

**A Study of Impact of Online Shopping on Direct Selling****Dr. Smita Mishra (Associate Professor)****&****Ms. Megha Grover (Assistant Professor)**

Abstract: The Internet is a global communication medium that is increasingly being used as an innovative tool for marketing goods and services. The Internet has added a new dimension to the traditional nature of retail shopping. The internet offers many advantages over traditional shopping channels and the medium is a competitive threat to traditional retail outlets. Globally, consumers are rapidly adopting Internet shopping and shopping online. It is becoming popular in China. If online marketers and retailers know and understand the factors affecting consumers' buying behavior, they can further develop their marketing strategies to attract and retain customers.

There is a conceptual gap in the marketing literature as there has been very limited published research on the factors influencing consumers' choices between online shopping and traditional shopping in China. This study seeks to fill this conceptual gap in the context of online shopping by identifying the key factors influencing Chinese consumers' online shopping behavior.

This research offers some insights into the links between e-shopping and consumers' decisions to shop or not shop online. This information can help online marketers and retailers to develop appropriate market strategies, make technological advancements, and make the correct marketing decisions in order to retain current customers and attract new customers. Moreover, managerial implications and recommendations are also presented.

Keywords: Online Shopping, Electronic Market, China

Introduction:

Master of Management Peter F. Drucker once said: "What an enterprise is, is decided by the customers"¹. For a successful Direct Seller, in addition to treating himself/herself as part of the business body to accurately reflect enterprise image and concept, it is more important to clarify and satisfy real customer's need through sincere and objective mind. This is also the most important spirit of Direct Selling and is the reason why an excellent Direct Selling company stays strongly in the market. In the past, when the vendor sells the product using traditional selling way, profit will be stripped off by vendors in the first stage and second stage sales channels, and the cost of the vendor will get increased greatly and accordingly. No doubt, these costs will be transferred to the customer, which in turn leads to a burden to the consumer. Therefore, some suppliers, in order to reduce profit stripping in several stages by the intermediate vendors, they start to find their own personnel for the product sale, or try to use mobile technology to assist product sale, the new generation of selling ways such as "Direct Selling", "Marketing" and internet shopping are thus generated.

Direct sales companies are known as "seller-based," which means they give more income to the distributor when he or she makes a sale at retail. Direct sales companies usually market higher-ticket, one-time-sale, durable items such as air and water filters, cookware, art, home accessories, etc. With the direct sales business approach, the majority of the available profit designated for the salesperson's commission goes to the person who makes the retail sale. That person usually earns a significantly higher percentage of the designated sale commission than does the sales management that may be supervising his or her work.

Strategy toward the development of multiple channels for Direct Selling. We hope, through this study, to understand the business operation system and planning in Direct Selling and compare the advantages, disadvantages, opportunities and threats of different business systems; we hope that the results of this study can be used as reference by companies or people in the Direct Selling industry.

E-commerce technology can affect both demand and supply fundamentals of markets. On the demand side, e-commerce precludes potential customers from inspecting goods prior to purchase. Further, online sellers tend to be newer firms and may have less brand or reputation capital to signal or bond quality. These factors can create information asymmetries between buyers and sellers not present in offline purchases. Online sales also often involve a delay between purchase and consumption when a



product must be physically delivered. At the same time, however, e-commerce technologies reduce consumer search costs, making it easier to (virtually) compare different producers' products and prices

Literature Review:

II.1 Introduction to Retail Business Industry

II.1.1 Definition of Retail business and E-commerce

Retail is the sale of goods and services from individuals or businesses to the end-user. Retailers are part of an integrated system called the supply chain. A retailer purchases goods or products in large quantities from manufacturers directly or through a wholesale, and then sells smaller quantities to the consumer for a profit. Retailing can be done in either fixed locations like stores or markets, door-to-door or by delivery. Retailing includes subordinated services, such as delivery. The term "retailer" is also applied where a service provider services the needs of a large number of individuals, such as for the public. Shops may be on residential streets, streets with few or no houses or in a shopping mall. Shopping streets may be for pedestrians only. Sometimes a shopping street has a partial or full roof to protect customers from precipitation. Online retailing, a type of electronic commerce used for business-to-consumer (B2C) transactions and mail order, are forms of non-shop retailing. (wikiped, 2013)

Electronic commerce is a type of industry where the buying and selling of products or services is conducted over electronic systems such as the Internet and other computer networks. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web at least at one point in the transaction's life-cycle, although it may encompass a wider range of technologies such as e-mail, mobile devices social media, and telephones as well. (Wikiped, 2013)

II.2 Definition of Terms

E-commerce refers to the buying, selling, marketing, and servicing of products or services over computer networks. (www.encyclopedia.com, 2012) Basically, the information technology industry might explain it as an electronic business application aimed at commercial transactions. Another definition of e-commerce can be show it as the manner of business commercial communications and management through electronic methods,also like electronic data exchange and automated data-collection systems.

In fact, it has a great impact on the production, exchange, distribution, consumer products and services to the economic phenomenon. William Daley, Secretary of Commerce in the United States, he said, "While these numbers are still small relative to the overall economy, they are becoming more and more rapidly and now have more evidence that e-commerce will be the engine economic growth in the next century. " 2011 China online retail market transactions reached 801.9 billion yuan, the market has increased 56%. (Taobao, 2012) Traditional retail and e-commerce influence each other and coexist became the fact. By understanding e-commerce, we can distinguish between the activities of traditional online retail and trade activities. China has just started to develop e-commerce. We share a relatively clear, formal, practical definition, this is crucial. This definition will guide the policy of the Chinese e-commerce development

II.3 Background on E-Commerce

Web based e-commerce saw its early beginnings in the mid 1990's. The archetype of business's trying to expand their sales into the world of e-commerce has traditionally been characterized by a company selling their products and services to consumers through a company website. This archetype has indeed been proven successful as this method of retailing has become accepted, even demanded, by the general public and is now deemed more of a conventional retail practice than a cutting edge service being offered to consumers by a company. (DU, 2012)

E-commerce is not immune to evolution and many different avenues for conducting e-retail have emerged. Third party sites that provide price points and details of similar products from various websites in response to a



consumers search have become viable forms of business, as this practice appeals to many consumers desire for a place where they can do one-stop comparison shopping. Auction sites where new and used items are sold to the highest bidder have also proven themselves to be profitable forms of business. (Liao, 2012) However, as the manner in which people interact with the internet changes, this change creates new and exciting opportunities for e-commerce. Those with the insight to identify and tap into these opportunities early on could very well stand to have their company be in an enviable position within a new e-retailing market. There are many upcoming trends and movements that have the potential to effect and make an impact one-retailing; Online Social Networks, however, has been chosen to be the focus of this analysis. (Liao, 2012)

A Brief History of the Online Sector

The e-commerce and Internet sector has evolved rapidly, going through several distinct stages since its beginnings in the 1970s:

Birth of the internet:

Earlier the internet was there for the technology related people. Initially designed in 1973, the Internet was a series of communication protocols whose father was Vinton Cerf who was part of a project sponsored by the U.S. Department of Defense's Defense Advanced Research Projects Agency (DARPA).

Creation of the web: The World Wide Web and the coding language of HTML were invented in 1989 and implemented between 1990 and 1993 by Tim Berners-Lee, developing a never ending hyperlinked pages database which consisted pool of information and were user friendly also.

The growth of internet : In 1993 and 1994 the entrepreneurs and other business related people thought that internet can be of great help in commercialisation of their products with a vast and global reach. Due to this adoption of internet a vast and a drastic revolution was observed in retailing and service sector where people were willing to pay eagerly due to convenience of online shopping.

The Bust: In mod 2000 the IT industry faced a big fall of recession which resulted in loosing jobs, unemployment, bankruptcy , shutting down of various MNC's. Sellers of hardware, software, consulting and telecommunications services suffered mightily. It became almost impossible for the entrepreneurs to raise funds to sustain the business. It was a nightmare for many.

The Phase of reality: In early 2003, the sector started settling into its shape and rapidly cathed a high pace of growth. The consumers were more willing to buy products and services online be it any sector, from hospitality to banking to stock markets. Businesses of all types were finding that the Internet creates true operating efficiencies and drives profitability. For example, while most of the airline industry suffered terribly in recent years, value-based discount airlines Southwest and JetBlue enjoyed superior financial performance, in no small part because of their use of e-commerce to efficiently book reservations and sell tickets online. "Efficiency" is the most important factor in the e-commerce and Internet sector's newfound success.

Low Costs and fast paced Growth Phase: Currently , the internet whether wired or wireless is increasing at a very fast pace. It is accessible now everywhere in the form of smart phones. The cost of accessing the internet is reducing day by day which has become affordable for all the mobile and internet users. The site development cost is also declining offering opportunities for more and more business developments.

Trends in E-commerce 2014

The e-commerce has grown rapidly by 2014 in various forms

Banking sector: Banking sector has developed efficiently in the form of online banking, NEFT's , equities and has made banking very easy for the customer. Due to this the banking is now in the hands of the customers available in the form of internet banking and mobile banking etc

Insurance sector: Service providers like insurance companies have made risk coverage easier for the customers due to various features like premium allocation and comparisons of various policies from policybazaar.com.

Online shopping: Online shopping stores like ebay, amazon, jabong.com, snapdeal.com, myntra.com have made shopping available 24X7 for the customers with availability of all kind of FMCG products from apparels to electronics.



Travel and tourism: The tourism has cached a very high pace instantly due to e-commerce. Websites like makemytrip.cm, yatra.com, goibibo.com have made travelling, hotel bookings, comparing rates of various hotels very easy and convenient for the people.

Online shopping in India saw a 128% growth in interest from consumers in 2014 as compared to the previous year. The growth was only 40% between 2010 and 2011, according to report compiled by Google. The report used data from Google Trends and a sample survey of 800 users in November 2013. Consumers were most interested in apparels & accessories (30%) and consumer electronics (34%). Other categories that Indians searched for online were Books (15%), Beauty & Personal care (10%), Home & furnishing (6%), Baby products (2%) and healthcare (3%). The present paper is an attempt to study the recent trends, influences, preferences of customers towards ecommerce and online shopping and to give the suggestions for the improvement in online shopping websites.

REASONS BEHIND THE GROWTH OF E –COMMERCE

- 1. Lifestyle of the people-** People nowadays are so busy due to their hectic lifestyles that they don't get time or feel like going to the physical stores and shop. They prefer to shop according to their convenience.
- 2. Increasing Disposable Income:** With increase in job prospects the income of people is also increasing and they are willing to spend on the online products.
- 3. Product awareness:** People have now become aware of products and services in the market. Due to awareness via social media, television, advertisements, people have now become more comfortable and confident in purchasing online.
- 4. Increase in computer education:** People like housewives, children in rural and urban areas are learning computer education at very high pace due to which they feel more confident and convenient in online shopping. Due to this education they become more aware about the concept and process of online shopping.
- 5. Usage of Internet –** The country is beginning to achieve mass users of 100 million who are familiar with the web. Also, in the past few years online services providers like make my trip, olx.in, myntra.com, and flipkart.com have dominated the Indian e-commerce industry.
- 6. Easy reviewing of products –** Online shopping has made it easy to review different products. It has become easier for the customers to purchase the products after getting reviews.

ESSENTIALS FOR MAKING ONLINE SHOPPING EFFECTIVE

- 1. Secured –** Every customer wants a secured transaction while making purchase online. If the website develops the trust of maintaining privacy of the customer and promises secure transaction, the customers will be able to develop loyalty with the online shopping store and the market will boom.
- 2. User Friendly –** The website should be user friendly and the content of the website should be easy and understandable so that users do not face any problem in purchasing or selecting the product or the brand item.
- 3. Combination of Branded Products and Non Branded Products –**The website or the online shopping store should have both branded as well as non-branded products due to continuous changes in the customers tastes and preferences.
- 4. Create Awareness –** Every online shopping store should create awareness about its products, latest news about the products, discounts, innovativeness and schemes etc to attract more and more customers towards it.
- 5. High quality and quick processing of delivery –** The most important factor for customers that they look in a website of an online shopping store is the quality of its product delivery. Every site should maintain this quality in respect of payments, home deliveries etc.

6. **Attractive design of website-** The Design of the website should be very attractive in order to attract more and more customers. The content of the website should be understandable by the consumers and some important icons like shopping cart, payment systems and social media inks should be present on the website.

Conclusion:

The growth of e-commerce industry is increasing at a very high pace. People nowadays are more willing to shop online rather than going in physical stores. People are more comfortable in online shopping as they can review and compare various branded and non-branded items and can make decisions on the basis of price and quality. Online shopping and e-Commerce are an important part of B2B in the present world. The reach of FMCG products has become possible nationally and internationally with the help of e-commerce and online shopping. Branding, Product Positioning, Awareness of new features in the products etc. all were supported by the help of online websites.

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