

A STUDY ON ASSESSING THE GROWTH AND DEMAND OF ELECTRONICS (WHITE GOODS) IN INDIA

Divya Gupta* & Dr. Anil Sarin**

*Research Scholar, Assistant Professor, Manav Rachna International Institute of Research and Studies, Faridabad, Haryana, INDIA.

**Professor, Manav Rachna International Institute of Research and Studies Faridabad, Haryana, INDIA.

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ABSTRACT

Retailing holds an integral part of marketing mix which focuses on managing business in organized manner. Retailing (product, price, place, promotion, people and process) builds relationship between customer and business.

In today's scenario with growth of retailing there is requirement for managing retailing industry so as to encash maximum gain from retailing industry. With growth of retailing, the concept of e-tailing arises so as to deliver better services to the customer with respect to variety, time, quality, delivery and payment etc.

For betterment and growth of retailing communication capabilities, need to be strong as it builds relationship between customer and business activities.

This research aims to focus on descriptive, exploratory and comparative study of retailing and e-tailing in India. So as to carry retailing and e-tailing in more organized and successful manner.

Keywords: *Organized, relationship, e-tailing, marketing mix, communication capabilities*

Introduction:

Indian organized retail sector majorly capture categories such as: Electronics, Cosmetics, Kids, Jewellery, Furnishing, Apparels and many more. With the enhanced consumption and working population, the e-tailing is coming into existence with rapid growth because it provides variety, discount offers, fast delivery, different brands, saves time, distinguished products, easy payments etc.

With the increasing population and working members in the family, the consumption level is significantly increasing. Looking into Maslow's Need Hierarchy theory, the need level of people has increased with respect to physiological, safety, social, self-esteem and self-actualization needs.

The evolution of liberalization, privatization and globalization (LPG) the dynamic business is expanding at domestic and international levels both. With the expansion of business market internationally, the information technology is also expanding with new ideas and innovations that are providing multiple gains to the business as well as consumers.

Over the past two decades after LPG, the business growth has expanded the consumption power of users also. With influx of information technologies and business activities in the global market, the needs of consumers have also enhanced.

According to Google India, there were 35 million online shoppers in India in year 2014 Q1 and is expected to cross 100 million mark by end of year 2016 and compounded annual growth rate (CAGR) vis-à-vis a global growth rate of 8-10 percent.

A T Kearney said in a report on the 2015 Global Retail Development Index -India's retail market will reach to \$1.3 trillion by year 2020. Also, the GDP is set to grow at 8 percent over the next three years, making it the world's fastest growing major developing market. The current retail sale in India is worth \$925 billion and had grown at 5.8percent on CAGR between years 2010-2014.

E-tailing

Instead of being a disruptive technology capable of rewriting the rules of retailing, e-commerce has transformed the retail environment in a more evolutionary manner (Grewal et al., 2004).

Multi-channel retailing concept is used in e-tailing, as it involves manufacturers, retailers, suppliers, logistics etc.

Other comparisons between the business models, largely concentrate on how the development cycle of online businesses differs from that of their offline counterparts or how much of the marketing and layout research of offline retailers is applicable to online retailers (Vrechopoulos et al., 2004)

Through the huge amount of information available on the internet, organizations can easily compare and identify new business partners and suppliers and achieve cheaper prices, better efficiency, shorter ordering time cycles, cost reductions and uninterrupted business availability (Chaffey, 2003),(Turban et al., 2004).

E-commerce also provides companies with more opportunities to communicate with customers (Fluss,2001); such as online communities, which enable faster responses to customer demands and expectations, help implement better marketing strategies, and enhance customer loyalty (Turban et al., 2004). Increased opportunities for business-to-customer communication also assist in building strong brand and corporate image.

E-tailing is creating the biggest revolution in the retail industry. Earlier retailing and real estate were the sectors which were at the boom; but with the expansion of e-tailing, the expenditure on real estate is decreasing and is focusing on the logistics management.

Chaing and Dholakia (2014) focused on switching behavior of consumer from online shopping to offline shopping. The study focused on the level of difficulty faced by the buyer in purchasing the product by online or offline retailing. It studied three variables that affect the consumer to buy that are features of the product with their characteristics, accessibility features of the shopping sites and price of the product while purchasing products from different sources that is

online and offline shopping. When the consumer feels convenient to shop online depending on the circumstances they buy online but if they feel difficult to shop online then they switch to offline shopping and vice-versa. In conclusion the study focuses on buying online gives more satisfaction to the consumer which in turn motivates them to shop online.

Karim (2013) conducted a study on online shopping behavior of customers and documented that online vendors can assure their consumers for transaction security and avoid long delays in completing online orders and the hassle of returning defective goods for better online shopping experience.

Bhandari & Kaushal (2013) in their study on online consumer behavior using factor analysis found the reasons for using online shopping as trust, information about the product and services, convenience, effortless shopping.

Shafqatajaz (2015) commented that the electronic retailing (e-Tailing, e-Retailing, internet retailing etc.) is the model of selling of retail goods using electronic media, in particular, the internet. E-Retailing is a subset of e-commerce (Electronic Commerce). E-Retailing accounts for about 10 per cent of the overall growth of e-Commerce market. The growth in the e-Retailing market is driven by the need to save time by urban India. It is estimated that for 2.5 billion internet users, access to internet has played a significant role in growing the business markets. The Internet gives retailers an instrument for: broadening target markets, enhancing consumer relationships, extending product lines, improving cost efficiency, improving consumer communications, and delivering customized offers. Changing demographics (youthful India), changing lifestyles and exposure to the developed markets give a fillip to e-Retailing industry. One can buy anything from stereos to iPod's without stepping out of home, through internet media. E-Retailers serve 24 hours x 7 days in a hassle free manner to consumers.

Kaltcheva (2006) developed the conceptual framework which proposes that the consumer's motivational orientation moderates the effect of the arousal produced by a store environment on the pleasantness of the environment. When consumers have a recreational motivational orientation, high arousal has a positive effect on pleasantness; but when consumers have a task-oriented motivational orientation, high arousal decreases pleasantness. In addition, high arousal increases consumer intentions to visit and make purchases in the store for recreationally oriented consumers, but it has a negative impact on shopping behavior for task-oriented consumers. Pleasantness mediates the effect of arousal on shopping behavior.

Loudon & Della (1993) identified that the function of several variables involve the customer's motive for store choices. These determinants include factors like store design, store personnel, advertising and sale promotion, merchandise assortment, physical facilities, customer services and clientele (social-class membership) which have a larger impact on the store choice.

Methods & Materials:

The study is descriptive in nature. The collection of data is secondary data that is collected from journals, e-journals, internet, reports, newspaper and website of companies.

Results and Discussion:

Indian electronics industry revenues by segment FY14 (US\$ billion) 100% = US\$32.7 billion. The mushrooming electronics market in India attracts wide market opportunity to manufacturers.

Indian electronic market position:

- At present 65% of demand for electronic products is met by imports.

- Consumer electronics is expected to be US\$29 billion market by 2020 from ~US\$10 billion currently.
- Electronic industry needs to meet substantial gap between the projected and actual exports as it was projected to be ~INR64 billion in FY13 while the industry achieved INR16 billion.
- Rise in the share of organized retail: Organized retailing will facilitate increased demand, make more efficient supply chain, but also, facilitate highend and branded products. Organized retail industry is expected to cover a market share of 15%–18%, from around 3% currently by 2020.
- Market for white goods has been mounting at close to 14% p.a., and is expected to step up to close to 17% in the coming years.

The Indian consumer durables market has been a “high spend”, priority sector that account for more than 40% of end consumer spending in India. The market for white goods has been rising, but remains underpenetrated. The sector contributes to more than 5.5% of IIP.

Drivers of growth for electronics segment:

- Demand for white goods is accelerating due to increasing levels of income, and urbanization
- Momentous local demand for electronic products
- Working generation demands for high tech products
- Rising manufacturing costs in alternate markets
- Improved affordability of products
- Availability of new innovative variants of product in the market
- Financing facility provided by retailers and etailers.

Conclusion:

The companies need to get a conceptual idea, strategy, plan, technical specialization, strong business management, security system, payment safety and logistics management in order to get an edge over the competitor. If these systems are strong then only the overall cost to the company can reduce and can increase the revenue.

With the reduction in the internet cost and various plans by telecom sector regarding internet facility is providing cheap access to internet and can easily surf on internet for purchasing etc.

The Indian electronic market is playing an important role in the substantial growth of the economy of the country and providing large employability to the people. India is positioning strong in manufacturing focusing on government impetus “Make in India”

The e-commerce brings a substantial shift in market outcomes from their offline-only equilibrium due to changes in demand- and supply-side fundamentals of consumers. These include prices, innovation, reliability, urbanization, demographics, working patterns, market shares, profitability, security, time, and the type of firms operating in the market.

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