

Rising Trends of Online Shopping In India

Aishwarya Goyal

Assistant Professor

Chandigarh Business School of Administration,
Landran,

Abstract

The rising use of internet in India provides an impetus to online shopping. Now Consumers are increasingly adopting electronic channels for purchasing their daily needed products. The increasing use of Internet by the younger generation in India is creating opportunities for online retailers. To stay ahead in highly competitive market these days most of the companies have started using the Internet with the aim of cutting marketing costs, thereby reducing the price of their products and services in the markets. Companies are also using the Internet to convey, communicate and disseminate information, to sell the product, to take feedback and also to conduct satisfaction surveys with customers. Customers perceive benefits of online shopping not only in the form of buying product but also to compare prices, product features and after sale service facilities they will receive if they purchased the product from particular website. If the online retailers know which factors are affecting Indian consumers' buying behavior, and the associations between these factors, characteristics of online buyers then they can develop their effective marketing strategies to convert potential customers into active ones. **Present study is a descriptive study that is based on the detailed review of earlier relevant studies related to the various concepts of online shopping. This study provides theoretical contribution in understanding the present status of online shopping and provides insights into consumers' online shopping behaviors and preferences. This study will contribute in sharing the information** about the scope of improvement in online shopping website and challenges faced by online retailers in Indian market.

Keywords: online shopping, customer preferences, cost, security, customer feedback, online buying behavior, internet

Introduction

Online shopping or e-shopping is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet using a web browser. India is witnessing an unprecedented economic boom in service as well as goods industry and this economic boom is visible all around us. Companies are facing a tough competition in this dynamic arena of business. They are always looking for new avenues so that they can increase contact with consumers and to achieve this aim they are letting no stone unturned. Due to increased awareness, employment and increased per capita income of Indian consumers there has been an exponential rise in consumer spending. Experiencing the convenience of avoiding travelling to shop and the time saved in bargain hunting are adding advantage and craze for online shopping. Almost all portals offer an easy return policy, so even apparel shopping is seen

gaining momentum as buyers are no longer worried about being stuck with the wrong size or fit of clothing. Cash on delivery is also giving sense of security to Indian consumers.

With the universal availability of Internet connectivity, consumers save time and efforts by shopping online. *The increasing use of Internet by the younger generation in India provides an emerging prospect for online retailers.* There is a common saying about the Indian retail consumers' "can't touch, won't buy" mentality. However, this is gradually changing with the rising trend of online shopping.

Objective of the study: The main objective of this study is to *the present status of online shopping and provides insights into consumers' online shopping behaviors and preferences. This study will contribute in sharing the information* about the scope of improvement in online shopping website and challenges faced by online retailers in Indian market.

Research Methodology: This paper is an empirical data based study. All the information is collected through secondary data sources. All the sources are mentioned in the references.

Current scenario of online shopping in India

The year 1991 noted a new chapter in the history of the online world where e-commerce became a hot choice amongst the commercial use of the internet. At that time nobody would have even thought that the buying and selling online or say the online trading will become a trend in the world and India will also share a good proportion of this success. Now consumer mentality and shopping patterns is changing very fast. *Earlier online shopping* was a simple medium for shopping with fewer options. The users can just place an order and pay cash on delivery. But, now with the changing face of online market this field has been renovated to a high extent and hence mesmerized many customers. Today, the online shopping has become a trend in India and the reason behind the adoption of this technique lies in the attractive online websites, user friendly interface, bulky online stores with new fashion, easy payment methods and cash-on-delivery, no bound on quantity & quality, one can choose the items based on size, color, price, etc. Despite being a developing country, India has shown a commendable increase in the ecommerce industry in the last couple of years, thereby hitting the market with a boom. Though the Indian online market is far behind the US and the UK, it has been growing at a fast pace.

Further, the addition of discounts, coupons, offers, referral systems, 30days return guarantee, 1-7 days delivery time, etc. to the online shopping and the E-Market have added new flavors to the industry.

Reasons for growth of online shopping in India

India has joined the bandwagon of a flourishing e-commerce business and this is pretty evident from the sky-rocketing numbers of internet users in the recent years. E-commerce activity in India has grown phenomenally over the years and the internet penetration numbers have augmented tremendously. Today, India has more than 137 million internet users, which accounts for 10 percent of the country's population. However, according to a recent study by Associated Chambers of Commerce and Industry of India (ASSOCHAM), the market is expected to reach

330 million within a few years, making India the second largest customer base after China. The customer behaviour is changing dramatically. People are not only using the Web to book air tickets and movie tickets but also do not hesitate in placing orders for mobiles, laptops and other consumer electronics and home appliances

The Key drivers of growth of Indian ecommerce have been

- * Increasing standard of living and buying power of middle class families
 - * Availability of much wider product range
 - * Busy lifestyles and lack of time for offline shopping and difficulty in traditional means of shopping
 - * Increased usage of online categorized sites
- Increasing usage of credit and debit cards coupled with a growing young population who spend significant time on the internet
- Social networking sites likes Facebook, twitter are very much influencing in driving online retail in India. Many vendors are using it as a strong tool to get marketing and sales influence
- Top drivers of online shopping growth are faster delivery, Cash on Delivery facility, discounted rates, access to branded products and cash-back guarantee on faulty goods
- Increasing broadband Internet and 3G penetration.

Factors that have contributed to its growth

Following factors have played a major role in spreading online shopping within the country:

1. **Faster internet:** Better broadband services like 2G and 3G have provided faster and better internet access to the consumers; thereby enticing them to spend more time online.
2. **Time saver:** Unlike market places, one does not have to run around and spend tedious hours to pick up items scattered around the city. One can easily save time and choose items with a simple click.
3. **Cheaper rates and discounts:** The exciting discounted rates and best deals on various products are profitable for the budget-conscious customers.
4. **Cash on Delivery (COD):** This facility is available only in India and has come as a hassle free option for customers who are afraid to use debit/credit cards.
5. **Wider options:** One is often spoiled for choices due to the plethora of options available on famous sites like shopping.rediff.com
6. **Home delivery and return policies:** Convenient options like quick delivery and return policies within a certain time-period have gained much appreciation from the consumer base.
7. **Increased mobile applications:** now almost every e selling sites are offering mobile

app through which customer can very easily access the company site for easy and fast service which they can access anywhere and everywhere.

Challenges faced by Indian online retailers

Indian audiences often question the authenticity of many online sites. Many cases of hacking and security issues have bubbled up in the past, which has led to distrust amongst the customers. Moreover, they are not willing to share their financial information on these sites. Product quality and transparency is another issue, especially while buying costlier products like electronics and apparels.

A large share of Indian population is still not able to use computer and new technologies. These consumers are still not well versed with the technology and lag behind in proper usage of the internet; this has adversely affected the e-commerce phenomena in India. Due to this lack of knowledge regarding internet usage makes online shopping the least preferred option by them.

But despite of all these hurdles the growth of e-commerce has a bright future in India. Now knowledge and awareness about internet is spreading around like wildfire and the number of internet users has increased in large quantities irrespective of their age. Plus, there are a large number of great sites that are promoting to the growth of online shopping with its hassle free facilities. Payment gateways, problems with logistics and extremely tough competition for too few customers have made investors tight fisted with money. Mostly all consumers ask for the Cash On Delivery payment method, as most Indians do not own a credit or debit card either due to lack of awareness or susceptibility towards usage of these payment modes. This does not allow sufficient growth and development as many sites and products demand payment through the internet only. This also slows down the pace of smooth cash flow in the market. Product deliveries to consumers outside major cities like Mumbai and New Delhi is difficult due to the lack of efficient and reliable infrastructure. This market continues to remain unorganized and fragmented into thousands of small proprietors. It is usually very difficult to get people to make their transaction as they doubt the authenticity and security of such visual retailers. This form of shopping appeals only to the internet savvy, but the general public still do shopping through that traditional mode of shopping and they still like to wade through crowded streets for hours to find that one suitable dress in their size.

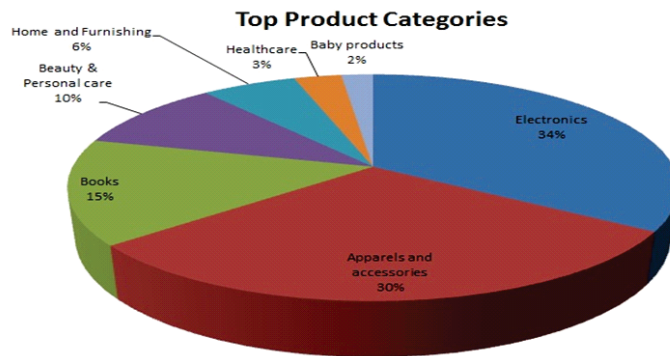
SWOT analysis of online shopping in India:

<p>Strengths</p> <ul style="list-style-type: none"> Boundary less (global location) o Time saving o No time constraints o Direct communication with consumer o Simple and easier exchange of information o Lowers transaction cost o Easy arrangement of products o No physical company set up o Easy transactions o Niche products o Low operating cost o Time saving 	<p>Weaknesses</p> <ul style="list-style-type: none"> o Security o Fake websites o Fraud o Fewer discounts and bargaining o Long delivery timing o No idea about quality and physical condition Of The product o Limitation of products o Lack of personal services o More shipping cost o Limited exposure o Limited advertising o Customer’s Satisfaction
<p>Opportunities</p> <ul style="list-style-type: none"> o Changing trends o New technologies o Global expansion o High availability (24 hour and seven days a week) o Wide business growth o Cut down on local competition o Advertising 	<p>Threats</p> <ul style="list-style-type: none"> o Competitors o Changes in environment, law and regulations o Innovation o Privacy concerns o Fraud o Risk

Online shopping according to different product category in India

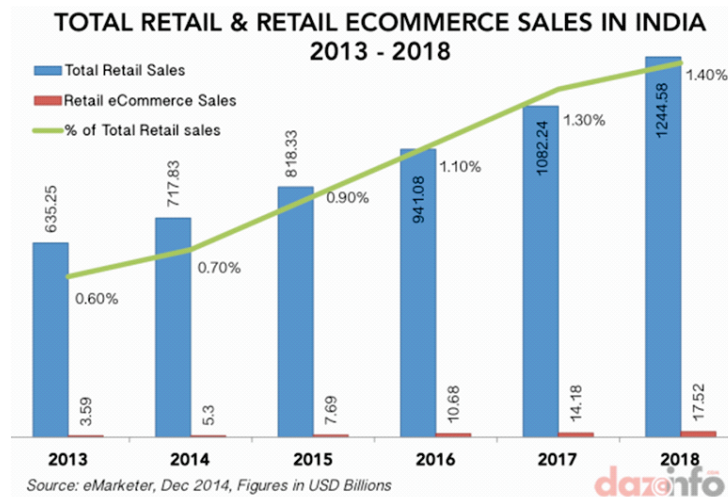
According to Google trends and research, Electronics (34%) top the list when it comes the most online searched product category. Apparels such as t-shirt and accessories (30%) come next in line. This is followed by Books (15%), Beauty and Personal Care (10%), Home and Furnishing (6%), Health Care (3%) and Baby Products (2%) in descending order.

According to the same sources, 74% people prefer paying through Cash on Delivery followed by Debit Cards (18%) and Credit Cards (5%).



Future growth prospects of online shopping in India

India's e-commerce and online market has been getting bigger and better day by day. With fast-paced lives, cut-throat competitions and money changing hands within seconds, the online market keeps evolving by the second. "It was driven by rapid technology adoption led by the increasing use of devices like smart phones and tablets and access to the Internet through broadband, 3G, etc, which led to increase in online consumer base. India's online market is, however, relatively very small compared to the more mature markets of the US and the UK, but the growth rate has been phenomenal. There are countless retail sites, among which 80 are well known retailers, in India. Sales of these well known websites, such as Flipkart.com, top \$100 million annually. By many economists, this ever growing market is estimated at about \$12.6 billion and is projected to reach \$675 billion by 2016.



The total retail sale in India has increased from \$635.25 billion in 2013 to \$717.83 billion during the year which just ended, growing at a rate of 13%. It has touched \$818.33 billion in 2015 registering a Y-O-Y growth of 14.0%. By 2018, total retail volume will grow to \$1,244.58 billion, growing steadily at 14-15% annually.

Retail e-Commerce sales in India, on the other hand, which were a meager \$3.59 billion in 2013 grew to a somewhat better **\$5.30 billion in 2014**, a Y-O-Y growth of 47.6% as compared to 55.6% over the previous year. **In the year 2015, total online retail in India all set to touch \$7.69 billion**, growing at a rate of 45.2%. By the year 2018, e-Commerce retail in the country is expected to grow to \$17.52 billion.

Conclusion: With large scale global investments, growth of niche category e-commerce firms and the entry of global competitors/ brands, e-commerce landscape in India looks very promising. India is one of the fastest-growing e-commerce markets in Asia Pacific along with China. With increase in internet penetration, adoption of smart phones and lower data rates, the way India shops is completely changing with time. Apart from the traditional online formats of retail and lifestyle, newer online business segments like classifieds, real estate, grocery and healthcare have also become popular and will continue to gain traction. Consumer mentality and shopping patterns are changing very fast. Online shopping is going to become main stream in the next years to come. Taking the advantage of this changing scenario now; the ecommerce companies are finding a very good opportunity and are searching the ways to exploit it. Government should also encourage the industry in the home country and also should encourage the FDI in this area.

References

1. <https://www.kpmg.com/IN/en/IssuesAndInsights/ArticlesPublications/Documents/BBG-Retail.pdf>
2. <http://articles.economicstimes.indiatimes.com/keyword/online-shopping>
3. <http://dazeinfo.com/tag/emarketer/>
4. Butler, P. and Peppard, J., "Consumer purchasing on the Internet: Process and Prospects", *European Management Journal*, Vol. 16, No. 5: 600-610, 1998
5. Donthu, N.; Garcia, A., "The Internet shopper", *Journal of Advertising Research*, Vol. 39, No. 3, pp. 52-58, 1999.
6. <http://www.pwc.in/assets/pdfs/publications/2015/ecommerce-in-india-accelerating-growth.pdf>
7. <http://erablog.org/business/shopping/the-growth-of-online-shopping-in-india/>
8. Wigder, Z. D. and Bahl, M., "Trends in India's eCommerce Market," In Assocham's 2nd national conference on e-commerce, August 2012.
9. Yuliharsi, Md. Aminul Islam, Ku Amir Ku Daud, "Factors that Influence Customers' Buying Intention on Shopping Online", *International Journal of Marketing Studies*, Vol. 3, No. 1, pp. 128-139, 2011