

# Digitalization in India: Conceptual Overview and Key Role in Retail Business

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**Abstract** - In the present scenario digitalization have great contribution in the retail business because of this our economy is continuously growing. In 21<sup>st</sup> century the term digitalization become more important. In every field it becomes very popular like in education, health, shopping, insurance and banking sector and many more. Digitalization in retail industry means use of new technology to improve operational efficiency and enhance customer experience. It provides a customer centric approach. Digitalization increase the online buying and selling of goods which enhance the efficiency of business. This research paper is focused on discussion on digitalization and what is its effect in retail business. In 2021 digital technology is at center stage among retail industry. In future years Digitalization become essential for the retailers to overcome many present problems. Our economy is not fully developed it is developing and for this purpose we need a sound financial system which enhance the efficiency and effectiveness of country and Digitalization is way which helps in economic growth of the country. This paper also considers the challenges faced and the opportunities grabbed by the retailers etc through the digitalization in India.

**Keywords:** Digitalization, Economy, Retail Business. Challenges, opportunities

## 1. Introduction

The term digitalization in India used after DIGITAL INDIA programme of Government of India launched on 1 July 2015 by our Honourable Prime Minister Shri Narendra Modi. Digitalisation termed as the use of digital technologies for doing activities online. It provides new revenue and value-producing opportunities. Akodara village of Gujarat became the first digital village of India. In business digitalization is exploiting digital technologies to change business processes and workflow to improve business models like Amazon online shopping service etc. Retail business includes selling goods, services in online and physical mode. Global investments of retailer in digital transformation are expected to increase by 18 percent per year. It concluded that retailers are now ready to use new technology to doing its business operations effectively. Its role in the present situation is also highlighted by studying its effect on our economy and society.

## 2. Review of Literature

**Malenkov et al. (2021)** explored the digitalization and its trend, effect and future in case of retail store.

**Almeida et al. (2020)** discussed the issues faced and opportunities gained by companies after covid pandemic due to digitalization. **Rodrigues (2020)** conducted a review study on digitalization concept.

**Brennen and Kreiss (2016)** enumerated the

digitalization concept in different way with its features and other areas. **Jain and Kapoor (2012)** gain an insight into the concept of e-commerce with its pros and consequences.

### 3. Research Methodology

The paper is descriptive in nature. The matter presented in it is collected through the many sources like journals, commerce magazine, offline books and other reference text book of eminent authors. I also gather the information from the secondary data by using numerous independent sources. For study of digitalization in retail business and understanding its impact on Indian economy, I have focused on as recent material as possible. In order to get access to the latest developments in this area.

### 4. Objective of the Study

- To know the concept of digitalization.
- To study the importance, need and challenges of digitalization.
- To analyse the role of digitalization in retail business

### 5. Discussion

This enables firms to have an edge over competitions by informing and requesting information faster. The detailed studies on digitalization are as follows:

#### Features of Digitalization:

- Use of latest technology.
- Enhance productivity.
- Increase operating efficiency.
- No need of documentation.
- Provides competitive environment.
- 24\*7 hours service.
- Universal applicability and improve existing business and processes.
- Reduce cost.

### Benefits of digitalization

- Generally there are many benefits of for the various person in different way but mainly it is divided into four categories which are as follows:

#### 1. Benefits for business:

- Increase the profits.
- reduce transaction cost.
- Improved customer service.
- Improved competition.
- reduce delivery time.
- Target market segmentation
- Increased flexibility
- Eliminating document work.

#### 2. Benefits to customer:

- It gives freedom to make choices
- It facilitates competition which results in substantial discounts
- Easy payment options
- Readily available information
- Support decision making.
- delivery of products take less time.
- Customers can participate in virtual auctions.

#### 3. Benefits to sellers:

- It reduces store expenses
- Possibility of speedy delivery
- Reduce communication cost like advertisement.

#### 4. Benefits to society:

- Enhance standard of living
- Effective utilization of resources
- Increase employment opportunities
- Uplifting of rural areas
- Working from home.
- Online health care services.

## Challenges in Digitalization

- Main security issues which are related to confidentiality, integrity, encryption, authenticity etc. There are many types of security threats in digitalization which are as follows:
- Legal threats - It includes internet fraud, copyright, cyber laws etc.
- Ethical threats - It includes sometimes misuse of digital information and no one take responsibility of work etc
- Other challenges are limited expertise, new innovation, limited budget for adoption of new technologies etc.

## Limitations of Digitalization:

- Its limitations can be divided into two categories that is technical and non-technical which are as follows:

### 1. Technical limitations

- Difficult to integrate the internet software with some existing applications.
- E-commerce software not compatible with some hardware devices
- Insufficient telecommunication bandwidth.
- Lack of system security and communication protocols
- Flexibility of software development tools

### 2. Non- technical limitations

- Lack of trust and user resistance
- Lack of awareness
- Inadequate government role
- Preferring foreign sites
- Difficulty of re-engineering
- Cyber competition
- Inactive software houses
- Size of the transactions
- No expertise.

## Uses of Digitalization Application

- For sale and purchase of goods.
- Online stock trading
- E-payment use in import and export
- Online diagnoses and treatment
- Filling of tax returns
- Payment of services like water bill, insurance premium.
- E-auctions.
- Tourism and hotel industry
- Real estate market.
- Online education.

## Barriers of Digitalization in India

- There are many infrastructural and non-infrastructural barriers which affect the potential growth of digitalization in India which are as follows:
  - Limited budget.
  - Organizational structure.
  - Management of vendor
  - Not enough support services
  - Ethical issues.
  - Switching from physical to virtual stores is difficult due to lack of trust on unknown seller.
  - Government rule and regulations

**Impact on Retail Business-** It is only possible because of digitalization that retailers use digital technology to automate retail business operations. Because of this it become very easy for retailers to do business online and it also help in fast order fulfillment, increases operational effectiveness, management of warehouses and retailers overcome from many problems like delay in delivery etc. Retail business becomes more competitive. There are positive and negative both type of impact of digitalization on retail business.

## 6. Conclusion and Suggestions

From the above discussion it is concluded that the future of digital technology is very optimistic. It opens new areas for doing business and also creates new opportunities in every field like education, business, hotel industry etc. Now a day's digitalization playing very important role in the potential growth of economy in the 21<sup>st</sup> century. It creates new doors for business by providing many facilities like 24\*7 hours transaction activity etc. Accessibility to digital platform is not a privilege but it is a requirement for people, particularly for those peoples who are living in urban areas. Because of fast adoption of internet enabled devices like I-phone, Smartphone and Tablets, we have seen an unexpected growth in this field. This technology has completely changed the way of our living, methods of communication and mode of shopping etc. There are many positive and negative effect of digitalization. Negative impacts are destruction or reduce the creativity of people. But positive impact is enhancing the productivity in each field and optimum utilization of resources possible.

## 7. Future Scope of the Study

The main limitations of this study is that the study is only based on secondary data and it is only limited to retail sector in future study we can wide this area.

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