

“Digitalisation: India’s Road to Transformation”

Natasha Tageja

Assistant Professor

**Department of Commerce ,
College of Vocational Studies,
Delhi University.**

INTRODUCTION

Technology has pierced its way into everything we human-beings are doing today.

From maintaining employee database in an organisation, to making railway reservations online, from shopping through online portals to ordering groceries through online applications, etc, everything we do today is just a click away. This is the very reality of digitalization.

The literal meaning of digitalization gives an apparent idea of development and technology- dependent world. All the latest start-upsemerging in the last decade in India have taken their road to technology very seriously. These include Gyrnar Soft, PayTm, Ola, Snapdeal, Flipkart, Goibibo, and others and they have definitely made a great impact on the traditional retailers that have been long operating via a physical interface all these years. This article provides an overview on how the impact of digitalization has caused various organisations that initially started as a “bricks and mortar” model, to turn their way into the virtual world and integrate themselves with the omni channel when competition from e-commerce retailers hit them hard. It also discusses the challenges that these firms face with respect to their growth in the coming years. But first we need to address such factors that have collectively contributed to making India a digital market.

The manufacturing industries today increasingly realise that goods and services have become technologically sophisticated and knowledge intensive and consumers demand goods and service availability at the click of their fingers without having to move out of their homes. Secondly, with easy information dissemination and transmission, there has been an instant access to

knowledge that was earlier difficult or impossible to find without technology. With the internet being introduced in the 1990 and the next two decades seeing rapid advancements in information and communication technologies, individuals could access any information and place it on public platforms.

In a research conducted by Mazars in 2010, around 1.96 billion people were online globally in 2010 which is about 28% of the global population, out of which an estimated 70 billion(?) were Indians. Also, Asia alone accounted for 825.1 million internet users being the highest *as* compared to Europe which was almost half at 475.1. These figures indicate that India was a growing E-market for companies

Thirdly, firms that earlier operated only through the “bricks and mortar” model paved way for their online competitors and started losing out sales gradually. In the last 5 years, numerous small start-ups like Uber, Ola, Airbnb, Amazon, PayTm, Flipkart, Alibaba, Zomato, etc. have taken the technology ladder and made their presence felt in the virtual world. While Ola was founded in 2010 by Ankit Bhati and Bhavish Aggrawal, its US counter-part Uber started its operations in India in 2013, their current valuation is over 1 Million. Most of these firms were floated as purely online firms with no physical place of operations, and with little expectations of an early success these companies started selling their offerings. Though they reported enormous losses but generated instant revenues on the back of discounts such that today they account for almost 42% of the total sales in the country. While Amazon India has managed to attract investments worth almost 1500 crores, the sales of Snapdeal has grown by 56% by December 2016.

These numbers came as a wakeup call to traditional store retailers when they could witness a rise in online sale every minute and a proportionate dip in their revenues. The alarmingly empty shopping malls during the festival season became an eye-opener for brick-and-mortar retailers, more so, as they had expected sales to pick up with the coming of the Modi government.

It is then that retailers started looking at the Omni channel strategy and integrating the “Bricks and Mortar” to a “Bricks and Clicks” approach. This strategy to linking physical and web-based stores as followed by stores like ShopperStop, Reliance, Nature’s Basket amongst others, can not only give customers the touch-and-feel experience at their physical stores but also benefit from their online sales channels on the back of technology-driven value-added services like ease of placing orders, door step deliver, easy exchanges and above all lower prices. Also, this strategy might even save the retailers of sacked piles of unsold inventories by leveraging the reach offered by online portals with suitable incentives.

Another research conducted by an FMCG company suggested that more than 50 per cent customers go online at some stage of the search and discovery process and by not being online, firms lose that 50 per cent chance of making sales.

However, there are certain challenges to this conversion trend. As the number of e-retailers is increasing day-by-day, the challenge to keep oneself visible to the potential buyers virtually is very important. It therefore means that companies need to spend a vast chunk of earnings on enhancing visibility. At the same time, in order for more traditional players to succeed, they need to create an organisational culture that fosters innovation.

Also, most of the merchants of established brands are skeptical of entering the online arena; they prefer to have their own patronized webstore which offer solely their products and spend the least when it comes to promoting themselves online. Such a pattern is followed by Zara,

Fabindia, TupperWare, Apple, etc. though most of them now have a tie up with online shopping websites wherein they make their products available. They resist moving away from their conventional ways of carrying out business.

The last and the most important challenge that hinders the success of these traditional stores is lack of digital literacy. Most of the merchants resist going online since they lack what is known as “E-literacy” or the basics technical skills. However, with growing inclination towards online marketing and imparting technical skills, this challenge can be overcome easily.

In a country like India, where the number of people turning to online marketing is ever growing, it is time that traditional stores think out of the box and foster innovation in everything they need to do to eliminate or fight competitors and serve their customers in the most effective and efficient manner.