Comparative Analysis of Models of Traditional and Electronic Retail

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Abstract: e-Retail market in Russia is less developed than in Western Europe or North America. It is known that for the last 6 years the Russian market of e-Retailers increased by >3.5 times. Average annual growth rate of this market is 30% and analysts predict that this trend will continue in the next 5 years. Buyers are attracted absence of any barriers to obtaining information about products, prices, stock and so on. In addition, economic efficiency is explained e-Retailers reduction of transaction costs, accelerated turnover of goods, reduced human resource needs and reduce administrative costs by switching to a system of electronic office.

Key words: Traditional retail, e-Retail, consumer confidence in online trade, sampling frame, the advantages, disadvantages of e-Commerce

INTRODUCTION

The level of development of e-business in the world is an indicator of the competitiveness of countries in the context of globalization, convergence of knowledge and cultures, accelerating technological progress. The development of information and communication technologies, the degree of penetration into all spheres of economic activity depends not only on the investment attractiveness of the state, region and individual enterprise but also improve the quality of life and even the eradication of poverty which is formulated in the documents of the United Nations Millennium Summit.

MATERIALS AND METHODS

To conduct field research method was used the sample survey, since it makes it possible to get the most information from respondents. Primary data collection tool was the questionnaire which includes questions related to fraud with the return of the product and its high cost, the long wait of delivery and other negative factors accompanying online trading. Sampling method (sample) a method of statistical research, in which the summary measure of the studied population are installed on a part of it. To conduct the survey sample was calculated using the following equation:

$$n = \frac{t^2 \times Q^2 \times N}{\Delta^2 \times N + t^2 \times Q^2}$$

Where:

n = Sample size
N = The number of the population
Δ = Limiting sampling error (defined by the study)
Q = Dispersion (determined on the basis of pilot studies or from the experience of previous studies)
t = Value as a function of t which takes a predetermined value. The value of t is determined by the statistical tables

Methods of organizing e-Commerce have been previously studied in economics (Doherty *et al.*, 2003; Roberts and Mackay, 1998). Information technologies have a significant impact on the development of the Russian market (Yip, 2004; Bagautdinova *et al.*, 2014; Safiullin *et al.*, 2013). In the context of the development of services of particular interest is the system retailers (Gautschi, 1981; Sweeney *et al.*, 1997).

RESULTS AND DISCUSSION

Currently in Russia formed many companies specializing in the retail trade of virtual, that are competitive compared to traditional retail organizations. In some cases, business structure based on the use of online stores, largely effective classical models. This is due to a variety of advantageous factors. The cost of online advertising are not great and still effective enough. Financial expenses for the maintenance of an Internet store is considerably lower than for operation of retail outlets. The average value of the cost of servicing a single order below, even though expensive courier

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Model traditional trade	Model e-Retailers
Advantages: No problems with ensuring the safety of money from buyers Ability To "touch it; development Of legal framework **Disadvantages:** complexity and the considerable cost of disseminating information about products and services; self-sufficiency for 1-2 years Time and transportation costs for shopping Use to pay for goods cash or bank cards Essential Transaction costs for implementation and execution of the transaction The relative complexity of entering the market Significantly Costs "menu"; The complexity of entering the global market Intensive use of human resources	**Advantages:** No significant difficulties in disseminating information; self-sufficiency for several months Ability to operational shopping Use To pay for goods and services of electronic money Decrease in transaction costs due to the electronic document Is the relative ease of market entry Flexible pricing system Ability to do business on a global scale Reduction Business dependence on the human factor **Disadvantages:** The problem of ensuring the security of electronic payment systems Lack Of personal communication and physical contact Underdeveloped legal framework

Fig. 1: Comparative analysis of models of traditional and e-Retailers

delivery. Some products easier and more efficient to sell through the online store. These include books, videos, music as well as appliances and computer equipment. Comparative analysis of models of traditional and e-Retailers is shown in Fig. 1. As seen in Fig. 1, the main advantages of trading via the Internet are: the automation of the process of calculating the customer, saving on rent retail space, acceleration turnover of goods savings on salaries and other personnel.

Usually, Russian Internet shops are classified according to various criteria. On the methods of retail sale on the web often isolated online shopping; web-shop windows; trading systems; shopping arcade. In relation with suppliers emit online stores that have our own warehouse and working under contracts with suppliers. Product line computer and consumer electronics, mobile phones and so on. A distinction is also universal and specialized shops. The most interesting is the classification of the classification model of business: pure online store; the combination of an offline business online (when the online store was established on the basis of already existing real commercial structure). There are two basic models of e-Commerce. The first a fully operational online store which has a web storefront, private iterative and logistic systems, warehouse and so on. This store
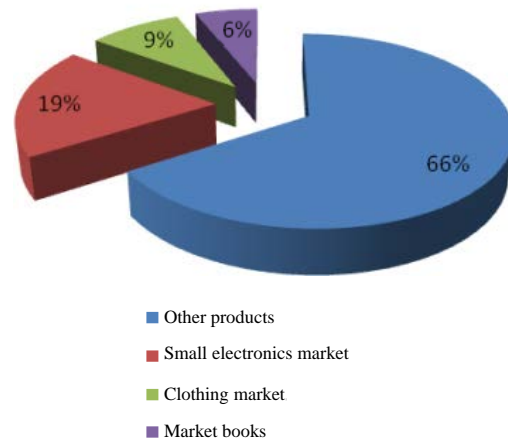

Fig. 2: Structure of the market of e-Commerce

can be large with a large variety of goods or a small but with a unique range of products and a good position in this market niche. The second business model provides for mediation: received an order from the site, the mediator refers to the wholesaler to purchase the order and delivers it to the client. Often this is a wholesaler buyer substantial discount. Sometimes the mediator simply redirects wholesalers or affiliate online store in exchange for a fee. Such a model is meaningful work with a small number of orders per day and is typically used in small shops.

The main buyers on the Internet often are individuals at least organizations and individual entrepreneurs. Structure of the market of e-Commerce is shown in Fig. 2. Typically, sellers offer their customers the opportunity to choose a convenient way of delivery of goods and payment (cash on delivery, cash on delivery at the post office, bank or by prepaid mail, by credit card or by using one of the payment systems on the Internet).

In order to ensure continuity of payment services, settlement and payment and clearing centers of the national payment system should be exclusively on the territory of Russia. Further growth of the economic efficiency of e-Commerce development is constrained by the following factors: not fully ensure the security of electronic payment systems; psychological rejection of the population make purchases over the Internet (low level of public confidence in shopping via the Internet); underdeveloped legal framework design and maintenance of electronic purchases.The main obstacle to the spread of e-Commerce is the so-called problem of trust. Customers do not have complete and accurate information about online sellers which gives rise to the fear of being cheated. In this regard, it is necessary to conduct a study regarding the potential consumers of the goods to the online store and establish the degree of their trust.

In practice, most of the customers are interested in one question: "Do you not deceive me". The logical question in all respects, as the distance between the online store and the customer is sometimes considerable and he just does not know who transfers money. And in case of problems, do not even know who to call. Each customer has its own level of confidence and for someone just laid out enough details, addresses the location but for others it is necessary to dig half of the site, read all the reviews of people who had once purchased items and track the work of a particular online store. To assess the level of consumer confidence in online trade was calculated sample size which ensures the accuracy of the survey results. The sample consisted of 306 persons residents of Kazan. These are men and women aged 25-35 years (the first age group); aged 36-46 years (the second age group); over the age of 46 years (the third age group). The study revealed that the majority of respondents (92.11%) believe that there are online shops where sales are made fraudsters. So, say 98.41% of respondents over the age of 46 years, 88.24% at the age of 36-46 years, 87.27% of respondents between the ages from 25-35 years. The stereotype that online stores are crooks came not only because of distrust of anything new, but also as a consequence of the fact that the first online shopping, really often proved fraudulent. They demanded an advance payment for goods not delivered to the client. But now the situation has changed: the market of e-commerce has become no less civilized than the traditional retail model.

Many buyers believe that the online store can not return the item. 61.84% of respondents said that the goods can be returned but there are those who do not agree with 38.16%. Some refuse to purchase from online stores, assuming that they are not subject to the law on consumer protection. In fact, this is the same purchase, just done it remotely. A responsible seller is exactly the same. That is the order of the return and exchange depends on the specific properties of the product, not on you bought it on the trading floor or through the Site. Sometimes buyers are confident that the online store of goods worth more. The 90.13% of respondents do not agree with this statement. And to think that the goods online shopping is not expensive, respondents aged 25-35 years (94.12%), aged 36-46 years (90.91%) and older than 46 years (87.30%). Cost of goods sold through online trading can be reduced by reducing the number of consultants as well as the cost of rent salesrooms.

But the web is not all goods are cheaper. For example, household appliances, medicines, books, the Internet is much cheaper than in traditional retail stores and food are

more expensive than the other way round. The buyer believes that it is necessary to wait long for delivery from online stores. This is the opinion 67.11% of respondents. And yet most of the shops to deliver the goods quickly and fit within the terms stated on the website. When stock, it may even lead to the day of the order and at a convenient time for the buyer. In the online shop difficult to navigate, according to some buyers. 65.79% of the respondents denied this delusion. The 76.36% of respondents aged 25-35 believe that their way quite easily; aged 36-46 years, so consider 64.71% of respondents and over the age of 46 years 57.14%. The study showed that 67.1% of respondents almost never encountered with the purchase of goods in online stores (39.47% "never bought"; 27.63% "very rarely buy") and 32.9% faced (20.39% "rare but buying"; 11.18% "often buy" 1.32% "very often buy").

To solve the problem of trust in online shopping can offer methods such as the creation of real action, truthful rated online stores, the creation of online book reviews, in which any buyer could we write down their wishes. In addition, the need to constantly inform the customer about the movement of goods it's pretty much adds confidence in the correctness of the choice made; to provide after-sales service; indicate reliable information on the price of the goods or services; negotiate with the client the period within which the goods will be delivered.

CONCLUSION

Despite the fact that the market for e-Commerce in Russia is growing, it is possible to make the following recommendations for its further development: strengthening state support for the development of e-Commerce; increased investment in the information industry; training of qualified staff able to work effectively in the e-Commerce; the development of electronic payment systems; high level of security of e-Commerce; weaknesses in the legal framework; increase public confidence in the infrastructure of delivery of goods as a whole; adoption of the Law on Electronic Commerce; review and improve the order of taxation of transactions carried out via the Internet.

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