

# Digital Consumers' Shopping Trends in India: A Review

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## **Abstract**

Online shopping in initial stage was a easy medium for shopping with less options. The shoppers can just place an order and receive the product at their doorstep by Credit card or debit card purchase and Cash on delivery. But, in most recent years this field has been upgraded to a great extent and hence ensnared many customers. Today, the Android mobile technology and User friendly Online Shopping Mobile applications with Artificial Intelligence of tracking the Customers search history and making customised recommendations, bulky online stores with new fashion, easy payment methods (i.e. secure pay online via gateways like Google Pay or cash-on-delivery), no bound on quantity & quality, one can choose the items based on size, colour, price, etc. Even though being a developing country, India has shown a notable increase in the ecommerce industry in the last few years, thereby hitting the market with a bang. High Speed unlimited Internet Connections, Mobile Shopping Applications, a hassle free shopping environment and high levels of Net savings enabled more and more Indians shopping online. The Online Marketing Companies should incorporate strategies to reduce consumers' obstacles by making purchase websites easier to navigate, and introducing Internet kiosk, computers and other aids in stores which makes easy for a layman to go for online purchasing. The goal is not to convert all shoppers to online purchasing, but to show them it's an option. In addition to above, efforts need to be taken to educate the online buyers on the steps that need to be undertaken while making an online purchase. Moreover, the feedback of an online buyer should be captured to identify flaws in service delivery. This can be done through online communities and blogs that serve as advertising and marketing tools and a source of feedback for enterprises. It will be a challenge for E-marketers to convert low frequency online buyers into regular buyers through successful website design and by addressing concerns about reliable performance. Thus, the online retailing raises more issues than the benefits it currently offers. The quality of products offered online and procedures for service delivery are yet to be standardized.

**Keywords;** *Online Shopping, Digital Marketing, E-Marketer, Online Marketing, Mobile Shopping, Online Purchasing.*

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## Introduction

<sup>1</sup>Consumer behaviour deals with the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. It attempts to identify the decision-making processes of buyers, both individually and in groups such as how emotions affect buying behaviour. It studies characteristics of individual consumers such as demographics and behavioural components in an attempt to understand people's needs. It also tries to measure influences on the consumer from groups such as family, friends, sports, reference groups, and society in general.

<sup>2</sup>The consumer buying process is a complex matter as many internal and external factors have an impact on the buying decisions of consumers. A better significance is also placed on consumer retention, customer relationship management, personalisation, customisation and one-to-one marketing. Due to the technological advancement, nowadays the role of information technology is a part of business process. We are using IT in all the functional areas of business particularly in production and marketing of products and services. The birth of E-commerce leads to all the business transactions which are carried with the help of electronic media and internet.

## E-Commerce

The phrase 'Electronic Commerce' was coined in the early 1990s as the Internet became commercialized and users began to participate in the World Wide Web. E-Commerce applications were swiftly expanded. Possibly E-Commerce is introduced from the Telephone Exchange Office. The earliest example of E-Commerce in physical goods was the Boston Computer Exchange, a marketplace for used computers launched in 1982.

The first online information marketplace, including online consulting, was likely the American Information Exchange, another pre-Internet online system introduced in 1991. Along with the e-commerce and its unique fascination that has appeared progressively, virtual enterprise, virtual bank, network marketing, online shopping, payment and advertising, such this new terminology which are unheard-of and now has become as familiar to people. This shows that the e-commerce has huge impact on the economy and society from the other side.

## Online Shopping in India

Online shopping in its early stage was a simple medium for shopping with fewer options. The users can just place an order and pay cash on delivery. But, in last few years this field has been renovated to a high extent and hence fascinated many customers. Now in India, the online shopping has become a common practice and the reason behind is the attractive online websites, user friendly interface, bulky online stores with new fashion, easy payment methods (i.e. secure pay online via gateways like paypal or cash-on-delivery), no bound on quantity & quality, one can choose the items based on size, color, price, etc. Regardless of being a developing country, India has shown a notable increase in the E-Commerce industry in the last few years. Though the Indian online market is far behind the US and the UK, it has been growing at a fast phase.

<sup>3</sup>India currently has a base of 627 million internet users which is 45% of the country's population as of March, 2019 (IndiaSource: Kantar IMRB, 2019). 251 million internet users are in rural India. But only around 10% internet users are transacting online.. There is a huge gap in the ratio of users and non users of online shopping. Since there is a lot of potential for the growth of online shopping in India, the marketers should get a thorough

<sup>1</sup>[https://en.wikipedia.org/wiki/Consumer\\_behaviour](https://en.wikipedia.org/wiki/Consumer_behaviour)

<sup>2</sup><http://www.learnmarketing.net/consumer.htm>

<sup>3</sup><http://www.internetlivestats.com/internet-users/india/>

understanding about the factors influencing the buying behaviour of consumers online in order to increase the buying rate of the existing shoppers and to attract the idle internet users to purchase online. <sup>4</sup>The online marketers like Flipkart, Snap deal, Amazon, etc has announced big billion days which attracted 1.5 million shoppers who bought goods such as phones, clothes and accessories worth over \$100 million. However, several buyers looking for bargains found that the products had been sold out or were greeted by glitches on the website. Mobile commerce is growing twice as fast as desktop and currently accounts for over half of the online sales. Consumers are buying the products based on the displayed photographs, specification and description. There is no tangibility for the products displayed. Instead, the consumers make their purchase decision based on the reviews and feedback given by the consumers who already purchased the same product. They can interact with each other about their opinion on the product purchased or yet to be purchased. Even though the online marketers are working to improve its ability to anticipate demand, deliver goods faster and eliminate sub-standard and fake products the complaints on product quality, specification, defects and late delivery are keep on increasing. But, due to the high discount offers and variety of products available and easy as well as secured payment options given by the online marketers in association with the banking and non banking financial institutions has attracted large volume of buyers towards online shopping. In this context it is necessary to analyse the awareness of consumers on online purchasing procedures, the factors which induces the consumers to buy the product online, the consumer decision making process, the satisfaction of consumers on online purchase and finally the issues faced by the consumers on online shopping.

<sup>4</sup>[http://articles.economicstimes.indiatimes.com/2015-01-31/news/58650592\\_1\\_big-billion-day-billion-day-sachin-bansal](http://articles.economicstimes.indiatimes.com/2015-01-31/news/58650592_1_big-billion-day-billion-day-sachin-bansal)

## Indian E-Commerce Industry Analysis

<sup>5</sup>The Indian e-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second largest e-commerce market in the world by 2034. The e-commerce market is expected to reach Rs 13,97,800 crore (US\$ 200 billion) by 2027 from Rs 2,69,076.5 crore (US\$ 38.5 billion) in 2017. India's e-commerce market has the potential to grow more than four folds to Rs 10,48,350 crore (US\$ 150 billion) by 2022 supported by rising incomes and surge in internet users. Online shoppers in India are expected to reach 120 million in 2018 and eventually 220 million by 2025. Average online retail spending in India was US\$ 224 per user in 2017. Online retailers now deliver to 15,000-20,000 pin codes out of nearly 100,000 pin codes in the country.

E-Commerce and consumer internet companies in India received more than Rs 48,923 crore (US\$ 7 billion) in private equity and venture capital in 2018. Online retail sales in India are expected to grow by 31 per cent to touch Rs 2,28,540.3 crore (US\$ 32.70 billion) in 2018, led by Flipkart, Amazon India and Paytm Mall. Online retail is expected to contribute 2.9 per cent of retail market in 2018.

Much growth of the industry has been triggered by increasing internet and smartphone penetration and by 2022, smartphone users are expected to reach 859 million and e-commerce sector expected to grow 1,200 per cent by 2026. During April-June quarter 2019, smartphone shipment in India grew 9.9 per cent year-on-year to 36.9 million shipments.

Internet penetration in India grew from just 4 per cent in 2007 to 34.42 per cent in 2017, registering a CAGR of 24 per cent between 2007 and 2017. In FY20, internet penetration in India was 50.52 per cent. The number of internet users

<sup>5</sup><https://www.ibef.org/industry/ecommerce-presentation>

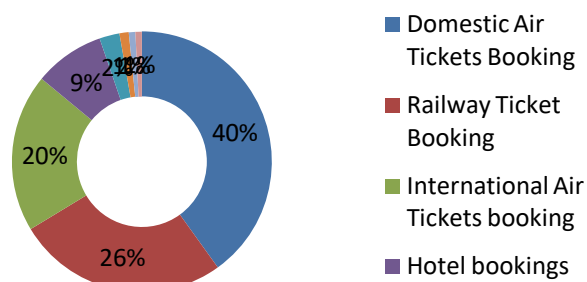
in India is expected to increase from 665.31 million as of June 2019 to 829 million by 2021. Internet penetration in rural India is expected to grow as high as 45 per cent by 2021 compared to the current rate of 26.57 per cent. The e-commerce retail logistics market in India is estimated at Rs 9,435.15 crore (US\$ 1.35 billion) in 2018 and is expected to grow at a 36 per cent CAGR over the next five years. It also received and investment of Rs 43,681.25 core (US\$ 6.25 billion) from January–May 2019. Reliance to invest Rs 2,00,000 crore (US\$ 2.86 billion) in its telecom business to expand its broadband and e-commerce presence and to offer 5G services. (Indian Ecommerce Industry Report (October, 2019), 2019)

### Consumers' Preference of Services for Online Purchase

S. No	Service Segment	INR Cr	Contribution (%)
1.	Domestic Air Tickets Booking	38,160	40%
2.	Railway Ticket Booking	24,984	26%
3.	International Air Tickets booking	18,724	20%
4.	Hotel bookings	8,320	9%
5.	Bus Ticket Bookings	2,381	3%
6.	Car/Cab Hire	1,093	1%
7.	Tour Packages	773	1%
8.	Travel Insurance	763	1%
<b>Total</b>		<b>95,198</b>	<b>100%</b>

Source of Secondary data: IMRB, I-Cube 2016

### Consumers' Preference of Services for Online Purchase



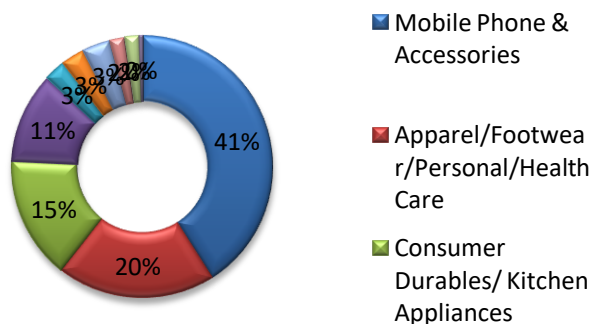
### Consumers' Preference of Physical Goods for Online Purchase

S. No	Product Segment	INR Cr	Contribution (%)
1.	Mobile Phone & Accessories	24,550	41%
2.	Apparel/Footwear/Personal/Health Care	11,775	20%
3.	Consumer Durables/ Kitchen Appliances	9,033	15%
4.	Computing devices & Accessories	6,703	11%
5.	Vouchers/Coupons/Toys/Gifts etc.,	1,640	3%
6.	Jewellery	1,736	3%
7.	Home Furnishings	2,040	2%
8.	Books/magazines	1,070	2%
9.	Camera & Accessories	1,050	2%
10.	Watches	279	0.47%
<b>Total</b>		<b>59,876</b>	<b>100%</b>

Source of Secondary data: IMRB, I-Cube 2016



**Consumers' Preference of Physical Goods for Online Purchase**



Source of Secondary data: IMRB, I-Cube 2016

By the increased Smartphone penetration, by the launch of 4G networks and increasing consumer wealth, the Indian e-commerce market is expected to grow to US\$ 188 billion by 2025<sup>6</sup>.

- Through effective Logistics management and tracking systems, E-commerce industry is increasingly attracting customers from Tier 2 and 3 cities, where people have limited access to brands but have high aspirations.
- With the increase in awareness about the benefits of online trading, there has been a significant rise in investment in E-commerce business. Along with offline trading, many established brands like Shoppers Stop, Lifestyle, etc., have setup online transaction channels.
- Earlier food and grocery were never thought of as items for online trading. However, with the change of working habits, and consumers opting for adaptability and convenience, there are now innumerable small and large E-commerce companies selling provisions and food items like BigBasket, Norukkutheeni.com, etc.

- The e-commerce retail market is estimated to be worth US\$ 12 billion in gross merchandise value (GMV) terms as of 2016.
- Electronics is currently the largest segment in e-commerce in India with a share of 47 per cent and is expected to grow at a CAGR of 43 per cent by 2020.
- The apparel segment has the second highest share of 31 per cent in the e-commerce retail industry.
- Currently, there are 1-1.2 million transactions per day in e-commerce retailing.

**Conclusion**

Increased Internet penetration, a hassle free shopping environment and high levels of Net savings see more and more Indians shopping online. But at the same time the companies need to reduce the risks related to consumer incompetence by tactics such as making purchase websites easier to navigate, and introducing Internet kiosk, computers and other aids in stores. The goal is not to convert all shoppers to online purchasing, but to show them it's an option. In addition to above, efforts need to be taken to educate the online buyers on the steps that need to be undertaken while making an online purchase. Moreover, the feedback of an online buyer should be captured to identify flaws in service delivery. This can be done through online communities and blogs that serve as advertising and marketing tools and a source of feedback for enterprises. It is a challenge for E-marketers to convert rare online buyers into frequent buyers through user friendly apps, websites and by addressing concerns about consistent and reliable performance.

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<sup>6</sup>KPMG Report – E-commerce Retail Logistics India

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