

Online Retailing

The online retailing (e-retailing) 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 inevitable addition to e-mail, e-business and e-commerce, etc. online retailing is identical with business-to-consumer (B2C) transaction model of e-commerce. Although online 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.

Online 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.

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

Online retailing is growing at an amazing rate, with online sales now accounting for around one quarter of the total retail market. Retailers who ignore e-commerce may see their trade lessening as customers continue to shift to ordering products online.



E-commerce offers many ways retailers can reach consumers and conduct business without the need for a brick-and-mortar storefront. Today, it's almost economic suicide for any retailer not to

be able to sell online. However, before you enter the world of e-commerce, be familiar with the advantages and disadvantages of retailing online:

Advantages of online retailing

- **Easy access to market:** in many ways the access to market for entrepreneurs has never been easier. Online marketplaces such as eBay and Amazon allow anyone to set up a simple online shop and sell products within minutes.
- **Reduced overheads:** selling online can remove the need for expensive retail premises and customer-facing staff, allowing you to invest in better marketing and customer experience on your e-commerce site.
- **Potential for rapid growth:** selling on the internet means traditional constraints to retail growth – e.g. finding and paying for larger - are not major factors. With a good digital marketing strategy and a plan a scale up order fulfillment systems, you can respond and boost growing sales.
- **Widen your market / export:** one major advantage over premises-based retailers is the ability expands your market beyond local customers very quickly. You may discover a strong demand for your products in other countries which you can respond to by targeted marketing, offering your website in a different language, or perhaps partnering with an overseas company.
- **Customer intelligence** - ability to use online marketing tools to target new customers and website analysis tools to gain insight into your customers' needs. For advice on improving your customer's on-site experience.

Disadvantages of online retailing

- **Website costs:** planning, designing, creating, hosting, securing and maintaining a professional e-commerce website isn't cheap, especially if you expect large and growing sales volumes.
- **Infrastructure costs:** even if you aren't paying the cost of customer-facing premises, you'll need to think about the costs of physical space for order fulfillment, warehousing goods, dealing with returns and staffing for these tasks.

- **Security and fraud:** the growth of online retail market has attracted the attention of sophisticated criminal elements. The reputation of your business could be fatally damaged if you don't invest in the latest security systems to protect your website and transaction processes.
- **Legal issues:** getting to grips with e-commerce and the law can be a challenge and you'll need to be aware of, and plan to cope with, the additional customer rights which are attached to online sales.
- **Advertising costs:** while online marketing can be a very efficient way of getting the right customers to your products, it demands a generous budget. This is especially true if you are competing in a crowded sector or for popular keywords.
- **Customer trust:** it can be difficult to establish a trusted brand name, especially without a physical business with a track record and face-to-face interaction between customers and sales staff. You need to consider the costs of setting up a good customer service system as part of your online offering.