Barriers Hindering Use of E-Retailing over Physical Retailing

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ABSTRACT

In the last few years, with the emergence of internet technology, rise in customers' spending power, increase in adoption of Smart phones, E-Retailing has emerged as the unique mode of doing retailing for purchasing variety of products. Different groups of society have started accepting it as the new form of retail, yet there are many barriers which hinder the use of E-Retail over physical retail. This paper is an attempt to study customers' responses towards some of the parameters which customers consider as the barrier for using E-Retailing over physical retailing while taking purchase decisions. Understanding of such barriers is very important from business point of view, so that the E-Retailers could be able to overcome such hurdles and make their E-Retailing business to be accepted by masses.

Keywords: E-Commerce, E-Retail, E-Retailing Services, Retail.

I. INTRODUCTION

In the last few years, retail sector has transformed itself from a state of physical retail stores to the state of online retailing i.e. electronic retailing or E-Retailing. Retailing which was once done through fixed retail stores, now has transformed to the state of digital media. E-Retailing has emerged as a result of increase in customers' living standards, rise in customers' spending power, adoption of technology, penetration of internet usage among masses. The whole marketing circle revolves around customers, thus understanding customers' needs and demands is the prior most duty of E-Retailers to become successful.

In the last decade, retail industry has taken many unique new forms and shapes which is due to the ever changing needs, demands and preferences of the Indian customers. Customers lifestyle, their living standards and demands, their purchasing power, spending power have changed, which has made their preferences more comfortable and convenience loving. They love to opt for that form of retail which can provide them anytime accessibility of the shopping from through which customers can shop for anything sitting anywhere in the globe. These days retailing has turned into online retailing phase which is done using internet for selling and purchasing of goods and services. On the one hand, main reason of this shifting of traditional retailers to E-Retailing is that they have seen Internet as a low cost distribution channel to reach to the end customers. On the other hand from customers' perspectives, convenience, comfort and ease of purchasing at any time are the main factors that have attracted them to shop online. It is believed that online shopping for all types of goods and services now accounts for almost a fifth of all purchases in developed markets and this figure is growing at a rate of between 15% - 20% per year. USA is currently the largest E-Retailing market in the world with 170 million users spending on an average $1,000 each year. With the passing time, more and more number of E-Retailers or the virtual storefronts is being opened to cater customers' needs and preferences.

Though E-Retailing has been started adopted as the new form of retail, yet there are many barriers which hinders its use over physical stores. Customers still hesitate to purchase heavy investment involving goods via E-Retailing. They still feel the unsafe, insecure and risky features in their mind while purchasing via E-Retailing which acts as the barrier for them to make purchases via E-Retailing. Understanding such barriers of E-Retailing hindering its preference over physical retail stores and the problems faced by the customers during E-Retailing is must for the E-Retailers to remain successful.

II. LITERATURE REVIEW

Literature has witnessed a large number of articles and reports which states that E-retailing has started t be accepted as the new form of retail amongst customers. Moreover, literature revealed that many innovative ways have to be adopted in order to attract customers who still prefer physical retail stores over E-retailing. For this, **Meeker (1997)**, states that retailers have to change their strategies of attracting customers towards them since the premium customers begin to

accept the e-tail alternative of retailing experience. **Guttman (1998)** in his paper describes several unique elements that make online shopping different from the traditional in-store retail model of shopping. Besides it, there are several other reasons like offering convenience and expanded product variety which are making this online model easy for customers to access and compare data from multiple sources. **Myerson (1998)** also expressed that customers are increasingly being attracted and smarter in using E-Tailware as their shopping platform and online search engines for convenience & comparison shopping experience. Further **Rao (1999)** focused that E-Commerce offers increased market activity for the E-Retailers in the form of growing market access and information. Moreover, **Ratchford (2001)** described that through Internet, customers can gather information about different merchandise, products' variety and thus can easily compare products across different suppliers at a low cost. In continuation, **Zeithmal (2002)** has defined some of the success factors of E-Retailing that depends on the efficient website design, effective shopping and prompt delivery services. The other e-store services which can make shopping an enjoyable experience are delivery on real time, return and replacement process, period of filling out online orders form, speed of response time to e-customers queries. Retail has taken a paradigm shift to online marketing and internet marketing from a platform of physical retail stores has been studied since long and is reported by **E&Y (2011)** in their report named Rebirth of E-Commerce in India. **Wang (2002)** provided a broad definition of E-Tailing by defining it as the selling of goods and services to the customers' market via medium of Internet. **Ratchford, Brian, Xing, Shankar (2003)** showed the effect of use of internet on changing purchasing style of customers by showing the changes made in the efficiency of internet markets for Consumer Goods. Further, according to **Turban (2006)**, E-Tailing is defined as retailing conducted online which is done over the internet. According to **Goldman Sachs (2012)**, the global E-Commerce market is worth to be $1 trillion in 2013. China, with more than 150 million online shoppers, is set to become a major E-Commerce market, which is mainly due to an increasing number of middle class consumers bringing a greater demand for western products. Some of the studies have discussed about changing trend of Indian customers towards E-Retailing and have highlighted some of the problems faced by E-Retailers in attracting Indian customers towards them. A report made by FICCI named The Indian Kaleidoscope: Emerging trends in retail in 2012, highlights the key areas to help global retailers entering the Indian market. It also discussed about the changing trend of Indian customers and stated that Indians are spending 25.2% of their time on social networking websites which is increasing constantly and is shifting to online retailing and mobile retailing. The Boston Consulting Group believes that Indian E-Commerce market could be worth $400 billion by 2017. Thus with the help of literature review, it can be find out that still not many studies have been done in the field of E-Retailing which have studied the barriers hindering use of E-retailing over physical retailing. Thus the present paper is an attempt to study this aspect of E-Retailing, so that the paper can provide insights for the E-Retailers on how to attract and influence customers towards them, after overcoming theses barriers.

III. RESEARCH OBJECTIVE

The major objective is to find out the barriers which create hindrance in the use of E-Retailing over physical retailing while purchasing variety of goods.

IV. RESEARCH METHODOLOGY

Research methodology is the systematic procedure which lays down the process of how the research will be carried during the course of study. It frames the outline of research design, sample design including how the sample would be selected, how the sample would be taken, which sampling technique would be adopted, tools and techniques to be used, codification of data taken, flow of research to be taken etc.

V. FINDINGS

Based on the above mentioned research methodology, following are the findings:
• **Validity:** Content validity of the data has been successfully met after reviewing the questionnaire through many researchers, subject's experts, guide opinions etc.
• **Sampling Technique:** Convenience sampling technique has been adopted which means that the sample for the study has been selected on the convenience basis.
• **Sampling Design:** Respondents belonging to Delhi has been taken as sample for the survey. Along with this, customers who have done E-Retailing atleast once in their lifetime for purchasing various goods have been taken as our sample.
• **Sample Size:** Based on experts' opinions, sample size taken for our study is 150.
• **Research Instrument:** A structured questionnaire has been prepared based on extensive literature study, previous journals, articles, reports etc. This structured questionnaire is used in collecting the primary data and collecting responses.
• **Tools and techniques used:** Multiple response method has been used to collect responses. Along with it, descriptive statistics have also been used to collect data.
• **Demographic profile of respondents**: Before going in detail with the analysis, it is very important to understand the demographic profile of respondents for the sample. Following table describes the demographics of the respondents:

Table 1.1: Demographic profile of respondents

Parameters	Groups	Frequency	Percentage
Age groups	18-25	61	40.7
	26-35	53	35.3
	36-45	17	11.3
	46-60	19	12.7
Gender	Male	82	54.7
	Female	68	45.3

Source: Primary Data

It is clear from the table that, out of the complete sample of 150 respondents, 45.3% are female and the rest are male having 54.7% share. While talking about the age of respondents, it can be seen that the major portion of sample survey share has been captured by the respondents belonging to age group of 18-25 years demonstrating the majority of such age group respondents in the sample. Since E-Retailing is majorly preferred by such age group respondents, hence including the maximum portion for these age group respondents is justified. With the changing in customers' needs and preferences, customers have started opting for that form of shopping platform which can provide them comfort, convenience and freedom to shop for anything at anytime, sitting anywhere in the globe. Sample for this study has been taken based on convenience sampling technique that suits researcher's convenience.

- **Analysis of Barriers hindering use of E-Retailing over physical retailing:** The main objective of the study is to analyse the barriers which hinders in the preference of E-Retailing over physical retailing. With the help of secondary research, taking guidance from research experts, journals, articles, reports and through observation method, 12 parameters have been taken under the scope of study for which respondents opinions have been collected. Multiple response method has been used to collect responses in which respondents were free to mark as many responses as they want. Respondents were asked to mark as many responses as they consider as the barriers in creating hindrance in use of E-Retailing over physical retail stores while purchasing goods. Following findings have been observed.

Table 1.2: Barriers which hinder use of E-Retailing over physical retailing

Barriers	Response	Frequency	Percentage
Difficulty in searching the required product	No	116	77.3
	Yes	34	22.7
Right information regarding product is hidden	No	97	64.7
	Yes	53	35.3
Irritating and irrelevant promotional ads	No	74	49.3
	Yes	**76**	**50.7**
E-Retailer website is very technical to understand	No	133	88.7
	Yes	17	11.3
E-Retailing is inconvenient and time consuming	No	140	93.3
	Yes	10	6.7
Risk of misuse of information and passwords	No	115	76.7
	Yes	35	23.3
Prices offered are not competitive	No	134	89.3
	Yes	16	10.7
Products are of low quality	No	103	68.7
	Yes	47	31.3
Absence of service support	No	113	75.3
	Yes	37	24.7
Delivery time is too late	No	128	85.3
	Yes	22	14.7
Absence of "Touch/Feel" factor	No	69	46.0
	Yes	**81**	**54.0**
Payment gateways are insecure	No	130	86.7
	Yes	20	13.3

Source: Primary Data

The above table clearly indicates that the main barrier which hinders in the use of E-Retailing over physical retailing is the **"Absence of "Touch/Feel" factor"** having 54% of respondents agreeing to it. This indicates that customers still feel that, during E-Retailing they are not able to touch any product physically before purchasing it, to understand the physical aspects related to goods. Customers still believe that taking any good in their hand would provide a better idea related to products' quality, information, form, color, manufacturing date, size etc. This might lead this parameter of E-Retailing "**Absence of "Touch/Feel" factor**" as the most important barrier hindering its usage over retail stores.

The second most important barrier to stop E-Retail usage over physical retail stores is "**Irritating and irrelevant promotional ads**" during E-Retailing. This is the alarming alert for E-Retailers, since the method they are using to promote E-Retailing is considered as the barrier for its use over retail stores by the customers. Customers believe that many time consuming, irritating and irrelevant ads are being promoted by E-Retailers in order to attract them towards their E-Tailware for purchasing goods. Instead of influencing customers towards their electronic business, this parameter of promoting business through advertisements, is proven to be a barrier for their business. Hence E-Retailers need to understand this finding of the study, which shows that these promotional ads can hamper their businesses in the long run. E-Retailers need to push only relevant advertisements and those ads which are informative and relevant and can pursue customers to choose E-Retailing over physical stores for purchasing goods.

In addition to this, the barriers "**E-Retailing is inconvenient and time consuming and Prices offered are not competitive**" are the least important considered barriers hindering use of E-Retailing over physical retailing having only 6.7% and 10.7% of customers respectively agreeing to them. It demonstrates that E-Retailing is being accepted by masses because of this attribute of providing convenience and time friendly. Moreover, customers also believe that E-Retailing provides a good pricing strategy to them and hence are happy with the prices offered by E-Retailers. The results indicate that every barrier is more or less creating hindrance in the use of E-Retailing over physical retailing, thus E-Retailers need to adopt some unique marketing strategies to make E-Retailing to be accepted by masses.

VI. CONCLUSION

The Indian retail market is highly competitive and is witnessing a revolution in having significant development in the past 10 years from a small unorganized family-owned retail formats to large organized retailing formats to an era of online retailing i.e. E-Retailing. Internet technology has served as a unique platform for the growth of E-Retailers in India. Through E-Retailing, E-Retailers are enjoying the cost effective platform of providing goods to the customers and customers are enjoying the convenience, comfortable and friendly shopping experience. Though E-Retailing has started to be accepted by customers, yet there are many barriers which are creating hindrance for the customers while selecting E-Retailing over physical retail stores for the purchase of goods. This paper is an attempt to study these barriers with the help of primary data. The findings suggest E-Retailers to make some unique strategies so that customers are free to feel the product physically before making purchase decisions. Thus, some innovative marketing strategies need to be evolved so that E-Retailing could be adopted on the large basis.

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