he e-retailing(less frequently; e-Retailing, e-Tailing, etc.) is the concept of selling of retail goods using electronic media, in particular, the internet. The vocabulary electronic retailing, that used in internet discussions as early as 1995, the term seems an almost in evitable addition to e-mail, e-business and e-commerce, etc. e-retailing is synonymous with business- to- consumer (B2C) transaction model  of e-commerce. Although e-retailing is an independent business model with certain specific constituents like; trust model, electronic transaction process, etc, but in reality it is a subset of e- commerce by nature.

E-Retailing stores sell online promotion only for goods that can be sold easily online, e.g., Amazon did for Books & CDs, etc. The online retailing require lots of displays and specification of products to make the viewers have a personal feel of the product and its quality as he gets while physically present in a shop.

E-Retailing refers to retailing over the internet. Thus an e-Retailing is a B2C (Business to customer) business model that executes a transaction between businessman and the final consumer.  E-Retailers can be pure play businesses like amazon.com or businesses that have evolved from a legacy business such as tesco.com.  The e-retailing is a subset of e-commerce.  Thus, e-commerce is the master domain defining the e-retailing operation.

**Essentials of E-Retailing**

Electronic retailing or e-tailing, as it is generally being called now, is the direct sale of products, information and service through virtual stores on the web, usually designed around an electronic catalogue format and auction sites.  There are thousands of storefronts or e-commerce sites on the Internet that are extensions of existing retailers or start-ups.  Penetration of computers and proliferation of the Internet has given rise to many new forms of businesses, such as business process outsourcing, call centre based customer relationship management, medical transcription, remotely managed educational and medical services and of course, electronic retailing.

There are certain essential ingredients for an electronic retailing business to be successful.  One must consider these components well in advance before setting up an electronic storefront.  These essential components are:

* Attractive business-to-consumer (B2C) e-commerce portal
* Right revenue model
* Penetration of the Internet

***E-Catalog*** It is a database of products with prices and available stock.

***Shopping Cart*** The customers select their goodies and fill shopping cart.  Finally, as in a real store, at the time of checkout, the system calculates the price to be paid for the products.

***A payment gateway*** Customer makes payments through his/her credit card or e-cash.  The payment mechanism must be fully secure.

**Features of E-Retailing**

1. The provision of an on-line catalogue, which allows one to browse through different categories of goods. Thus, it is dynamic and linked with order process.
2. The provision of a search engine, which is a very important feature that does not exist in traditional retailing.
3. The provision of a shopping cart, which allows convenient goods selection. An ability to provide an automatic price update.
4. Personalization of store layouts, promotions, deals, and marketing.
5. The ability to distribute digital goods directly. Thus, these goods can be downloaded instantly.
6. An on-line customer salesperson, “who” can help customers to navigate through the site.
7. An order status checking facility, which is a useful feature before submission.
8. The use of Forums (collaborative purchasing circles) to create a customer community and thus increase “stickiness.”

**Support Services in E-Retailing**

The electronic retail business requires support services, as a prerequisite for successful operations.  These services are required to support the business, online or offline, throughout the complete transaction-processing phases.  The following are the essential support services:

* Communication backbone
* Payment mechanism
* Order fulfillment
* Logistics

**Advantages of E-Retailing**

E-Retailing, either as an extension of the existing retail/distribution business or an altogether new start-up, has many advantages.  Traditional brick-store retailers are placing more emphasis on their electronic channels and evolving into multi-channel retailers to increase their reach and support their retail channels. The new start-ups in e-retailing can be launched from a small room with one PC attached with the outside world through the Internet.

1. The electronic channel gives the existing brick-store retailers an opportunity to reach new markets.
2. For the existing retailers, it is an extension to leverage their skills and grow revenues and profits without creating an altogether new business.
3. E-Retailing overcomes some limitations of the traditional formats, for instance the customers can shop from the comfort of their homes.
4. The e-commerce software that also traces the customers activities on the Net enables e-retailers to gain valuable insights into their customers shopping behaviour.
5. The e-retail channels transcend all barriers of time and space.  The retailers server must be on 24\*7.  An order can come from any customer living any place at any time of the day.
6. E-Commerce channels are definitely efficient and retailers do not have to pay a heavy price for brick-n-mortar shops in costly shopping malls.

**Models of E-Retailing**

There are several models for e-retailing and these include

* Specialized e-store
* Generalized e-store
* E-mall
* Direct selling by the manufacturer
* Supplementary distribution channel
* E-broker
* E-services

***Specialized e-stores***

The first class of model what we mention in e-retailing was the specialized e-store and here you can distinguish between two different kinds of specialization: the more traditional specialization along product lines and specialization by function. When you have specialization by product line, essentially you have a store that decides to pick one particular product line, say books, flowers, CDs, clothes, and sells only this particular product line. It may also choose to position itself in a particular part of the product line, e.g. clothes; it could choose to position itself at the very expensive end of the market selling brand names \_ Gucci and Armani.

Alternatively it could do more mass marketing by selling non – brand names at a much lower price, or it could go into discount selling. So, you can have a specialization by product line, and then you could have specialization - positioning within that product line to cater for a particular part of the marker.

In contrast to this, a new kind of specialization is emerging on the internet, as mentioned. earlier, namely specialization by function. A good example of this is lastminute.com In lastminute.com they sell gifts, travel tickets, and other items for last minute shoppers who want to purchase these items at a very short notice. Generally, when one purchases an item at a very short notice (e.g. travel), he often pays a premium, which is an extra amount for the convenience of booking the travel at the last minute. Now, this means that the air ticket is likely to cost much more than if he had purchased it some time before traveling and made use of different discounts or promotions.

The producers of the web site lastminute.com realized that there are groups of customers who make these purchases at the last minute and feel some degree of angst at having to pay the premium for doing this shopping at the last minute. On the other hand, you will find that you may have sellers, e.g. airline companies, that have empty seats at the last minute which they are unable to fill. So, what lastminute.com does is bring together travelers who want to book at the last minute and an airline which has got spare capacity at the last minute, and allow the former to buy from the latter at the last minute. In this situation, the purchaser may get his airline ticket at a reduced price.

So, there is a win-win situation for both the purchaser and the seller. This is a unique kind of specialization. It is very difficult to do this unless one utilizes the internet to carry out this kind of specialization.

***Generalized e-stores***

The next category of e-retailing models that we intend to look at is generalized e-stores. Generalized e-stores sell a large number of product lines rather than con-fining themselves to just one or a very few product lines.

***E-malls***

The next e-retailing model we consider is the e-mall. In an e-mall, cyberspace is rented out to cyber e-stores that wish to sell their goods. This store could be a specialized or generalized e-store. So, several product lines can be present. in a single e-mall. However, unlike the generalized e-store which is under a single unified management, in an e-mall, each store is under its own management. E-mall management is responsible only for creating the cyber sites that can be rented and can support services and marketing of the mall. It, thus, provides a web hosting service.

Several e-malls also provide software tools, which can be utilized by a prospective e-store to create and maintain it\_ e-store. The advantage for an e-store is that it is grouped together with other stores in a wellknown e-mall site and, therefore, is likely to pick up visitors to the mall.

***Direct selling by the manufacturer***

A number of manufacturers with well-known brand name products have chosen to use the internet to carry out direct selling via the internet. One. of the best known here is Ford, which utilizes the internet to achieve direct selling but uses its dealer network to facilitate distribution and delivery. The other well -known examples are Cisco systems and Dell computers. Note that this approach permits mass customization to meet customer preferences. This direct selling by the manufacturer has an important disintermediation effect leading to reduced costs to the end customer and increased profitability to the manufacturer.

A note of caution is important here. By and large, this approach can be used by manufacturers of well-known brands of products because the customer already knows the pro-duct. Secondly, the manufacturer must have a thorough understanding of customer preferences, otherwise he has to rely on the customer knowledge of a retailer.

***Brokers or intermediaries***

This class of e-retailers is essentially an extension of the notion of a broker from the physical to the cyber world. **A broker is an intermediary who**

* may take an order from a customer and pass it on to a supplier
* may put a customer with specific requirements in touch with a supplier who can meet those requirements
* may provide a service to a customer, such as a comparison between goods,with respect to particular criteria such as price, quality, etc.

Thus, brokers provide comparison shopping, order taking and fulfilment, and services to a customer. That is the reason why they are sometimes referred to as electronic intermediaries.

**There are several different models for electronic brokers and these include:**

* Brokers that provide a registration service with directory, search facilities,e-payment facilities, and security-related facilities. Any business can register with such an e-broker.
* Brokers that meet a certain requirement such as a fixed price.
* Brokers that provide comparison shopping between products.The last model i.e. E-services is discussed in the next lecture.