CRITICAL EVALUATION OF VALUE CHAIN ANALYSIS FOR ASSESSING COMPETITIVE ADVANTAGE-A STUDY ON SELECT COMPANIES OF E-TAILING INDUSTRY

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ABSTRACT

Porter's Value Chain analysis is a useful strategic management tool. Value chain analysis works by breaking an organization's events and activities down into strategically appropriate pieces, so that it can have a complete picture of the cost drivers and sources of differentiation and after that can make changes accordingly.

E-tailing companies in India are suffering from the effects of competition condition in the internal markets, because these companies don’t apply value chain analysis to achieve and sustain competitive advantage which leads to strategic competitiveness, and still depending on using traditional cost analysis in achieving competitive advantage. A value chain is a set of activities and accomplishments that an organization carries out to create value for its customers. The companies are purely depending on logistics and supply chain management. Taking from acquiring raw materials to making the products reach the ultimate customers, there are many processes and people are involved. This should be done without interruption and more care should be taken. The companies get into Value chain analysis in creating value to customers and achieving competitive edge over others. The more value an organization creates, the more profitable it is likely to be. And when the organization provides more value to its customers, it builds competitive advantage.

Organizations strive hard to create value to its customers. The point of understanding how the organizations create value and looks for means and methods to add more value are critical elements in developing a competitive strategy. Many organizations lack in planning and implementing Value Chain analysis. In the present study, the researcher is going to study on how value chain analysis helps in creating competitive edge over others and leads to build competitive advantage.

Keywords: E-tailing, Value Chain Analysis, Competitive Strategy, Competitive Advantage.

INTRODUCTION

Competitive advantage for an organization means not just matching or exceeding what competitors can do, but ascertaining what customers want or expecting from an organization and then satisfying customers profitably, and even sometimes exceeding their level of expectations (Dambudzo, 2013). Due to globalization, the barriers of inter-regional and international trade have lessened and access to products has become very easier. Consumers can trace and get the best product as per their requirements, at an affordable price, whenever and wherever let it be in
the globe. The rise in customers’ expectations and increasing competition among competitors makes a company restless and try to achieve core competence (Bryson, 2018).

A Value Chain analysis is a Strategic management tool which is used to measure the significance of the customer’s perceived value. By making the organizations to determine the strategic advantages and disadvantages of their accomplishments and value-creating processes in the marketplace, VCA (Value Chain Analysis) becomes an essential element for assessing organization’s competitive advantage. This is mainly addressed to managers, management accountants and top-level management who are part of decision making who takes an effort in implementing value chain analysis in their respective organizations (Antoniou et al., 2011). The concepts, tools and techniques presented here apply to all organizations that manufactures and sell goods and services.

Today, Organizations face huge competition in the global market place. In order to sustain and improve competitive advantage, organizations have to determine to what extent they are capable in meeting or exceeding the dynamic expectations of the consumers. As an important tool of strategic planning, value chain analysis looks at value creation across the complete range of activities and processes that shape the ultimate offering to the consumers and offers important vision to the organization’s long-term growth and existence (Chen, 2009). The present study defines concepts and techniques of value chain analysis; describes the main requisites and elements of the value chain approach: internal cost leadership analysis, internal differentiation analysis and vertical linkage analysis; plans three useful strategic outlines i.e., industry structure, core competencies and segmentation; and discusses the trends, issues and challenges that are involved in value chain analysis. The concepts and techniques presented can be practical and applied in all types of organizations.

Significance of the Study

Most of the successful and creative organizations have a corporate level strategy with corporate scorecard to lead the big picture. Each business unit within the firm then has a Business level strategy, where the leaders use to control how the firm will compete in the individual markets and establish competitive advantage. In turn, each team should have own strategy to ensure that the day-to-day activities help the organization to move in the right direction. At each level determining how the firm is going to win in the period ahead. Large enterprises have always been a strategic component of developing economies (Porter, 2008). The study is undertaken to explore how enterprises have adopted value chain analysis in assessing Competitive advantage in different levels of strategy.

REVIEW LITERATURE

Overview of Literature

The value chain activities include research and development, design, production, marketing, distribution and lastly after-sale service. These support activities are set of supplementary activities that includes accounting, finance, human resources and information technology (Schmitz, 2005) and Each and every activities in the value chain added value from the perspective of the customer (Horngren et al., 2012).

Value chain analysis is a strategic tool that helps in building a structural strategy of an organization; (Coulter & Robbins, 2009). It mainly focuses on the activities that create value and
the activities that do not create value to the customers will be enhanced and improves rendering services (Thompson et al., 2005).

The value chain analysis defines the full range of activities which are required to bring a product or service from commencement, through the different stages of production, final delivery to ultimate consumer, and disposal after use (Porter, 1985). Competitive advantage develops the way as the organization organizes and performs separate activities. The performed activities, when competing within a particular industry, can be categorized into primary activities and support activities. Primary activities involves on-going production, marketing, delivery, and servicing of the product and services whereas support activities includes procurement, technology, human resources activities and the other infrastructure functions supporting the other activities (Porter, 2012). When an organization acquire resources, technology and have the capacity to make changes in products and services in order to satisfy customer needs and want, or has the capacity to react and adapt quickly as per the changes in the competitive environment (Dahlstrom & Ekins, 2006).

**Objectives of the Study**

The study aims to identify whether E-tailing companies in India analyse value chain, applying Value chain analysis in achieving and sustaining competitive advantage, and to know whether the demographic characteristics (age, educational and others) of the respondent’s effect on their awareness of the importance of applying value chain analysis to achieve and sustain competitive advantage.

1. To study how the value chain activities are performed by the e-tailers in passing on the value to the customers.
2. To study how value chain analysis link to organization goals, strategies and objectives.
3. To broaden management awareness about value chain analysis.
4. To understand the value chain approach for assessing competitive advantage.
5. To comprehend useful strategic frameworks for value chain analysis.
6. To appreciate the organizational and managerial accounting challenges.

**Hypotheses**

The study aims to test the following hypotheses:

\[ H_1: \text{E-tailing companies in India don't analyze value chain.} \]

\[ H_2: \text{E-tailing companies in India don't apply value chain analysis to achieve and sustain competitive advantage.} \]

\[ H_3: \text{E-tailing companies in India don't apply value chain analysis to sustain competitive advantage.} \]

\[ H_4: \text{There is no significant impact and influence of the respondent’s demographic characteristics (age, educational level, and specialty) on their attentiveness of the prominence of applying value chain analysis to achieve and sustain competitive advantage.} \]

**Scope of the Study**

The study is undertaken for e-tailing companies. Regional, sectorial and industry wise analysis is done to appraise the gravity and magnitude of Indian industries in general and large
enterprises in particular. The customers of the specified e-tailing companies from particular area are taken to know their perception levels.

**Research Methodology**

The study is based on a descriptive approach by surveying the preceding studies in the same area and based on the analytical approach, a questionnaire is developed to answer the study questions, and test hypotheses.

1. **Primary data:** The primary data relates to opinions, perceptions and views of knowledgeable people who are either actively involved in the transactions on either side, as well as those who are interested in the issue are taken.
2. **Secondary data:** The access to the data and the information for analysis is obtained in documented form and the data is predominantly secondary in nature. The main sources of information are: (i) Records of Companies (ii) Records of Industry, (iii) Books, journals, e-journals, periodicals and other published data and information.

**Data collection**

The study is made with respect to few large companies belonging to e-tailing sector which were considered after examining the company’s annual reports, websites from published sources. Questionnaire is used to collect primary source of data.

**Research study’s population**

The study population consists of Indian and foreign e-tailing companies which started its business operations in India and customers of those e-tailing companies.

**Study’s variables**

The study aims at investigating the relationship between value chain analysis (dependent variable) and achieving and sustaining competitive advantage (independent variables).

**Methodology**

The present study even includes an explanatory and exploratory study on how Value Chain analysis is used in assessing competitive advantage of an organization and leads to Firms Strategic Competitiveness. A case study method is chosen because:

1. It highlights the complexity of a single case.
2. It is a study of the particularity and it is not designed to optimize on generalizations.
3. It traces uniqueness.
4. It is possible to select cases which are distinctive of other cases.

**Research techniques & tools**

The present study will be done by using case study method and hence the following analysis should be undertaken. The case study analysis is based on PEST Analysis, SWOT Analysis, Porters Five forces model, Value chain analysis, Competitive advantage, Ansoff Grid
and BCG Matrix, Marketing Strategy analysis analysis, Generic Strategies and Resource-based model.

CONCEPTUAL FRAMEWORK

Michael Porter’s Value Chain

The idea of a value chain was first suggested by Michael Porter (1985) to portray how customer value gathers along a chain of activities that lead to an end product or service. Porter defines the value chain as the internal processes or activities a company perform “to design, produce, market, de-liver and support its product”. Porter further states that “a firm’s value chain and the way it performs individual activities are a reflection of its history, its strategy, its approach to implementing its strategy, and the underlying economics of the activities themselves”. Porter describes two major categories of business activities: Primary activities and support activities in Figure 1 (Porter, 2012).

Primary activities are directly involved in transforming inputs into outputs and in delivery and after-sales support. These are generally also the line activities of the organization. They include: Inbound logistics: Material handling and warehousing; Operations: Transforming inputs into the final product; Outbound logistics: Order processing and distribution; Marketing and sales: Communication, pricing and channel management; and Service: Installation, repairs and parts (Dahlstrom & Ekins, 2006).

Support activities are the activities support primary activities and other support activities. They are handled by the organization’s staff functions and include: Procurement: Purchasing of raw materials, supplies and other consumable items as well as resources; Technology development: Know-how, procedures and technological inputs needed in every value chain activity; Human resource management: Selection, promotion and placement; Appraisal; Rewards; Management development; and Labour/employee relations; and Firm infrastructure: General management, planning, finance, accounting, legal, government affairs and quality management (Burnes, 2002).

![Source: Porter (1985).](image)

FIGURE 1
PORTER’S VALUE CHAIN ANALYSIS
John & Govindarajan (1993) describe the value chain in broader terms than does Porter. They state that “the value chain for any firm is the value-creating activities all the way from basic raw material sources from component suppliers through to the ultimate end-use product delivered into the final consumers’ hands”. This description views the firm as part of an overall chain of value-creating processes (Shank & Govindarajan, 2011). The industry value chain starts with the value-creating processes of suppliers, who provide the basic raw materials and components. It continues with the value-creating processes of different classes of buyers or end-use consumers and culminates in the disposal and recycling of materials. The industry value chain and the value chain activities within the firm will be compared (Dekker, 2003).

Data Analysis of E-tailing Industry in India

The recent growth in e-tailing is moved and motivated by new start-ups and backed by venture capital and entrepreneurship. As e-tailing market in India is yet to achieve the stability, the initial new entrants have already succeeded in capturing the minds and loyalty of sizeable consuming class. The new entrants in e-tailing played an important role as a means of an ecosystem that is necessary for the e-tailing growth in India. E-tailing capability cannot be tapped on the basis of the investments by some of the companies that unlock the opportunity. The estimated size of e-tailing by 2021 will not be purely e-tailing companies, as it is today. According to estimates, e-tailing’s prospects will be taken over by three set of players:

1. The existing players in the pure e-tailing business will manage and try to build sustainable business and gain competitive advantage and grow accordingly. Most of the new e-tailing start-up companies will also try to tap up the market.
2. The present brick & mortar retailers (both corporatized and traditional outlets) will succeed in viewing as an important driver for business growth and make e-tailing as mandatory in their business.
3. Likewise, consumer and retail brands also build e-tailing businesses as a direct go-to-market approach.

Industry Analysis of E-commerce

The ecommerce industry in India i.e., B2C and C2C grew at an enormous CAGR to reach the mark of USD 9.90 Billion. On the other side, the B2B market contribution is less and is been estimated at USD 50.37 million by the end of 2017 represented in Figure 2.

![FIGURE 2](image)

INDUSTRY ANALYSIS OF E-COMMERCE
Table 1

<table>
<thead>
<tr>
<th>B2C MODE OF E-COMMERCE TRANSACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Online travel</strong></td>
</tr>
<tr>
<td>Customers buy tickets, book hotels</td>
</tr>
<tr>
<td>and purchase tour packages online.</td>
</tr>
<tr>
<td>The ticketing services can be for</td>
</tr>
<tr>
<td>airlines, railways or buses.</td>
</tr>
<tr>
<td><strong>Online retail-tailings</strong></td>
</tr>
<tr>
<td>Online sale of products such as</td>
</tr>
<tr>
<td>books, mobile handsets, mobile</td>
</tr>
<tr>
<td>accessories, electronics and home</td>
</tr>
<tr>
<td>and kitchen appliances among others</td>
</tr>
<tr>
<td><strong>Online Classifieds</strong></td>
</tr>
<tr>
<td>Portals connecting buyers and</td>
</tr>
<tr>
<td>sellers by providing classifieds</td>
</tr>
<tr>
<td>space where the sellers can</td>
</tr>
<tr>
<td>advertise their products.</td>
</tr>
<tr>
<td><strong>Digital downloads</strong></td>
</tr>
<tr>
<td>Paid music, videos and games</td>
</tr>
<tr>
<td>download.</td>
</tr>
<tr>
<td><strong>Financial Services</strong></td>
</tr>
<tr>
<td>Online sale of Insurance, loans and</td>
</tr>
<tr>
<td>mutual funds.</td>
</tr>
</tbody>
</table>

India B2C e-business sector can be divided into two categories—travel and no-travel. Online booking for travel constitutes as the largest B2C e-business segment. Today, e-business in India is going through drastic change in enabling devices, High speed internet and broad band connection (Table 1).

**Competitive Positioning of E-tailing**

The competition is expected to undergo a major change in e-tailing industry due to entry of international e-tailers in India. Amazon.com and eBay which have already captured the international markets, entered in India by testing their business model that can bring huge profitability to the e-tailing Industry (Table 2).

Table 2

<table>
<thead>
<tr>
<th>COMPETITIVE POSITIONING OF E-TAILING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company</strong></td>
</tr>
<tr>
<td>Flipkart</td>
</tr>
<tr>
<td>Amazon</td>
</tr>
<tr>
<td>Shopclues</td>
</tr>
<tr>
<td>Paytm</td>
</tr>
<tr>
<td>Snapdeal</td>
</tr>
<tr>
<td>Others</td>
</tr>
</tbody>
</table>


The promoters of the e-tailing companies have to make a business strategy to switch on profitability and lay out a plan to compete and survive in the market.

**PEST Analysis of E-tailing Business (Figure 3)**

1. **Political-legal factors**: The political climate in India is stable as NDA government formed the government and has completed one and half year of rule in India. Prime Minister is in favour of corporate to establish and manufacture in India. The newly formed government is investor friendly and made a policy of “Make in India”. The government is also encouraging the Foreign Direct Investment in online Industry.

2. **Economic factors**: India’s is the seventh largest economy in terms of Gross Domestic Products and current GDP is 2.308 Trillion Dollars. As Indian economy perched for recovery mode, the Indian economy was able to achieve a Gross Domestic Product of 7.3% in the year 2018. The investors are very confident and increased their investment after elections as NDA formed the government and the regulations are in favour of Corporate and Investors. Also, India is going to become third largest economy after China and U.S. So, this online retail industry is going to help in achieving the goal.
FIGURE 3
PEST ANALYSIS

3. **Socio-cultural influences:** Traditionally, Indians like to purchase the products from traditional physical stores. They like to see, touch and feel the product before purchasing it. Especially, electronic products where risk is more, they like to go to showrooms and then see all the features and will purchase the products. The customers in India are mostly influenced by friends, neighbours purchasing the products. Before they buy they ask friends and neighbours about the performance of the product, then they order the product. So, the above factors are negatively influencing the e-tailing industry. Today, buying culture of customers is changing rapidly. They feel very comfortable to purchase online as the rates are cheaper when compared to physical stores. Huge discounts are given by e-tailing companies, Cash/Card on Delivery, and 30 days replacement guarantee, and making availability of feedback about the products online, are making customers to switch on to online rather than going for offline stores.

4. **Demographic trends:** The e-tailing that is done purely online requires internet. India is the third largest country in the world to use internet after China and United States of America. Presently, there are more than 18 million internet users in India. Out of this, most of them access internet through smart phones and tablets. Due to revolution of internet and smart phones, tablets, people are switching on to online shopping where they can find variety of products. This has given a boost to e-tailing industry. This mean, the future is going to be in the hands of e-tailing industry in India.

5. **Technological factors:** Due to the technology advancement and internet penetration, e-tailing industry is going to benefit a lot in near future. Every day the technology is changing and new advancement and innovation is taking place. The devices like laptops, tablets, smart phones etc. made the e-tailing companies to survive in the market. Due to app development, each and every e-tailing company coming with their own app and website where it is very easy to place order, track order and delivery is done on time. The smart phone usage is growing rapidly in India, as these phones have more advantages than the old phones. The other technological factor that is going to help the e-tailing industry is big data and predictive analytics. As companies take the information of their customers at the time of purchasing the products, they can use these data to serve better and suggest the products that are necessary for their customers using the predictive analysis.
SWOT Analysis (Figure 4)

<table>
<thead>
<tr>
<th>Strengths:</th>
<th>Weaknesses:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Best Brand in e-tailing</td>
<td>1. Investor driven organization Or lack of Independent board</td>
</tr>
<tr>
<td>2. Own Logistics by e-tailing companies</td>
<td>2. Secretive and Political Culture.</td>
</tr>
<tr>
<td>3. Own Online payment gateway solution Payzippy</td>
<td>3. Excessive focus on expanding customer base rather than pulling profits</td>
</tr>
<tr>
<td>4. Own Marketplace model</td>
<td>4. No control over small value orders</td>
</tr>
<tr>
<td>5. Exceptional customer service by handling customer complaints and resolving them as soon as possible.</td>
<td>5. Free Shipping built costs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities:</th>
<th>Threats:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Penetrating into tier2 and tier 3 cities</td>
<td>1. Low internet penetration</td>
</tr>
<tr>
<td>2. Providing logistics services to its competitors.</td>
<td>2. Less usage/preference of online buying</td>
</tr>
<tr>
<td>3. Growth in online retail sector in India</td>
<td></td>
</tr>
</tbody>
</table>


FIGURE 4
SWOT ANALYSIS

Strengths

1. E-tailing Industry has shown remarkable growth and expected to continue grow faster than ever before According to the Deutsche Bank report, the online industry is expected to grow at a 10% CAGR by 2020 and reach the mark of USD.
2. The investor’s loyalty increased due to recent investment of investors in E-tailing Companies.
3. E-tailing Companies built its own courier company that delivers products to customer in time.
4. Exceptional customer service by handling customer complaints and resolving them as soon as possible.
5. High end warehousing and delivery system.
6. Customers are given an option of array in payment methods, making convenient for customers to place an order.
7. Unique model of Cash/Card on Delivery options made available through their own company.
8. Logistics and Supply chain management system is done through their own logistics with high end delivery.
9. Strategic acquisitions to reach corners of India and Quick turnaround strategy.
10. Promotional activities like advertising are done through print and electronic media.
11. Main focus and attention on customer satisfaction, customer retention, logistics and distribution.
12. E-tailing Companies introduced a Wallet feature in the customer account where customers can deposit amount in their wallet and can shop at any point of time as per their convenience.

Weaknesses

1. Cash/Card on Delivery option is not as successful as expected.
2. Building trust and confidence among the customer in e-tailing take much time where the physical goods cannot be seen and exchange of cash in base on faith and acts as a standard in the market.
3. The purchasing behaviour of customers for expensive purchases relay on physical stores rather than going for online shopping. The average transaction value of e-tailing is low when compared with physical stores.
4. Delivery of goods without damage is not up to the mark.
5. Internet penetration in India is slow when compared to other countries.
6. Some products are priced high than that of traditional physical stores and other online website costs.
7. Packing is not up to the mark when compared with the competitors.
Opportunities

1. M-Commerce and mobile apps are the next development in the related market to reach higher customer base.
2. The rise in the usage of internet and increasing broadband penetration and 4G mobile network internet connections opens up the huge opportunities for expansion of e-tailing industry.
3. There is an opportunity and growth for all the companies in e-tailing as future is going to be of e-tailing industry.
4. Spending pattern and changing life style of youth and working class in India is so favourable.
5. The Social network websites can be used for advertising and branding the product in order to penetrate in the market. For e-tailing, the best way to capture the market is using social media where many of the youngsters and working class like to share their views and express openly.
6. E-tailing industry is highly attracted by venture capitalists and private equity firms who are showing more interest in investing and developing the e-tailing companies.

Threats

1. Majority of the customers in India are feeling uncomfortable in making online payments.
2. The competition is very ferocious among the e-tailing companies due to the discounts and quoting low prices in every product category.
3. Early starters of mobile app and mobile commerce are capturing the market and the customer’s loyalty.
4. The pressure on government to allow Foreign Direct Investment in B2C ecommerce market as there is an allowance 100% FDI in B2B ecommerce market.
5. Competitors are using innovative strategy to capture and survive in the market.

E-tailing is a mixture of technology, logistics, and infrastructure, and provides a comparatively efficient marketplace through online for both suppliers and consumers. The present situation of e-tailing industry in India is limited. At present, the Indian e-tailing market is limited by its capability to play as an efficient integrator. The estimated growth rate of e-tailing in the near future is based on the current capability of e-tailing will be significantly transformed, that requires both knowledge and capital. This role has been played in other places by manufacturers, suppliers, retailers, venture capitalists, private equity investors and mainly by technology-based companies. The known fact is that the domestic venture capital industry shares still in its infancy; the corporatized retail share is very low. The government has to take some initiative policies and steps to encourage investment and expertise from overseas players.

E-tailing in India has to be viewed in the context of emerging industry over the next decade. E-tailing compromises the customers to have their products and services through shopping online by using internet. The customers of e-tailing companies are highly satisfied with the customer service in terms of delivery, replacement, and return policy when compared with the Brick and Mortar competitors. The success mantra of e-tailing is its great customer service.

E-tailing companies developed a user-friendly site and mobile app where consumer find very easy to use and order the required item. Hassle free payment system and prepaid wallet are few more feature of gaining customer loyalty. Introducing mode of payment through Cash/Card on Delivery is one of the major reasons for e-tailing company’s success. More than 60% of the sales happen through COD mode. COD created trust and faith in the customers to order online and payment is done by COD. E-tailing companies mainly focused on taking and providing relevant information to its customers in every single page of the website. The hiring or rather right hiring of Human resources is one of the significant factors contributing to a start-up’s success of E-tailing companies. E-tailing companies have added a prepaid Wallet feature to its
website that allows shoppers to deposit money on the site and use it to purchase products, without having to reach for their credit card or debit card for each and every transaction.

There are no major foreseeable threats in the future. The few e-tailing companies have already built a great brand name, they just have to maintain and enhance the same. The e-tailing companies need to keep on introducing more products, adapting to the changing needs of the customer with time. The entry of foreign e-tailing companies in the Indian e-commerce space has been cited as a big challenge to Indian based domestic companies. However it is understood that few domestic e-tailing brands are respected brand name in India and should be able to compete with foreign companies. As, Indian market is growing at a rapid pace as access to internet increases and people become more attentive of e-commerce sites and start believing the same. Hence Indian market is adequately large for all e-tailing companies to co-exist beneficially. So Value Chain Analysis should be done to assess the competitive advantage of various e-tailing companies.

E-tailing companies looks at bigger investments in the logistics and supply chain management and technology. The focus is to invest more on constructing large warehouses with high end technology with an increased automation in the process, so that there will be no delay in product delivery. It intends to provide wide variety of categories with low range to high range products. The e-tailing companies are expanding its supplier base by associating with a large number of supplier and business partners, both nationally and internationally.

**FINDINGS**

1. The e-tailing provides a delightful and memorable customer service with completely hassle free shopping experience with best prices. The focus is purely on online sales and later expanding the product line. E-tailing companies are giving path breaking service and discounts to the customers by providing multiple Payments methods like COD-Cash/Card on Delivery. The financial objective of e-tailing companies is to become largest retailer and enter in global market in near future. Few e-tailing companies have started their own delivery and logistics company to deliver the goods in time they have promised.

2. Initially, e-tailing companies have faced many challenges and had a bad experience as most of the customers are not habituated with e-tailing. Because of smart phones boom and internet boom all over the world, now many people are going on for online shopping.

3. E-tailing companies had taken an initiative step in building trust by introducing COD-Cash/Card on Delivery. Then other steps taken by e-tailing companies are 24*7 Customer services and built its own inventory management with high-end technology warehouses.

4. The e-tailing companies are going for mergers and acquisitions with other companies which have already established their brand in the industry in order to tap the huge market with ease. As part of business level strategies, e-tailing companies have been mostly marketed by word of mouth advertising. These companies wisely used SEO (Search Engine Optimization) and Google ad-words as the marketing tools to have a far reach in the online world.

5. The present scenario of the world is investor friendly. So, the rules and regulations of e-tailing has been framed accordingly. Due to political stability, the future is so good for e-tailing industry. The economic factors show that India is going to be a third largest economy after China and US. So, there is huge market for e-tailing. The socio-cultural factors show that there is a change in the trends and habits of customers who are willing to buy the goods online. Because of changing trends, lifestyle, usage of internet and smart phones are creating huge demand for online websites and e-tailing companies. The Technology is playing a crucial role in e-tailing industry. With the advancement of technology at a rapid pace, e-tailing industry is benefiting a lot.

6. E-tailing companies for maintaining competitive positioning in the market, they made many changes in the industry like Cash/Card on Delivery, creating marketplace to lure Small and medium Business and backward integration to own the logistics of delivery.

7. The e-tailing Industry has a tremendous growth and continues to grow at high rate. The strengths of e-tailing companies having a strong brand value and its own logistics. The weakness is mainly focusing on
expanding their customer base rather than generating profits. Opportunities are very high as it can increase its presence by providing services to remote areas, providing logistics services to its competitors and entering into foreign markets. Threats are from physical stores and traditional stores which are already in the market.

8. In e-tailing Industry, bargaining power of suppliers is low as there are many suppliers in the market. Bargaining power of the buyers is very high as customers get a wide range of choices. The competitive rivalry is very high in the e-tailing industry with so many players in the market. The threat of new entrant is very high in online retail industry as it is very easy to start up and with low capital requirements. The threat of substitutes for this industry as of now is physical stores and traditional stores.

CONCLUSIONS

E-tailing’s current growth is like the birth of a new industry. This e-tailing has changed the buying patterns of the customers in many ways. The e-tailing industry should be viewed for growth perspective as it drives efficiency, create new opportunities and capabilities and avoid unevenness. E-tailing has the power to create new opportunities and capabilities that India needs and generate employment to Indians for the upcoming years. E-tailing has the power to support the growth of new skills and industries. If e-tailing is ignored for the lack of distinctive features then the reason by itself will serve as an important tool in bringing the downfall of Brick and mortar retail. E-tailing has the potential ability to create the essential growth which Indian needs deliberately.

As E-tailing is a new industry in India, much is yet to be achieved by providing internet access to the entire population. By this it can achieve tremendous growth. E-tailing in India has much scope and many growth factors line demographics, economy, political, changing lifestyle and preferences are in favour of E-tailing. So the question is whether will there be a sustainable eco-system which can be a turning point for e-tailing.

Customers prefer e-tailing for the convenience in shopping. As the income sources are increased in the families and consumer’s ability to spending increased, the customers prefer to go for online shopping rather than offline shopping because unavailability of time. In such cases, the companies have to take steps in developing shopping as an experience and provide fast and reliable service through value chain analysis.

Limitations of the study

Strategic Management literature primarily focuses on successful cases from secondary source of data and based on interview schedule for primary source of data. However, cases lack exhaustive listing of reasons and strategies due to non-accessibility to some of the top officials who were directly associated with the e-tailing Industry.

Fixing the time frame of the study is a problem because most of the firms are recently established. Only four companies’ information is taken for analysing this research study.

REFERENCES


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