E-Retailing Issues in Developing Countries Like India

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Abstract

The developing countries like India, are going througha huge shift from old cultural and social era to 21stcentury new edge where the developed countries have already started taking the benefits of E-Retailing for their routine businesses. The citizens of developed countries have also accepted this transformation. But India is still far from this transformation. This paper focuses on various characteristics of social, cultural, economic and infrastructural issues which are becoming the hurdle for the acceptance of E-Retailing in a developing country like India. The findings identify the solutions required to accept the changes in retail to E-Retail for Indian customers. The paper also provides guidancebusinesses to implement the solution in business structures by understanding the demands of future market. It also helps to governments of developing countries to take concrete decisions for changing customer's future needs to service them in competitive world.

Keywords

Customer, E-Retailing, Businesses, B2C, Web Sites

I. Introduction

The internet users around the world are increasing so rapidly that it has created a new world of wide range of opportunities for the business. The developed countries have already started to take the benefits by transforming their businesses from old form of retail to E-Retailing [2]. As the backbone of the businesses, E-Retailing explores the thinking of infrastructure, social values, economical variances and cultural thinking. It has helped the companies to think about the new business strategies based on up growing new technologies [1]. The technology professionals also have got a big challenge to provide the technology requirements of the increased population. As the internet users around the world are increasing, the governments from the developing countries like India have also started to taking special interest and investment on telecommunication and E-Retailing infrastructure.
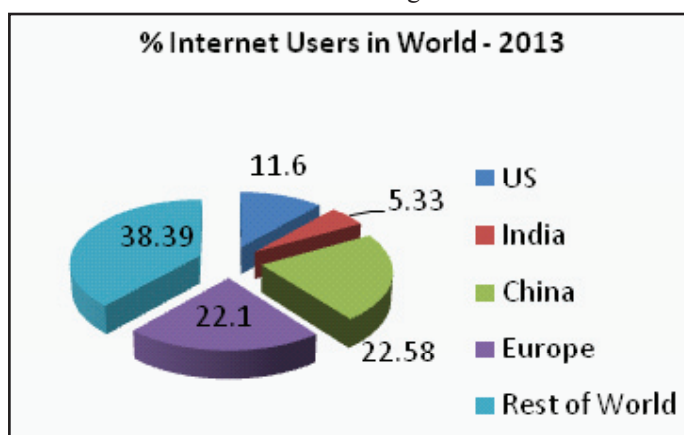

Fig. 1: Internet Users in the World 2014

The above fig. shows a clear picture of US, China and Europe play a vital role in internet market with a major share. India has an internet user base of about 150.2 million as on 2014. But the penetration of E- commerce is low compared to markets like mentioned sbove., it is just 5.33% of total world internet users [5].

The next figure is about total world E-Retailing sales over the world.

Fig. 2: Global E-Retailing Sales 2014

The study shows that though Europe is the market for E-Retailing sales, Asia and rest of the world shown in the figure has 47.51% E-Retailing sales which just includes developing countries [6]. India is one of them. But the E-Retailing sales of these developing countries is still very less because these countries have 80% of world population.

Thus, the need arise to find the reasons of E-Retailing sales in developing countries especially India.

II. E-Retailing Issues

A. Infrastructure and Supply Chain

Infrastructure is the biggest obstacle for the development of E-Retailing in India. E-Retailing is the future market base of all businesses. But online companies have the problems in credit card system, ambiguity in payment means, inconvenient logistics, too many small online players, lack of trust-worthy online merchants, lack of good telecommunication and imperfect legal system are the big obstacles in proper implementation of E-Retailing.

Second biggest challenge for E-Retailing is supply chain. As good as infrastructure, the good supply chain provides the ability to deliver the product in every corner of the country. But India is one of the biggest territory, where suppy chain demands very high investment which is not possible in developing country like India.

Another big problem for the supply chain is very few number of customers for E-Retailing. India is the second biggest population in the world. But only 12% population uses internet which is contrast to the global average of 35% and almost 80% in developed contries [4].

Solution

Indian economy is the 4th largest economy in the world. Since 2004, it is growing with 8% of GDP (Gross Domestic Product). The Indian governement is continuously taking efforts to keep it constant in the phase of recession also. The continous

development of the services and the manufacturing sector, is incresing the consumer demands as well as the requirement of the infrastucture. E-Retailing is the upgrowing sector which is largly driven by India's middle class consumers. Investment in IT sector thus in E-Retailing, has become second largest requirement after agriculture. So the Indian government should make proper provisions in the budget for infrastructure and supply chain of E-Retailing.

B. Security
In the early days, internet was considered as a tool for scientific and engineering purposes. Security was not the major issue as the engineers would not considered to jeopardize their ethical responsibility towards the society. But the involvement of big businesses started to pour money in the internet [3]. At the end of the day, E-Retailing consumersdont visit the website with low security. As a user, E-Retailing needs proper internet security. Security contains so many issues which include confidentiality of information, privacy, reliability and ease of deployment.

When customer provides his credit card information, E-Retailing retailers ask for the type of credit card and other important details. This can become one of the risks for the customer because anybody can figure it out from his credit card number and take the offensive use of it.

Solution
The E-Reating consumers should select the online company carefully. He should ensure that the merchant follows best encryption in payment procedure and customer data protection. The onsite customer data security protection is E-Retailing business owner's responsibility. The server should also inspect the security system like server room should be protected from unauthorized access[8]. The E-Retailing business owner should have proper facility to recover the data from the disaster. He should take the backup daily.If the E-Retailing business owner is using credit card procedure for the business, he must ensure that the processor is secured. Above all, the business owner has the responsibility to communicate the information of security to the consumers. This will give the confidenceto the consumers to use the website for purchase procedure.

Some shoppers are also savvy to get a symbol of small lock for the confirmation of the completion of transaction.Finally, the consumer should get the call from the company about the confirmation that the information of the transaction has actually reached to the company and the product will get definitely get delivered in the specified time. The business owner should also provide the facility of "Contact Us" for the consumers to share the problems with the company. This helps the company to correct the problems in every section of the business.

C. Checkout Process and Navigation
According to studies, 43% of the customers leave the online purchase procedure just because checkout process is very lengthy and confusing. If the consumers are getting the products very easily compare to traditional market procedure, then they prefer traditional market rather than E-Retailing[5]. This is the big loss of not only company but also the faith about E-Retailing.

Navigation is also one of the big problem. The purpose of the navigation is to navigate the products on home page in such a way that the customer should get help to understand variety of products in innovative way. Navigation doesn't mean to advertise the products shown on the home page. The companies use home page for their short term profits. Many times, the customer get confused for actual choices. Some companies slow down the purchase process by showing so many recommendations rather than helping to reach to actual choice of the customer. Again the motive of the companies is to promote other products during purchase process which is wrong.

There are other prominent reasons why the consumers leave checkout process are –
1. Unwanted advertisements – 33%
2. Hidden charges – 32%
3. High shipping charges – 27%
4. Out of Stock products – 17%

Solution
The online companies should come together to form the standard checkout processes. If the big companies uses the transparency in checkout processes, the small companies will automatically follow the standard norms to survive in the competition[9]. Another important thing is, the checkout process should be very short. This wont frustrate the customers and will feel it comfortable.

If companies want to promote some products, they should use a specific corner or section of the home page. The companies should give the freedom to the customer to go for promotions rather than forcing them to see it.

If the product is out of stock, the company should consistently update the database and navigation.

D. Unwanted Registration Process
Most of the companies forces the customers to go through the registration process to use their stored data[6]. If the customer want to purchase something, he need to give his all personal details which are actually not the part of purchase process. But the companies demands for the personal data to increase their revenue by selling it to other companies which helps them to survive in competition. In short, this is a side business of online companies which is ethically wrong and conflicts to the fundamental right of the customer. The companies don't have right to interfere in customers personal life.

Solution
The companies should not force the customer to follow the registration process to complete the purchase process. The customer should have the freedom to provide personal data as much as he wants. The company should find out the way to make a visitor to become a customer.The company should auto complete the information required for the shipment.

The security of customer's personal data is the prime responsibility of the company. They should not consider it as the source of side business. A visitor becomes the customer on the basis of the faith created by the company.

The companies should not send spam or advertisement on customer's mail id. This frustrates the customers. But the companies can use the cookies to evaluate the requirements of the customers.

E. Social and Cultural Issues
The success of E-Retailing is depends on the mindset of the customers. The ambiguity of narrow mindset becomes the reason of failure before the implementation of this concept. The Indian citizens are very social with respect to their norms, habits and the way of thinking. India is country of so many diversified groups based on religion, economy, thinking and so on. When a customer face any problem during purchase process, that becomes a big problem to purchase that product by the other customers [4].

The majority of the researchers discussed the culture as one of the main hurdle for implementation of E-Retailing [12]. The E-Retailing companies need to find the possibilities of the product which won't create any problem to culture. An Indian Culture is the combination of so many complex groups of people who consider an internet as an evil to spoil their ancestor values and norms.

Solution
New ideas and technologies brings innovations and innovations brings new risks. E-Retailing is a new concept in the developing countries like India. So it is considered as the risk to Indian culture as well as to the culture of traditional market system [11].

Many study includes the cultural dimensions of the individuals in India. These individuals are categorized on various basis like religion, region, economic strength, gender, family structures and so on. So this various categories creates multiple dimensions of the individuals. Every dimension need independent study of its impacts on the culture for the growth of E-Retailing in India.

F. Customers Less Knowledge About the Business
Doing business require large experience for getting the benefits through transactions. Consumer marketers are still in the early stages of online businesses. Still consumers prefer traditional way to purchase the products. So there is a need to understand the consumers and their expectations in the businesses. Edelman Trust Barometer found that the most important source of the information is just consumer. So the key element of the transaction is just helping the buyers to buy8].

Solution
Basically, the problem starts with the adoption of the IT. India is the country where just 12% population uses internet need support of strong economic policies and good economic provisions in the budget. Government has the prime responsibility of major investments and advertisements in this area. Government should start some of its transactions through E-Retailing where it is required. Automatically, the public will get the awareness to use E-Retailing.

The online companies should also take initiative to educate the customers for online purchase processes. The Indian customers are different than the customers of developed countries. If The Indian government provides legal support from cyber crimes then Indian population will also start to gain the knowledge about E-Retailing.

G. Varied Languages, Currencies and Locations
Language is another important hindrance to E-Retailing adoption. Language is most important social barrier to get access on both sides. The language related issues are very serious to get correct information on both sides to convert into knowledge [3].

Most of the western countries can perform their transactions in english because english is their primary language, they perform their daily transactions in english and new technologies are also organized from western countries based on their understanding and knowledge [7].

Most of the people of developing countries are illiterates. They also have very limited access of information which makes them uneducated with respect to current changing environment. The country where maximum people are illiterate and uneducated can't consider as the customer for the E-Retailing products.

Solution
E-Retailing companies provide the transaction facilities in various languages. Indian Hindi is third most spoken language is the world after Mandarin and English. It will take over the second place of English in few years. Then, why E-Retailing companies don't provide the transaction facilitiesin Hindi if they want Indian consumers. The Indian based E-Retailing companies also don't provide the transaction facilities in Hindi.

Still some big E-Retailing companies have not started their businesses in Indian online market. If they try to find the ability in the system to work on different currencies, it becomes very customer friendly. The customers will get the product in the correct price rather than just the conversion of dollar to rupees and the companies will also get the customers from developing countries like India.

H. Diverse and Complicated Payment Methods
There are plenty of payment options out there. But the large options create large number of complexity. This is comfortable for those companies only which are having the dealings based on their comfort. But the customers don't get the advantage of it. Because every time customer require usingthe different payment method suggested by different companies.B2C E-Retailingreport[9] has suggested guidelines for payment methods. But in India there is no strong body and regulations to formulate the common payment method.

India is the developing country where maximum transactions are still cashed based. The customers first expects the feel of the products and then like to pay for it. Most of the companies have started the "Cash on Delivery" facility which is again one on the big blunder where the customer can pay after the delivery of the product but can't open and check it whether he has got the chosen product at the same time. Indian cyber crime has thousands of cases where the customer has got wrong or fake product. As the Indian cyber crime department is not strong to take action on these fraudulent cases, the risk automatically shifts to the customers. Some companies provides the replacement facility but they are not able to create the faith in E-Retailing customers.

Solution
For nearly every business, the simple act of collecting payments from consumers is also actually quite complex[10]. Some of the key planning parameters your company should consider to best prepare for and benefit from the changing payment landscape, and also the organization should have a framework for evaluating the trends and creating a comprehensive payment strategy.
Manytimes retailers force to pay first through credit cards before delivery of the product because every time cash-on-delivery is

not possible. But this shifts the risk to customer then why should the customer take that risk? It creates the need to establishment a reliable and secure payment infrastructures to avoid frauds and other illegal actions.

If the E-Retailer companies are providing "Cash on Delivery", they can share the risk with the customer by providing the facility of "On Time Replacement" of the product. If they want to get customers from Indian market, they need to change their thinking. And this won't be the big deal.

III. Conclusions

The study addresses the basic issues for the implementation of E-Retailing. India is the mixture of so many cultures, societies and economical diversities. The basic infrastructure is of very low quality which is not sufficient to run E-Retailing business. Government is concerned on the outflow of foreign currency. Some political factors are always involved in it. The social factors like influence of language and symbols used on site also creates impact on the site visit and purchase decision of the customer. Government should provide strong legal backup of cyber laws to increase faith in customers for secured transaction. The issues discussed in the study are the partial effort to understand and deal with acceptance of E-Retailing.

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