A study to find the condition of E-tailing over retailing in small cities of India

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Effulgence

Vol. 12 No. 1

January - June, 2014

Rukmini Devi Institute of Advanced Studies

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<http://effulgence.rdias.ac.in/user/default.aspX>

<https://dx.doi.org/10.33601/effulgence.rdias/v12/i1/2014/76-83>

Abstract

This paper gives an insight of emergence of new tailing in marketing i.e. e-tailing and also compare e-tailing with re-tailing and highlights those factors which are responsible for popularity of e-tailing in small cities of India with special reference of western Uttar Pradesh (UP)'s city Mathura. It presents the habits of online shopping of Indian public to give the critical review on truth of various papers being published from time to time.

Key Words: E-tailing, Retailing.

INTRODUCTION

Retailing is a people oriented business passion to win and sustain competitive edge. The Indian retail market is witnessing a revolution and it is a sunrise industry of India. The increased consumer demand, increasing availability of real estate, allowing of FDI in retail and rationalizing of the tax structure are creating the foundation for significant growth in the organized and unorganized retail sector which is currently estimated to be 20 lakh crore and projected to reach at 27 lakh crore (Euro monitor report, 2010). While Organized retail, which is currently estimated to be Rs 1.0 lakh crore (5 per cent share of total retail business)), is projected to reach Rs 3.0 lakh crore (11 per cent share) by 2015. In such a scenario of rapid growth, the preparedness of Indian retailers in terms of having appropriate formats, scalable processes, appropriate technology and relevant organization capability will be crucial to their success. The retailers should move now or fore go prime locations and market positions that will become saturated quickly.

While on the other side of coin popularity of online shopping or e-tailing also increase like speed of light, fuelling speculation about the actual size, growth and future potential of the 'internet retail market'. The Internet offers a user that has grown to a 100 million

users in 2010 (internet world state.com) in India. The e-commerce transactions in India have crossed Rs 27 billion marks in 2010. Moreover 55% of visitors to e-commerce sites in India have adopted the internet as a shopping medium. Due to all these factors internet retailing has firmly established itself as a viable alternative to store-based shopping in a relatively short span of time. All the indications are that this pace of development is likely to continue and will have a significant impact on the store based retailing.

LITERATURE REVIEW

To retail or to e-tail? That sounds like a Shakespearean dilemma. We ask any retailer; chances are that he will say both. It all began a couple of years ago. Retailing as an attractive business was slowly emerging out of the shadows. Quite a few corporate houses began looking at retailing as one way to corporate salvation.

Even as loose ends of retailing plans are being tied up, e-tailing has begun catching the attention of many entrepreneurs. Suddenly, we started hearing e-tailing names such as Rediff.com, Flipcart.com, Fabmart.com, Cliory.com and Satyamonline.com. This could well be the beginning of an e-tail revolution. As the new sensation unfolds, it should be understood that retailing is serious business. Thanks to the popularity of the internet, e-tailing is assuming greater significance. A

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number of products and services are on e-tail offer and novel plans are being worked out by many e-tailers. Consider Skumars.com for instance. Skumars who had earlier wanted to offer its franchise only to those having 2,000 square feet space has now improved its offer. It is now offering its franchise in Skumars.com to those possessing just 50 square feet space. So, the dilemma continues: to retail or to e-tail?

One stream of research on electronic commerce is comparing consumers' purchase behavior on the internet and in traditional brick-and-mortar shopping environments. Despite the explosive growth of internet commerce and well recognized competitions between online and brick-and-mortar stores, there is a striking absence of empirical studies on behavioral differences across the two types of channels.

One of the earliest works related to this topic is Burke and colleagues' (1992) study on comparing dynamic consumer choice in real and computer-simulated environments. They designed a laboratory simulation to mimic a real supermarket shopping environment and compared actual store purchases and choice decisions collected in the laboratory setting over a seven-month period. Although the purpose of their study was to examine the external validity of using data generated in computer-simulated settings to study consumer purchase behavior, it provided some interesting findings which were very relevant to later studies on comparing the internet and brick-and-mortar shopping environments. For example, they found that purchase behavior differences became magnified when specific information relevant to the decision was presented differently in the simulated store than in real supermarkets. They also found that consumers were likely to include fewer brands in their choice set and switch between brands less frequently in the laboratory than in the actual grocery store. As will be elaborated shortly, these patterns are similar to what is observed by later studies on comparing purchase behavior in brick-and mortar stores and real online stores.

This stream of research formally took off with Alba and colleagues' (1997) conceptual work on examining the implications of electronic shopping for consumers, retailers and manufacturers. In this influential article,

they offer a framework of comparing alternative retail formats in terms of dimensions that could affect their relative attractiveness to consumers based on information acquisition and processing theories, and make conjectures on how the interactive electronic marketplace may cause consumers' shopping behavior to differ from traditional shopping environments.

Another stream of research takes the game theory approach to analyzing and predicting consumer behavior on the Internet. Lal and Sarvary's (1999) study is an example of this approach. They investigate when and how the Internet is likely to decrease price competition in the context of information uncertainty and competitions between online and traditional stores. They have identified some conditions under which consumers might be more brand loyal and less price sensitive in online stores than in brick-and-mortar stores and therefore provide opportunities for firms to increase profits on the internet.

A third stream of research in this area is based on empirical analyses of actual consumer behavior and/or purchase data on the Internet. Developments in the theoretical and analytical domains call for empirical supports challenges to their conjectures and predictions. Empirical studies are a nice complement to the first two approaches and often generate new findings that may need further theoretical testing and explanations. Despite the importance of empirical research, marketing scholars started working along this line only very recently, largely due to lack of usable data in the past. Nevertheless, the handful of recent studies has made nice progress and produced some interesting findings about how consumer purchase behavior differs between online and traditional brick-and-mortar stores.

Zhang (1999) and Andrews and Currim (2000) find that consumers are less price sensitive in online stores than in brick-and-mortar stores. Degeratu et al. (2000) report that consumers are less price sensitive in some product categories (liquid detergent and light margarine spread), while they could be more price sensitive for other categories (e.g., paper towels). It is noteworthy that all three studies use purchase data from the same online grocery company Peapod4. Degeratu et al. (2000) and Zhang (1999) matched the samples of online consumers

and brick and-mortar consumers on some demographic variables (the former used education and the latter used income and household size) when comparing purchase behavior.

Danaher and Wilson (2000) investigate data from an online grocery service developed by a leading food retailer in New Zealand and find that brand loyalty for larger brands is significantly higher in the online store than would be expected for the same brands in a traditional store. The reverse is found for smaller brands. They conjecture that consumers will rely more on well-recognized brands in online stores because it is more difficult to infer product quality on the Internet. The Degeratu's et al. (2000) study identifies the availability of key decision information as a moderating factor of the brand name effect. They find that, compared to offline stores, brand names are more important in consumers' purchase decisions for product categories whose information on fewer attributes is available online. Andrews and Currim (2000) separate the impact of brand name during the consideration formation stage and the brand evaluation stage and find that online consumers do more screening on the basis of brand names but show weaker brand loyalty when evaluating alternatives left in the consideration set. In general, it appears across these studies that brand names play a more important role in brand choice decisions in online stores than in brick-and-mortar stores.

OBJECTIVE

The basic objective of this research is find the condition of E-tailing in small cities of western UP over store based (retailing) shopping with special reference of Mathura region. The other objective is to find out the factors responsible for the success and growth of e-tailing.

RESEARCH HYPOTHESIS

Null Hypothesis

H0: There is no sufficient increase in number of E-tailing Customer

Alternative Hypothesis

H1: There is sufficient increase in number of E-tailing customer

RESEARCH PROCEDURE

The research procedure describes the research design and the procedure for conducting the study. Specifically, this delineates the instrument development including testing and the sampling, data collection, and data analysis procedures. The discussion of the instrument shows the operationalisation of the variables.

Instrument Development

A structured questionnaire was developed to collect data on the variables in this study. The research variables are product/item shopping orientation, online shopping experience at website and last one is purchase intentions.

Demographics

The first section of the instrument consisted of forced-choice questions about demographic characteristics: age, gender, student qualification and marital status.

Products/items Retail shopping orientation

To measure products/items shopping orientation, 27 statements, incorporating nine dimensions were used. The nine dimensions were brand consciousness, fashion consciousness, price consciousness, time consciousness and convenience consciousness, preference for mall shopping, shopping confidence, in home shopping, and recreational shopping. The response format was a 4-point Likert type scale, with classifications from strong disagree (1) to strong agree (4). Each dimension of shopping orientation was measured by an average score over the relevant items for that dimension

Online shopping (E-tailing) experience at websites

To measure previous online shopping and purchasing experience at websites, three items were used: how much searching a respondent did on the internet for information about products/items he or she considered for buying; how much purchasing of products/items a respondent did through the internet; and the number of products/items item he purchased on the internet. The time frame for each of the three items was "in the last 12 months." The response format for each item was a 4-point ordinal scale.

Purchase intentions

For the measure of purchase intentions, the likelihood that respondents would purchase product/items from their favorite product/items website or from channels other than internet product/items websites, after finding product/items on the internet, within the next six month was assessed on a 4-point Likert scale

Sampling procedure and questionnaire administration

The population for this research was internet shoppers of young aged, who had favorite product/items websites they especially like to visit to search for information and/or to purchase products/items item. A systematic sample of 30 college students was generated and was used for the survey. The preferred sample size to utilize factor analysis was 30 or larger.

Data analysis

The data gathered from the questionnaire was entered into a computer and then analyzed using Statistical Package for the Social Sciences (SPSS). The data analysis consisted of factor analysis and Pearson correlation coefficient. Based on the research hypothesis 1 corresponding null hypothesis for testing the relationships in the model are presented. The third diagnostic tool was the eigen values of the correlation matrix. If one or more near linear dependencies exists in the data, then one or more of the eigen values will be small. The strength of the linear dependency is indicated by the nearness to zero of the smaller eigen values

RESEARCH RESULTS AND DISCUSSION

The results are presented and discussed and conclusions are drawn using the following sequence: (a) demographic profile of the respondents; (b) preliminary analysis of measured variables; and (c) results and discussion of the hypothesis testing.

DEMOGRAPHICS

(REFER TABLE 1 HERE)

FACTOR ANALYSIS

An exploratory factor analysis (EFA) with principal components was conducted (Table2 and Table3) to determine the dimensions of the products/items shopping orientation and the general and favorite products/items website characteristics measures. This analysis includes preliminary test such as KMO test and Bartlett's test of sphericity, for measuring the sampling adequacy and also checks whether the data is appropriate and ample for further factor analysis. KMO should range from 0 to 1. The MSA index should reach 1 which means each variable in a set is predicted without error. (Edward W. Minium, Bruce M. King, Gordon Bear, Third Edition, 1993), a value of 0.50 or more from the Kaiser- Meyer-Olkin MSA test indicates that the data are adequate for EFA.

(REFER TABLE 2 HERE)

(REFER TABLE 3 HERE)

CONCLUSION AND DISCUSSION

Results and Discussion of the Hypothesis Testing

H0: There is no sufficient increase in number of E-tailing Customer

After calculating the level of significance for the sample, it comes less than 5 percent. So we rejected null hypothesis H0. Therefore alternative hypothesis H1 is true for given sample.

H1: There is sufficient increase in number of E-tailing customer

EFA was used to determine whether the online shopping is more popular or store based shopping is more.

Based on the estimates for the population the test shows a significant difference between the means of the shop based shopping and online shopping. The online purchase group is significantly different in their intentions to purchase products/items from the websites than the store based market. It is also concluded that due to lack of knowledge of internet shopper prefer store based shopping.

Conclusion and Implication

Due to the findings for hypothesis H1, it is concluded that number of e-tailing customer increased in small cities but not in good pace and it also concluded that, along with shopping orientation, consumers' online experience plays an important role in forming their future online behavior. In this light, information on consumers' past online experience is needed to develop effective websites as well as effective marketing strategies. This research provides marketers with useful information concerning customer retention through the new medium of the internet. The findings are important to marketers for attracting and retaining customers through the internet. The findings show that consumers' shopping orientation and online information search and purchasing experience influence the relative importance they give to different characteristics of products/items websites and their perception of their favorite products/items websites, which will eventually affect their attitudes toward their favorite products/items websites. In addition, their attitudes toward websites affect their future intentions to use those favorite websites for information searches and purchasing. After finding items from their favorite websites, they are likely to purchase those items at their favorite websites or from other channels such as catalogs and department stores. In other words, consumers may stay with a company's products through the information search at the websites. The findings of this study imply that Internet websites are important information and distribution channels to consumers. In this vein, the internet plays a pivotal role in managing relationships with customers. By establishing effective products/items websites based on information about customers' online shopping behavior, marketer could retain their customers by managing relationships with them and even attract new customers through the website.

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DEMOGRAPHICS

Table1. Demographics

Gender	Male	30
	Female	0
Age	20+	30
	Graduate	23
Student qualification	Undergraduate	7
	Single	30
Marital Status	Married	0

Annexure

Table2. Factor analysis results: Retail shopping orientation construct

Shopping Orientation	Item	Eigen Value	Commonalities
Brand/Fashion Consciousness (Factor1)	I Like to buy popular brand	2.98	.78
	I try to keep myself up to date with trends		.71
	A well Known brand means good quality		.70
	I am interested in fashion		.67
	I don't pay much attention to brand names		.63
Shopping Enjoyment (Factor 2)	Shopping puts me in a good mood	2.87	.78
	I enjoy shopping for products/items		.77
	I enjoy spending time browsing for goods.		.70
	I don't like to spend much time shopping for products/items		.66
Price consciousness (Factor3)	I shop a lot for special deals on products/items.	2.44	.73
	I pay a lot of attention to products/item prices.		.71
	I can save a lot of money on product/items by shopping around for bargains.		.68
	When I find products/items I like, I usually Buy them without hesitation.		.53
	I don't mind paying high prices for products/item.		.52

	I watch advertisements for sales on products/item.		.50
Convenience/Time Consciousness Factor4	I usually buy products/items at the most convenient place. I shop for products/items where it saves time. I put a high value on convenience when shopping for product/items	2.22	.79 .76 .66
Shopping Confidence (Factor5)	I feel confident in my ability to shop for products/items. I think I'm a good shopper. I'm able to choose the right product/item for myself.	2.06	.78 .75 .74
In-home shopping Tendency (Factor6)	I like to shop for products/items by mail, Telephone or the Internet. I like to shop from home.	1.75	.92 .91
Brand/Store Loyalty (Factor7)	Once I find a brand I like, I stick with it. I try to stick to certain brands and stores when I buy products/items.	1.50	.81 .76
Kaiser-Mayer-test	.803		
Barlett's Test of Sphericity	.000		

Table 3. Factor analysis results: favorite and general website characteristics (E-tailing)

Website characteristics Constructs	Item	Communalities	Eigen value	Cronbach alpha	
		Favorite Website	Favorite Website	Favorite Website	General Website
Product Information	Its shows all the available for Each product.	.86	3.53	.85	.73
	It shows afll the size available for each product	.81			
	It tells the price of product.	.70			
	It gives up-to-date information about products.	.64			
	It has good quality photos of products	.62			
	It truthfully shows the colours of the products	.60			

Customer services	I can return products if I am not happy with them	.75	2.79	.78	.67
	I can get personal sales assistance by e-mail or phone	.69			
	If I want to return a product I've bought on the website, will get my money back quickly	.65			
	I can re-check that my order is correct	.64			
	I can track the status of my order	.59			
Privacy/security (Factor 3)	I know that information I give about me is kept confidential.	.86	2.50	.89	.79
	I know my credit card number won't be stolen	.82			
	Information I provide is confidential.	.81			
Navigation (Factor4)	The screens are not cluttered	.74	2.36	.72	.60
	It's fun to visit	.69			
	The different screens comes up quickly.	.69			
	I can easily follow the search path on the screen	.59			
Auditory Experience / comparison shopping (Factor 5)	It uses sound to describe products	.88	2.06	.73	.69
	It plays music	.85			
	I can easily compare competitors' products	.64			
KMO-MSA	.874				
Bartley's Test of Sphericity	.000				