

# Market Penetration through E Commerce



International Retailing Business is highly competitive and volume driven industry. Retail Companies find the need to focus on building Customer relationship and loyalty with existing customers as much as looking at extended market development.

**Market Development and market penetration in case of Retail comes largely from extending and building new product portfolios and embarking on multi channel strategies.** Internet and E Commerce have added a new dimension to the marketing strategies of retail companies.

## Increasing Market Presence

E Commerce as a platform for market development is in its nascent stages especially in the fashion retail segment as well as grocery segment. Retailers hereto are extending online shopping to their existing customers as an add on facility rather than targeting new markets. Retailers like Tesco and Sainsbury's are currently pursuing multi channel sales strategy where in they have established the Stores or the high street as well as mail order sales channels.

With offering of online sales services, they are able to offer a convenient way of shopping to their existing customers and may be able to swing a few customers from competition too.

## Developing New Markets

The potential that E commerce provides to the Retail industry is to establish themselves in new emerging markets through online selling. Amazon has created history by providing online sales globally and targeting the new markets besides its UK & US markets. Online selling enables Retail firms to start selling in new markets with negligible operational, selling and distribution costs as compared to setting up an establishment in the new region.

## New Market Development - Essentials

However harnessing new and emerging markets through E Commerce needs to be driven strategically by the Companies with complete understanding of the platform and the local needs. The companies need to reach out to customers in their own languages. Be it in Europe or in China, the customers are likely to shop online when they find the website translating the information into their language. To be able to address the specific local market, the Retail companies would need to be compliant with local tax and legal regulations. Product development would need to be done in accordance with the local flavour and culture of the market.

Though retailing services can be offered by the Companies online across the globe, they would need to customize the features and processes to suit local or regional markets. E Commerce can be pursued as an independent strategy by the Companies to take advantage of the global platform that the technology provides. Pursuing such a strategy would need the Company to be very strong in marketing and build adequate operational capability to service the global customers. At this stage it is quite possible that the management faces the challenge of focusing on traditional marketing strategy as well as pursuing the new global e commerce strategy, leading to compromises or spin off of E commerce business into purely plug and play online selling.

Currently the volume generated through E Commerce being miniscule compared to traditional sales channels, the Retail Companies have not yet arrived at the stage where they need to set up separate entity to pursue E Commerce strategy independently. However it is quite possible that we might find intermediaries and dealers establishing pure online trading platform to offer multiple retail brands on their website. Virtual world is expanding fast and providing new business opportunities for those who understand E Commerce and are able to harness the potential

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**Notes :**

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