



---

## EMERGENCE OF E-RETAIL MARKETING: INDIAN EXPERIENCE

By

**Dr. Umesh H. Arahunasi**, Associate. Professor of Commerce, SKHP GFG

College, Hulkoti, Gadag, Karnataka, Ph: 9448942963

**Prof. S. N. Pattanashetti**, Associate. Professor of Commerce, Govt. First Grade

Women's College, Karnataka

### ABSTRACT

*E-retailing, also known as electronic retailing refers to the sale of goods and services through the internet. This form of retail leverages online platforms to reach consumers directly, allowing them to browse, select, and purchase products or services online. E-retailing encompasses a wide range of online business models, including business-to-consumer (B2C), business-to-business (B2B) and consumer-to-consumer (C2C) transactions. India is a country which is going through the digital revolution, where the internet population is increasing at a rate of 32% every year. Of the total users of Internet, 89% access the internet for E mails. 67% use it for social networking, 61% use it for chatting with people, 49% listen to music and watch videos and 42% use it for research purposes. The main objective of the paper is to take a deep-dive into the E-retail marketing trends in India. The paper also focuses on the challenges and opportunities before India to become "a global hub for E-retail marketing". The total amounts of online Ad spend in India in 2010-11 was Rs. 1,140 crores which increased to Rs. 1,750 crores in 2011-12. In the year 2012-13, the total Ad spend amount reached to the tune of Rs. 2,260 crores. The growth in Ad spend has been tremendously recorded in 2011-12 to the tune of 53.51 percent. In India, things looked even more pessimistic. A country of 1 billion people who had grown used to ads on painted movie posters, cable television and newspaper print supplements about their favorite products – India seemed like a country that would be least convinced to go for things like Internet ads, social marketing and digital innovation. Today, things have markedly changed. India has rapidly become one of the biggest social marketing audiences in the world.*

## **EMERGENCE OF E-RETAIL MARKETING: INDIAN EXPERIENCE**

Recent technological advances have created a new digital age. Widespread use of the Internet and other powerful new technologies are having a dramatic impact on marketers and buyers. Many standard marketing strategies and practices of the past were well suited to the old economy. These strategies and practices will continue to be important in the new digital age. However, marketers will also have to develop new strategies and practices better suited to today's new environment. Conducting business in the new digital age will call for a new model for marketing strategy and practice. The digital advancement is revolutionizing how companies create value for customers and build customer relationships. The digital age has fundamentally changed customers' notions of convenience, speed, price, product information and service. Thus, today's marketing requires new thinking and action. Companies need to retain most of the skills and practices that have worked in the past. But they will also need to add major new competencies and practices if they how to grow and prosper in the new environment of digital advancement. E-retail marketing is a broad term that describes a set of marketing processes that utilize all available digital channels to promote a product or service.

E-retailing, also known as electronic retailing refers to the sale of goods and services through the internet. Tis form of retail leverages online platforms to reach consumers directly, allowing them to browse, select, and purchase products o services online. E-retailing encompasses a wide range of online business models, including business-to-consumer (B2C), business-to-business (B2B) and consumer –to-consumer (C2C) transactions. It offers the convenience of shopping from any location at any time, providing a vast selection of products and competitive pricing. E-retailing has revolutionized the traditional retail landscape by eliminating the need for physical storefronts. Thus significantly reducing overhead costs and enabling retailers to offer goods at lower prices compared to traditional retail outlets.

There are mainly two categories of E-retail marketing, namely the push marketing and pull marketing. In pull marketing, the onus is on the customer to explore different available products/services. In push marketing, the business houses push their products to the customer. E-retail marketing provides various channels for both the push and pull marketing. There are various channels of E-retail marketing. This may be by sending promotional information to customers or prospective customers through emails, spreading awareness through blogging, podcasting, video streaming, search engine marketing, social media, SMS

marketing, application based mobile marketing, etc. There is no dearth of options available to choose the channel of communication.

India is a country which is going through the digital revolution, where the internet population is increasing at a rate of 32% every year. Of the total users of Internet, 89% access the internet for E mails. 67% use it for social networking, 61% use it for chatting with people, 49% listen to music and watch videos and 42% use it for research purposes. The active Indian internet population is more than the total of the entire population of Australia, Belgium, Greece, Ireland, Malaysia and others. India offers huge business potential for online advertising industry with rising population, growing income level and changing lifestyle. With increasing number of educated people and migration to urban areas, increase adoption in Internet and online advertising is being witnessed.

The main objective of the paper is to take a deep-drive into the E-retail marketing trends in India. The paper also focuses on the challenges and opportunities before India to become “*a global hub for E-retail marketing*”. The present study is depended upon the various published and unpublished sources of secondary data. Further, the data different mathematical tools have been used to analyze the data and tables and figures have also been used to present the data.

**E-RETAIL MARKETING:** E-retail marketing is everywhere with consumers including on laptops and cell-phones. No industry is untouched by the disruptive E-retail marketing. Be it Business-to-Business or Business-to-Customer or Customer-to-Customer, today everything is being sold through digital channels. E-retail marketing includes all marketing efforts that is not in print. Every business needs to have objectives which should be smart.

E-retail marketing, or the process of promoting goods and services through electronic devices, has been around for quite some time with several firms using channels such as the television and radio to further enhance their marketing efforts. However, in the recent past, with the advent and popularity of the internet, the E-retail marketing landscape has shifted considerably. These days, while cotemporary channels remain in use, an increasing number of firms are turning to devices such as smart phones and tablets to reach out to new audiences. Marketing through these devices does not only represent a lower cost for firms, but a firm can also expand its marketing efforts to millions of people in a single campaign due to the vast use of these devices. Moreover, firms that make use of these devices are seen as innovative. Thus, such businesses are held in higher esteem by consumers compared to those firms that are orthodox in nature.

E-retail marketing is a broad term that describes a set of marketing processes that utilize all available digital channels to promote a product or service or build a digital brand. E-retail marketing has come to succeed traditional marketing and the transition from paper and newspaper ads to Face book and PPC campaigns. The channels that make up E-retail marketing include: Web sites, Social media platforms, Banner placement, email marketing, mobile marketing, SEO, pay per click campaigns, Web TV, SMS, billboards and anything else with a digital foundation.

The challenges faced while operating an e-tailing storefront are immediately offset by the large number of benefits that are attainable. The strengths are listed below:

- E-tailing is able to reach a broader range of consumers.
- Consumers are able to purchase unique products not offered in their country.
- Most of the world enjoys easy access to the internet and is educated on how to use it.
- Overhead is significantly reduced (i.e.. rent, sales staff).
- E-tailing is a rapidly growing market that will eventually out-grow regular retailing.
- A widened market range and market differentiation.
- Customer intelligence tools to target and retain new customers.
- E-tailing increases consumer convenience (i.e., reduces travel time if they were to shop at a regular retailer).
- Advertising becomes more meaningful and impactful to customers.
- Compared to physical retailing, e-tailing triumphs in ease of use and customer intelligence and provides a system that notably reduces the operating costs of a business.

When operating a segment of a business completely online, there are a number of challenges that businesses face and seek to overcome. They include:

- Some target consumers lack access to the internet
- Complexity in conducting business completely online
- Hackers will attempt to gain consumer information
- High return rate because of lack of physical examination sizing of the good
- Decrease in experience compared to brick-and-mortar shopping
- High costs associated with maintaining a website
- Need for warehousing
- Need for a customer support team for product returns and complaints
- E-tailing legal concerns

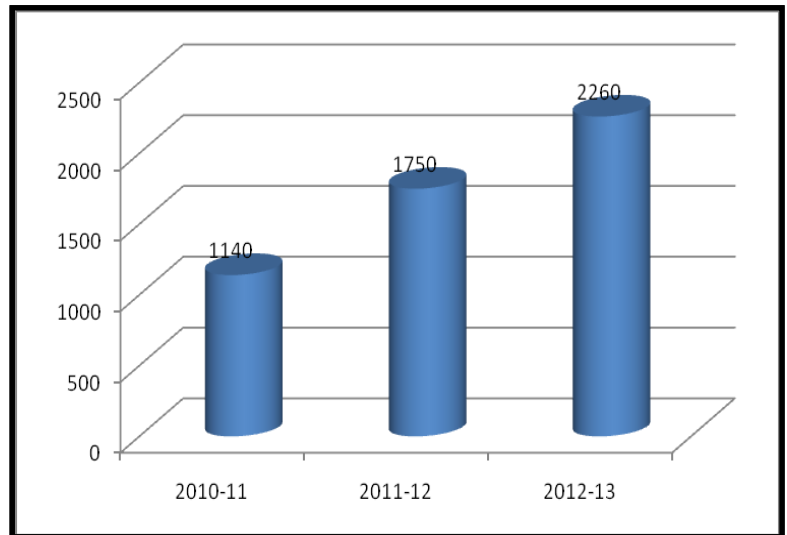
- Compared to physical retailing, e-tailing provides an inferior customer experience and produces less consumer loyalty. They can both be improved over time, making e-tailing an immediate threat to traditional retailing.

**E-RETAIL MARKETING SCENARIO IN INDIA:** The total amounts of online Ad spend in India in 2010-11 was Rs. 1,140 crores which increased to Rs. 1,750 crores in 2011-12. In the year 2012-13, the total Ad spend amount reached to the tune of Rs. 2,260 crores. The growth in Ad spend has been tremendously recorded in 2011-12 to the tune of 53.51 percent. The same is presented in the following table and figure.

**Table – 1:** Online Ad Spend and Growth

Year	Ad Spend (Rs. In crores)	Growth in Ad. Spend (%)
2010-11	1140	-
2011-12	1750	53.51
2012-13	2260	29.14

**Figure – 1:** Online Ad Spend (in Crores Rs.)



The E-retail marketing consists of various avenues including various components. The Ad spends on these avenues in 2012-13 and their percentage of composition is given in the Table – 2.

**Table – 2:** Component-wise Ad spend on various E-retail marketing Avenues in 2012-13

E-retail marketing Avenue	Component	Amount of Ad Spend (Cr. Rs.)	Percentage of Composition
Search Engine Advertising	Search Engine Optimization (SEO)	723	85.00
	Search Engine Marketing (SEM)	127	15.00
<b>Total Amount</b>		<b>850</b>	<b>100.00</b>
Display Advertising (As per technological format)	Images	132	20.00
	Simple Flash	132	20.00
	Rich Media Without Video	199	30.00
	Rich Media With Video	199	30.00

<b>Total Amount</b>		<b>662</b>	<b>100.00</b>
Mobile Advertising	Mobile Web Ad	92	40.00
	SMS Ad, MMS Ad and Mobile Video Ad	46	20.00
	In-App Ad	92	40.00
<b>Total Amount</b>		<b>230</b>	<b>100.00</b>
Social Media Advertising (Categories of Ad)	Text Links	15	5.00
	Display (including stamps Ads)	225	75.00
	Video	24	8.00
	Sponsored / Promoted / Tweets and Posts	36	12.00
<b>Total Amount</b>		<b>300</b>	<b>100.00</b>

Table – 3 clearly discloses that, in 2012-13, of the total amount of Search Engine Advertising majority of the share (85 percent) is occupied by SEO and the SEM occupies only 15 percent of share. Based on the technological format, the display advertising can be divided into four components. Of the total Display Advertising, the Rich Media With Video and Rich Media Without Video together occupies 60 percent of the share. On the other hand, Images and Simple Flash formats together comprises 20 percent of share. In mobile Advertising Avenue, 80 percent of the share is distributed between Mobile Web Ad (40 percent) and In-app Ad (40 percent). The remaining 20 percent of the share is occupied by SMS Ads, MMS Ads and Mobile Video Ads. As far as Social Media Advertising is concerned, Display (including stamps Ads) comprises 75 percent of the share whereas the Text Links, Video and Sponsored / Promoted / Tweets and Posts together consists only 25 percent of the share.

**FUTURE OF E-RETAILING IN INDIA:** In India, things looked even more pessimistic. A country of 1 billion people who had grown used to ads on painted movie posters, cable television and newspaper print supplements about their favorite products – India seemed like a country that would be least convinced to go for things like Internet ads, social marketing and digital innovation. Today, things have markedly changed. India has rapidly become one of the biggest social marketing audiences in the world.

The demographic advantages of Indian E-retail marketing cannot be overstated. The most striking aspect of future E-retail marketing in India is definitely its cost-effectiveness and interactivity. E-retail marketing is a growing field across sectors today. Following are the some of the challenges of E-retail marketing that India has to face in the future.

- ✓ *Identification of the Channel:* While each channel has its own reach, advantages and richness, there are associated costs with each of them. Every business has a fixed marketing budget and thus need to invest wisely so as to maximize its returns. The

problem is how to choose. No one wants to miss the bus. Especially with the emerging social media marketing, companies are not sure which one would work for their business at the optimal cost.

- ✓ *Strategic Planning*: Few years ago, companies used to do make 5 year plans on their marketing strategies. However, as far as E-retail marketing is concerned, companies do not know how to strategically plan their investments.
- ✓ *Measurement of Effectiveness*: It is a biggest challenge to decide the way to measure the ROI of any channel. There are no set answers for these questions. So, while businesses are aware of the need to spend on digital avenues, they are not aware of how to measure which channel works best for their industry, for their business. Thus it is really a subjective judgment made by business houses and may not be perfect. Analytics is working on developing sophisticated tools for measuring the effectiveness of the E-retail marketing and hopefully should throw some light for the business houses.
- ✓ *Alignment of E-retail marketing Efforts*: It is important to align the E-retail marketing efforts with the traditional ones. Simply marketing through a plethora of channels would not serve the purpose. Businesses need to structure their marketing campaigns to reap the maximum benefits.
- ✓ *Line between Innovation and Adoption*: In the race to match the external business environment, business focus should not shift away from innovation. Businesses need to mature enough to decide what works best for them rather than just do what others are doing in the space of E-retail marketing. Customers look for differentiation both in products and the way the products are marketed. Compromising one for the other will ultimately lead to loss of business.

**CONCLUSION:** To conclude, in the modern era, E-retail marketing is necessary and literally no business survives without it. Before embarking on the E-retail marketing journey and creating a marketing strategy, marketers and business owners should ask themselves questions such as who their consumers are, what they want, and how they plan on fulfilling their needs. Furthermore, questions such as what channels the targeted consumers use or how they make the purchase decisions are also to be considered. Although the E-retail marketing changes every day and presents plenty of the problems, marketers need to be prompt to identify what would work for them in the short run as well as in the long run. No doubt, the E-retail marketing is here to stay for the long time and will improve. The challenges, if overcome, will help each business to differentiate and grow as a leader in its industry.

\*\*\*\*\*

## REFERENCES

- ❖ Auer, Matthew. (2011), [\*The Policy Sciences of Social Media\*](#), *Policy Studies Journal*, 39(4), 709-736.
- ❖ <http://blog.digitalmarketing.ac.in/2013/10> accessed on 4th Nov 2013
- ❖ <http://www.learnmarketing.net/theory.htm> accessed on 4th Nov 2013
- ❖ <http://www.marketingsherpa.com> accessed on 4th Nov 2013
- ❖ Ian Chaston (2000), *New Marketing Strategies, Response Book*, A division of Sage Publications, New Delhi.
- ❖ Richard Gay, Alan Charlesworth and Rita Esen (2007), *Online marketing: a customer-led approach*, Oxford University Press, YMCA Library Building, Jai Singh Road, New Delhi, India
- ❖ Singh P. P. and Sandhir Sharma (2004), *Web advertising and online marketing: technologies and strategies for E-marketing*, Deep and Deep Publications Pvt. Ltd., New Delhi, India
- ❖ [www.webopedia.com/TERM/I/internet\\_marketing.html](http://www.webopedia.com/TERM/I/internet_marketing.html) accessed on 4th Nov 2013