

# Dynamics of E-Tailing: A Case of Chandigarh

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## Abstract

**Objectives:** The major share of e-tailing in India comes from consumer electronics and apparels. But it is expected that share of apparels in e-tailing will decline. This paper is an attempt to find out the reasons for the same and suggest corrective measures. **Methods/Statistical Analysis:** In this paper we have carried out a survey of online shoppers in tri-city region comprising of Chandigarh, Panchkula and Mohali. Secondary data from various resources has also been collected in order to get the real perspective of online retail business in India. **Findings:** From the analysis of results it was found that primary reason for online shopping of apparels is the variety and heavy discounts offered by e-tailing companies. In case of apparels, it was found that people were facing certain hardships while shopping online because they were not able to make proper judgment of the garment's quality, size, color etc. People are also not happy with the return policies of the e-tailing companies as well as companies take too long to deliver the products. **Application/Improvements:** Thus we can suggest that if companies want to increase their e-tailing market share they must localize their delivery system, thereby reducing the time to deliver products. They should also modify their return policies to make it more customers friendly.

**Keywords:** Chandigarh Market, E-Tailing, E-Commerce, Online Shopping, Online Shopping Statistics

## 1. Introduction

The act of purchasing products and services online instead of visiting to the traditional stores is called online shopping. Online Shopping has become popular because of its convenience and affordable prices. Online shopping enables customers to save time as well as physical efforts to purchase a particular item. Factors such as enhanced security measures, improved internet facilities and a variety of services to choose from have resulted in a rise of customers for online business.

### 1.1 Advantages of Online Shopping

- **Competitive Prices:** Online stores usually offer prices lower than the physical stores. The lower prices majorly owe to the availability of numerous websites that can be browsed to find out the best prices, doing so in traditional stores will need more time and physical effort

to explore every option for better prices<sup>1</sup>. E-tailors consider this as a problem and try to provide services/products at competitive prices to increase their traffic share. There are dedicated websites for price comparison on one specific product e.g., jungle.com, mysmartprice.com and many more.

- **Convenience:** Online shopping is more convenient as compared to traditional shopping. The ease of accessing websites, exploring the wide range of offered products and purchasing them at any given hour neither getting into the stores nor worrying about opening and closing hours of a traditional store<sup>2</sup>. Online shopping is a major aid in a busy day to day life that serves our purpose without hampering our schedule.
- **Variety:** Online shopping comes with a wider range of products which is a major limitation in case of traditional shopping. Traditional shops have limited inventory which is not in the case of an online store.

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- **Easy Comparison:** Online shopping eliminates the need of wandering from one store to another store to compare products and find the one with optimum quality and price. Online shopping brings this facility of comparison directly to our desktop.
- **Comfort:** The comfort of shopping from one's workplace or home without the presence of a salesman hovering around thrusting their product. The freedom to invest as much time as one wants to, comparing as many products as one wants to and buying only when a person is completely satisfied.

Even though online shopping is an easy way of purchasing products and services, but still the customers do not feel confident and comfortable enough to shop online because of delays in delivery and the doubt of becoming a victim of online fraud. This paper focuses on the dynamics of e-tailing with special reference of Chandigarh city<sup>3</sup>. For studying the dynamics of e-tailing the potential of Chandigarh as e-tailing destination has been studied. Survey of online shoppers has also been carried out in order to know the problems encountered during online shopping, the results of the survey will guide e-tailing companies to narrow the gap between expectation and experience in the online shopping space<sup>4</sup>. This paper focuses on the dynamics of e-tailing i.e., online shopping, so as to reduce the distance between expectation and experience in the online shopping space, and thereby finding some solutions to the problems that consumers face while purchasing online. The paper is organized as follows: Section 1 gives the introduction to e-tailing, Section 2 discusses the need for study, Section 3 discusses the mythology adopted for carrying the study, Section 4 describes the objectives of study, Section 5 tells about the Indian online shopping statistics, Section 6 describes about the potential of Chandigarh as e-tailing destination, Section 7 reveals the findings of survey carried out, Section 8 discusses the results and Section 9 concludes the paper.

## 2. Need of the Study

The prosperity of e-commerce has grown exponentially in the past decade. The major share of e-tailing in India comes from consumer electronics and apparels. In case of online shopping of apparels, it is observed that people are not fully satisfied because of issues such as size, fitting, colour judgement, delivery issues and return policies<sup>5,6</sup>.

Thus by finding out the exact reasons about the hardships which people face in shopping online, an attempt has been made to suggest corrective measures. It has been observed that the e-tailing market has majorly pounded over the traditional market because of the huge discounts provided by these e-tailing companies. Otherwise, for most of the customers it has been a compromise of shopping experience.

## 3. Methodology of the Study

For studying the potential of Chandigarh as e-tailing destination, secondary data was conducted from various online and offline sources. For studying the dynamics of e-tailing, primary data was collected. In order to primary data a survey was conducted in the Tri-city region of Chandigarh<sup>7</sup>, Panchkula, Mohali. An effort was made to know their response towards online shopping. The number of people approached was 512 out of which 397 successful responses were achieved.

## 4. Objectives of the Study

- To study the potential of Chandigarh in the growing e-commerce market.
- To study the dynamics of e-tailing with special reference to apparels.

## 5. Online Shopping-Indian Statistics

Due to the increase in use of internet in past few years the online business has prospered. It is being estimated that India will become a very huge hub for online owners to setup their online businesses. According to a statistic in 2015, the e-tail business has a penetration of 1.7% of the entire retail business, and this percentage is expected to grow up-to 4.8% in 2019. This data shows that India has a great potential and scope for online business to grow. According to the statistics provided by Google, India had an internet using population of about 354 million as on June 2015 and flushing in 6 million new internet users every month, which provides strength to the point that India is on the way to become a large e-commerce hub<sup>8,9</sup>. The worth of e-commerce industry has also shown that the e-commerce industry has grown up very fast in the past few years, and will grow highly in the upcoming years. The retail market of India

is estimated at \$470 billion in 2011 and is expected to grow up to \$675 billion by 2016 and \$850 billion by 2020. According to ASSOCHAM, India's e-commerce market was worth about USD 3.8 billion in 2009, it went up to USD 17 billion in 2014 and to USD 23 billion in 2015 and is expected to touch whopping USD 38 billion mark by 2016. Majorly due to the increase in internet usage, Smartphone users, improved security measures, etc. Trust of the people for online payments has grown. Favorable demographics have provided the e-commerce sector the unique opportunity of getting connected with their customers. It is being estimated over a five to seven-fold increase in revenue generated through e-commerce as compared to last year with all branded apparel, accessories, jewelry, gifts, footwear. In India roughly 60-65 % of the total e-commerce sales are being generated by mobile devices and tablets, increased by 50% than the last year and also likely to continue upwards. Therefore, it is being estimated that m-commerce can contribute up to 70% of the total revenue generated by e-commerce. According to ASSOCHAM. The population of online shoppers is estimated to grow with a multiple of three by 2016, where tier 1 and tier 2 cities will add up 50 million new buyers. The confidence for online shopping has increased by 71%, new customers from tier 1 and tier 2 cities are interested to shop online in the next 12 months as per a report of the Deccan Chronicle. The number of users making online transactions has also grown exponentially, and it is expected to increase from 11 million in 2011 to 38 million in 2015. Government of India plans to rebuild and modernize the Indian postal infrastructure and to implement the Digital India initiative which will also boost the e-commerce sector. Growth of e-commerce market since 2011 up to 2015 is been given in Table 1.

**Table 1.** Growth of e-commerce sector since 2011 to 2015

Parameter	2011	2015
Indian Population	1.14 Billion	1.27 Billion
Internet Penetration	80 Million	376 Million
Internet Penetration (%)	7.00%	29.50%
Online Shopping	8-10 Million	65 Million
Value of e-commerce	\$ 6.3 Billion	\$ 24 Billion
E-tailing	2-3 Million	8 Million
Value of e-tailing	\$1.1 Billion	\$ 12 Billion
E-tailing penetration of retail	0.20%	1.41%

## 6. Potential of Chandigarh

The city Chandigarh has proved itself to have great potential towards the online market by showing a huge contribution. High literacy rate and the IT industry in the region is also a reason for the success and deep penetration of e-tailing business in the city. 80.6% of the people who took part in the survey confirmed to have shopped online, which is a good sign for sprouting entrepreneurs and start-ups<sup>10,11</sup>. The city contributed around 1.80% of the overall e-tailing market in 2014 and has been growing since. The overall online shopping population of India is 40 million as of 2016 ASSOCHAM census and 1.80% of that population would be 7.2 lacks where population of Chandigarh is 12 lacks which means 60% of the entire city is engaged in online shopping.

## 7. Findings of the Survey

A survey in tri-city region comprising of Panchkula, Mohali and Chandigarh was conducted, to know the response of people regarding online shopping. For this purpose, a structured questionnaire was prepared. The data was collected by visiting various shopping areas in tri-city region such as Sector 19, Sector 17, Sector 35, Sector 22 Chandigarh, Sector 8 Panchkula, Sector 67 and Sector 62 Mohali and goggle forms. Total of 457 responses were filled out of which 397 were found to be complete in all respects and were used for the purpose of this study. The findings of the survey and bar chart representation of the questions asked are as follows:

- The people surveyed were distributed into various age groups Figure 1. 41.8% of all were below 20 years, 51% were between 21-30 years, 4.23% were between 41-50 years and 4.2% were above 50 years of age.
- Out of all the respondents 61.20% were male respondents and 38.80% were female respondents Figure 2.
- Out of all the respondents 80.6% of all have ever shopped online and rest 19.40% have not shopped online Figure 3.
- Out of all the respondents 57.18% of people believe that online shopping have reduced the frequency of traditional shopping and the rest do not agree with same Figure 4.
- On asking the respondents their reasons to shop online 70.03% voted because of variety, 54.16% for latest availability, 64.48% for comparison, 43.58% for

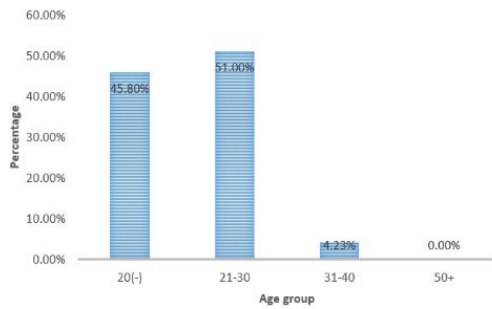


Figure 1. Age group of the respondents.



Figure 2. Sex of the respondents.

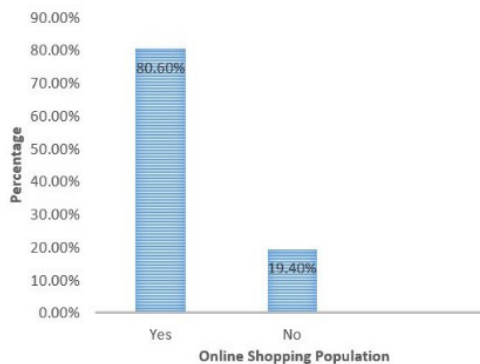


Figure 3. Online shopping population.



Figure 4. Belief in online shopping.

convenience, 79.09% for discounts, 48.11% for 24-hr availability, 41.56% for saving time, 16.88% of them had some other reasons Figure 5.

- On asking how often the respondents shop online they responded as 4.28% of them were very active shoppers as they shopped averagely twice a week, 8.31% of them were weekly shoppers, 71.03% of them were monthly shoppers and 16.37% of them occasional shoppers Figure 6.
- On asking the respondents their degree of satisfaction 41.81% of them were highly satisfied with their overall e-tailing experience, 25.19% of them were averagely satisfied and 33% of them were not at all satisfied Figure 7.
- On asking what all problems do they face while shopping online they responded as 205 of them had insecurity of fraud, 269 of them did not like the delay in delivery, 257 of them were looking for trial satisfaction, 87 of them had personal security issues, 332 of them were looking for quality assurance, 229 of them were not satisfied of present return policies, 166 of them had money security issues, 298 of them had tangibility issues and 95 of them had some other problems Figure 8.
- Of all the respondents 84.38% preferred cash on delivery and 15.63% of them were fine with online payments Figure 9.



Figure 5. Why people shop online.

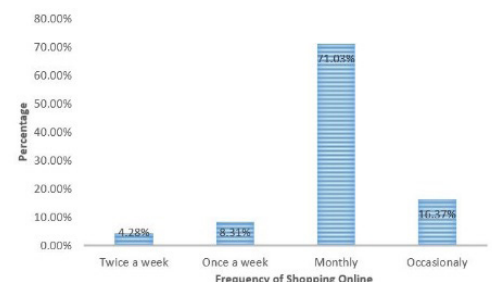
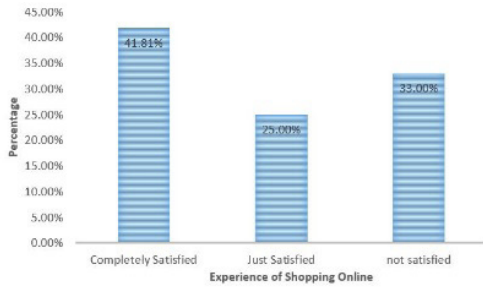


Figure 6. Frequency of online shopping.

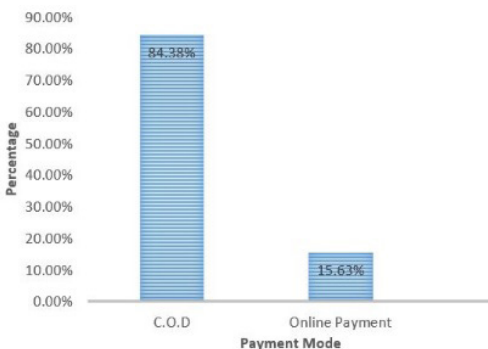




**Figure 7.** Experience of online shoppers.



**Figure 8.** Issues of online shopping.



**Figure 9.** Payment mode.

## 8. Discussion of the Results

After analysing the potential of the city a verdict can be made that the city has immense potential for e-tailing in reference to apparels. The population with an open mind and willingness to try new things adds on the advantages. The growing internet users, the accessibility to the city have contributed to the charisma. Less population provides for better dynamics for analysis and study. More reach to the deep of the city can be assured and the success of the project can be easily measured<sup>12,13</sup>. Many companies and start-ups are being established and are flourishing in

the region, a successful example being jugnoo.com the auto rickshaw mobile application, started in Chandigarh because of its well setup auto rickshaw network and matured in the city and growing exponentially since. In Section 6 of the paper where we discussed the potential of the city, which shows Chandigarh is well capable for an e-tailing business to prosper and a city centric e-tailing business can be a huge success. It is a great place to start, experiment, mature and improve any product. Now looking at the other aspect of the paper i.e., the dynamics of e-tailing with special reference to apparels. As the trend of online shopping started the industry bloomed like blossoms but every flower plant if not nurtured, wilts over time. The industry has seen great success and have used various methods to penetrate deep into the retail market and earned itself the term e-tail, since its great success it has achieved a penetration of up to 1.7% in 2015 and projected penetration of about 4.8% in 2019 it has a long way to go but now as the industries greatest ally i.e., heavy discounts have gone out of the way has led to certain hindrance in the growth of the industry and if proper measures are not taken, it can result out to be disastrous. The major shareholders i.e., consumer electronics and apparels department are in serious trouble. The study has focused on the apparels department and according to it most of the online shoppers were using these services majorly because of discounts {314 out of 397} and variety {297/397}. The aid of variety can be managed but the heavy discounts that the consumer used to get will no longer be available because of the government's new rule to control online discount to balance the market. The government wants e-tailors to have the same level of disengagement as in the case of a physical marketplace, such as a mall, where the operator has no interaction with the consumer. The policy has not gone into such finer details but these companies cannot offer discounts of any kind. The control is solely with the seller. So, now how to survive in the market? The solution is if one cannot compete in quantity switch to quality. The online shoppers have faced huge problems and pain in shopping i.e., majorly with quality assurance, security, delivery, return policy (pls. refer the stats.) which have forced some people to even abandon online shopping for ever. These ambiguities can be fixed and require rapid fixtures to avoid loss over the control of the market. Some solutions that can be suggested are like localising the delivery system and the inventory which will increase the speed of delivery even to the remote of the locations, second provide "try at site service" to the

customer and if unsatisfied return on the site and last but not the most difficult to implement i.e., to provide choice at delivery like deliver 3 shirts to the customer and let him have the choice to buy any one of them.

## 10. Conclusion

The learning outcome after intense study of the dynamics of e-commerce/e-tailing market is that there is a huge potential for online market and a great future to prosper, but to keep it that way the methods of online shopping need to be amended and improved in case of apparels. In case of apparels, it was found that people were facing certain hardships while shopping online because they were not able to make proper judgment of the garment's quality, size, color etc. People are also not happy with the return policies of the e-tailing companies as well as companies take too long to deliver the products. Thus we can suggest that if companies want to increase their e-tailing market share they must localize their delivery system, thereby reducing the time to deliver products. They should also modify their return policies to make it more customers friendly.

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