UNIT 13  THE ONLINE ECONOMY AND E- MARKETING

Structure

13.0 Introduction
13.1 Objective
13.2 Concept of Online/Digital economy and e-marketing
   13.2.1: Online/Digital economy
   13.2.2: E-Marketing
13.3 Types of E-Commerce
13.4 Law Related to e-Commerce
13.5 E-commerce/E-marketing and Fashion Industry
   13.5.1: E-Commerce/E-Marketing of fashion products in India
   13.5.2: E-Commerce/E-Marketing of fashion products in across the globe
13.6 Retail Strategies for Online and E-Marketing of Fashion Industry
13.7 Impact of Online Commerce and E-Marketing
13.8 Let Us Sum Up
13.9 Check Your Progress: The Key
13.10 Further Readings and References

13.0 INTRODUCTION

In the previous Unit of this Block, we discussed about the steps in managing an Enterprise. In this Unit, we will apprise you about the online economy and e-marketing. We will also explain about the basic concept of online economy or e-marketing in the context to fashion industry. Online economy is a way of doing business over the internet. It has the potential to alter the traditional form of economic activities. It affects all most all sectors of the economy such as communications, finance, retail trade, education, health and government. The largest effects may be on routine business activities i.e. ordering office supplies, paying bills and estimating demands, etc. Online economy is also known as e-commerce. E-commerce is the revenue generator for the business that chooses to launch through the internet to sell their goods and services. It continues to enrich new and innovative business concepts and marketing strategies (Bickle, 2010).

13.1 OBJECTIVES

After going through this unit, you should be able to:

• Understand the nature and concept of online economy and e-marketing
• Understand the role of online economy and e-marketing in the context of fashion industry
• Study the impact of e-marketing on the modern fashion business.
13.2 CONCEPT OF ONLINE/DIGITAL ECONOMY

In this section, we will discuss about the basic concepts of online/digital economy and e-marketing. Scholars from across the globe used various terms for online economy.

13.2.1 Online/digital economy

According to Wikipedia ‘digital economy means that economy which is based on digital computing technologies’ or doing business through ‘internet’ and ‘world wide web’. The digital economy has also been referred sometime as online economy, internet economy, new economy, or e-economy. The term ‘digital economy’ was first mentioned by Japanese Professor in 1990. Further, Thomas Mesenboargy (2001) identified three main components of the digital economy i.e. (i) e-business infrastructure, (ii) e-commerce, and (iii) e-business (http://odec.org.uk/the-concept-of-a-digital-economy).

E-commerce has been growing rapidly across the world. It helps to company or individual to conduct business over the electronic network and internet. There are three types of e-commerce business model in India. These are: (i) inventory base; (ii) market base; and (iii) hybrid model of inventory or market place model.

E-commerce or e-business used Electronic Data Interchange (EDI), Electronic mail or Electronic Fund Transfer (EFT) for less paper or paperless exchange of information. It means the ability to conduct business electronically or by the internet. It is a platform for selling services and products through internet. The advantages of e-commerce/e-business is that it (i) increased purchasing opportunities for the buyers; (ii) lower staff costs; (iii) market expansion; (iv) low cost advertisement; (v) opportunities for globalisation of business; (vi) increased profit; and (vii) increased customer service and loyalty.

13.2.2 E-marketing

Like online economy, internet marketing, web marketing, digital marketing and online marketing terms are being used for e-marketing. Existing literature reveals that generally, it has been referred as online/electronic marketing. It is a set of tools and methodologies used for advertisements of products and services through internet. It not only includes marketing on the internet, but also includes marketing through email/or using social media like WhatsApp, LinkedIn, Facebook. The advantages of e-marketing are, it (a) reduce marketing costs of the product; (ii) helps to reach the
right consumer; and (iii) helps in monitoring of the marketing process; (iv) increase sales of the product; and (v) increase profit.

To conclude it can be said that, ‘online marketing connects organisation with qualified and knowledgeable potential customers and takes business development to a much higher level than tradition marketing’. It is further stated that online marketing combines the internet’s creative and technical tools, including design and development for sales and advertising (http://www.techopedia.com).

Uses of internet: Internet provides information to customer on his/her individual account/mobile. It helps the customer to know low price of the individual product. It also helps to the company to know which products are selling well and see the profit through day to day operations. Internet can be used for customer relationship management, enterprise resource planning, supply chain management and procurement.

Many people use Internet as a source of information to compare prices or look at the latest products on offer before making a purchase online or at a traditional store. E- business is sometimes used as another term for the same process. More often, though, it is used to define a broader process of how the Internet is changing the way companies do business, of the way they relate to their customers and suppliers, it also functions as marketing and logistics.

The e-commerce market in India is protected to increase from US $ 38.5 billion in 2017 to US $200 billion by 2026 (http://www.fibre2fashion.com). It will be expanded due to increase in use of internet and smart phone by people. At present, the number of internet users is estimated to be 566 million as on December 2018. About 87% of them are regular users, 97% user access the internet on the mobile device. About 250 million user belong to rural India (http://www.livemint.com, March 11 2019)

13.3 TYPES OF E-COMMERCE/-E-MARKETING

There are four types of e-commerce/-e-marketing. These are:

Business-to-business (B2B) refers to the electronic exchange of products, services or information between businesses rather than between businesses and consumers. For example; online directories and product and supply exchange websites that allow businesses to search for products, services and information and to initiate transactions through e-procurement interfaces.
Business-to-consumer (B2C) is the retail part of e-commerce on the internet. It is executed when businesses sell products, services or information directly to consumers. The term was popular during late 1990s as dot-com boom, when online retailers and sellers of goods were unfamiliar. At present, there are unaccounted virtual stores and malls on the internet selling all types of consumer goods. The most recognized example of these sites is Amazon, which dominates the B2C market in fashion and apparel industry.

Consumer-to-consumer (C2C) a type of e-commerce in which consumer trade products, services and information are shared with each other online. These transactions are generally conducted through a third party that provides an online platform on which the transactions are carried out.

Consumer-to-business (C2B) in which consumers makes their products and services available online for companies to bid on and purchase. This is opposite of the traditional model of B2C.

13.4 Law related to e-commerce

The implementation of e-commerce consists of many legal issues, for example;

- a) Contract-law- software licence agreements-business transactions in cyberspace
- b) Copyright law-(i) copy right protection for computer software, and (ii) copyright protection for text or pictures on internet
- c) Trademark law-domain name disputes; dilution of trademark internet
- d) Patent law- software and hardware
- e) Tort law-defamation, privacy issue in database etc.
- f) Computer crime-unauthorised use of services, fraud harassment by email etc.

To sort out above mentioned issues, the Government of India enacted its Information Technology Act 2000 with the objectives stating officially as:

“to provide legal recognition for transactions carried out by means of electronic data interchange and other means of electronic communication, commonly referred to as “ electronic commerce”, which involve the use of alternatives to paper-based methods of communication and storage of information, to facilitate electronic filing of documents with the Government agencies and further to amend the Indian Penal Code, the Indian Evidence Act, 1872, the Bankers’ Books Evidence Act, 1891 and the Reserve Bank of India Act, 1934 and for matters connected therewith or incidental thereto” (https://meity.gov.in).
It is the primary law in India dealing with cybercrime and electronic commerce. This Act is to provide legal recognition for transactions carried out by means of electronic communication. It attempts to change outdated laws and provides ways to deal with cyber crimes. The IT Act, 2000 legislation deals with the following issues:

- Legal Recognition of Electronic Documents
- Legal Recognition of Digital Signatures
- Offences and Contraventions
- Justice Dispensation System for cyber crimes.

Check Your Progress 1

**Notes:**

a) Answer the following statements whether it is true or false

b) Compare your answer with the one given at the end of this Unit.

i). Software programmes cannot be patented.


iii). There is copyright in idea-false.

iv). Indian IT Act, 2000 is secondary law in dealing with e-commerce.

**13.5 E-COMMERCE/E-MARKETING AND FASHION INDUSTRY**

Fashion industry is one of the fastest growing industries which have huge scope and challenges. It is the fastest growing and income generating industry. In the present scenario, online economy is one of the platforms on which fashion industry is focusing for its development. Therefore, this unit will help to understand the importance and the role of online commerce and e-marketing in area of fashion industry and how it helps in growing and making fashion popular all around the world. E-business is emerging faster fashion economics. Textile and Fashion industry is their biggest constrictor for increasing the revenue. The e-tailing of fashion products is cheaper than physical retail store. The following companies initiated various steps for expanding e-marketing of their respective products and programmes:

- Flipkart is planning to launch more retail store in India to promote fashion industry
- Paytm has launched its bank- Paytm Payment Bank.
- Google and Reliance also started E-commerce licence recently.
- Google and Tata Trust started project ‘Internet Saath’ for rural women in India
13.5.1 E-Commerce/E-marketing of fashion products in India

There are various companies in India started e-marketing of their respective fashion products as per details given below.

Myntra and Jabong: India’s two most favourite online shopping sites are Myntra (www.myntr.com) and Jabong (www.jabong.com). These two are owned by same company. Both sites have immense variety of brands under them. Among the popular categories on Myntra include active wear, sustainable fashion, fast fashion, beauty and personal care. The customer can find everything they need in their cloth’s cupboard on this site including stuff for men, kids and your home as well. Koovs offers apparels and accessories for men and women. The clothes sold on its’ website (www.koovs.com) are designed in London. Limeroad: The Limeroad website (www.limeroad.com) offers accessories as well as regular clothes. Ethnic wear is also offered on Limeroad’s website that include unstitched, semi-stitched and completely stitched clothes. Amazon (www.amazon.in) is the world’s largest retailer, currently dominating the Indian ecommerce market with the highest number of product categories and product offerings, now sells ethnic and Indo-western wear for women and sunglasses for men, women and children. Amazon India already had a vast selection of lifestyle products and accessories like fashion jewellery, watches, beauty products, handbags, clutches and shoes. Flipkart is another e-commerce company founded in 2007 operates exclusively in India. It is India’s largest online e-commerce website (www.flipkart.com) also offering fashion products alongwith other products. A shopping website by Reliance, AJIO (www.ajio.com) offers clothes for kids, women and men from different popular brands. Women can shop for ethnic wear, lingerie, bags, accessories, shoes and maternity and plus-size clothes as well. AJIO also offers tech gadgets on its portal.

Check Your Progress 2

Notes: a) Space is given below each of the questions for writing your answers.

b) Compare your answers with those given at the end of this Unit.

i) Which are two most popular e-commerce sites in India?

ii) Name the e-commerce market which is world’s largest retailer?
iii) Name any two popular online fashion retail across the globe.

-----------------------------------------------------------------------------------------------------------------------------

13.5.2 E-Commerce/E-marketing in Global Fashion Industry

Some of the international shop that could be a budget-friendly experience for both non-EU and EU citizens, so it's worth it to take a look at some great Europe based online shops. **Missixity:** This famous brand has its network of partners all around the globe. You can visit its’ website ([www.missixty.com](http://www.missixty.com)) for more details. **ASOS** ([www.asos.com](http://www.asos.com)), the fashion retail powerhouse that has achieved huge success in the online market. The company’s success can be attributed to its well-made, user-friendly website, which is jam-packed with a bunch of different browsing mechanisms so that any visitor can find something they like. One of the most fundamental searching mechanisms is the versatile navigation system, such as filters and categories, that help the visitor find the product they want. **Zalando:** Zalando ([www.zalando.co.uk](http://www.zalando.co.uk)) is one of the leaders in the online fashion retail world. Based out of Germany, the company has long understood the potential of the online retail market. **Lesara:** Lesara ([www.lesara.com](http://www.lesara.com)) is one of the newest players in the online retail scene, founded in 2013. **Miinto** ([www.miinto.com](http://www.miinto.com)) has a unique online fashion retail concept, because their products are sourced from local, independent fashion boutiques rather than the bigger and more established brands and stores.

13.6 RETAIL STRATEGIES FOR ONLINE AND E-MARKETING IN FASHION INDUSTRY

The online retail market has grown exponentially in the past decades. Every day, new online retailers, in addition to above, are entering into competition. E-commerce is the future of retail as technology is being changes with each successive year. E-tailing can be expected to actually augment the growth of traditional retail in India along with consolidating wholesale and distribution channels. The Indian retail market is emerging as one of the most dynamic and fast-paced sectors attracting several new domestic and international players. It accounts for over 10 percent of the country’s Gross Domestic Product (GDP) and around 8 percent of the employment. India is the world’s fifth-largest global destination in retail space. ([https://www.lyfemarketing.com/blog/retail-marketing/](https://www.lyfemarketing.com/blog/retail-marketing/)). Out of the online shoppers, 50 percent reside in rural areas, while women shoppers form a base of 45 percent ([https://www.tandfonline.com/doi/full/10.1080/20932685.2018.1407018](https://www.tandfonline.com/doi/full/10.1080/20932685.2018.1407018)).
Fashion marketing strategy plan and retail brand needs to perceive the main purpose of the marketing plan process along with other supply chain management strategies. Fashion organizations need marketing information in order to build their strategies. They can get market information from a working knowledge of their sources, marketing research and the by using of data collected through the research. The market segmentation, targeting and positioning knowing their customers and the marketing mix are key elements for creating a successful fashion marketing plan. On the subject of E-commerce marketing strategies, retailers need to start with developing a mission statement, objectives and value position. In other words, companies must have key performance indicator (KPI) for measuring marketing efforts and record performance by tracking number of users whom visiting their website and making purchase for products. Additionally, marketers need to clarify what is needed for channels such as online paid, owned and earned media based on the new objectives, new technologies and target customers (http://www.britanica.com/art/fashion-industry/fashion-retailing-marketing-and-merchandising).

Internet has reduced not only the long distance communication but also reduced the cost of the product. It helps business/entrepreneurs to reach global customer without any additional investment. Similarly fashion industry can promote and sale its products through various platform of internet. The web pages or apps of respective fashion industry can help in spreading awareness about fashion products. Internet is also helping to fashion companies in managing the process of the company. Most of the fashion companies have their own websites as mentioned in previous section. These websites integrated safe and easy payment gateways from customers. It is expected that e-business in fashion will touch the sky in the coming year. It may be possible in addition to market back office management system which will be increased in future. It may help producer and retailer in the products and may replace the existing physical retail fashion market.

13.7 IMPACT OF E-COMMERCE AND E-MARKETING

The growth of using digital technology in every profession is increasing day by day. Hence fashion technology is not an exception. As like digital technology, fashion trends also changes very often. The online marketing helps in redefining the fashion Industry and created new revolution in the industry. The fashion Industry with changes in wearable technologies, e-commerce sites, and ethnic fashion trends entre into new dimension. The process of consumer decision making has been changed. In fashion industry, consumer is searching new trends of fashion brands. It has been developing new trends of fashion design and changed the culture in fashion industry for the
production of fashion products as per customers need. It is huge challenge being faced by the fashion industry due to complex nature of demand by customer. E-marketing has positive and negative impact on fashion industry. For example social media can create image of particular brand and at the same time it may destroy it within an hour. The quality of the product and services are not the only key to business success. In digital era, it is important to build relationship with the customer as we discussed in the previous unit. The behaviour of the consumer in the digital era has changed where they become more experimenting and less loyal (Fibre2fashion.com).

Online marketing in the digital world is like being informal with existing and potential customers. Due to the rapidly rising growth of social media’s, people feel safer and knowledge about the products that they are buying. The latest fashions were first seen in the cities and then to small towns before digital era. Now, due to the accessibility of internet and smart phones everywhere, all the latest trends are reaching every corner of the world at times. Online marketing had initiated a way for selling various varieties of products to unreached customer. Advertising companies play a crucial role and it displays the products as per the category of one who browsed before on the same device.

There are various bloggers created by the people in recent time. These bloggers make people buy some products as they are more accessible to common people than selected people. Every brand knows about the use of fashion bloggers and they promote them through this platform. Most of the people specially youth spend hours of time in online and their online presence has become a need for fashion business/

It may help producer and retailer in providing the product to the end consumer and may replace the existing physical retail fashion market. (http://www.fibre2fashion.com)

Check Your Progress 3

Notes: a) Space is given below each of the questions for writing your answers.
   b) Compare your answers with those given at the end of this Unit.

i) What are different portals for e-marketing?

ii) What is the impact of online commerce and e-marketing?
iii) Write about various fashion marketing sites

13.8 LET US SUM UP

In this unit you learnt about online commerce and e-marketing in fashion industry. With the advent of technology fashion brands have to change strategies to study and understand consumer behaviour as well as reach out to new audiences. You learnt what are the various kinds of online portals on the internet today and how brands can utilize them to their advantage and gain more profits.

You also learnt about the most popular platforms on which consumers and the entrepreneurs can do business and reach to the mass with their products and gain popularity and profits. You also learnt about the impact and future scope of e-commerce and e-marketing in fashion industry.

13.9 CHECK YOUR PROGRESS: THE KEY

1.

1. False
2. True
3. False
4. False

2.

1. Myntra, Jabong
2. Amazon
3. ASOS.com, Miinto

3.

i) See pare “impact of online commerce and e-marketing
iii) Read section 13.3.8
13.10. Further Reading and References

- E-commerce industry in India (https://www.ibef.org/industry/ecommerce.aspx)
- The Economic impact of e-marketing (https://www.supplychainquarterly.com/columns/scq201102monetarymatters/)
- (http://www.fibre2fashion.com)
- (http://www.livemint.com)
- (http://www.techopedia.com)
- (https://meity.gov.in/e-commerce)
- (https://www.quora.com/What-are-the-best-sites-for-online-clothes-shopping-in-India)
- (https://www.india.com/lifestyle/top-10-indian-fashion-websites-for-shopping-trendy-clothes-online-2335263/)
- (https://indianonlineseller.com/2014/04/amazon-turns-up-the-heat-enters-apparel-segment/)
- (http://www.fibre2fashion.com)
- (https://www.lyfemarketing.com/blog/retail-marketing/)