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ECOMMERCE IN INDIA: B2C SET FOR HYBRID MODEL



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ABSTRACT

The business to customer (B2C) segment in the ecommerce world in India is undergoing major transformation changes. The focus has shifted from offline to online retailing, bringing greater consumer benefits such as competitive pricing, consumer ratings, quality product information and customer support. But online retailing is still a miniscule of the overall retailing market in India. Also, in both these formats customers experience a channel but not a brand. The need is shifting gears towards a hybrid model where customers can access the product through multiple channels such as physical stores, website, smart phone, kiosks etc. The purpose of the article is to analyse the core strengths of online and offline retailing, and develop a hybrid model that enables the hybrid model to be accessed by a larger set of consumers while providing higher consumer benefits.

KEYWORDS :B2C, Online retailing, Offline retailing, Hybrid, E-Commerce

INTRODUCTION

Business-to-consumer (B2C) in electronic commerce is defined as business that sells online merchandise to individual consumers. Few decades back consumers flocked on shop floors negotiating hard, scrambling through the products and spending dizzy moments in a queue for a shopping experience. But, with the advent of internet and supporting technologies, online shopping experience

ECOMMERCE IN INDIA: B2C SET FOR HYBRID MODEL

is the new trend and is gathering momentum.



Note – Retail sales figures in USD billions

The above statistics represents the online retailing in past few years has stormed into the e-commerce space powered by advanced technology and capital inflows. Although, the online market share is still playing in the single digits, they have positioned a commendable counter-strike to offline retailers. But the online retailing needs to blend into offline retailing to create a marketplace that is accessible to customers through multiple channels. The hybrid model based on convenience, price and assortment should be able to overcome the restrictions of online retailing and develop huge adoption similar to offline retailing.

II. OBJECTIVES & ANALYSIS

OBJECTIVES:

The objective is to

1. Identify the core strength of offline and online retailing.
2. Develop a hybrid model that focuses on bringing in a wider set of retail users in the network and provide strong consumer benefits.

OFFLINE RETAILING:

Offline retailing in India exists with the range from the millions of “Kirana” stores to the few hundred “Big Bazaar” super stores operating in the nook and corner of the county. Their existence is driven by primarily four factors:

1. Easy accessibility of daily consumables and perishables.
2. Major transactions driven by cash.
3. Consumers enjoy the inherent “Touch and Feel” effect in certain categories such as Home utilities, electronic gadgets etc.
4. Instant gratification of the product with zero shipping cost.

ONLINE RETAILING:

Ecommerce giants in India such as Amazon, Flipkart and Snapdeal along with hundred other webstores have powered the online retailing in India. The shopping experience has transformed into few clicks, access to other customer reviews, price glance across the country in minutes and access to scores of product varieties. These all has been possible with technology and internet. Below are the major unique selling points of the online retailing:

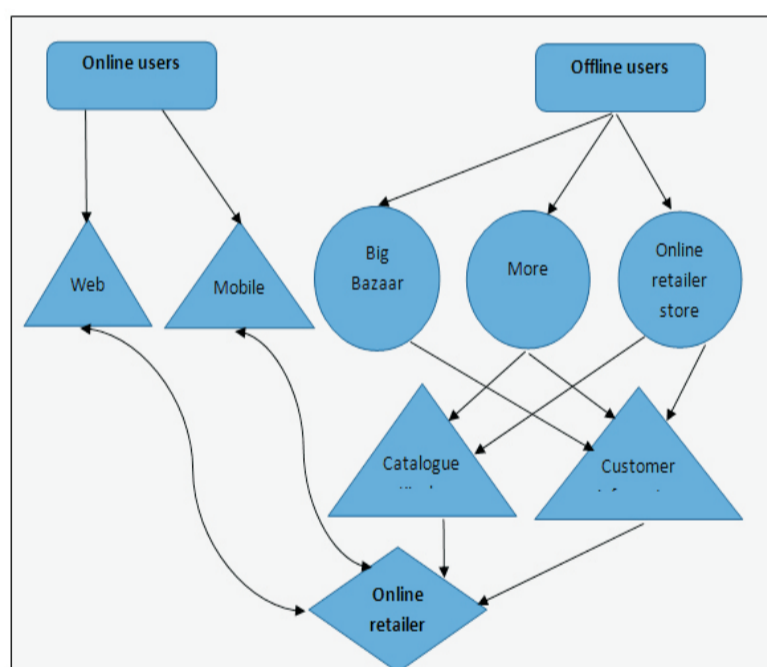
1. Consumers are highly knowledgeable of the product price through online price comparisons
2. The in-store time spent is dramatically reduced with purchases that just could take a few minutes only
3. Online product comparisons provide a great deal of knowledge to consumer to buy the “right” product. Other customer review help in identifying the value delivered by the product against what is advertised.
4. Customers have access to millions of products that exist in the virtual stores. Technology has made easy to traverse through the products and pick the one that best fits the consumer needs.

Online retailing with this multi-faceted advantages is still playing in single digits. The few parameters that account for this is something that online ecommerce players have least control on are:

1. Only 345 million internet users exists against a 1.25 billion Indian population
2. Less than 10% of Indians have credit/debit cards
3. Majority Tier II and Tier III cities have a high delivery cost associated

III. THE HYBRID: BRICKS AND CLICKS

Based on our analysis, it is evident that online retailing needs to bend with offline retailing to gain the maximum coverage across. So ecommerce giants who completely operate online will have to tactically position their brick and motor shops to gain traction from customers who are not using online as a mechanism to make purchases. Below is the proposed model:



As per the above model, online retailers need to establish brick and motor shops through two strategies:

1. Open own brick and motor shops in Tier I cities in commercial intensive locations
2. Collaborate with super stores such as Big Bazaar, More, Vijetha etc. in Tier I, Tier II and Tier III cities with primary focus in Tier II and Tier III cities

THE COLLABORATION WITH SUPER STORES SHOULD BE JUDGES BASED ON THE BELOW FACTORS:

1. Matured supply chain network
2. Geographically spread in the city
3. Brand presence and brand equity

ONLINE RETAILERS CAN DEVISE THE BELOW TWO MECHANISMS TO FACILITATE OFFLINE USERS THE BENEFITS OF ONLINE RETAILING:

1. CATALOGUE KIOSKS:

This is an electronic booth that would carry the product information, price and ordering mechanism. All the products available within the store and online (in collaboration with the online retailer) will be available to the customers. Customers will be able to compare prices and see other customer ratings for the product. So, customer can make an informed decision to go ahead with an instore purchase or make a delivery order. The catalogue kiosks will be self-operating.

2. CUSTOMER INFORMATION CENTRE:

The customer information centre would be the same as catalogue kiosk with difference of being operated by a sales executive. These would be more beneficial for customers who are not acquainted to electronic gadgets but still get the same level of information to make a good buying decision.

With the above approach, online retailer will also be able to reach out to the offline customers and create a virtual transformation into the online world.

IV. CONCLUSION:

CONSUMERS BENEFIT: EXPERIENCE POWERED BY T-SQUARE (TECHNOLOGY AND TOUCH & FEEL)

The Hybrid model leverages on both the online purchasing experience driven by technology and the experience of visualizing the product in real time. The touch & feel effect has traditionally been an inherent part of customer shopping experience which online retailers can blend this into their online retailing to create transcended effects on customers. The hybrid model eliminates the online retailers wait for web/ mobile internet usage growth to create the network effect on online retailing. Moreover, the model provides online retailers an opportunity to serve through Omni channel.

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ECOMMERCE IN INDIA: B2C SET FOR HYBRID MODEL

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