TO STUDY THE ROLE & GROWTH OPPORTUNITIES
IN B2C SEGMENT FOR PURE PLAY
BRICK AND MORTAR COMPUTER SELLERS
IN THE ERA OF E-COMMERCE WITHIN PUNE CITY

A THESIS

SUBMITTED TO

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IN MANAGEMENT

UNDER THE BOARD OF MANAGEMENT STUDIES

BY

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Undertaking

I, Mandar Khare have registered my name for the Ph. D Scholar of the Tilak Maharashtra Vidyapeeth in management subject.

The undertaken research is entitled as "To study the role & growth opportunities in B2C segment for pure play brick and mortar computer sellers in the era of e-commerce within pune city", Under the supervision of, Dr. C. Sunanda Yadav.

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CERTIFICATE OF THE SUPERVISOR

It is certified that work entitled "To study the role & growth opportunities in B2C segment for pure play brick and mortar computer sellers in the era of e-commerce within Pune city" is an original research work done by Mr. Mandar Khare under my supervision for the degree of Doctor of Philosophy in Management to be awarded by Tilak Maharashtra Vidyapeeth, Pune.

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ACKNOWLEDGEMENT

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ABSTRACT

Introduction

In recent years we have seen a lot of disruption in the Information Technology Industry through the emergence of e-commerce i.e. online retail sales.

As per Wikipedia e-Commerce can be defined as, buying and selling of goods and services over the internet called as E- commerce or e-store. E-commerce usually found alternative for brick-and-mortar retail stores, though some businesses may choose to maintain both. In today's world almost anything can be purchased through e-commerce and this is acute competition to retail industry.

Indian Context -

The Indian Desktop PC (Personal Computer) market can be divided into two categories, 1) Assembled PC's and 2) Branded PC's. As the name suggests Assembled PC's are locally integrated by system integrators (System Integrator is a person or company that specializes in bringing together component subsystems into a whole and ensuring that those subsystems function together , a practice known as system integration - Wikipedia) and sold as Private labels(Private label products are those manufactured by one company for sale under another company's brand – Wikipedia) PC's whereas branded PC's were - sold by brands like HCL, Wipro, Zenith around the 90's . Recent brands are mainly multi-national companies only like Acer, Asus, Dell, HP, Lenovo, MSI, MI etc.

Word Wide Web innovation gave real growth to the Computer industry. Due to WWW wide acceptance and usage helped to start e-commerce and adaptation of computers at business grew manifold.

Global Scenario -

The Information technology industry is evolving every decade or in even lesser periods of time.

As IBM realized the need of specialists to sell these personal computers, they tied up with departmental stores who know the customers better. That was start of first indirect channels for vendors. There are two types of distribution channels: direct and indirect. As the names would imply, direct distribution is a direct sale between the manufacturer and the consumer, and indirect distribution is when a manufacturer utilizes a wholesaler or retailer to sell their products. (Sensiba San Filippo,2017)

Philips Kotler defines channel of distribution as "a set of independent organisations involved in the process of making a product or service available for use or consumption" Retailers, Wholesalers are the common channels of distribution.

Market Mix

Marketing involves a number of activities. According to Philips Kotler, "Marketing Mix is the set of controllable variables that the firm can use to influence the buyer's response". The controllable variables in this context refer to the 4 'P's [product, price, place (distribution) and promotion].

It was at this time that the future emphasis of the Marketing Mix was realized by various MNC companies and implementation of the same was gone about in a scientific and strategic manner. They more or less emulated the time tested and proven model laid down by their brethren in the FMCG category.

Components of Distribution Channels –

Various channel components in the distribution channel made it possible for PC manufacturers to reach the end consumer. While e-commerce has given an opportunity to the manufacturer to reach customers directly as well there are many Pro and Cons for a direct sales/marketing model to note.

B2E represents all the channels which cater to government or corporate customers while B2C represents the channel which caters to Consumer (Primarily Home user). While Distributors, Resellers &Sub-Distributors are primarily called as B2B sellers as they sell business to business instead of to Government/Corporate or Home user.

Information Technology Distribution channel is bit complicated as there are no strict or only defined roles always. They can change as per vendor/Manufacturer discretion.

For simplicity to understand whoever sells other than vendor to home consumers/customers can be termed as B2C & those who sales to enterprise or corporate or government customers other than vendor can be termed as B2E.

Retailers –

Retail can be best imagined during the old days when barter was the only option to purchase & sell - any goods. Later it took the shape of weekly markets or Mandi in the vicinity of residential areas. The best part of the retail evolution is all new the changes which got adapted by the retailers did not replace the old system completely. In fact new technique and tools were adapted with the co-existence of old systems also. - Mom and pop shops in small towns or villages did not vanish when organized retail started acquiring new technology to cater to the urban consumer. In fact during the Pandemic of 2020 it made more viable for many consumers to move back to neighborhood shops due to physical movement restrictions enforced by the Government. It was this neighborhood Kirana shop which was a convenient place for purchasing during the pandemic for many.

Brick-and-Mortar-sellers i.e. The Pure play Offline are those who don't have any online presence, websites etc. but sell only through retail/small offices. These are further categorized as single/exclusive brand retail and multi-brand retail.

Converged Retail –

As the name suggests it has converged different technologies of even consumer streams also, either it has two or more such combinations made to ensure one stop shop for consumers. Most famous combinations are consumer durable products like washing machines, TVs, Refrigerators etc. along with Computers and Peripherals sold at same shop. (CROMA)

Large Format Retail –

Large Format Retail is the retailing of all forms of merchandise in a large floor place stores (Haines, 2020).Large format retail is further categorized into departmental/hypermarket or Super market Convenience stores.

Small Format Retail chain –

Small format retail is different from large format retail from the point of view of area of operation as well as number of products offered by them. Usually they have a regional presence unlike the national presence of large format retailers. Most of them will be specialty retailers as well or converged formats as well like Vijay Sales/Electronics, Maharashtra Electronics /Electronics or Croma/Electronics are few examples of small format retailers

E-Commerce Retail-

Consumer durables & Information Technology contributes 4% of this total retail pie. B2C i.e. Business to Customer (Flipkart) , C2B i.e. Customer to Business (Policy Bazaar) , C2C i.e. Customer to Customer (OLX) & B2B i.e. Business to Business (Amazon Business) are the major categories of e-Commerce businesses -

e-Commerce has also got entry into Government business(G) with G2C , G2G , C2G as well as G2B & B2G formats also which are examples of various applications of e-Commerce touching lives of every Indian today.

Among all these categories the **B2C** market is the most affected one & has impacted the offline retail business heavily. This is specifically for Information Technology products like Personal Computers, Laptops, and Tablets etc.

Omni-Channel Retail– Offline & Online seamless experiences like Brand shops usually operate both online as well as offline! They ensure a smooth seamless experience to their customers irrespective of the format of retail!

Significance of the study

Click for Brick and Brick for Click are now both trends where the offline retailer is looking at e-commerce as the next venture while the e-commerce retailer is looking at offline retail as next venture.

Challenges for Brick and Mortar retailers due to the entry of Online Sellers -

The whole tussle between Online & Offline is majorly on the cost and service differentiation On one side you have deep discounting, ease of business, lesser overhead cost , higher basket (Product variety) , deeper pockets with online retail whereas on the other side its value addition, retail expenses, limited space, increasing expectations of customers with offline retailers.

There is often a trade war among these two pillars of the IT industry Online & Offline!

Aims and objective of the study

It is important that offline retail i.e. B&M retail needs to find the best possible and suitable role in the era of online retailing Also possible opportunities to explore avenues which can make B&M retail sustain and grow further!

Out of Phillip Kotler's 4Ps of Marketing Mix one "P" which is for place becomes vital for the retailer to decide Physical, Virtual or both to exist or co-exist together. As this P is going to define or even affect other P's like Product, Price and Promotion which will revolve around the right decision of the Place of marketing.

While this study is limited to only the Place part of the marketing mix which is the tip of today's context considering a growing era of online retail and affecting offline retail business.

Prime objective of study was to understand the co-existence possibility of offline which is nothing but the Omni-Channel Role of the offline seller in online era.

As well study was made to understand sub objectives such as

   I)   Opportunities to grow further for offline sellers

   II)   Business Strategy implemented by Offline sellers to compete Online Sellers

Both above sub-objective were qualitative nature hence handled differently than prime objective of Role of offline channel in online era.

Significance of New Research –

This study can help many such sellers who are yet to find the answers to how the competition from online sellers can be faced. The sustainability for them will depend upon the right solutions they chose & find the solution to challenges faced by them due to heavy competition from online business.

• This study can give new avenues of business & opportunities to offline retail sellers which they may not have considered for growth of their business

• This study has quite significance for retail sellers to decide the directions and align themselves with right business strategies to sustain during next phase of business

• This study will also help to align the future strategies for the Vendors to choose the right channel combinations for their products

• This study will also help Government authorities to align policies for balancing offline and online seller benefits in the industry.

Hence significance of this study is much more important to understand the future of information technology handshake for offline and online channel.

Hypothesis of the study

Below hypothesis were constructed basis the conceptual framework,

    1) Pre-Engagement of Offline seller with Online Channel -

H0 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Stores/sellers is independent of seller engagement with online channel

H1 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Stores/sellers is dependent of seller engagement with online channel

    2) Readiness of Offline seller to embrace with Online Channel -

H0 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Stores/sellers is independent of seller readiness with online channel

H1 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Stores/sellers is dependent of seller readiness with online channel

    3) Penetration of Offline seller into Online business

H0 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Stores/sellers is independent of seller existing penetration with online channel

H1 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Stores/sellers is dependent of seller existing penetration with online channel

    4) Future plan of retail expansion by offline sellers -

H0 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Stores/sellers is independent of seller future plan of expansion with online/offline channel

H1 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Stores/sellers is dependent of seller future plan of expansion with online/offline channel

    5) Exit plan of offline sellers from retail business -

H0 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Stores/sellers is independent of seller exit plan from retail business

H1 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Stores/sellers is dependent of seller exit plan from retail business

    6) Co-existence / Omni-Channel Role -

H0 – Brick-and-Mortar Computer Sellers cannot co-exist with e Commerce/On-line Stores/sellers

H1 – Brick-and-Mortar Computer Sellers can co-exist with e-Commerce/On-line Stores/sellers

All other factors which are independent variable are tested to understand whether they affect the decision making variable of co-existence or they do not have any effect on the decision of co-existence decision that is role as Omni-Channel of offline sellers.

Research methodology

This involves the type of research, defining population, data collection, population, sample size, sampling technique, etc.

    1) Research Type –

Method was descriptive in nature and used Quantitative method to study the prime objective.

While sub-objectives being qualitative in nature content analysis method used to study those objectives.

    2) Population & Sample Size –

When the research was decided for this subject the real challenge was defining the population. As scholar needs to ensure it defines the population at the beginning of the research. The detail discussion was done to define the population.

This research was directed toward Information Technology retailers and sellers within Pune region. Hence it was important to define the correct population for the study.

Researcher found that there is official association of all these information technology retailers by the name COMPUTER MEDIA DEALER ASSOCIATION (CMDA)

This association was founded in 1993 for betterment of information technology trading community and to increase information technology awareness amongst the consumers.

As claimed on site by CMDA, it has close to 350 members (currently 388) who serve more than 90% of the computer hardware and consumables business in Pune region.

Hence population selected for research was list of members obtained from CMDA who were registered with them.

The major challenge with this population was 388 different locations to be covered during short span of time. Researcher was satisfied with this background and accepted this as sufficient size of population to conduct the research.

Sample size was calculated considering 388 partners as population

Cochran's Formula is used for finding the modified sample size here,

Since the population is small as per modification formula of Cochran's , modified sample size is further calculated as below,

Hence as per Cochran's Modified Sample Size formula it was required to conduct survey to minimum 194 sellers to ensure 95% of Confidence level with Maximum variability and maximum 5% of error of margin.

In spite of limitation of time and spread of sellers across different parts of Pune city researcher could able to reach 302 sellers, out of this 17 sellers refused to answer the questionnaire. Hence actual Samples collected was 285 which was also quite higher than the minimum sample size required for the study

1) Data collection & Data Source -

Primary Data –

This was done with the help of survey from these information technology sellers, members of CMDA which was primary data. Survey was circulated to these members as well few personal interviews were taken to ascertain the answers from the sellers in person.

Data collection was really hectic job, as many times scholar had to go couple of times to the place if owner is not available, also many cases searching address also used to be challenging. Spread across Pune region also made it difficult to reach in short span of time.

Short span of time made necessity to take few surveys over phone or even few through google doc to make ensure maximum participants are addressed.

Secondary Data –

Secondary data was from research papers, thesis, online magazines, articles on an internet, third party reports, data sheets etc.

Lot of websites like IBEF, Shodhganga, and Google scholar were useful in this.

Many publications of PwC were helpful to get the thorough understanding of the subject.

Data analysis and hypothesis testing

The Data analysis for this study has four major parts–

1) Validity & Reliability Test
2) Hypothesis Testing & Interpretation
3) Frequency Distribution Analysis & Interpretation
4) Descriptive Data Analysis & Interpretation

Below are details of each test & their results,

1) Validity & Reliability Test –

It is important to test the internal consistency of the factors identified by the factorial analysis.

Reliability Test -

For Reliability of the data Cronbach's alpha method used by researcher,

Cronbach's alpha	Standardized Cronbach's Alpha
0.635	0.796

Since response options of the scale are different, method of standardized Cronbach's Alpha value used, which is more than 0.7 represents excellent reliability score, hence the reliability test was successful.

Even though in factor analysis only readiness, Penetration and future, researcher wanted to carry out further study for engagement and exit also as being exploratory study, it has always possibility of subjectivity of the responses and hence instead of deleting those responses at this stage, it can be further studied and tested to accept or reject basis the further study additional research techniques.

2) Hypothesis Testing & Interpretation

Researcher has observed that the variables from the observations of questionnaire are nominal in nature, which means they cannot be set in order or decided which is superior and which is inferior.

Chi-Square test of significance is most common test for nominal data also contingency coefficient can be computed basis the same. This can be of help to understand degree of association.

1) Pre-Engagement of Offline seller with Online Channel -

Results -

Hypothesis	Chi-Square X^2	C .V.	p Value (@Alpha =0.05)
Hypothesis 1 Engagement	19.082	5.991	0.0007

Since the Chi-Square (X^2)Value is greater than Critical value (CV) and p value is lesser than Alpha value null hypothesis is rejected

2) Readiness of Offline seller to embrace with Online Channel -

Results -

Hypothesis	Chi-Square X^2	C .V.	p Value (@Alpha =0.05)
Hypothesis 2 Readiness	16.472	12.591	0.0114

Since the Chi-Square (X^2)Value is greater than Critical value (CV) and p value is lesser than Alpha value null hypothesis is rejected

3) Penetration of Offline seller into Online business

Results -

Hypothesis	Chi-Square X^2	C .V.	p Value (@Alpha =0.05)
Hypothesis 3 Penetration	9.993	5.991	0.0067

Since the Chi-Square (X^2)Value is greater than Critical value (CV) and p value is lesser than Alpha value null hypothesis is rejected

4) Future plan of retail expansion by offline sellers -

Results -

Hypothesis	Chi-Square X^2	C .V.	p Value (@Alpha =0.05)
Hypothesis 4 Future	25.929	15.507	0.0010

Since the Chi-Square (X^2)Value is greater than Critical value (CV) and p value is lesser than Alpha value null hypothesis is rejected

5) Exit plan of offline sellers from retail business -

Results -

Hypothesis	Chi-Square X^2	C .V.	p Value (@Alpha =0.05)
Hypothesis 5 Exit	13.340	12.591	0.0379

Since the Chi-Square (X^2)Value is greater than Critical value (CV) and p value is lesser than Alpha value null hypothesis is rejected

6) Co-existence / Omni-Channel Role -

This hypothesis is prime objective of the thesis which defines the role of the offline retailers in online era. That is it tries to find out that during growth of online retail business what is that offline retailer should adapt the role.

This has defined the dependence of shown attributes influence the decision of co-existence of the offline retailers with online retailers.

Hence the Null hypothesis of Brick-and-Mortar Computer Sellers can't co-exist with e-Commerce/On-line Stores/seller is rejected.

Hence Researcher wants to conclude as "Omni-Channel (Offline & Online together) is a Role for offline sellers (Brick and Mortar) in online world through adaption of co-existence".

Values of contingency Coefficient could give sense of significance of for individual hypothesis tested. While as per Cohen value effect size changes as per degree of Freedom (df) as mentioned in below diagram

Coefficient of Contingency

Hypothesis	Contingency Coefficient = C	Degree of Freedom = df = min (r-1,c-1)	Strength
Hypothesis 1 Engagement	0.2505	2	Moderate
Hypothesis 2 Readiness	0.2337	2	Moderate
Hypothesis 3 Penetration	0.1840	1	Weak
Hypothesis 4 Future	0.2887	2	Moderate
Hypothesis 5 Exit	0.2114	2	Moderate

With above data researcher can strongly confirm the relation of co-existence decision with Engagement, Readiness, Penetration, Future and Exit variables observed. This also confirms that the role for brick and mortar sellers is and as Omni-Channel sellers in Online world.

Influence to take this decision is made by variables mentioned above and statistically proven with the hypothesis conducted by researcher.

Scope and limitations of the study

There are few limitations of this study. Due to limitation of time and nature of the study researcher had to interview each and every individual reseller at unique locations of their office. That means this study has its own uniqueness to not only collect bunch of survey from few spots but to reach out individual locations which was herculean task.

This has made some limitations to study. Study is exploratory and attempt to find what is in future. Hence even available study material that is literatures were limited in nature.

Also there was absolutely no literature which would specifically address the Information Technology reseller as industry in retail. Hence again there were limitations to take any reference point or follow certain method for the research.

Due to recent change in tax reforms in India like Goods & Services Tax (GST) the shift in business paradigm was another challenge to incorporate in the study. The way trade was happening before GST was total different and post GST business had its own dimensions. This has also made few limitations to find any reference context to refer.

Pandemic 2019 was another limitation in terms of reaching few resellers to complete the survey and had to take the same either over phone, video conference or through online google forms.

This study was limited to Pune city due to time, cost and need to reach unique locations for each brick-and-mortar seller. This also made impact on the sample size to keep restricted to only members of the associations instead of reaching beyond association members or city limits.

This study also further can take some link to consumers where the being the central point for any transaction. This can give third dimension to the study and may complete circle of Seller and buyer.

Conclusion

Sustainable & Profitable growth for retail ahead –

Future can be clear if we forget past, Retail is one industry which has seen many transformations. Start of barter system to brick-and-mortar retail store. Traditional retails to organized retail and now online retail.

Online & Offline are there to stay together, instead of competing with each other they will have to leverage each other advantages & overcome dis-advantages. Omni-Channel is the future role for offline or online sellers.

Hypothesis results can be summarized as below for conclusion purpose,

Serial Number	Null Hypothesis	Testing Result
Hypothesis 1 Co-Existence	Brick-and-Mortar Computer Sellers can't co-exist with e-Commerce/ On-line sellers	**Rejected**
Hypothesis 2 Engagement	Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line sellers is independent of seller's engagement with online channel	**Rejected**

Hypothesis 3 Readiness	Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line sellers is independent of seller's readiness with online channel	**Rejected**
Hypothesis 4 Penetration	Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line sellers is independent of seller's existing penetration with online channel	**Rejected**
Hypothesis 5 Future Plan	Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line sellers is independent of seller's future plan of expansion with online/offline channel	**Rejected**
Hypothesis 6 Exit Plan	Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line sellers is independent of seller's exit plan from retail business	**Rejected**

There are many growth opportunities which can be leveraged by offline sellers. "Buy online & Pick Up offline", "Buy Online & Service Offline" Or "Direct Online consumer to go offline to purchase" "Make inventory seamless on all platform"

These growth opportunities are much more important in current scenario when there is pandemic and governments including consumers have started giving more preference to purchase products online,

Suggestions & Scope of further study

This study can be further extended considering consumer inputs on this offline B2C sellers which can give another angle to the study. While that will be vast subject and can be separate thesis itself.

Also from marketing mix point of view "Place" was at center stage of this study, there can be possible research for other P's as well specific to Online and offline context.

Since this research covered only Information Technology resellers, there is wide scope for new research in other industries as well on similar lines.

Chapter I

Introduction

In recent years it's observed that lot of disruption in the Information Technology Industry through the emergence of e-commerce i.e. online retail sales.

As per Wikipedia e-Commerce can be defined as, buying and selling of goods and services over the internet, also referred as e-store or online store. E-commerce is usually found alternative for brick-and-mortar retail stores, though some businesses may choose to maintain both. In today's world anything can be purchased through online and this is acute competition to retail industry.

Retail is derived from the French word meaning- "to break the bulk". As the name suggests the Retailer buys the products in singular or multiple quantity and sells in single or multiple units to the home buyer i.e. the consumer. According to Philip Kotler, Retailing includes all such activities which may involve selling of goods or services to the final consumers for personal that is non-business use. A retailer or retail store is any business enterprise whose sales revenue comes primarily from retailing goods or services.

Retail in Information Technology is no different for this phenomenon and the researcher has given a brief insight into the Information Technology distribution structure stressing the importance of Retail Channels.

The global brick and mortar sellers have passed through this phase and have already advanced certain solutions to counter this challenge & India is currently facing the same now. This can easily relate with the previous emergence of organized retail(for example Large format retails like Croma/Shopper's Stop etc. or small format retailers like Vijay Sales) and disruption caused by the advent of ecommerce . While the said phase also settled the dust over existence of traditional or unorganized retail over a period of time, it is worth to study the future impact of online retail on offline retail in the current context.

It is imperative to understand a little more about this dynamic industry along with the core subject of retail and distribution. This will enable a good knowledge to deduce the crux of this subject and get an understanding of this study.

1.1 The Indian Information Technology Industry –

As per report from Indian Brand Equity Foundation (IBEF), India has embarked on more than US 100 Billon Dollar services revenue within the last 15-20 years. The importance of the IT industry grew manifold during recent times. India's journey on the global map started way back in 1974 when TCS (Tata Consultancy Services) was selected by Burroughs, an American firm to outsource its work.

Many landmark events fueled India's growth in the IT industry. Be it the Y2K (Year 2000) regime when many global companies were in need of an outsourced model to help working on their backend processes. India   cashed in on the opportunity by providing the world cheaper outsourced IT solutions. (Mathur, 2006)

Initiatives of various governments over the last few decades like Electronic Corporation of India Ltd –ECIL (1967), Department of Electronics (1970), Santa Cruz Electronics Export Processing Zone (SEEPZ), New Electronic Policy (1984), and New Computer Policy (1984) were set in motion.

These policies were further strengthened with new enterprises like the Centre for Development of advanced Computing (C-DAC) and the Centre for Development of Telematics (C-DoT) to fast track the domestic industry.

Denial of supercomputers & technology transfer by big countries like the US and Japan paved a path for the development of the indigenous Super computer PARAM around 1991

During the 90's the Software Technology Parks of India (STPI's) made revolutionary changes in the horizon of the IT industry which in turn encouraged increase of ITES (Information Technology enabled services) firms in manifold.

Around 1991, IMF (International Monetary Fund) imposed conditions on India for sustainable growth which fueled the country's economy. During this time National Association of Software and Services Companies (NASSCOM) played a vital role to

lobby with bureaucrats and policy makers to ensure tax benefits to the IT & ITES industry. Better quality standards like the International Standards Organizations (ISO) and Capability Maturity Model (CMM) certificates from Software Engineering Institute (SEI) ensured that the Indian Industry grew exponentially in the field of software development and services globally.

The Indian PC (Personal Computer) market can be divided into two categories, 1) Assembled PC and 2) Branded PC. As the name suggests Assembled PC are locally integrated by system integrators (As per Wikipedia, System Integrator is a person or company who assembles different components of personal computers and makes a whole unit to function all components together to be called as Computer System, a practice known as system integration) and sold as Private label PC(As per Wikipedia, Private label products are those manufactured by one company for sale under another company's brand or in other words when they are manufactured they are not having any specific brand) whereas branded PC were - sold by brands like HCL, Wipro, Zenith around the 90's who have similar process of manufacturing or assembling at larger scale with laid processes and quality defined with their own logo of brand.

Increase in the Information and Communications Technology focus fueled bringing down of communication costs within the country as well and impacted the lowering of costs to own computers during 1998 substantially. Indian manufacturers like HCL, Zenith and Wipro were front runners to capitalize this digital surge in -households. They captured a large amount of market share in the domestic market of personal computers. Excise duty benefits to compete with Multinational imported brands made domestic player key sellers for a decade. This control of local manufacturing faded during start of 2000 as the core technology of processing, storage and display was never competent in India. All these domestic manufacturers were also actually standard assemblers of these components and with increased costs impacted worldwide on the component manufacturer, Dynamic changes in design & technology shifts made it difficult for these Indian PC manufacturers to survive against MNC brands in India. Recent brands existing in India are mainly multi-national companies only like Acer, Asus, Dell, HP, Lenovo, MSI, MI etc. to name few.

Recently in 2019 India's shipment crossed 11 million units which comprised of desktops, laptops notebooks and workstations. This was almost 19.1% year on year (YOY) growth (Source: International Data Corporation-IDC)

The recent quarter of July-Sept(Q3'20) delivered 3.4 million shipments (Including Desktop, Laptop, notebooks and workstations) which was 9.2% growth over last year in the same quarter. Usually Q3 is the highest selling quarter due to festive season over the last 7 years (Source: IDC)

Out of total number of shipments Consumer PC shipments were 1.4 Million and Commercial PC shipments were 2 Million. (Source: IDC)

Market Share of brands in India for Q3'20 were as depicted in the below chart:

Table 1.1

India PC Market, Top Five Companies, Market Share, Year-over-Year Growth 2020 (Shipments are in thousands of units)					
Company	2020 Shipments	2020 Market Share	2019 Shipments	2019 Market Share	Year-over-Year unit change (2020 vs 2019)
1. HP Inc.	2,948	28.7%	2,907	26.5%	1.4%
2. Dell Technologies	2,381	23.2%	2,172	19.8%	9.7%
3. Lenovo	2,225	21.7%	3,514	32.0%	-36.7%
4. Acer Group	1,005	9.8%	1,228	11.2%	-18.2%
5. Asus	645	6.3%	373	3.4%	72.7%
Others	1,069	10.3%	782	7.1%	36.7%
Total	10,271	100.0%	10,976	100.0%	-6.4%
Source: IDC Worldwide Quarterly Personal Computing Device Tracker, February 2021					

Notes:

• Shipments include shipments to distribution channels or end-users. OEM sales are counted under the company/brand under which they are sold.

• Enterprise segment refers to all companies with 500 and above employees, and SMBs are referred to companies below 500 employees.

• Traditional PCs include Desktops, Notebooks, and Workstations and do not include Tablets or x86 Servers. Detachable Tablets and Slate Tablets are part of the Personal Computing Device Tracker but are not addressed in this press release

www - word wide web innovation gave real growth to the Computer industry. Due to wide acceptance and usage it helped to start e-commerce and adaptation of computers at business grew manifold.

The Internet gave Indian businesses a global footprint

The Information Technology Industry has been a key driving factor for the last few decades towards global business growth and key driving factors as per [Chapter 2 INFORMATION TECHNOLOGY INDUSTRY IN INDIA: AN OVERVIEW] (n.d.).Source Internet along with various reports from IBEF for this IT sector are important to understand:

Fast Growth –

Usage of IT in businesses helps one to hasten the process and reduce - down time. Also it gives a faster response time to the end consumer. Use of IT has given more error free results and made innovations faster.

Customer Centric –

Companies using IT became more customer-centric in taking feedback, use of synergies to respond to feedback and taking of corrective actions. This has fueled rapid growth for the IT industry as many businesses quickly adapted this technology

into their businesses. Both hardware and software became crucial ingredients for success.

Home Buyers –

Right from the basic use of Email and worldwide knowledge displayed through internet the PC has become more of a necessity than a luxury now-a-days. Also due to increase mobility with products like Tablets, Laptops or small foot print designs of All-In-One (A desktop computer with monitor and computer in same case) has impressed more customers to adapt this technology in their households. Specifically during the Covid19 it has been observed clearly that online education or Work From Home (WFH) became a key driving force for this adaption in every household. Gaming, Small business applications, Video Conferencing and so many vivid applications of single device make the Consumer PC a unique multi usage device a must for the Household.

Job Creation –

The IT industry is a key engine to increased jobs as well. While in the beginning there was acute fear that increase in IT will affect - jobs in the industry and - will reduce the use of manpower -. While it is a half- truth as many operations underwent automation due to the adaption of IT, at same time the skillful use of manpower - and services of these products also increased. In short the change in industry happened for Human Resources to re-skill or up-skill existing manpower as well hunt for talented resources outside. Similar was global scenario where India was looked upon as hub for - outsourced jobs in software and technological work. Many global companies looked upon India as a major source of skilled manpower at cheaper costs and quality work for their offshore projects

Technology upgrades –

As seen in Moore's law (As defined by Wikipedia, observes that the number of transistors in a dense integrated circuit double about every two years) this constant change in technology every two years has made this industry more interesting. As what is exciting today will be out dated within a few years and that is due to constant innovations and technological upgradation. Even household software or businesses - needed a technological refresh every few years. This also drove the industry constantly. Regular adaptation of these changes and learning new skills to implement these changes are inevitable in this industry.

Backbone for future technologies –

IT has not only give Personal computers to the human being but it has opened a lot of new technologies due to software and hardware innovations. Today's Internet Of Things, Smart devices, Artificial Intelligence or Machine learning are backed by strong information technology components only. The sky is the limit for - information technology to innovate and adapt.

Government adaption –

Wide adaption of IT in governance has made a lot of public facing systems corruption free and at the same time more effective than before. Many processes were brought under good governance and liability of the outcome was defined due to such processes. With current year 2019-20 spending of close to Rs50000 Cr on GeM (Government e-Market Place of Online portal for public procurements), it's planned to increase adaptation to Rs3 lakh Cr in the future as mentioned on GeM portal. Government future initiatives like e-ticketing, e-health, e-learning & e-Mandi are just a few possible ways of connecting IT with every individual in the country. These are biggest drivers for Information Technology.

Tax Reforms –

This includes bringing in the GST (Goods and Service Tax) structure around 2017 which was a boon to the IT industry. GST made big reforms to the IT industry. A lot of interstate tax manipulation was removed due to the new law. Transportation of

goods was made easier between- states. Tax exemption for Startups for three years with block period of 7 years was a big boost encouraging 5000 plus startups in the technology field. Technology startups are expected to grow as to as much as 50000 adding 2% of additional GDP (Gross Domestic Product – As per Wikipedia it is a monetary measure of market value of all the final goods and services produced in a specific time period).

Also along with GST implementation the gap between organized retail and unorganized retail reduced. Due to uniformity in tax provided a scope for -level playing fields for both.

The growth of Indian IT industry is tremendous in last few decades. It is expected to grow to 350 Billion USD by 2025. GDP share of the IT industry is also predicted to reach 10% by 2025 (Source: IBEF-India Brand Equity Foundation)

Information Technology industry has three major component -Hardware, Software & Services.

Table 1.2

Key Indicators	FY2010	FY 2020
Revenue (Billion USD)	78	167
Employees (Million)	2.3	3.9
No of IT Firms	10000<	16000 <
GDP Share	6.10%	7.70%
Exports Share	26%	37.80%
Share in Global Sourcing	47%	55%
Turning Point	Global Delivery Model	SMAC(Social, Mobile, Analytics and Cloud)

Source: IBEF/Statista

Recent foreign direct investment for Computer hardware and software stood at 17.5 Billion USD (Apr-Sept'20) which is close to 131169 Cr Rupees contributing close to 12% of total FDI(Foreign Direct Investment). Source: IBEF

Socio-Economic Impact of the Indian IT industry –

IT has various impacts on the overall Socio-Economic development of the country. Right from contribution towards community and environment fields which comprise Sports, Art, Women & Child, Rural Development, Health, Environment Control and Education are a few where IT serves as technology assistance to the core subject.

IT contribution in the workforce & Human Resources department of country is Unparalleled. Within the organization governance or outside organization standards are well focused through IT. New skill of employees in IT encourages qualified resources to the company. Processes transparency and speed due to IT is the most advantageous for the growth of the business unit. Creation of employment with diverse fields and knowledge is a continuous process due to IT.

With no bar of boundaries between rural and urban employees it creates equal opportunities for everyone. This enables balanced regional growth with indirect employment in various sectors. Indirect impact such as Skillful India and Talented India due to mastering in IT has invaluable credentials globally today.

IT has a direct contribution to the nation in building robust GDP growth creating National Forex and global source for outsourcing with a talent pool which now is proven over decades.

Many government initiatives in the last decade are - real growth engines to make IT enabled government projects. To name a few, digitization of land records, online sales deed registrations, Digi-Locker to store important government issued documents, Aadhaar Card, Milk collections centers in cooperative dairies with IT enabled quality checking, regional language usage in ICT, e-Chaupal was another such initiative to integrate villagers into ICT.

1.2 Global Scenario for Information Technology-

As mentioned by Segal (2016), The Information technology industry is evolving every decade or in even lesser periods of time. Primarily one can say information technology started with its first debut of the commercial computer way back in 1951 by Remington Rand and then followed by many well- known companies like IBM, Honeywell, Digital Equipment, Control Data etc.

Initially companies like IBM could manufacture main frame computers which were - more of industrial use and later around 1981 IBM introduced the Personal Computer (PC) along with the help of Microsoft software MS-DOS and few other peripherals like Monitors, Keyboards, mouse, Printers etc.

As IBM realized the need of specialists to sell these personal computers, they tied up with departmental stores who know the customers better. That was start of first indirect channels for vendors. There are two types of distribution channels: direct and indirect. As the names would imply, direct distribution is a direct sale between the manufacturer and the consumer, and indirect distribution is when a manufacturer utilizes a wholesaler or retailer to sell their products (Sensiba San Filippo, 2017)

Later on Compaq followed the same path by establishing a dealer network to sell their products and same was adapted by Hewlett Packard HP working through dealers.

All three vendors IBM, Compaq, HP purchased internal components of computers from different manufacturers and assembled the PC.

Around 1984 Dell came with a different strategy to sell their products to the consumers directly. Unlike IBM, HP and Compaq they allowed customization of the configuration of the PC

Over a period of time it was realized that while these companies were selling the PCs (personal computers) directly to customers they were even doing servicing as well -. While doing this, increasing expectations from customers and the spread of the geography was a key reason of Intermediary or indirect channel

Around 1990 when Compaq realized that their channel networks in certain regions were more than 4000 partners there arose an acute need of Distributors.

Philips Kotler defines channel of distribution as a set of independent organisations who are involved in the process of making a good or service available for use or consumption. Retailers, resellers, sub-distributors, wholesalers are the common channels of distribution.

Even different forms of retail were also explored by these vendors like Computer City which became the first Superstore chain to offer IBM. HP, Apple, Compaq etc. under one roof during 1991.

Dell tried to go back to dealers during 1990-1994. Due to the evolution of the internet around 1995, made it possible for Dell to cater customers directly again based on infrastructure required.

The Information Technology industry is driven by Moore's law which states that "for semiconductors the doubling numbers in same density every two years", which has proven that technology changes every two years. Companies struggled to keep pace with changes in technology, adaption of customer demands, facilitating the right distribution channels, balancing manufacturing vicinity to consumption place of market and so on.

Acquisitions such the number two brand Compaq by the number four brand HP and once upon market leader IBM selling off its PC division to Lenovo are a few examples of the industry where coping up with profitability was always a challenge and consolidation driven by economies of scale were pushed to the limit.

Worldwide desktop, notebook and workstation shipments (market share and annual growth) Canalys PC Market Pulse 2020

Table 1.3

Vendor (company)	2020 shipments	2020 market share	2019 shipments	2019 market share	Annual growth
Lenovo	72,629	24.50%	64,894	24.30%	11.90%
HP	67,573	22.80%	63,102	23.60%	7.10%
Dell	50,290	16.90%	46,485	17.40%	8.20%
Apple	22,592	7.60%	19,380	7.20%	16.60%
Acer	20,008	6.70%	17,040	6.40%	17.40%
Others	63,924	21.50%	56,649	21.20%	12.80%
Total	297,016	100.00%	267,550	100.00%	11.00%
Note: Unit shipments in thousands. Percentages may not add up to 100% due to rounding. Tablets (slates and detachable) are not addressed in this press release. Chromebooks are included as a subset of notebooks.					

Close to 48% of share is catered by just 2 brands and the top 5 brand contribute close to 80% of the market share which signifies the way industry is controlled by few brand alone.

Between 2000 to 2010 most of the vendors including Dell, HP and others followed multi-channel marketing mix strategy to cater to the needs of consumer.

The addition of internet has opened shorter manufacturing to consumer paths and that has also widely impacted the overall distribution network. The distribution network was the absolute key which decided the coverage of the market. Multiple channels give options to the manufacturer to choose the right fit for a particular region.

1.3 Marketing Mix

Marketing involves a number of activities. According to Philips Kotler Marketing Mix are the set of those variables which can be controlled and firm can apply them to influence the consumer response. The controllable variables in this context refer to the 4 'P's that is product, price, place (distribution) and promotion which were the initial added to marketing mix.

It was at this time that the future emphasis of the Marketing Mix was realized by various MNC companies and implementation of the same was gone about in a scientific and strategic manner. They more or less emulated the time tested and proven model laid down by their brethren in the FMCG category.

1.4 Components of Distribution Channels –

Various channel components in the distribution channel made it possible for PC manufacturers to reach the end consumer. While e-commerce has given an opportunity to the manufacturer to reach customers directly as well there are many Pro and Cons for a direct sales/marketing model to note.

The primary role of direct marketing is to drive a response and channel the behavior of target audience that is consumer with regard to a brand (Kotler and Armstrong, 2009)

Considering Enterprise and consumer buyers, distribution channels have cross selling routes as well as complex approaches to the customers. The Branded PC or Assembled PC segments have different approaches at the manufacturer level since the component manufacturer plays a key role at both sectors. That is the nodal point of the start of the distribution channel. Component suppliers like Intel, Seagate who manufacture basic components for PC caters to both branded PC manufacturers as well they supply loose in channels to make the choice of assembling PC by sellers or system integrators on their own. Assembling PC is no rocket science anymore and the smallest in size system integrator can assemble full-fledged machines easily and quickly.

While distribution channel keeps evolving as per the need and geography, typical distribution model in India can be referred where key roles are plated by Vendor, Distributor, Channel partners they are called as system integrators, assemblers, value added resellers, retailers, independent software vendors etc depend upon their role and place in the channel.

Typical Distribution network of Information Technology products can be shown as per below diagram,

Fig 1.1
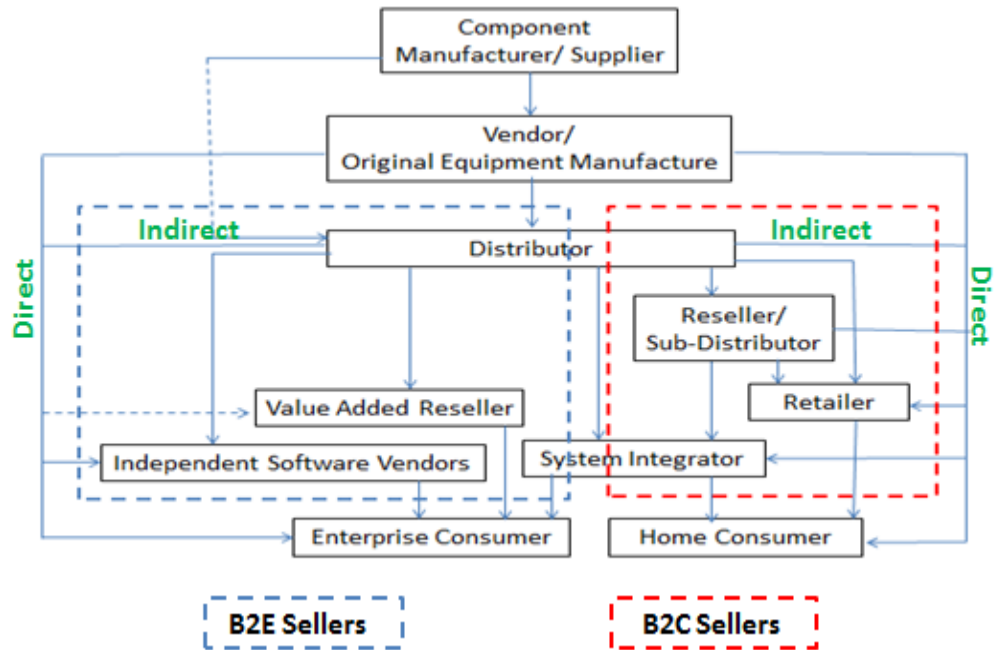
B2E (Business to Enterprise) represents all the channels which cater to government or corporate customers while B2C (Business to Consumer) represents the channel which caters to Consumer (Primarily Home user). While Distributors, Resellers &Sub-Distributors are primarily called as B2B sellers as they sell business to business

Information Technology Distribution channel is bit complicated and has complex channel structure as there are no strict or only defined roles always. They can change as per vendor/Manufacturer discretion as well due to wide spread territory, lack of internet penetration in rural areas, infrastructure deficit etc.

Hence as shown in above figure, even distributor, sub-distributor or reseller may sale products to consumer or enterprise customers. Even in current scenario few Vendors/Manufacturers as well wouldn't hesitate to sale to enterprise or home users directly which is called as D2C (Direct to customer).

While this trend is not much in India like globally it is observed for many brands.

For simplicity to understand whichever channel other than vendor that is business sells to home consumers/customers can be termed as B2C & those who sales to enterprise or corporate or government customers other than vendor can be termed as B2E.

1.4.1 Vendor / Original Equipment Manufacturer (OEM)

The manufacturers of the PC are called Vendors or Original Equipment Manufacturers. Practically they are large system integrators. Since most of the basic components of the PC are manufactured by different companies comprising of Central Processing Unit by Intel or AMD, Random Access memory and Hard disk by - other manufacturers like Toshiba/Seagate/SanDisk etc. as well with operating and application software by Microsoft , Oracle, or open source as well.

Over a period of time these OEM/Vendors created their brands and assembled these components with high quality standards forming different multiple combinations required by consumer.

Major operating vendors in India are Acer, Asus, Apple, Dell, HP, IBM, Lenovo etc. who either manufacture/integrate their Personal Computers in India or outside India and sell in India. In recent times these branded PC dominate more than 80% of the market compared to assemble PC in India. (Source IDC)

1.4.2 System Integrators (SI) /Assembler -

Apart from these branded system integrators (SI/OEM's), there are a few system integrators who assemble all the components required to make the PC without any particular brand labelled to the same. They are called system integrators or assemblers.

In the earlier days these system integrator's assembled PC used to have substantial share among the overall personal computers sold in India. Over a period of time branded PC manufacturing grew with the scale and outnumbered the total sales compared to assemble PCs. (Mathur, 2016)

These system integrators are key partners to promote even branded PCs as well and different OEM's adapted different marketing strategies for these indirect channels.

Indirect channels became core strengths of Vendors to establish their sales and service network across every nook and corner of India.

There can be large system integrators also like Wipro, HCL etc. who deal- with large customers or government organizations on a Pan India basis and have access to manufacturers directly as well as through distributors indirectly for procurement. Usually they cater to enterprise class customers and they are not into home Consumers.

1.4.3 Value Added Resellers (VAR) –

As the name suggest those channel partners involved beyond just re selling of the personal computers by adding certain value to it are called as Value Added Resellers(VAR's)

Not to confuse with reseller/sub-distributor who are B2B sellers and sale to retail or system integrators. Usually VAR term is used for those who add value while selling product to enterprise customers like proving additional service or solution.

These value added resellers usually do not just sell boxes of personal computers but give additional solutions to customers, be it the personal/end consumer of enterprise customers.

Primarily they work with Enterprise customers providing different solutions and applications support to help the Enterprise customer to function seamlessly using those computers.

One can say VARs are now an integral part of any solution architect to enterprise customers.

1.4.4 Independent Software Vendors (ISV) –

Similar to VARs, the role of ISV are more defined in Enterprise customers where these set of indirect channels are core to developing their own solutions or software applications which can fit into different computer hardware. With combinations of ISV solutions and Vendor computer hardware they provide a unique proposition to the customer.

ISVs are another solution architect to the different needs of the enterprise customer. They- usually stay away from hardware and just remain influencers to customers to

buy a particular hardware of just recommend what is compatible with their core solution/s which they are more interested to sell than hardware.

1.4.5 Distributors /Wholesalers -

As the name suggests with an increase in the number of indirect channel partners for OEM/Vendors, it was practically difficult to manage collections, logistics and distribution of goods to different geographic territories. The best partner to do this is the Distributor.

A Distributor had previously had a primary role of stocking the product for the OEM, providing a financial ecosystem to reach the product to the end customer through indirect channels.

While initially a few vendors globally adapted the policy of selling their products to consumers directly, it later on reduced the practice due to the necessity of the intermediators offering required roles.

While the current version/role of distributors is beyond pure stock and finance, it has emerged from supply chain management (Supply Chain Management involves the management of materials, information, etc. from the suppliers to the physical distribution of the finished products to the consumers which encompasses logistics, material handling, and purchasing. This area of marketing if properly executed reduces costs to a great extent to Value Added Distributors.

Value Added distributors work closely with vendors for market development and expansion activities along with even solution designing and implementation through channel partners for end customers.

The next stage of the Distributor is where the vendor expects the distributor to create a market or manage the product life cycle. According to Philip Kotler, the product life cycle is an effort to recognize different stages in sales history of the product. In general, product life cycle has 4 stages namely Introduction, Growth, Maturity, and Decline,

1.4.6 Sub-Distributors/Traders /Resellers -

Specifically in India it is found that there are many small aggregators who reach and cater to the smallest of system integrators where even some distributors can't reach. For example feeder markets like metro cities selling to village level partners due to scale of purchase as well as poor credentials to buy directly from any vendor or distributors at time. Also due to the basket of products or unorganized operations of tier 3 or 4 partners prefer buying from these aggregators over the direct vendor or distributor purchases. Particularly due to flexibility required to these small integrators/retailers in terms of service, finance and logistics at micro level.

These traders /resellers buy in bulk from various vendors/distributors and sell further to these system integrators similar to distributors. One can call them as sub-distributors as well as or mini-distributors also.

The Indian Distribution Channel is a multi-layered and complex model as compared to global channels where only two tier channels are found. This can be either distributor to reseller and reseller to customer or even Distributor to customer as well. Just for perspective to understand how it works is something like India has lot of mom-and-pop grocery shops or kirana stores in every nook and corner across. All of them may not able to buy the goods from wholesalers. The ones who are of small capacity can't afford to buy in bulk and at the same time - don't have good cash flow or liquidity to procure goods directly from wholesalers. In such cases sub-distributors plays the role of a second level intermediary for this tier IV or V level of seller. Same is the case in the IT industry also. (Segal, 2016)

Here you may find a National Distributor as Tier 1, second level reseller who buys from Distributor as Tier 2, those who buy from this tier 2 are termed as tier 3 or even at smaller districts there will tier 4 or 5 as well. The longer the chain of distribution margins gets added at each stage. While that was a necessity till recent times due to vast the distribution networks in India due to the sheer size and expanse of our geography while with the emergence of e-commerce this distribution network is shortening with accessibility by consumers to T2 directly.

Since most of these e-commerce companies buy products from Distributors they are on par with any other reseller buying from the distributor, thus eliminating tier 3, 4 and 5.

1.4.7 Retailers –

Retail can be best imagined during the old days when barter was the only option to purchase & sell any goods. Later it took the shape of weekly markets or Mandi in the vicinity of residential areas. The best part of the retail evolution is all new the changes which got adapted by the retailers did not replace the old system completely. In fact new technique and tools were adapted with the co-existence of old systems also Mom and pop shops in small towns or villages did not vanish when organized retail started acquiring new technology to cater to the urban consumer.

In fact during the Covid19 it made more viable for many consumers to move back to neighborhood shops due to physical movement restrictions enforced by the Government. It was this neighborhood Kirana shop which was a convenient place for purchasing during the Covid19 pandemic for many.

Retailers display the products for the consumer and are the first point of contact for any brand with consumers. India is estimated to have more than 15 million (outlets or retailers across all formats (Source IBEF)

India's Retail segment is growing at 7.46% of CAGR (Compound Annual Growth Rate) year on year amounting close to 1200 Billion USD in revenue. Compared to this the online retail market was close to 60 Billion USD -in 2020. This is - 5% of total retail revenue. Its expect to touch 1750 Billion USD by 2025(Source IBEF)

As mentioned by Dr. B. Anant Kumar(2013) in "Evolution of Retail sector in India" , Organized retail started around 1980 when Ready Made Garment (RMG) industrialists like Raymonds, S. Kumar's and Bombay Dyeing opened retail chains across the country. Later Titan & Bata also joined them for watches and footwear respectively.

Post the economic reforms of the 90's the organized market further flourished with supermarkets, hyper malls as well as international brand outlets like McDonalds, Benetton, Adidas, Nike etc. entering the Indian market

After 2005 when FDI - opened in the multi brand sector for retail, the emergence of big industrial investments from Reliance, Mahindra's, Aditya Birla & Tata's was seen

in multi formats. Within few years it started facing major competition from online retailers like Amazon, Flipkart & Snapdeal all who changed the game of retailing.

Our urban population got a taste of modern retail with everything under one roof. Be it in food, entertainment, grocery, cloths or electronics. You name the product and that was made available in these mega retail stores. Specifically the husband and wife working culture in urban areas- demanded these single places of shopping as convenience to the modern family.

Increased purchasing power of the Indian consumer is fueling demand for retail consumption. There is aggressive attempt of the finance sector to compound this growth by providing various finance options like interest free EMI and other finance options in retail.

In 2017 Goods & Service Tax (GST) reforms has reduced multiple taxes giving competitive advantages to sellers across locations at a standardized tax structure. During 2018 as per Department of Industrial Policy and Promotion (DIPP) approved FDI allowance of 51% in multi-brand retail and 100% FDI in single brand retail is another good initiative to support the growth in the Retail sector.

More than 900 Million USD investments happened from private equity (PE- refers to investment funds generally organized as limited partnerships that buy and restructure companies that are not publicly traded) for retail. FDI increased to 16.54 Billion USD from Apr 2000 to June 2020 (Source IBEF)

The Retail sector is contributing close to 10% to GDP by 2020. Retail contributes close to 40% of consumption and employs close to 40 Million people which is 8% of the total employment in India (Source ANAROCK Retail)

India is the 5th largest preferred destination for retail globally & 4th largest retail industry in the world which will become the 3rd largest retail industry in world shortly. India's rank is 2nd in the Global Retail development index. (Source IBEF)

Key driving factors for retail in India

As per study from Indian Brand Equity Foundation (IBEF) & Retailers Association of India (RAI), India's per capita GDP has increased by 10% from 2018 to 2019 due to a shift of the Indian consumer to premium brands with a quest of quality.

The share of India's millennial (Gen Y–1980-94 born global list has seen internet emergence, Source: McKinsey) population is 34% which is one of the largest globally. This population is having disposable income in hand for buying luxury items which attracts the whole world towards India as retail consumer market.

Fig 1.2
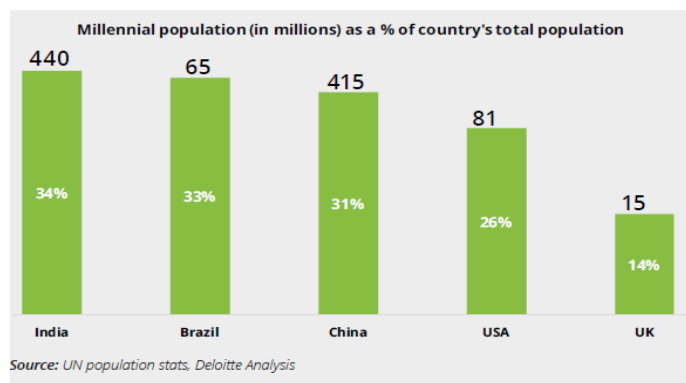
As per IBEF, Recently many large FDI investments attracted by the sector like IKEA -1.69 Billion USD opened three stores in India. Kohler India plans to double from existing 3 outlets in next three years. 1 Billion dollar investment by equity firm Silver Lake into Reliance Retail recently was also significant.

As per Retailers Association of India & ANAROCK Retail report, India is one of the fastest growing economies in the world and has the second highest population as well. India's Household consumption expenditure index is highest among the top 10 highest household consumption countries. Since 2000 India's per capita income is growing in multiples making disposable income available to spend.

Fig 1.3
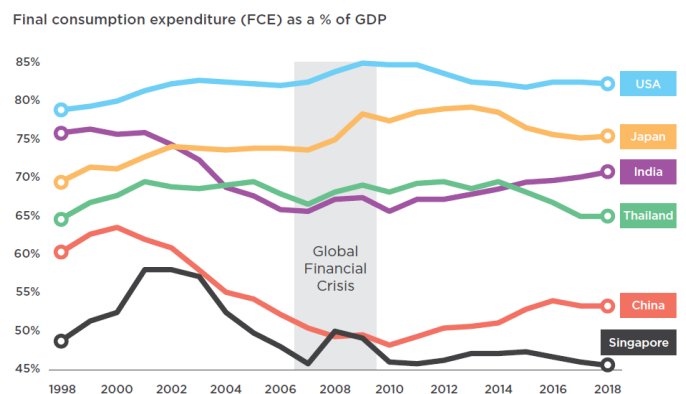
Source: RAI & ANAROCK Retail

Good expansion of infrastructure in tier II and II cities. Due to the Covid19 pandemic many workers operated from their hometown which has influenced local buying options. Nuclear family spending is 30% more than joint families & in India increase of nuclear families are from 70% to 74% by 2025 which will again fuel retail spending more (Source: Price water Cooper-PwC)

Private label brands have exponential growth opportunities in retail. Shoppers Stop and Lifestyle generate 15 to 25% their revenue from private label brands. The Gross Indian retail ratio for private label brands is just 6% currently. In US and UK it is close to 19% and 39% respectively. (Source IBEF)

As per report in IBEF, Big international retail brands like GAP, Tesco and Walmart expanding sourcing from India their products instead of depending on third parties.

According to ASSOCHEM (The Associated Chamber of Commerce and Industry of India) the higher middle class is expect to get attracted towards luxury brands and the existing market will grow to 30 Billion USD by 2020

Fig 1.4

Income Classification Thresholds: July 2019 Vs July 2018
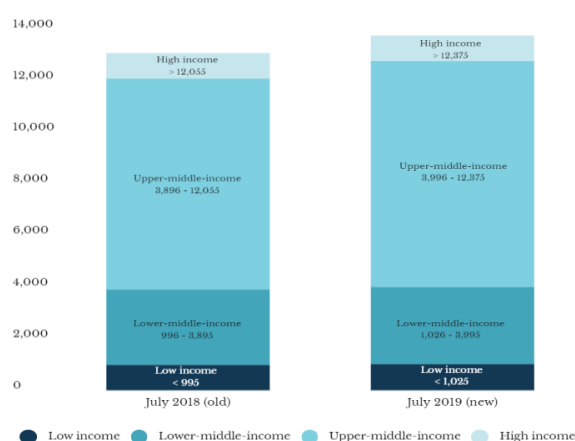
The Bank uses four income groups: (Dollar conversion to Rupees -75.18 Rs)

1. Low – $1,025 or less, that is Rs 77,595 or less

2. Lower-middle – $1,026 to $3,995, that is Rs 77,135 to Rs 3,00,344

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3. Upper-middle – $3,996 to $12,375, that is Rs 3,00,419 to Rs 9,30,353

4. High – $12,376 or more, that is Rs 9,30,428 or more

India's urbanization is faster from 30.9% in 2010 to 34.9% by 2020 and it expected to touch 40% by 2030. (Source IBEF)

Global drivers are also encouraging retail to look beyond the standard way of doing business.

As per IDC worldwide retail 2019 predictions, these drivers are:

Innovation – Survival of the Fittest in competing to innovate and sustain, across delivery, operations, marketing or all.

Customer Expectations – The customer is always king and customer increase in demand forces retail to look at more convenience, customization and comfort.

Platform industry – e-Commerce has changed the rule of the game and everything in now on a single platform

Data Importance – Data is the new Oil. Data is a value proposition for company market capital.

Digital Transformation – Jobs are upskilled and re-skilled

Security – Cyber threats, safety and at the same time a growing plastic economy are one coin with two sides

Compliance – Clean businesses and trust building are brand features

1.5 Effect of the COVID19 on Retail –

From ANAROCK & RAI report, it was revealed that India is a consumption driven economy, Recent Covid19 pandemic has made an adverse dent on the retail segment. The sudden lockdown of 76 days badly impacted the retail economy which was as much as 60-80% in malls, supermarkets and other offline retailers. While e-commerce retail was better off due to contactless convenience deliveries, still due to disturbance in logistics even e-commerce had a sizable dent in revenue.

Compared to developed countries India's economy had a lesser impact due to being a high consumption economy. Still there is minimum 3.1% and maximum 5.8% estimated impact on India's GDP. India's final consumption expenditure as a % of GDP is around 72% compare to China or Singapore hovering around 58% to 46% respectively (Source: Anarock Retail)

The Covid19 Pandemic fueled the growth of organized retail along with e-commerce.

This has impacted the manufacturing sector very badly which in turn impacted supply to the retail store. Credit cycles offered by suppliers to retailers got shrunk due to financial stress in the chain. Consumption dropped due to fear of loss of jobs, contagion, and economic slowdown.

Rental challenges, incompletion of constructions, employee vacancies added further to retailers.

Post COVID'19 effect –

Contrary to fear during COVID19 Retailers observed that post COVID conversion of sales is close to 90% against 20-40% Pre-COVID. Also average billing is more than 25% of Pre-COVID across categories. During May'20 it went to 1.5 times of average billing value as well. (Source: Anarock)

French clothing and accessories brand "Hermes" witnessed sale of 2.7 Million USD sales on re-opened day alone. (Source: Anarock)

Flipkart sold 15000 units of newly launched TV in 10mins on 2nd Jun'20. Migration of employees to their home town also resulted in 3 out of 5 orders coming from tier II and smaller cities post COVID19 effect. (Source: Anarock)

Investment in technology, hygiene, Automation and contactless deliveries were high on the agenda for all retailers.

Learning to retailer's novel business models included revenue sharing, technology adaption including contactless shopping, assurance of hygiene at stores, emergence of Omni-Channel as the need of hour, cost optimization, cash reserves, and better inventory management.

Learnings to Mall/Supermarkets - Mix of tenants are necessary, Key brands participation, clear rental agreements, enough security deposit to manage lapse in rentals, cautious expansion, technology shift and adaption.

1.6 Types of Retail -

Type of Retailers can be displayed with the diagram below clearly along with a combination of offline and online retail to the form of Omni-Channel (Omni-channel means integration of offline and online channel to form as one channel for smooth execution for all departments in both channels and everyone is there for the customer serving as single channel)

There are different types of retail formats due to the different size and modus operandi by them in the market. Retailer is an important channel link between the consumer & producer. The actual consumption of the product happens at the retailer outlet. Hence it is an important place where the producer can get information about likes or dislikes of the product for the consumer

Different retailers are adapting different marketing strategies .A few have gone full-fledged in only online selling while few have taken both routes of offline and online.

Basic components of retails types are Organized or Converged retail, E-Commerce or M-commerce and then Pure play or Brick-and-Mortar retail. One can also consider direct retail as another form of retail format addressing consumer directly by individuals or manufacturers itself. If it's addressed by individual free lancers called as MLM that is multi-level marketing as well. Not to confuse with Multi-Channel marketing which actually involves marketing with all available channels like Organized, online and offline channels.

Fig 1.5

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┌─────────────────────────────────────────────────────────┐
│                    Types Retailers                       │
└─────────────────────────────────────────────────────────┘

┌──────────────────┐   ┌──────────────────┐   ┌──────────────────┐
│ Converged Retail │   │   M-Commerce/    │   │  Brick-and-Mortar│
│                  │   │   E-Commerce     │   │    /Pure Play    │
│                  │   │     Retail       │   │      Retail      │
└──────────────────┘   └──────────────────┘   └──────────────────┘
         ↓                                              ↓
┌──────────────────┐                         ┌──────────────────┐
│ Small Format     │                         │ Single/Exclusive │
│ Retail (Regional)│                         │   Brand Retail   │
└──────────────────┘                         └──────────────────┘

┌──────────────────┐                         ┌──────────────────┐
│ Large Format     │                         │ Multi Brand Retail│
│ Retail (National)│                         └──────────────────┘
└──────────────────┘                          ←─────────────────→
                              ┌──────────────────────────────┐
                              │      Omni-Channel Retail      │
                              └──────────────────────────────┘
 ←─────────────────────────→
┌──────────────────────────┐
│    Omni-Channel Retail    │
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┌─────────────────────────────────────────────────────────┐
│                 Multi-Channel Retail                     │
└─────────────────────────────────────────────────────────┘
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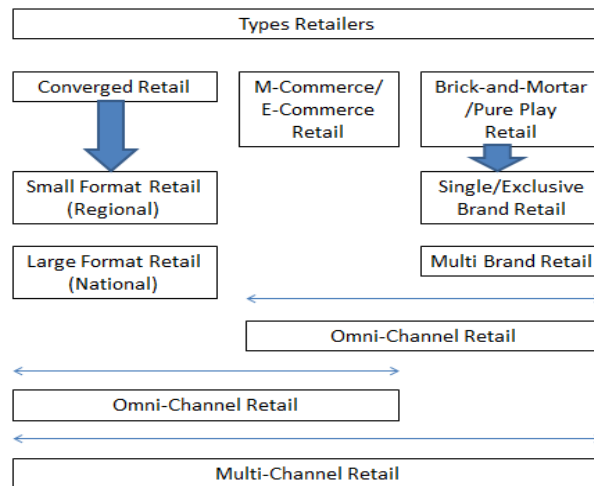
1.6.1 Brick-and-Mortar-sellers i.e. The Pure play Offline are those who don't have any online presence, websites etc. but sell only through retail/small offices. These are further categorized as single/exclusive brand retail and multi-brand retail.

Single Brand/Exclusive brand retail is usually run by a brand or vendor itself or it is franchised to certain sellers who runs it on behalf of the vendor. One can find the entire range of that particular brand at such exclusive brand showrooms. Typically the walk in's at such retailers are primarily those who have a strong inclination to buy a particular brand already.

Multi-brand retail is as name suggests display competing brands giving a wider choice to the consumer to select from among the available brands.

1.6.2 Converged Retail –

As the name suggests it has converged different technologies of even consumer streams also, either it has two or more such combinations made to ensure one stop shop for consumers. Most famous combinations are consumer durable products like washing machines, TVs, Refrigerators etc. along with Computers and Peripherals sold at same shop. (CROMA)

The second type is where more industries are converged like typical shopping malls where one can find right from grocery to IT or anything one wants. Accordingly - this

format is further classified on the basis of their regional or national set up as well. Many regional retails have earned good name and fame with this converged offering and they serve their consumers with offering a wide choice as well.

Organized retail is having majorly converged formats as they sell two or more product categories usually except few specialty brands which also fall under organized retail format due to the sheer size and spread across the country or region. The organized sector in India caters currently to 9% of total retail and is growing at 20% CAGR expecting to reach 18% by 2021. Globally countries like USA and UK have organized retail of more than 80% (Source IBEF)

Large Format Retail –

Large Format Retail is the retailing of all types of merchandise in a large single floor place or store (Haines, 2020) Large format retail is further categorized into departmental/hypermarket or Super market Convenience stores.

Departmental stores (A department store is a retail format offering a wide range of consumer goods in different parts of the store, each area or part ("department") address specific product category. Some stores are one of many within a larger retail chain, while others are independent retailers.

As on Oct'20 Pantaloons had 342 stores in more than 155 cities, Westside operates in 82 cities & out of 158 stores, Shoppers Stop which is famous for clothing has a footprint in 90 stores across India. Lifestyle operates from 77 stores while Reliance Retail under the Trendz brand name display fashion products in 670 stores covering 350 cities.(Source :IBEF)

Hypermarket Stores -A "hypermarket", sometimes called a "supermarket" or "superstore", is a big box store with a supermarket and a department store combined. The result is an enormous shopping facility that brings under one roof a wide variety of items, including full supermarket lines and general merchandising

In Oct'20 Big Bazar/ More (Aditya Birla) /Star / Spencer are the few to name in this category. Except for Big Bazar the rest are less than 25 in number each, Big Bazar is having over 295 stores. While Spencer's Hyper & More's Hyper are having 37 & 10 stores respectively (Source: IBEF)

Convenience Store –

Convenience stores are a shop with extended opening hours, stocking a limited range of household goods and groceries.

By Oct'2020 "More" has convenience stores also apart from hyper markets which are close to 523 stores and Spencer's daily stores are 120. Reliance fresh operates from 621 stores (Source: IBEF)

Specialty Stores –

Specialty stores are small stores which specialize in a specific range of merchandise and related items. Most stores have an extensive depth of stock in the item. E-Zone, Croma are examples of large format Specialty stores who sell majorly electronic good or Landmark and Crossword are book stores

Cash & Carry stores -

A cash-and-carry is a self-service wholesale store, especially for groceries, at which customers pay at each visit and take the goods they have bought away with them. Warehouse clubs are large scale, member only establishments that combine features of cash-and-carry wholesaling with discount retailing.

In the global markets there are 7 AM stores and 99 stores, similar format of stores like Reliance Mart, Metro cater to daily needs in this format.

Small Format Retail chain –

Small format retail is different from large format retail from the point of view of area of operation as well as number of products offered by them. Usually they have a regional presence unlike the national presence of large format retailers.

Most of them will be specialty retailers as well or converged formats as well like Vijay Sales/Electronics, Maharashtra Electronics /Electronics or Croma/Electronics are few examples of small format retailers

1.6.3 Direct Sellers (Non-Store) Retail –

As per Indian Direct Selling Association report specifically Wellness, Personal Care & Cosmetic products contribute 80% of total Direct sales to the retail segment in India, Manufacturers sell products through company appointed agents to households directly. Usually these are chains selling also where the cascading effect of earnings are enjoyed by the early entrepreneur like Multi-Level Marketing (MLM)

The number of sellers is increasing at a CAGR of 4.2%. There are close to 12 crore such sellers in the Global market whereas India has just 55 lac plus such sellers. Interestingly ladies dominate this business with 74% representation in world while in India this is close to 50%. Across the world 50%is contributed by age group of 35 to 55 years and India has 60% contribution from the age groups 25-45 year of age. (Source: Indian Direct Selling Association-IDSA)

Amway leads this business amounting to revenue of 8.8 Billion USD globally in 2018(Source: IDSA)

India's directing selling is increasing at 16% CAGR with more than 130 Billion USD worth of business transacted in 2018-19 (Source: IDSA)

Challenges of Organized Retail –

As per PwC report, it was expected that organized retail will grow at CAGR of over 20% per annum while actual growth was only around 8%. There were some factors which were keys to the impediment for the growth of organized retail in India:

Infrastructures challenges – Till recently the cost of the real estate which constitutes close to 5-20% of the project cost (depending upon the size) was considerably high and quality real estate space was rare. Inappropriate location, high cost of rental,

store layout deficiency, parking unavailability, government duties etc. were in addition to this

Access to capital – Recent transformation in the Indian banking system includes short-term cash currency control of certain denominations which have created a scarcity of capital access to retail business. Stricter norms included limited FDI till recent times were a hurdle specifically for multi-brand retail for access to capital. With a high inventory model of retail the cash flow gaps are always on the higher side due to obsolesce of goods, investing in demo goods etc.

Skilled workforce – Retaining talent is no different challenge for retail industry also. Communication, selling skills, preventability, higher scale expectation and peer competition are few reasons of high labor turnover in this industry.

Lack of Private label brands –Existing brands keeps tight control on margins of the retail stores. They have quite dominance on the end to end operations. Lack of retailer's own private label brands gives a very limited window to earn better margins or scope to scale up the margins based on volume sales.

Cost cautious customer – The Indian consumer is known for being choosy on the cost against value proposition for purchase decisions. This has subsequently led to a discount driven sales formula which makes the fickle minded Indian consumer wait for discount periods or sales like Christmas/New Year's/Gudi Padwa/Diwali/Dusshera etc. to make purchased.

Low cost Peer Competition – The organized sector retail is already from one side facing a cost conscious customer and brand pressure of operating costs on one side while on top of that peer competition from other traditional retailers is also fierce.

Cost to Service – Supply chain to manage customer service is another factor which takes a big chunk out of operating margins which still is a huge burden to retailers. E-commerce has developed its own logistics or Hub & Spoke model to cater to increasing demands of its customers -. Traditional retailers struggle and cannot to match the same when it comes to geographic area of coverage, product variety, discounts etc.

Online Retail competition - Thanks to E-commerce/Online retail todays customer is much more cost conscious than before. Seasonal sales and deep discounts have disrupted the traditional regular sales.

Shift in Consumer Behavior – Convenience, wide choice, unmatched service are the key differentiators of today's customer. Expectations of customers have increased with tight rope readiness to pay additional cost only if the perceived value is incremental to the benefit gleaned

1.6.4 M-Commerce/ Mobile Retail -

Retailing done through smart phone is called as Mobile commerce or simply m-commerce. Similar to electronic commerce is called as e-commerce. This has enabled consumers to execute various nature of transactions electronically with tablet or smart phones like railway ticketing, shopping, gaming etc. (Laudon & Traver, 2007; Schneider, 2012).

13% of India's population uses Smart Phones and 91% of them search/surf for products through this device which has resulted in 54% of actual purchase. With a whopping 31% CAGR of internet penetration in India - has surpassed China and the US. 50% of India's population is already with internet enabled. (Source: Forrester)

As per Economic times 27 Dec 2017 edition, demonetization to a certain extent helped to boost m-commerce (Mobile commerce), as shoppers were forced to start accepting e-payments moving away from cash transactions which was the only option earlier to many eateries or even small kirana stores as well.

Various payments options through online retail like EMI, Cash on delivery (COD), wallets like PayTm / PhonePe / GPay & easy returns has fueled increased purchases as well.

10 million active internet users are added every month -. India's data usage is the highest in the world, hovering around 10.40 GB/month. (Source: IBEF)

Smartphone users in India will be 859 million by 2022 which will be close to 60 % of the population and out of a total internet user base close to 667 Million will be mobile internet users. This will be close to 79% of total internet users. It will surpass even China for total mobile internet users by 2022 (Source: TRAI)

Fig 1.6

Country		Internet users	Internet penetration (% of population)	Mobile internet users	Mobile internet penetration (% of internet users)
India	2017	~450	34%	425	94%
	2022E	846	60%	667	79%
China		1004	53%	653	65%
Brazil		130	60%	89	68%
Russia		89	76%	78	89%
United Kingdom		62	95%	44	70%
United States of America		272	76%	237	87%

Source: TRAI, CIA World Factbook, analyst reports, secondary research
Note: The mobile Internet users are the wireless Internet users as reported by TRAI.

As per NASSCOM & KPMG join study, Over the Top (OTT) platforms are famous for their content and On Demand nature. Indian households having single TV's are the most frequent consumers who enjoy these OTT platforms. Also the millennial is quite upbeat about the same due to mobility and a variety of content subjects

This is another example of increasing e-commerce over the mobile which is growing in leaps and bounds. Another big industry for m-commerce is Online Gaming which has moved from the traditional desktop/laptop to high speed and graphically advanced smart phones or tablets. Social media usage and influence of purchase is big revenue through m-commerce.

1.6.5 E-Commerce/ Online Retail-

According to Philip Kotler E-commerce can be defined as a general term for buying and selling method that is supported by electronic nature. It is any online transaction of buying and selling where business is done via Electronic Data Interchange (EDI)

The e-commerce is also a form of retail since they have a direct connect with the consumer. It is important to understand these components to understand the increasing conflict of offline and online retailers.

E-Commerce / Online retail can have different categories based on how they operate in the market or whether they sell single /multiple brands. Also on the basis of selling boundaries US embassies on report for Indian e-Commerce have defined below different ecommerce business in 2017,

Domestic – Those who sell products only locally within territories like Snapdeal, Flipkart, Reliance, Croma etc.

Cross –Board/International - Those who sell across borders in different countries like Amazon, eBay. This segment has return challenges, taxes and cross border duties as major hurdles to grow further.

Marketplace and Inventory based - As the name suggests in market place model ecommerce retailer is supposed to only provide its platform for sellers to sell and buyers to buy. They don't carry/hold any inventory with them. In this model the product is simply picked up through logistics from the seller and shipped to the buyer.

Market place model is with zero inventory management. Marketplace only offers a gateway for procurement, payment and shipment tracking. The new FDI policy has enabled 100% investment in this model through direct investment route.

In the case of Inventory based inventory will be stored at the online retailer's warehouse. It will be packed and shipped upon receiving the order from the customer.

E-retail/Ecommerce surged due to the recent lock down as well as various other factors like deep price discounting and convenience of shopping.

E-Commerce is still at nascent in size and forms just 3% of total Retail business. This is expected to grow to 7% by 2021 & close to 11% by 2024. The Government is planning to have 100% FDI in e-retail if the products sold are only manufactured in India. Online retailers deliver to 15000-20000 pin codes out of a total of 100000 pin codes available. Growing with 27% CAGR it is expected than e-commerce business will reach 99 Billion USD by 2024 and 200 Billion by 2027 (Source: IBEF)

Growth in tier II and II cities is expected faster, where aspiration to own the product is higher but presence of local retails carrying the brands is low. Rural penetration of internet - is 45%, with lady users growing at 27% while male users are at 22% (Source: KANTAR I Cube 2019)

As per IBEF report, pandemic due to Covid19 has fueled active usage of and the online grocery market will be now be reaching 3.19 Billion USD which is whopping

76% higher than last year 2019. 5G is also scheduled to be launched by the 3rd quarter of 2021 and the government is making big investments for infrastructure enhancement. Once this project is done internet users will reap the benefits of high internet speed, further reduction in data charges, affordability. Financial promotions for digital payments are an added push to increasing more and more "netizens" in India.

Shopping online is growing in all sectors at the rate of 20% while online payments are growing at 39 %.(Source: KANTAR)

Currently school going children have less than 37% penetration for internet usage. It is targeted to reach 60% by 2022. (Source: KANTAR)

As per PwC & IMF India's Middle class population will surpass other countries by 2022 and consumption of middle class also will be on par with China which is closed to 15 %.

Fig 1.7
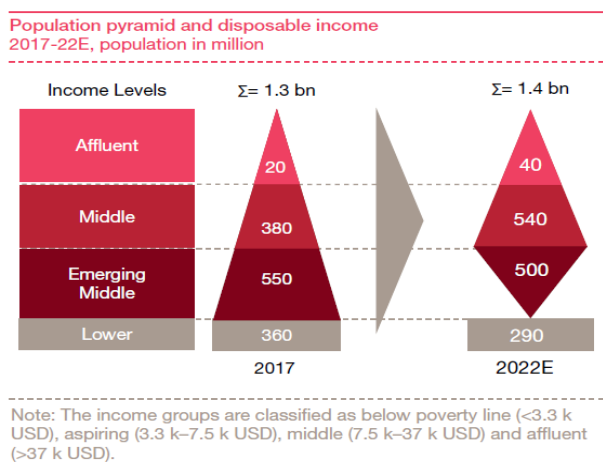
Source: IMF, PwC analysis

Digitally driven spending is expected to reach 30-35% of total retail sales which will be 550 Billion USD by 2025. Generation Z (Those who are born between 1995-2010 particularly the Digital native generation- McKinsey) is going to be spending 350 Million by 2030 in India (those who will be tech savvy.) By 2021 India already will have 850 Million internet users which are equal to six G7 countries population. It's

projected that 50% of total online users will do online shopping by 2026. (Source: IBEF)

Flipkart has acquired 140 acres space to establish one of the largest fulfillment centers post Covid19. (Source: IBEF)

Consumer durables & Information Technology contributes 4% of this total retail pie. B2C i.e. Business to Customer (Flipkart) , C2B i.e. Customer to Business (Policy Bazaar) , C2C i.e. Customer to Customer (OLX) & B2B i.e. Business to Business (Amazon Business) are the major categories of e-Commerce businesses. (Kalia, 2017)

E-Commerce has also got entry into Government business(G) with G2C that is Govt. to consumer, G2G – Govt. to Govt. , C2G – Consumer to Govt. as well as G2B- Govt. to Business & B2G- Business to Govt. formats also which are examples of various applications of e-Commerce touching lives of every Indian today.

Among all these categories the B2C that is business to consumer market is the most affected one & has impacted the offline retail business heavily. This is specifically for Information Technology products like Personal Computers, Laptops, and Tablets etc.

Fig 1.8

Shares of Various Segments in E-commerce Retail by Value (2019)

- Electronics — 48%
- Apparels — 29%
- Home and Furnishing — 9%
- Baby, Beauty and Personal Care — 8%
- Books — 3%
- Others — 3%
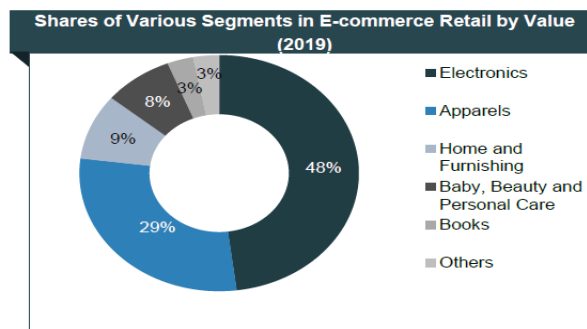
Source: IBEF

As per IBEF, the online retail market is close to 25% of the total organized retail market which will take up to 37% of market share by 2030. E-tail market will be Rs1.8 Trillion during 2020. Mobile handsets contributed the highest share among total sales of e-commerce in 2019, followed by accessories of mobile and electronic items. Also consumer electronics, computer laptops, routers, printers and peripherals were the next.

Online trade have established their own logistic arms with easy returns or advance return options or express delivery which has an added advantage. Launching own payment gateways which do not charge any extra - for online transactions- are some of the key drivers for online business. Financial options such as buying on EMI, Cash on Delivery are added advantages

Gross Merchandise Value – (GMV) also sometimes referred to as gross merchandise volume, it is a unit by which e-commerce sales for a particular period is measured. In simple words it is multiplication of total merchandise volume with value. The current GMV of the Indian e-commerce market is close to 38 Billion USD in 2020.It is expected to reach 100 Billion USD by 2025 - within the next 5 years and the number of shoppers will be approximately 300 Million people with current shoppers at 100 Million. (Source: Statista)

Mobile phones contribute 40% of the GMV. Consumer electronics is going to see an increase in penetration for buying over the internet to 38-40% by 2025 from the current penetration of 13-15% which is alarming for offline retailers. (Source: IBEF)

Growth Strategies by e-commerce –

Omni-Channel – Its clearly visible that e-commerce in spite of having all the advantages to reach more customers still have challenges to reach and penetrate in many parts of the country. The current strategy adapted by them is to tie up with local shops and make that shop as offline partner to promote the products on the platform. While it can work with both B2B and B2C models depending upon the shop, it will definitely give further exposure to e-commerce. This is also called or known as Assisted Commerce.

Membership – Another successful strategy researcher found implemented by many e-commerce companies is to get the customer hooked with a membership or subscription model. By this the customer enjoys additional benefits such as entertainment, first access to deals, cost free delivery and so on. This has become very successful model for companies like Amazon. By Feb'20 Amazon has over 10 million subscribers to Amazon Prime its membership roster. A similar strategy was also adapted by many restaurant delivery/food e-commerce companies like Zomato & Swiggy who offer extra discounts for membership on subscription.

Customized experience - Artificial Intelligence and Big Data are really for these e-commerce retailers as they know what the customer wants even before the customer logs in. They ensure to give offers and suggestions based on previous purchases, surfed products over search engines or social sites. Even improving the shopping experience by giving voice command option to buy grocery as launched around Jun '20 by Flipkart is one of a kind. Google Pay (GPay) runs games which give an individual experience when customers operate the site.

There will be close to 340 USD per user spending by 2030 from the current 164 USD spending per user in online retail.

Benefits of E-commerce for the economy –

While each format of retail creates its own benefits for the economy, e-commerce is no different. There are a few direct benefits like more opportunities of FDI, recruitment etc. At the same time it can help allied industries like logistics, banking as well influence and generate more jobs for the nation. PwC has revealed with their study that e-commerce is pegged to create over 1 million jobs by 2022. Going beyond enterprise or bigger corporates, it is found that E-commerce is useful to promote MSME(Micro, Small& Medium Enterprises) organizations as well This will boost small and medium businesses opportunities to grow which is always helpful for any economy. (National Report on e-commerce development in India, 2017)

As seen during the Covid19 pandemic, it became an alternative source of business for the economy for survive. It is alternative to physical stores or businesses and that makes it the biggest contribution for the economy to remain immune for any future such situations where physical business have restrictions. The unimaginable reach of e-commerce makes possible for seller from the north to sell in in the south or a seller from the south to sell in the north. In short it has given local retailers a national footprint.

Specifically it is helpful when there is scarcity of goods in one region and other region is having surplus inventory. While earlier also business was happening from south to north or north to south, but e-commerce has help to identify the buyer and seller faster than before.

The Changing horizon of E-commerce –

As PwC reports, so far e-commerce has been used more or less by English users with a mean age of 25, 70% of whom are male, urban and digitally and financially literate. The next growth will come from Vernacular speaking, average age, with a split of 50:50 between male & female spends primarily in Tier 1 & 2 cities with Cash on Delivery.

Tough Road for E-commerce –

As per National report on e-commerce development in India, e-commerce is estimated to have a total of 100 Billion USD of loss last year comprising just leading ecommerce companies like Amazon, Flipkart, Snapdeal and PayTm. This shows us the companies must have deep pockets with a longer staying power to withstand and sustain growth.

Table 1.4

FINANCIALS	FLIPKART INTERNET + FLIPKART INDIA	AMAZON SELLER SERVICES	PAYTM MALL
Total Revenue	₹24,717cr	₹5,018cr	₹774.86cr
Losses	₹3,222cr	₹6,287cr	₹1,787.55cr
Advertising expenses	₹740cr	₹2,109cr	₹944cr
Employee benefit expenses	₹1,319.5cr	₹1,042cr	₹158.7cr
Logistics expenses	₹891cr	₹2,957cr	NA
TOTAL EXPENSES	₹27,491cr	₹11,305cr	₹2,581.3cr

Source Economic Times Nov 05, 2018

Some famous quotes of industry leaders gives a sense of that the other side is not that green:

"Home delivery groceries is the fastest road to bankruptcy"– Neville Noronha, Avenue Supermarts (DMart) or "The distinction between offline and online is an artificial one" – Kishore Biryani, Future Group (Big Bazar)

It is believed that online is not end of road for offline. There will be few new opportunities opening up for offline business globally. There is a need to understand whether Indian offline stores will also follow the same route or find any new avenues to sustain themselves. In India unorganized retail still contributes close to 90% of total sales and that is the reason India may react differently to the-commerce challenge.

As per IDC, total Personal Computer market in India is currently is close to One Million i.e. 10 lakh Units in a Quarter & close to 15% of this total business is catered by Online sales currently & the rest by offline in India. In Countries like China has online share close to 25% - (Source: PwC)

During the festive periods it is observed that this disruption is at its peak. E-Commerce has grown by leaps & bounds in recent years. The main reason during this initial period is its continuous deep discounts price offerings. Big Billion Days of Flipkart or The Great Indian Festival of Amazon can be prime examples. The prime moto is to capture the buying spree during Indian festivals from households. While there is stiff competition from many e-Commerce retailers during this period offering the best prices and discounts are offered, as well as maximum customer base is acquired.

Some E-commerce companies also made different ways to keep customer loyalty with them by launching entertainment OTT models like Amazon Prime which has shown huge success in retaining the customer for shopping as well diversified earnings too.

Below data shows that while 50% of the business for Amazon is still from this Online store & close to 19% from third party sellers on their site, while close to 7 % is from OTT(Over the top) business .

Fig 1.9
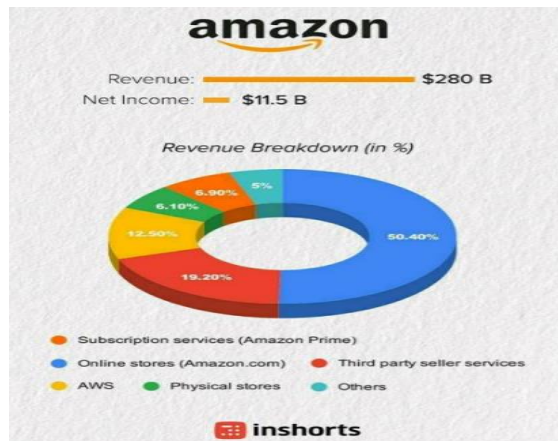
1.6.6 Omni-Channel Retail– Offline & Online seamless experiences like Brand shops usually operate both online as well as offline! They ensure a smooth seamless experience to their customers irrespective of the format of retail!

As per IBEF report, Omni-Channel is explored by Shoppers Stop & E-Zone recently to push sales through online as well. Huawei has signed up with Micromax to address offline retail space. Reliance Retail which is in offline retail has acquired Netmeds for Rs.600 Cr plus amount to have Omni-channel presence in the medical segment. Aditya Birla Fashion & Retail which is the parent arm of Pantaloons has invested in Flipkart Investments Pvt Ltd for distribution Nykka opened its 54th offline shop within tier II and tier II cities.

Specifically post COVID19 scenario the Omni-Channel is expected to become the new normal. It has the advantage of low cost and higher reach. Post the Covid19 recovering lost business or a combination of the physical and virtual world is more a necessity than an option.

Advantages and Disadvantages of Offline Retail –

When it is looked upon at the Omni-Channel format of retail it will be prudent to know what the advantages are and disadvantages of offline retail first so that one can understand the need for Omni-Channels.

With various reports from IBEF/PwC & from thesis of Puja Gupta (2015), as well report of Tom Shackleton (2016), researcher has extracted for further understanding putting them together in below points,

Advantages Offline Retail–

1) Place

The cost of marketing is always lesser in offline retail compared to online stores. Usually the right place or location makes it all for the store

The Four Ps stand for 'product', 'price', 'place' (i.e., distribution) and 'promotion' Having a prominent location with good frontage, easy access for walk-in customers, parking facilities , road facing etc. helps the retailer to do this job with the least spend on marketing expenses.

2) Face to face connect with customer –

Direct contact with the customer is another advantage for offline retail over online retail. The connection makes it possible to up-sale or cross- sale of many products for offline retail. The margin improvements are done in this area far better than online retail.

3) Feel & Touch Product –

Trust and cognitive empathy are at best when it comes to offline retail for consumers. Touch & feel of the product against lack of it in online store is the biggest advantage of offline retail

4) Shopping Motive -

Hedonic motive of consumers to enjoy themselves with friends and family while shopping is one of the top reason consumers prefer offline shopping. They enjoy bargaining, getting entertained when they do offline shopping.

Dis-Advantages Offline Retail-

1) Reach –

Reach can be the biggest disadvantage for offline stores when it is compared with online stores. Investments to set up an Offline store can be prohibitively high.. Cash flow is deeply affected with expenses like electricity, rent, staff salaries, maintenance etc.

2) Inventory –

Another area is Product Display for demo inventory, where investment of the retailer is always huge and blocked in stock on display. Compared to this for the online store it is only virtual inventory they don't have to carry any physical display like physical retail.

3) Flexibility –

It is less convenient to customers when compared with online retail, as physical delivery at the customers door step and flexible buying timings are a few advantages to note.

4) Cost –

Margin pressures in offline due to physical cost are the biggest hindering point to compete with online retail. Also due to this many consumers do only window shopping at offline store and but finally online.

Advantages of Online Retail –

1) Time & Cost to start business-

Since the setup is only Virtual it can just start within the shortest span of time compared to offline retail. There is no necessity of physical space and cost to incur as well. Hence the cost to set up the online store is much lesser than offline stores.

2) Ease of Purchase & Inventory –

With no physical inventory online retail can carry practically carry an infinite range of products which can be offered to consumers compared to limited options in offline stores. The ease of purchase at any point of time 24*7 or round the clock is another advantage where online store wins over offline stores.

3) Ease of Buying –

Product comparisons user reviews are a few of the innovations by online retailers which are far away for offline retail. Social buying is another area where friends and colleagues encourage each other by endorsing products through social media and makes the decision making process of buying easier in online retail.

4) Scalability –

Scaling the business up or down on based on demand is much easier in online retail than offline retail due to a virtual set up. The comfort, convenience and customized services are best at online stores compared to offline stores.

Disadvantages of Online Retails -

1) Cost of Branding –

As there is no offline store where the customer can navigate in free flow the cost on marketing is quite high. It is imperative for online stores to keep engaging with customers through marketing to make sure to drive them towards their virtual stores.

2) Trust & Loyalty–

When its offline store, irrespective of competition from other similar product stores the customer choses the closest and most trusted store from years of buying experience instead of trying a new one is observed.

On the other hand for online stores shifting to another store is just click away. If the brand is the same virtually the customer doesn't mind buying from any online store as

far as consumer gets the best price and quality and service required. Hence there is fierce competition at online stores with constant margin pressures to survive.

3) Touch & Feel –

With no Touch & Feel possible in online stores, the customer trust to get the right product is always less. Many consumers just do virtual window shopping and finally buy at the offline store. This also restricts a real conversation with the consumer and limits the online retailer to up-scale or cross sell other products. This has a positive impact on profit margins for the retailer.

4) Infrastructure –

Internet challenges in rural arears including cyber security challenges in general for online transaction are the biggest threat in online shopping. Specifically for the elderly customer who is keeping a distance due to lack in digital literacy and fear of getting duped.

Online or Offline or Online and Offline:

It is a million dollar question to be decided upon by any retailers, specifically now when the lines between both are blurring. As per Tom Shackleton (2016) 85% customer wants to have a unified experience when they explore physical and online retail shopping. Whereas the tragedy is that only 30% of them have got the same!

With newer technologies like iBeacon or Digital Point of Sale (POS/ the place at which a retail transaction is carried out.) kind of developments even physical stores are able to get access to social media data of the consumers and get analytics done for finding customers preferences. This used to be the biggest advantage earlier restricted only to online retailers. With these lines blurring one can have the possibility to give a seamless experience to the consumer while accessing online and offline stores both with the help of an Omni-Channel Retail set up. (Tom Shackleton, 2016)

It may not be as easy at the first look to operate an Omni-Channel in retail. Also there needs to be the right strategy to do so

Online 2 Offline

As the name suggest the trend where the online retail organization starting Offline retail outlet to compliment sales on the online platform is termed as Online to Offline.

PwC reports on e-commerce in china reveal that there is clear trend observed in China where many e-commerce companies started opening physical stores and offering the same product lines and discounts at the counter.

This further rubbed away lines between online and offline stores. This has also reduced logistics costs of single items delivery drastically as the consumer could buy at the same discount offered by online at the offline store.

Further attractions were 30 days price guarantee, integration of third party physical stores for clothes trials and buying at online discount. Community buying is also another trend seen here.

Many examples can be seen from Online only to Omni-Channel moved brands in India as well.

That is started with online first and then opened offline store to ensure Omni – Channel retailing. Examples in India are First Cry, Onestop, Zivame, Lenskart etc. (Source: Knight Frank/Retail Association of India i.e. RAI)

While examples which started with Offline first and moved to Omni-Channel retail by adding online presence are, Shoppers Stop, Pantaloons, E-Zone etc. (Source: Knight Frank/Retail Association of India i.e. RAI)

PayTm is another big example which penetrated 20% of the market with the help of O2O (Offline to Online) strategy and offered in store cash back for purchase of goods. (Source: Business Standard -23/10/2017)

The recent case of Big Bazaar's fight to deal with Reliance Retail for e-commerce or prior amazon investment in Big Bazaar is no surprise but a possible convergence of offline and online retails.

Amazon also took stake of 5% in Shoppers Stop in 2017. (Source: Economic Times)

This concept of Omni-Channel is not new for Global Retail and it is already adapted by many countries as way back in 2003

The Global Omni-Channel Retail Index is based on Consumer Behavior, Infrastructure of the Omni-Channel, Penetration, Degree of digitization and Omni-Channel potential. India is ranked no 39 against 43 of China and 50 of the US. (Source: Knight Frank/Retail Association of India i.e. RAI)

Reliance Retail's announcement to use WhatsApp as a background for reaching the customer for e-commerce and connecting the   local Kirana stores and other physical stores will be the dawn of a new Omni-Channel format in India.

This will herald the biggest revolution when Reliance Jio is launches its Kirana Store alliance on the Jio platform. The convergence of online coupon discounting at the neighborhood shop shall storm the market shortly.

Xiomi brand which started 95% of their smart phone business online realized the potential of the offline channel & within a span of a few years more than 1000 retail stores were established of which few were company owned brand shops along with other franchised Stores. (Nidhi Singh, 2017)

Udaan is similar example apart from Amazon to engage with B2B offline retailers to integrate them with e-commerce on a large scale.

15 to 25% of Myntra's returns were due to fitting problems of the customer.

To counter this delivery is started with help of the local tailor who can alter the clothes at the customers place itself. This has helped Myntra to reduce returns. (Source: ETech 2019)

Challenges of Omni-Channel transformation –

It's not easy for CEOs & CIOs of Omni-Channel organizations to maintain the expectations from Omni-Channel Retail.

Customer Demand fulfillment in multi-channel is a very complex job to manage. Technology advancement and constant innovation is a task to focus itself alone. Integration of isolated online and offline stores is another difficult task. Maintaining optimum cost for reverse logistics in the online channel and growth of offline stores is difficult to maintain to sustain this presence due to high storage rates and cost of supply chain.

As mentioned in Deloitte Omni-Channel report, this undoubtedly increase the demand to manage better marketing strategies to make it more effective integrating social media as well.

On Payment gateway as well in to integrate the mobile commerce for customers as that will be key revenue pull. Last not least supply chain needs much more robust to handle on demand delivery.

Even much strong order management system overall for organization will be must to ensure dynamic stock levels and operational excellence.

Alternate / Assisted Commerce Retailer–

As per NASSCOM & KPMG studies, there will be emergence of Omni-Channel & assisted commerce. One can say this is a little advanced or the next version of the Omni-Channel. The difference is, it will not give a seamless experience like Omni-Channel retail. Here internet connection is a challenge. Collaboration is done between the buyer and seller. Local shop provides internet facility at that shop, e.g. Kirana

stores, Aadhaar centers, Railway ticket booking counters etc. where this collaboration between the non-internet user & seller happens.

Drop Shipping /Social Commerce –

Also stated in KPMG/NASSCOM report, this is another form of e-Commerce where the seller job is to upload the catalogue of products the seller is selling. Reseller can share those product details on social media like Facebook, Instagram or WhatsApp. Upon order confirmation the reseller simply orders on the service provider's app. Service provider that is e-commerce retailer then ships the goods directly from the seller/manufacturer to the customer and collects payment and passes on commission to the reseller who placed the order on the retailer app/portal.

In this arrangement the reseller doesn't have any investment and enjoys the commission for utilizing social media for selling products.

1.6.7 Significance of the study

Click for Brick and Brick for Click are now both trends where the offline retailer is looking at e-commerce as the next venture while the e-commerce retailer is looking at offline retail as next venture.

Many of such integrations are targeted towards "Buy online and collect offline", "Order online and return offline". "Order at store and delivery at home, "Showrooming (Also called as Window shopping that means only physically checking the product before purchase) at offline and purchase online" and so many

While on one side the online industry is making a lot of innovations & expanding their footprint to capture the market on the other side the offline industry is facing tough times with these new challenges. It will be really interesting to see whether these challenges are turned into the opportunities or not!

The whole tussle between Online & Offline is majorly on the cost and service differentiation on one side you have deep discounting, ease of business, lesser

overhead cost , higher basket (Product variety) , deeper pockets with online retail whereas on the other side its value addition, retail expenses, limited space, increasing expectations of customers with offline retailers.

Challenges for Brick and Mortar retailers due to the entry of Online Sellers are numerous. There is often a trade war among these two pillars of the IT industry Online & Offline!

In fact recently in Nov 2018 there was a massive agitation from many Trade Associations of Brick & Mortar (B&M) partners from Information Technology industry. They had a demand as "One Nation One Price" where the demand was to make sure all Brick & Mortar partners offer the same price which online partners also can offer.

As the owner of a brand the partners wanted the vendor to commit their engagement with contractually committed B&M business partners, while it is the prime responsibility to provide positive and healthy business environment to their business partners. It was unanimously demanded by B&M retailers/sellers that, there is a dire need to create and maintain a level playing field across all channels

To ensure market hygiene for business sustenance & growth of B&M business partners the some of the imperative expectations related to this study are stated as below by these associations:

1. One Nation and One Price is need of hour when for same brand and same product consumer finds different prices on different online & offline channels. This creates market disturbance for offline partners.

2. B&M partners should be able to match competitive price of vendor/brand Products, moreover the brand owner/Manufacturer must ensure optimum earning for sustenance with decent business margin across the product range

3. During any sales promotion period at online portals there will be need of launching a similar sale program at B&M partners with similar pricing supported by Brand Owners, ensuring a optimum margin across the product range.

4. There should be intimation by brand Owners/Vendors minimum two weeks in advance to all registered B&M partners about such plan of sales promotion activity getting launched by online stores, Advise partners to inform all walk in customers about it and stock products that will sell during such online store sales to remain in sync with online sales announcements like they do in festivals.

5. Proper visibility will be given to offline B&M sellers also by brand owner during such discount periods proportionately to the surge in online sales of their products and

6. Since the same brand will carry same specifications products in offline store during such promotions done by online store. Those stocks will be treated as same and offline Partners shall be entitled to earn a minimum sustenance margin on sale of these products during promotional period.

7. Brand Owner will submit partner agreed Price differential matrix of Product Configuration/Specifications for arriving at stock price of various configurations of products, keeping in mind a minimum of sustenance margin.

8. All the price parity compensation to be settled by brand owners within a week

9 Since there are rebates attached to the targets assigned to B & M partners, these targets to all B&M partners shall be assigned on basis the actual sale out achieved since there will be challenge to achieve the same due to disruption from online offers during these periods and targets should not be construed to push inventory to them.

10. Due to any reason the vendor or partner wants to terminate the partner agreement. It shall be responsibility of brand owner to clear unsold inventory of B&M partner within reasonable time.

While due to Covid19 has changed many scenarios like demand exceeds supply, hence there was less friction on price points between the two channels. When observed the above list of demands from the Association, it's clear that the center stage is price parity on the two different channels.

While Vendors also want to support all channel partners and maintain this price parity, they also have many difficulties to maintain this. As there is always the possibility of anyone selling the product at the price he desires. There is no much

legality available to control this selling price for any vendor except while making authorized sales.

Many vendors made few changes to their product line by keeping separate product lines of Online and Offline retail. A few of them declared in online retail that warranty is void if purchased from an unauthorized partner or a few vendors also ensured to integrate this online and offline store by themselves to ensure reduction in conflict.

Creating brand Omni-Channels is what the immediate solution is seen by them though that may not solve the challenge for multi-brand retail as well as will keep restricted the Vendor to operate from their own portal instead of leveraging the benefit of both worlds of online and offline channels.

This opens a pertinent and discussion for Information Technology retailers, what is next? What is that required to do in the future to remaining competitive? What is the survival curve they have planned for themselves?

Q3'20 (July/Aug/Sep) was first quarter post Covid19 lockdown when more consumers opted for online over offline due to Hygiene reasons as well may locations only e-commerce was allowed instead of offline retail like malls etc. That had given huge surge in online sales compared to previous year. As Covid19 continues to challenge this even during 2021 and many places offline stores are under restrictions. Consumer is again moved to online purchase than offline buying.

As mentioned in PwC report penetration for e-commerce in China is already at 25%. What will be the trend in India? Modern trade like Large Format Organized Retail and Small Format Retail is also aiming for 20% share in this pie, so will it be only 55% left for pure play offline retailers in future?

What will happen to offline retail for Information Technology in India? What is a role offline sellers need to play here if Omni-Channel is the only future? Are there any growth opportunities in this online ere for Brick and Mortar sellers?

All these questions and problems mentioned above were in dire need for research towards the subject.

1.6.8 Aims and objective of the study

It is important that offline retail i.e. B&M retail needs to find the best possible and suitable role in the era of online retailing Also possible opportunities to explore avenues which can make B&M retail sustain and grow further!

A government policy change to reduce the rift was in Dec'18 when the government restricted the % of sales for subsidiary companies of e-commerce to sell actual products. This was to ensure e-commerce platforms will work more as a market place rather than becoming large scale retailers itself. To protect Brick and Mortar retailers the government is also working on a long term E-commerce policy for India shortly. Under the current law the E-commerce retailer is allowed to procure up to 25% of its total inventory from their own internal wholesaler or other units and then sell them on their own portal. Government efforts are to make the balance between growing E-commerce and survival of Brick and Mortar at same time!

Out of Phillip Kotler's 4Ps of Marketing Mix one "P" which is for place becomes vital for the retailer to decide Physical, Virtual or both to exist or co-exist together. As this P is going to define or even affect other P's like Product, Price and Promotion which will revolve around the right decision of the Place of marketing.

While this study is limited to only the Place part of the marketing mix which is the tip of today's context considering a growing era of online retail and affecting offline retail business.

Objective is to find primarily is the co-existence of offline and online which is Omni-Channel can work in India? Or Indian offline retail have some different strategies to tackle this on their own.

This research is aimed to find these answers for offline sellers and possible growth opportunities as well for brick-and-mortar sellers during this online era.

Chapter II

Review of Literature

Literature review has broadened the horizon of the research giving different dimensions to look upon. Literature available on the subject specifically towards the seller perspective was very limited and that too towards information technology it was hardly covered by any researchers. From all the possible modes of literature of national & international authors be it thesis, journals, magazines, online contents, government web site and reports were studied to find as much as possible related context to the research.

Researcher studied synopsis of each literature for this literature review, it was important to list down various themes shortlisted during this review. These themes primarily helped to group various literature with specific reference & context with which they were written. This made it easy to narrow down the study on the specific theme which was the closest to the thesis undertaken. These themes and their authors are as below-

a) **Marketing Mix –**Hemant Katole, 2010, Elena V. Pogorelovaa, Irina V. Yakhneeva, Anna N. Agafonova and Alla O. Prokubovskaya, 2016.. Narita Ahuja, 2016,

b) **Retailing -** Rachna Nath & Kalyani Palkar,2015;Amit Saha,2015; Anurag Mathur,2015;V.Kumar, Ankit Anand and Hyunseok Song,2016;

c) **Brick-and-Mortar** - Joachim Zentes, Tatjana Freer & et Daniel Keßler, 2013; Rory Raabe,2013; Joao Dias, 2015; Divya Jain, 2016; Mr. Bhupendra Mishra & Ms. Aishwarya Kelkar, 2017

d) **E-Commerce-** ABHIJIT MITRA,2013 ; Hormaz Patel,2013; Dr. Rajasekar S & Sweta Agarwal,2016;; Tom Birtwhistle,2017; Menal Dahiya,2017;

e) **Multi-Channel** - Aarne Mustakallio,2015

f) **Omni-Channel**- Linnéa Andersson & Sara Hansson, 2014; Somani, Vaibhav,2015;Kitty Wang and Avi Goldfarb,2017;

g) **Future/Emerging Trends -** Dhruv Grewal, Anne L. Roggeveen & Jenus Nordfilt,2017; Jerome Buvat, Mark Taylor, Kees Jacobs, Amol Khadikar & Amrita Sengupta, 2018

h) **Consumer Behavior** - Pawan Kumar,2013; Virendra Motising Ghoti, 2016;

Apart from these key literatures various trade magazines, newspapers, white papers, research papers were studied.

Have listed below a brief summary of the review of these literatures in Context with sub themes –

2.1 Marketing Mix –

As per Wikipedia marketing mix is defined as set of those marketing tools that the organization uses to execute its marketing objectives in the targeted market.

Marketing Mix has been the basic platform on which businesses decide their strategy of operation with corporate governance. It basically consists traditionally of Product, Price, Place and Promotion (4 P's).

E. Jerome McCarthy divided marketing into four general sets of activities. This typology has become universally recognized and these four activities sets, the 4 Ps which have become the base for marketing language.

Four P's of Marketing Mix – Product, Price, Place (Distribution), Promotion

1) **Product** – Product or a service referred to here is the one which either satisfies the demand of the consumers i.e. wants or it creates the need to own it. The life cycle of a Product which is called Product Life Cycle (PLC) consists of 4 stages. Introduction, Growth, Maturity and Decline. This varies across time periods from product to product.

2) **Price** – Price is a complex characteristic of the product which comprises of actual costs like Production, Marketing, Research & Development, Stock, supply Chain and so on. Also cost benefit perceived which can be termed as value is also different for different customers based on the needs and wants of the consumer.

3) **Place** – While initially the place for the product was only limited to the geography selected for sale of the product and supply chain required for the same. This was only to determine new geographies or old geographies of selling. Across time slowly different channels got opened up for marketing like the television, internet etc. the place to procure this product also evolved. Just to elaborate this with example during the 1995 James Bond movie Golden Eye the Aston Martin car was replaced for the first time with Z3 car by BMW. BMW received 9000 orders post release of the movie while the car was not even launched at that time. Place of sale / marketing got evolved with this apart from physical place emergence of virtual place like selling on internet became prominent for organizations.

4) **Promotion** – Most commonly Promotion which is taking the brand to the consumer and creating a need or directing to fulfill an existing need. While many marketers combine promotion and place together as advertising also has different channels like the place where consumers are widely available. Thanks to the internet, telecom and television got added other than the physical place for promotion.

   1990 when 4 P's were replaced with 4 C's standing for Consumer, Cost, Convenience and Communication which was towards customers driven by Lauterborn while at the same time Shimizu suggested Commodity, Cost, Channel and Communication as the 4 C's for customer focus.

As the industry moved from manufacturing driven to consumption driven which means earlier there was a choice of the manufacturer on what to produce and what to sell. Whereas in consumption driven the shift was towards what customer wants to buy instead of what the manufacturer made available for sale.

The Product was replaced with Consumer/Commodity related to wants and needs, which emphasizes on focusing on the consumers wants and needs and subsequently developed products to fulfill that need. Hence the core of the Product is the need.

Price was replaced with cost, which is much broader perspective than just considering the price tag. Something like total cost of ownership is here.

Place with convenience/channel, as aptly related to this research topic, the place of distribution be it offline, online or both what is more important is which one is more convenient. So the consumer choice of the picking up place is associated with convenience and the manufacturer needs to select among various channels which one is convenient for their customers.

With the era of the internet this place is getting a wider view for ease of buying of the product, ease of finding the product which in turn is opening up hybrid options for the seller.

Promotion with Communication, any sort of marketing promotion is finally complete only when the seller communicates with the end customer. The importance is not given on the mode of promotion but more on completion of communication. While that communication medium can be anything like advertising , public relations or one to one selling as well.

During 1981 Booms and Bitner proposed Seven P's – People, Processes, Physical evidence applicable for services marketing

5) **People** - People here represent the organization and they are the brand ambassadors of the organization. They are like a product giving different impact to different customers in different environments. Resource Management for companies is as important as Product Management.

6) **Process** – As per Wikipedia this refers to set of activities that is process resulting into delivery of the product benefits to consumer. This indicates the process laid by the organization to perform a job by employees which will ensure the

deliverables are delivered to the end customer while performing their duty. This helps companies to set a standard of operations within the organization.

7) **Physical Evidence** – As per Booms and Bitner this is the service delivered to consumer and any tangible goods that helps the performance and communication of the service. This is some sort of impact for occurrence of the exchange between the buyer & seller. Hence stress is given on evidence here.

While 8th & 9th P are varied on basis of product and services, commonly observed 8th P is **Performance** (Productivity & Quality) for services marketing usually and importance is given over the quality of the product or service offered in the market place.

The 9th P is new which is **Payment** relating more for online channel sales be it product or services. Here ease and securitized payment are key parameters for this payment as a marketing mix assessment.

For the researcher "Place" here played a vital role while doing research on the subject of the thesis. Since Place refers to the distribution channels by which the customer is reached by the manufacturer. Distribution Strategy will have an impact on the Place parameter, where the targeted customer is sold the product or service through direct or indirect channels.

Distribution method which is supply Chain has options of door-to-door, direct agents, e-commerce, distributors, mediators, retailers, mail order, TV channels, tele calling & so on.

Multiple channels like the distributor, reseller, retailer and then customer though add margins at multiple levels also gives a wider spread of the network as well as the capacity to touch multiple points of supply chain. On the other hand electronics channels may have only Distributors, e-commerce retailers & customers or even direct e-commerce & customer as part of the channel structure.

With limited personal connect with Tier 3 and Tier 4 channels of the market, usually e-commerce or the manufacturer have to spend a lot of money on marketing to reach the end customers and many times the process of continuous replacing the brand is quite easy in this channel with low brand loyalty from the customer.

While in an offline channel network with high brand loyalty though there are multiple channels as costs of distribution is higher, the cost of marketing is much lesser comparatively.

There is an old saying which is very apt "Out of sight is Out of mind" hence Place is a key component of the Marketing Mix whether physical or virtual and must ensure visibility to the end customer to procure at all times.

Having explained the importance of the Marketing Mix moving to the main Literature Review will be easy. This is an important chapter of the thesis, where post finalization of the main topic and problem areas various literatures to be reviewed as secondary data.

This helps to ascertain extracts from published or un-published work done on the topic. It gives complete clarity and enhances the knowledge on the problem area - narrowing down - further research required. The best practice in this is to find the gap between the abstract & conclusion which itself clarifies the intent of research by the researcher and the final outcome. This enables further study of shortcomings found.

From marketing mix literature researcher could able to get directions on the place as ultimate importance towards distribution channel. While here "Place" context has physical and virtual for retail point of view, if standalone e-commerce is considered then "Place" becomes market place or inventory based place of selling. Since there was e-commerce separate theme also where various literatures are studied further the said details will appear in the theme "e-commerce" ahead.

Gap as such for the marketing mix related literature was majorly no significant differentiation covered for physical and virtual place of sale. Also since major context

was from Ps of marketing than particularly place with reference to retail may be possible reason for the same.

This helps to find the base paper which is the closest to the problem area of research and allows working towards gaps in research.

2.2 Retailing –

What is retailing? – In simple words it is a place or mode through which the seller sells its product or services to the consumer. This mode or place has evolved over a period of time from physical place like the shop/retail outlet to the virtual place like internet portal also called online shop or store. This form of Electronic commerce i.e. e-Commerce has emerged as the new way of doing sale other than physical stores.

Let us understand the different aspects of this retail and retailers who have undergone this evolution in recent years

I) Total Retail 2015: Retailers and the age of disruption - Rachna Nath, Kalyani Palkar (2015)

While this captures the overall horizon of the disruptions happening in retail, including e-Commerce and investments to boost the penetration of the market. The important fact is that disruption is an inevitable and ongoing process. This has been explained very well due to the fact that in spite of E-Commerce's growth due to technology disruption and stiff competition to acquire customer by deep discounting. As a matter of fact is it is only 5% of the total trade online sales was captured during that period of time.

In this detailed study by PwC they have widely contacted a huge number of respondents in- India and abroad to determine the trace path of retail. Retail is a physical space primarily where consumer go and buy the product. While over a period of time the definition of retail has changed from physical to virtual like electronic retail which are nothing but e-Commerce web sites. In this exhaustive literature those different trends are also studied in the retail industry which are disrupting and keep affecting the future of the retail.

Those disruptors categorially listed were:

- Price discounting
- Product exclusive
- Shoppers Convenience
- M-Commerce
- Physical store evolution

While this paper is from 2015, there is no change from that time till today in the most important tool played by e-Commerce continuing to be deep discounting. The price is the prime attraction at inception for most of the e-Commerce companies to lure the shoppers.

The next important change brought about by e-Commerce to shoppers was 24hr by 7days shopping. There is no need to decide what time they can buy and that makes this a complete radical shift in buying behavior. While distances are never a challenge in India for buying anything, traditionally bargains in shopping are usually achieved by going from to shop to shop. While a study from PwC found that one of the reasons to shift to e-Commerce is also no time spent in travelling. The fourth change brought by e-Commerce was to offer comparison of various brands in a few clicks in terms of features as well as the price/offer. Apart from getting a wider variety of products shoppers started enjoying add on facilities like ease of returns, customer reviews and in depth product detailing

Similar questions were asked to shoppers about retail outlets like why do they still go there and enjoy shopping. This gives us certain clues what the future of retail and should be cautious about it and the need to ensure this practice to keep the customer base intact. Some of them were of course pricing but apart from that trust, stock availability, quick delivery, pleasant service, good loyalty programs are just to name a few. It also captured that some of the stores are now opting for buy online and pick offline centers also.

When talking about Multi-Channel shopping environment, these shoppers voted marginally more than in store shopping to buying via their computers.

It is observed that most of online stores are startups (As per Wikipedia Startup is a company or project undertaken by an entrepreneur to seek, evolve, establish scalable & economical model)

They want to acquire as many consumers as they can in a short span of time to ensure that their Gross Selling Value (GSV)increases. This ensures that they keep their investors happy on the growth trajectory. The best way to do so been observed is a replica of Black Friday kind of short term offers by most of the e-commerce companies in the recent past. To name a few: "Great Indian Festival (Amazon)" Or "Big Billion Days (Flipkart)"

While the trend had started with festival days and it reached non-festival days like End of Season sales. It was understood that Rs100 Cr of marketing budget spent by e-tailers each for these festival days yielded close to Rs600 Cr sales on a single day.

On one side this has opened new avenues of business on the other side of the impact was off course on offline retail sales . The most important point here is that even though the market capitalized by these e-Commerce companies were a mere 2-3 % initially this grew to 5% later on

Primarily discounting has had a severe impact on profitability of physical stores. Online stores/e-Commerce overheads were no match with offline/Brick and mortar stores. Premium brands which previously were sold at higher prices in stores due to various factors like cost of ownership got evaded during the discounting on online and impacted the brands also in terms of revenue.

It also revealed that more than 70% of shoppers did window shopping at offline stores and finally bought the product online.

One of the biggest disruption to offline retail is preference towards new brands to choose from on (online stores for test launch of their new products), as that was giving them reach to many customers at a minimal cost and test the product success before introducing the product to offline stores. Usually any product may give a better profitability before it becomes a commodity. This way most of the new launches can offer better margins. Another important disruption cited by this paper is m-Commerce. No one has to debate or defer on the point that mobile commerce i.e e-commerce through mobile or rather smart mobiles are the next big innovation for

mankind. The way technology has advanced and enabled us humans to use these hand held devises to optimize smart usage is really mind boggling

May be this 6 year old study was showing only 4% of people interested to pay via mobile, its sure that the same % must have now grown multi fold. Even if keeping aside the payment part through e-Wallet's the others usage of mobile itself endorses m-commerce disruption. When it comes to product comparison, offerings or even locating stores mobile usage is no less for millennials.

As it is known that global retail share by online is merely 3% to 10 % there will be disruption by online stores to offline retail but Indian Retail is known for adapting to such disruptions & will evolve to face these challenges.

With all this said & done, it is very clear that deep discounting wouldn't last long & online retailers have to think about new avenues of profitably running the show. One of the methodologies will be collaboration with offline retail in future!

Consumer Electronics & Computers were the third largest category which got sold on online stores after books, music, movies and video games followed by clothing & footwear.

As this paper clearly defines disruptions so far while lack on future possible disruption to discuss. As well from context to research which this thesis is conducting it can only take reference from how e-commerce is evolving and impacting retail while the challenges of offline retail are not answered to great extent which is clear gap in this report.

II) A Study on "The impact of online shopping upon retail trade business" - Amit Saha (2015)

This study has a strong belief that the local retailer shall still survive in spite of increase in e-Retail and large format retailers. While in conclusion only convenience is taken as the only base to survive for them this looks a very limited aspect and doesn't go beyond the tools and means to survive.

Findings from the study are really awaking thoughts for offline stores. If it is true that the offline stores have reduced stock compared to earlier this is going to be an

alarming situation for sure. Also it was mentioned that Home delivery is not given, which ideally is one of the strongest reasons for customers to have shifted to online.

Most of the balance feedbacks are general in nature like decrease in profit, decrease in revenue and increase in profitability. Also increase in window shopping will be more of concern and for sure offline retailers need to be more alert here to ensure each visiting customer is converted to a buyer to ensure that window shopping is not done at the cost of the store.

While a few suggestions are made here by the author as a customer centric approach is much needed and also needed to look upon value addition to customers in terms of after sales service. The author is also insisting on building up a loyalty base with customer. In the concluding statements the author mentions that e-store and offline store both need to survive but not at the cost of one other.

Offline stores offer livelihood to the community!

The most important gap for this research is it is conducted only for 3 months as well the paper doesn't give any solution for offline retail how to survive.

III) Are you profitability Ready - Perspective on Indian Retail Industry - Anurag Mathur (2015)

This paper was released just before GST reforms and had a lot of expectations in line with changes in taxation as well as emerging trends in Digital stores. Expansion was only the second priority for most of the retail industry than to remain on top of the profitability for business.

Also the access to capital is an unending quest for any retail business. A good part was the focus on increase in profitability not just by cost of reduction but at same time increase in revenue throughput also, which was a good sign. Enough attention was shown on in store manpower quality to ensure profitability. With GST at the corner anyway retailers expect to get improvement in the supply chain management.

Key themes focused in the paper were-

- Customer understanding is a continuous process
- Value proposition is key and it must be relevant

- Seamless experience across multi-channels
- Analytic driven decision making
- Invest in new technology

This PwC Paper states that Retail spend bound to have close to 12% for CAGR.

There is no doubt that the Smart phone revolution has paved new avenues for marketing and commerce. It was recorded that more than 50% smart phone users used their phone for purchasing products.

The Paper observed key trends which will fuel change in the retail business –

1) Change in Consumer behavior and enhanced expectations for seamless experience.
2) Collaboration of local retail stores and e-commerce is giving a blend for consolidation on the rise.
3) Experience zone or test and taste are new trends for users and brands.
4) Beyond product expectations after sales service expectations are on the rise.
5) Redesigning a value proposition to exhibit uniqueness.
6) GST transformation to streamline supply chain management.
7) Due to the increase in the blend of online, the rise in risk assessment and control will be inevitable.
8) Human capital inside the store will be much more focused and trained to ensure longevity of business.
9) Emergence of new prime places may be in Tier II and III cities or even unserved before locations of the same city.

The core subject of this paper which was profitability of the retail stores emerged with key takeaways as below:

1) Biggest Concern of retailers - how to create uniqueness? This is really interesting with online competition, an access to capital and customer loyalty issues are still next to this prime concern.
2) Maximum Priority in the coming years – Again surprisingly it is not profitability but expansion which stands at the top followed by profitability, and then followed by same store revenue growth next to process improvements.

3) Factors which impact change in Retail – Top most is not technology but the consumer behavior is most crucial in making a compulsion for retailers to change strategies. After that its technology.

4) Impulse buying – As per the paper India is still way behind the same compared to western countries as the Indian consumer is well rooted for their conservative buying

5) Major cost hampering the Store – It is difficult to believe that it is not real estate cost but manpower costs and supply chain costs which are of more concern to stores than real estate or any other costs.

6) High cost of space ownership for Retail – This has compelled retailers to think of profitability of each store depending upon the cost of ownership. In India it is observed that close to 5 to 9% of the net revenue comprises of the rental cost which is too high compared to global retailers.

7) In Store Human capital – It is no more hidden that the best human resources can bring in better profitability and productivity at the store level. The real face of the retailer in the sales representative of the store. It's of utmost importance for any retail organization to pay attention on the same

8) Revenue enhancement – While it's observed that for retailers the priority is profits than revenue/Turnover, still the ultimate aim of profits go through the turnover/revenue enhancement as well. Since without revenue/turnover growth the profit enhancement is difficult. The overall value proposition is a key here which affects revenue/turnover enhancement in the store.

So if finally one has to consolidate what it takes to ensure profits for retailers the points are as below –

1) Understand customer constantly

2) Have a relevant value proposition which will stay long

3) Seamless experience to customers across multi-channels

4) Data analytics should be a key for decision making

5) New technology needs attention and investment

6) Protecting the Market Image, Brand Value and Customer retention is must

This report has many key takeaways including agility, adaptability and acceleration requirement of the retailers. Leveraging technology with a customer centric approach

is a key to drive a more profitable and customized approach to the business. Implementing Omni-Channels is the need of the hour and seamless experience is what any customer will be looking for. Human capital is not to be ignored which are also the major differentiators when it comes for productivity and profits in the store.

Retail industry evolution with perspective to changes in surroundings including digital payment, demographic consolidation, income improvements etc. are discussed. While it touches upon responses, adoption of technology involving customers as a key aspect it still has a gap of how one can make a differentiation to survive.

Also the major gap found in this literature was report is pre GST and definitely missing the retail post GST in terms of supply chain and tax changes. While it made beautiful point of transformation of sale from "Point of sales" to "Point of discussion" with customer which will be prime differentiation for offline retails, doesn't give clarity how to capitalize the same over e-commerce. Or further path of Omni-Channel here.

IV) Future of Retail Profitability: An Organizing Framework- V. Kumar, Ankit Anand and Hyunseok Song (2016)

This is really an interesting paper to understand amid the competition from online retailers, how traditional brick and mortar retailers can maintain growth and sustain profits. This can be the major substance for any business to survive in challenging times. The authors have given the back ground of emerge of online shopping trends and the cascading effect to shut down many branded shops losing the fight to survive during the period of 2005 to 2014. Surprising a note of (PwC 2016) mentioned about more than 60% shoppers prefer to buy at their favorite shop because of the price while more than 50% have mentioned that they prefer to buy from physical stores.

This paper focus on pricing, place, product and Retail format which are four important aspects of strategy which affects profitability. Also this paper significantly believes the four levels at which these strategies can happen i.e market, firm, store and customer which are 4 pillars to take any decision here.

With the help of localized strategies in global expansion and at the same time usage of technology like Big Data, Analytics does give a blend of the results required while designing overall strategies.

Each strategy is based on sub components to focus –

Market Strategies –

- Structure of the Market
- Share in the Market
- Advertising Responses
- Price decisions
- Market Strengths
- Scope for growth

Firm Strategies –

- Mergers and Acquisitions
- Market Alliance
- Branded stores
- Multi-Channel Marketing adaption

Store Level Strategies - Marketing Mix

- Product
- Supply Chain
- Price
- Promotion
- Location
- Ambience

Customer Strategies –

- Customer Experience
- Customer Satisfaction
- Customer Loyalty
- Customer Profitability
- Customer Engagement

While giving these strategies related to four different aspects of the business which are Market, Firm, Store and Customers here the author also suggests the action to these strategies,

Market Action –

- Knowledge sharing with manufactures is very important as finally they own the product.
- Locally adaptive strategies are very important as one size doesn't fit all.
- Sharing value with customers makes great attachment.
- Multi-Channel expansion through various innovative options.

Firm Action -

- Increase the customer base via acquiring firms which have new customer bases
- Social Responsibility engagement
- Data insights
- Specialty or premium brand stores
- Resource Benefit sharing with partners

Store Action

- Customized pricing for individuals
- Dynamic price adaption
- Use innovative marketing like mobile targeting
- Create social platforms to interact with customers and employees
- M-Commerce Technology adaption to improve store experience for customers

Customer Action -

- Each touch point should be a better experience for the customer
- Artificial Intelligence and Machine Learning adaption for a better experience
- Mobile wallets and loyalty for customers
- Social Media integration with in store information makes collaboration complete

Researcher had to list all these from the author's perspective as this is what will bring out finally the Retailer's profitability.

As per the author key take away are as below –

1) The Retail industry market structure is dynamic and quick adaption to changes is a key to survive profitably. Innovation is a key for existence!

2) Exclusive brand retailers need to keep focusing on customer expectations relentlessly while those into multi brand or commodity retail need to ensure their pie of share to ensure to remain profitable.

3) Location based promotions and targeted advertising are the way to reach the right customers

4) Integrated product pricing across locations or across multi-channel models will help retailers to achieve a better pricing strategy.

5) Vendor and Retailer can only grow mutually without exploitation of each other.

6) Long term strategy will be always helpful for any expansion in the retail business as the yields may not be immediate.

7) Merger & Acquisitions with emerging trends and non-overlapped customer base companies will be always beneficial for growth.

8) Customer loyalty program jointly with syndicates makes more sense.

9) Multi-Channel marketing is most successful when it's a premium or exclusive brand shop.

10) M-Commerce and Omni-Channel is inevitable for any retail store

11) Mix and match use of different channels gives a better understanding of the changing consumer behavior.

12) Future retail is not a fix price store; it is always a dynamic in pricing.

13) Some products need not occupy the store space and can be shipped directly to customers based on usage frequency and size.

14) Instead of sticking to a particular prime location, it is best way to work on bringing the right customer to the store. This can be done through target advertising and or mobile targeting.

15) Better ambience is a key to attract customers and innovative ways to interlock employees with customers makes it more favorable.

16) Integrating customer reviews from social media makes it a great experience to the customer.

17) Each touch point of the customer is important right from footfall to buying a product and then aftersales service as well. Each touch point is required to be focused and assessed with customer satisfaction.

18) Mobile wallets and loyalty are two new avenues which if integrated gives recurring benefits.

19) Data is the new oil in finding a profitable customer. The one who knows this will not have challenge in making profits.

20) Social responsibilities are a great way to connect future customers, similarly having social and online connect can pull a good seamless integration to the store.

This detailed analysis for sure is a way to a profitable store management. What is needed additionally is how to compete with online competition.

This Journal paper has focused on an Organizing Framework for a retailer who wants to establish retailing business either in developed or emerging markets. Since these frameworks are more related to the place, market, customer & structure, it has very less to do with how to compete with online retailers.

2.3 Brick–and –Mortar

As the name suggests the second theme of literature is a pure play form of the retailer which is brick and mortar. This is the most conventional way of selling products or services. One can also relate to mom and pop shops like Kiranastores here as brick and mortar stores. They are also called as offline stores/retail to differentiate one who operates over the internet that is online stores/retail.

Let us understand and deep dive into the Brick and Mortar challenges now:

I) **Future challenges for Brick -and-Mortar Retailers-An Empirical Study - Joachim Zentes, Tatjana Freer/ et Daniel Keßler (2013)**

Hedonic motives are seen dominant in cases of brick and mortar over the online stores which have emerged more out of utilitarian motives of shopping.

Hedonic shopping motives are the one which gives a pleasant experience and more of can be associate with socializing.

There are different Shopping motives identified by the author –

- Excitement motive in buying the product similar to an adventure
- Up to date motive like keeping familiar with market trends
- Connecting with people like socialization is the biggest motive for shoppers
- Self- indulgence motive can be something like rewarding oneself or detoxing from the normal routine or even just cherishing some moments.

While these are more of hedonic motives for shoppers the utilitarian motives are quite simple in nature.

- Convenience is the biggest motive for the shopper here which is primarily linked to physical stores for natural advantages of them to give a convenient way to purchase the goods.
- Touch and feel motive is again commonly known where shoppers are always having a hindrance to buy the product without physically touching and testing the same.

Shopping motives can also be decided over gender and age as found by the author.

As per the author it is male buyers who are more inclined towards the utilitarian motive compare to women who have hedonic motives.

The second factor observed by the author was age which affected shopping motives. As already known that the millennial has different tastes and motives to do shopping and at same time old age consumers have separate needs.

The top three motives observed by the author were touch and feel, convenience and keeping oneself up to date.

A very important finding was younger buyers are hybrid and they are the one not to miss assuming being more tech savvy and giving less importance to physical stores. Also touch and feel is almost the highest motive in all age groups.

Since it was revealed that the nature of women and elderly buyers as hedonic motivated shoppers, brick and mortar stores can design their shops in such a way that it will satisfy these motives of the consumers accordingly.

The point to keep in mind is this was for German consumers and may not hold true for all regions.

This study was toward gender and age having an effect on consumer purchases both online as well as offline retail. While the conclusion was more on the aspect of preference by both gender and age to buy the product with touch and feel from offline retail it did not give any concrete broader view due to the limited study.

II) **Thoughtfully selected : Case Study analysis of Brick and Mortar, E-commerce, and Blended Retailers - Rory Raabe (2013)**

If e-Commerce and offline stores need to co-exist in the multi-channel environment then retailers need to alter their communication strategies and plans to consumers through the brick and mortar store as well as online store.

Lowest price, best service and fastest delivery is what made the key shift in consumer expectations from in offline stores to online stores. It was also observed that the customer is happy as far as he is getting price, service and quick delivery - irrespective of the channel. That means that it is more important for offline stores to ensure these parameters are maintained, they get engaged with customesr and promote their own products in mobile shopping apps or the right URL where the customer will experience the seamlessness.

The author has restricted the study to Business to Consumer that is B2C E-Commerce. This is the most popular channel among other e-commerce channels.

Key attributes of online stores are listed as –

- Free deliveries or minimal cost charges or least free returns
- Loyalty programs which enhances the shopping experience
- Video merchandising
- Order fulfillment through brick and mortar shops as well as from centralized warehouses

While all these online benefits are there, in store experience is unmatched with online stores and hence collaboration is inevitable. Those offline stores will prosper who recognize this where they can use effective targeting of audiences to bring them to their stores using new technology which can also be a threat to them Its said famously the innovation can be countered with counterintuitive response .

During this case study the author categorically interviewed brick and mortar, pure online and the blended standalone stores who have both offline and online presence. During the interview questions on the below themes were focused:

- Customer Relations
- Technology
- Communications and Sales Strategies
- Location

It was quite clear at the outset when it comes to experience to customer blended retailers that are having presence both online as well as offline are clear choices. At the same time for shop owners it is a multi-channel approach which de-risks failure of either venture of business.

This case study towards the changing experience of Americans from the boutique of brick and mortar to online businesses is evaluated. How the change is making brick and mortar retailers to give experiences to their customers and technological advancement usage to give similar experiences by online business also. Finding is supplementary of brick and mortar to online business and vice versa. While the short comings are for specific industries it was studied and it did not completely give the picture how the integration has happened.

III) **The Future of Brick and Mortar and the Myth of E-Commerce - Joao Dias (2015)**

This paper is from 2015 of a Portuguese University scholar and makes a few bold statements like "online stores are adding value to the consumer for convenience and variety which possibly brick and mortar stores will never able to provide. Also as per the author online stores are not eating into the share of brick and mortar stores and in fact what is searched online is practically getting purchased from offline stores.

It will be worthwhile to study this paper to find the truth whether online stores are complimenting brick and mortar stores or competing with themselves.

So this paper further investigates - the consumer behavior components of hedonic and utilitarian comparing shopping center stores and online stores.

Just to add shopping center retail are usually categorized as Small Format retail or Large Format retail also. Since they may have a chain of retail outlets as well they can also be classified as hyper product retail also. Also there may be pure play brick and mortar stores which are placed in shopping centers as well.

Key advantages of online shopping revealed in the survey were as below –

- Shopping at any point of time
- Avoiding - crowded market places
- Price comparison made easy
- No need to kart the product from the store to home

Key dis-advantages of online shopping revealed in the survey were as below –

- Touch and feel are missing
- Return process not as simple compared to the offline store
- Personal data sharing is not pleasant and disliked
- High risk of security breach and financial loss

While the study shows the frequency to buy products was high for clothes, books and magazines, cinema tickets, shoes, mobiles phones and electronic products in the same order from high to low compared to other items

There was an interesting study also on the products which are favored to be bought in store instead of online. These were food, furniture, Music instruments, perfumes, decorative items, hair products and electronic appliances in the same order of preference.

Also an interesting feedback from the shopper was that they go online to search the product before they go and buy from offline stores more compared to window shopping done by them and buying from online.

Key findings from this paper were as below –

- Women have a higher inclination towards hedonic(relating to, characterized by, or considered in terms of pleasant (or unpleasant) sensations) motives than males and at the same time they score high on utilitarian motives as well

- It was also found for women channel of buying doesn't matter they have same inclination towards all marketing channels.

- Also it was observed that younger generation has more utilitarian (designed to be useful or practical rather than attractive) values

- Online shopping is more close to utilitarian value while shopping center purchases are more close to hedonic values

In the final conclusion offline stores can fight online stores by keeping a variety of products, being price sensitive and disseminating information while being really efficient in operations. Also they can make differentiation with online stores.

It's clear that sales must be a consequence of great entertainment and leisure and not just main agenda while dealing with customers.

As per this report online retail is actually generating fresh demand and not affecting offline retail at all. It is more towards accepting the logic of hyper store concept where the customer wants to buy anything from a pin to a pinnacle. While discussing the subject the author possibly has only considered the feelings of the customer when the survey was done hence did not capture the real story of the Brick and Mortar future here.

IV) Offline Retail in an Online World – Divya Jain (2016) – Base Paper

This paper was very close to the research planned to be conducted for the subject line. While there were quite a few gaps as mentioned above this is the base paper & the theory was built from as well taken forward from here.

Common points picked up by the author about the decline in offline sales due to increase in online sales due to the increase in the use of mobile technology for purchasing online. This need to understand as mentioned in paper how the online business is profitable by giving heavy discounting to customers, as well how offline retailers can increase the revenue by enticing the end customers as per the author.

i) **Online Retail working** -

As per the author the show room phenomena is growing, while the customer looks physically for a product at an offline store but then finally goes & buys from an online store. Author has suggested a possible change in format of retail if required and to pull in more customers to buy from physical stores.

Online retail makes profit because they buy in bulk and eliminate the middlemen i.e. wholesalers and retailers while at the same time saving the cost of rent, operational costs, hence it is feasible for them to sell at lower prices. Also they don't need warehouses to hold stocks.

A few of these statements may be confusing to readers and this is explained very well in the introduction chapter. For the time being just to re-cap the Vendor/Manufacture sells products either to the Wholesaler/Distributor, Offline Retailer and also has options to sell to Online Retailers directly depending upon the vendor channel/distribution policy. Now this Wholesalers/Distributor sells to offline retailers or system integrators/resellers who in turn sell to the end customers. Online retailer has two categories, one who buys products from the Vendor and sells to the customer from their portal (which is B2C) whereas there is also the possibility that the online retailer allows the offline retailer or reseller to use the online retailer platform to sell his products through the portal to the end consumer.

The point above mentioned by the author is related to the same, when any other offline retailer or reseller sells their products using the online retailers portal platform to sell to the customer they have to give "X" commission to this online portal /Retailer for using the services of the portal. Whereas the portal owner i.e. the online retailer in exchange offers this offline retailer/reseller services such as warehousing /shipping of the product to the customer/display in the product catalogue on the website and marketing of the product etc.

So in that context these online retailers (Those who are using the platform and selling to customers) have lesser operational costs and can sell at lower prices. One more clarity on warehouses are that there are usually two frameworks with which these online retailers work. One option is they themselves stock the product within their own warehouse and on the basis of the customer orders ship the material from their

centralized warehouse. The other alternative is to ask the seller on the portal of the vendor to ship the products directly to the customer by which means the online retailer does not have to stock anything.

So both models have different working costs with respect to the seller as well both models are utilized on the basis of the need and understanding on margins as well. More details will be covered in other parts of the thesis.

For the time being to make the authors point clear on why online retailers have lesser overheads, operational costs and warehouse expenses the above example will be useful.

As per the author these online websites(retailers) offers deep discounts to (online resellers) to offer their products at discounted rates during "Special days" like Big Billion Days(Flipkart) or Great Indian Festival(Amazon) kind of occasional offers. The aim during such programs is to acquire more and more customers. Hence as per the author this discounting makes online retailers (Website/Platforms) incur heavy losses which is not viable in the long run to survive.

ii) **Offline Retail Revenue Erosion** –

As per the author there may be some obvious reasons which is compelling offline stores to incur losses due to erosion in revenue. This erosion in revenue is due to a few reasons as mentioned below:

Huge Discounts –

As mentioned earlier, this is one of the key reasons for offline retailers to unmatched the offerings of the same product on the online website/retailer portal. This makes the offline retailer either reduce margin and match the price offered on online store or sell the products which has policies to offer uniform prices.

24 X 7 availability –

The biggest advantage of any online store is it doesn't have time limitation. A customer can buy any product at any time and from anywhere in the world. In fact a few times online stores create hype about offerings and also organized mid night shopping sales.

No Queues for billing –

There is no waiting time. Within few minutes you can complete the transaction using digital payment platforms. There is no crowding at the store or having to carry goods..

Easy Returns –

Door step delivery and pick of faulty or returned goods is one of the key features of online sales. This makes the customer happy. The best part is many of the online sellers also offer a "no questions asked" return policy which makes a consumer friendly approach.

Extensive Online Coupons –

Coupons are something like discount cards or codes, which enables you avail additional price discount over the final price you are paying. This is more popular in online transactions as more and more customer acquisition is required by many companies which are easily possible to tap with these coupons. Coupons range is naturally wide as they are virtual and easily possible to distribute and apply. Whereas for offline stores the offerings and added discount perception is limited.

Wide Choice –

The virtual collection of color, size and designs has no limitations except the image size. While there are limitations in physical stores, as you need to stock larger variety that to display, There is an emerging concept of billboard or virtual displays also at offline stores to complement this but browsing is not as seamless as it appears in smart individual devices like phone or laptops.

Logistic cost as well time saving –

The biggest feature of online stores is door step delivery and reverse logistics. This saves not only the time of the shopper to go the store but at the same time the cost to carry the goods is comparatively null or minimal.

Customer Reviews –

Social platform is a dual edged sword. When you have a good product it will give you good stars but if it is not up to the mark it is bound to get a beating. This holds good

for companies who are ethical in business and offer genuine products. This becomes another un-matched feature of online stores that getting reviews from other users before someone want to make a decision for purchase the same product.

Price Comparisons –

Like customer reviews the most interesting feature is getting readymade comparisons of all equivalent products not only with specifications but also with price comparisons which makes shoppers decision easier without physically going to multiple shops saving time ,effort and money

iii) Strategies to strengthen the future of offline retailers

As per the author even though there are many advantages of online shopping, there are flipside issues as well. There is a risk of accessing and opening the identity and sensitive information of the consumer over the internet. There is a risk of fraud by using the credit or debit card online. Also for rural areas it is difficult to understand the vernacular language to operate the online devices at such. It's observed that women who are key buyers have a more hedonic motive to have a touch and feel of the product before the actual purchase.

All these lacunas can be converted to an advantage in offline stores & the same should be utilized by them for competing with online stores. It is also suggested in the paper by the author that offline stores fighting these challenges must form an association and establish a dialogue with vendors or manufacturers to offer equal treatment to both the online and offline stores. Specifically financial muscle power will enable online stores to procure in bulk and disturb the market operative price.. While this is the author's view to curb the challenge, practically there may be other legalities and challenges also. Also at the same time a few vendors /manufacturers came forward and supported offline stores by making a few policy changes like service support for only products sold through offline stores. This is also for a majority of the products where genuine supplies can be compromised if not controlled by selling through only offline channels

The author has given a few examples like Nikon which offered terms first on the site to offer after sales service only for sale through offline stores or even at least made a point that only a few authorized online retailers can sell their products over the

website in e-shops & the rest of the sellers on online sites wouldn't be supported. This also made quite a controlled approach to ensure there is no deep discounting or no fake material being sold on the sites.

This was also then followed by many vendors like Asus, Dell, Toshiba & Canon to name the few mentioned by author. This helped offline retailers to protect their interests as well.

With the implementation of GST tax evasion has reduced drastically. In the pre GST regime many products used to have different taxes at different states and the same was advantageous to online stores, as the sale was online it was permissible to sale from any state to any state and in that case local tax was not applicable for the sellers. So easily selling to customer directly at reduced tax was a benefit to online stores to take the advantage of those days. Now with GST coming into play this is not possible as even if you sell interstate the tax amount is uniform for the product across the country whether it is interstate or intrastate.

The author suggested that making exclusive / brand shops by offline retailers will help reduce the window shopping by shoppers as the same brand will provide online & offline goods at the same price in both places like Omni-Channels.

Another suggestion was to use different product codes at offline & online stores to ensure that there is no direct competition between each other.

The author also suggested to have flagship products like mentioned before the branded store concept where vendors or manufacturers also ensure good interiors and design of the place along with all products of a particular company on display .The biggest advantage of the same is that the company works closely with such outlets and shares the responsibility to make it successfully run. The only disadvantage could be if that brand does not get sold in the market the retailer has to take that financial beating in business. This is not the case in multi-brand showrooms.

Another suggestion by the author is to tryout technologies like Magic Mirror which helps shoppers to try different apparels within a few minutes by just standing opposite this smart mirror device. These kinds of innovations will entice consumer foot fall at offline stores and in turn increase revenue.

This is the conclusion of this paper, which has given us the base to make further research on the topic. As mentioned earlier while a few suggestions are given to grow offline stores which are not sufficient and hence there is gap in the research which can be taken up for study.

While the intent of this research is similar to problems defined in this thesis the extent of the study is made only in Online affecting Brick-and-Mortar Retail. The main challenge was to find various options to Offline retail to take advantage of the situation & find a success path. Also the concrete reason of online retail making profits was not visible to understand. This was a pre- GST study and the context of the market was a little different than what it is today. This context gave importance to select this paper as a base paper to study further gaps and find solutions to the problem statement.

V) Survival of the Brick & Mortar in the Ecommerce Era: A Seller's Perspective - Mr. Bhupendra Mishra/Ms. Aishwarya Kelkar (2017) – Base paper

This paper was selected for the base paper so as to take it forward for discovering important findings.

A key point mentioned by the author in this paper is that bricks and mortar stores are here to stay only there might be some erosion of multiple layers of channels. That indicates that as per the author there may be a possibility where Vendors may directly have these brick and mortar stores or operate through franchises instead of selling through wholesalers currently.

Technology will be inevitable to offline retailers the way analytics has played a role for online stores.

This also means that Omni-Channel is the future where offline retailers should be looking forward to.

So it's a must that offline stores need to exist and a touch and feel experience to the customer before they own the product This will also provide a natural engagement between customers & store employees to dialogue on the customers need. The format or an environment might change and the customer may go through online stores and come to offline stores to see, pick up or buy also. Both will play an equal role.

Basic objective of this paper is to find common challenges faced by the offline retailer due to e-commerce, as well as study the survival of the brick and mortar stores.

Key challenges mentioned by brick and mortar store sellers were noted by author as :

More delivery cost & time compared to online stores, better customer service, easy reach, variety of products and offers by online stores.

While in the end there was no concrete outcome of the paper except admitting that brick and mortar has to join hands with e-commerce to survive.

Gaps in the report are to find how they will survive.

The lacuna of the study was a very limited population for the survey and in also many participants did not give complete information. The second important draw back was of the pre-GST study which had limitations on the full grown businesses by e-Commerce post GST. Last but not the least it was restricted to a small geographic area & non-specific to any industry.

2.4 E-Commerce-

This is another important channel which need to go through as seen till now that Brick and Mortar which is one pillar of the retail industry, the new and another pillar is E-commerce i.e. Electronic Commerce. So any commercial activity which is happening with the help of the internet that is without physical face to face between the buyer and seller can be understood as e-Commerce. The sellers who use this technology for business are online or online stores or e-tailer.

The same business if done using smart phone mobiles, it is called as m-Commerce.

Ecommerce in recent years has grown in India due to its various advantages already mentioned in previous pages of this literature review.

Let's understand more about this e-Commerce with the below literature identified as appropriate to the research.

I)   E-COMMERCE IN INDIA- A REVIEW - ABHIJIT MITRA (2013)

Major objectives of this paper are describing present statuses and facilitators of e-Commerce, analyzing present trends and examining barriers of e-Commerce in India.

Status/Types of e-Commerce in India –

a) Single Product & Multi-Product e-Commerce –

As the name suggests those who offer only single products are categorized as single Product e-commerce & those websites which provides multiple products are called as Multi-Product e-Commerce.

Examples of Single Product e-Commerce are www.automartindia.com , www.5paisa.com , www.magicbricks.com

Similarly multi-products e-commerce companies are www.amazon.in , www.flipkart.com

b) Facilitators of e-Commerce in India –

Information directories like www.yellowpages.in or www.indiainfo.com

Bank websites like www.icicibank.com or www.hdfcbank.com

Those sites which facilitate the customer and having the capability to do business over the website are listed under this category by the author.

During 2011 the biggest share from online business was by Travel businesses.

It contributed close to 80% of total business of Rs.46000 Cr during 2011 as per the Internet and Mobile Association of India (IAMAI) estimate.

Between 2012 to 2016 alone e-Commerce in India was expected to grow from 1.6 Billion USD to 8.8 Billion USD

There was an estimated increase of 18% every year in online shoppers and with this the CAGR in India was expected to reach 60% of the population to touch online shopping by the year 2016 itself.

As per BCG predictions by 2016 India's revenue will be touching 84 Billion USD and even that is just 4.5% of retail business

While the author observed that in spite of the flourishing story of e-Commerce, there were some barriers as listed below pertaining to the year 2013

c) Payment Collection –

Surcharge of 4% was the cost at that time for doing online transactions which was definitely a burden and demotivating for shoppers as well as sellers. Also merchants used to be responsible for any frauds.

d) Logistics –

Safely delivery used to be a big challenge at that time due to limited infrastructure. Also the cost of insurance of carrying valuable goods was very much a concern.

e) Vendor Management –

In those day inventory management and keeping the website up to date was a herculean task, though now a days it's a click.

f) Taxation –

Since this paper was from the pre-GST era, the mention of taxation issues here which no more exist.

Finally if we need to conclude as predicted in 2013, e-commerce is bound to grow with leaps and bound in India. 3G has now become 4G and the avenues of the internet are just exploding. The key take away is sooner or later everyone has to embrace this change & get closer to e-Commerce.

This has more on the travel industry where various aspects of e-Commerce trends and future are discussed. The missing part is the real impact of e-Commerce on offline retail.

II) Consumer awareness and potential of e-retailing in South Gujrat Region - Hormaz Patel (2013)

Till year 2006-07 the retail market was dominated 95% by the unorganized retail segment and only 5% was with the organized sector. Recently with changes in retail formats, increase in GDP, technology has fueled the growth of organized retail to more than 15% now.

Different formats which existed in retail were Brick-and-Mortar, Super Market/Malls, Hyper Market/Malls, Discount Stores, Branded/Specialty retail and e-retail as primary categories.

This study has covered South Gujrat to ascertain consumer awareness and potential of e- retail during 2011.

As retailing has different forms and definitions, and it is a vital component in the distributions chain.

1) On the Basis of the form of ownership the different forms of Retail are –

Independent stores – like mom and pop stores, usually family owned and run by family members. It is independent of any particular product and selection of product is at the owner decision and will.

Franchise Stores – This has contractual agreement with the brand to promote the products of only particular brand/brands. The Franchiser approaches independent stores to sell the products with a written legal agreement put in place.

Corporate Retail chain – This has ownership with a group of people or a company which controls the decision and usually expects to place stores at multiple locations within the city or across the national/international geographical market.

2) Basis form of Function / Service –

Cash and Carry stores – These are small retailers where daily small transactions are performed without any credit offering as well the owner arranges the goods at the counter. Usually it has a smaller variety of goods.

Self-Service Supermarkets – These are self-service depots where the buyer can select what is required and make a bill at the counter to pay.

Cash on Delivery (COD) – These stores arranges delivery to consumers as per requirements and the payment is collected upon a delivery of goods at the home or place of delivery.

3) Mode of Operation –

Direct Selling – As the name suggests the manufacturer sells directly to the consumer without any intermediator.

Mail-Order firms – The communication between consumer & seller is through mail order catalogues and the delivery is done through mail.

Automated Vending Machines – As the name is given these are machines where the consumer can select their product of choice and pay in the machine to avail the product/service.

Credit Sale – Consumer enjoys credit from the seller for buying goods and money is paid at the expiry of the credit period to the seller.

4) Merchandise Line –

General Stores – All the products without any particular category or mix of two or more categories are sold through such shops. There is no defined product line of business in these shops.

Specialty Store – Only specific goods are found in such stores, usually niche or luxury products are best suited for such stores.

Convenience Store – This is usually a conveniently placed/located store and may even operate out of a home in a residential area usually offering premium prices due to proximity to the consumer.

5) Non Store format –

Electronic Retail – Selling over the internet without presence of any physical store is termed as electronic retail or e-retail or e-tail.

Catalog and Direct mail retailing – By using letters/brochures or such forms of communication by the seller to the consumer and using the same sale is established without setting up any particular shop.

Direct/MLM/Freelancer Selling – Multi Level Marketing (MLM) involves an individual chain of people selling to consumers with their relationships and influence the purchaser for buying the product. Few companies approach this method to keep

lower overheads of marketing of the product and there is no specific retail store for such companies.

Television /Tele Home Shoppe - Through TV set channels the advertisement is done for the product and just contact numbers are given to the consumer to share the details of the product to call and purchase.

Vending Machines – Machines act as Point Of Sale (POS).The consumer uses the machine to get the product stored inside the machine by depositing actual currency or prototyped currency used for such machines in the Vending Machines

Apart from these popular formats of retailing, they can be also classified basis the turnover, margins, place of retailing also.

As seen earlier the retailer is the last mile in the distribution channel between the manufacturer and the consumer.

The Manufacturer sells products to the Wholesaler, the Wholesaler sells to the Retailer and the Retailer sells to the end consumer.

There may be overlaps or deletions of roles by each other in the value chain depending upon the product and the Manufacturers sales strategy.

Functions of Retailer –

- Assortment of Product and/or Services
- Breaking Bulk
- Holding Inventory
- Providing Service

After the global recession of 2008, in 2009 Global retail was at 13900 Billion USD against E-retail at merely 349 Billion USD which is hardly less than 3% of total retail sales

But it was growing at 15% over previous year against a negative 4% growth of total retail.

- Indian Retail Industry –

The Indian retail industry was growing at CAGR of more than 13% during 2006 - 2010. As mentioned earlier only 6% of total industry was organized retail.

Food was the dominating product for the retail industry constituting close to 62% of total retail sales followed by fashion and entertainment/leisure at 10% and 8% respectively.

Evolution of the Retail Sector in India –

Around or before 1990s weekly markets were observed quite everywhere, Rural Mela/Jatra/Fair kind of formats of the retail market in India which evolved over a period to 2010 into the Hyper Market/Super Stores and Shopping Malls.

The journey started by the manufacturer setting up their own retail outlets way back in the 90's having evolved from conceptualization of supermarkets to Multinational brands outlets within Malls and then now towards consolidation of online and offline retailers, with global and national alliances.

Growth of Indian Retail Market –

It was estimated that by 2020 India will be a 3.1 Trillion USD Economy which will be the world 6th Economy.

As per the Global Retail Development Index, India's retail marked peaked during 2006 and it was expected to mature by 2010.

Around 2010, USA had 85 % of organized retail trade and India was at just 5% and is expected to reach more than 12% by 2014.

Within 6 year from 2008 to 2014, Consumer Electronics which was at 10% CAGR is expected to grow from 10% to 30% in organized retail.

It will be interesting to see when this growth is going to mature and then get consolidated which will fuel mergers and acquisitions in many modern retailers in the coming time.

Since this paper was from 2010 decade relevance of the retail scenario has changed completely by now and hence the only important noting are taken into the literature review.

In the decade from 2010 lot of organized retailers entered in the market right from The Mobile store of Essar group to Tata Group's Tanishq Jewelry showrooms, Bata India brand shops to Coffee Café Day eateries. India in a true sense adapted organized retail during the said decade.

While it's observed how and why organized sector retail has grown in the said period, there are a few advantages of unorganized retail also even though they lack standardization, capital infusion and modernization.

Mostly kirana stores, street markets, street vendors and Kiosks made this unorganized retail flourished.

It has many cascading effects & benefits –

a) Employment – Compare to organized retail, unorganized retail has shown more growth of employment.
b) Location – Always having the advantage for unorganized retail which makes more sale within the vicinity of the shop
c) Credit – Usually with small shops and home run retail for years has loyal customers in the vicinity who enjoy unaudited credit from the shop owners
d) Recurring business – Due to daily needs & small budgets the smallest of the consumers can buy the product in small quantities and more recurring than the organized shops,

Impact of organized retail on unorganized retail –

Author has given various literatures evident that there is a finite impact on street hawkers and small retailers due to corporate/organized retail entry into the market. Even though it is not backed with specific data the assumption is made on the basis of the literature mentioned.

Most of the popular retail formats in India earlier also have seen.

1) Kirana Shop (Mom and Pop store – Run by families with a variety of products, even though not in particular and may be seasonal many a time.
2) Street Markets – Usually found in rural area with weekly fairs or street markets for vegetables as well as all other house hold items. Even in urban areas they have

certain part of the cities or roads occupied by these sellers for a long time selling particular goods similar to fashion streets.

3) Departmental stores – This is something like a one stop shop where one can get all varieties of the products, like the Shoppers Stop concept established in 1991. Many followed them like Pantaloons, Central etc. at a later stage.

4) Hypermarket – The biggest example of hypermarket is Walmart. It was opposed by many small shop owners anticipating erosion of business of small sellers. Hyper city is something where one can expect anything from a small pin to as large as a tank. Many of the big names Hypermarkets in India like Reliance Mart, Spencer, D-Mart, which later were confined to Departmental Stores or Supermarkets.

5) Supermarkets – Like Reliance Fresh was the outcome of Reliance Mart as a Supermarket selling only specific products like groceries and fruits & vegetables, similarly Food Bazar or Big Bazar initially started as Supermarket and tried to bridge the gap between a Supermarket and Hypermarket.

6) Convenience Store – As seen many times the relatively small shop in the vicinity of consumers, operating even at home some times which is perfect for the convenience of the buyer. This also got the shape of professional chains in many countries like Day Night shops (Seven Eleven is good example of such shops).

7) Discount Stores – While the expectation from a discount store is throughout the year running discount to the tune of 15 to 25% on MRP and at least 60 to 70 % total products sold are in such a frame work can be identified as Discount stores. While Walmart is also doing same in the US but is not actually successful in the Asian market till now. While one can easily relate this to road side tents organized by some country side sellers setting up stalls to various products at discounted rates for a few days before they wind up & take their tents to new locations. By this they sell throughout the year at different locations in the same format giving discounted items (Usually low value items).

8) Category Killer – As the name suggests killer instinct is the virtue of such brands and they go all out to ensure their rivals are hit at the right place. The dominance of the market is achieved by a killing strategy, either by price or by features which ensures less competition to such retail stores/products sold by them.

9) Dollar Stores – This concept started in the US market where shops were selling all products below 1 Dollar. In India this have seen renamed as 49/99 shops , where all items sold are at Rs49 or Rs99 , which sets the expectation of the consumer to get some cheap products for gifting or household purposes and who doesn't want to spend too much and has limited budgets.

10) Malls – It's a shopping complex which encompasses a variety of shops under one roof. E.g. Spencer, DLF, Central and many such malls flourished in a short span across the country.

Rural Retail in India –

During 2005 to 2010 there were many companies who tried to explore various options to form the rural retail chains. ITC, Tata, Godrej, Future group were among a few names who tried to set up such chains in rural areas in exchange for farmer's agricultural products. Even the IT (Information Technology Department) explored with Chaupal Sagar integrated with e-Chaupal and at a later stage brought the e-Mandi concept.

India had the highest number of retail outlets during 2007, accounting to 13 million outlets. Shopping Mall's growth CAGR from 2007 to 2015 was pegged at 18.9%.

During the 2008 global meltdown the retail industry was affected by close to 30-50 % of the business as compared to pre 2008.

Various methods adapted by retailers to fight this slowdown –

1. Cost Cutting – Compromising store aesthetics, manpower, merging various departments were a few of the technics used by retailers to cut down costs.

2. Resource Optimization – Vishal Retail kind of companies centralized their operations during this time to optimize costs. Also certain warehouses were centralized along with job centralization.

3. Improving Productivity – Instead of reducing staff training was given to improve productivity proved a better solution to many shop keepers.

4. Real Estate cost reduction – A revenue sharing model was adapted instead of fixed rent which allowed the retail shop to leverage the cost proportionately.

Growth driver for Retail in India –

India has a vast demographic advantage to overcome many recessions and industrial slowdowns due to its large population.

India's new consumer age is decreasing every decade, which makes it possible to have more consumption the early age of the consumers they have more money to spend than the old age consumer.

Household income is on the rise continuous for a few years, during 2005-6 medium low to medium high income group that is between Rs 2.4 to Rs 6 lac and Rs 6 lac to Rs 12 lac income were merely 13.8 and 3.2 million, which will grow to 35.4 and 11.4 million by the end of 2013-14.

Another aspect of personal disposable income in India has grown from 1050 billion USD to 2100 billion USD in 2014.

Consumer confidence about the future is always higher in India compared to similar countries.

Challenges faced by the Retail Industry in India –

Supply Chain – Infrastructure is a key element for growth in any country. India has started exploding on the infrastructure requirement in proportion to the population. India needs to explore different avenues of transport and logistics hubs to ensure forming a robust supply chain network across distant geographies. A major cost for any retail chain which goes out of the profit is the supply chain cost.

Location and Rent – The next cost burden to the retailer is rent and for prime locations the rent is more. Due to lack of space in urban areas it's difficult to find the right locations at the right rent to run retail shops.

Attrition – In transactional business where one has to engage with customers throughout the day handling transactions as well as customer service is not easy as well is in high demand. This makes the attrition rate close to 30-35% in Retail stores.

Retail Theft – While many technologies are now developed to curtail security concerns like theft in the retail stores which can be smaller in size, for bigger shops it's still difficult to deploy security cameras everywhere and avoid pilferage of stocks.

This also includes Vendor errors, Shop lifting and Employee theft and administration errors.

Private Labels – Many companies have started white labeling the Original Design Manufacturer products to sell the same at cheaper rates than others. It is difficult to recognize the quality of such brands. By doing white labeling one just outsource the entire manufacturing process to third parties and the company just affixes their brand on the finished product. At the same time it can offer cheaper prices to the consumer and if good quality is maintained this will benefit both the retail shop as well as the consumer. Acceptance for such white labels was still low by consumers.

Unfriendly Labor and Tax Law-

Both these reforms are pending for years. Recently sales tax moved to to Value Added Tax(VAT). Advanced countries enjoy very flexible options to employ labor which is the not case in India. Specifically for retail stores even hourly basis employees are easily possible in advanced countries.

FDI in Retailing - In India taking liberal decisions are always difficult for any government. Retail growth can make a leap jump with FDI in retail. As more investments will come, it will help to improve the economy for the country as well as can provide more alternatives to the consumer.

Multi-Channel Retail is the future –

It is inevitable to foresee the market where collaboration of different distribution channels wouldn't happen. Primarily offline and online retail are bound to form multi-channel environments and the success of the retailer will be based on early adaption of the same.

While the foreseen challenges to the multichannel Retails are –

- Inventory management at both online and offline retails counters
- Price differentiation to differentiate the cost of supply, cost of operations for different stores
- Technical capabilities – This will become an integral part of the retail system which will be the backbone to drive seamless integration and a smooth experience for the consumer.

E-Commerce –

Anything sold over the World Wide Web is electronic commerce or e-commerce. While many companies started their early e-commerce experiments during the early 90s during the 2000 dot com bust set back those efforts to further grow e-commerce quickly. Also many who learned bitter lessons during that time emerged good e-commerce players shortly.

Everyone knows that Amazon started as a standalone online book store way back in 1994 and has grown to a huge empire or business within a few years offering a variety of products over their website. Dell was another giant web born company which had huge profits by selling to the consumers directly through the web.

Categories of e-Commerce

- B2B – IndiaMart,com – Business to Business
- B2C – Amazon.com – Business to Consumer
- C2C – Olx.com – Consumer to Consumer
- C2B –Consumer to Business
- B2G –Business/Companies to Government /Public sector
- B2B2C –Business sells to Business but delivers the product to the customer
- G2C & G2B- Government utilizing e-commerce to offer government service to citizens (G2C) and Government doing business with other government department of business (G2B)
- M-Commerce – e-commerce done through the mobile or Smartphone.

Components of E-Commerce –

Major components with their share from overall E-Commerce businesses were as below –

- Online travel – 76% - Grown from Rs6k Crore in 2007 to Rs14k crore 2009 & expected to be Rs37k crore by 2011
- Financial Service – 8%
- Digital Downloads – 2%
- Other online services/e-tailing – 14%

Benefits of e-commerce –

Organization level – Increased sales opportunities, Reduction in transaction cost, 24 X 7 operations, direct interaction, Enhancing the brand image, Lesser marketing and advertising costs.

Customer level – Wide range of products, ability to shop 24 X7, easy comparison of different products, direct interaction with the seller, saving of time, cheaper products.

Society level – Better standard of living is achieved.

Limitations of e-commerce –

Organization level – Change in technology ina short span of time, reach of mobility is still in a growing stage in India, data Security and reliability challenges, currency and policy issues, language issues of the global market.

Buyer level – Privacy and security concerns ,trust issues with unknown seller sites, touch and feel options lacking.

Technical Limitations –

- Cost of solutions
- Non Standardized protocols
- Mobility bandwidth challenges
- Constantly evolving software tools
- Access limitations to the internet
- ERP integration with e-commerce

Non-Technical Limitations -

- Personal information misuse
- Privacy and security slippages
- Legal and cultural obstacles
- Resistance to change
- Reverse logistics of Goods
- Perishable goods distribution

By 2011 India crossed 100 million internet users and almost 16 hours per week was the usage already by 2009.

18-25 years of age were the highest consumption users with more than 50% of total users.

Almost 28% users were using the internet daily by 2009.

Factors responsible for growth of e-commerce in India –

- Continuous increase in the internet user base
- Technology transformations like voice over IP
- Blogs emerged as information spreaders and establishing channels between e-commerce vendors and retailers
- Emerging advanced security measurements technology
- Reach of technology to rural territories
- Millennial interest to use internet as it gives speed and trend setting

Reasons for not buying online –

- Lack of trust
- Fulfillment issues
- Shopping experience is missing in online purchase
- Touch & Feel of the product
- Do not see a strong reason to shop online

Barriers for growth of e-commerce in India

- Limited internet access
- Speed of internet not up to the mark
- Cost of internet usage
- Unreliable connections
- Product Quality is questionable
- Security pilferages
- Longer waiting periods for delivery
- Lack of cyber policy and laws
- Product information mismatch

- Payment gateway limitations
- Fixed cost of purchase
- E-commerce literacy
- Cultural differences
- Strong Retail networks

Types of E-retailers –

1) Pure Play e-retailers – This form of e-tail sells to the customer directly
2) Click and Mortar retailers – combination of offline and online retail

Models of E-retailing –

Either by function or by product these retailers make sure that they only focus on a particular category. Product focus is something like only travel agency, e-retail selling on travel services, whereas for function based specialization is something like last minute deals for various products which makes the e-retailer specialized for functions.

Generalized e-retailer sells various products doesn't have any specific focused product or function.

E-Mall is another model of e-retailing where the platform provides different e-retailing options under a single website as seen in physical mall; the virtual mall concept is E-Mall.

Direct selling by the vendor to the consumers like Dell Computers established selling to the consumer directly.

Broker or intermediaries are the e-tail form where the retail on the web act as a help to the consumer in finding the required product, provide comparisons or just connecting with the vendor.

Various payment options on e-tail-

- Net Banking
- Credit/Debit Card payment
- E-Wallet
- Cash on Delivery(COD)

- Cash before delivery

- Cheque

- Interest free EMI

- Mobile payments

- Online funds transfer

Order flow of purchase on e-retail -

- Register on the website or log in as a guest

- Search for the product required – Can filter and narrow the search

- Select the product required – Ready comparison is also provided on the feature/cost

- Enter the quantity required

- Check the cart for selected products

- Check the billing and shipping address

- Confirm the payment with the mode of payment

- Check the billing and shipping details of order completed

- Information about the product ordered, shipped , delivered are received over mail or mobile sms

Advantages of E-tailing -

For the consumer -

- Variety of products

- Easy comparison

- Speedy and convenient

For the seller -

- Cost saving in operations and infrastructure compared to offline retail

- Higher customer reach

- Can offer better customer service

- Customization as per the need of the consumer

Dis-Advantages of E-tailing-

- Limited only for online users

- Lesser user friendly to rural and e-commerce illiterate

- Trust, security and privacy are a major concern

- Unsuitable for certain products or services – like customized configuration products, perfumes, luxury products where touch and feel are important.

- Hedonic motives like touch, feel and hear experience are difficult to replace

Success factors for E-retailing –

Below are the factors which will make e-tailing successful if taken care off:

- Unique Merchandising - Even though the product mix is important for e-tail to show a variety of products to the user keeping some unique merchandise in size, shape, color or particular brand itself will make successful e-tailing.

- Strong Branding - Unless and until the company is unable to develop trust and spend on branding of the e-retail the customer base will not increase

- Competitive Pricing – The biggest feature of e-tailing is the cost benefit to the customer and the premium can be only be obained when the customer sees value addition to the same product.

- Customer Relationship Management – This is one area which many e-retailers miss, but absolute need for any successful r-retailing is to keep the customer happy as a bad experience may damage the image on the platform.

E-retail size in India -

By 2011 it was expected to cross Rs2700 Cr of business in India by e-commerce retailing out of which 36% is expected to be computer and accessories products.

This 36% is expected to grow to 42% shortly.

Challenges face by E-Retailing in India -

- Unproven/established business model –

- Different business processes than traditional to perform supply chain, payment and marketing activities of the firm

- Managing channel conflicts between offline and online sellers

- Personal Security and privacy

- Lack of marketing to move offline consumers to online purchase

- Transaction security and frauds

- Literacy challenge for online transactions

- Strong and deep rooted offline retail network

- Lesser number of credit card holders

Customer Awareness –

This term is related to the knowledge of the consumer about the product, brand, trademark or seen the marketing campaign of the product.

There are different stages of consumer awareness –

- Consumer knows the product and he wants the same

- Consumer knows the product but doesn't want it

- Customer knows the product available to fulfill their needs

- Customer knows the product available fulfilling needs but doesn't know the usage

- Customer is unaware of the product at all

Strategies suggested to retailers to increase awareness and encourage e-retailing–

Improve Trust –

- Use trustable personalities as Brand Ambassadors

- Display existing customer testimonies

- Provide clear contact details for any query

Product Quality –

- No question asked return policy within 15 days of purchase

- Display feedback given by the customers about the product

- Provide 24X7 customer support

- Share comparisons

Security measurement –

- Use SSL certificates on website (Secured Sign In)

- Display the logo prominently to make out fake alternatives

- Use strong cyber security

Payment Process –

Allow as much as possible modes of payments including cash on delivery

Delivery arrangement –

- Mention proper delivery time and date post purchase and keep sending trackers
- Take a buffer on commitment
- Proper reverse logistics to implement for any faulty or rejected products price

Most importantly make a fair price display.

This study has major gap of limiting the consumer perspective for online purchase and not covering business perspective. Also doesn't cover Omni-Channel angle for research.

III) **A STUDY ON IMPACT OF E-COMMERCE ON INDIA's COMMERCE - Dr. Rajasekar S /Sweta Agarwal (2016)**

While the essence here is how E-commerce is going to grow by 2020 and become one of the major industries in itself. It evolves more on consumer trust and precautions required for technology advancement along with the legal framework necessary.

As per this paper by 2020 it is expected that e-Commerce business will touch 100 Billion USD out of which 35 Billion USD business will be from the apparel business.

General categories of e-Commerce can be e-Merchandise & e-Finance. First deals with merchandise and the other deals with finance.

USA & France have already crossed more than 80% of their population who have adapted e-Commerce in their day to day life while India is on its trajectory paths to grow within a few years.

Primarily this e-Commerce transaction happens in different modes such as business - to–business(B2B), business –to-consumer(B2C), consumer – to- consumer(C2C), consumer – to business(C2B) etc.

As mentioned earlier e-commerce retail is called as e-tail. Any form of electronic data interchange is used to perform the transaction for e-commerce, such as email, website, shopping carts, online catalogs etc.

While the entire history of e-commerce is recorded by the author in this paper which will be available even on Google today, the interesting part related to India was that the first B2B marketplace by India Mart was established in 1996.

Amazon was established in 1995 but it took till 2003 to post its first yearly profit. Similarly the Alibaba group which was established in 1999 could made its first profit only by December 2001 .As known by 2015 Amazon has already swept the e-Commerce industry with almost a 50% market share.

Key Drivers in Indian e-Commerce –

- Large percentage of population subscribing to broadband, technology shift from mobile 3G to 4G for better speed & currently advancing towards 5G.
- Fastest growing smart phone market, going to be the worlds number two market.
- Decline in poverty rate with increase in affordability of phones.
- Huge variety of product range compared to brick and mortar stores.
- Cost benefit passed on to the customer due to reduction in operating costs unlike brick and mortar stores.
- Opening up of many new concepts like consumer to consumer, business to business options other than business to consumer transactions with ease of use of applications.
- Huge start-ups joining the e-commerce evolution giving a real big basket to consumers to make choices for products and services.

Contrary to other markets in around 2015-16, India had close to 75% of users preferring cash on delivery as a payment method. Also India's growth was close to 57% CAGR from 2012 to 2016. The largest e-Commerce companies were Amazon, Flipkart, Snap deal, e-bay and Pay TM.

By 2015 itself mobile commerce that is m-commerce grew more than 50% & contributed to more than 60% of the total e—commerce business.

Apparel is leading at 69.5% followed by 62% by Electronic items, while Baby Care products contributed 53% , whereas Beauty and Personal care products contributed 52% growth along with Home Furnishing at 49% in 2015.

Apart from 45% Cash on Delivery cases, 16% were on Credit Card & 21% on Debit Card as the preferred mode of payment. Only 10% preferred internet banking 7% mobile wallets at that time.

The 18-25 age group was the fastest growing shoppers group at 38% while the 26- 35 contributed 52%.

Challenges of e-Commerce in India

- Slow internet speed
- Transport Infrastructure in rural India
- Credit card usage
- Computer literacy
- English literacy
- No confidence of the user for exposing personal data
- Lack of strong security to control Frauds
- Nodal Grievance addressable system

There is no doubt that e-Commerce is growing by double digit growth year on year & it will be inevitable for companies to look upon it as a medium/channel to sell their products. At the same time joint efforts to improve the security and a robust system to gain the confidence of consumers will fuel this growth. Also India will need strong government policies to back this providing faster internet and logistics infrastructure facilities as well.

This paper doesn't give clarity on what will be impact on offline retailers and counter measures for same. This has more to do with trust factor due to security and legality aspect for consumers than the sellers perspective or impact on offline.

IV) **E-Commerce in China - the future is already here - Tom Birtwhistle (2017)**

This is another exhaustive study from PWC which has covered the highly populated Chinese market around 2017 on how retailers faced the e-commerce competition.

This will be vital for the study to correlate if any similarities can be drawn.

By Q1'2017 China had reached 1.4 Trillion Yuan in e-commerce business which was 32% higher than the previous year and in comparison the growth of physical retail was just over 7% only.

As per the foreword by Mr. Michael Cheng, Asia Pacific & Hong Kong /China Retail and Consumer Leader, for the year 2017 key highlights for Retailer will be Mobile Commerce, Secure platforms and big data analytics.

This report clearly states that investments in retail are expected in O2O that is Online to Offline or Offline to Online environment. That is Omni-Channel adaption is key for any success ahead.

China has realized the millennial power to back up this e-Commerce growth and have framed policies planning towards consumer rights, intellectual property rights and online transaction security as key measures to focus.

Budget challenges, Legal system issues and Integration challenges with the existing system were among a few challenges noted down by retailers when it was asked about Omni-Channel experience provision for their consumers.

It was already projected that by 2020 China will have 25% business from e-commerce out of the total retail business pie.

There were 9 trends noted by the paper for retail in China –

1) New Retail Normal –

a) Online to Offline matures into Omni-Channel

Seamless consumer experience on offline and online is the crux of an Omni-Channel ecosystem.

Omni-Channel in China has explored to drive the customer from online to offline which is successful to a great extent. The only thing is it that it has difficulties to map the return on investment and customer experience of satisfaction.

The worry for Physical stores in China was globally only 16% of buyers buy over the PC weekly & 11% over the mobile , against china hovering around 35% and 45% respectively.

The Omni-Channel growth has made Click–and-collect a popular option utilized by the Chinese consumer. More than 31% consumers have expressed preference to buy their favorite brands online and collect offline due to trust on the brand and flexibility for collection.

Top 5 reasons consumers buy online –

- Price is good
- Trust in the online seller
- Comfortable returns policy
- Customer reviews
- Fast & customized deliveries

76% of shoppers acknowledge that knowledge of the sales person is a very important element in retail shopping.

O2O model is primarily bridging all gaps between offline and online retailing experience to the customer, including marketing, purchasing, payment, after sales service with end to end customer engagement.

Important attributes of in-store shopping experience for the consumer –

- Profound knowledge of the Sales person about the product
- Personalized offers for individuals
- Ambience
- Self-Service checkout

b) Return on Analytics

PwC survey found that 70% of consumers voted for personalized marketing to be important for their shopping experience, but only 50% were satisfied with the same.

That clearly opens up the gap between the assumption made by the third party platforms and this flaw was due to possible data manipulation with fake customer review, cloned/fake social accounts and twisted campaign standards.

While this scene is now changing, with 31% consumers opting for the product requirement on the basis of advertisements by the platform for their needs exhibiting maturity of the analytics and success rate. Globally this is hardly 16%.

Many brands tied up with third party platforms like Alibaba, JD, Tmall just to get this data & plan or strategies their product launches. For example Haeir a Consumer durable company is noteworthy who did reverse engineering based on feedback from customer reviews on these platforms to improve their products. Similarly company like NIVEA tie up with JD to access customer data in return to launch new products globally introduced through JD are some handshakes of brands and Return on Analytics of platforms to understand.

c) Secure online platform

In such a matured market if out of 80% people who are willing to do transactions through the mobile for e-commerce, still 69% of them feel that their personal data may be at stake.

It made the Chinese government to form a law regarding network security of the online retail platforms and failing to comply with will attract hefty penalties.

Strategic action points

Data is the center stage for e-commerce. If they don't use this data wisely it will be wasted for, one of the biggest reasons for online retailers would be to engage with physical stores for data. That is where the success of Omni-Channel retail lies.

The first stage is to integrate internal and external data through secured sources. Proper usage of enterprise resource system (ERP) can benefit this in the long run than in a shorter span of time. Also the ERP capability to handle multi environments/scenarios can make this integration smoother for analytics tools.

Prioritization of the need for data churning through analytics and visualizing the required reports is what companies will need to do.

Supply chain, Technology infrastructure and store formats are key elements which will have an impact on Omni-Channels.

It's worth to have pilot test of the new eco system before implementing the stages of end to end Omni-Channel, human and capital resources.

The most important action is required in Human Resources as no technology or tools will get you talented human resources who can work in a common culture. The most important aspect is also upskilling of the employees. The well versed analytics expert in management only can show the benefits of the being digital and bring in digital diversity cross functional culture in organizations, which is a must for e-commerce or Omni-channels.

1) Transaction to Content driven approach

Social engagement and story-telling are the best ways to connect the customer with content driven approach instead of just remaining transaction oriented.

a) No more only commerce –

E-commerce companies getting into entertainment is the biggest example of this content driven approach. China is no different. T-mall which is an Alibaba group company has acquired more than 50% of market share majorly because of the same reason.

97% of Chinese consumers use T-mall as one of the platforms for e-commerce. 61% of them search first on T Mall for any product which is huge compared to global consumers using Amazon was only 39%.

58% of consumers from China check prices on T Mall.

While a good part for physical stores is only 24% are saying they shop less often from Physical shops. But it can be worrying when only 20% claim their shopping is not influenced by T Mall/Amazon.

Finally only 5% people claimed that they completely stopped buying from any retail stores.

Another concept that has emerged in China is direct to customer (D2C), where brands through their retail store sells online to customers instead of using third party platforms like T-Mall. While current share is only 10% for them, they would be eying 30% share in a short span of time.

This also backs up the survey of PwC stating 49% shoppers prefer to buy from brands websites instead of third party websites if better warranty/guarantee is available and even 42% prefer that if a better range can be explored.

Of course better prices, returns policy and brand loyalty will be also be key aspects to choose a brand platform over third party platforms.

b) Convergence of Technologies –

It will be an eye opener for e-commerce companies who read this paper that only 7% of Chinese consumers don't buy online, whereas for global consumers it is 38%.

Among these 93% consumers 45% buy weekly compared to 19% in the Global consumer scenario.

There is another important integration with this mobile and commerce is the social platform. WeChat is dominant player in China with over 800 million active monthly users. Many international brands are using this platform to push loyalty benefits to their consumers through this social platform. Close to 41% consumers avail promotions through these sites.

The biggest example in China was the tie up of JD.com which is an e-commerce site and WeChat which yielded 52% consumers on JD.com who were first time buyers and came with the reference from WeChat.

The noteworthy part as the next consumers who will join this social-commerce are going to have only mobiles as they come from tier II and II cities of China. This makes clear why the line between social-commerce & mobile is blurred.

This further affirms the claim when 70% of Chinese consumers say that social networks are a source for inspiration for product purchases to them.

c) Moment to live can be in cashed –

Discover-Validate-Purchase-Review is the complete cycle where consumers are glued to social platforms in china, which has unlocked a huge opportunity within social platforms for e-commerce.

Creating communities & circles of interest were key success factors for brands to propagate the brand image among social media. Clearly this has resulted in 79% of consumers to endorse brands due to positive interactions on social media.

d) Knowledge Influencers

This is not a new concept specifically in the medical field many companies use this to connect the wisdom of the trade to promote or influence the product.

These are also called KOL – Knowledge Opinion Leaders/Influencers. Sometimes even celebrities act as KOL and endorse products.

29% of consumers use this channel to decide the product purchase decision.

Strategic Action Points –

It will be a simple formula for e-commerce. The focus should be the Consumer and business is where the consumer is. If the consumer is on social media, you will definitely find the consumer there.

Optimizing of resources to deliver the digital mix and remain on a unified consumer approach is the key.

2) Novel Growth opportunities –

Clothing & electronics market in China were few of the matured markets which already reached a substantial level of growth. Food, Luxury & Sports are the new categories which are on the trajectory of growth.

- Food

While globally close to 70% consumers continue to buy the grocery in stores only, China is an exception with only 28% of consumers buying it at the store.

FMCG companies find new trends of trial of innovative products as an experiment among millennials. The farmers to consumers opportunity on growth where the platforms brands and trust is leveraged to market products which are fairly unknown or even unbranded like vegetables or fruit products

Specifically in food and Agriculture products it is noticed that close to 59% of Chinese consumers are buying cross border through e-commerce platforms.

Logistics is a key here where more than 200 cities have been enabled for same day or next day delivery by JD.com kind of platforms.

Multi-Channel example of China could be food distribution where it has O2O, Direct online to Customer as well as regional models of pick up from store & deliver to customer as hybrid model as well.

- Luxury

While a one side survey shows that millennials are ready to pay for luxury brands more if the brand has its own e-commerce arrangement. 21 out of 34 brands in China did not have direct to consumer option. It has found that Omni-Channel is a great way to access these consumers both at the physical retail outlet and on e-commerce.

When it comes to luxury brands the most worrying factor for the consumer specifically on third party platforms is authenticity of the product. In China over 69% consumers feel so. Also around 41% consumer feels that touch & feel is a must when it is a luxury purchase and 19% need sales assistance in-store to make a choice.

Socializing experience or seek knowledge of the product are two areas stores are exploring to connect with the digital world of the consumer.

- Sports and Wellness

75% of Chinese consumers buys sports products online compared to 51 % globally. The local government boosts sports and has resulted double digit growth to this category.

Engaging the youth on social media as well as operating multi-Channel O2O engagements create artificial hype through limited edition products.

Over 67% of Chinese consumers watch their eating and sleeping patterns on smart devices. Also over 64% consumers track their exercises too. 50% of consumers believe that due to smart devices their fitness has improved. Brands like Nike recognized the need for runners to form social groups as they feel isolated which brings the opportunity for Nike to organize an event or making a club.

Strategic Action points -

China being a vast digital market, for categories of food, luxury and sports or wellness products it is suggested to go the multi-channel route. Starting with flagship stores or experimenting O2O channel, for branded products direct to consumer and only online retail can explore utilizing a data driven approach to integrate with e-commerce third party portals to leverage customer insights.

New entrants have found it easier to go the online first approach with lesser costs of branding, while multi-platform marketing is inevitable by defining the value proposition to the target audience.

Internet of things has already entered in this when it comes to virtual reality helping augmentation of the physical experience. Block chain is helping consumers to assure the authenticity and originality. Smart wearables are helping geo tagging of consumer needs. Analytics is the way to crack the code.

Final words –

The physical store is not dead, it just needs to evolve. The way is through the Omni-Channel path. Emergence of mobile, social and e-commerce convergence is the way forward with more and more collaboration of online with offline.

While this report talks about the evolution of offline retail to online retail through the Omni-Channel route, there is lacking the necessary tools required to do so. China already being close to 25% of the market, the challenges of their market will be different and offline retail has adjusted to the circumstances already. Hence Survival of Offline retail is somewhere missing.

V) **Study on E-Commerce and it's Impacts on Market and Retailers in India - Menal Dahiya (2017)**

This paper is written to understand the impact of e-commerce on physical retailers, while in previous papers have till now already understood the impact of e-commerce on physical retailers as well have seen what is retailer & what is e-commerce. Can be learned few more types of markets and retail formats and the overall impact of the e-commerce on them.

As per the author below are the different markets categorized in general –

- Physical Market – As the name suggests it is a market where the physical purchase & sale happens like offline retail.
- Non Physical Or Virtual Market - When the business or transaction is happening over the internet without the buyer & seller meeting physically, it is assumed as a Virtual or non-physical market.
- Auction Market – Where bidding of the product is done & the highest bidder is offered the goods by the seller.
- Market for intermediate goods – This is a market where the raw material is sold to make the finished goods.
- Grey/Black Market – This is an illegal market where the good which are sold either evading the general rules and regulations set by agencies or illegal products are sold in this market.
- Knowledge Market – This is a market in which one can find products related to knowledge or information.
- Financial Market – As the name suggests currency exchange, financial related trade are the constituents of this market.

Different types of Retailers as per the author are –

- Department Store – Departmental stores offer various products /departments under one roof.

- Super Markets – One can say that the Super market is extension of Departmental stores but on a much larger scale which also includes Food and Beverage along with Vegetables, Grocery etc. Practically the consumer can get all household requirements from such stores.

- Warehouse Retailers – Usually these are large stockiest who operate out of their warehouse facility supplying to small outlets to fulfill the retail needs of consumer. The prime business of such retail is wholesaling.

- Specialty Retailers - This is kind of retail is where one can get exclusive products and all its accessories. The focus of the retailer is only on a niche range or particular brand.

- E-tail – The e-commerce platform which offers consumers to purchase products over the internet is the e-retail or also called as e-tail.

- Convenience Retailer – As the name suggests they are strategically placed shops and even may operate out of homes just for the convenience of the consumer to buy the products.

- Discount Retailer – These retailers usually sale seasonal goods or the stock clearance goods at discounted rates.

Impact of E-Commerce on Markets –

- Promotion of Products – E-commerce is a cheaper & faster way to promote the product over the internet.

- Customer Service - Since the product details can be very well placed on the website, as well as access to the call center or point of contact can be established easily which will enhance customer service.

- Brand Image – One can take full benefit of e-commerce for exclusive advertisements and flash the product on digital banners.

- Advertisement – Instead of print or other media for advertisements, digital advertisement can reach the masses at a lesser cost.

- Customization – Since the market for customized products will be niche and operating same out of offline retail can be costlier it makes sense to promote customized products over e-commerce.

- Order to Sale – The process through offline retail gets a bit tedious right from selection of the product to generating the sale. It is much easier way to do this over the mobile or the internet.

- Customer Value - E-commerce can form the best way to deal with the loyalty of the customer as data is analyzed and processed with precisision right from browsing to the wish-list.

Impact of E-Commerce on retailers –

- Revenue – Due to E-Commerce eating away the consumers from offline retailers makes revenue loss to offline retailers.

- Profit Margin – Due to deep discounts offered by E-Commerce sites, it iss imperative for physical stores to lower the prices and incur the losses.

- Discount – E-Commerce buying in bulk and rationalizing the sale over a period of time makes them viable to offer the product at the initial stage with low costs and averaging out over a period of time. Physical stores have a limited option with limited stocks to average the cost.

- Variety of stocks- Having physical stock for a variety of goods and displaying is a mammoth exercise and the same in digital form is much simpler.

- Customer Service – Here physical retailers are much better off than online sales in terms of repair or touch & feel. But when it comes to return of goods online retailers have an advantage at of doorstep service.

- Window shopping – While some studies have mentioned earlier that window shopping happens at both ends, online and offline Purchase happens in both scenarios other way round. Still it is difficult to figure out who gets benefits and who gets penalized.

- Advertisements – Success of retail depends on more advertisements as they are not much socially connected with consumers the way online retailers are.

The paper confirms that there is a good impact of E-Commerce on the market where the convenience, customization, costs are unmatched results of the same. The same benefits of online are having a bad impact on offline retail.

The challenges in E-Commerce are maintaining the website at optimum costs, large scale buying to make attractive offerings to the consumers, infrastructure costs for good deliveries and customer support set up including high level data security along with adhering to the laws of land.

2.5 Multi – Channel

Future of the Brick-and-Mortar Store in the World of Multichannel Retail - Aarne Mustakallio (2015)

To understand this, first understanding what is Multi Channel? As the name suggests the selling of the product through multiple channel is called Multi Channel.

Recent growth in e-Commerce has added another channel for marketing apart from existing channels like Brick-and-Mortar (BM), mailing or telephonic selling etc.

There is an absolute impact on Brick & Mortar retail due to this in terms of the chain of retail, prime locations and the size of the retail. There Small format retail and large format retails are primary categories other than Mom & Pop shops.

These physical retail stores have a definite impact for multi-channel including recent additions of e-Commerce to it. One cannot deny the physical advantage of the space when it comes to retail compared to online. The only possible change in usage of the space may happen or it is expected that Retail might become part of this change where they may provide pickup for the purchases made online. As there will be a lot of aspects to look at in physical retail when it's about the transformation, one of the factors will be multi-channel for sure.

This literature lays more emphasis on the physical place of the retail store which is a key asset to the retailer in conclusion. Whereas the impact of Multichannel is not limited to space is a short coming here. While fighting competition with multi-channel the author feels that physical retail is going to survive just because they owns the real estate of the outlet. While the perspective is from the point of view of the physical place other stake holders like the property owner or consumer perspective is missing.

This study is done for matured e-Commerce markets like Northern and Western Europe and the emphasis is majorly on the location of the retail outlet as well as whether it is into convenience goods or specialty goods.

The important thread from this paper is that the author agrees that the Brick and Mortar Store is here to stay and the change in role is what will happen. At the same time the author also mentions that there will rationalizing of the number of stores which is inevitable but that does not mean they are going to completely vanish. Hence the focus here given by the author is towards the location of the store or the type of goods it retails.

As per the author an important aspect as to why brick and mortar will endure is the touch & feel requirement of the consumer or the product testing and fixing necessity as well. Besides this there is a social and entertaining aspect attached to the shopping experience with personalized service being key attractions to the buyers.

The key message here by the author is that retailers will have to create a wow factor and differentiate themselves to attract customers even in a hybrid version of the channel.

Since the focus of this paper was towards the locality and size of the store also the suggestion by the author is towards the future possibility of flexible options to be explored by retailers to change the retail stores size as per the requirement instead of a fixed space.

As mentioned earlier this paper is focused more on the location and physical placement of the store from the perspective of the retailer and not from view of consumer. Hence it has limitations to believe that does the consumer during the hybrid model really need the store at a specific place? Also it is not clear on what exactly the retailer needs to do other than the location specifically to deal with e-Commerce. What is the way to survive in multi-channel is another question left unanswered here.

It is absolute clear in the paper that Retail is going to remain as a transaction place whether people will come to see products and buy online or see online and come to instore for buying.

While stressing upon the influence of multi-channel it is also mentioned that luxury products are the ones which needs special attention and the ego of the buyer to touch & fell the product needs to be massaged. So it may still continue to remain a prime product for the retailer while there is a scope of evolution in the overall expectations of the consumer.

While this paper gave a lot of suggestions on what brick and mortar retailers can adapt to face the challenge from the multi-channel environment and specifically from e-commerce, there is still a lot of scope to further study many more attributes which these stores need to face apart from location, proximity or space in the store.

2.6 Omni Channel -

Omni Channel is the concept where the customer enjoys the same experience whether he visits the online platform of the company or visits the physical retail store i.e. the offline store of the company. The concept is not new at all but is still not completely established by many brands. When the era of ecommerce started & there is always confusion for the seller whether he should go online or stick to offline. This channel has found a solution to this problem area. Both have advantages and dis-advantages. The study shows that many remote locations where few brands are unable to reach with their physical presence create a good opportunity by reaching consumers through the online option. Whereas physical stores what is called as Brick-and-Mortar stores gives the Touch & Feel option who after doing window e- shopping & want to check or try the product physically. Also the online store acts as a billboard for such brand building a continuous positive image in the mind the consumers. Offline stores on the other hand become Point of Sale (POS)or demo places before the product is purchased or even many consumer go through the physical stores of multiple brands & prefer purchasing later from online platform. In both cases when the consumer experience is smooth integration of online & offline store of the brand it creates a great value for the customer & customized choice as per requirement of the customer.

While this study captures one part of the impact as how profits are getting eroded due to e-commerce for physical retail, it has not given a solution to overcome the same. Also one can't say from this study whether E-Commerce is profitable or not.

I) Going for e-commerce and brick-and-mortar? - Linnéa Andersson/ Sara Hansson (2014)

The author has gone deep into the study of Swedish companies engaged in clothing to understand the Omni-Channel arrangement of business which is emerging in that market. Europe has a few restrictions for e-commerce on cross border supply which may not have full throttle exploitation of e-commerce.

It is interesting to note that offline retailers are not able to compete with the speed which e-commerce is able to offer to their consumers while e-commerce is not able to offer equivalent customer service which is offered in offline stores. This is good statement to understand why they need to work together

Social media, online transactions, customer expectations are an increasing phenomenon to be tackled by the store. It is very pertinent that multi-channel requires more resources than a single channel.

It's important to understand that Multi-Channel is usually similar to Omni-Channel, with the difference that multi-channels are not connected to each other and operate independently.

Omni-Channel is integrated with each other for giving a seamless experience to the consumer.

As observed specifically in Europe different laws of different countries makes it a compulsion to be followed by the physical store, while in an electronic store has no geographic boundary to operate within.

This makes the situation complex to give uniform services over e-commerce and physical store. As the customer is immune to this understanding, it can create further chaos.

Due to the geographical structure of Europe having different laws for different domestic markets, it has some hindrances to grow cross border business. In spite having a single European Union (EU) and making attempts to pose as a single market there are still many challenges in terms legality for the buyer to purchase cross border over the internet. While the EU is poised to double online sales by which the customer will get access to 16 times more choices and will help to get better products from across borders.

Europe remains one of the largest markets for e-commerce in spite of cross border challenges to sell. There is almost 20% growth e-commerce for some countries of Europe.

With the recent recession in Europe e-commerce sales has increased due to search by more consumers for cheaper/economical options of the product. This has made it a compulsion for most of the physical stores to opt for opening e-commerce stores as a necessity than a choice. Also trust with the existing brand was more for consumers than the new companies who started their own e-commerce portals

An interesting story about Sweden is due to good mobile and internet penetration the online business is one of the best in Europe. This has compelled most of the physical stores to open e-commerce stores and vice versa

Store location criteria based on store performance –

- Population Structure – Demographic statistics
- Economic Factors – Household income
- Competition – Distance between two stores
- Saturation Level – Demand supply ratio
- Store Characteristics – Accessibility, Store image
- Magnet – Hot spots

Store performance is usually measured with,

- Sales Volume

- Store Profits

- Market Share

- Retail Patronage

- Price Elasticity

Interestingly with the new market dynamics, it has compelled a few manufacturers to bypass the distributor and sell to retailers directly. At the same time a few manufacturers also bypassed the physical retailer and sell to customers directly through online the retailer or direct to the customer.

The strategy implemented by the ecommerce is to establish a platform to explore the market opportunities in different countries as well as cross border, depending upon the response the physical retail store is established at that location. The reverse also strategized where physical store is already available e-commerce store is also opened.

Along with catalogues, physical and e-commerce all channels are utilized for sales as a selling strategy

Shop online and pick up at physical store as well as returns at physical store were implemented for a faster response rate.

Physical stores are important to create a brand, giving a touch & feel to the consumer along with personal service.

A combination of e-commerce and physical stores will give growth and increased sales opportunities as more customers can be reached by the company.

This is most suitable for established brands whereas for startup's it is good to start with a single channel like e-commerce and then explore physical stores.

This paper is establishing the need for adapting multi-channel by brick-and-mortar retail and emphasizes on integration. This paper is only for the clothing market and parts of Europe alone. This will be limitation for this thesis

II) Retail of the future: O2O or O&O? - Somani, Vaibhav (2015)

This study has more of a change in the customer approach and economic parameters towards the experience while the customer interacts with online and offline stores. Stress is upon brick and mortar stores remaining as point of sales merely for customers it should become more of an experience zone where customer can touch& feel of the product. This means the Online to Offline or Offline & Online choices given as a sort of Omni Channel alternative. The gap found is this is more on customer centric survey whereas what the shop keeper understands this multi-channel challenges or Omni channel possibilities are not explored.

Point of Sale to Point of customer experience is the transformation expected by retail.

After the emergence of e-commerce even though there was an expectation of complete wipe out of the brick and mortar model. In reality still 73% consumers wish that the experience is better than the online store.

Also it is found that many online retailers have opened up physical stores and it was increasing every year. Microsoft had increased from 14 to 51 stores from 2011 to 2013

Even traditional retailers have invested in infrastructure and Capex(Capital Expenditure) during 2011 to 2013.

The importance of physical stores is observed in an online era with the decision to decide on click and brick. Click to brick, brick to click will be important for all retailers.

E-Commerce in the US has increased from 2.5% to 6.5% of total retail from 2005 to 2014.

In value it was expected to reach 2.35 trillion USD by 2018.

Format and places of retail are also changing dynamically. An example of travel retail is noteworthy, where it was observed an increase of almost 73% in travel retail through airport outlets.

Major contributors for Physical store to attract customers are,

- Product Range
- Brand Value/Experience
- Convenience to shop
- Discounts
- Entertainment or Hedonic motive
- Solution to the problem area
- Instant Gratification

Except gratification and solution selling most of the other attributes can be offered by online stores and may be even better than the offline store.

From the clue of the US market as the author clearly signifies there is a definite role of physical stores as when it comes for the manufacturer to decide where to go the answer is not easy.

On one side quick and larger volumes can be achieved by online stores, at the same time there will be a race of supremacy to dictate the trade.

In US it was observed that millennial are contributing close to 28% and they prefer multi-Channel marketing.

Earlier also observed that the retail experience is irreplaceable. Google found the best way to represent their creativity to the consumer by creating experience zones. Google launched the first instore in 2015 and planned another 2 shortly.

When it comes to claims of the offline retail many consumers do window shopping at stores but buy online. There is another claim that the consumer surfs on the e-store and does the actual purchase at the offline store.

The third aspect of offline retail is product testing which is next to impossible for online store to replicate. Last but not least it is instant gratification when consumer buys product offline.

It is no secret that most of large scale retailers work with wafer thin margins to manage a high turnover. Examples are Walmart, Cosco & Target who have declared a margin between 2 to 3.5% during 2013.

Change in the role of Physical store –

The role of the physical store is completely changing from point of sale to point of consumer experience, Consumer data capture to Consumer engagement, Product research to order fulfillment for online stores and consumer touch point to brand promotion points.

Many stores have converted their retail set up into experience zones like adventures or just bank desks in cafés, there could be many ways the customer is given something extra.

Bigger retailer like Macy's utilized large space to have the warehousing at physical stores to ensure same day deliveries. Also the extensive use of retail stores helps for returning goods which in turn are sent to the central warehouse. This way the e-retailer saves on the high cost of logistics.

Thus physical stores play many roles for consumer experience and e-store extension.

Impact of Technology advancement on Physical stores –

Cloud – There is a threefold increase in cloud computing within 3 years. Digitization of the physical store will be enhanced due to the cloud giving the consumer a choice to browse products and information on the portal of the store. Also this can do more with purchasing and other activities like feedback etc. through this portal.

Digital platforms will be the backbone of the digital interface between the consumer and physical stores.

Big Data Analytics – Data Analytics is an ocean and many things can be revealed from this ocean, Artificial Intelligence is just one of that. Due to social media and consumer engagement on digital platforms exploring multiple channels there is a huge amount of data which can help to make customized offerings to the end customer. Data earlier used to get captured only during check out of the customer at the store. Today companies want to know their prospective customers even before the consumer makes up their mind to buy the product.

In-Store Locating – Today the world of technology has provided a wide usage of simple tactics to give the benefits of a larger advantage. By simply providing free Wi-Fi to the consumer retailers get access to data points of the consumer, about which product is looked at by the customer , what is the frequency of the customer for search of the product, which comparisons the customer is looking at, which department needs a makeover or product needs to be showcased etc.

Ample knowledge will make retail more and more customer centric and will help in more sales closures.

Interactive Displays – Another big change in retail which has happened with technology bringing interactive displays. These displays have transformed how the consumer looks at the product selection, their choice, accessing information. These displays also can get connected to Big Data giving further AI based information and help retail to take benefit from using technology.

Aerva and IBM are the biggest examples where Cloud Computing and Big Data are used in practice for retail store clients and have deployed solutions to help them,

Another example is Bluetooth Low-Energy (BLE) technology used in iBeacon to identify customer movements to serve notifications about products and instant offers from retail outlets.

Event base crowd pulling is a traditional approach many retailers follow. They are successful and an important part is costing. Recurring events with short durations do not give the excitement to customers to participate in the same.

Other three major activities which can make offline retail have more customers and generate more leads are:

Seamless customer shopping, - This is where the consumer right from entering the shop is facilitated with data inputs on the basis of their needs right from selecting the product, making comparisons, suggesting the right products and finally giving personalized offerings.

Social media facilitation – Today's strength of social media is known, there are many ways by which the retailer can get engaged with the consumer through social media. With the help of blogging, event groups, social clubs this engagement can be done by stores. Product comparisons and knowledge and the opinion of the seller give a lot of inputs to future consumers in making up their minds in zeroing down the final product selection.

In store social media access- The biggest driver and source to the customers mind is social media. Giving in store access makes the retailer get lot of data on consumer behavior and likings. These are strong point for any retailer to act upon and utilize for lead generation.

Personalization – For a consumer there is nothing better than personalized offers. One research shows 85% of customers prefer personalization based on previous purchase history, also 96% of retail confirms that personalization influences purchase of the product and over 56% also endorse the increase in sales due to personalization.

Security and Privacy – The biggest concern in integration of technology with the consumer is security and privacy. No customer likes to get compromised on both these fronts. This further more stresses upon integration of online and offline stores to form the Omni-Channel store which requires a systematic approach.

Omni-Channel – There are many theories about online and offline retail whether they are complimenting each other or substituting each other. The study shows that offline retailers are well convinced that they need to work closely with online retailers and vice versa.

On Omni-Channel strategy question asked by the researcher shows that 63% retailers are either in-progress, moderate or at an advanced stage of integrating into an Omni-Channel.

In the Fashion industry there was a visible rise of more than 30% consumers using click and collect facility in Britain and France.

It has also observed that it is quite easy to move from Multi-Channel to Omni-Channel or Single channel to Omni-Channel, as establishing the physical store by online stores themselves is much more difficult than integrating with existing retail outlets. Also for Retailers it is quite easy to explore integration with online stores and utilize the infrastructure for mutual benefit.

While this integration throws up a few benefits and challenges which are :–

Benefits –

Multi-Functional channels – Cross functionality is the key essence of integration. The utilization of the physical store to pick up stock, return stock, give a touch &feel or personal services are exchanged with online store functions. This pulls in the customer ensuring to update the customer about new products, gives comparisons of the products and ensures the best offerings.

Sales Improvement – Cross selling and Up selling is much easier for physical stores than online stores. Also many times online stores have challenges of abandoned carts due to web window shopping and purchases at offline store which will get avoided here. Online platforms having integration to physical stores will enhance the customer experience and increase the loyalty of customer with better sales.

Relevance of offerings – It is very difficult to decipher the real intent and interest of the customer unless known more about the customer. This can be possible with the use of analytics and social media integration of the online-store. The narrowing down of the interest of the consumer means knowing and offering only relevant requirements to the customer. This focused approach can result in faster conversion of for sales. The relevant offering makes the consumer purchase cycle smaller and directs the consumer to buy the required product from the store.

Challenges –

Rigid Organization structure –This is the most important mistake made by most organizations while handling integration of online and offline stores. They are treated as separate profit centers which is a mistake. Ideally when multiple channels are used it i is quite obvious that all channels will have different cost centers. Traditional organizations will have to transform to a dynamic approach to view it as complimenting channels than comparing themselves with each other.

Competing Distribution channels – Usually businesses will operate through different channels like wholesale, retail, corporate and direct. Maintaining synergy among channels is always challenging. Also customers searching in one channel and purchasing products through other channels incurs a cost to the original channel. Avoiding cost conflict is difficult for business to manage.

Loss of Impulse buying – Due to integration it makes it easier for the buyer to research all the required products, compare them and zero down on the final purchase. If such a buyer goes to a physical store to purchase the decided product then the consumer will be reluctant to explore the other products and hence impulse buying will not happen.

While there are benefits and challenges both for Omni-Channel integration, proper implementation will avoid the pot holes down the road.

Implementation Roadmap –

Customer Value – Customer centric approach is the most important and whatever it takes to satisfy the customer should be adapted.

Basic principles which the customer looks upon are Price, Place and Choice which are to be taken care of. The best price is to be offered, retail stores to be placed where the customer is available and choice of multiple product makes it easier for the customer to decide.

While apart from this, differentiating factors will be Consumer experience, Exclusivity and the current Ecosystem. Consumer experience depends a lot upon the ambience, greeting areas, overall purchase process of the consumer along with customer support and instore assistance.

Exclusivity is a feeling of prestige for the consumer and prefers to make purchases from shops which treat them differently than a normal walkin customer. Customized offers to consumers and products will be make this useful for retailers and in building a loyal client base.

Ecosystem is making offers of the product which is a co-function to other products, like customers expect after sales service for the product purchased

In conclusion one can definitely say both channels Online and Offline have their own advantages and integration makes it much better to utilize each other's strengths. Integration needs a proper approach and understanding of the targeted customer. Instead of competing with each other complementing each other will be the best solution. Omni-Channel is the future of retail.

This study is more on the theoretical background than applied to field, based on very limited interviews of consumer and staff of the mall this has been constructed. Also it doesn't take care of sub systems of channel along with different layers. Fail to give concrete steps to way forward. These are the gap found in the research document.

II) Can Offline Stores Drive Online Sales - Kitty Wang and Avi Goldfarb (2017)

This is one of the best papers where the authors found that offline stores have much more to do in online era and the future could be Omni-channel where the offline store actually works along with online retail. There is something called give & take between both and both need to work together. Advertising on billboards has more scope on the other industry.

As couldn't get entire document this one is retrieved from the internet as just one article still it is worth going through due to its crisp understanding of the subject and possible suggestions for offline retailers to deal with the e-Commerce.

Key takeaways –

When any physical brand store opens there may be a drop in online sales in that area.

That means store positioning is important where the brand is not so well known or online cannot reach or online has lesser penetration pertaining to brand awareness among consumers.

Needs store where footfalls can be more like a tourist place or mall which can act as an advertisement to the consumer for going on online platforms and buying just like billboards.

Both online and offline substitute each other when it is looked at as a distribution channel but actually they support each other as communication channels.

The basic question is this, when every industry is crying today about e-commerce eating up offline sales, how come published literature is pointing towards supplementing each other.

The findings were very simple where the brand image is established, the opening of a retailer outlet has hampered online sales and where the brand image is not so strong opening of the physical store has complemented to pull the customer from online store to the shop and vice versa!

This is more towards apparel but can be applied to other industries as well. This has also shortcoming about multi-brand retail strategies. Also doesn't give clear path for offline store about place, promotion and processes required.

2.7 Future/Emerging Trends –

Disruption is continuous and it is evolving constantly. It will be imperative to study not only what is current challenges of offline retailers but as well what may happen in future as well. That can give some directives for offline sellers to prepare themselves along with battling the current ground.

I) The Future of Retailing - Dhruv Grewal, Anne L. Roggeveen, Jenus Nordfilt (2017)

Technology, Visual display, Engagement, Big-Data and Analytics are key area, which are discussed by the author in this research. Even though there is importance to update and evolve in technology by Retailers to reach more sales closures by customers.

Five key areas are focused in this paper by the authors

- Decision making based on Technology & Tools:

As the world of Artificial Intelligence and Machine Learning has entered and opened new doors of technology, ibeacons, Bluetooth sensors etc. have paved the way to analyze geo based data and further beyond the same.

Amazon Go is known for this innovation taking the next step in creating shopping without human intervention centers where consumers do not need to submit products bought at any counter   but simply pick up and carry home the products. Sensor can sense everything right from the entry to exit and you get a bill on consumer mobile. All you need is a smartphone and the Amazon App which is is what will make this possible.

The side effects of technology is possibly the disconnect of human interface and hence connect with consumer which is expected. At the same time there may be a question in the mind of the consumer about exposing personal information on extreme levels including likes and dislikes to the world. Mobile based marketing and analyzing this data is on one side a boon to the shopper and retail outlet but can also bring in dangers on the security aspect.

One can find the collaboration of technology to use shops with human interface just as pick up points to maintain the equilibrium of technology and personal touch.

- Visual display & merchandising offer decision

Particular visual effects helps the consumer make decision making simpler and faster, It is observed that bath towels arranged in diagonal spatial positioning gives better sale just like beverages are stacked vertically have a higher consumption than horizontal stacking.

It is very important for the consumer to indulge with the product at first look which is out of the carton or box, and when the consumer touches and feels the product it should create the same image of the product as perceived by the consumer. Perfume bottles having hardly 10% occupancy of perfumes, occupies 40% within the bottle size still gives a sense of luxury and richness.

The price printed on the right hand side of the packing helps more consumption than on the left side.

All these visual and spatial arrangements are key for the consumer in Decision making

- Consumption and Engagement

Consumption and engagement are very much correlated from the point of view of the seller as well as the buyer. Customer hedonic decisions are largely based on in shop factors as well as outside shop factors. This involves inside factors such as ambience, trained employees, shopping experience and product quality. External factors are mainly social connect, customer engagement, value propositions and the perception of the customer before purchase are just to name few.

Various touch point at shops exhibit the customer engagement matrix and gives feedback to the shop keeper about the cognitive, social, physical responses from the customer.

When the customer sees the value proposition of the product with greater engagement with them the price of the product becomes irrelevant.

- Big data integration

This is no secret that more data is a better learning for the entrepreneur. Big Data has the capability to churn large amounts of data to give such results. The results from Big-data integration are useful to shop owners in deciding brand selection, Placement at shops, possible purchase patterns, consumer tastes, service levels so on and so forth.

There is no limit on data driven an understanding of the complete sales cycle with effective inputs for corrections and improvements.

- Analytics and Profitability

Four levels of the market, firm, store and customer where the profitability lies and analytics is very effective to find each levels solution to deal with. While analytics can clearly show the path to profitability at each level including individual pricing, dynamic changes as per the season and even mobile targeting as well. There is again

the key benefit of Omni-Channel when one can integrate data & analytics with profitability. Vendor relations are keys to succeed in a   multi-Channel format.

What is Next? Retail future –

The time has come when machines will be talking to machines. With the Internet of things augmented reality, Virtual reality, the prospect of selling and purchasing is changing the horizons. Technology fueled shopping is bringing a huge competitive approach amongst the retail segment and it is on an exponential growth path.

Drones and driverless cars are new innovations and setting new possible outcomes of technologies. Customer expectations with these tech based products are also increasing to satisfy the quest of ownership. The demand to satisfy the best product with the best price and latest innovations has emerged as a necessity for offline and online retail to work together to exchange touch points of customer
Customer engagement and hence consumption ultimately can be reached profitably with the use of technology is to be underlined.

What is missing in this paper was basic survival options are very much needed to be discussed .Also more than trends, retail specific importance on convergence or coexistence is also required.

II) **Conversational Commerce - Jerome Buvat, Mark Taylor, Kees Jacobs, Amol Khadikar, Amrita Sengupta (2018)**

This is a little advanced research where normal e-Commerce is moving towards conversational commerce. This is from the German market and hence limited for that market. As a technological development it gives a different perspective of what will be the future of e-Retail.

Capgemini has done a survey in Oct-Nov-Dec 2017 within the US, UK, Germany and France and published the paper on Retailers Association of India website.

Many have already started using this technology with Google assistant, amazon echo dot etc. to operate products by voice instead of typing anything. It's as simple as searching for information on Google search or giving orders to Alexa for playing favorite movie or song.

Advanced version of e-commerce has its roots in Conversational commerce.

Machine to machine conversations like smart fridges ordering products which are low on stock through artificial intelligence on e-commerce websites are already available.

a) Why Voice assistant/Conversation are about to revolutionize commerce?

By the year 2017 both Google and Microsoft surpassed human accuracy thresholds from their devices giving a new horizon in the segment.

It was expected that 40% consumers will prefer to use voice assistants over use of the portal or app on the mobile and 30% to use the same instead of going to the shop.

By 2017 81% users utilized voice assistants through their smart phones.

Also 25% consumers are using either Amazon Echo /Google Home for the same.

82% of users have used voice assistance for general information like news, weather, recipes and close to 35% users engaged in voice based commerce.
Among consumer products, electronics scored 52% in customer choice to order over voice and among services ordering meals was the highest option for 56% of consumers.

In both consumer and service categories for other specialty products like books, pet supplies etc. scored 49% and 54% respectively for users.

With 56% consumers wanting to order their favorite food over voice, there are 44% of users wanting to do banking transactions with voice commands. Starbucks and Dominos have already started services with Amazon and Google to fulfill this quest.

There is a bad news for offline stores, 59% of consumers who are currently going to physical stores may reduce to 45%. Close to 14% will move to voice assistant shopping other than those who are already using the voice assistant.

Also those who are not using close to 7% will be moving to voice assistant shopping.

App/web based shopping expects not much of a change.

82% users like fast and accurate results of the voice assistant, 81% felt dictation and accent makes them happy and 75% marked bang on relevance on recommendations.

Time saved due to conversational commerce in overall purchase is one of the biggest value adds for 64% of users and 68% got happy with the promotions done in using this.

71% feel safety and security of data is of utmost importance.

The most preferred location to transact over voice is 69% and next is 61% with people choosing it is kitchen. The largest age group to experiment on this is 33 to 45 years of age with close to 28% opting for the same.

Consumers prefer to replace the below mentioned human interaction with voice assistants:
- Customer Support/Call Centers
- Sales persons instore
- Banking relationship Managers
- Checkout counters
- Tele-callers.

b) Why Consumers love voice assistants?

There is high level of satisfaction amongst users who have used the voice assistant for commerce. Close to 85% average in all categories sent money/made a payment to someone or ordered a meal or bought some groceries or booked a car on Uber have given this feedback,

Ability to multi-task with convenience and speed is the biggest wow factor in conversational commerce.

Automating routine shopping tasks is another advantage over mobile apps or websites for 41% of users.

Amongst others it is personalized needs, better deals, more secure data, natural conversation and as good as talking to someone instead of the mobile app/web based transaction are the among benefits why consumer love to shop with conversations.

Surprisingly consumers also said that it understands concerns better than physical people and better quality customer service are points to ponder over.

Ego satisfaction to do a smarter move in voice than doing over mobile apps is among a few reasons to engage with voice over human interaction.

A few more features if added to the voice assistant will be much better and compel its use are:

- 81% users recommend better diction and voice & accent than the current ones.
- 75% felt relevant recommendations and sensible conversations are key.
- 66% recommended personalize their experience along with any additional information as well.

When there are lovers, non-users of voice assistants have a few hindrances too for more people to join this revolution which are:

Trust with safety and privacy is what 65% consumers feel and almost 61% consumers don't want to interact with the voice assistant just because don't see any need to do so.

Feeling uncomfortable talking to a machine is a problem with 57% of consumers and 54% felt visualization is lacking when it is a voice based assistant.

48% make a point that the voice assistant does not understand their reactions.

c) Benefits of Conversational Commerce

Increase in Net Promoter Score/Index which gauges the recommendations and possibility of the consumers to promote the product basis their feedback and experience of the product.

The US market has shown an almost 25 point increase in the Net Promoter Score (NPS) which is used to evaluate customer loyalty, satisfaction and enthusiasm for particular brand or company asking customers whether they will recommend particular brand or company to friend or colleague on scale of 0 to 10. This scoring is a remarkable achievement of conversational commerce for any brand. The average has shown 19 points for brands using conversational commerce over non voice assistant commerce.

Apart from NPS also there are few more benefits to the brands-

Higher frequency of purchase by users over non voice assistant users and sharing of positive experiences with friends and relatives (Word of Mouth-WOM)

Increased spend on brands has led to opting for more products of the same brand.

Getting high and positive ratings is another side effect of the voice assistant.

Around 16% of users have shown intent to increase the product purchase due to NPS ratings.

The point to note is that close to 66% of users are from urban areas and of that close to 47% users are between 22 to 32 years age group.

d) Conversational Commerce Strategy

Any new strategy needs to be tested on a small sample size. Learnings from the outcome are then implemented.

Four key areas to focus for conversational commerce strategy are:

- Customer Experience
- Conversational Intelligence
- Business Operations
- Technology solutions

In the Future it is inevitable to take leaps in a short period of time. One needs to recognize this before the competition does to capitalize as an early mover. The market will be always competitive in whichever phase or decade of the business and success depends upon the early mover advantage taken with technology transformation.

Smart technologies with smarter consumers are going to dominate the market for sure in the future

This is completely new channel for Omni-Channel which integrates the consumer with retail. This has integral part of Omni-Channel already and will play key role for the success of this technology driven channel of communication. From the existing thesis context this paper gives directions for sure to retailers towards what's in future though it has gaps to providers what's in for current challenges.

2.8 Consumer Behavior

While primarily this thesis doesn't have any consumer perspective at all since this study is from seller's perspective only. Few literature on consumer behavior are touched upon to just understand the offline or online retail expectations of consumer better and can be helpful as final outcome for Omni-Channel perspective as well.

I) **Electronic Shopping ,A Paradigm Shift in Buying Behavior among Indian Consumers - Pawan Kumar(2013)**

This study is mainly for online retailers to understand the buying behavior of their customers. It reveals a few reasons why Indian customers are still reluctant to go for online purchases. While it expresses the need for easy returns, try and use sort of options should be provided by online retailer which was that time needed and now already seen that those are very well practiced and accepted now. The gap in the research was of actual solutions and the reasons of online retailer engagement.

Socio-Cultural effect on buying behavior of the consumer which directs them to buy from online stores is studied by the author in this paper. On the other side it studies why customers are reluctant to buy from online stores. That means one can find the

pros and cons of the buying behavior of the consumer. The use of the study can be for offline stores also as it can help to understand what are the disadvantages of online stores which offline store can take advantage for. At the same time online stores can learn how to improve upon these mistakes.

Due to changes and cultural shifts at the house from the authoritative decision making of the male buyer to democratic decision making involving the spouse has been a radical shift in buying behavior.

The benefits of online sopping due to price discounts, door step delivery & wide variety of products are already aware & hence many customers are opting for the same. At the same time due to risk of online fraud, privacy concerns and missing the touch and feel of the product are hindrances to opt for online shopping.

E-commerce has changed the way retail business is done. E-commerce has opened the world to purchase and sale from one corner of the world to the other. This has changed consumer behavior for buying.

The increase in buying online has increased due to extended time available for users for shopping compared to offline buying. There is no time restriction to buy and purchases can be made at any time. Also the delivery of products can be done at nearby shops or doorstep delivery. Payments are flexible with Debit or Credit cards, Cash On Delivery, Payment Wallets etc.

More choices lead to more confusion and wastage of time which the author feels may constructively be spent on the internet by the shopper which might end up in the shopper not buying anything. During 2013 it was a costly affair to procure the product online due to transaction charges. Touch & feel is anyway the missing link here and online payments may fall victim of frauds in those days.

Hybrid Electronic commerce will be a better choice than a pure online store or pure offline store. Various strategies will help these hybrid models for shop owners.

Cost Reduction Strategies – Instead of using a sales team for pre-sales and post-sales activities the same can be switched to online which can save a of the cost of the sales team as well as the service team. This same manpower can be utilized for better job profiles like lead generation and other purposes. Besides this physical stores can be utilized for local deliveries to reduce the cost of transport for online stores.

Trust Building Strategies – The perceived risk of fraud can be reduced with the presence of physical stores for transactions done online. High risk transactions always need trust and the same can be established with physical presence.

Value Adding Strategies – There are many methods by which value addition can be done by all channels. Making loyalty programs is just one of them. There can be personalized pricing and promotions for customers. Having pre-booking for specific customers or even offering prime benefits can be an added value to the customer. This can increase recurring business from customers as well as lock-in with the sellers.

Market Extension/Reach – With the help of online presence physical stores can increase their reach in the market. At the same time online stores can extend through physical stores offering new products to existing customers and vice versa.

Differentiation through Value Added Services – Single channel offering, value added services like pre-booking, discounts, customized pricing etc. are seen. The ideal scenario will be to have the product purchased online and value addition is done by the physical store for service , installation etc.

By now most of the advantages of online shopping are known, this author has brought forward few new aspects to same –

Convenience - Apart from buying 24 X 7 the user also got a first time e-book concept like Kindle. There is no necessity to buy only the physical book. One can just buy and start reading the next instance. This is a great convenience for the shopper.

Sending Gifts – Sending gifts has become much simpler and reduced the cost of the same as well. Earlier there was a compulsion to buy the product /gift physically and

then ship by a courier to its intended destination. Now the same can be done over the internet for any location & delivered locally without the gift giver being physically present.

Fewer Expenses – Usually when consumer go out for shopping there is a tendency to buy products which are not required immediately via impulse shopping. On the other hand on online purchases utilitarian shopping is higher.

Crowds – The best way to avoid going in crowds is buying online. Specifically in the festival seasons when the demand is more than supply it is advisable to shop online.

Compulsive Shopping – Instead of impulse buying which is done at physical stores, at the same time the sales person up selling skills may end up in enticing the customer in buying products which might be much higher priced than the customers budget and requirement. With limited choices given a smart sales person induce you to buy the product from available choices only.

Old /Refurbished/Antique Purchase – While there are many markets on roads which sells such products the limitation of such items is it makes it much easier to go through online options for the price and choice with a wider variety of choice.

Discreet Purchases – Adult products are easier to buy online instead of at the physical stores. This avoids embarrassment to many consumers.

Changing Nature of Work – New age technology is creating new opportunities for people who can learn this technology and look upon these jobs.

Consumer Behavior –

Primarily socio, cultural, personal and psychological factors will influence consumer behavior. It is perceived that the buying behavior of the online store customer will be different than the buying behavior of the physical store behavior of the customer.

Apart from demographic differences, age, sex, education also affect the buying behavior of the consumer. There are five major psychological factors add to this which also affect consumer behavior which are motivation, perception, learning & beliefs, and attitudes.

Age, Gender, Occupation & Income are important attributes which will affect the buying behavior of the consumer. The understanding of this demographic pattern of the consumer will help online retailers to devise relevant strategies for marketing and to reach more customers.

Age has a significant impact on online buying. It's quite natural to understand that generation Z is the driving force behind online purchase as a tech savvy generation they have a wider reach and in depth understanding of the usage of the online platform.

Due to increase in working women and with scarcity of time, it was observed that both male & female have an equal interest to do online shopping. That means there is no effect of the gender in online shopping. Earlier it was assumed that impulsive buying is more of a feminine motive and with online shopping that is not available. It has proved wrong with this study as women can still do impulse buying on online store also.

It is no wonder that this study has found that young and unmarried couples have more frequency and inclination towards buying online compared to married couples. With lesser responsibilities the craze and fun to do online shopping, frequent change of electronic gadgets makes bachelors comprise mostly of online shoppers.

No scientists required to say that more educated people are having more of an inclination to buy products online as compared to the less educated. With better education comes better employment as well as knowledge to do online shopping with ease. The risk of online transactions also is minimized with education as knowing potential online pot holes help to avoid these risks.

It was also found that people having either jobs or doing business have an inclination to do online shopping due to the scarcity of time.

To attract customers to e-commerce stores certain characteristics identified are Security, Appearance, Adequate Product and Services information, ease to download the pages on the portal, User friendly interface, Site Search Option, Hyperlinks to outside portals, Member attributes and facilities, Company information, lesser pages to explore, Customer feedback options, Visitors information like number of page visits or Customer testimonies, Online chat bot options etc..

If ranked on preference of products to buy, clothes and shoes rank first followed by accessories and cosmetics. It was also observed during 2013 that Homeshop18 was the second most preferred e-commerce site e-bay was number 1.

The reasons for shift in consumer behavior to purchase from online instead of offline are listed below:–

- Convenient and easy to buy
- Within a short time one can buy online instead of many hours spent in offline
- Anywhere in the world products are accessible.There is no need to travel
- Price benefits and Schemes/Promos
- Hassle free shopping
- More comfortable
- Better choices available
- Saves both time and money
- Ease of comparison among different brands and products

Few factors which its lacks are –

- Consulting with the sales person before purchase
- Touch & feel is unavailable
- Negotiations are not possible
- Sometime shipping charges may be higher than procuring from the physical store

- Return policies of certain online stores are not comfortable
- Fear of online fraud
- Trial options not possible

Final findings –

1) Change in Consumer behavior due to online shopping, demand for more discounts, asking for more value for money and adaption of technology to access higher benefits

2) Drastic change in culture of the community. More women participate in buying decisions, younger shoppers participation has increased drastically.

3) Millennials are ready to take risks as compared to old age consumers

4) Online shopping gives more fun and enjoyment to bachelors than married couples

5) Education and occupation makes the techsavvy and affordability better for the consumer which increases the influence of online shopping

6) Cultural change in the society has given more power to women who can make buying decisions. Due to an increase in working women it has changed the buying scenario. At the same time only hedonic motives may not be a restriction for women to stay away from online shopping anymore,.

7) Friends and families influence has reached a higher level compared to traditional shopping. This is due to the increased usage of social media.

8) Online shopping within a short span of time has become more satisfying and a special experience to consumers due to deep discounting and other benefits.

9) Internet savvy customers have become prominent first movers to enjoy the benefits.

10) With more and more customer acquisitions many online store companies are offering more value added services.

11) With the increase in customers web portals are also becoming more consumer friendly and adapt to serve the increasing demand,.

12) Due to round the clock availability of buying options customers are delighted with comfort and ease of purchase.

13) With increased household incomes due to both family members working has led to an inclination towards online shopping and also due to the lack of time to go outside for physical shopping .

14) Convenience and Price have made a complete paradigm shift from traditional stores to online stores for the consumer.

15) In spite of all benefits there are consumers who find online shopping as challenging due to either lack of internet knowledge, fear of fraud, challenges to return faulty goods and absence of touch & feel before purchase.

16) Literacy rates has impacted buying behavior and as a result different geographies have different penetration levels for online sales

17) Online shopping is comparatively a new experience for many and that is also giving satisfaction them.

18) Due to security reasons of exposing bank details to unknown sellers also many consumers do not want to buy online.

19) There were many instances where the delay in delivery, damaged material or faulty products has resulted due to online shopping which has put many consumers in a fix.

20) Teasers of grand offers and various marketing strategies entice the customer to buy online.

21) Product surfing can be done by many consumers before they buy products from physical stores.

Suggestions to Online Stores –

1) Stringent security systems should be implemented as well as the latest security certificates to be displayed on the site. This should be conveyed to consumers.

2) Quality checks for products and timely deliveries will be the essence of customer satisfaction.

3) No personal information which is irrelevant should be stored or asked from the consumer to ensure confidence building for the privacy of consumers.

4) Since there is no option for checking products physically before buying the same for online stores provisions should be made to have free trials of products or easy return of the goods on non-satisfaction as per the specifications of products.

5) Arranging telephonic support will help handle grievances in a better way.

6) With the use of transparent and informative pages the website can create trust with consumers which will help to make purchase decisions.

7) Longer shipment and deliveries to be ensured with proper commitment guidelines to be followed.

8) The company may consider a system of bidding options as few consumers look for bargaining and enjoy shopping while negotiating the price.

9) Free deliveries will always create more satisfaction and excitement for consumers to buy more online.

10) Dedicated sales staff support to understand product usage and features will help increase customers who want to take consultation before buying a product.

11) Call center kind of arrangements will also help consumers to consult or share grievances to online stores.

12) As women consumers are found increasingly using online shopping, products related to women will help companies to attract more consumers.

13) The role of emotions and interpersonal relations in online shopping is to be researched further.

14) Lesser clicks to prepare the final order will help have smooth transaction for the customer.

15) Due to lower computer literacy levels special efforts have to be done by online stores to increase awareness and imparting literacy can help increase the number of consumers.

16) Independent body to address issues related to fraud or other shopping complaints should be formed.

In conclusion online shopping growth in inevitable and change in behavior as well as culture of the consumer is expected. Early adjustment to this changing behavior and culture will help online stores define strategies to grow the business. At the same time offline stores can understand the challenges well in advance and try to reach increased expectations of the consumer to restrict the diversion to online stores.

This study gives perspective for e-commerce to look upon what are the short comings they have to attract the customers in India. While that means the same applies to offline retailers also in reverse application to ensure what is done to refrain the same or from Omni-Channel point of you how to make that seamless across the channels.

This study has a gap of any specific pathway for offline retailer to tackle e-commerce growth as well as defined options forming Omni-Channel.

II) An Analytical study of e-consumer behavior towards online purchases of electronic products in Maharashtra State - Virendra Motising Ghoti (2016)

Due to increase in internet penetration the adaption of smart phones and other devices fueled growth of online sales. Also a shift in the buying behavior of consumers to shop over the internet was majorly due to Cash on Delivery option, price benefit, promotions and quality products offered by online stores.

Y generation which is of the age group between 18-35 Years are more attracted towards online purchase. This study finds the comparison of different e-retailers based on trust, discounts, schemes, services, and quality. Also the research is assessing the ability of e-retailers to attract new consumers on the basis of the products and services sold by them over the internet.

Consumer behavior to adapt to online shopping and to select particular ways to do purchase will give insights to online retailers as to devising strategies to attract such customers.

Understanding dependent and independent variables which influence the decision making of consumers in a coherent way will help unearth real issues for e-retailers to address and attract consumers.

E-consumerism is a new phenomenon post the evolution of the internet and e-commerce specifically. The world has embraced this change and adapted to online buying. Increasing the probability to buy and increase in frequency of purchase is as simple and termed as the relation between consumer behavior and marketing strategy. Factors influencing this buying behavior are well known as cultural, social, personal & psychological factors.

Different products will have different effects on e-consumer behavior. The objective here is to study e-consumer perception about e-retailers, experience with e-retailers and expectations from e-retailers.

Online Shopping Evaluation –

There is flip side to the study on growth of online shopping, where more than 50% have been dissatisfied with online shopping and less than 40% have abandoned online shopping post dissatisfaction. It is simple to understand if anyone is satisfied they will be recurring customers and if dissatisfied will refrain to be repeat customers.

Online Vs Offline Shopping-

Interesting it should be noted here is that usually the consumer is ready to wait for a maximum of 8 seconds for a response from the system to execute the transaction. Otherwise they give up on the transaction and the sale is lost

For offline shopping the ambience plays a vital role to keep the customer happy. Similarly for online shopping the ambience could be a user friendly platform as well as robust technology to connect.

Risk mitigation by online stores is a key to build trust and confidence in shoppers.

Why Shop Online?-

Product comparisons, access to other user reviews, ease of shopping are a few of the many benefits for buying online. Buying at any time and doorstep deliveries are key features of online sales. Any niche product or odd size garments are much easier to find and purchase online than searching physical stores the stock might be in nearby places. Specific for metro cities where travel is always difficult than procuring things with just a click away.

One of the theories also says that e-consumers are more concerned about convenience rather than the buying experience. That means even touch and feel is not so important for them before buying the product.

Characteristics of e-Consumers –

Shift from Brick & Mortar has had a major effect due to the fluency of technology and affordability. Younger generations value time over money. The risk taking appetite is also one of the major characteristics of the e-consumer.

E-Consumer Behavior –

Pre-Purchase intentions of the consumer will decide the outcome of whether to purchase or not online. Studying these intentions can give insights to online stores to define strategies to attract such customers. Uncertainties about products, services and trust of the e-store give make a lasting impression on the consumer for decision making.

Online Shopping Experience –

It is similar to the ambience at an offline store. the images, text, navigation, policies displayed is what gives a feel good factor to the consumer. Right from pre-purchase navigation in the system to checking out of the system and to the extent of delivery of the product is what will capture the experience of the consumer. Thus it has a wider scope to study different touch points in the pre- purchase to post-purchase cycle. This also includes the safety and privacy measurements which are invisible aspects of the experience.

Perception of Online Shopping –

Perception of the customer depends a lot on the experience and this experience can vary depending on the product purchased. The motive of the purchase also can decide the perception of the shopper. Y generation will have a different motive to do online

shopping and their perception will be totally different than the perception of other age groups. Similarly other demographic factors can influence the perception of shopping.

Purchase Intention –

It is the behavior which drives to take the action for intention to decide. The behavior is driven by the attitude with the beliefs to perform the action. Behavior beliefs are the outcome of cognitive assessment while performing the behavior.

Price Attractiveness –

Discounting or lower pricing has different motives for sellers either to attract new customers and keep existing customers loyal as well as to create impulse buying to offset the gap between demand and supply.

A variable fee structure for delivery durations can increase the number of customers buying as customers who don't want to pay higher charges and are not in a hurry to acquire a product will still consider the option to buy on online platforms.

Price is also associated with convenience. Consumers looking for convenience may be ready to pay higher costs than offline retail as well.

Time Saving – With a 24 X 7 facility to purchase from online and no travel time to & fro to the physical store are the main components in online shopping. Also tech savvy consumers found it much simpler and were convinced that it would save time in the whole purchase process as well.

Perceived Risk -

Consequences to achieve the functional, performance or psychological goal with time, effort and money involved lead to the perceived risk. Whenever there is a possibility of change in aesthetics and dimensions of the product seen on the website and appearance of the product may vary as per the understanding and judgement of the

consumer or viewer there is a uncertainty of receiving the goods as ordered. This uncertainly is the perceived risk of the consumer.

While doing online transactions and assuming the privacy and security as taken care of by the seller adequately is another form of perceived risk in transaction.

Overall understanding about the product, quality, service and pre or aftersales response is also with perceived risk involved.

There will be always more perceived risk in online shopping compared to offline shopping. This perceived risk can be lowered by more educated consumers on the aspects of security, privacy and internet savviness. At the same time online sellers can develop consumer trust in selling as well pre and aftersales service to reduce this perceived risk.

Previous Online Purchase Experience –

As the saying goes first impression is a last impression, many consumers will make good or bad impression for online shopping depending upon their first online purchase experience. Also important is how the experience is handled by online sellers which will matter a lot.

At the same time with more experience the uncertainty and perceived risk reduction also reduces for the e-consumer as the experience teaches the tricks of the trade and shows the pot holes.

Trust –

In simple words a positive experience of the consumer results in building trust between the buyer and seller. Trust is not only about the purchase of the product but is related to the whole cycle of buying right from getting the right advice, right information, right product details and right product also. The trust doesn't end here and it has post sale attributes like service support and timely delivery of the product. The most important factors could be the retailer managing complete privacy and

security of the transaction and at the same time giving the product at a fair market value. This will also relate to and bring about the loyalty of the consumers.

Enjoyment and Excitement –

For generation Y online buying is not just experience but also an experiment which gives them enjoyment and excitement.

Satisfaction –

Positive experience of shopping turns into customer satisfaction. At same time failure to perform the expected execution of the transaction leads to dissatisfaction.

Loyalty has a strong relation with the satisfaction of the customer.

Online Consumer Loyalty –

While satisfaction is largely association with online consumer loyalty, it was also felt that it has dependency on the product sold. At same time satisfaction has three stages primarily at the completion of the transaction, after product delivery and lastly overall satisfaction. Among all the levels of satisfaction post-delivery satisfaction is of much higher significance to influence the loyalty

Tangibility –

Since there is no tangibility of the product possible on the internet it is very important that websites take care of giving full description of the products and entire specifications also are displayed properly. The intangibility nature of the business makes it of utmost importance to follow this.

High Interactivity –

Interactivity referred here is interaction of the machine with the consumer and consumer with the machine and both ways. The person interacting with the machine

having better knowledge of the machine i.e the internet and is computer savvy will have a better interaction and vice versa. The machine knowing the persons requirement and giving the best possible information will have a better interaction with the person.

In physical stores the interaction is between two people, consumer and seller. The lack of human interface in machines makes it difficult to establish this interaction.

E-retail in India –

It is expected that by 2020 Independent retail business will reach to 858 Billion USD up from 479 Billion USD of 2014. Organized retail will touch 150 Billion USD from 44 Billion USD and e-retail will touch 32 Billion USD from a mere 2.3 Billion USD of 2014.

That means 3.2% of e-retail share will increase from just 0.4% of 2014 which is a 10 fold increase.

Enablers for Growth of e-tailing in India –

By 2020 it is projected to have 550 Million Mobile phones of which 440 which is close to 80% will be smart phones enabled with the internet. Also it is expected that by 2020 India will be a 75 Million PC/Notebook market which can be used for surfing the internet.

Mobile banking growth is close to 50% CAGR which will tremendously grow e-retailing in the coming future with close to 400 Mm of India's population having debit card facility.

Comparatively organized Brick and Mortar growth is quite slow just 4 fold in spite having a huge opportunity in tier II and II cities.

Its unsaid that lot of efforts has gone in the e-tail development over the last few years, whether it is e-payment facilities or logistics infrastructure development. Key

companies could attract and onboard a large volume of consumers on the platform to reach the inflection point of the business for further growth.

Growth and Opportunities in e-retail –

The core customer base of e-tailing is between 15-34 years of age which is the youth category where India is having a good share. Also out of the youth population of India 75% are tech savvy and uses the internet for information acquisition and consumption. Increase in Facebook users, online ticket booking and online payments are an example of growth of online transactions in India.

With limitations to growth of organized retails in tier II and III of the country, the vacuum is filled by online retailers. Even bigger brands are taking note of the same and going along with them to tap this channel. While the impact of the growth of online channels is on offline channels to a great extent this evolution is the way of life.

Currently discounts and price slash is the singular major tool used by most of the e-retailers to attract the customer which everyone knows will not last long. The continuous efforts offering better customer experience, larger product variety and services is what will be required for sustenance.

Many e-retailers have switched to the market place model where they have on boarded third party vendors on their platforms to sell the products. This has a higher responsibility to maintain customer satisfaction with proper evaluation of vendors and constant monitoring of the services offered.

The drivers of Growth for e-retail–

Within a short span of time, e-retail has captured a considerable growth. It is no more an alternate channel and has become the main stream source of business in the retail industry.

Factors contributing this growth are –

Demographic factors – Rising disposable income/Rapid Urbanization/ Convenience are the core factors of demographic nature which has an impact on the growth of e-retailing.

E-Payments – Increase in payment gateways in India, Variety of payments options like Cash on Delivery/Debit /Credit Card/EMI, Better safety and secure transactions, mobile banking and e-wallets have increased the value per transaction.

Internet – Better telecom networking like 3G /4G, lesser cost of transaction over the internet, Broadband penetration.

Devices – Increase in Smartphone, Tablet and PC penetration, Convergence of telecom and computing.

SWOT analysis of e-Retail –

Strengths, Weakness, Opportunity and Threats of e-Retail -

Strengths –

- Convenience,
- Time Saving
- Comparison of products and price
- Cost effective
- Direct Consumer connect
- Better customer interactions
- Target market segmentation and flexibility
- Easy give and take of information
- Wider Product availability
- Prompt buying process
- Ease of transactions

- Specialty & niche product segments

Weakness –

- User Privacy & Transaction Security
- Fraud practices
- Duplicity of web portals
- Prolonged deliveries
- Intangibility of the products
- Product limitations which are in high demand
- No personal touch
- Probability of higher shopping costs
- Remarks of dis-satisfied customers
- Lack of technological literacy

Opportunities –

- Trend setter
- Transformation of technology
- Global Exposure
- Larger product range
- Huge opportunity for growth
- Evasion of local competition
- Enhanced Reach of customers

Threats –

- Deep competition among the industry to grab a wider customer base
- Stringent laws and taxation of different states and territories
- Obsolesce due to innovations
- Exposure of Privacy and possible breaches
- Perceived risks
- Frauds

External factors impacting e-Retailers –

Commonly known factors which can impact externally are Political, Economic, Social and Technological

Political –

- Digital campaigns of the government
- Decrease in internet charges by the telecom sector
- Tax subsidies to e-retailers
- Foreign Direct Investment(FDI)
- Protection of Consumer Rights
- Stability of the government
- Consistency in Policies

Economical –

- Growth of the Economy
- Increase in GDP
- Confidence enhancement of the consumer
- Growth of Internet Penetration
- Inflation control
- Tax benefits and simpler regulations

Social –

- Demographic factors
- Trust enhancement in e-retail
- Convenience and time saving
- Better computer literacy
- Increase in Broadband adaptation
- Change in lifestyle adaptation

Technological –

- Innovations and research developments
- Increase in mobile shopping
- Wireless and Broadband cost effective solutions
- Advancement in online payment options
- Better privacy and security measures
- Easy web site management and monitoring

Competitive forces analysis as per Porter's five forces model –

- Threats of new entrant – Low capital investment, High technically intensive players

- Bargaining power of buyers – Multiple players in the same industry, competition from Traditional retail & Organized retail sector
- Threat of substitutes – Traditional Brick & Mortar can pick up immediately the moment the e-retailer falls short to fill the gap
- Bargaining power of the supplier – Large supplier base, decreasing bargaining power, competing alternatives to the vendor

Challenges of E-retailing –

There are many challenges on this side of story also. Along with an increase in the business for the e-retailer, they are haunted with a pile up of losses also. Among many reasons for the same are deep discounts, free shipping, fierce competition and returned goods by consumers.

Some of the key concerns are –

- Acquiring new customers and retaining them – Many white label websites are trying hard to acquire new customers, but due to established and deep pocketed

competing players it is extremely difficult to acquire new customers as well as retain them.

- High cost of Customer Acquisition – Deep pockets of competition has made it more severe for the other companies to acquire new customers.

- High cost of payments – Cash on delivery is the highest prefered option for the consumer. Due to higher cost implications it has challenges to absorb the cost of this transaction.

- Last mile Delivery – Reach to Tier II and Tier III cities requires infrastructure which is still at the growth stage.

- Lower Profitability – Cost of customer acquisition makes it difficult for companies to make substantial profits as well to have a high turnover. To increase buying power they need to operate at higher turnovers and thinner margins.

- Regulatory Barriers – Compared to mature markets, laws and regulations are hindering factors for growth of e-retailers.

- Skilled Manpower - High attrition of the right candidates is always a challenge in technology industries.

Internal Challenges of E-Retailers –

To sustain growth it is not only important to tackle outside challenges but even internal challenges too.

- **Organization Scaling** –

Strong leadership and dynamic decision making will be a strong need of organization scaling in e-retail. Fluid governance and checks to control the pace of growth are necessary. It is unsaid that capital sensitive industries would have to look at future growth with the investors' interest and possible options of future IPO's to have adequate funds to run the business.

- **Tax, Regulatory and Structuring** –

Specifically in India there must be proper interpretation of the regulations and laws to ensure and avoid future dents on management actions of yesterday.

- **Risk, Fraud and Cyber Security** –

This would be one of the most crucial factors for any e-retailers as this can completely ruin the trust of the consumer. Customer trust once lost will be extremely costly to bring back.

- **Compliance Framework** –

All compliances in place will only ensure proper running of the company. Having multiple touch points for internal and external stake holders makes it even more important how compliances are handled. There can beobvious sweet spots to fall in traps and evade compliances.

External challenges of E-retailers –

External challenges involve how the company plans its growth and expects to have their customer have a seamless experience of their deliverables.

- **Product & Market Strategy** –

Market intelligence, new product addition, innovative marketing practices are key differentiators to stand out from the crowd. New geographies, new segments, new avenues to attract will remain a key focus for expansion.

- **Customer & Digital Experience** –

Change of social marketing as a strong influencer than paid marketing is the new direction for companies to look at. The experience in ambience and digital experience is right from the login page to check out on the site. This needs dynamic changes and constant monitoring with a lot of analytics.

- **Payments and transaction**s –

Cross border tax, FDI regulations, e-wallet restrictions are always difficult to handle. Regulatory aspects can dent the company in future if not understood and implemented properly.

Fulfillment –

- Third party logistics, marketplace, fulfillment centers will be a herculean task to manage and keep it running smoothly. End to end logistics is a key to ensure customer satisfaction. On demand scaling of infrastructure will be a necessity.

Attractiveness of e-retail industry for Business and Consumers -

Business –

- Attractiveness of Industry – Due to severe competition and hence low margins makes it an unattractive proposition to businesses. No entry barriers and easy to start platforms makes it more competitive with a higher buying power with consumers.
- Growth – Huge exponential growth is possible at the nascent stage of the industry. The sky is the limit.
- Profitability - This is always a question mark even though it is claimed that e-retailers are profitable. The question is how are they able to sustain and for how long.
- Policies – When the paper was written there were complex policies of VAT/CST and FDI rules which were hurdles in the policies stand point for the industry.
- Customer Loyalty – It's not at all easy for e-retailers to maintain customer loyalty. With many choices and lesser/no cost of shifting loyalties the consumer doesn't have any strong reason to remain loyal.

Consumer –

- Product Variety –The top three e-retailers offering more than a crore varieties is like a dream come true for the consumer. With more than 40 plus categories and niche products in stock it makes it more than impossible for the consumer to select their choice.

- Product Cost – The main advantage of e-retailing is either due to competition to acquire more customers or reduction in the distribution channel costs makes it a cheaper option for the consumer.

- Product Quality – Due to intangibility of the product on the platform and lack of touch and feel of the product this is always a question mark. It depends on the platform it is purchased from as well as the seller and can vary.

- Reach and Security – Penetration into tier II and Tier III cities is yet to be seen for e-retailers as well security concerns are not yet fully controlled and addressed.

- Shopping Experience 24 X 7 availability, doorstep deliveries, deep discounting, and variety of products and ease of product returns makes it a smooth experience for many consumers to buy online.

Profile of the e-Consumer –

- Socially Connected – Todays consumer is well connected on the network and off course on social media as well.

- Environmentally Aware – Eco friendly approach in everything in todays culture. Even from e-retailers it is expected that they will contribute to same while doing business.

- Style-Cautious – Due to the global connect on social media fashion trends are no more time lapsed within countries. Generation Y is updated on the style and trends instantly. Purchases are also driven by style.

- Low Brand Loyalty – Due to similarity of brands and pre-decided brand value in the market, there is a minimal choice to the e-retailer to offer from their side. Only deep discounts can shift the buying but will not be able to bring loyalty. Brand

loyalty also can shift easily as a variety of brands are available in the market with similar value propositions.

- Leisure Spending – Nuclear families, dual income from both the family members and additional income at their disposal makes it easier to spend on leisure for the e-consumer.

- Informed Purchases – Today's buyer is very clear on what to buy. The buyer does enough research on all possible platforms before making the purchase decision.

- Paucity of Time – Today convenience is more important than the cost and the real reason is scarcity of time. The consumer doesn't want to spend hours on shopping for known brands and essential products. They want to use that time for alternatives.

Key Consumer trends shaping profile segments –

- Education – Recent studies shows that India's higher education students have increased 10 fold during 2006 to 2011 with expenditure close to 48 Bn USD which indicates they are much leaned on brands and know its value.

- Age – A large youth population base for India is the benefit to the e-retailer as these are the decision makers for purchases.

- Income – With an increase in per capita income of the middle class from 2010 to 2015 it has pushed consumption to higher levels. This disposable money is a key factor for the attractive Indian market.

- Economic Scenario – With a down turn of GDP pressure on cost effective buying makes e-retailing more lucrative for consumers.

- Media & Technology – By June 2014 internet consumers reached 243 Mn. Exponential growth of technology and social media has also grown to a similar extent.

Key characteristics of Indian e-Consumers –

- Younger Demographics –Close to 75% of India's population is from Y and Z generations that is between the age groups of 21-34 and 15-24 respectively. They are the decision makers, ones who are trendy, tech savvy, vibrant, ready to explore experiment and experience new trends.

- Gender Balance –With 20% female internet uses to 40% in 2015 is a good increase form a change in gender trends for internet enabled users. While currently 60% of male are consumers of the internet.

- Market beyond Metros – Almost two thirds of the Indian consumer base is beyond the top metros and eight cities spread across India. The real target customers for e-retailers will be from these cities and towns beyond metros. Growth also will be higher here due to a lack of organized retail spread beyond metros. This is another reason why e-retailer can easily tap these consumers.

E-consumer Classification -

All e-consumers are not the same in nature, some are cost cautions, some are time cautious and some will be brand cautious and so on. The behavior of the e-consumer it is imperative to know the classification also to address them differently:

- Shopaholics – This category are those who want to buy something now and then, it does not matter for them whether it is a need or not. Anything new, trendy, perceived at a discounted price is what is the sweet spot for them. Continuous and apt engagement with these customers will ensure they purchase around the year. They just need to experience fun while buying and want to enjoy the moment. They need to be handled with extra care to ensure their deliveries are at the right time, the product is perfect and so on. They will be biggest word of mouth promoters of the store.

- Researchers – They are techies usually and want to gain an in-depth knowledge of the product. They would not be happy with just an overall rating and general specification. They would like to compare and see minute specs of the product prefer to check all possible pros and cons. Many times they are social advisors in the family and friends also for product selection.

- Savers – They will be always on the hunt for deals, discounts and offers. They will prefer buying only when they are confident of getting something out of the best offers.

- Skeptics – These shoppers are in doubt of the transaction till it does not get completed. They are also concerned of the security systems used and privacy

protocols maintained. The navigation of the site is very crucial here to ensure the transaction is seen as smooth and executed without any doubts.

Buying behavior of emerging e-consumers –

Changing consumer preferences, evolution of economic factors has influenced few e-consumers who show different traits and are growing the system. They are necessary to be identified and tapped by e-stores for growth and grabbing a slice of the business.

- First Time Users – Generation Y and Z are usually the biggest part of this first time users. They are aspirants and ready to take risks and prefer to experiment and explore new things. The key observation is that they are in the hunt of something new to try out. They are one of the biggest sources for mouth to mouth publicity. Trendy things are the products they look at.
- Bottom of the Pyramid (BoP) – The largest contributors are from the Bottom of the Pyramid segment to the e-retailers. They are spread across ages and locations. These are cost cautious and utilitarian both mostly better informed users. They are aspirants and frequent buyers with specific needs and are connected with online sellers who are spread across different products from household to niche.

- Paucity of Time – They are typically from a little higher middle class and elite earners group. For them buying is more of convenience and they are ready to pay a premium for the same. It is also a status symbol for them to buy online. They prefer convenience of delivery as per their requirements.
- Emerging Affluent – They are typically the emerging young generation which is cautious about the brand and looks for exclusivity. They prefer to purchase products which are classy and branded and prefer specific service deliverables and buy daily needs also basis on their satisfaction levels.
- Value Conscious – These are a less brand conscious segment and are looking for alternatives with better costs and similar features. They are ready to compromise on a few features for the reduction of cost. They also can buy in bulk if they see value for money and would look at gift coupons or seasonal discounts to grab opportunities. The new urbanized youth looking for cost saving and even families

just below the middle house are key segments which can be identified by target marketing. Brand loyalty and Store loyalty cannot be expected here but they are the ones who will give a larger revenue with smaller number of items.

- Online Consumer – They are categorized as online consumers as they would be fast to react to offers and promotions. Typically they will be new to the internet and to the store and who want to explore new products and offerings. They would possibly be from new territories and would have entered the online world recently.

- Rurban Consumers – Usually next to urban markets towns are known as rurban markets where the motivation is to match the lifestyle of urban towns. They prefer local touch with look out for opportunity to purchase on based on the influence from urban friends and would also prefer to utilize their local market for making the purchase. The typical Tier II and III markets would be preferred segments for these consumers. They would depend on good infrastructure to reach them from a logistics point of view as well prefer if the hybrid option of online and offline is made available to them.

Profile of e-Retailers –

India has reached 300 Million internet users by 2014 up from 50Mn in 2007 bringing the attention of all global players to make a foothold in India. A fast growing market, improved infrastructure, technology adaption, government initiatives all have contributed to the growth of e-retail business over the last decade or so.

Key market players for 2014 were Flipkart with 44% market share, followed by Snapdeal at 32% and amazon at 15%.

From the total pie of online retail, Electronics and Appliances dominated demand with 51% share followed with Fashion at 30% and Books at 7% of the total consumption.

Prominent e-retailers noticed during this period doing business in India were:

Flipkart/Snap deal/Amazon/Homeshop18/Croma / ezone /e-Bay & Indiatimes Shopping

1) Flipkart – Two IIT alumni formed this company headquartered at Bangalore, Karnataka in 2007. By 2014 Flipkart could raise 700 Million USD investment and reached a market capitalization of Rs.66000 crore. Flipkart crossed 26 Million users and 5 Million shipments per month and its employee strength is now more than 20000. It is also recognized as the first Indian e-commerce company to cross 1 Billion dollar revenue.

2) Snapdeal – Again two IIT alumni formed this organization. It became the highest product assortment company with more than 4 Mn products by onboarding 50000 plus retailers on their market place. It acquired Recharge group which was into mobile commerce and became the largest m-commerce company before others could reach there.

3) Amazon – Amazon entered India with Junglee.com during 2012 which got converted later to Sell on Amazon and Fulfillment by Amazon giving options to sellers either to stock products with Amazon or supply themselves. With focused infrastructure development and partnerships amazon could manage over 50% of consumers to get same day delivery. They also enabled Pickup from the seller and delivery to the consumer directly changing the game.

4) Homeshop18 – Network18 group started this venture launched in 2008 and become the first 24 hour TV channel dedicated for selling products over television. Their website launched to cater to internet users was ranked the number 5 website for most visited e-commerce portals.

5) Croma – Tata sons 100% subsidiary Infiniti Retail launched Croma stores like large format retail in metro locations. The same company later adapted selling on its website also using the internet boom advantage.

6) Ezone – This was launched as an exclusive online shop for Electronic products by the Future group around 2010. They already had a Brick and Mortar set up which got extended as an Omni-Channel arrangement through their website and adapted a strategy to have their retail stores at their group shopping malls like Central, Pantaloons, and Hometown.

7) EBay – A global player which was established in 1995 was among the innovators where individuals can sell their products. It had 100 Million registered users and forayed into India around 2004.

8) Indiatimes Shopping – It initiated operations in 2000 and becoming one of earliest e-commerce companies of India. The Times of India Group company was a pioneer in B2B e-commerce.

Findings of the survey –

- Top of Mind Recall – Flipkart had the maximum recall of 36% among all e-commerce sites. This was followed by Snapdeal at 27% and Amazon was at 22%.

- Preferred site for Electronic Shopping - Flipkart was the preferred choice for 32% of people followed by Snapdeal at 25% and Amazon at 24%.

- Important reason for buying online – 52% people voted for discounts as the prime reason for buying online. While product comparisons and convenience was selected by 12% each followed by 9% for variety of products.

- Satisfaction – 57% users felt satisfied using e-commerce while 24% were highly satisfied with products and services offered by e-commerce.

- Safety – 63% people feel it is quite safe to transact on e-commerce while 23% people feel that the safety is largely dependent upon the store which one is using.

- Frequency of Shopping – 45% of people shop on demand based on the requirement, while 22% people buy once every month followed by 9% every week.

- Solo Shopping - Most of the people agreed that they prefer shopping alone contributing 56% of respondents, while 20% do shopping with friends around.

- Product Purchase Frequency – Electronics remains at the top with 51% respondents feel the maximum frequency for purchasing products online. This is followed with Clothing &Fashion at 18% and Accessories at 14% .

- Most Expensive Category – Mobiles remain at the top with 74% participants endorsing that they bought as mobiles as the most expensive category, followed with laptops and then tablets.

- Max Amount spent for Single Transactions – Between Rs10000 to a maximum of Rs50000 spending is the highest among 57% of respondents while between Rs2000 to Rs10000 is claimed as highest amount for them towards a single transaction for 26% of respondents.

- Payment Methods – 78% people have used Cash of Delivery as the payment option while doing e-commerce transactions and only 11% used Debit Cards while just 5% used Credit Cards.

- Status, Quality and People recognition were a few attributes for buying high end electronic gadgets.

Flipkart, Amazon and Snapdeal were among the highest trustworthy sites by respondents.

Even for discount perception the same Flipkart, Amazon and Snapdeal were among better choice for users. Also for service deliverables amazon, Snap deal and Flipkart scored higher than others. All three were recognized for quality ratings as well.

Perceptual Mapping –

On perceptual mapping for Trust and Quality, Flipkart, Amazon Snapdeal and Croma could make a golden quadrant. Even for Quality and Service the same four stood. For Quality/Trust along with discounts only Croma could not remain in the same quadrant.

Influences on shopping decision for e-consumer is made by –

Advertisement on TV channels followed by free samples and advertisements in newspapers and celebrity endorsements are the major ones.

Final outcome of the research done by author was -

- E-consumer behavior is impacted by demographic factors
- E-consumer purchase decisions are significantly influenced with discounting

- E-consumer willingness to buy from e-retailer is influenced with trust
- E-consumer prefers Cash on Delivery as the most preferred option for payment
- E-Consumer purchase decision is influenced with marketing

While the trend and advantages of online stores are mentioned in this study, what is missing is the comparison with offline stores and where they stand in this race.

Right from marketing mix, retail, brick-and–mortar and e-commerce to Omni-Channel, multi-channel, consumer behavior & future trends had been covered in literature which has given research brief amount of insights which were required while even constructing good questionnaire as well as asking right questions during interviews of eminent channel partners.

Questionnaire prepared by keeping in mind all these transformations in the industry and precious inputs from key channel partners regarding existing challenge of survival & future of offline sellers against online sellers during interviews helped next phase of research. Study got enriched with the all dimensions required for this study to take it forward.

Chapter III

Research Methodology

This chapter will cover the needs & objectives of the study, Significance of the study, Research Methodology, Hypothesis, Population ,Sample size, Data Collection & Source of Data, Primary and Secondary data, Pilot Study, Reliability and Validity testing.

It is important to ensure at each stage of the Research Methodology, to plan, check, implement and analyze.

Right from identifying the population, deriving the sample size, correct construct of the questionnaire, approaching the respondents, explaining the intent and contents of the study, ensuring confidentiality for a few on demand, keeping different time gaps to ensure and capture of various environmental changes are a few of the salient aspects of the process to follow.

Literature Review directs the study for the scholar to take forward the research in the right direction through insights. That also helps to establish a strong conviction for the need and significance of the study as well.

3.1 Need of Study –

The study of various literatures has given a platform to build a further structure for the research and which was very important to get insights. Without this it would have not been possible to get a bird's eye view to look into the subject. It is due to these authors subject knowledge that the researcher's view got widened and made the research extremely meaningful.

Literature Review helped to understand the concept from Brick-and-Mortar retail transformation to Omni-Channel with the emergence of e-Commerce. Also it gives different perspectives related to changing consumer behavior & emerging new trends happening in consumer sales. Many industries even followed a multi-channel strategy where they ensured the entry to the region is varied depending on the need & they don't stick to only one format of channel of distribution. Omni-Channel has given

various examples in blended (Branded) retail for a seamless experience for the customer.

The researcher has found gaps in the literature studied. These gaps were important to be studied further as it was important to relate and study whether they will it stand true for India also? Specially, for the industry which is already technologically advanced and embracing an all-round change. The beauty of this Information Technology industry is its dynamic nature. Same is going to be important when further study reveals the subject here.

This is one of the hot topics in the industry and most relevant to all offline retail partners. The whole industry outlook is expected to change depending on how much impact will be made by the new growing channel of e-commerce.

At the same time it is difficult to assess each industry wise impact due to the complex nature of the business. Information Technology has a mix of must to have offline products where services are required and at the same time can be easily ordered online products where the user can avail self-service.

In such a scenario finding the answers to problems becomes more challenging as there may not be one answer to fit for all problems. Also the Information Technology channel has evolved over a period of time with a lot of advancement in terms of the product category as well. Right from the simple standard desktops or laptops that is physical computing to virtual desktops or computing as well.

This makes the study interesting as well challenging to find the right answers to the e-commerce challenges from the offline retailers who are actually concerned about the targeted segment and are actually facing this competition in the realistic scenarios of business.

This study could give answers to a few questions which are surely in the mind of offline resellers on their future role, strategy and growth opportunities.

3.2 Objectives of the Study -

The prime objective of this study was to understand the co-existence possibility of offline retail which is nothing but the Omni-Channel Role of the offline seller in an online era.

The study was made to understand sub-objectives such as:

I) Opportunities to grow further for offline sellers

Opportunities lie in the role of the Omni-Channel and hence those opportunities were studied for developed countries where the Omni-Channel is already in a mature stage. While India may not be the same market as the global market hence the reseller feedback, answers to the questionnaire and interviews helped to cover answers to these questions.

II) Business Strategy implemented by Offline sellers to compete with Online Sellers

Apart from opportunities ahead, it is also important to study what are the current strategies applied by offline resellers when they compete with online channels. Sustenance of the current phase will allow resellers to plan for the future. Hence it is important to understand the strategy implemented by them to compete. India being a different terrain some may still want to keep their battle to compete with online channels without collaborating. Hence this objective was also taken as part of the study.

Both the above sub-objectives were qualitative in nature hence handled differently rather than the prime objective of the role of offline channels in the online era.

3.3 Existing Research Gap –

After going through the literature it was found that there were gaps in the research where one has to find answers for

- Impact of e-commerce on Information Technology Offline Retail sellers in India
- Clear strategies to compete with Online Sales for pure play offline Retail sellers
- How & Why brick-and-mortar companies will survive in the era of e-commerce by joining hands with e-commerce or do they need to compete and fight their battle on their own?

Also most of the literature studied was before the GST era which was an altogether different scenario, the references for online channel competing with offline channels were more from the global context.

Only few of the literature could cover the Indian context of the offline and online channel conflict or competition to each other.

Categorically Information Technology related literature where online and offline challenges were covered did not have clear strategies to compete or even plan for future possible growth opportunities..

Most of the literature stopped at the only conclusion that there is need for offline channel to find strategy to compete but failed to provide the one required.

Most importantly seller perspective was completely missing in most of the literature it was more towards consumer perspective. Hence it was utmost import to conduct this study.

3.4 Significance of New Research –

This study can help many such sellers who are yet to find the answers as to how the competition from online sellers can be faced. The sustainability for them will depend upon the right solutions they chose & finding the right solution to challenges faced by them due to heavy competition from online businesses.

- This study can give new avenues of business & opportunities to offline retail sellers which they may not have considered for growth of their business.
- This study has quite significance for retail sellers to decide the directions and align themselves with right business strategies to sustain during the next phase of business.
- This study will also help to align future strategies for Vendors to choose the right channel combinations for their products.
- Even government officials can take clue from this study while designing e-commerce of general retail policy as well.
- With help of this study e-commerce can find better approach for Omni-Channel and decide their go to market strategies in India.

As India is embarking on a digital explosion with exponential growth in the number of internet users and thereby e-commerce, it is imperative to have impact on business

dynamics. Information Technology is one industry which is dynamic in nature and adapts to changes much faster than any other industries. E-commerce itself is having a base of Information Technology and has a significant role in Information Technology core business which is Information Technology retailers.

Hence significance of this study is much more important to understand the future of Information Technology handshake for offline and online channels.

3.5 Hypothesis –

On the basis of the objective of the study the researcher finalized the main hypothesis & sub-hypothesis as below:

Conceptual model of hypothesis basis important factors gives further information on how the model will work for the study. It helps to derive the testing of each variable component of the construct.

Conceptual model for hypothesis –

Fig 3.1
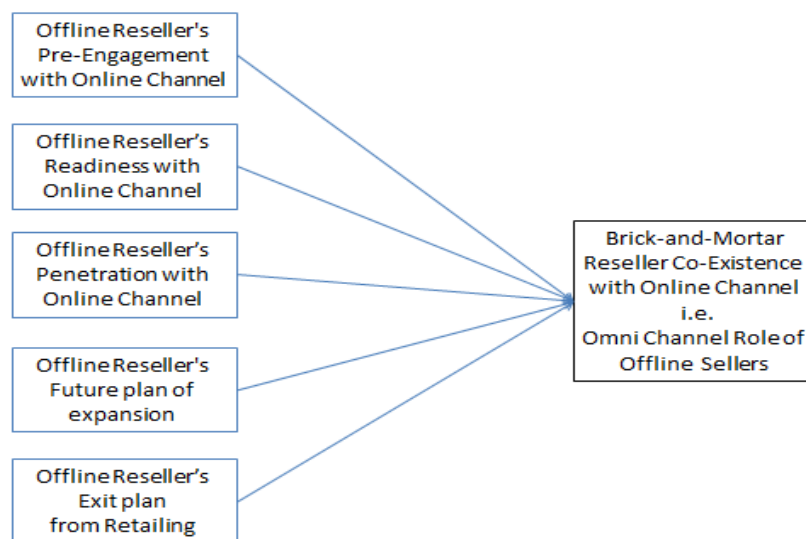
Since the primary objective was to find the role of offline resellers in an online era\ the studies showed that Omni-Channel's role of the offline resellers to be adapted by offline resellers to deal with the online era.

The below mentioned Hypotheses were constructed on the basis of a conceptual framework and questions related to Hypotheses were part of the survey.

1) **Co-existence / Omni-Channel Role** –

H0 – Brick-and-Mortar Computer Sellers cannot co-exist with e-Commerce/On-line sellers

H1 – Brick-and-Mortar Computer Sellers can co-exist with e-Commerce/On-line sellers

From questionnaire this was Question Number 11. This is the main construct of the thesis as it finds whether offline sellers will survive in future, whether they can find a way to sustain themselves further and most importantly do they have the scope to work along with online sellers for co-existence.

Co-existence of offline and online is synonymous to the Omni-Channel which embarks on the role of an offline channel to adapt online integration and makes seamless offerings to the customer as a single approach and leverages advantages of co-existence.

All other factors which are independent variables are tested to understand whether they affect the decision making variables of co-existence or they do not have any effect on the decision of co-existence which is the role as Omni-Channel of offline resellers.

2) **Pre-Engagement of Offline seller with Online Channel -**

H0 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is independent of the Seller's engagement with online channels.

H1 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is dependent on the Seller's engagement with online channels.

From questionnaire this was Question Number 5.There were few resellers who already know the other side of the world i.e. online sellers. They had either tested the water of doing online business along with their existing offline retail business or few of them are already continuing both. At the same time there were many but only a few returned back to only Brick-and-Mortar retail as well. This construct has found whether such retailers who had some engagement before with online retailing have any relation while influencing the decision of co-existence with online sellers.

3) **Readiness of the Offline Seller to embrace the Online Channel** -

H0 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is independent of the seller's readiness with their online channel.

H1 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is dependent of the seller's readiness with their online channel.

From questionnaire this was Question Number 6. There was already planning of a few resellers either to go with online selling shortly or few of them had already started doing the same. Even the condition was seen where a few did the attempt of selling online earlier and then stopped. All these categories were having readiness to tackle online selling and testing was required to know on their influence on future co-existence for offline and online resellers.

4) **Penetration of Offline Sellers into the Online business**:

H0 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is independent of the Seller's existing penetration with online channels.

H1 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is dependent of the seller's existing penetration with online channels.

From questionnaire this was Question Number 7.This construct is actually based on the assessment with those who are selling on online as well as offline channels. A few of them were having sizable business penetration already in online selling while a few

were minimal or not at all selling anything online. This will also reveal whether the existing penetration levels of selling online does make them an influence while deciding on the co-existence decision.

5) **Future plan of retail expansion by offline resellers** -

H0 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is independent of the seller's future plan of expansion with online/offline channel.

H1 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is dependent of the seller's future plan of expansion with online/offline channel

From questionnaire this was Question Number 15. There were many resellers who either plan to increase their footprint with offline stores by opening more stores while there were few of the opinion that they may have to reduce the number of offline stores. At the same time many have chosen both. This was another important parameter when they take decisions of co-existence.

6) **Exit plan of offline resellers from the retail business** -

H0 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is independent of the seller's exit plan from retail business

H1 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is dependent of the seller's exit plan from the retail business

From questionnaire this was Question Number 16. Last but not the least as the researcher has seen that the work is moving towards solution selling from traditional retail business. There were many retailers who have already moved to enterprise solution sellers from traditional selling consumer products at the retail level. This was another important criteria to take decisions with the co-existence of online and offline retailers.

All these constructs of the hypothesis were tested to find whether they have an influence on the co-existence of the Offline and Online channels i.e. adapting the Omni-Channel Role by offline resellers.

Researcher studied other objectives also using different tools and techniques of Research Methodology.

Qualitative Data -

Qualitative data which is in the form of statements, or expressions or just information is not possible to convert into a quantitative form and treated like a hypothesis. Hence they are treated separately documenting the reply in just descriptive format.

These observations are recorded as suggestion by the researcher

3.6 Research Methodology

This involves the type of research, defining the population, data collection, population, sample size, sampling techniques, etc.

1) Research Type –

This research is descriptive in nature and exploratory as well. Lot of data is unstructured and need to be treated separately as qualitative format. Hence it has nonparametric tests also for part of data as well as frequency distribution and descriptive listing of the findings as well for some of the data.

This can be mixed nature of the research as need to deal with different data structures in this study.

2) Population & Sample Size –

When the research was decided for this subject the real challenge was defining the population. As a scholar needs to ensure that it defines the population at the beginning of the research. A detailed discussion was done to define the population.

This research was directed toward Information Technology sellers within Pune region. Hence it was important to define the correct population for the study.

The researcher found that there is an official association of all these Information Technology sellers under the name COMPUTER MEDIA DEALERS ASSOCIATION (CMDA)

This association was founded in 1993 for the betterment of Information Technology trading community and also to increase Information Technology awareness amongst the consumers.

As claimed on their site by CMDA it has close to 350 members (currently 388) who serve more than 90% of the computer hardware and consumables business in Pune region.

Source: https://cmdapune.org
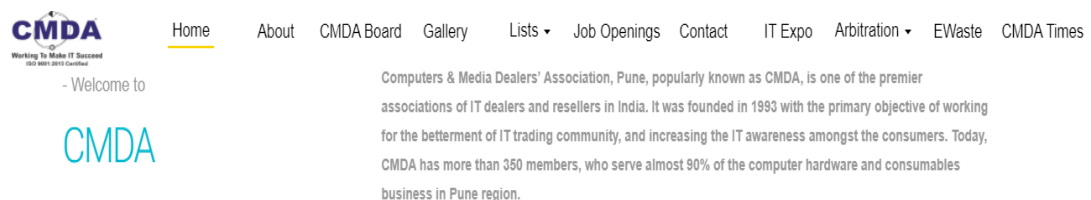
Hence the population selected for research was a list of current members obtained from CMDA who were registered with them.

Also it was understood from CMDA that CMDA was the first association in India which has ISO 9001 certification. This also emphasize that the members associated with the association practice all activities lawful and adhere to all government rules and regulations.

A major challenge with this population was 388 different locations to be covered during a short span of time. The researcher was satisfied with this background and accepted this as a sufficient population size to conduct the research.

The sample size was calculated considering 388 partners as the population.

Cochran's Formula is used for finding the modified sample size here:

Cochran's standard formula for unknown population is,

$$ n_0 = \frac{Z^2 pq}{e^2} $$

The researcher has taken into consideration the below mentioned assumptions:

n_0 – Sample Size

Z - For 95% of confidence level from Z table, Z Value is 1.96

p – (Estimated) Proportion of Population picking a choice attributed in the question. This will be 50% to ensure the significance of the proportion is giving us maximum variability.

q = (1 – p)

e – Margin of Error – that is the desired level of precision which is considered as 5% + /- of which is significant

$n_0 = (1.96)\,(1.96) * (0.5)*(0.5)/\,(0.05)^2 = 385$

Since the population is small as per the modification formula of Cochran's, a modified sample size is further calculated as below,

$$n = \frac{n_0}{1 + \frac{(n_0 - 1)}{N}}$$

n – Modified Sample Size

n_0 – Sample Size

N – Known Population

n = (385)/ (1 + ((385-1)/388))

n = 385/ (1+ 0.989691)

n = 194

Hence as per Cochran's Modified Sample Size formula it was required to conduct survey on a minimum of 194 Resellers to ensure 95% of Confidence levels with Maximum variability and maximum 5% of error of margin.

In spite of the limitation of time and geographic spread of resellers across different parts of Pune city the researcher was able to reach 302 resellers. Out of these 17 resellers refused to answer the questionnaire. Hence the actual samples collected were 285 which was much higher than the minimum sample size required for the study

3) Data Collection & Data Sources -

Primary Data –

This was done with the help of the survey from these Information technology sellers, members of CMDA which was the primary data. The survey was circulated to these members as well few a personal interviews were taken to ascertain the answers from the sellers in person.

Before even forming questionnaire it was important to conduct detail interviews with key stake holders to understand which parameters may be at core to be considered while constructing the questionnaire. Since there was no in depth literature available on seller's perspective and specific to Information Technology sellers.

These interviews helped to define certain direction in which the parameters to be considered during questionnaire construct itself. Which was reflects during factor analysis and further study which helped for hypothesis building also.

Data collection was really a hectic job. Many times the scholar had to go to the same place if the owner is not available or even in spite of available if sudden schedule change happens and also in many cases searching for the address used to be challenging. The geographic spread across Pune region also made it difficult to reach in a short span of time. Reaching to each location was herculean job.

This shortage of time made it a necessity to conduct a few surveys over the phone or even a few through Google doc to ensure maximum participants are addressed. Also due to pandemic it was constrain to physically visit few set of sellers and with all precautions the survey to be conducted.

The scholar being from the same industry was advantageous for awareness of major contributors in the retail chain. All such contributors were also interviewed in person before the construction of the questionnaire as well post construction.

This gave a lot of relevant insights for preparing the right questions and it also ensured major relevant data capture was never missed.

It was also ensured by the scholar to spread data collection at different intervals, calendar quarters like Oct-Nov-Dec, Jan-Feb-Mar, Apr-May-June and July-Aug-Sept just to a judicious ensure mix of the seasonal impact on the business.

While the pandemic had an impact during a certain period for data collection, the moment the government allowed visits the same was restarted again either in person or through video conferencing to resellers for data collection.

This also helped gather the change in perception if any pre and post pandemic.

Even though data were not treated on the basis of the collection period it was mixed for final analysis and carried varied dynamic responses.

The scholar also received a good response from the sellers since the topic was very close to their hearts and as well applicable to future implications to their business.

Support from CMDA & their members were un-parallel towards this study.

Secondary Data –

Secondary Data was from research papers, thesis, online magazines, articles on the internet, third party reports, data sheets etc.

Lot of websites like IBEF, Shodhganga, and Google Scholar were useful in this.

 Many articles and research papers on developed markets like China, Europe, the United States helped to understand similar scenarios and extrapolate a possible future in India over the next couple of years or a decade.

Many publications of PwC were helpful to get the thorough understanding of the subject.

4) Pilot Study –

Pilot study was done on the basis of the detailed questionnaire designed to get insights from resellers. Exploratory study approach to identify the right factors affecting the probable decision making for co-existence by brick-and-mortar resellers with Online channels helped to narrow down the focus.

The Pilot study was done on 40 resellers at first. This data was treated with the reliability and validity test and factoring analysis helped to identify important factors.

Validity Test –

Consistency of data is identified by the factor analysis and the below mentioned table shows the results through factor analysis.

Factor analysis helps to understand which parameters are grouped under a particular factor and have more of an impact on the subject. Also this helps to identify specifically which parameters are comparatively less important and can be dropped. Usually factor analysis is used when there are a large number of parameters and one need to only focus on a few by eliminating the unimportant parameters.

Table 3.1

Factor pattern:	F1	F2	Initial communality	Final communality	Specific variance
Potential Driver 1	0.333	**-0.901**	0.533	0.924	0.076
Potential Driver 2	0.216	**-0.649**	0.462	0.468	0.532
Engagement	**-0.768**	0.038	0.610	0.591	0.409
Readiness	**0.863**	0.191	0.657	0.781	0.219
Penetration	**0.706**	0.263	0.498	0.567	0.433
Future	**0.571**	0.262	0.449	0.394	0.606
Exit	-0.095	**0.317**	0.162	0.110	0.890

As mentioned above Factor 1 set displays parameters like Readiness, Penetration and Future are highly consistent for each other and form one group of parameters.

Pilot study was done with 40 resellers at first. This data was treated with the reliability and validity test and factoring analysis helped to identify the important factors.

Exploratory factor analysis helped to validate the content and the researcher also used the interview method to validate the construct during the questionnaire preparation stage. Hence Validity test for data was conducted successfully.

It is important to test the internal consistency of the factors identified by the factorial analysis.

Reliability Test -

Researcher couldn't find any particular test for nominal data here. As most of the nominal/categorical data reliability test had the limitations considering construct of the data this study was carrying.

As the factors were exploratory & questions were not on likers scale, it was necessary to still ensure reliability test to be conducted with available options.

As referred from Nimra Zafar's method of converting questionnaire answers to a scale which was then used as normal data for conducting reliability test with help of Cronbach's alpha method.

Hence for reliability of the data Cronbach's alpha method was used by the researcher. This method gave satisfactory results as well on the pilot study.

The Cronbach's Alpha, developed by Lee Cronbach in 1951 and defined by the formula below is the most popular method to test internal consistency and it is expressed as a number from 0 to 1.

$$\alpha = \frac{K}{K-1}\left(1 - \frac{\sum_{i=1}^{K}\sigma_{Y_i}^2}{\sigma_X^2}\right)$$

Equation 1 - Cronobach's Alpha

K - Components or items;

σ^2_X - Variance of the observed total test scores;

$\sigma^2_{Y_i}$ - Variance of component I for the current sample os observations.

$X = Y_1 + Y_2 + \cdots + Y_K$.

Results from the above formula was as below,

Table 3.2

Cronbach's Alpha	Standardized Cronbach's Alpha
0.635	0.796

Since response options of the scale are different the method of standardized Cronbach's Alpha value is used which is more than 0.7 and represents an excellent reliability score, hence the reliability test was successful.

Even though in Factor analysis Factor1 grouping is done for only readiness for penetration and future the researcher wanted to carry out further study for engagement and exit being exploratory factors. It has always the possibility of subjectivity of the responses and hence instead of deleting those responses at this stage, it can be further studied and tested to accept or reject basis on further study of additional research techniques.

Basis on satisfactory results from the Pilot study further research was done and final primary data was collected. Data was collected in various formats like physical, telephonic and from Google Docs and was collated in Excel format for further analysis and finding conclusions or interpretation of the data.

Microsoft Excel stat was used for most of the data analysis. Researcher used XLSTAT Version 2019.1.3.58258

Chapter IV

Analysis & Interpretation

The Data analysis for this study has four major parts–

1) Factor Analysis & Reliability Test
2) Hypothesis Testing & Interpretation
3) Frequency Distribution Analysis & Interpretation
4) Descriptive Data Analysis & Interpretation

The researcher has utilized at each stage various tests and testing which were necessary to determine the progress of the research in the right direction. Initial testing was done with the help of Cronbach's Alpha (Cronbach, 1951). As Cronbach Alpha helps to determine the reliability and confidence level of the research it is important to conduct this during the pilot study itself to avoid future challenges at a later stage.

4.1 Factor Analysis & Reliability Test –

Factor Analysis technique is used to basically reduce the large number of variables to only a significant number of variables and factors which may have a high correlation with each other. For this purpose Eigenvalues are used to condense the variance in a correlation matrix. The factor with the highest Eigenvalue has the most variance and so-on. On the other hand factors with small or negative Eigenvalues are usually omitted from solutions (Tabachnick and Fidell 1996, p.646).

Eigenvector are a special set of vectors associated with linear system of equations that are sometimes also known as characteristic vectors i.e. Proper vectors or Latent vectors (Marcus and Minc 1988, p. 144)

The researcher used XLSTAT Version 2019.1.3.58258 for Factor Analysis, and a total of 40 observations were selected for Factor Analysis from the pilot testing.

From the survey key factors which may have a high correlation were listed as below –

1) Potential of the Decision Maker 1 - % of Total Sales to Home Users

2) Potential of the Decision Maker 2 - Volume of Desktop/Laptop Units Sold per month

3) **Engagement** with Online Retail Channels

4) **Readiness** to go with Online Retail Channels

5) **Penetration** of Online Retail Channels

6) **Future** plan for expansion with Offline/Online Retail Channels

7) **Exit** from Online/Offline Retail Channels

These factors were selected to test the Factor Analysis considering the possible impact on the co-existence decision making and correlation of these factors to affect the variables. Factor analysis also helped to discard the factors which will not be correlated to the study further.

The Factor pattern gives the highest squared cosine value to shortlist and factor loading gives factors that have the most influence on each variable.

Factor Analysis exhibited the below results using extracted variance that is Eigenvalue, Eigenvector and Factor Pattern –

Table 4.1

Eigenvalues:

	F1	F2	F3	F4	F5
Eigenvalue	2.324	1.511	0.208	0.076	0.016
Variability (%)	33.201	21.582	2.978	1.092	0.235
Cumulative %	33.201	54.783	57.761	58.853	59.088

Table 4.2

Eigenvectors:

	F1	F2	F3	F4	F5
PD1	0.218	-0.733	0.125	0.349	0.390
PD2	0.142	-0.528	-0.184	-0.206	-0.730
Engagement	-0.504	0.031	0.307	0.456	-0.488
Readiness	0.566	0.156	-0.432	0.373	-0.205
Penetration	0.463	0.214	0.400	-0.431	-0.149
Future	0.374	0.213	0.481	0.496	-0.112
Exit	-0.062	0.258	-0.527	0.239	0.015

Table 4.3

Factor pattern:

	F1	F2	Initial communality	Final communality	Specific variance
PD1	0.333	**-0.901**	0.533	0.924	0.076
PD2	0.216	**-0.649**	0.462	0.468	0.532
Engagement	**-0.768**	0.038	0.610	0.591	0.409
Readiness	**0.863**	0.191	0.657	0.781	0.219
Penetration	**0.706**	0.263	0.498	0.567	0.433
Future	**0.571**	0.262	0.449	0.394	0.606
Exit	-0.095	**0.317**	0.162	0.110	0.890

Values in bold correspond for each variable to the factor for which the squared cosine is the largest

Factor pattern gives us values which are shown in bold have a positive or negative correlation with the other variables. Specifically readiness, penetration and future which are from the same factor group i.e. F1 represents clearly having some correlation with each other and as well exhibits the factors influencing the research data.

If these factor scores plotted on the X and Y axis with factor F1/F2 on both axis it gives the Factor loading pattern as well.

Factor loading pattern graphically represents the extent of degree by which each variable ranges between + 1 to – 1. This also helps to easily identify which are negative directed variables and which are positive directed variables.

This gives us the Factor loading pattern as below,

Figure 4.1
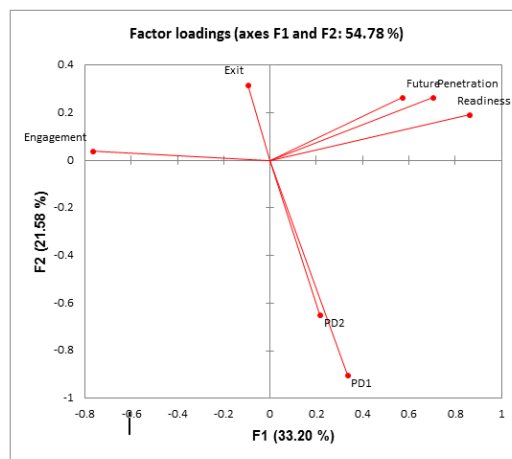
With the above analysis the researcher has retained Readiness, Penetration & Future as prime factors to study further. While Engagement is reflected as a highly negative correlated factor and Exit as well is the highest from factor 2 i.e. F2 pattern they were also kept for further study since these are exploratory factors and other two factors of potential drives were dropped.

Now Post factor analysis it is also important for the researcher to establish the reliability of the research, hence Cronbach's Alpha is used to test the results for reliability and consistency of the data.

Again XLSTAT Version: 2019. 1.3.58258 is used for Reliability Test with 40 pilot observations.

The Correlation Matrix below has shown us that all three factors Readiness, Penetration and Future are linearly correlated with each other:

Table 4.4

Correlation Matrix :

Variables	Readiness	Penetration	Future
Readiness	**1**	0.593	0.566
Penetration	0.593	**1**	0.538
Future	0.566	0.538	**1**

Cronbach's Alpha Statistics :

Cronbach's Alpha	Standardized Cronbach's Alpha
0.635	0.796

Standardized Cronbach Alpha is used since the response option of the researchers scale change in the questionnaire. This helps with different response options in the questionnaire to standardize them before the Reliability Analysis is done. Hence for

this study standardized Cronbach's alpha is used as the benchmark to validate the reliability test.

Since there was no any appropriate test found for categorical variables with multiple scales in nature, Cronbach's alpha results were accepted by researcher.

With more than 0.7 coefficient values of scale for Standardized Cronbach's Alpha the reliability test represents excellent reliability (George, 2011) and internal consistency of data. Hence data is taken for further study by the researcher.

Questionnaire validity was done by the researcher with the help of key partners confirming relevant questions framed in the questionnaire before the pilot study.

4.2 Hypothesis Testing & Interpretation

The researcher has observed that the variables from the observations of the questionnaire results are nominal in nature, which means that they cannot be set in order or decided which is superior and which is inferior.

Chi-Square Test of significance is the most common test for nominal data. Contingency Coefficient can be computed on the basis of the same. This can be of help to understand the level or degree of association.

To determine Chi-Square values of each hypothesis testing the researcher used the simple Microsoft Excel version 14.0.6023.1000(64-bit) with Data Analysis Add-on.

To conduct Chi-Square Test analysis it is important to understand the level of significance and degree of freedom.

Level of Significance – (α) –

It is the probability of rejecting the null hypothesis when it is true (Jim Frost, 1974). The Level of Significance is the degree by which the calculated result may go wrong or the probability by which Null Hypothesis can be rejected if the calculated value of P is less than the α value.

The Significance Level of 0.05 indicates a 5% risk of difference which is still in existence when there is no actual difference. This means if the P value which is calculated based on sample data with formulas is less than α value of 0.05 that means Null hypothesis need to be rejected. Lower P values indicate a greater significance against the Null hypothesis.

In other words it can be proved that the sample is strong enough to reject the Null hypothesis at population level as well.

P value –

Calculated Probability value P is the probability of finding the observed results when the null hypothesis H0 is true. This can be calculated with help of tables knowing the level of significance and degree of freedom or more accurately with software. Readymade function in Excel gives the value of P as well. The function used is CHISQ.TEST (actual_range, expected_range)

CHISQ.TEST stands as a test for independence, the value from the chi-squared distribution for the statistic and the appropriate degrees of freedom.

Actual range in the observed data and expected range is calculated data. Expected or calculated data can be derived from = (Total observed sum of column * Total observed sum of row)/ Total observations.

Degree of Freedom – (df) –

Degree of Freedom indicates the number of independent values that can vary in an analysis without breaking any constraints (Jim Frost, 1974). Degree of Freedom is calculated by n-1 where n is number of observations. In case of chi-square test when observations are plotted into the row and column matrix the degree of freedom is calculated as df = (r-1) * (c-1). Here r is number of rows & c is number of columns.

Critical Value –

Critical Values are cut off values beyond which if calculated the Chi-Square value falls then the Null-Hypothesis can be rejected. Critical value can be referred from the table available with specific value of the level of significance and degree of freedom or even it can be computed with the help of software. The function used in Microsoft Excel is CHISQ.INV.RT (Probability, deg_freedom) and CHISQ.INV.RT stands for Inverse of Right Tailed Probability of Chi-Squared Distribution.

Karl Pearson's Chi-Square Distribution–

Around 1900 Karl Pearson developed the Chi-Square Distribution (Wikipedia).

The Chi-Square Test is used for comparing variance. It is a non-parametric test and can be used to find if there is dependency for categorical data or two classifications are independent. When categories are used it can also compare theoretical populations and actual data' (Neil R. Ullman, *Elementary Statistics—An Applied Approach*, p. 234)

Chi-Square formula can be represented as below:

$$\chi^2 = \Sigma \frac{\left(O_{ij} - E_{ij}\right)^2}{E_{ij}}$$

where

O_{ij} = observed frequency of the cell in ith row and jth column.
E_{ij} = expected frequency of the cell in ith row and jth column.

Chi-Square is used to test below:(Research Methodology, C.R. Kothari, p.234)

1) The goodness of fit
2) Significance of association between two attributes
3) Significance of population variance

Pearson's Coefficient of Contingency –

In case of the Contingency table more than 2 X 2 like the case in this research then the formula used for studying the magnitude of the relation or degree of association between two attributes as shown below:

$$C = \sqrt{\frac{\chi^2}{\chi^2 + N}}$$

C = Coefficient of Contingency

χ^2 = Chi-Square value

N = Sample size

Hypothesis Testing –

Each hypothesis was tested with the Chi-Square test to determine the goodness of fit and with the help of Chi-Square value even the Measure of Significance is derived using Coefficient of Contingency.

Chi-Square value and p value is measured using Microsoft Excel tools against the calculated Critical value and given **α** that is level of significance helped to decide for the researcher whether to accept or reject the null hypothesis.

Also Coefficient of Contingency is measured to compare the significance of the association of the variables.

Below are results for hypothesis testing,

1) Pre-Engagement of the Offline seller with the Online Channel -

H_0 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is independent of the seller's engagement with the online channel

H_1 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is dependent of the seller's engagement with online channel

This hypothesis basically finds whether selling online by sellers at earliest stage which is pre-engagement has any effect on co-existence decision or not.

Table 4.5

Co-exist	Pre-Engagement			
	Selling Online Earlier	Not Selling Online	Yes Selling Online	Total
Observed				
Not Sure	6	76	1	83
No	4	25	10	39
Yes	19	121	23	163
Total	29	222	34	285
Expected				
NS	8.44561	64.65263	9.90175	83
No	3.96842	30.37895	4.65263	39
Yes	16.58596	126.96842	19.44561	163
Chi-Square				
NS	0.70818	1.99160	8.00274	10.70254
No	0.00025	0.95240	6.14584	7.09850
Yes	0.35135	0.28055	0.64969	1.28160
Total				19.0826
Reject Null	**19.08264**	$\mathbf{X^2} >$	**CV**	**9.48772**
Reject Null	**0.05**	**α >**	**P**	**0.00075**

Degree of Freedom = (r-1) * (c-1) = (3-1)(3-1) = 2* 2 = 4

Since the Chi-Square (X^2) Value is greater than Critical value (CV) and p value is lesser than **α** value null hypothesis is rejected

2) **Readiness of Offline seller to embrace with Online Channel** -

H_0 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is independent of the seller's readiness with the online channel

H_1 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is dependent on the seller's readiness with online channels

This hypothesis has attempted to find the dependency of co-existence basis the readiness to face the online channels.

Table 4.6

Co-exist	Readiness				
	Selling Online Earlier	Not Sure of starting Online	Plan to start online store	Already Started selling online	Total
Observed					
NS	8	63	11	1	83
No	3	25	5	6	39
Yes	18	92	23	30	163
Total	29	180	39	37	285
Expected					
NS	8.44561	52.42105	11.35789	10.77544	83
No	3.96842	24.63158	5.33684	5.06315	39
Yes	16.58596	102.94737	22.30526	21.16140	163
Chi-Square					
NS	0.02351	2.13490	0.01127	8.86824	11.03794
No	0.23632	0.00551	0.02126	0.17334	0.43644
Yes	0.12055	1.16413	0.02163	3.69166	4.99799
Total					16.47237
Reject Null		**16.47237**	$X^2 >$	CV	**12.59159**
Reject Null		**0.05**	$\alpha >$	P	**0.01143**

Degree of Freedom = (r-1) * (c-1) = (3-1) * (4-1) = 2* 3 = 6

Since the Chi-Square (X^2) Value is greater than Critical value (CV) and p value is lesser than α value null hypothesis is rejected

3) Penetration of Offline Seller into Online business

H_0 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is independent of the seller's existing penetration with the online channel.

H_1 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is dependent of the seller's existing penetration of the online channel

This hypothesis represents for those who are already selling online to understand what penetration of online sales has done already and is there an effect of this penetration on the co-existence decision.

Table 4.7

Co-exist	Penetration			
	Less than15% Online Sale	More than15% Online Sales	Total	
Observed				
NS	78	5	83	
No	30	9	39	
Yes	150	13	163	
Total	258	27	285	
Expected				
NS	75.13684	7.86315	83	
No	35.30526	3.69473	39	
Yes	147.55789	15.44211	163	
Chi-Square				
NS	0.10910	1.04254	1.15164	
No	0.79721	7.61781	8.41502	
Yes	0.04041	0.386209	0.42662	
Total			9.99329	
Reject Null	**9.99329**	$\mathbf{X^2 >}$	**CV**	**5.99146**
Reject Null	**0.05**	**α >**	**P**	**0.00676**

Degree of Freedom = (r-1) * (c-1) = (3-1) * (2-1) = 2 * 1 = 2

Since the Chi-Square (X^2) Value is greater than Critical value (CV) and p value is lesser than **α** value null hypothesis is rejected

4) **Future plan of retail expansion by offline sellers** -

H_0 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is independent of the seller's future plan of expansion with online/offline channels.

H_1 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is dependent on the seller's future plan of expansion with online/offline channels.

This hypothesis is to understand if the decision of expansion either for additional offline/Online retail or even closure of either of them has any impact on the co-existence decision for sellers.

This hypothesis is also about future plans of the sellers as they move further while embracing the changes in the market and with the increase of online stores. It is important to understand whether the thought process of adding these online stores who are only offline store operators will make any difference on decision making. There may even be sellers who just want to stick to adding offline stores in spite of an increase in online store demand by customers..

Table 4.8

Co-Exist	**Future Plan**					
	Wait & Watch	Add Offline Stores	Stop Offline Stores	Start Online Stores	Run Both Offline & Online Stores	Total
Observed						
NS	44	8	3	6	22	83
No	17	4	2	7	9	39
Yes	43	29	5	13	73	163

Co-Exist	Wait & Watch	Add Offline Stores	Stop Offline Stores	Start Online Stores	Run Both Offline & Online Stores	Total
Total	104	41	10	26	104	285
Expected						
NS	30.28772	11.94035	2.91228	7.57193	30.28772	83
No	14.23158	5.61052	1.36842	3.557895	14.23158	39
Yes	59.48070	23.44912	5.71929	14.87018	59.48070	163
Chi-Square						
NS	6.20801	1.30032	0.00264	0.32633	2.26779	10.10511
No	0.53853	0.46230	0.29149	3.33008	1.92314	6.54556
Yes	4.56641	1.31400	0.09046	0.23520	3.07278	9.27887
Total						25.92955
Reject Null			25.92955	$X^2 >$	CV	15.50731
Reject Null			0.05	$\alpha >$	P	0.00108

Degree of Freedom = (r-1) * (c-1) = (3-1)(5-1) = 2* 4 = 8

Since the Chi-Square (X^2) Value is greater than Critical Value (CV) and p value is lesser than α Value the Null Hypothesis is rejected.

5) **Exit plan of Offline Sellers from retail business** -

H_0 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is independent of the Seller's exit plan from the retail business.

H_1 – Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is dependent of the Seller's exit plan from the retail business.

This hypothesis has an overall impact on the continuity of the business itself in the retail segment as it determines the possible exit of the retailer from selling the product in retail and move towards the solution of selling instead of traditional retailing.

Also it determines whether this decision of exit from traditional business also has any effect on the co-existence decisions of the sellers.

Table 4.9

	Exit				
Co-exist	Not going to exit Retailing	Not Sure	Yes Plan to exit retailing and start Solution Selling	Already into Solution Selling	Total
Observed					
NS	5	15	21	42	83
No	8	6	10	15	39
Yes	24	11	44	84	163
Total	37	32	75	141	285
Expected					
NS	10.77544	9.31929	21.84211	41.06316	83
No	5.06315	4.37894	10.26316	19.29474	39
Yes	21.16140	18.30175	42.89474	80.64211	163
Chi-Square					
NS	3.09553	3.46274	0.03246	0.02137	6.61211
No	1.70349	0.60010	0.00674	0.95594	3.26628
Yes	0.38077	2.91314	0.02847	0.13982	3.46221
Total					13.34062
Reject Null		**13.34062**	$X^2 >$	**CV**	**12.59159**
Reject Null		**0.05**	$\alpha >$	**P**	**0.03793**

Since the Chi-Square (X^2) Value is greater than Critical value (CV) and p value is lesser than **α** value the Null hypothesis is rejected.

6) Co-existence / Omni-Channel Role -

H_0 – Brick-and-Mortar Computer Sellers can't co-exist with e-Commerce/On-line Sellers

H_1 – Brick-and-Mortar Computer Sellers can co-exist with e-Commerce/On-line Sellers.

This hypothesis is the prime objective of the thesis which defines the role of the offline retailers in an online era i.e. it tries to find out that during the growth of online retail business what is that the offline retailer should do to adapt the role.

The Researcher could find from previous hypothesis that the decision to co-exist is dependent on the following attributes: These attributes were researched during in depth interviews with key stake holders in the community and translated to the questions in survey which was done by researcher. There was no theory available to define attributes or factors which should be considered for the seller's perspective in this study, which can give any guidelines to choose specific attributes/factor. These factors/attributes which emerged in interview, survey and factor analysis were pathways to this research.

These attributes were,

1) Pre-Engagement of the Offline retailer with Online Channel
2) Readiness of the Offline seller to embrace and start Online Channel
3) Level of Penetration for Offline seller in the Online Channel business
4) Future plan of retail expansion by offline sellers into online , offline, none or both
5) Exit plan of offline sellers from the retail business & move towards solution selling

This has defined the dependence of shown attributes that influence the decision of co-existence of the offline retailers with online retailers.

Hence the Null hypothesis of Brick-and-Mortar Computer Sellers cannot co-exist with e-Commerce/On-line Stores/Seller is rejected.

Hence the Researcher wants to conclude with the same as "Omni-Channel (Co-Existence of Offline & Online sellers together) is a Role for Offline Sellers (Brick and Mortar)

The Researcher could establish successfully goodness of fit with the help of Pearson's Chi-Square testing and establish a significance of the dependence of the variables and correlation as well.

With the help of Coefficient of contingency the researcher was able to find the Level of Significance as given below.

While as per Cohen Value Effect size changes as per Degree of Freedom (df) as mentioned in below table:

Effect Size (Cohen)

Table 4.10

Degree of Freedom df = min(r-1,c-1)	Weak	Moderate	Strong
1	0.10	0.30	0.50
2	0.07	0.21	0.35
3	0.06	0.17	0.29
4	0.05	0.15	0.25
5	0.04	0.13	0.22

Values of contingency Coefficient could give a sense of significance for individual hypothesis tested.

It was also observed by researcher that higher the value of Chi-Square better is level of significance,

Also since the level of significance depends upon the multiplication of the row and column (minus 1) count which is, nothing but the degree of freedom. That means higher the number of rows and columns the lower is the cut off for strength.

Coefficient of Contingency

Table 4.11

Hypothesis	Contingency Coefficient = C	Df =min (r-1,c-1)	Strength
Hypothesis 1 Engagement	0.250509	2	Moderate
Hypothesis 2 Readiness	0.233751	2	Moderate
Hypothesis 3 Penetration	0.184055	1	Weak
Hypothesis 4 Future	0.288779	2	Moderate
Hypothesis 5 Exit	0.211461	2	Moderate

With the data the researcher can strongly confirm the relation of co-existence decision with Engagement, Readiness, Penetration, Future and Exit variables as observed. This also confirms that the role for Brick and Mortar sellers is and as Omni-Channel sellers in an Online world.

4.3 Frequency Distribution Analysis & Interpretation

Apart from the hypothesis tested for major attributes for co-existence decision making, a few information gathered from the survey are appropriate to analyze through the Frequency Distribution Tool and find the interpretation useful.

A) % Sales to Home Users by Offline Sellers

Out of the total revenue of the partner % revenue coming from sales to a single user or home user is interpreted using frequency distribution as below

Table 4.12

S.N.	% Sale to Home Users	Frequency	Percent
1	Don't Sale	63	22%
2	Less than 25%	151	53%
3	More than 25%	71	25%
	Total	285	100%

Many of the sellers have either come out of selling to home users or minimized to negligible revenue as well. The prime reason is that the market has moved over to Branded PC's from unbranded PC hence it has more concentrated than before as earlier assembled or non-branded PC's was more popular and allowed better margins for many. Another reason is apart from reduction in margins these sellers have moved to solution selling and concentrated more on the Corporate sector, Government or Enterprise customers instead of a single buyer or home buyer.

B) Volume of Desktops/Laptops sold per month by Offline sellers

Volume of desktops and laptops sold to home users per month can give a sense of sample bifurcation on the volume contribution and influencers or potential drivers interpreted using frequency distribution as below

Table 4.13

S.N.	Volume of Desktop/Laptop Sold per month	Frequency	Percent
1	Less than 10	199	70%
2	More than 10 less than 50	50	18%
3	More than 50	36	13%
	Total	285	100%

C) Retail format for Better Return on Investment (ROI)

There are two prime retail formats for offline retailers engaged for pure play thesis here:

1) Single /Exclusive Brand Retail format

2) Multi-Brand Retail format

The below mentioned frequency distribution throws the result of which one is giving a better Return on Investment to sellers when they compare with each other. It can be interpreted as:

Table 4.14

S.N.	Retail Format for Better Return on Investment	Frequency	Percent
1	Single/Exclusive Brand Retail	73	26%
2	Multi-brand	168	59%
3	None	44	15%
	Total	285	100%

It may be contradictory for many brands to realize that multi-brands are more profitable than single brands here. As it is found and informed by many offline sellers that in multi-brands they always get a choice to convert sales from one brand to another brand which is more profitable to them. Also multi-brand retailers usually are not restricted with selling other accessories as well which also have better margins than only selling desktops/laptops from the counter. This has also contributed to better Return on Investment for multi-brand retail over single brand retail.

D) Least affected Quarter for offline sellers from Online Retail

The researcher has explored to find which quarter in a year is reasonably better for offline which has lesser impact from online sellers. In India most of the quarters have festivals and celebrations which are a sure shot discount bonanza for customers from online sellers and these periods impact usually the offline sellers business. The below mentioned frequency distribution gives an interpretation for the same:

Table 4.15

| S.N.	Least Affected Quarter for Offline Sellers from Online Sellers	Frequency	Percent
1	1st Quarter (Jan-Feb-Mar)	101	35%
2	2nd Quarter (Apr-May-Jun)	63	22%
3	3rd Quarter (Jul-Aug-Sep)	59	21%
4	4th Quarter (Oct-Nov-Dec)	62	22%
	Total	285	65%

Jan-Feb-March being yearend as well for most of the time this quarter SMB/Corporate and Government business are better compared to other three quarters, also usually in Apr-May-June it is back to school promo by e-commerce as most of the schools start in that quarter, July-Aug-Sept is the quarter of many festivals like Raksha Bandhan, Ganesh Festival while Oct-Nov-Dec is usually for Diwali, Christmas celebrations which are captured by online sellers. The choice selected by offline sellers for the least affected Quarter as Jan-Feb-Mar justifies this very well.

Few observations being multi-choice options to partners, can be better displayed with graphical format as below -

E) Key competitions to Offline Sellers

Key competitors are identified using multiple choice options, hence plotted in graph below instead of frequency table. While the percentage shows how many member out of total member voted for the given choice with multiple answers what will be impact on the key competitors and interpreted as below,

Figure 4.2
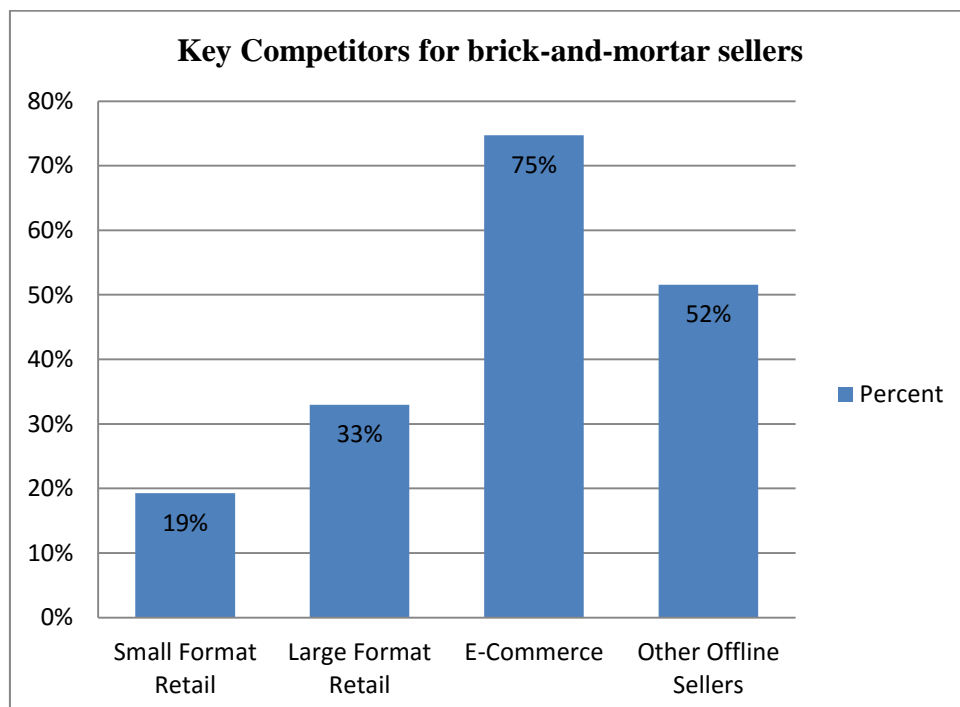
Small format retail like Vijay Sales is kind of converged retail outlets, while Large Format Retails are like Croma, Reliance Digital etc. It is very clear than prime

competition to most of the offline sellers that is Brick-and-Mortar sellers are online or e-commerce retail rather than other formats. Also it is to be noted that more than single or large format retail competition is more from other offline sellers which means that the unorganized pie is much bigger than these two formats which is visible in numbers also.

F) Sales Strategy against Online/E-commerce competition by offline sellers

The Best strategy to compete against online /e-commerce found by these offline/brick-and-mortar companies are captured with frequency distribution, There were multiple choices given hence the total frequency is more than the sample size giving a fair idea about the popular choice and interpretation as below:

Figure 4.3
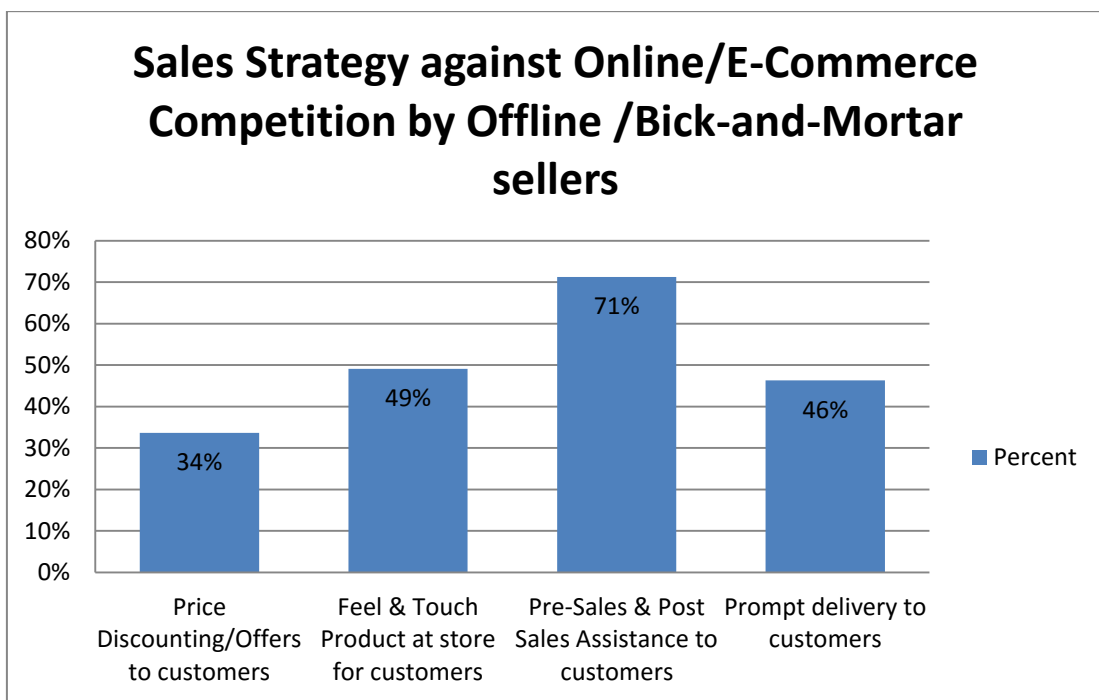
It is important to take note that price/discounting are the least of choices by offline sellers as they know it would not be wise to compete with online/e-commerce on discounts as that will hamper the profitability for brick-and-mortar sellers. Hence more attention is given to rest of the avenues they have.

G) Reasons for Customer preference to buy from Online/E-commerce instead of Offline Retail

Again due to multiple choices option the results are plotted on graph. This gives for sure more popular / preferred options instead of just ranking them by individuals. Also this frequency distribution throws light on the advantages of online/e-commerce retail over offline or brick-and-mortar retail.

Figure 4.4

Reasons for Customer preference to buy online/e-commerce over offline sellers

| Category	Percent
Ease of buying	54%
Discounts /Price benefit	84%
Ease of Returns of goods	34%
Lack of time to visist retail place	45%

It is quite visible and evident that the Price benefit and Discounting are the largest reasons for customer preferences as per offline retailer or brick-and-mortar sellers. Off course next to that is ease of buying, lack of time or ease of return of goods as well.

G) Expectations from Vendors by brick & Mortar sellers to compete with online/e-commerce sellers

Here as well due to multiple choice options the graph is best suitable option to represent the outcome. While this is a sensitive subject as this directly connects to the Vendor i.e. the manufacturer's role here is to manage competition between online and offline retail. As the manufacturer usually has an upper hand to regulate the channel and controls the supply. It is a fair demand from offline sellers to regulate this in such

a way that both channels can co-exist. Also practically it may not be that easy to find a perfect balance between the two worlds of distribution.

Figure 4.5

**Expectations from Vendor by brick-and-mortar sellers to compete with Online/E-commerce sellers**
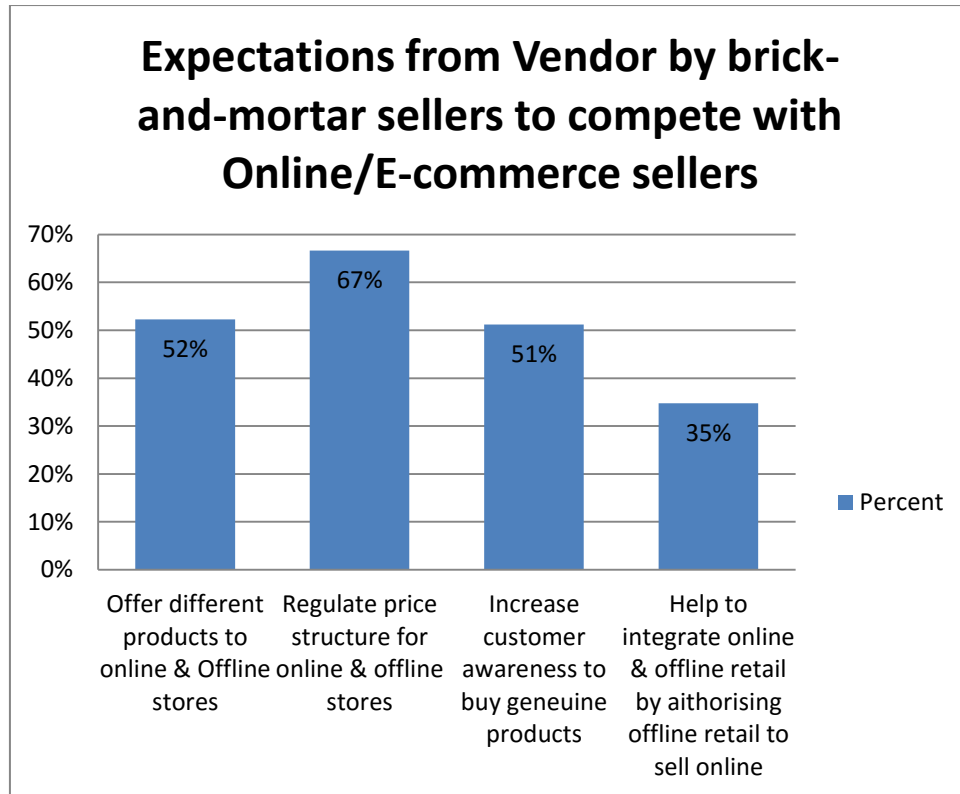
Price being the most important factor which affects offline sellers while competing with online sellers the same is center stage here as well and the expectation to regulate the same will give more confidence to offline channels to sustain and grow with online sellers. Other challenges faced by Brick & Mortar are that the customers visit offline to check the product or Touch & Feel the same while after that buy online or just compare prices of online and negotiate with the offline retailer which erodes the margins for them hence offering different product models is a better solution suggested by offline sellers to counter this. On the front of many sellers online giving fake/spurious products to the consumer is not new which does not only affect the brand but disrupts the prices for genuine product sellers. Hence Offline or Brick & Mortar sellers expect that the manufacture make the customer aware on how to buy genuine products from offline retailers and avoid later warranty or other issues. Last but not the least is the emerging expectation to help for integration of offline and online retail which is nothing but Omni-channel experience for the customer. This can

be done either by authorizing only select offline sellers to sell online which will restrict price disturbance and ensure genuine product sale and at same time both world advantages can be enjoyed by the brand. Also it will help online sellers to get an offline foot print towards Touch & Feel, pre-sale or post sale support if required by the customer.

H) Campaigns used by Vendor/Offline Sellers for promotion

Just to analyze what is the current trend of promotions these inputs are useful for many offline sellers as well as vendors to align themselves towards the same. Since it is a multiple option question graphical representation gives good way to plot the same.

Figure 4.6
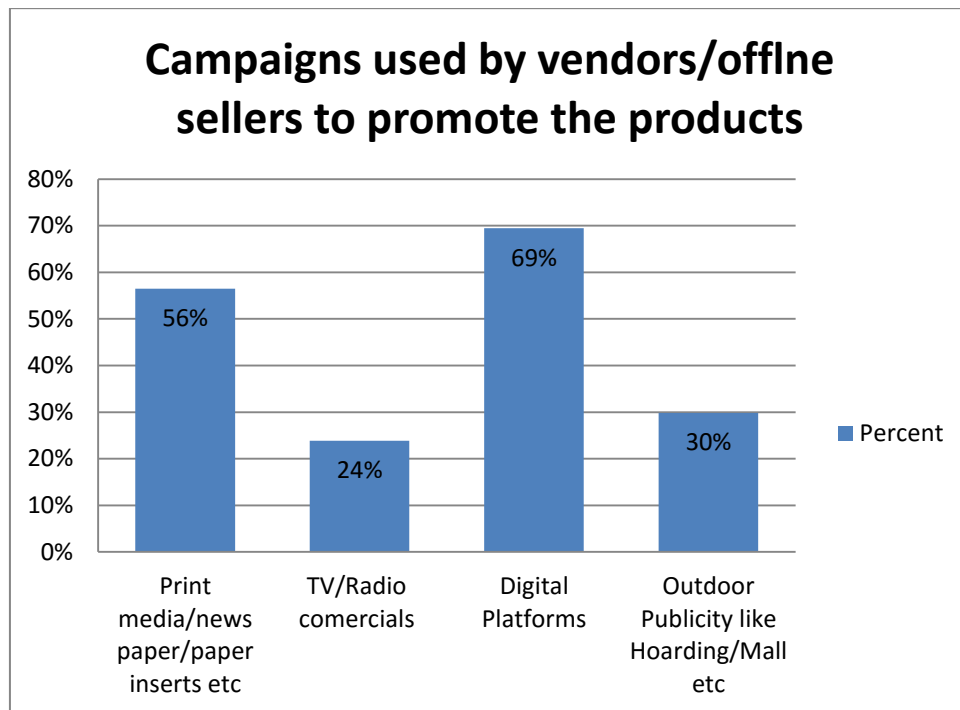
It is no wonder that Digital Platforms are emerging as the favorite choice for promotions looking at social media influencing buying decisions for customers it is imperative for sellers to utilize this to reach the customers. While Print Media remains as the next preferred option though the life span of the advertisement in the newspaper is much lesser than digital advertisements.

4.4 Descriptive Data Analysis & Interpretation

Most of the data the researcher could process through statistical tools like Factor Analysis, Pearson's Chi-Square Distribution and Frequency Distribution method. The remaining data and findings are more descriptive in nature and that could be only recorded as an observation to infer the insights from the same.

These observations can be collated and used as a reference for offline sellers or online sellers as well as vendors to take further directions.

A) Reasons for Customer Preference to buy from Online/E-Commerce over Offline/Brick-and-Mortar Sellers

- No Selling pressure i.e. the buyer can buy at their own pace
- Elaborative & Authentic source of information for products
- Flexible & innovative payment options like Credit Cards/EMI/Cashback/ Mobile wallet offers
- Going with the trend
- Time saving
- Emergency purchases
- Browsing gives options for varied variety not only for products which the customer is looking for but even aspirational products also
- Usage or addiction of smartphones also to some extent leads to online shopping choices
- Status symbol among the youth
- To get a different experience
- Falling prey to offers which are sometime difficult to compare with offline, like many times the product is de-bundled and sold at a lesser price e.g. Laptops sold without the carrybag at a lesser price
- Situations like Pandemic with no/minimum human touch
- No bargain offers
- Massive advertisements to makeTop of Mind recall to customers

These are definitely difficult to capture for any analysis but are useful insights for the sellers.

B) Best strategies for co-existence of offline and online stores.

While it is not that easy a solution to collaborate with online that too when there are multiple offline sellers and multiple online sellers, still there were good suggestions which may help vendors i.e. manufacturers or government authorities to look upon while designing channel strategies for their products.

- Providing authorization to offline sellers area wise and maintaining the same price across channels
- Collaborate through product and service combination or bundling where the product may be purchased from online and serviced by offline
- Even though price can be maintained by the vendor for both channels same offers can be made different for each channel
- Government may restrict excess discounting or deep discounting which may disrupt the market operating price
- Stress on quality products at both channels should be insisted upon by the manufacturer or government to ensure fair competition
- Operating own online stores by brands instead of the market place may give control to the manufacturer to ensure Omni-Channel experience to the customer
- Giving additional discounts for pick up from offline stores for online orders will entice the customer to upsell and cross sell for the brand
- Differentiate channels on the basis of price range of the product, low value products can be sold online and high value products through offline
- Maintain mutually exclusive product lines among both channels
- Online stores can collaborate with offline stores for product experience centers giving a Touch & Feel as well as demo options to customers

C) Expectations from Vendors or Manufacturers to keep offline business sustainable among competition from online

While during frequency distribution most of the key points are covered by the researcher on this subject there are a few more which need to be brought forward as feedback to vendors or brands to work upon:

- Giving ranking or mettle ware like Gold/Silver/Platinum etc. category to retail offline outlets basis their longevity, size, trained staff etc. parameters to make them proud and identified by the customer as premium stores compared to other stores

- Make faster service as an additional differentiation for offline authorized retailers to encourage genuine purchases

- Supporting Return of Goods Policy in case the customer doesn't like or rejects purchase similar to online stores

- Warranty extensions through offline stores

- Mark up price for online to ensure only customer who doesn't need personal service or customization are going for buying online as offline may be insisted for personalized service at the store

- Price protection to offline stores against price disruption at online stores

- Maintain strong legal recourse for selling counterfeit products in any of the channel

- Create a pool of collaboration among offline partners to offer similar offerings like bulk purchase, making common branding , mobile app buying for offline sellers

- Mapping product inventory at all touch points

- Involve the distributor to be the backbone for direct delivery to the customer to reduce the supply time

D) Campaigns used by the Vendor or Offline Sellers to promote the product

The researcher has shared major options used for promoting the product already like Print Media, TV /Radio Media, Digital platforms & Outdoor options like Malls/Hoardings. There are a few more to be add to this and may be some of them are quite effective as well to many offline stores which can be helpful for brands/vendors as well as other offline sellers to replicate for them.

- Local/ Business Magazines,
- Through Short Messaging Services (SMS)/What's App via bulk marketing
- Exhibitions/Trade fairs
- Customer seminars

- Word of Mouth/Referral publicity

- Kiosks at Airports/Railway/Bus Stations

- Just Dial kind of dictionary listings

- Using AI mapping local area customers

- College/School/Society Camps/Canopy

- Deep Diving existing customers

- BNI, Lions Club kind of forums to network for products

- In store promotions through demo counters

There are quite a few innovative and effective suggestions here which will help vendors and other offline sellers as well.

The researcher has covered maximum information for the thesis be it through hypothesis, frequency distribution or descriptive analysis for all the insights received.

Further inference from these analysis and interpretation will be made helpful for the final conclusion as well as any finding any shortcomings if any or possible areas of further research as well.

'Place' which is an important parameter from Phillip Kotler "4P's" in the true sense has given a multi-dimensional view to offline sellers when they are in search for the answer of Virtual or Physical or both.

Offline and Online are placed as two sides of the same coin and when they are together this question of Place in marketing is much simpler to handle as well as helpful to sustain and grow for both channels.

Chapter V

Conclusion & Suggestions

Data Analysis and Interpretation is exhibited in the outcome of the research which is presented in this chapter. Also the researcher could relate this with the required managerial decisions which can be adapted by Brick & Mortar channel partners, Online Retailers, Vendors i.e. Manufacturers and in general those who are associated with this industry as well. Also certain outcomes will help to figure out what are the further studies possible in this subject if limitations from this study are overcome further.

Being an exploratory research it has various possible outcomes depending on future development in the industry as well it can evolve further. Information Technology itself being a dynamic industry the study will be also dynamic in nature and even the outcome as well.

This research was aimed at the effect of Place in the marketing Mix on Brick & Mortar retailers for Information Technology sellers with the context to Place as physical (Offline) and virtual (Online).

As the quest of the role for the offline reseller is to be defined in the online era various factors were studied which may impact the decision of collaboration of offline retail with online retail.

5.1 **Summary** –

Retail is a very dynamic industry and has been evolving for a few decades now. While this started way back when there was a barter system of grains and goods to today's multi-channel retail. Today's retail comprises of various formats which include but not limited with organized retail like Small Format Retail, Large Format Retail, Pure Play Standalone Retail, Converged Retail, e-Commerce i.e. Online Retail & so on.

Vendor prefer to choose multi-channel formats for their goods to reach the end customers depend upon the geography, product margins, marketing mix strategy, product life cycles etc.

The Information Technology industry which was flourished post 1990 with liberal policies of India and further post 1995 with the emergence of the internet has reached 191 Billion USD by the FY 202020 (Source IBEF) & is poised to reach 350 Billion USD by 2025. Such a huge industry has a good foothold in retail as well which sells primarily computing devices, software & accessories.

The recent emergence of e-commerce in India has shaken up this retail segment on the way they need to operate in future to align future growth as well as sustain in a new online era.

While in a world this phase has passed a few years back as the maturity ratio of online retail/e-commerce is an average of 16% compared to currently 5% in India. (Source IBEF). In other words even e-commerce has room to grow 3 times that of what it is today in India while offline retail including organized and unorganized has a major threat to lose 10% of existing their share from the market.

With this context in mind the study was done with Information Technology retailers/resellers within Pune city to find out what will be the future role of these offline/brick-and-mortar retailers in an era of e-commerce/online retail. Also the study was focused on other growth opportunities related to the emergence of online retail.

Literature Review helped the researcher to construct a proper questionnaire along with a few key stake holder interviews to fine tune the questionnaire before it was circulated to the target population. As the hypothesis constructed using literature review was key to the study using the questionnaire , researcher use descriptive research methods comprising of questions which may range from qualitative and quantitative and both kind of the answers.

Hence this study is unique in nature which tries to embrace the part of existing known phenomenon or data related to the subject as well explore what probably holds in the future as well.

Since the study had a lot of explicit questions related to Vendor support and expectations etc. from the stake holders the data used are kept confidential without revealing the identity of any individuals or names of the retail company for any specific vendors. Here the local association of Pune helped tremendously to conduct the survey.

Computers & Media Dealers Association (CMDA) is more than 25 years old Association working for the benefit of their members. They have 388 registered members with them across Pune city who have at least more than 2 years of presence in the industry as a basic qualifying criteria to associate with the association. This was selected as the population of the study as it is mostly authentic sellers who are in the industry and the core market was addressed.

The base for this study was also the agitation started by many Retail/Reseller Channel Associations across the country towards the discomfort on the price parity from e-commerce/online stores which disrupted the industry on profit margins. Also this lead to a few vendors being boycotted by the offline Retailer/Channel Association till the time the interest of the Offline/Brick & Mortar Retailer /Reseller interest was not taken care.

In a way that was a start or ignition of the need for the study towards this subject as the most relevant topic and a defining moment for the future of the industry as well.

5.2 **Research Key Findings** –

A) Reliability of Data -

For Reliability of data Cronbach's Alpha method was used by the researcher.

The Cronbach's Alpha method developed by Lee Cronbach in 1951 and defined by the formula below is the most popular method to test the internal consistency and it is expressed as a number from 0 to 1.

$$\alpha = \frac{K}{K-1} \left(1 - \frac{\sum_{i=1}^{K} \sigma_{Y_i}^2}{\sigma_X^2} \right)$$

Equation 1 - Cronobach's Alpha

K - Components or items;

σ_X^2 - Variance of the observed total test scores;

$\sigma_{Y_i}^2$ - Variance of component I for the current sample os observations.

$X = Y_1 + Y_2 + \cdots + Y_K$.

Results from the above formula are as below:

Table 5.1

Cronbach's Alpha	Standardized Cronbach's Alpha
0.635	0.796

Since response options of the scale are different the method of standardized Cronbach's Alpha value used, which is more than 0.7 represents a excellent reliability score, hence the reliability test was successful.

B) Sample Size -

Sample size was calculated considering 388 partners as the population.

Cochran's Formula is used for finding the modified sample size here.

Cochran's Standard Formula for unknown population is

$$n_0 = \frac{Z^2 pq}{e^2}$$

The Researcher has considered the below mentioned assumptions:

n_0 – Sample Size

Z - For 95% of confidence level from Z table, Z Value is 1.96

p – (Estimated) Proportion of Population picking a choice attributed in the question– Which will be 50% to ensure significance of the proportion giving us maximum variability.

q – (1 – p)

e – Margin of Error – that is the desired level of precision which is considered as 5% + /- which is significant.

$n_0 = (1.96)(1.96) * (0.5)*(0.5)/ (0.05)2 = 385$

Since the population is small as per the modification formula of Cochran's , modified sample size is further calculated as below:

$$n = \frac{n_0}{1 + \dfrac{(n_0 - 1)}{N}}$$

n – Modified Sample Size

n_0 – Sample Size

N – Known Population

$n = (385)/ (1 + ((385-1)/388))$

$n = 385/ (1+ 0.989691)$

$n = 194$

Hence as per Cochran's Modified Sample Size formula it was required to conduct the survey to a minimum 194 Resellers to ensure 95% of Confidence level with a maximum variability and maximum 5% of error of margin.

In spite of limitations of time and spread of resellers across different parts of Pune City the researcher was able to reach 302 resellers. Out of these 17 resellers refused to answer the questionnaire. Hence actual samples collected were 285 which were quite higher than the minimum sample size required for the study

C) Hypothesis Results

Hypothesis construct was developed on the basis of Literature Review & Survey done. This hypotheses construct was tested using Pearson's Chi-Square Test for Fitness of Good. Since this test of independence does not reveal the strength of the

dependence or significance. Hence Coefficient of Contingency was used by the researcher to understand the non-parametric measure of the association.

The below hypothesis were constructed on the basis of conceptual framework,

1) **Pre-Engagement of the Offline Seller with Online Channel** -

Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line Sellers is independent of the seller's engagement with the online channel

Seller engagement with Online has to do something with whether in future the said offline reseller/brick-and-mortar seller will chose for Co-existence with Online retail that is Omni-Channel or not.

Engagement here identifies sellers who are either selling products online or not selling. Also there were few resellers who sold earlier on online platforms but for some reason they stopped selling later on the online platforms.

Early engagement factor is an indication whether there is any knowledge of emerging trends like online retail within the reseller community or not, as well as due to early experience of this new channel of selling they are well versed with its Pros and Cons as well. These pros and cons somewhere will be important when the decision of co-existence is to be taken. As co-existence is a term related with Omni-Channel as a role of the seller there is always the possibility that the seller may explore multiple options in future. Still this pre-engagement with online channels can make some significance on this decision as it was found through the dependency test here.

By rejecting null hypothesis with Chi-Square (X2) value (19.08) more than the critical value (9.48) and Alpha value (0.05) more than the p value (0.00075) the researcher could conclude that there is dependence of pre-engagement with co-existence decision making for brick-and-mortar sellers i.e. offline retail with online retailer/e-commerce.

2) **Readiness of the Offline Seller to embrace the Online Channel** -

Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line sellers is independent of the seller's readiness with online channels.

While readiness for online selling can be an open ended question, the answers for the same could finally be confined towards planning to start selling online, already selling online, was selling earlier but stopped now or it can be someone who has not yet decided. These varied options helped resellers to choose their state of mind depending on their experience with online channels. While the world is embracing online retail there was no difference for Indian retail also and hence there was a definite trait among brick-and-mortar resellers about online sales strategies to embrace in the near future.

Again here the researcher could find dependence of the online strategy on coexistence decisions of the offline retailers.

By rejecting null hypothesis with Chi-Square (X2) value (16.47) more than critical value (12.59) and Alpha value (0.05) more than the p value (0.0114) the researcher could conclude that there is dependence of readiness with co-existence decision making for brick-and-mortar sellers that is offline retail with online retailer/e-commerce.

3) Penetration of the Offline seller in Online business

Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line sellers is independent of the seller's existing penetration with online channels.

Existing penetration while just give percentage of business already on online channels by the brick-and-mortar reseller also gives the amount of penetration already there for the online retail from offline retailers. This penetration is also significant to decide whether those who are below 15% of sales currently on online channels and whether they will scale up and continue online sales or they will stop in the future. Also those who have already penetrated more than 15% sales form their revenue through online channels must be already pros on the subject and tested the success probably and hence are more likely to continue the online channel along with offline channel or may shift completely to online as well.

Penetration of these brick-and-mortar sellers into online channels exhibited the dependency on the decision of co-existence as well. As online channel adaption and penetration are keys to reflect on the online strategy research and was bang on in identifying the relationship here.

By rejecting null hypothesis with Chi-Square (X2) value (9.99) more than critical value (5.99) and Alpha value (0.05) more than the p value (0.0067) the researcher could conclude that there is dependence of penetration with co-existence decision making for brick-and-mortar sellers i.e. offline retail with online retailer/e-commerce.

4) **Future plan of Retail Expansion by Offline Resellers** -

Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line sellers is independent of the seller's future plan of expansion with online/offline channels.

This question could be the direct answer to the relation on coexistence with online channels for offline channels. Since the future plan is nothing but close ended the question of either expansion of existing offline retail, or stop the same, start online channels along with offline or if still there is inconsistency which can lead to wait & watch approach on industry developments.

In all of the decisions one thing was clear that it could establish some relevance to dependence on the decision of coexistence with the online channel. While few of the resellers want to stick to offline channels alone there were few others who want to start online as well and few already prepared for co-existence.

By rejecting the null hypothesis with Chi-Square (X2) value (25.92) more than critical value (15.50) and Alpha value (0.05) more than the p value (0.0010) the researcher could conclude that there is dependence of the future plan with co-existence decision making for brick-and-mortar sellers/offline retailer with online retailer/e-commerce.

5) **Exit plan of offline resellers from retail business** -

Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line sellers is independent of the seller's exit plan from the retail business.

Exit plan is another straight forward question to understand the migration of offline retail into the value added reseller or solution seller. This means that they are already moving out of the typical traditional retailing and getting into enterprise business. There may be a few who might do both as well. But prima facie those who are planning to move to the enterprise business will eventually move out of retail business or selling to home users completely or will remain minimal. Few were still persistent

on their commitment to retail channel and selling either online or offline channel but sticking to selling to home users only.

By rejecting null hypothesis with Chi-Square (X2) value (13.34) more than critical value (12.59) and Alpha value (0.05) more than the p value (0.0379) the researcher could conclude that there is dependence of the exit plan with co-existence decision making for brick-and-mortar seller i.e. offline retail with online retailer/e-commerce.

6) **Co-existence / Omni-Channel Role** –

Brick-and-Mortar Computer Sellers can't co-exist with e-Commerce/On-line sellers.

This is the main construct of the thesis as it finds whether offline sellers will survive in the future, whether they can find a way to sustain further and most importantly do they have scope to work along with online sellers for co-existence.

Co-existence of offline and online is synonym of the Omni-Channel which embarks the role of offline channels to adapt online integration and makes seamless offerings to customers as a single approach and leverage advantages of co-existence.

With the earlier five constructs of Engagement, Readiness, Penetration, Future plan & Exit plan defined clearly that they have dependence with co-existence decisions. In other words the researcher can confidently put up that since engagement, readiness, penetration, future plan and exit plan influence significantly for taking decisions for co-existence hence co-existence itself is a choice as a role for offline sellers along with online channels.

Since fitness of good is significantly proven for engagement, readiness, penetration, future plan & exit plan which can form a model converging these parameters into decision of co-existence.

This role of co-existence is nothing but Omni-Channel adaption which is clearly established here.

By using this model one can find for larger scale of area as well as other industries too if co-existence is relevant to offline/brick-and-mortar retailers.

Further studying coefficient of contingency with the help of the Cohen table it was also observed as below:

Before finding the strength researcher has collated all observations from results gathered using Chi-Square test of dependence towards all hypothesis.

To sum up below can be conclusion for all hypothesis tested using Chi-Square test as below

Table 5.2

Serial Number	Null Hypothesis	Testing Result
Hypothesis 1 Co-Existence	Brick-and-Mortar Computer Sellers cannot co-exist with e-Commerce/ On-line sellers	**Rejected**
Hypothesis 2 Engagement	Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line sellers is independent of seller's engagement with online channel	**Rejected**
Hypothesis 3 Readiness	Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line sellers is independent of seller's readiness with online channel	**Rejected**
Hypothesis 4 Penetration	Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line sellers is independent of seller's existing penetration with online channel	**Rejected**
Hypothesis 5 Future Plan	Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line sellers is independent of seller's future plan of expansion with online/offline channel	**Rejected**
Hypothesis 6 Exit Plan	Co-existence of Brick-and-Mortar Computer Sellers with e-Commerce/On-line sellers is independent of seller's exit plan from retail business	**Rejected**

These hypotheses were then used with Cohen table of effect size which is depending upon the degree of freedom. Since this is dependent of degree of freedom for cut off value to indicate Contingency Coefficient calculated using chi-square value.

Table 5.3 Effect Size (Cohen)

Degree of Freedom df = min(r-1,c-1)	Weak	Moderate	Strong
1	0.10	0.30	0.50
2	0.07	0.21	0.35
3	0.06	0.17	0.29
4	0.05	0.15	0.25
5	0.04	0.13	0.22

It is observed that higher the value of the Chi-Square it will show better effect size that is strength of the dependence.

Results obtained from the calculations are as below,

Table 5.4

Hypothesis	Contingency Coefficient = C	Degree of Freedom df = min(r-1,c-1)	Effect Size
Hypothesis 1 -Engagement	0.25	2	Moderate
Hypothesis 2 -Readiness	0.23	2	Moderate
Hypothesis 3 -Penetration	0.18	1	Weak
Hypothesis 4 –Future	0.28	2	Moderate
Hypothesis 5 –Exit	0.21	2	Moderate

 All hypotheses except penetration have moderate significance found as per Cohen table of the effect size with respect to respective degree of freedom.

Penetration has probably a relatively lesser impact on the co-existence which must be due to many offline retailers returning back to offline again due to transaction issues with online channels specifically related to returned material/goods issues as well as many of them are less than 15% penetration which may have impacted the decision

making of co-existence. In both ways the statistics results stands correct and hence are accepted by the researcher.

Here one needs to note that more the degree of freedom lesser cut off for coefficient of contingency is stronger. Usually if sample size is higher, Chi-Square value will be higher & higher the coefficient of contingency also.

With help of Chi-Square and coefficient of contingency the researcher could find the dependency of the variables and their significance to decide the role of brick-and-mortar resellers as Omni-channel retailers.

D) Other Significant findings

For other observations the researcher has to used frequency distribution and descriptive outcomes which are listed further.

1) % Sales to Home Users by Offline Sellers

During the survey it was observed that 75% of partners selling less than 25% of their sales to Home users while 25% of partners selling more than 25% of their sales revenue to home users.

Table results as below,

Table 5.5

S.N.	% Sale to Home Users	Frequency	Percent
1	Don't Sale	63	22%
2	Less than 25%	151	53%
3	More than 25%	71	25%
	Total	285	100%

If we consider purely 222 partners who are selling to home users then in that case 78% resellers sell to home users & 22% do not sell to home users. While they do

understand market dynamics about online and offline channels hence even their opinion counts for the survey

Also it was observed by the researcher that 68% of sellers sell less than 25% (out of 222 partners who are selling to home users) and 32% of sellers sell more than 25% of their revenue to home users.

These observations of potential drivers were not having much impact during factor analysis hence they have been kept for a separate study instead of taking them for hypothesis testing.

2) Volume of Desktops/Laptops sold per month by Offline Sellers

Similar to % sales to home users overall volume of selling hardware i.e. desktops/laptops data as well gave the below facts:

Table 5.6

S.N.	Volume of Desktops/ Laptops Sold per month	Frequency	Percent
1	Less than 10	199	70%
2	More than 10 less than 50	50	18%
3	More than 50	36	13%
	Total	285	100%

This means 88% of seller's volume is less than 50 Quantity per month and 13% of the sellers sell more than 50 per month. This was primarily taken in anticipation that volumes may define decision making for co-existence or may have some influence for the same. While during factor analysis even this variable didn't show any significance on co-existence variable hence the same was also kept aside and not included for hypothesis testing.

3) Retail format for Better Return on Investment (ROI)

For any business the most important factor to remain in business is Return on Investment. Unless there is no goods returned there is no point in remaining in the

said business. While in offline retail major categories are either single/exclusive brand retail or multiple brand retail. Most of the partners are having either one of them when they operate out of retail. Also even if they are not in retail they will adapt similar strategy of getting aligned to a particular brand and promote the same or will opt for selling multiple brands.

There are advantages and disadvantages in both categories as one selects the same. In branded i.e. exclusive retail vendors will go hand in hand with the seller and will take what it needs to convert each walk-in to the respective brand. While in multiple brand retail outlets the choice to sell which brand is with the owner and off course the seller selects or tries to convert each walk-in to the brand which gives better margins.

Table 5.7

S.N.	Retail Format for Better Return on Investment	Frequency	Percent
1	Single/Exclusive Brand Retail	73	26%
2	Multi-brand	168	59%
3	None	44	15%
	Total	285	100%

As observed during the survey major partners feel that it is Multi-Brand showrooms which give better margins than single brand showrooms. As we have seen there are pros and cons for both. In reality it is also observed that the reseller tries to tie up with multiple brands and open exclusive brand showrooms for each one of them adjacent to each other. By doing this the reseller gives opportunities to the consumer to look at multiple brands and at same time treat them as a customer for the exclusive brand showroom as well. Off course this involves high risks as well as huge investments in terms of getting prominent larger showroom space as well as the need to satisfy each brand as per their requirements and maintain equilibrium too.

There is also a trend to open more showrooms of the same brand in different territories to ensure increasing buying power and hence better ROI than just running a few counters or just a single counter. In fact many vendors also see to it that the same seller is capable of opening multiple retail counters in different cities or locations within the same city to make sure sustenance of the partner.

As even the vendor is aware that unless the retailer doesn't find enough ROI they will not remain long in the business and for exclusive retail is winning or losing the game is together only.

4) Least affected Quarter for Offline Sellers from Online Retail

Now Online Sellers are selling aggressively almost throughout the year. As in India you will find some or the other festival or reason to celebrate every month and quarter. Whether its Diwali, Christmas, Ganesh Festival or Raksha Bandhan reasons can be different but opportunity for online sellers to make it in favor are in abundance.

Then the question arises is that when these offline sellers find lesser competition from online comparatively? Importance of this question is to earn better margins in this quarter than other quarters, as in other quarters online sellers disrupt the market with heavy discounting and loads of offers which consumers can't refuse.

As seen from the above chart 35% of sellers feel that Jan-Feb-Mar is comparatively a better quarter for them, when competition is lesser from online sellers. This can be related with festivals of India falling majorly in July-Aug-Sep & Oct-Nov-Dec quarters whereas Apr-May-June is usually new admissions for school and colleges.

Table 5.8

S.N.	Least Affected Quarter for Offline Sellers from Online Sellers	Frequency	Percent
1	1st Quarter (JFM)	101	35%
2	2nd Quarter (AMJ)	63	22%
3	3rd Quarter (JAS)	59	21%
4	4th Quarter (OND)	62	22%
	Total	285	65%

During festivals and school admissions online retail sales are much more aggressive in offerings to attract more and more customers to them.

Few observations being multi-choice options to partners, can be better displayed with graphical format as below -

5) Key Competitions to Offline Sellers

Brick & Mortar sellers face competition from organized retail like Large Format Retail as well as Small Format Retail which are Converged Retail as well. Also apart from this e-commerce is the new competition now and traditional competition of same peer of partners who are in offline category. That means each offline reseller has to fight on many fronts competing with each of them. When organized retail flourished a few years back, it was said that they will eat up major share of offline retail and the consumer will shift completely towards them.

In reality it is found that the overall share of the organized market in India is currently at 18% which grew from 9% in a last few years and e-commerce also expects to grow from 5% currently to 15% in the coming 5-10 years (Source IBEF).

Similar outcome has reflected in the survey taken by the researcher giving the competition by category to Brick & Mortar resellers as below:

Figure 5.1
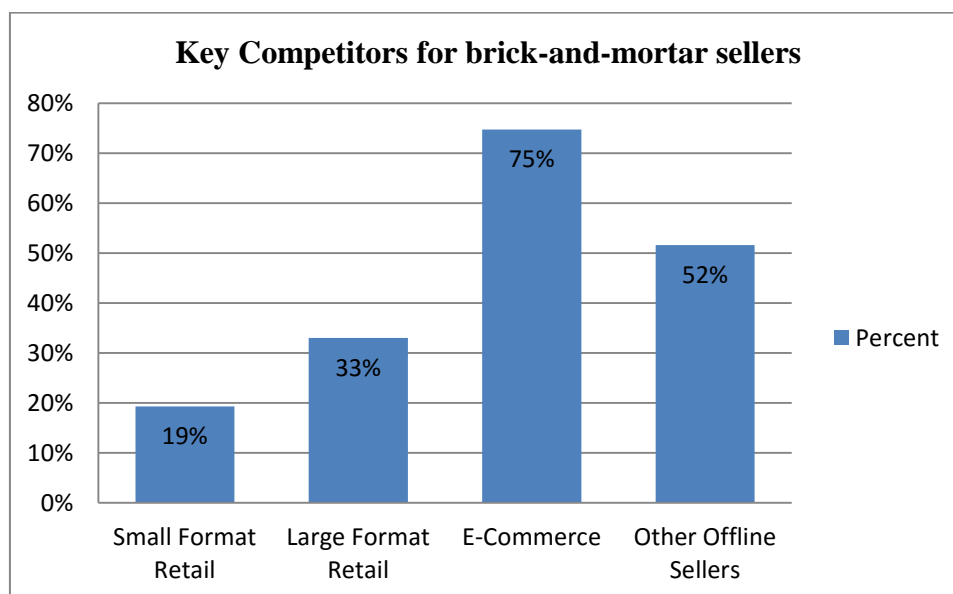
It is quite visible that 75% of partners are facing e-commerce as competition while 52% each is either organized retail like large/small format retail and other peers that is

offline retailers are the competition. This is multiple choice option hence members have selected multiple competition in answer.

It is quite evident that e-commerce is prime competition to offline sellers.

6) Sales Strategy against Online/e-Commerce competition by Offline Sellers

This could be shocking to many that offline resellers though always talk about price disruption by online retail, while defining the strategy to counter this competition their focus is least on price/discounting. Also it can be understood very well that offline retail doesn't have that deep pockets to counter the price/discounting offered by online retail anyway. Hence most of the partners prefer to focus on Touch & Feel or Pre-Post product support as more important tools than price/discounting. Also prompt delivery is another important strategy to counter the competition from online retail. Many sellers have started publishing this in their promotion to deliver the goods within few hours as well to ensure the customer is glued against online retail which may take minimum 24 hours or more in any case.

Figure 5.2
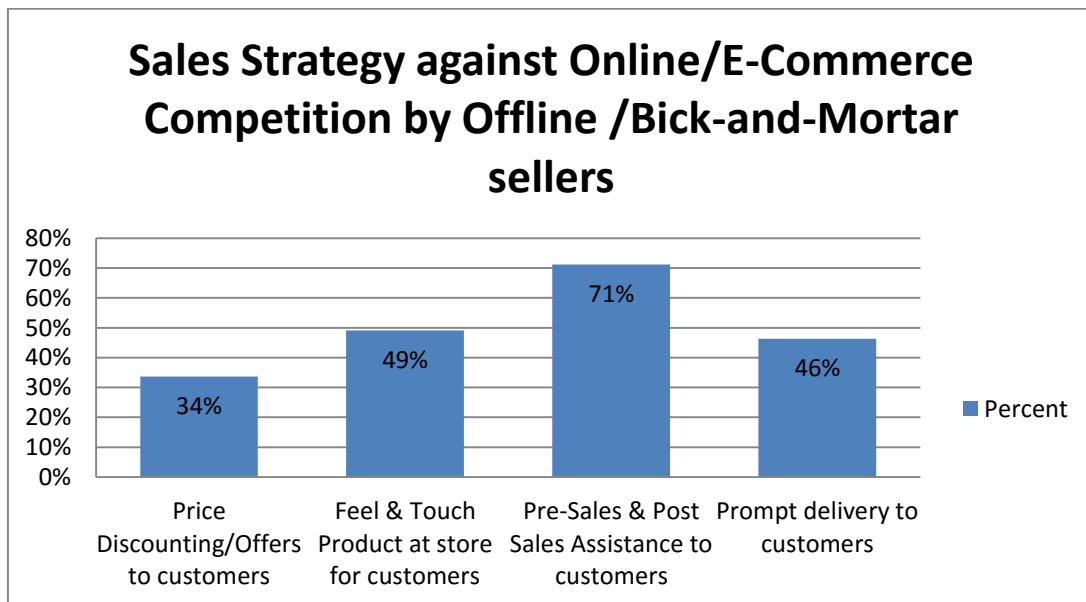
The top most strategy is Pre-Sales & Post –Sales assistance as they find that the customer has little choice here over online retail. Also usually products may not give the margin by selling just as a product unless support is bundled along with the same. As there are no defined prices for support the sellers can make enough margins in this

strategy. As there is increase in trend in showroom shopping (i.e. Window shopping by the consumer) it also gives benefit of Touch & Fell to them before making the final decision to purchase a product. While there are ample cases for the customer who just check at offline retail showrooms about the product and then go to online for purchase over price, there is still scope for offline sellers to convert such customers by ensuring they are competitive enough on their price offerings as well.

While suggestions beyond these top strategies are captured in a separate form to ensure they are also documented as findings.

7) Reasons for Customer preference to buy Online/E-commerce instead of Offline Retail

While reasons are known to most of the offline sellers as well as consumers here, it is worthwhile to look at all angles towards the same. Also by listing this can give some idea to offline sellers to prepare a counter strategy as well.

Figure 5.3

The researcher found that Price and Discount benefits are close to 84% members vote as prime reason why the customer goes to online over offline sellers. While ease of buying and lack of time to visit the retail outlet are next in rank for the reason to buy online. Last but not the least ease of return of goods is a notable reason for the preference of the consumer going to online retail.

As it is visible from most of the key online sellers books of profit and loss that their compounding loss year on year is purely due to over discounting and slashing prices to acquire a larger customer base. As the customer base increases higher is the reach higher is the company valuation and higher is the possibility to grow in the future. Hence many such online retailers during their first couple of years of operation simply go on a spree to sell products at losses and make sure they get more users/consumers attached to them. Then they run some membership programs to make them stick with them, which help them to get averaging of the profits by pushing products to them which actually have better margins than what the customer actually wanted to buy.

For any consumer getting the same product at a lesser cost is a value proposition to go for online shopping.

Similarly being an online platform without any restrictions of timings the consumer can buy whenever he/she wants to purchase. There is no seller pressure as well since the decision can be taken at the own pace of the buyer. With the emergence of smart phones it has come to the next level of convenience for the consumer with a few taps to complete the entire buying process and get delivery at their doorstep.

Specifically in metro cities like Mumbai/Pune it has the advantage to save time for travel to go the offline store and purchase unless it is a hedonic kind of experience to enjoy in the Mall and do shopping. Even in those cases consumers prefer to spend time on entertainment more than actual shopping. Hence such consumers prefer to save time of travel and buy products over e-commerce.

Return of goods is a recent new trend set by leading e-commerce giants who have developed such systems by which even though the customer has unboxed the product or just tried it once, gives complete liberty to return the goods to the seller without any questions asked.
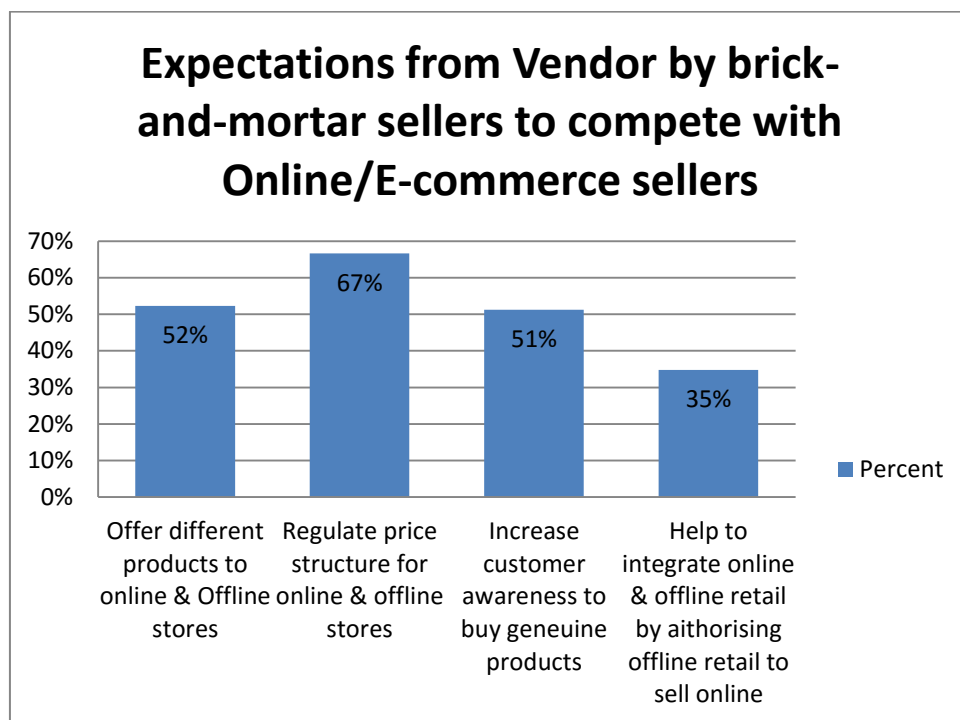
This trend has transformed how the consumer is elevated to the real king who can return any goods of whatever the value it may be which are tagged for return policy while purchasing them online. This also gives additional comfort and confidence to the consumer to buy products without even Touch &Feel of the product before buying. It is really hard for the offline seller to match this feature due to bulk purchases and demand generation online sellers could even negotiate these kind of

benefits from their vendors as well many times which are not available with small offline resellers. Also in the market place category of online sellers this responsibility of rejected goods is tied up back with offline resellers only which are operating in the market place of online platforms.

8) Expectations from Vendors by Brick & Mortar sellers to compete with online/e-commerce sellers

As a researcher it was found during interview that there is need to get realistic feedback from offline sellers about their pain points and put up across in their same words to the world. As benefits can go back to them when any vendor go through these research thesis to counter and correct their strategy to ensure interest of offline sellers are kept intact. Hence keeping confidentiality of the names of owners this feedback were taken through the survey and documented during the thesis.

Figure 5.4

Expectations from Vendor by brick-and-mortar sellers to compete with Online/E-commerce sellers

- Offer different products to online & Offline stores: 52%
- Regulate price structure for online & offline stores: 67%
- Increase customer awareness to buy geneuine products: 51%
- Help to integrate online & offline retail by aithorising offline retail to sell online: 35%

Price being the most disruptive factor offered by online retailers affecting offline sellers, this is the topmost priority expectation from vendors to be controlled by these offline sellers. Even the recent agitation of channel associations was to safe guard the interest of offline sellers whenever there is a drastic drop in prices by online sellers

and due to which the offline seller is unable to sell the same to consumers in the market.

As the gap widens during festival offers specifically and out of the entire year 3 quarters India observes some or other festival offers from online retail, it's imperative for offline retailers to ask for regulating this price by vendors.

Now this price regulation can be done in many ways, either by offering different products/models itself even though the configuration can be the same so that there is no head to head competition between online & offline retail. Also it can be done by allowing only authorized offline sellers to sell in the market place which can be at a controlled price. If the product is sold directly to online retailers then make them binding to maintain market operating price is a policy decision.

While on paper these options might look lucrative but may not be practical always. Also due to competition from different brands for every brand price decision needs to be taken dynamically and making this too controlled becomes impractical even if they wish.

Offline sellers expect that the vendor should drive some programs or promotions which will ensure educating customers to buy genuine products from offline. As it has been found many times that in the marketplace there are chances that few sellers may sell spurious products and that creates more challenges to offline sellers who are selling genuine products. As these spurious products could be much cheaper compared to original products also it may be refurbished or step down configurations as well.

Hence making the customer aware to buy from authorized partners is important. Many brands also made attempts to ensure giving warranty to consumers only if bought through this authorized offline or online sellers only.

Many brands offer online to offline options also which is nothing but the Omni-Channel which gives the user the same price across the channels. Also enquiries which are received online are diverted to offline to serve and Vice versa. In both cases price parity is maintained and the customer doesn't have to hunt for the best offer everywhere.

This integration of offline and online which is Omni-Channel is getting adapted as an official strategy by many vendors now. Recently Lenovo announced their 400th exclusive retail store opening. Lenovo announced O2O channel program called offline to online recently last year. This is nothing but to integrate offline and online channels together. With this program the customer not only gets seamless experience over both channels, but also gets an opportunity to buy products which in not on the shelf but available online. Also it helps customers to do custom made changes required in products and get the same within two weeks at their doorstep.

Most of the other vendors also are engaged or getting engaged in the Omni-Channel program for their offline retail partners.

9) Campaigns used by Vendor/Offline sellers for promotion

The researcher found it quite natural that Digital platforms are the preferred choice for promotional campaigns by vendors and sellers in the current digital age. Followed with print media, though the life of print advertisement is always considered quite short compared to outdoor or digital platform campaigns, they have a better impact on conversion to leads and enquiries always. TV Commercials are always costly and used more to create brand awareness or just teasers to entice the customer and create brand recall while Radio commercials are comparatively cheaper and quite popular in business class as they keep travelling in cars.

Figure 5.5

237
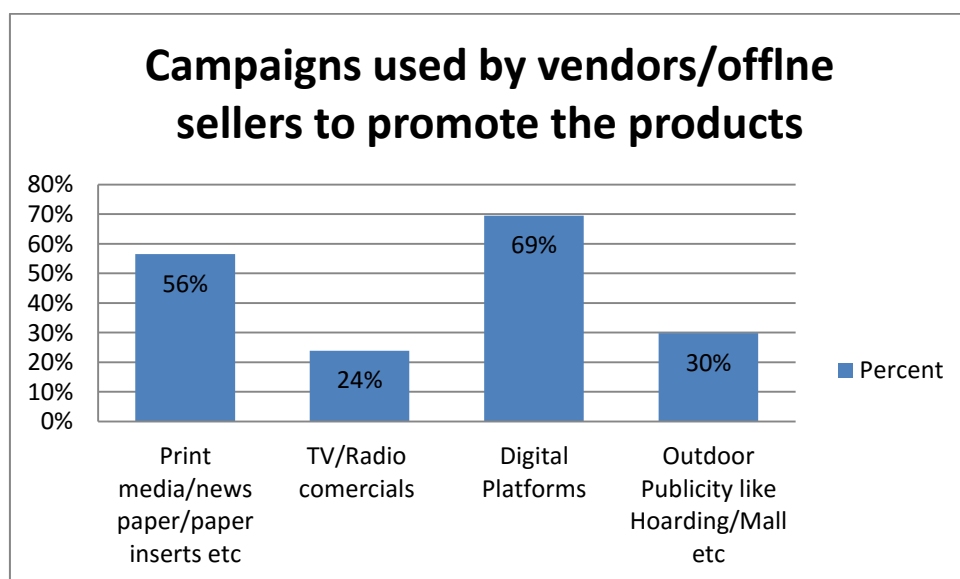
Outdoor campaigns like hoardings or booths at malls are also famous by giving longer duration mileage and with a comparatively lesser cost per day equation.

Still many brands have moved now days to Digital platforms to save the cost on marketing as well as reach millennials who are today's customers and found more connected on social platforms.

Even referral programs on digital platforms or asking users to post the positive comments to promote the brand are quite common techniques used in digital campaigns. Many gaming laptop companies make live event propaganda on digital platforms which creates fan clubs and becomes the selling place for such brands eventually.

There are many ways this digital platforms are exploited to do the promotions and options are unlimited.

Apart from establishing the role for pure play brick-and-mortar computer sellers in the era of e-commerce as Omni-Channel partners by co-existence with online retailers, the researcher also has emphasized exploring the growth opportunities in B2C segment for these offline retailers.

5.3 **Conclusion** –

Sustainable & Profitable Growth for Retail ahead –

The future can be clear if the past is forgotten. Retail is one industry which has seen many transformations i.e. Start of the barter system to brick-and-mortar retail store, traditional retail to organized retail and now online retail.

At each stage there was a fear of erosion of the previous format which was proved wrong. There is co-existence of organized retail with traditional mom-and-pop retail. Same way online retail will also stay with other two formats.

- Think Big –

Scale of operation does matter. Big fish eats the small fish. If online retail is just 5% of the total trade and going to grow to 10 or 20% in the coming decade there is still 80% of traditional retail. Organized retail also which was expected to grow at 20-25% in practice contracted only at 8% growth and covering not more than 18-20% of total

retail sales, that means that still a major share of business which is close to 60% will be driven by brick-and-mortar retail.

- Vision –

Many retailers have taken decisions to minimize their shops or bring down the scale which impacts the value proposition. It is important to know who they are & why they are in business. A strong foundation makes the organization understand that they will sustain any change and adapt changes to survive. The same trust among employees and customers if imbibed will make a lot of difference.

- Trend Setter –

The key of innovation is to use the same risk taking and setting a trend. Recognizing changes around and investing to adapt the same is a key differentiator. Working more on opportunities is required than discussing problems.

Reach to more consumers- Whether by opening own shops or through the franchise model it is important to keep increasing buying power. Blue Ocean gives better profit, reaching the Blue Ocean can be done only by expansion to a less travelled terrain. Brand creation and then expansion is a key for good growth.

- Value for the Cost –

Either charge the cost which the customer sees as a value or create a value which the customer is ready to pay as a cost. In both cases the barrier to competition is well defined. Even in the case of low margin, high volume businesses the aim is to average on what the customer wants and mark ups on what the brand sells to them.

- Consumer Behavior can be altered –

Value proposition which can change how, when and what the customer can buy will always make a profitable business proposition. This value proposition is the outcome of innovation adapted considering the customer at the center stage.

- Core Principles –

Having multi-touch decision making points always leads to chaos and confusion in operations. Good execution depends upon how well the understanding of the decision

making and following the core principles. Management core principles about the business including but not limited to sourcing of goods, price offering limits, including capital allocation are key for the organization to make consistent decisions.

- Measurable Goals –

Goals if not measureable are only a wish list. Key Performance Indicators (KPI) are important in an organization to define the role of each individual. Measuring these KPI at regular intervals and correcting the same for aligning to the common goal is very important.

- Ownership –

The larger the organization the more difficult it is to make ownership at each point, while its more important to identify right ownership and define the same clearly with individuals.

- Constant Improvement –

Freedom to take decisions comes with responsibility, observing mistakes and correcting the same brings constant improvement. No idea is a bad idea and every suggestion should be taken in an inclusive approach. Giving a sense of ownership accepts the open improvement. Constant improvement in the organization brings elasticity to adapt to the customer expectations faster.

- Offline stores need to offer online retail benefits to their customer –

Enabling customers find stock availability without the need of visiting the store. Giving same day delivery to customers for product purchased in store.

- More than just selling product –

Today's customer wants to do something more with shopping like participate in cookery show or in DIY workshops when they go for shopping. It's not about just shopping but the hedonic aspect of shopping to enjoy the experience there.

- Rewards for loyalty –

Consumers search for shops which can offer them rewards for their loyalty, get special treatment than others or are offered special discounts for their memberships.

These growth opportunities are much more important in the current scenario when there is a pandemic and governments including consumers have started giving more preference to purchase products online.

Taking a Clue from Global Retail -

Is it retail catastrophe? No certainly not!

In the past what happened during financial crisis over the world? it was found that around 2017 when the financial crisis was at its peak the US had closed down close to 7000 plus retail outlets which include Radio Shack, Sports Authority, Toys R etc. due to fierce competition from online & unable to sustain cost of operations.

While during 2018 it was also evident that many brands like Dollar General, Target, wall-mart etc. went on a spree of opening hundreds of stores.

India is no different at all, as recently observed that many online retailers started opening chains of offline retail like Lenskart, First Cry and Zivame etc. Also the recent example of Lenovo opening up its 400th exclusive store & targeting to reach 500 stores this year is another clear example of the trend in India in spite of the pandemic or not..

While yes during the pandemic period retail will suffer and incur operational losses compared to e-commerce retail which is the ugly truth of this pandemic.

There are many examples from the US which faced this phase of challenge by offline retailers from growing online stores competition with them.

Few of them are listed below with innovation or strategy adapted by them to sustain and grow.

- New technology adaption & membership based customer loyalty

IKEA adapted Virtual Reality games like "Pillow Toss" or "Virtual Panda" to make the customer hang out in a shop to get customer loyalty. They had developed an Artificial Reality app as well to help customers better visualize IKEA furniture from anywhere & also initiatives like assembly and service for furniture at consumer homes. This made IKEA keep growing in physical formats and opening new stores continuously including a recent one in India. Similar to this Best Buy stores started

free in house consultancy for electronic equipment and technology. This was also followed by Amazon later.

One of the biggest wholesale stores Costco in the US started membership based bulk shopping model. On the basis of membership they started giving committed delivery within 2 days for Costco Grocery or even same day delivery with the help of Instacart a startup they partnered with.

This has helped Costco to increase its top line as well as membership revenue too.

- Go Smaller to grow bigger –

Retail store Kohl's strategy could be replicated where they shrink their area of the store from 90000 square feet to 60000 sq. ft. and added smaller stores of 35000 sq. ft. instead.

This helped their customers to get a 360 degree view of the store in one spin. This also reduced expenses for the store to operate as well as overall inventory too. Kohl also adapted a streamlining supply chain by challenging their all suppliers to supply fashion apparels within 6 weeks from design which actually takes 24 weeks normally.

Their adaption to this strategy made it possible for them to bring fresh designs with a small turn-around time at the store display.

Automation is another area where brands like Apple, Walmart made unique in their offerings. Beacons and Amazon Go cameras made consumer shopping much easier and without in store employees.

- Lost cost, New Demographics & Private Labels–

"Five below" is good example which adapted to grow by reaching to territories. This strategy is adapted by many stores where consumption is not a challenge but they are underserved by retail shops. With items less than 5 dollar it became popular for tweens and teens for food, sports and style accessories. With popular music and the casual nature of the store it is the most relaxing place for these tweens and teens. They have differentiated themselves as a value space with a good store experience.

Five Below also adapted selling more white label goods which helped them to keep prices low and removed unwanted frills not required by customers e.g. like selling/shipping basketballs deflated which can save cost to the customer.

Similar to Five Below, Dollar general stores with not more than 7000 to 10000 square feet of area are giving good competition to the Wall-Marts of the world. Due to its small size check in and check out is much easier compared to big stores. Also it becomes a convenience store being in close proximity to rural and low income areas.

Aldi can be another example where they have adapted lesser manpower at store, with just a forklift driver they are able to get all goods in open boxes where the customer can grab the same. This has eliminated in-store employee costs as well as cart collecting staff at entry and exit.

Private label brands could help Aldi to keep prices 30-40% lesser as well these private labels contribute close to 90% of brands. Keeping lesser brands also helps Aldi to negotiate procuring higher volumes.

- Deliveries are aimed faster

Amazon's newly filed patent for aerial "beehive" fulfillment center is going to give a new dimension to logistics.
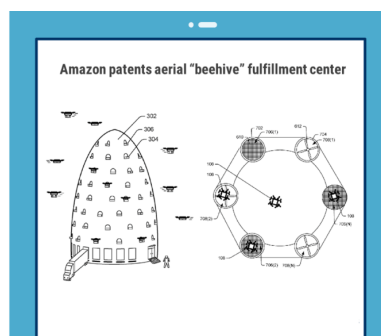
Figure 5.6

Source: CBInsights

Many startups in logistics are acquired by e-commerce companies to improve their last mile deliveries.

- New Niche & Re Purpose–

Hobby Lobby is kind of example who holds 10000 plus items which amazes craft enthusiasts. One can find many niche products to buy from this shop. Unlike regular retail shops this shop closes by 8 pm remains shut on Sunday & employees are paid double than minimum wages are few different ways this shop is known for.

Niche retailers can build brand loyalty and authority by focusing on a particular vertical they are catering to. This gives an advantage to these shops which cannot be easily copied by e-commerce.

Build-A-Bear shop is another example of uniqueness. This allows the consumer to personalize their stuffed animal, they can choose which animal they want to make, chose outfits and even place a heartbeat inside. These kind of niche shops are not only difficult to replicate but for e-commerce it only impossible as well.

Future of Retail –

In a gist same day delivery, matching online price, more entertaining experience are common expectations from customers.

Many global market consumers already feel going instore to purchase a product is the last thing they would like to do. It's an astonishing 32% who feel better to wash dishes at home & its 40% term it a chore which is to be done. (Source Capgemini)

Fig 5.7
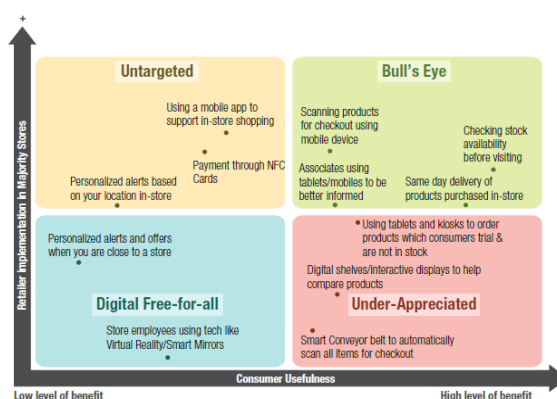
Source (Capgemini)

Digital transformations are at key priorities for store. Figure 5.7 can be a guide to such retailers what should be on priority & what can wait for the next phase.

The store of the future is an integration of Digital & Physical stores. It was found that 68% of consumers prefer to buy through kiosks or in-store tablets post feel and touch of product at the store if stock is not available immediately. (Source Capgemini)

Digital Ready Store advantages –

Visual Experience –

Retail store Moki installed tablets at aisles to guide consumer's visual experience and give an interactive experience. This has helped to increase 40% sales year on year. (Source Capgemini)

Convenience –

Simple convenience like providing mobile charging spots to customers in the store has increasing shopping time by 2.15X and gives higher revenue as well. (Source Capgemini)

Personalized Messaging –

When the customer walks into the store he gets a personalized message which has helped to increase sales by 14% in basket size as well as increased frequency of visits to the store.

Amazon Go –

The first check out free store is to be named as Amazon Go. This store has used technology at its optimum level & made sure that the customer doesn't have to wait in a queue for checkout.

Smart karts have helped the consumer to just drop the product in the basket while shopping, and at end even the payment can on an auto debit basis

Capgemini's smart Digital Store framework is quite useful here,

Fig 5.8
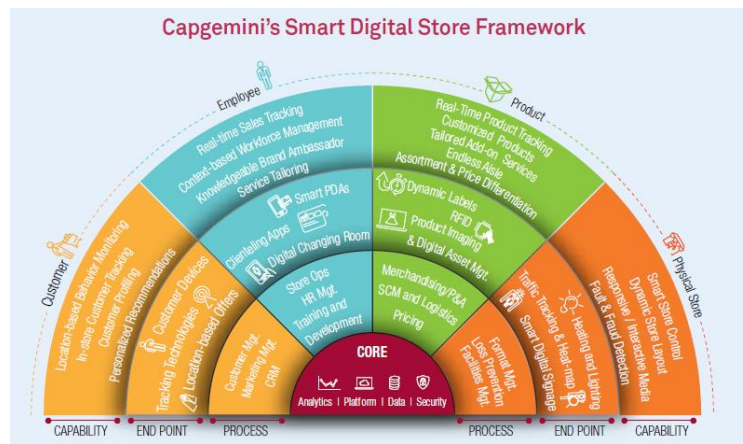
Source (Capgemini)

Way Ahead –

1) Why do customers come to the store? – It's the instore experience which makes the customer to visit the store again and again. "Retailment" can be called for this experience where the hedonic needs of consumer are satisfied visiting the retail store. From entry to exit the retailer needs to ensure customer enjoys every touch point.

2) Make available what the customer is looking for – Simple mantra for the retailer is ensuring customer finds the product what they need. Be it with the help of the storekeeper or with AI it doesn't matter. Future will have AI based options too. Important is that the customer need is matched with supply.

3) Ease of shopping – Reaching the customer where he is shopping becomes of prime important. Be it on the tablet or in-store. Using technology will give a cutting edge for retailers. Right from greeting the customer on entry till choosing the right product everything can be automated and made instantly available to customers

4) Opex (Operational expenditure) is a new way to break the shell – Supply chain is getting a bigger role on fulfilling the recurring demand, anything on rent is what flourishing. Customers are ready to pay a higher differential cost and change products often than life long ownership.

5) Omni-Channel – It is in evitable to have integration of physical and online stores. Click and Pick is the new way to shop. Offline to Online or Online to Offline in both cases seamless experience is a key.

6) Analytics and Big Data – Data is Oil, Data is Gold, anything and everything for retail will be driven by data. Building analytical tools to get customer insights will be the priority for future retail.

7) Supply Chain – Most key differentials for physical stores with Online is supply chain. It is no more Just in Time it is Just before Time. Be it same day delivery, advance return of goods or 24 X 7 supply are the new normal. The stores need to look seriously supply chain offerings.

5.4 Final Words –

Nielsen and Google's mobile Path to Purchase 2013 study estimates the consumer spending 15 hours to search for products on mobiles every week and 93% of them purchase a product. While the good news is 82% of them buy from brick-and-mortar still.

Also as per a recent 2021 study by Outer-box 80% of shoppers used smartphones to compare products, price & nearby shops while they were in-store. 78% of smart phone users have made purchases through the mobile within 6 months. Over 40% of e-commerce had purchases during 2018 on smart-phones.

Also researchers have already stated before in India e-commerce has reached to 5% which will grow to 16% as the global average & has room for 25% which is the current share in markets like China which are developed in e-commerce way before.
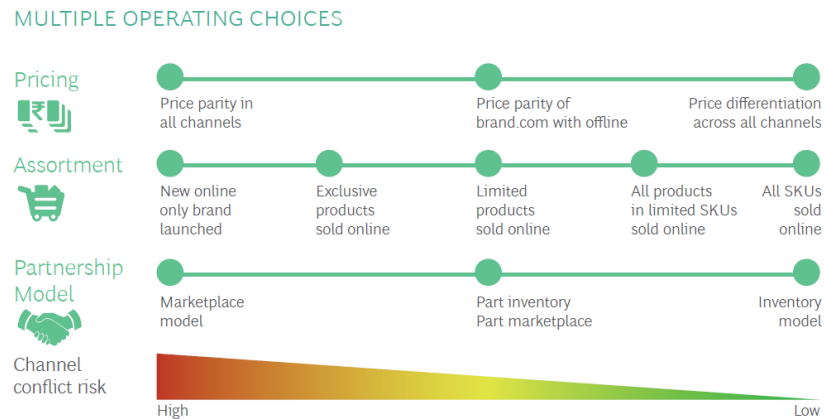
By 2021 India will have 700 Billion internet users which is more than G7 countries population itself. India has the lowest mobile data charges in the worl,. increase in fiber network for high speed internet and constant reduction of smartphone prices in the last few years.

Consumer electronics sale on e-commerce is expects to reach 38-42% by 2025 (Source Boston Consulting Group/Retail Authority of India)

All these indicate for brick-and-mortar retail to collaborate with online stores. It's important for the retailer to be there where the customer is irrespective of the channel.

So it's not about online or offline but it will be online and offline that is Omni-Channel.

Fig 5.9

MULTIPLE OPERATING CHOICES

Pricing — Price parity in all channels | Price parity of brand.com with offline | Price differentiation across all channels

Assortment — New online only brand launched | Exclusive products sold online | Limited products sold online | All products in limited SKUs sold online | All SKUs sold online

Partnership Model — Marketplace model | Part inventory Part marketplace | Inventory model

Channel conflict risk — High ———— Low

Source – BCG/RAI

Actionable – Think which suits you good on Omni-Channel, Online to Offline, Offline to Online, Click and Collect, Pre or Post Sales counter. Choices can be many depend upon the existing Engagement, Readiness & Penetration with online channels, as well as future strategy and exit plan for brick-and-mortar store.

The next actionable for retail stores are data, data & data. As a retail store guesswork will not work anymore. Analytics, Big Data and Automation are inevitable to incorporate. Knowing your customer is a key to engage with them. Bigger the engagement, larger will be the business. Mobile marketing for customers in proximity is the best way to reach them in terms of cost and conversion as well.

Last not the least making customers loyal, bringing in membership, coupons or any tools which works for stores to make them sticky with the store.

All this in package should give an unforgettable buying experience that is a key to compete with online stores.

Digitizing the core business can help retail stores to increase revenue by 15-20%, improve margins from 3-8% and reduce inventory cost by 15-25% (Source BCG/RAI)

5.5 Limitations of the Study –

There are a few limitations of this study. Due to limitation of time and nature of the study the researcher had to interview each and every individual reseller at unique locations of their office. That means this study has its own uniqueness to not only collect bulk of the survey from a few spots but to reach out to individual locations which was a Herculean task.

This has made some limitations to the study. The study is exploratory and an attempt to find what is in the future. Hence even available study material that is literature was limited in nature.

While there were global contexts available to the study and which could be referred to as similar conditions few years back. Still due to dynamism of the subject it was hard to guarantee that what happened in the world will have the same implications or India will react the same way.

Also there was absolutely no literature which would specifically address the Information Technology reseller as an industry in retail. Hence again there were limitations to take any reference point or follow certain methods for the research.

Due to recent changes in tax reforms in India like Goods & Services Tax (GST) the shift in business paradigm was another challenge to incorporate in the study. The way trade was happening before GST was total different and post GST business had its own dimensions. This has also made few limitations to find any reference context to refer.

Pandemic 2019 was another limitation in terms of reaching few resellers to complete the survey and had to take the same either over phone, video conference or through online google forms.

This study was limited to Pune City due to time, cost and need to reach unique locations for each Brick & Mortar seller. This also made an impact on the sample size to keep restricted to only members of the associations instead of reaching beyond association members or city limits.

The survey design had limitations to use non equal scale for the responses like the Liker scale. Hence further analysis also had to be done with specific tools and appropriate research methodologies only.

While the researcher also made an attempt to take the survey during different time spans of the year to cover the effect of seasonal sale and non-seasonal sale the representation of the facts will be based on the respective sellers perspective of the particular period. Hence it will limit the outcome as well.

Similarly strength of the model and effect size was limited due to number of responses for particular questions in the survey. Few of the questions where responses were 5 or less than 5 may impact the Chi-Square value (as per Cohen) which will reduce the overall strength for effect size when coefficient of contingency is calculated.

The research had many questions descriptive in nature and cannot fit into any specific tool or test except either displayed with frequency distribution or with a write up on the same. This can be one of the limitations for the research as it will have some Qualitative nature of results instead of only Quantitative in nature

Last not the least since there was limited literature available on the subject and even suggestions will have imitations as those are only captured from the survey of the sellers. It may be possible that there can be further possible answers to growth opportunities for Brick & Mortar sellers during this online era which can be still needed to explore as it will evolve further.

This study can also further take some link to consumers where being the central point for any transaction. This can give a third dimension to the study and may complete the circle of Seller and Buyer.

5.6 Suggestions for Future Research -

This study though satisfied for the existing thesis research has further scope considering the limitations of the study.

This study can be further be extended considering consumer inputs on this offline B2C sellers which can give another angle to the study. While that will be a vast subject and can be separate thesis itself.

This study can be taken up to a larger audience like state level or even national surveys can be done. Also this survey can also further be divided into Pure Play Retailer & Pure Play Non Retailers. As that can give further clarity on specific challenges of retail and in general B2C sellers may defer in nature.

Also from the marketing mix point of view "Place" was at the center stage of this study there can be a possible research for other P's as well specific to Online and Offline context.

Online selling in India is constantly evolving and even the government is taking a lot of inputs from offline sellers on how a level playing field can be brought in. There are expected new e-commerce policies in India shortly which may have a certain impact on e-commerce as well as offline sellers which can become another area for further research.

Since this research covered only Information Technology resellers, there is a wide scope for new research in other industries as well on similar lines.

5.7 Application of research –

This research for sure will help Vendors i.e. Manufacturers, Distributors, Offline i.e. Brick & Mortar sellers themselves, government agencies and even e-commerce companies for sure.

Vendor or Distributor sales managers can take clues from this study to plan strategies towards implementing the best possible channel structure to have a cohesive working. Also it can influence marketing managers to take a possible clue for adapting marketing activities which can have a better impact for their company or channel partners.

Most important for the Brick & Mortar sellers from this study is not only giving the details about what is the present scenario in terms of challenges and what are possible solutions, instead this study also touches upon future challenges as well and future possible solutions too.

This also encompasses the global trends and proven strategies used by them to replicate or innovate using that as a base for Indian B2C sellers.

Most importantly brands or sellers who will be moving towards the Omni-Channel structure can plan their journey step by step using this report. Though the study doesn't cover further on deep understanding of the Omni-Channel or its merits and de-merits, least it can help these vendors and sellers to take their first step or more forward journey towards the ultimate goal.

Few vendors who have already adapted Omni-Channel in recent times and are just taking a run up to reach the matured Omni-Channel platform this research can also be helpful to them.

CIO and IT heads of companies can make themselves prepared for the future as becoming an Omni-Channel or define Online to Offline strategy will not happen overnight and will need a lot of IT infrastructure planning to be done. Start of planning or even pilot runs can take a clue from this research to areas of focus and set priorities as well.

Assuming that India will follow global clues and replicate the growth opportunities mentioned in this research paper there are a lot of possibilities which can be implemented. Be it Supply Chain, IT adaption, Social Media integration, analytics, automation and Big Data.

Government while defining e-commerce policy as well refer findings from this research where the future scope of retail is explained as well as most balance options to make offline and online co-exist are suggested. This can fuel cohesive growth for the industry as well.

E-Commerce companies also can make their strategies better when they want to open up Omni-Channel network for their online products. It can for sure give what not to do and what to do as well.

There are numerous applications which mangers can take from this research for real life implementations.

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Annexure I

Questionnaire (Pl tick the appropriate/Multiple options also)

Q1. What % of your sales is to Home User?

    1. Less than 25%   2. More than 25%   3. Don't sell to Home Users at all

Q2. How many Desktop/Laptop sold to Home Users every month by you?

    1. Less than 10   2. Between 10–50 3. Above 50

Q3. Which are your key competitors? –

    1. Large Format Retail (LFR)

    2. Small Format Retail (SFR)

    3. E-Commerce Sites/Online Retail Stores

    4. Other Offline Retailer stores/dealers like you

Q4. In your opinion which form of offline retail store gives better return on investment?

    1. Exclusive/Single Brand Retail Outlet   2. Multi Brand Retail Outlet

    3 Retail Outlets don't give better ROI

Q5. Are you also selling products through any online/E-Commerce channel?

    1. Yes   2. No   3. Was selling earlier

Q6. What is your strategy for online stores?

    1. Already having Online presence

    2. Plan to go online within next 6 months

    3. Not yet decided

    4. Stopped selling now

Q7. What is the share of Online Sales in your total revenue?

    1. Less than 15%   2. More than 15%

Q8. Which Quarter of a year is least affected by Online Business?

    1 1st Quarter (JFM)   2. 2nd Quarter(AMJ)

    3 3rd Quarter (JAS)   4. 4th Quarter (OND)

Q9. Which is the best Sales strategy against Online Store/E-Commerce competition?

    1. Price Discounting/Gifts/Offers

    2. Feel & Touch Product at Store

    3. Pre-Sales & Post- Sales Assistance

    4. Prompt delivery to customers

Q10. Why Customer prefers to buy Online/E-Commerce instead buying at offline retail store?

1. Ease of Buying

2. Lack of time to visit store

3. Price

4. Ease of Return of goods

Q11. Do you think offline stores can work with online stores to co-exist?

1. Yes

2. No

3. Not Sure

Q12. What will be the best strategy for co-exist of Offline & Online stores?

1. Place Order Online & Pick up at offline store

2. Have a feel & Touch at Offline store before placing order online

3. Post Sales Service for products purchased Online

4. Offline line exclusive store to co-exist with online store of same Brand

5. Others (Pl mention -

Q13. Please share your expectations from Vendors to keep your business sustainable among Online Competition

1. Offer Different products to online & Offline stores

2. Regulate Price structure for Online & Offline stores

3. Increase Customer awareness through promotions to buy genuine products through offline

4. Help to integrate Offline & Online sales by authorizing Offline stores to sell online

5. Others (Pl mention -

Q14. Which of the following campaigns are used by you/vendors to promote the offline stores?

1. Print media like newspaper/paper inserts etc.

2. TV/Radio Commercials

3. Digital Platforms

4. Outdoor publicity like Hoarding/Malls etc

5. None of Above / Other (Pl mention -

Q15. What will be your future strategy on expansion of your business?

1. Increase more offline stores

2. Start Online stores

3. Reduce the existing offline stores

4. Run Offline & Online stores both

5. Wait & Watch

Q16. Are you planning to migrate from traditional retail business to Solution selling in future?

1. Yes   2. No   3. Not Sure   4.Already in Solutions

Name of the company -