling, saving time in going from shop to shop and even saving money used in travelling to these shops and malls. These sites are expanding their hands day-by-day over other customers and are pushing them to be glued in shopping online and avail the offers which these sites offer. The online shops are called e-shops, e-stores etc.

Initially, online websites were created for online banking, bill payment etc. in the United States. Here, the customer could be free from the deadlines and the long awaited lines in order to pay their dues. These websites gave them the pleasure of paying their dues without any hassles. Later, in 1994, Pizza Hut started an online Pizza Delivery in Santa Cruz, California U.S. After the huge response of the customers and the increased sales, Pizza Hut started to offer free home delivery and in turn a bonus to its customers. People enjoyed ordering online as they did not have to spend time in travel and waiting in long queues. They could very well enjoy their favorite TV show or if there were guests at home could pay full attention to them and place the order side by side without the headache of picking it up from the pizza shop. The same year a German company named INTERSHOP introduced its first online shopping brand. Intershop offered only high quality books.

Later in 1995, a company based in Seattle, Washington, U.S named Amazon introduced itself as an online shopping store. Initially, it started as an online bookstore. Later, it diversified to products like music CDs, videotapes and DVDs, software, consumer electronics, kitchen items, tools, lawn and garden items, toys & games, baby products, apparel, sporting goods, gourmet food, jewelry, watches, health and personal-care items, beauty products, musical instruments, clothing, industrial & scientific supplies, and groceries. Looking at the profits it made in four to five years it expanded its business to other countries like U.K, India, South Africa, the Philippines, China, Germany, Ireland. It is said to have all the products from A to Z. In India it works as the site named Junglee.com with its call center at Hyderabad.

After Amazon, came Ebay in 1995. This website was founded by Pierre Omidyar as on AuctionWeb in San Jose, California, U.S. The purpose of the site was to sell and buy old and used products. It was basically an auction site which helped both sides of the consumers. The first item sold on ebay was a broken laser printer. It consists of items like collectibles, decor, appliances, computers, furnishings, equipment, vehicles etc. The products and items on ebay are cheap as they are secondary products and help the buyer to buy these products as he cannot afford or does want to spend extra in buying an item which he can purchase at a cheaper rate.

E-commerce or the online bazaar has changed the complete idea of use of the internet. Initially, internet was used only for transferring of data or any information which was important from the business point of view or the company's consent. But, nowadays, internet has gone far far away from all these uses. Right from placing orders for pizza's, booking tickets of movie, hotel, railway or airline, banking transactions to buying and selling products, it is becoming a trend to find one's life partner also on the matrimonial sites. Internet has very much become the solution to almost all problems whether related to personal decisions like marriage or connecting with the loved ones

who are a long distance away, from financial issues where money can be transacted any time, anyplace and into any account, to leisure and entertainment where we can play and download many games, book online movie tickets etc.

Global Studies

The use of internet is increasing day by day in various parts of the world. China has the maximum users of internet with 513.1 million users; then comes United States with 245.2 million users and India being the third largest user of internet in the world with 121.0 million users (Internet world stats, 2012).

With China and India occupying the first and third place of maximum users of internet in the world, it makes internet a big and a huge market or the "BAZAAR" for the buyers and the sellers. India has become the third-largest Internet market, based on the total number of users, and 60 per cent of these come from smaller towns. Internet has large options for the users, but the most important and particular one is the online shopping. Online shopping is like buying and selling anything and everything to the whole market. In India, people are now becoming very occupied and busy. Now the scenario has changed from earlier, where one member, mainly the male, used to work and the others use to take care of the house and family. The female had ample time to choose the market according to her needs, like clothes, utensils, grocery or decorative items. But, today, both the partners are working and have less time to search on different markets for different needs.

The youth on the other hand are becoming very tech savvy and have enough knowledge of the internet and its uses. The youngsters are becoming the slave of technology where they want to have everything at their doorstep. This has given a huge opportunity for the sellers to market everything and anything online. The online shopping industry in India has caught on fast, not just in the larger metros but also in the smaller cities. At present the market is estimated at Rs. 46,000 crore and is growing at 100 per cent per year. India has more than 100 million Internet users, out of which around half opt for online purchases and the number is growing every year. With such a large market size, companies, right from retail shops to consumer goods, are entering the Web space to attract potential customers. The customer behavior is changing dramatically. People are not only using the Web to book air tickets and movie tickets but also do not hesitate in placing orders for mobiles, laptops and other consumer electronics and home appliances.

Online shopping trend is rising in many cities of India. Ludhiana, known for its high-end malls and opulence, is witnessing a rising trend of online shopping. About 25% of its youth between the age group of 16 to 35 years prefer online shopping when it comes to buying swanky electronic gadgets. A survey by ASSOCHAM has shown that Ludhiana ranks sixth among cities where the trend is picking up. Ludhiana youth place online orders to buy their favourite gadgets, their accessories, branded apparels and shoes. Among electronic gadgets, they mostly go for latest cellphones, iPads, walkman, iPods and laptops. (Rajan Walia, TNN Jul 5, 2011, 12.26 am IST).

A survey conducted by credit card issuer MasterCard Worldwide has revealed that online shopping in the country has been rising despite the economic slowdown. In addition to the convenience that online shopping offers, the opportunity to bag sizeable discounts is driving more and more people to click on the internet for what they want to purchase, the report has suggested.

Master Card's "Insights report, economic crisis and preference for online shopping in Asia/Pacific, Middle East and Africa" has noted that in India, the average frequency of online purchases increased to 2.9 in the fourth quarter of 2008, up from 2.6

during the same quarter in 2007 (TNN May 28, 2009, 03.28 am IST, survey conducted in Pune).

Online shopping nearly doubled in China in 2007: BEIJING: Online shopping in China topped 59.4 billion yuan last year, the media reported on Tuesday, up more than 90 per cent from a year ago.

Fifty-five million of China's 210 million Internet users shopped online last year, the Xinhua news agency said, citing a report by China Internet Research Centre and taobao.com, the nation's largest online shopping portal.

In 2006, 43.1 million Chinese used the Internet for shopping, with the value of transactions standing at 31.2 billion yuan, according to an earlier report by China Internet Research Centre. The media released this year forecast online sales, which now account for less than one per cent of China's total retail sales, would make up five to eight per cent of total retail sales by 2012. (AGENCIES Economic Times, Jan 22, 2008, 04.25 pm IST).

Even traditional retailers like Shoppers Stop, Westside and Pantaloons are looking at the online shopping space for growth. According to the Associated Chambers of Commerce and Industry of India (Assocham), the size of the online retail industry is expected to touch Rs.7,000 crore by 2015, up from Rs.2,000 crore now, at an annual growth rate of 35 per cent. Keeping in mind the growing potential of the online sites, not just large brands but even general retail chains are upgrading their sites for e-commerce, making it more convenient for customers to place online purchase orders. Lifestyle products, such as cosmetics, jewellery, watches, fashion products and fitness equipment contribute over 45 per cent.

The eBay India Census has found that brands such as Sony, Nokia, Samsung, Apple and Reebok continue to top buyers' charts. With 10 million transactions, the internet may soon be your favorite shop, too. With e-commerce expected to grow by 47 per cent to Rs 46,520 crore by end-2011 (as per IAMAI data), offline players like Future Bazaar are fine-tuning their approach online.

Futurebazaar.com is confident of netting online sales of Rs 1 crore per day by March 2012. "The main focus will be to switch offline shoppers to online portal," claims Kashyap Deorah, its president. "Footfall is the core asset of any retail business. If we get even three per cent of the footfall that we get in our stores to shop online, the job is done."

The Future Group boasts of offline sales of up to Rs 30 crore per day. Deorah believes that the online target is not difficult to reach, since they have been doubling their business every quarter. The portal, he adds, has already handled 15,000 orders a day, clocking business of upto Rs 3 crore. Next, Futurebazaar.com is set to enter mobile commerce by this month-end.

Futurebazaar.com competes with other e-commerce sites like Yebhi.com, Letsbuy.com, eBay, Flipkart, Homeshop18 and Infibeam. Flipkart.com, a leading e-commerce portal, too is confident of hitting its 2015 revenue target of $1 billion sooner. The portal has already invested in warehouses across the country and automation to speed up its delivery.

Avendus Capital's report on digital consumer estimates that total number of users transacting online in India is currently at 8-10 million. It is expected to increase to 39 million by 2015. "E-commerce companies," states Avendus Capital, "are growing on the back of promises to address what the Indian consumer desires the most- convenience, value for the money one spends and availability of his desired products and services."

Futurebazaar.com is looking at 10 per cent of sales to come from online platform over the next three years. Deorah admits that while customers are not yet used to shopping online, they are not shying away either. "Around 80 per cent of consumers who go online to buy a mobile phone ended up buying it offline," he notes. "One has to understand that the competition is not with a rival e-commerce portal, but with unorganised retail."

Future Group's e-commerce portal is also looking to reduce the number of days required for delivery of a product. On an average, it takes four days to deliver an item to a consumer in the present condition. Futurebazaar.com is aiming to bring it down to three.

Avendus Capital believes this will also drive the overall growth of the e-commerce space in India, with revenue per online shopper increasing at a similar pace.

Vizisense confirms that a consumer is comfortable buying not just books or apparels but also

expensive electronic items online. It estimates that mobile phones garner the maximum share of e-commerce at 31 per cent, followed by Home & Kitchen appliances at 13 per cent and cameras at 10 per cent.

Experian Marketing Services says shopping and classifieds now rank 6th in terms of online visit share as compared to its 8th rank last year. Says Navin Chandani, its managing director (India): "Even though there is still a heavy tilt on the internet for information gathering and product evaluation and selection, actual purchase for many is still a physical world activity." (M Saraswathy / Mumbai Dec 09, 2011, 00:49 IST, Business times.)

NOTES: (1) Top 20 Internet User Statistics were updated for June 30, 2012. (2) Additional data for individual countries and regions may be found by clicking each country name. (3) The most recent user information comes from data published by Nielsen Online, International Telecommunications Union, Official country reports, and other trustworthy research sources. (4) Data from this site may be cited, giving the due credit and establishing an active link back to www.internetworldstats.com.

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Discussion/Conclusions

According to a recent information, many sites are coming for online shopping to India. It also states that not only the metro cities are aware of these sites and use them for shopping purposes but it is also becoming a trend in the remote areas where the customers do not have any malls or shops which could offer them with such huge varieties and reasonable price ranges. The sites give them these facilities and an add-on advantage of supplying the products right at their doorstep.

Now, the backbone of these online shopping sites is the courier companies. The courier service is the main nerve of these sites which help these companies to survive and even rates them in

Top 20 Countries With Highest Number of Internet Users - June 30, 2012

#	Country or Region	Population, 2012 Est	Internet Users Year 2000	Internet Users Latest Data	Penetration (% Population)	Users % World
1	China	1,343,239,923	22,500,000	538,000,000	40.1 %	22.4 %
2	United States	313,847,465	95,354,000	245,203,319	78.1 %	10.2 %
3	India	1,205,073,612	5,000,000	137,000,000	11.4 %	5.7 %
4	Japan	127,368,088	47,080,000	101,228,736	79.5 %	4.2 %
5	Brasil	193,946,886	5,000,000	88,494,756	45.6 %	3.7 %
6	Russia	142,517,670	3,100,000	67,982,547	47.7 %	2.8 %
7	Germany	81,305,856	24,000,000	67,483,860	83.0 %	2.8 %
8	Indonesia	248,645,008	2,000,000	55,000,000	22.1 %	2.3 %
9	United Kingdom	63,047,162	15,400,000	52,731,209	83.6 %	2.2 %
10	France	65,630,692	8,500,000	52,228,905	79.6 %	2.2 %
11	Nigeria	170,123,740	200,000	48,366,179	28.4 %	2.0 %
12	Mexico	114,975,406	2,712,400	42,000,000	36.5 %	1.7 %
13	Iran	78,868,711	250,000	42,000,000	53.3 %	1.7 %
14	Korea	48,860,500	19,040,000	40,329,660	82.5 %	1.7 %
15	Turkey	79,749,461	2,000,000	36,455,000	45.7 %	1.5 %
16	Italy	61,261,254	13,200,000	35,800,000	58.4 %	1.5 %
17	Philippines	103,775,002	2,000,000	33,600,000	32.4 %	1.4 %
18	Spain	47,042,984	5,387,800	31,606,233	67.2 %	1.3 %
19	Vietnam	91,519,289	200,000	31,034,900	33.9 %	1.3 %
20	Egypt	83,688,164	450,000	29,809,724	35.6 %	1.2 %
TOP 20 Countries		4,664,486,873	273,374,200	1,776,355,028	38.1 %	73.8 %
Rest of the World		2,353,360,049	87,611,292	629,163,348	26.7 %	26.2 %
Total World - Users		7,017,846,922	360,985,492	2,405,518,376	34.3 %	100.0 %

service which these companies can boast of. The less time these courier companies take and the places that they can deliver the product too can actually bring the site to its best. The online site is totally dependent on these courier companies when any order is placed. If it is from a remote area or any village which is not on the map it is these courier people that will give their service to such places. Once it is placed and delivered to these villages, they become permanent customers of that particular site and in turn these sites earn a lot.

When we talk about mall culture or any giants like shopping arcade which have everything under one roof, it only and mainly targets one city or that particular place. But the online sites are making almost everyone and anyone its customer irrespective of where the customers stays. It has become a huge but invisible giant which is grabbing all the customers and making these customers addictive to the huge market which is lying on their table and opening and shutting at their will.

These online shopping sites are becoming silent competitors to the brick and mortar companies. The latter companies are spending huge amounts on the interior as well as exterior of their shops and malls. Recruiting manpower and well qualified managers who can provide the best of service and assist the customers. The companies are becoming very meticulous over their products as well as service to the customers. On the one hand, the online sites do not require huge budgets for the interior or exterior of their shops and neither do they spend on any research for land and spend endless on its acquisition. They are simply using the internet to sell their products and earn maximum profit. The major concern for the brick and mortar companies is these online sites, which are not only stealing their customers, but also giving them a big competition without placing their shops besides them. These companies need to concentrate on the online shop competitors rather than forming marketing strategies to be better than the neighboring shop.

Lastly, customers are satisfied when they are pampered and given service to their liking. This weakness is being exploited by these online companies as the customers feel that travelling is waste of time and money. Now, when these online sites are getting all the small as well as big brands at the doorstep with many more facilities like cash on delivery, return if one doesn't like it and customizing the product according to one's wish. With such facilities the customer would not like to go to the shops and search around for its product or if one buys the product and goes home and finds out that he picked up the wrong product and again needs to travel back to return which he has to do in a limited time period. This annoys the customer and makes him lazy to go for shopping to these places and hence prefers to shop online.

The brick and mortar needs to make policies for such customers which are huge in number. Everybody around the world is becoming the slave of technology and the time is not far where each and every person will be dependent on their internet for almost every product. This will have its own pros and cons.

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