Impact of Technology in E-Retailing Operations: A Consumer Perspective

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Abstract

From getting product information with the detail process map link to the final minute courier / postal alert has been enriching experience to Indian consumer in recent years. The strengthen belief of consumer on e-operations has been a major breakthrough in Indian retail industry. This has been an outcome of a meticulously designed delivery logistics equipped with technological innovation to provide a new level of consumer experience. This has also led to e-retailing reform in India attracting more investment in technologically driven R&D to enable a super-rich experience to Indian consumers. The impact of technology can be seen in improved performance of sector with a turning point.

This paper is an attempt to unpin these technological innovations in product distribution system in E-retailing. It also aims to highlight the mal-practices in E-retailing during pre-technological era and mapping their solution in post technological era.

Keywords: Technology; e-retailing; e-operations; retail; pan shops; kirana stores; pansaari stores; POS

1. Introduction

The Indian retail industry is the fifth largest after U.S, Germany, Hong Kong, Europe [1] in the world comprising of unorganized sector i.e. local pan shops, kirana stores, pansaari stores in the local market etc and organized sector like shopping malls, company outlets, direct marketing channels and recent trend e-portals. This industry is one of
the fastest growing industries in India undergoing a transformation from unorganized sector to organized sector. This transformation is making it obvious to expand horizontally as well as vertically. The vertical expansion leads to side coverage of market and consumer of different strata. The horizontal expansion leads to increased requirement of manpower. Hence, the retail sector has emerged as a potential job provider to the Indian economy boosting its growth. The strong economic status has led to increase in per capita income at current prices during 2012-13 which was estimated to be Rs. 68,747 as compared to Rs. 61,564 during 2011-12, showing a rise of 11.7 % [2]. The people are not only becoming aware of various new products and services but they are also becoming quality conscious which has added another dimension to the market competition. The consumers have been made aware of various choices with various advertising strategies by the retail giants in India. Earlier they used publicity of various products by word of mouth. Now, the strategy has shifted from this to promotion of products by credible sources impersonating as experts from various organizations, which in turns influences the consumer to great extent. The consumer has become aware of various products available in the market. They know about the products and want to know more with the help of print media, internet etc. This has necessitated the careful handling of consumer at point of sale (POS) because the consumer of today is well aware of product range both horizontally and vertically. The consumers have developed a habit to enquire about all the aspects before purchasing a product and expect the answer to the satisfaction level by the retailer. The actual purchase depends on the level of satisfaction.

The Indian Retail Industry is expected to grow from US$330 billion in 2007 to US$640 billion by 2015 (According to the 10th Annual Global Retail Development Index (GRDI) of A.T. Kearney) [2]. The retail industry comprises 8% of total employment opportunities in Indian economy and contributes approximately 22 % of country’s GDP. The Indian policy reform on FDI in retail sector has opened avenues to global retail giants to open their stores in India. This will, further, lead to increase in employment opportunities, support to small scale industries and improvisation of logistic and supply systems to Indian retail sector.

2. Changing Paradigms in Retail Sector

   The Indian retail industry has passed through various stages making new milestones to crack and companies have always augmented their strategies to align with these milestones. From street side local retailing to e-retailing via World Wide Web, the only thing that has not changed is consumer satisfaction. The ways of satisfying consumer need have always kept on changing. The technology has played a pivotal role in this whole process. The major milestones have been covered in following manner.

2.1. Retail experience in 1970’s

   This was a period when the shopkeepers/ producers ruled the market i.e. they had complete control over the products and choices of the consumer. In other words, the consumers had very less or no choice of products. Consumers had to choose among the limited number of products available in the market place at the shopkeeper outlet. Since the shopkeepers had complete control. They used to extract money for the product from the consumer as per they thought and keeping in mind, the social status of the consumer visiting the shop. This discrimination could also be seen in other aspects such as the products availability for the various consumers of various income groups. The products quality would change from superior to inferior as per the decline social status of the consumer. To add to it after sales services and product replacement also used to differ as per the level of consumer purchasing the product.

2.2. Retail experience in 1980’s

   This was the era of pre-globalization when the retailing of products was centralized. The producers were sending the products as per the demand to distribution centers and the shopkeepers were supposed to take the assorted products as per the need and demand of the various consumer groups of their area. This change helped the consumer. The consumers now had more options than earlier but still the prices were being controlled by the
shopkeepers. The services offered were changing, but the technology still had to play a pivotal role in the retail industry which would add a new face to the consumer experience.

2.3. Retail experience in 1990's

This was the era of globalization; it was the period when the global companies were attracted with potential growth in Indian market. These companies started flooding the Indian market with their products leading to price war. These companies also started spending substantial expenditure on advertisements to attract the consumers. The companies started using logistics in a more sophisticated manner to fulfill the needs of consumers i.e. by providing more and more options available at point of sale to the consumers. The concept of consumer care was coined as a strategy to compete in market. The level of service to consumers started becoming upgraded to evolve overlooking the social constraints. The consumers were being treated as equals in all the aspects. But the delivery process was still traditional with dominance of distribution channels in time. In short, the market was developing and the companies had started making use of technology as a tool to serve in a better manner. The optimum use of the technology was yet to be made.

2.4. Retail experience in 2000's

In this era, the companies have flooded the market with a wide variety of products for the consumer, the consumer is branded as the king and all the companies are at the service of the consumer to provide him/her with the product with whatever specification they desire at genuine cost and at desired place. Here comes the real use of technology, i.e. the consumer can order the product from a wide range on mediums i.e. mobile, SMS, internet etc. while sitting at the home. It helps in knowing the number of days in which the product would be delivered, the place at which the product is at a particular time. If product is not as per expectations it can be returned without any questions. The payment mode has also got up-gradation in term of cash on delivery, online transfer, mobile payment, card payment and secure payment gateways provided by the banks in collaboration with the companies and various vendors (Flipkart, Amazon, Snapdeal, Jabong etc.). The technology has got so much infused in the retail that can be seen from the moment when a consumer starts searching for a product and orders it a message is sent to the consumer regarding booking of the order to the transit status to the delivery point everything can be traced by the consumer by the help of technology.

3. Technological reforms in E-Retailing operations

From getting product information with the detail process map link to the final minute courier / postal alert has been enriching experience to Indian consumer in recent years. The strengthen belief of consumer on e-operations has been a major breakthrough in Indian retail industry. This has been an outcome of a meticulously designed delivery logistics equipped with technological innovation to provide a new level of consumer experience.

3.1. Product survey and ordering

When consumer thinks to purchase a particular product, the first step an India consumer follow is to check and compare the detail specifications, price etc from the credible source. The traditional method of credibility testing was to get first hand user information and experience from the consumer. With the advent of newer technologies the online product survey and comparison across the different e portals is very common. The technology has helped the consumer to such an extent that the consumer can very easily compare a couple of products simultaneously on various websites such as junglee.com and through this process the consumer satisfies his cravings to buy the product. Everything is being duly noted in the information system, for the future references to be used by the manufacturer, the e-retailer and consumer.

Once the consumer is through with all the comparing of the product it is directed to the e-retail portal where the consumer finally checks out the product details such as price/ discount structure/ location availability/ delivery option/ mode of payment.
After all the checking the consumer makes up his mind to purchase the product and as the product is ordered, there is a message send automatically to the consumer via information centre that the product order has been placed successfully. The information updating to the consumer is the impact of technology in e-retailing.

Once the product order is placed by the consumer it is directed to the payment option where it gives an option to pay for the product by Debit card / Credit card or opt for COD options. The online payment is compulsorily through secured payment gateway.

3.2. Order Processing and Product Confirmation

Once the product payment has been made the product order is being processed and the supplier/retailer of the product is made aware of the same through an automated system, at this point as well the technology makes its presence felt not directly but indirectly.

Another use of technology which is not seen by the consumer but it happens, as the order is confirmed the retailer is being made aware of the sale of product via the e retailer and the arrangements are being made by the retailer for the movement of the product. The well-defined and efficient system of supply chain makes this process almost error free.

3.3. Product Packaging, Logistic and Delivery

As soon as the product is being made available by the retailer, its being packed as per the company standards and nature of the product i.e. products that are of glass/bone china are packed more securely. Extra cushion is provided so as the product could withstand the journey it has to make and it does not breaks during the journey or it should not be broken when the consumer opens the packet. Hence the product is being made ready for the transportation. The role of logistics becomes crucial at this stage to stick with the commitment made by e-retailer.

Once the product is packed securely and safely the product is being ready to be shipped/dispatched to the consumer on the desired address, and as soon as the product is dispatched the consumer receives a message stating the confirmation of dispatch of order, and till the time the product is being delivered the consumer can easily track the order and see the current position of the product.

As per the message the consumer is made aware about the tentative delivery date of the product and the product is being delivered to the consumer on the desired address usually on or before delivery date.

3.4. The Technology Edge

Right from the product survey till the product delivery, the role of technologically equipped information centre becomes crucial. The consumer’s choice, surveyed products and visited links each information is customized and personalized to remind you in future about your past activity.

The product features, comparison, price analysis, and probable date of delivery have never been so accustomed in past. This update is for a guest visitor to e-portals. Once a product is put in cart, the technology starts chasing you till the order placing.

The best part of e-retailing and technology is to update the consumer about each happening about your order. Each stage is linked to the information centre and consumer can at any time; check the status of product journey. The e-portal also keeps sending SMS and emails to consumer to make him/her part of supply chain.
Figure 1: E-Retailing Operation Flow Chart Impact of Technology in E-Retailing
The technology has played a game changer in retail segment especially e-retailing. The need for technological innovation justify to a great extent the consumer dynamics the e-shopping experience of consumer has become rich as compare to the traditional shopping. Some of the key impacts of e-retailing are listed below:

a) Fast order: Earlier were the days when people used to go into the markets roam from shop to shop bargain for every chip in the pocket, in the hot/cold/humid weather drenched up to the skin, all of this is changing with the intrusion of technology, now the consumer doesn't need to go out to the shops/brands, on the contrary shops/brands come to the consumer who is not on the streets but is on his bed/ chair in his cubicle/room far away from the hustle and bustle of the market finalizing the product on various shopping sites with a variety of discount structures which are being provided by the companies to its consumers who shop online or the companies have started E-Retailing. This has helped the consumer to order much faster and save both time and money by the use of technology.

b) Competitive rates: When a consumer moves into market to purchase products, the consumer is being made aware of few products and the prices at which they are available to purchase, but technology helps the consumer to search and compare simultaneously a variety of products available on a scale of various qualities, which cannot be done manually and the best part there is no fight between shopkeeper and consumer if the whole deal does not works up.

c) Easy Tracking: Once a product is being confirmed by the consumer to be purchased, a message is being sent to the mobile and email id of the consumer stating the current status of the product. The technology has evolved so much that the consumer can trace its order at every point i.e. from the confirmation of the order, its payment (in case of internet banking), shipping of product from the warehouse, transit status, reaching to the destination warehouse, delivery at the consumers doorstep, payment (COD), return of the product in case of non-compliance of specifications of the product. The consumer can trace its order from start to finish.

d) Payment gateway: Technology has made money transactions very easy over a period of time, earlier people use to carry money in their wallets, now they carry credit/debit/cash cards and this has helped consumers to pay for the products that they select on various shopping sites through secure payment gateways provided by the banks to these shopping sites. These gateways, sometimes, provide extra discounts to the consumers who use their services, which adds as an additional benefit to the consumer.

e) Impact on society: It's truly said that an excessive use of anything leads to a negative impact on the surroundings which could be easily seen with the recent activities i.e. fiasco created by FLIPKART. In other words there are so many sites that offer product to the consumers using various advertising techniques, this leads to confusion in the minds of the consumers and very often, many sites misleads the consumers which holds a negative impact on the society.

4. Benefits of E-Retailing

With the globalization, companies came into the Indian retail sector and elevated the level of services and due to which the traditional shops also had to change the modus operandi of their work, some other benefits of e-retailing are stated below:

a) Business can be done at any given point of time irrespective of time and place.

b) Better buying decisions are made.

c) Wide variety of products are available to choose from.

d) Easiest and cheapest way to do business.

e) Reduction in cost to company.

f) Faster delivery of products.
g) Better paying facilities are made available.

h) Development of infrastructure.

i) Opportunities to SSE to show presence on global platforms.

j) Cash on Delivery (C.O.D)

5. Conclusion

The retail sector has experienced a remarkable change over a period of last few decades. The journey of consumer from kirana store shopping to e-portal experience has been enriching. The technology has added additional flavor to this experience with a strategic orientation. The innovation in upcoming technologies will definitely make this experience more spicing. The role of consumer and technology will keep dominating in retail sector and companies will require to re-orient their strategies around these factors.

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