



E-RETAILING: A STUDY OF INDIAN CONSUMERS

Prof. Dr. D.M. Khandare

Professor

School of Commerce and Management Sciences

S.R.T.M. University, Nanded

E-mail: dmkhandare65@gmail.com

Mob No: 9860406505/7972827838

Mr. Sable Husharsing Shankarsing

(Research Scholar)

S.C.M.S. S.R.T.M. University, Nanded dm_khandare@rediffmail.com

Abstract

Increased Internet penetration, improved security measures, convenience of shopping in lives pressed for time, and, of course, dozens of retailers to choose from – these are a few factors that are attracting more and more consumers to shop online. This paper focuses on the consumer-side story so far, specifically the distance between expectation and experience in the online shopping space, and thereby attempts to identify problems that consumers face when purchasing online. This study has been divided into two parts. The first part focus on pre-purchase experience and second part focus on post-purchase experience.

Key Words: Penetration, Retailers, Pre-Purchase, Post-Purchase

Introduction:

India has an internet user base of about 243.2 million. Despite being third largest user base in world, the penetration of Internet is low compared to markets like the United States, United Kingdom or France but is growing much faster, adding around 6 million new entrants every month. The industry consensus is that growth is at an inflection point. In India, cash on delivery is the most preferred payment method, accumulating 75% of the e-retail activities. Demand for international consumer products (including long-tail items) is growing much faster than in-country supply from authorized distributors and e-commerce offerings. As of Q1 2015, six Indian e-commerce companies have managed to achieve billion-dollar valuation. Namely, **Flipkart, Snapdeal, InMobi, Quikr, OlaCabs, and Paytm**

Market Size and Growth

According to the latest report by IAMAI and IMRB International, the **ecommerce industry in India** reached a value of **INR 81,525 crore (US\$13.5 billion) in 2014**. The rapid increase in the use of smart phones and internet services has earned India a place among top 20 developing countries on the global forum, as stated by AT Kearney in its 2014 Global retail development Index (GRDI). Consumer behavior has changed rapidly and visiting a local store to buy a mobile phone is now more of a pain.

While Flipkart, Snapdeal and Amazon have been touted as the major players in this industry, the report shows that **Travel industry comprised almost 61%** of the total ecommerce market. Similarly, e-Tailing grew by 1.4 times since 2013 taking up almost 29% of the ecommerce market share in India.

Research Methodology:

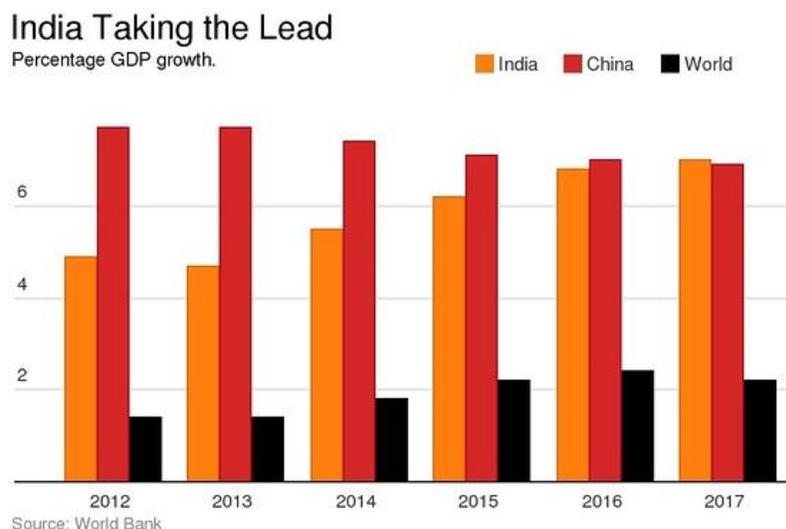
Looking into requirements of the objectives of the study the research design employed for the study is of descriptive type. Available secondary data was extensively used for the study. Different news articles, Books and Web were used which were enumerated and recorded

Data Collection

The research paper is based on the secondary data sourced from journals, magazines, articles and media reports.

Investments in e-commerce companies from 2015-2016

The [latest numbers from Ministry of Statistics](#) have shown India is to take a lead in terms of the fastest growing economy, beating out China next year. Economic status of the country is evolving and, as a result, ecommerce industry is heading north without any traces of slowing down.



Investors are preferring ecommerce companies in India to invest their money. In the food retail industry, [Big Basket](#), a leading grocery retail store received \$32.7 million in September 2014 from Helion Ventures, Ascent Capital, Zodiuss Capital and Lionrock Capital. In order to maintain their grounds, big daddies of e-commerce are indulging into acquisitions. For instance, leading fashion retailer, [Myntra](#) that [reportedly](#) has 60% of its sales happening from mobiles, got acquired by Flipkart in 2014. Similarly, baby care retailer [BabyOye](#), that had acquired its competitor [Hoopos](#) in late 2013, itself got acquired by Mahindra groups in February 2015. However, with Flipkart, Amazon taking up the maximum market, most of the player in baby care section has faded with time. Currently, only Hopscotch and FirstCry have managed to survive.

One of the recent investments to happen in 2015 is that of Quikr. [Quikr](#), an online classifieds platform has very recently entered the billion dollar club after it received a funding of \$150 million from new investor Steadview Capital along with existing investors Tiger Global and eBay. The startup is now valued at \$1 billion, according to the [reports](#).

Why do consumer purchase online on pre-purchase criteria

1) Convenience:

Where else can you do shopping, even at midnight, wearing your jammies? You don't have to wait in a line or wait till the shop assistant helps you with your purchases. You can do your shopping in minutes even if you are busy, apart from saving time and avoiding crowds. Online shops give us the opportunity to shop 24 x 7 and also reward us with 'no pollution' shopping.

2) Better Prices:

I get cheap deals and better prices from online stores because products come to you directly from the manufacturer or seller without middlemen involved. Many online shops offer discount coupons and rebates.

3) Variety:

One can get several brands and products from different sellers at one place. You can get in on the latest international trends without spending money on travel; you can shop from retailers in other parts of the country or even the world without being limited by geographic area... These stores offer a far greater selection of colors and sizes than you will find locally. If you find that the product you need is out of stock online, you can take your business to another online store where the product is available.

4) Fewer Expenses:

Many times when we opt for conventional shopping we tend to spend a lot more than the required shopping expenses, on things like eating out, traveling, impulsive shopping etc.

5) Comparison of Prices:

Online shops make comparison and research of products and prices possible. Online stores also give you the ability to share information and reviews with other shoppers who have firsthand experience with a product or retailer.

6) Crowds:

If you are like me, you would like to avoid the crowds when you do the shopping. Crowds force us to do a hurried shopping most of the time. Crowds also create a problem when it comes to finding a parking place nearby where you want to shop and going back to your vehicle later loaded with shopping bags.

7) Compulsive Shopping:

Many times when we go out shopping we end up buying things which we do not require because of the shopkeepers' upselling skills -- or we'll compromise on our choices because of the lack of choices in those shops.

8) Discreet Purchases:

Some things are better done in privacy. Online Shops enable me to purchase undergarments and lingerie or adult toys without the embarrassment that there are several people watching me and my choices.

Post-purchase Experience

- Refund
- Return/Replacement
- Customer care

Major Problem

Among the many consumer detriments in online shopping, the major ones include

Nature of delay in delivery

Non-delivery

Defective product

Poor response of customer care.

Conclusion:

The essence of e-retailing is in its ability to transcend physical boundaries and reach customers in a manner different from the traditional brick-and-mortar stores, to their very doorstep. However, the base of the e-retailing model is technology and logistical solutions that facilitates the customer acquisition and the final 'reach' process. E-retailing further brings to the table vagaries in customer orders accompanied with difficult scenarios such as free delivery, order rescheduling, cancellation, returns and cash-on-delivery. Understanding the consumers in India for online shopping is like creating the bricks behind the clicks

References:

- [India Has 243.2M Internet Users And 106M Active Social Media Users](#)". *Business2community.co*. 2014-06-03. Retrieved 2014-06-03.
- [Online shoppers in India](#). *Times of india.indiatimes/tech*. 2014-11-20. Retrieved 2015-03-25.
- [Indian e-commerce at inflection point?](#). *Vccircle.com*. 2010-08-19. Retrieved 2013-07-04.
- [Evolution of e-commerce in India](#), *PwC*, 2014.
- [Google partners e-commerce sites for 'Cyber Monday' on December 12"](#). *Economic Times*. 4 December 2012.
- [Amazon adds India to its risk factors](#). *PTI*. 3 Nov 2014
- [Fund-raise values Flipkart at \\$10 billion"](#). *Times of India*. 24 Nov 2014.
- ["Online shopping touched new heights in India in 2012"](#).*Hindustan Times*. 31 December 2012. Retrieved 31 December 2012.