

## Chapter 56

# Role of Media in Success of E-Tailing

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### ABSTRACT

*This chapter proposes to bring forth insights as how media contributes in e-tailing. The success of online retailers owe to the role which media plays in changing the consumer mind. India's retail market value was estimated at \$520 billion in 2013, and is expected to grow to \$950 billion by 2018. With a CAGR currently pegged at 13%, the Indian e-commerce market is expected to grow the fastest within the Asia-Pacific Region – with its market size doubling every 2-2.5 years. This certainly gives us reason for deep introspection. While the global growth rate of online shoppers is estimated at 8-10%, India currently has more than 10 million online shoppers. With the evolution of the online marketplace, sites like Flipkart, Snapdeal, Jabong and Myntra are thriving which has risen the practice of buying goods online. The media has definitely played vital role in shaping the online retail business.*

### INTRODUCTION

In 2012, India's Gross Domestic Product (GDP) was USD 1.7 trillion, at current prices, of which private consumption constituted nearly 60%. USD 490 billion was the size of the merchandise retail market in India, which accounted for nearly half of private consumption. The high share of private consumption in India's economy, which is not expected to change much in the coming decade, also implies that India's retail growth rate will mirror the country's GDP growth rate. E-commerce in India took off with an entry of portals, including many focused on travel, media and jobs. The governments' drive to open the sector for FDI in B2B business and bring e-commerce to the front has caused a number of major players to venture into India. Today, E bay, Amazon, Jabong and some serious Indian players are giving these physical retailers a run for their money.

Flipkart and Snapdeal's recent fund-raising exercise has also embarked the significance of investors in e-commerce. The change in government and the stride of positive sentiment across the nation has led to growing faith in India and Indian business models. The governments' initiative to simplify regulations and make India a business-friendly nation is definitely benefiting e-commerce.

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Though 70% of India's e-commerce market is related to travel (flights, hotel bookings, etc.), electronics and apparels are by far the most important categories in terms of sales. The key driver in Indian e-commerce is the rapid increase of *broadband internet penetration*, which is growing at a whopping 20% every year. The rising standards of the growing middle-class with high disposable incomes have led to an exponential growth of the internet culture in India.

This is very significant to the Indian retail sector. The internet has given Indian consumers access to a wide range of products and services, even in places where the reach of brick-and-mortar shopping complexes are not possible. Also, the availability of a much wider range of products when compared to physical retail stores, coupled with relatively lower price leads to increase demand for online retail. Many big companies are rising to the challenge and adopting smarter strategies to guard their space. The likes of Tata, Future Group and Reliance are expanding their reach by foraying into e-commerce via alliances with leading online players. Indian retailers have clearly read the writing on the wall. As the competition grows, multi channel approach in delivering a unified and consistent customer experience will increase.

When it was recognized that the mail order catalogue was an effective means of presenting products to customers, televised shopping channels emerged which exploited the medium of television to enhance and convey details of the products to customers. The advent of credit cards also made this process of payment even easier. It also made it possible for the customer to pay for an item, even though the customer did not, at the specific time of the sale, actually have the money in hand to pay for it. Another practice also set the stage for online retailing: cross-border shopping. In the United States, where every state and region may have a different rate of sales tax, it is common for customers to drive across a state line in order to purchase items at a lower sales tax rate. In Europe, the same may apply by crossing national borders to purchase items such as liquor, cigarettes or perfume where tax or duty is lower: customers enjoy tax-free shopping. As soon as online shopping became available, customers immediately recognized the great advantages of being able to ignore state or national boundaries. (Chandra et. al., 2002)

The online commerce enables social interactions across many channels. The platform has several components- Channel Interface, core commerce platform, social commerce platform, integration layer, functional modules, and master data management. The channels are like click and collect, Kiosks, in store displays. The channel interface services provide the mechanism to use the commerce platform as channel for shopping. This platform offers functions which enable shopping such as product catalog and listing, check out, order processing and fraud check, payment and promotions. The layer called integration layer provides services and adapters that integrate with line of business applications and enterprise services built of diverse technology platforms. Functional modules include LOB services and components for order management, inventory management and promotion. The other component, Master Data Management offers a total view of data across channels. It enables ease of management and analytics.

Improving the total experience is the way to success. The media plays a major role in shaping the online retailing. Social commerce platform help in other social functions like reviews and ratings (integration with bazaarvoice and viewpoints), social connect (Facebook and Twitter), rewards (Groupon and LivingSocial), social analytics (Google analytics), social sharing and social benchmarking (Facebook and Twitter). Interface implementations are enabled using adapters for service providers. Many of retailers have social media presence via facebook, Twitter, pinterest.

Twitter's Buy buttons has significantly shifted the social network's role in the relationship between consumers and businesses, and disrupt the way in which we have thought about path-to-purchase. The close knit relationship gets strengthened with the help of such social networks. Further customer interests

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