Conceptual Framework of E-Retailing

1.1 Introduction

The technological advancement have played a major role in the development of the e-tailing concept not having much difference with the traditional retailing due to the seamless combination of both formats termed to be omni-channel retailing. The entire commercial activity done through the internet is refereed as e-commerce as a subset of commerce. E-tailing is entirely technology driven phenomena which is spreading across the nation very fast due the several advantages combined while shopping through internet by using either mobile or a computer. The market is virtually open 24 hours with added benefits of competitive price, range of products, access of brands and doorstep delivery. The e-retailing can also be labelled as modern retailing with the size of such market rising tremendously. "Modern retail market size in the top six retail markets of the country amounts to INR 871 bn and this is projected to reach INR 1,718 bn by 2019. The penetration of modern retail will also witness a substantial rise, from the current 19% to 24% in the next three years, largely driven by the omni-channel way of retailing." The propagation of IT solution provider's start-up companies have also supplemented the e-retailing business with customized and ready reckoner business solutions related to the success of e-tailing among their targeted customer base.

1.1.1   Introduction to Ecommerce

Today e-commerce became a symbol of globalization and in many ways its leading feature, e-commerce represents the cutting edge of success in this digital age. E-commerce stands for electronic commerce and relates to trading in goods and services through the electronic medium, i.e. the Internet or phone. On the Internet, it pertains to a website, which sells products or services directly from the site using a shopping cart or shopping basket system and allows credit card payments. It involves conducting business with the help of the electronic media, making use of the information technology such as Electronic Data Interchange (EDI). In simple words, Electronic commerce involves buying and selling of goods and services over the World Wide Web. Customers can purchase anything right from a car or a cake sitting comfortably in his room and gift it to someone sitting miles apart just by click of a mouse. Several researchers has made attempts to define e-commerce. Some of those definitions are presented hereunder. According to (Zwass, 1996)[1], "e-commerce is the

---

[1] Zwass, V. (1996). Electronic Commerce: Structures and Issues. International Journal of Electronic Commerce, I(1), pp 3-23.

sharing of business information, maintaining business relationships, and conducting business transactions by means of telecommunications networks" In the year 2003 Laudon & Traver defined E-commerce as the use of the internet and the web to transact business. More formally, digitally enabled commercial transactions between and among organization and individuals. In the same year two another prominent thinkers Kotler And Chaffey defined e-commerce "as in addition to providing information to visitors about the company, its history, policies, products and job opportunities, the company or site offers to transact or facilitate the selling of products and service online and all electronically mediated information exchanges between an organization and its external stakeholders" respectively While in the year 2006 Schneider defined e-commerce as business activities conducted using electronic data transmission over the internet and the world wide web ."E-commerce (electronic commerce or EC) is the buying and selling of goods and services on the Internet. In practice, this term and e-business are often used interchangeably. For online retail selling, the term e-tailing is sometimes used." E-commerce can be business to business (B to B) or business to consumer (B to C). This definition of e-commerce, that is presented by (Efraim Turban & Turban, 2015)[2] is used as the introductory definition of e-commerce for the study. This definition has been chosen for its comprehensiveness and clarity and its relevance to ecommerce in the retail industry. "E-commerce describes the process of buying, selling, transferring, or exchanging products, service, and/or information via computer networks, including the internet."

In between the year 1998 and 2000, a substantial number of businesses in Western Europe and the United States built out their first rudimentary e-commerce websites. The definition of e-commerce began to change in the year 2000 though, the year of the dot-com collapse, when thousands of internet businesses folded. Despite the epic collapse, many of the world's most established traditional brick-and-mortar businesses were emboldened with the promise of e-commerce and the prospect of serving a global customer base electronically. The very next year, business to business transactions online became one of the largest forms of e-commerce with over $700 billion dollars in sales.

[2] Efraim Turban, D. K., & Turban, D. (2015). Electronic Commerce: A Managerial and Social Networks Perspective. Switzerland: Springer International Publishing.

Many of the dot-com collapses "first-mover" failures served their offline competitors very well, providing evidence of what not to do in building a viable online business. For example, Webvan which was one of the more infamous dotcom failures, trail blazed the path for Albertsons and Safeway, two of the largest national supermarket chains, who each have developed their own successful online grocery delivery businesses.

1.1.2 Categories of E-Commerce

E-commerce is usually classified by the types of entities participating in the transactions or business processes. Generally, e-commerce activities can be grouped into three categories: Business-to-Business (B2B), Business-to-Customer (B2C), and Customer-to- Customer (C2C), as shown in Table

Table 0:1: Categories of E-Commerce

CATEGORIES	DESCRIPTION	EXAMPLES
B2B	e-commerce model in which all of the participants are businesses or organizations	Alibaba.com, BtoBOnline.com, IndiaMART.com
B2C	e-commerce model in which businesses sell to individual shoppers	Futurebazaar.com,flipkart.com, Amazon.com sell products to customers through their websites
C2C	e-commerce model in which consumers sell directly to other consumers	Olx.com,Quicker.com in which consumers trade with each other through an online marketplace
C2B	e-commerce model in which consumers present themselves as a	SpeakOut.com

buyer group.

1.1.2.1   B2B e-commerce

Business-to-Business involves online transactions between businesses (Thanasankit, 2003)[3], all of the participants involved in B2B ecommerce are either businesses or organizations (Schneider, 2006)[4] pointed out that in terms of volume and number of transactions, B2B is much greater than B2C. Figure 2.1 shows a rough approximation of the relative sizes of these elements in terms of the dollar volume and the number of transactions. Obviously, B2B e-commerce plays a very important role in e-commerce activities, and occupies a great percentage.
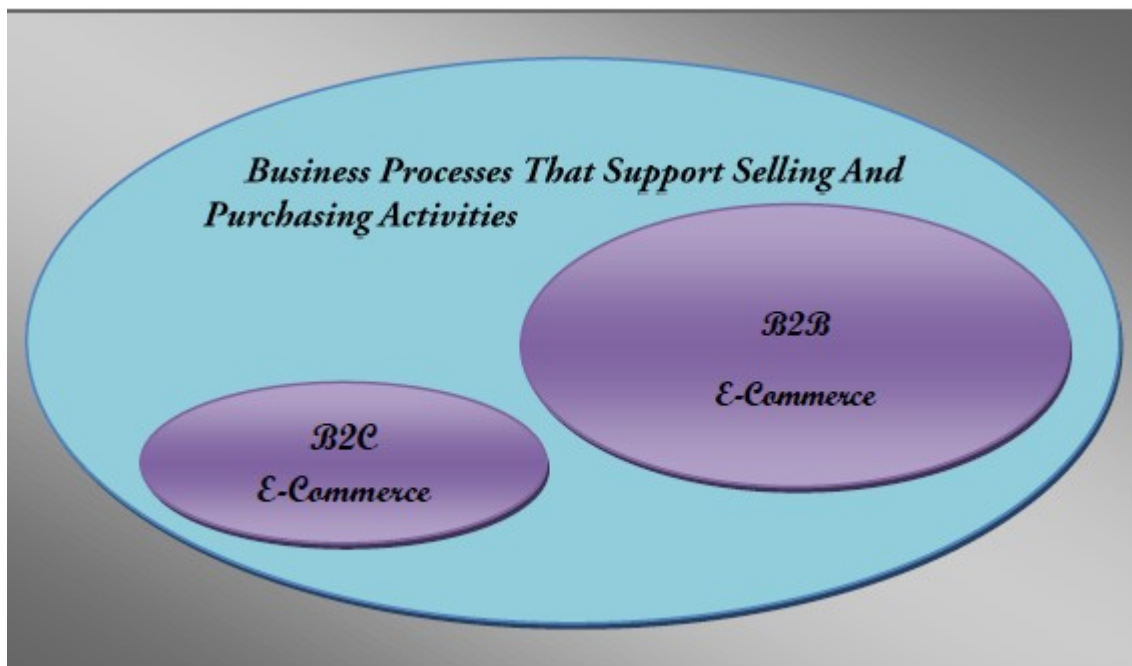
Source: Schneider 2006, p.6

Figure 0-1: Elements of Electronic Commerce

Business-to-Business (B2B) e-commerce is estimated to grow rapidly at a CAGR of 59.1 per cent in India. India's largest B2B portal Tradeindia, maintained by Infocom Network Ltd, also stated that e-commerce transactions in India show a growth rate of 30 percent to 40 percent and will soon reach the $100 billion mark (chillibreeze, n.d.)[5]. Companies like

---

[3] Thanasankit, T. (2003). E-Commerce and Cultural Values. United States: Idea Publishing Group.

[4] Schneider, G. (2006). Electronic commerce (6th ed.). Canada: Thomson

[5] chillibreeze. (n.d.). Retrieved from http://www.chillibreeze.com/articles_various/Ecommerce.asp

Indiamart.com has also penetrated into this segment and company has more than 5 million buyers (indiamart.com, n.d.)[6]

1.1.2.2   B2C e- commerce

B2C is another of the major components of e-commerce, and includes retail transactions of products or services from businesses to individual customers, and is also called "e-tailing" (Turban et al. 2006, p. 8). Business-to-Consumer (B2C) e-commerce is also growing rapidly through year 2008, but it cannot defeat B2B e-commerce, which remains a significantly larger channel. This would be led by consumers' willingness to make online purchases, as the Internet becomes a more respected and trusted medium. Future Group also entered into B2C with their portal futurebazaar.com. Along with that flipkart.com, Infibeam.com are also examples of B2C in India. According to eMarketer, January 2008, B2C E-Commerce is expected to rise at US $ 5.6 billion in the year 2011 from $ 0.8 billion in the year 2006. (dma.org, n.d.)[7]

1.1.2.3   C2C e-commerce

In C2C e-commerce, business originates from consumer and ultimate destination is also consumer. This type of commerce is best suited for dealing in goods for which there is no established market mechanism, for example selling used books or clothes either on cash or on barter basis. The vast space of internet allows person to globally search for potential buyer. This segment of e-commerce is showing growth in India as portals like olx.com, quicker.com have entered into market.

1.1.2.4   B2G e-commerce

Business-to-government e-commerce or B2G is generally defined as commerce between companies and the public sector. It refers to the use of the Internet for public procurement, licensing procedures, and other government related operations.

1.1.2.5   B2B2C e-commerce

Business-to-business-to-customers (B2B2C): In this case a business sells to a business but deliver the product or service to an individual consumer.

---

[6] indiamart.com. (n.d.). Retrieved from http://www.indiamart.com/corporate/mediasays/a-million-connection.html

[7] dma.org. (n.d.). Retrieved from www.the-dma.org/cgi/newsstandarchive

1.1.2.6   Government-to-citizens (G2C) and to others

In this case a government entity (unit) provides services to its citizens via e-commerce technologies. Government units can do business with other government units as well as with businesses (G2B).

1.1.2.7   Mobile commerce (m-commerce)

When e-commerce is done in a wireless environment, such as using cell phones to access the Internet and shop then it is known as m-commerce.


Source: CII Report April 2016

Figure 0-2: Key Trends driving e-commerce in India

1.1.3   Components of e-commerce market

The Indian e-commerce portals provide goods and services in a variety of a number of categories such as apparel and accessories, health and beauty, books and magazines, computers and peripherals, consumer durables and so on. Online users in India have shown willingness to make purchase over internet and that is quite evident from growth of various components of e-commerce.

The e-commerce market is broadly divided into two major categories namely online travel Industry and Online non travel industry which include e-tailing, digital download, financial services and other online services such as online matrimonial, online gaming subscription and

so on. The online travel is the major component of e-commerce with 76 percent contribution to e-commerce market, while the e-tailing and financial services have humble contribution of 8 percent along with 2 percent contribution from digital download
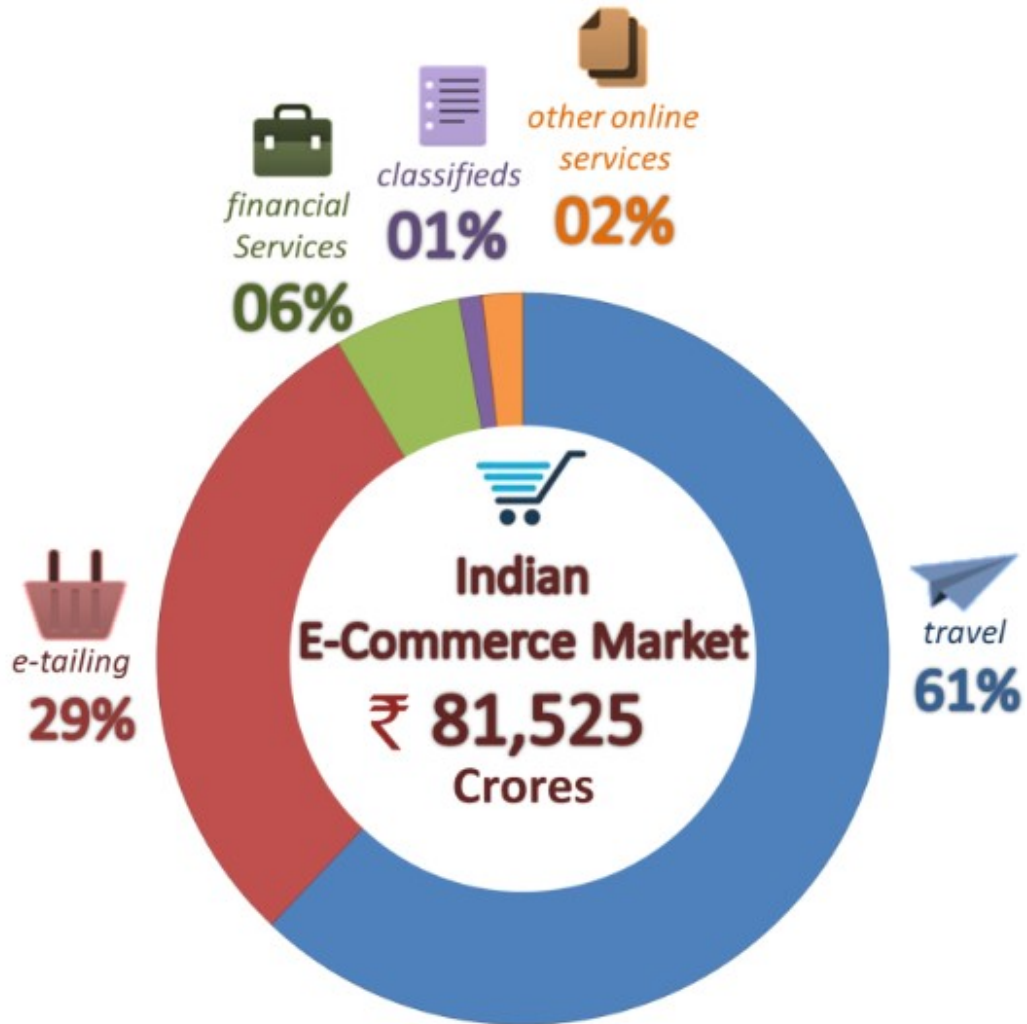
Figure 0-3: Contribution from components of e-commerce markets

"Digital Commerce market in India has registered an average growth of almost 35% since 2010. Total Digital Commerce market in India was valued at INR 53,301 Crores in December 2013 and grew at 53% through 2014 and reached INR 81,525 Crores by the end of December 2014. The digital commerce industry is estimated to grow further at a rate of 33% and cross INR one lakh crores by the end of 2015 incorporating travel, E-tailing, Financial Services, Matrimony & Classifieds, and Other Services. Online travel in India, over the years has been the largest Digital Commerce segment in terms of revenue generation. However, online retail is catching up fast and is expected to match online travel in revenue by 2016. Cash-on-

delivery (COD) is one of the key growth drivers for the growth of online retail and is estimated to account nearly 50% online retail sales. Financial Services has evolved recently and has shown an upward growth mainly owing to the increased awareness and trust on online transactions.

Classifieds & Other Services like Online Entertainment ticketing and food/grocery ordering are the earliest entrant in the Digital Commerce space in India but seem to slowly catching up pace.

Out of the total transactions done on the Internet irrespective of the device:-

- 🔻 Travel transactions have proved to be the primary fueling factor of the Digital Commerce industry. As of 2014, among Internet users, online travel leads the pack with 61% share in Digital Commerce (INR 50,050 Crores). Non-travel transactions contribute to the remaining 39% (INR 31,245 Crores), out of which:-
- 🔻 E-Tailing leads with nearly 76% share (INR 24,046 Crores)
- 🔻 Financial Services is next with 14% share (INR 4,508 Crores)
- 🔻 Matrimony & Classifieds segment amounts to 3% of the whole Non-Travel Industry pie (INR 896 Crores)
- 🔻 Other Services contribute to the remaining 6% (INR 2,025 Crores)

As a whole, the Non-Travel Industry segment is expected to mature and get past INR 50,000 crores mark by December 2015. (IAMAI, March 2015)[8]"
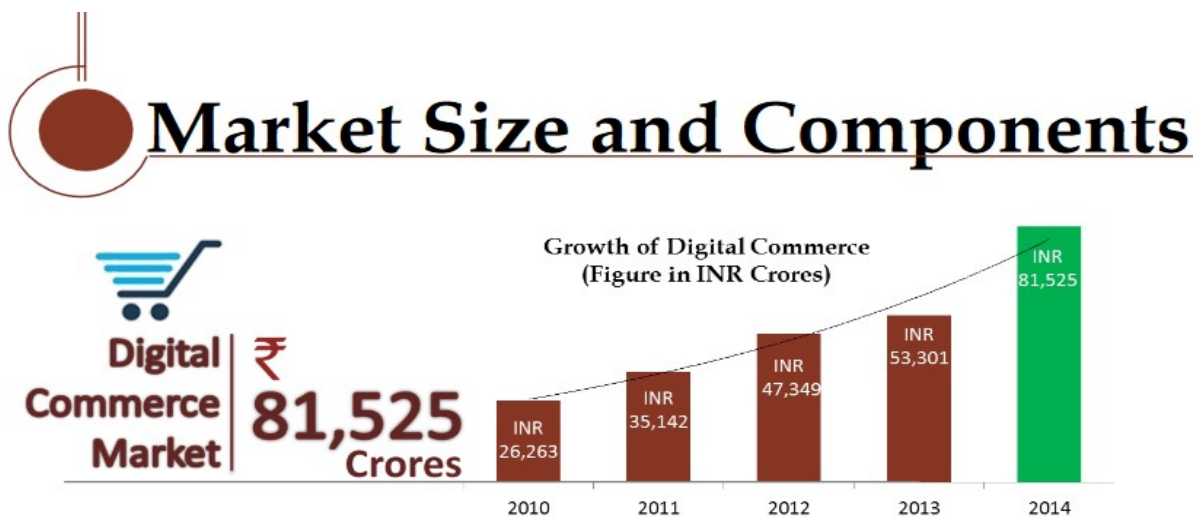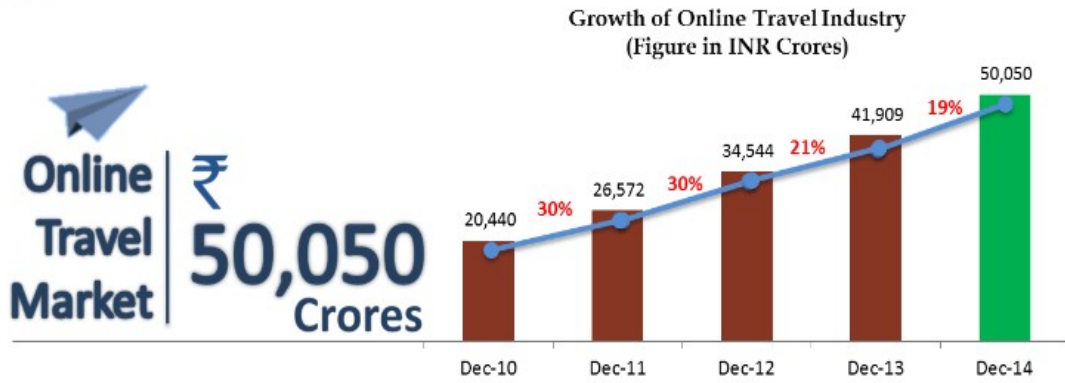

Source: IMRB I-CUBE 2014, All India Estimates, December 2014

Figure 0-4: Growth of Digital Commerce
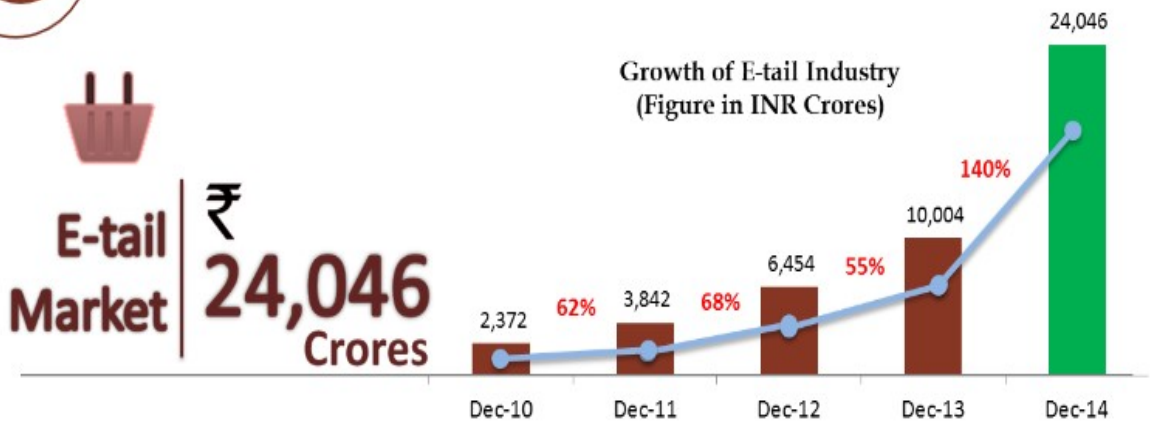
---

[8] IAMAI Report (March 2015). Digital Commerce

Source: IMRB I-CUBE 2014, All India Estimates, December 2014

Figure 0-5: Growth of Online Travel Industry

Source: IMRB I-CUBE 2014, All India Estimates, December 2014

Figure 0-6: Growth of E-tail Industry

| Component Share of E-Tailing (Total: INR 24,046 Crores Jan-Dec 2014)		
Component	Percentage (%)	Market Size (INR in Crores)
Mobile Phones + Mobile Accessories	41%	9,936
Apparels + Footwear + Personal / Healthcare Accessories	20%	4,699
Consumer Durables + Kitchen Appliances	14%	3,404
Laptops / Net books / Tablets	12%	2,780
Home Furnishings	4%	1,059
Books	3%	648
Other Products (Vouchers / Coupons, Toys, Gifts etc.)	3%	653
Jewellery	2%	477
Cameras + Camera Accessories	2%	390

Source: IMRB I-CUBE 2014, All India Estimates, December 2014

Figure 0-7: Component share of E-tailing

1.2 Modes of Shopping Online

1.2.1 Modes of payment

"45% of the Online Shoppers mostly prefer Cash on Delivery as a mode of payment followed by payment through Debit Card (21%) and Credit Card (16%). The other modes of payment include Internet banking (10%) and other payment modes viz. prepaid cash cards, mobile wallets etc. (8%). Home continues to dominate as the preferred point of purchase. 80% Online Shoppers make a purchase while at home."
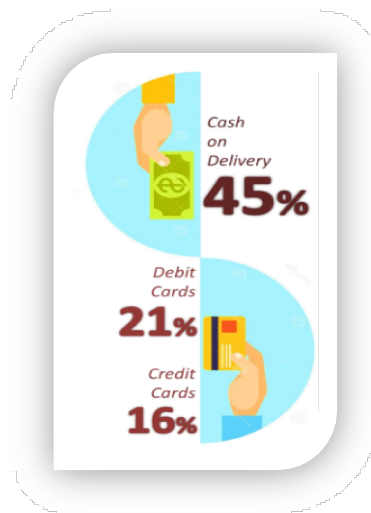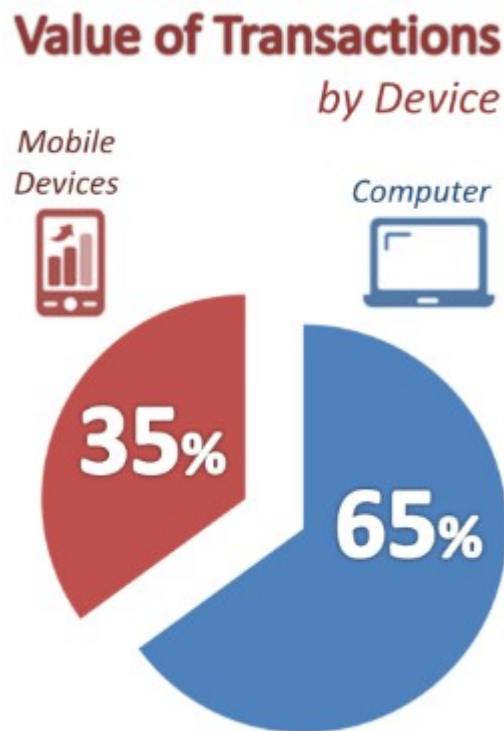

Source: IMRB I-CUBE 2014, 35 cities

Figure 0-8: Modes of Payment

1.2.2 Device of Transactions

"With a large number of users beginning to access the Internet on their mobile devices, the content accessed has evolved from being only for entertainment and communication to transactions. As the Digital Commerce market in India is maturing gradually, users are getting more comfortable transacting on their mobile devices. 35% of the online transactions happen through mobile devices. Close to 40% of the e-tailing purchases are done on mobile devices. With growing impetus on mobile phones, this proportion will increase rapidly in the near future."

Source: IMRB I-CUBE 2014, All India Estimates

Figure 0-9: Value of Transactions by Device

1.3 Internet Development in India and E-Commerce

Internet is a means of connecting a computer to any other computer anywhere in the world via dedicated routers and servers. When two computers are connected over the Internet, they can send and receive all kinds of information such as text, graphics, voice, video, and computer programs. Internet is emerging at a rapid pace and it's already been a part in the field of business, economy, entertainment, social group all over the globe.

The rise of Internet usage all over the world unlocked various new businesses, products, services. Internet is constantly changing the way consumers shop and business sells their product. People use internet for various purpose such as education, communication, to share information, entertainment, financial transactions, shopping, for business and so on. Popular online activities includes emailing, search or buy non travel product, download music, social networking, search or buy travel products, instant messaging or chatting, PC to mobile SMS and pay bills online.

Most used websites are Yahoo and Google, Gmail for e-mailing and instant message purpose, Naukri for job search, IRCTC for online travel, 99acre for real estate, Sharekhan for online share trading, Way2sms for PC to mobile SMS and ICICI bank for net baking purpose.

The number of people online around the world will grow more than 45 percent to 2.2 billion users by the year 2013 and Asia will continue to be the biggest Internet growth engine. 'Global Online Population Forecast, 2008 to 2013', the report noted that emerging markets like India would see a growth of 10 to 20 per cent by the year 2013.

"As on December 2016, India had estimated 432 million Internet users. This however, doesn't take into account the impact of demonetization. It is estimated that by 2017, Internet Users in India are most likely to be in a range of 450-465 million. The report finds that the overall internet penetration in India is around 31% presently. In Urban India, the Internet User base has grown by 7% from Oct 2015 to Oct 2016 to reach an estimated 263 million. It is expected to grow to reach user base in a range of 275-285 million by June 2017. In Rural India, the Internet users have grown at the rate of 22% between Oct 2015 and Oct 2016, to reach an estimated 157 million. The numbers are expected to reach in the range of 170-180 million by June 2017."
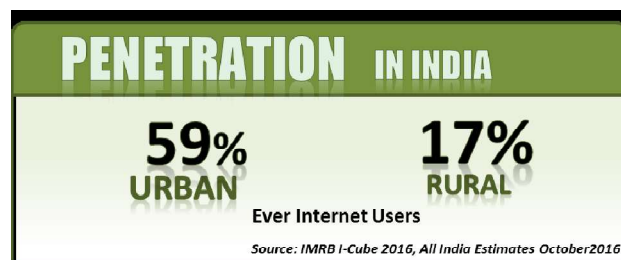

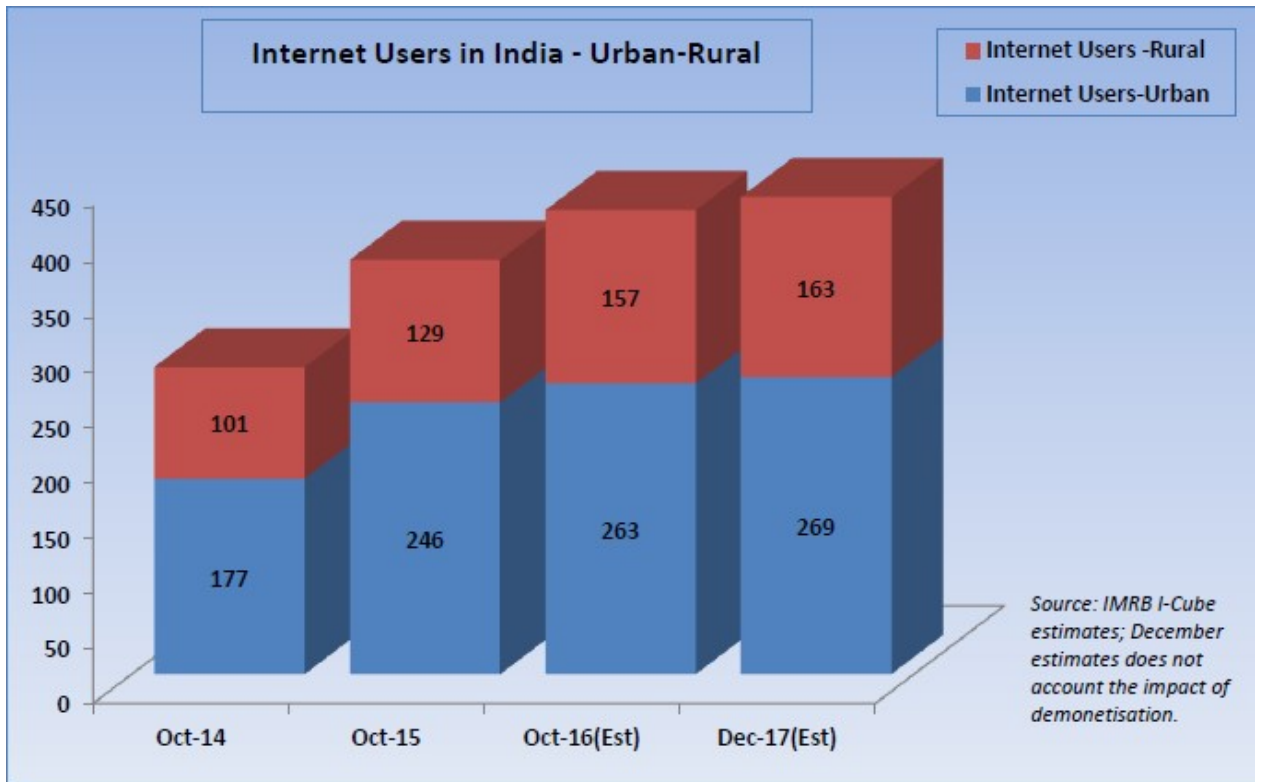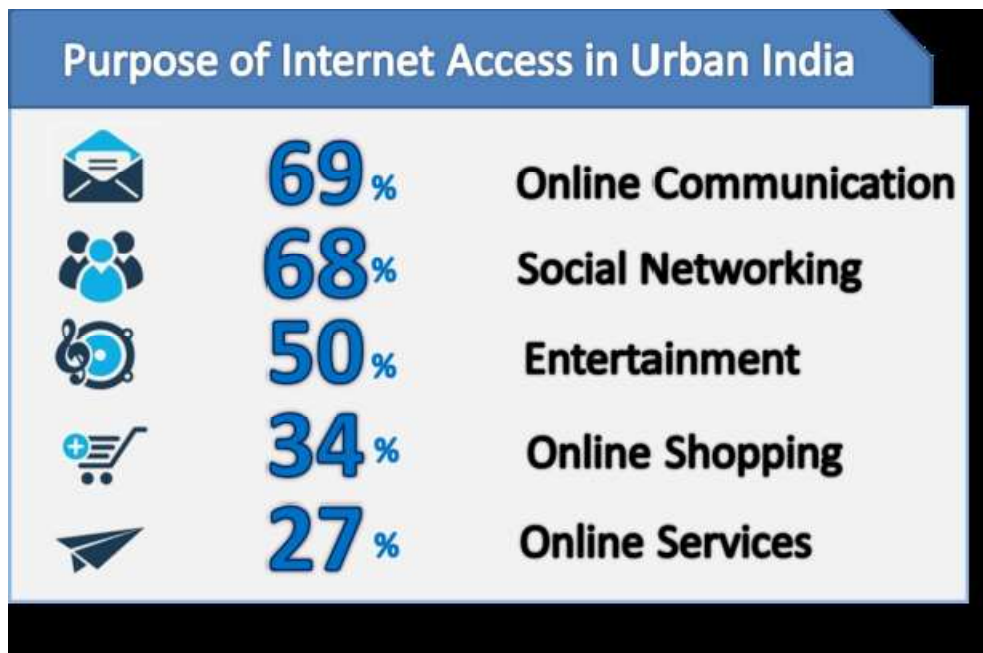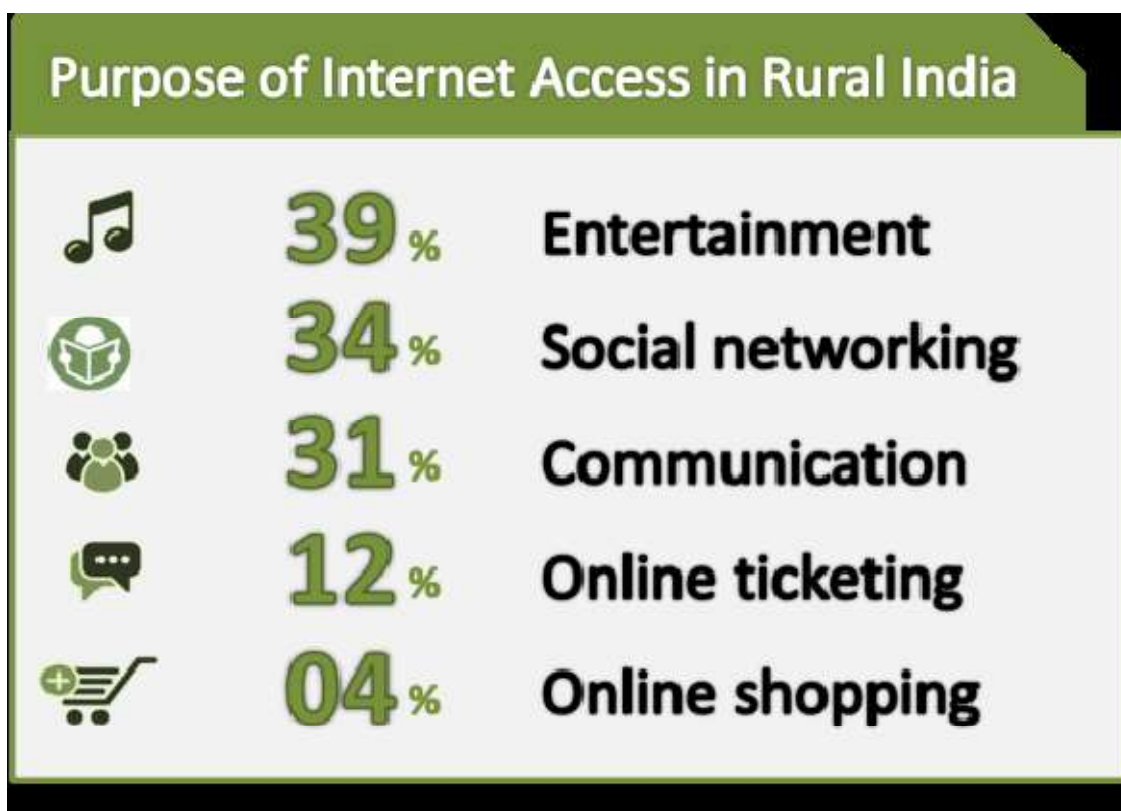**Figure 0-10: Internet Penetration in India**

Figure 0-11: Internet Users in India-Urban-Rural

Source: IMRB I-Cube 2016

Figure 0-12: Purpose of Internet Access in Urban India

Purpose of Internet Access in Rural India

♫	39%	Entertainment
	34%	Social networking
	31%	Communication
💬	12%	Online ticketing
🛒	04%	Online shopping

Source: IMRB I-Cube 2016

Figure 0-13: Purpose of Internet Access in Rural India

"While the biggest services accessed in Urban India are online communications (e-mail etc) and social networking, for Rural India, Entertainment (Video/audio content etc) is the main driver of internet consumption. E-commerce services like online ticketing or e-tailing (online shopping) are much more prevalent in Urban India, while these services clearly haven't made much inroads in Rural India.

The heavy usage of Online Entertainment and lower usage of Communication and Social Networking in Rural India can be attributed to the fact the users are not online in real-time. Rather, they have the tendency to switching their internet connection, use it and then turn it off once done. The lack of real-time connectivity is attributed to the fact that the power is not available throughout to keep charging frequently coupled with affordability and quality of service of mobile data in these regions."

1.4 Summary of E-tailing as a subset of E-Commerce

According to Kritisundar Paul and Anand "E-retailing uses internet as a medium for customers to shop for the goods or services.", while Tobias Gunnesson and Klas Soderlund defined as E-retailing is a sub-genre of B2C where the core offer is a product and not a service and where the core product is a physical good. This definition excludes services and information goods but includes physical goods bundled with accompanying services, for example warranty.

"Many researchers have provided similar definitions and have noted that the concept of e-retailing is same as that of B2C e-commerce. Wang (2002,) provided a broad definition of e-retailing which state that "The selling of goods and services to the customer market via the internet". Along with selling Retailers also include other applications online like physical retail outlet which include:

1. **Selling goods and testing new products**

Retailers use internet as a tool to test new products or services. This strategy will reduce the risk in the early stages of new product sales. Retail giant Wal-Mart also has adopted this strategy to sell some products online which were not stocked in its store.

2. **Market Research**

Retailers can also use their online presence as a tool to collect valuable information from customers to forecast future demand. In the offline environment, such data are difficult to collect and analyze. Today almost all the online players have developed call center and share your feedback facility with the help of which they can exactly analyze the problems faced by customers during shopping and make it improve.

3. **Promotional Tool**

A Website can also be used as a tool to conduct promotional experiments due to the wide reach of internet and the low cost.

4. **Marketing tool**

A website is an effective channel to communicate with customers. Two way communications is possible on internet. Organizations do not need to rely solely on one way communication media such as TV and newspaper. As a new communication channel, internet can provide benefits to retailers like low costs, personalization and continuous communication. By

developing better understanding with customers through customer relationship management, marketers can also introduce relationship marketing technique in the retail market to provide personalized service.

1.4.1 Types of E-Retailing

E-retailers are classified into two categories which are:

1. Pure-play e-retailers:

They sell directly to consumer over the internet without maintaining a physical sales channel. All of their business transactions and processes are completed online. This type of online retailers usually forms the strategic partnership with other companies in order to provide better customer service. The example of pure-play e-retailer is eBay.

2. Click and mortar retailers:

Their business uses both the online as well as offline channel for selling products. These players have some advantage over pure play retailers such as established brand image, existing complete distribution channel, established brand awareness and customer loyalty.

1.4.2 Models of E-Retailing

There are several models for e-retailing and these include

1. Specialized e-store

Specialized e-stores can be bifurcated by two ways which are specialization by product line and specialization by function. When company has specialization by product line, a store decides to pick up one particular product liner e.g. Books, cloths and sells only that particular product line. Online portals like taggle.com, a specialized e-store focusing on selling electronic products or playgroundonline.com, a specialized e-store focusing on selling sport related goods. In contrast to that, a new kind of specialization is emerging on the internet is specialization by function. An example of this is lastminute.com. Lastminute.com sells gifts, travel tickets and other items for the last minute shoppers who want to purchase these items at a very short notice. Normally when one purchases an item at a very short notice (e.g. travel), he often pays premium which is an extra amount for the convenience of booking the travel at the last minute. At the same time, there will be some sellers, e.g. airlines companies; they have empty seats at the last minute which they are unable to fill. So lastminute.com bring together travellers who want to book at last minute and airlines which has got spare capacity at the last minute and allow the former to buy from the latter at the last minute. So purchaser

may get his airline ticket at a reduced price. It is a win-win situation and unique kind of specialization.

2. Generalized e-stores

This category of e-retailing model sells a large number of product lines rather than confining themselves to just one or a very few product lines. Normally Infibeam, FutureBazaar are generalized e-stores.

3. E-mall

In an e-mall, cyberspace is rented out to cyber e-store that wishes to sell their goods. This store could be a specialized or generalized e-store. So a number of product lines can be present in a single e-mall. In an e-mall, each store is under its own management. E-mall management is responsible only for creating cyber space that can be rented and can support service and marketing

of that mall. Thus it provides a web hosting service.

4. Direct selling by the manufacturer

A number of manufacturers with well-known brand name products have chosen to use the internet to carry out direct selling via the internet. One of the best known brands is Dell computers. This approach permits mass customization to meet customer preferences. This direct selling by manufacturer has an important disintermediation effect leading to reduce cost to the end of customer and increased profitability to the manufacturer. This approach can be used by manufacturers of well-known brands of products because customers are already aware about it. Also manufacturer must have thorough understanding of customer preference; otherwise he has to rely on customer knowledge of retailer. In this method manufacturer has to remain cautious at a time of setting price as there are maximum chances of different priced charged in online and offline format may lead to dissatisfaction from customer side. To avoid this conflict, retailer should charge same price in online format too but should provide more service or additional features with the product.

5. Brokers or Intermediaries

This class of e-retailers is essentially an extension of the notion of a broker from the physical to cyber world. A broker is an intermediary who

i. May take an order from a customer and pass it on to a supplier.

ii. May put a customer with specific requirement in touch with supplier who can meet those requirements.

iii. May provide service to a customer, such as a comparison between goods, with respect to particular criteria such as price, quality etc.

Thus broker provide comparison shopping, order taking and fulfillment and services to a customer.

1.5 Advantages of E-retailing

E-retailing offers unique advantages to the consumer that no other form of retailing can match. E-retailing is beneficial to both consumers and retailers.

The advantages to consumer include:

1. More vendors and alternatives available

In the online environment, there are more vendors and alternatives available to customers. So customers can easily reach all the e-retailers around the world.

2. Comparison is much easier

At a time of online shopping it is easy for the customer to switch between different retailer's website. So comparison about price and feature of certain products become easier as compared to off-line purchase.

3. Price of merchandise may be cheaper

Due to the cost saving for the retailers and to cope with the competition online, merchandise sold online may be cheaper than those sold in traditional way.

4. Time saving and convenience

A number of people prefer to shop online because it will save a lot of time and it will also eliminate hassle to stand in queue for billing or may save the time and cost of transportation. Along with that all the products that have been ordered online will be delivered to the home. Customer can also purchase online at any time as per their convenience.

The advantages to the service provider

1. **Cost saving**

Online business will significantly bring the cost down, especially pure play e-retailers. Online retailer can cut a lot of cost because they do not need to build physical store and they also have less paper work compared to offline retailers.

2. **Reach more customers**

Online retailers have the opportunity to enlarge their customer database. It helps e-retailers to reach more customers than before.

3. **Better customer service**

Retailers can personally attend each and every of their customers with personalized websites, buying suggestions and personalized special offers. Further they can give customers the advantages of incentives and sales promotions online including coupons, special offers and discounts.

4. **Customized product placement**

It is easy for the e-retailer to make any change in user display based on previous transaction, so that the visibility of goods that the users prefer the most will increase. Thus placement can be designed based on the context of the previous purchase.

1.6 Disadvantages to E-Retailers

1. Limited only to online users

The users of internet are limited so e-retailer does not have access to all customers. Even out of web users only a limited number of people prefer to purchase online.

2. User-friendliness

All the websites are not user-friendly. Some websites have complex design which may be difficult for the customer to access and purchase online. Graphics presentation and aesthetics may not be as compelling for a website as in case of physical retail store.

3. Trust, security and privacy concern

It is difficult to develop trust on e-retailer as some times customers do not even know them. At a time of paying via credit card or debit card there is always a concern about trust that company will not misuse the number. Further there has been a case of online hacking so

customer is concern about security. There is a concern about the privacy as e-retailers will not share our personal information like mobile number, address with anyone else.

4. Unsuitable for certain product categories

Product categories that require relatively higher customer involvement, it is difficult to adopt the e-retailing format as it is ineffective to provide sufficient information to the customers. Examples include retailing of products like clothes, cosmetics etc. Most of the customers prefer to buy books or event tickets from internet as the information required for making purchase and involvement required is low. But in case of garments customer may want to know a number of things like looks, size, feel on the skin etc. In offline retailing these types of problems will not arise.

5. Shopping is still touch-feel-hear experience

In countries like India where people don't suffer from "time-poverty, shopping is considered to be family outing. Hence these types of problems also create a problem of customer retention".

1.7 Success Factors for E-Retailing

The success of e-retailing depends on a number of factors that are required to be taken into consideration as prima-facie, missing even a single small consideration is quite liable to create a greater negative impact on entire business since in e-retailing there is no direct contact between customer and business.

Following are some of the factors to be taken care of for the success of e-retailing.

1. **Strong Branding**

The service provider has to develop brand name and has to create positive image and trust in the minds of customers regarding their website compare to the competitor. A number of e-retailers have failed such as pets.com, garden.com in 2000 because they were not able to build strong brand image and customer loyalty in target market. For developing strong Branding, the company can appoint a brand ambassador to whom people consider as reliable. Company can focus on social responsibility and if the company is able to develop trust in the minds of customers than only they will become successful.

2. Unique Merchandise

E-retailers can achieve competitive advantage by selling unique merchandise online. Along with selling large product mix, companies must sell products which are unique in feature, size, shape, and colour along with customization if possible.

3. Competitive Pricing

E-retailer has to ensure that products are sold at competitive pricing to attract customers and to stay in the competition because competitive pricing may pull price sensitive customers to purchase online. The competitive pricing finds scope from potential decrease in charges and expenditures that retailer had to bear while in brick and mortar mode of marketing. But retailers have to be careful at a time of adopting competitive pricing as if e-retailers were not able to pull the crowd at competitive pricing than low price margin leads to loss and even lead to closure of the business.

4. Better Customer Relationship Management

It is very difficult for e-retailers to retain customers. But by developing relationship with the customers e-retailers can build loyalty. Along with sending SMS and mail during occasions, e-retailers can also developed CRM programme by offering different types of membership.