

Impact of Non- Store Retailing in Indian Economy

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Abstract: Non-store retailing is the selling of goods and services without ever establishing a physical store, as opposed to the traditional way – the very foundation of retail. In an ever-changing market of globalization era, where need for better efficiency is crucial, non-store retailing is patronized to time conscious consumers or compulsive buyers. Non-store retailing, that includes e-commerce, direct selling, telemarketing, etc., has evolved throughout the years and continues to offer consumers the convenience of buying 24 hours a day, 7 days a week and delivery at the location and time of their choice. Taking a leap in popularity in the pandemic era, the mere expectation that it will grow at a staggering rate over the next few years is no rocket science either. Although here the potential customer base can be limitless, it's not devoid of its own demerits and negative aspects, of which unhealthy competition leading to customers having to pay twice-thrice the money they should pay, is the biggest. This study aims to thoroughly go through both the positive and negative aspects of non-store retailing, to seek out and strike a balance between store based retailing and non-store retailing, so that both continue to develop, evolve and thrive in a healthy manner and contribute to the nation's GDP and towards customer satisfaction as well as retention.

Keywords: online shopping vs offline shopping, customers' satisfaction, ONDC, CRM, government policies

Introduction

Unlike traditional retailing, non-store retailing is the retailing that takes place outside traditional brick and mortar or physical locations. Non-store retailing in India has evolved a lot. It is not only limited to online retailing or e-tailing but involves many other forms such as direct selling, automated vending machines, catalogue marketing, telemarketing etc. All these forms of non-store retailing had profound impact on people of India as well as the Indian economy. As we all know, non-store retailing is about the selling of goods and services outside the confines of retail facility, it's not a new thing just like direct selling, network marketing and so on.

One of the direct selling aspects is door to door marketing. In the modern form it is online marketing, email marketing, telephonic marketing etc. As per information, online marketing started in 1995 but became famous since pandemic and nowadays, half of the market is being run by marketers. Also new startups came in market, which presently plays a significant role in Indian

economy. Non-store retailing methods include kiosks, carts, vending machines, direct selling, telemarketing, direct marketing and e-tailing.

The Direct selling market in India has recorded a double-digit growth of 21% over the past five years and reached INR 72 billion today. The industry is expected to witness rapid growth due to penetration of direct selling and increasing product demand. The internet retailing has also witnessed a robust growth as many new and existing shoppers have switched to this retail channel.

Technical Content

As per survey, we can analyze that most of the people in Indian society don't prefer online shopping, but few prefer online stores. Many a times, people go for online shopping whenever they can't find a particular product in their local markets, but they must pay 30-40% more than actual prices, which may come in form of delivery charges, convenience charges, internet charges etc.

The price of online products like clothing, shoes etc. is almost double because of return policy. As per the return policies, whenever the customers want to return their products, the reverse logistics chargers are also included in the original price of the products. So here the people don't like non store retailing in India because of extra pricing, trust issues, long delivery time that customers face. Sometimes they get wrong products or poor-quality products. Therefore, pricing strategies play a significant role in the online market.

According to a survey, we can see that mainly modern aged people prefer online shopping due to their busy life. So, there are many advantages to the non-store market because of the availability of a variety of products and we can get the products easily. This way, companies can keep a record of their customers, can access them with promotional offers, and evaluate customers' needs in a better way by analyzing their purchase history with the help of big data analytics.

The emergence of multiple channels has been a real empowerment for the customer today. Non-store retail has emerged as a major reason for youth employment. In less than two decades, direct selling has provided self-employment opportunities to more than 50 lakh people in India. As Amazon and Flipkart expand their business, employment is expected to rise 30% and create 50,000 jobs.

Direct selling is a labor-intensive industry which has positive socio-economic impact on employment, women empowerment and skill development. Non-store retailing has grown so much due to opportunities it has provided to entrepreneurs, especially to those who don't have enough budget. Anyone can make money through non-store retailing as it requires smart selling and creativity, little or no investment and convenience to customers. So, in India, modern aged people really prefer the online market and most of the people shop in Flipkart, Amazon, Urbanic, Myntra and other online websites. Also, Blinkit and Domino's give the food order delivery in 30 minutes, enhancing customers' overall experience. Nowadays the online market is a dynamic market. New innovative methods of thinking and planning are recently coming into the market. Reputed online retailers like Flipkart, Amazon etc. are making different strategies to influence their stores.

Sometimes customers can't find specific products and customized products of any brand from their offline retail outlets. But customers can order those products and services directly from the official websites of those brands. For example, if a customer wants purple iPhone 13 (1 TB storage), it's not easily available in all offline Apple stores due to low demand of this variant, but it's always available on apple.com, Apple's official website.

As opposed to direct selling, direct marketing is on the rise. With the advent and evolution of internet, data revolution in India by Reliance Jio network, email marketing became exceedingly popular as well as successful, where companies put spent a huge amount on designing and sending emails to a humongous customer base, often in the form of promotions, offers or newsletters. Direct marketing is one of those fields which is expected to and supposed to grow multiple folds over the next few years. WhatsApp from Meta is trying to penetrate the market and is moderately getting successful at opening "WhatsApp stores" to sell fashion apparel, by already having a huge pre-existing customer base.

Automatic vending machines are being used very smartly in the FMCG (Fat-Moving Consumer Goods) segment. These are basic yet straightforward examples of non-store retailing, where the retailer does not need a 250-300 square feet area to sell products like cold drinks, chocolates, pizza and even newspapers. Because of the success of automatic vending business model in FMCG retail, these days it's getting innovatively adopted in other sectors as well.

Retailers create a perfect visual environment for customers because the first impression before the customer plays a particularly vital role in making new customers and the store image should be clear in the customer's mind. Recently, Apple launched their official offline stores for the first time in India in Mumbai (Apple BKC) and Delhi (Apple Saket), that created huge buzz and excitement in the whole country.

Online platforms provide a huge customer base for local offline shopkeepers who can sell their products online. But online platforms like Amazon and Flipkart collaborate with big companies for various products and make their own products like Amazon Basic, Fresh etc. for customers. But online platforms use aggressive marketing strategies for their own products. Online platforms always get a competitive advantage against local vendors and shopkeepers. Online food delivery platforms like Swiggy, Zomato collaborate with cloud kitchens and restaurants to sell more food from those places. This will create unhealthy competition between giant companies and small companies.

Results

Of course, the common benefits of non-store retailing like variable nature of cost, less cost of establishment, easier to scale up, etc. are crystal clear, it's not devoid of its own disadvantages, demerits and negative points. The biggest one is that it's much harder in non-store retailing to build customer relations. The friendly smile of an employee greeting you as you walk into a retail store can go a long way in building customer relations. Helpful and knowledgeable interactions among customers and store employees create confidence among the customers and develop their brand

loyalty, which is distinctively missing in non-store retailing. E-tailing lacks the opportunity for face-to-face contact, which is a simple yet huge parameter to develop trust. E-tailing must try, develop and incorporate other means to develop long-term relationships with customers.

Looking at a product on the phone screen and reading its description is not enough for a customer to go for the purchase. Many products need to be held, touched, felt, smelled and even listened to. For example, a cricketer, when goes to buy a bat, he needs to hold it with his own two hands, feel its swing, feel the grip of the handle, so on and so forth. Similarly, when a musician wants to buy an instrument, say a guitar, he needs to touch its strings, feel its sound. They can't just order things by looking at the screen, just because it says 4 stars out of 5 from 15,000 reviews from customers who have bought it. In fact, those reviews are not trustworthy. Many a times, those reviews are manipulated and faked by the seller or even by the selling platforms.

Non-store retailing is one of the major types of organized formats in India. Non-store retailing is beneficial for society as well as for the economy. It contributes to GDP by providing employment and business opportunities to youth. In the coming days, the percentage of non-store retail is expected to rise. Government should provide support to business owners and companies engaged in non-store retailing. This will enable the retail sector to expand and make reach worldwide. In the meantime, monopoly or duopoly is bad for any industry. At the beginning, customers will enjoy the service or product at cheaper price but gradually companies will exploit customers with their terms and conditions.

The government will play a key role in countering these problems in favor of customers as well as smaller businesses. Government should set new policies, rules and regulations to develop a healthy online marketplace. Despite the high internet speed and widespread smartphone usage, most participants in e-commerce cannot reap the benefits of this digital revolution. After China and the USA, India has the 3rd largest online shopper base, with 14 crore e-retail shoppers in 2020. Despite that, penetration of e-retail in India is only 4.3%, well below that of South Korea (26%), China (25%) and the UK (23%). The reasons may be the lack of proper infrastructure, lack of strong government policies, lack of smartphone usage and low internet speed in rural areas, etc. The biggest tremor came when we realized the critical shortcomings of the Indian digital commerce ecosystem, exposed by the COVID-19 pandemic, when most parts of the retail chain were found to be digitally absent.

The rise of monopolies creates barriers to entries for the population scale adoption of e-commerce. A single entity has full control over managing all operations in the e-commerce value chain. Sellers face challenges including high margin costs and the need to keep a presence on multiple platforms. Buyers and sellers can only transact if they are part of the same platform. All these issues made our government think and think hard and that is exactly why ONDC (Open Network Digital Commerce) is here.

ONDC introduces an open network for all the players who can sell or enable selling in an e-commerce setup (i.e.), a shopping platform, seller, logistics partners and technology service providers. No single entity controls the end-to-end activities in buyers' purchase journeys. This

platform is being developed by Indian Government. This will create a history for online shopping evolution where small local shopkeepers like *chaiwallah*, *Kirana* shops can join to sell their products and services in their local areas at exceptionally low cost.

For example, if we start comparing the prices of some basic items, say McDonald's small sized chicken burger, on platforms like Zomato or Swiggy, it costs around 300 Rs., but only 110 Rs. on ONDC. Similarly, veg steam momos from Wow Momo costs around Rs. 170, while on ONDC, it costs around Rs. 85. Yes, you read it right, exactly half...and so on and so forth.

This type of platform results in a deep reflection of transparency. To remain relevant and leader of as a Non-Store Retailers, proper market design and depth clarity on the specialization of product need to be strongly considered. The above-mentioned digital platform backed up with relentless endeavor for excellence in non-store retailing. To set up the conceptual efficiency of non-store retailers in the market, ONDC is coming up with a great initiative by concern authority.

Conclusion

Store based retailing and non-store retailing are two major types of organized formats in India. Both online and offline market are essential in the growth of Indian economy. Our study doesn't deny the importance of either model. Online stores are greatly beneficial in our busy life. On the other hand, offline stores always build a strong customer relationship between sellers and buyers. A strapping system should be developed between offline and online stores to connect both stores efficiently and to grow exponentially in the market. The system will help efficiently in the growth of Indian economy.

ONDC will be a revolution in Indian market where all buyers and sellers use offline local store through online. Customers can place scheduled orders for products and services. ONDC will break the dominancy of any online platform by supplying minimum platform charges (2-4%) and high-quality user experience like UPI. But education for online platforms in offline stores will be a challenge for the system. The Internet and logistics will enhance the overall experience of customers. Nowadays business is not easy for everyone in a competitive environment. Our study always focuses on the behavior of the market, so that people at distinct levels of business will understand the complexity and real situation in the market.

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