

E-commerce: Factors Influencing Indian consumer

Mr. Quazi Md Tareque, Area Sales Head, PE Electronics Ltd Aurangabad.

Introduction:

“E-commerce (electronic commerce or EC) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the Internet.”

E-commerce is conducted using a variety of applications, such as email, fax, online catalogs and shopping carts, Electronic Data Interchange (EDI), File Transfer Protocol, and Web services. Most of this is business-to-business, with some companies attempting to use email and fax for unsolicited ads (usually viewed as spam) to consumers and other business prospects, as well as to send out e-newsletters to subscribers.

The benefits of e-commerce include its around-the-clock availability, the speed of access, a wider selection of goods and services, accessibility, and international reach. Its perceived downsides include sometimes-limited customer service, not being able to see or touch a product prior to purchase, and the necessitated wait time for product shipping.

E-commerce in recent times has been growing rapidly across the world. e-commerce industry in India has witnessed a growth of US\$ 3.8 billion in the year 2009 to US\$ 9.5 billion in 2012, showing year to year growth of 34%. Industry sources indicate that this growth can be sustained over a longer period of time, as e-commerce will continue to reach new geographies and encompass new markets. From the point of view of business, there are two models of e-commerce. First model is known as „Market Place“ model, which works like exchange for buyers and sellers. The „Market Place“ provides a platform for business transactions between buyers and sellers to take place and in return for the services provided, earns commission from sellers of goods/services. Ownership of the inventory in this model vests with the number of enterprises which advertise their products on the website and are ultimate sellers of goods or services. The „Market Place“, thus, works as a facilitator of e-commerce. Different from the „Market Place“ model is the second category of business known as „Inventory Based“ model. In this model, ownership of goods and services and market place vests with the same entity. This model does not work as a facilitator of e-commerce, being delineated therefrom, but is engaged in e-commerce directly.

As already mentioned above, growth of e-commerce industry has been phenomenally high. However, its growth is dependent on a number of factors and most important of them is Internet connectivity. As per Forrester McKinsey report of 2013, India has 137 million Internet users with penetration of 11%. Total percentage of online buyers to Internet users is 18%. Although many factors support the growth of e-commerce in India, the fledgling industry is faced with significant hurdles with respect to infrastructure, governance and regulation. Low Internet penetration of 11 percent impedes the growth of e-commerce by limiting the internet access to a broader segment of the population. Poor last mile connectivity due to missing links in supply chain infrastructure is limiting the access to far-flung areas where a significant portion of the population resides. High dropout rates of 25-30 percent on payment gateways, consumer trust deficit and slow adoption of online payments are compelling e-commerce companies to rely on costlier payment methods such as Cash on Delivery.

While purchasing online Indian Consumer consider following factors.

1. Security
2. Product Experience.
3. Product Information.
4. Variant.
5. Delivery Time.

Security:

Indian consumer keeps security all of the above while purchasing, to ensure the security, privacy and effectiveness of e-commerce, businesses should authenticate business transactions, control access to resources such as webpages for registered or selected users, encrypt communications and implement security technologies such as payment gateway (i.e. PayPal and e-paisa). In India consumer mostly prefer Cash on Delivery.

Product Experience:

Visiting a brick and mortar store is an experience. The entire store displays, lighting, and staff are there to give you a total experience to help you enjoy your shopping. E-shopping lack many of these personal touches that give offline upper edge. E-commerce will never overtake offline shopping until it can offer customers the same comforting and pampering experience

Product Information:

Product information is very important for any consumer. Consumer want to know the product information i.e. product price, feature, dimensions, and comp-ability of product are according to their need or not. Different consumer has their different need and requirement. Detail product information is very crucial to do purchasing. Customer has their own quarry which has to justify to close the deal.

Product availability:

Product availability very important, mainly in garment industry, every company has a different guideline for product. Every brand has a different fit guide, and companies will have to use a universal sizing chart or measure items based on actual body measurement. During online shopping if consumer finalized any product on portal product availability with seller is very important. If product is not available with the seller to deliver, then it's become a disappointment for consumer.

Delivery Time:

One of the main factors is delivery time after making purchase. Customer wants to feel, experience and use in no time. When customer purchases an item in a store, he gets it immediately. This gives shoppers a “ shopping high”, which feel good and encourage them to buy more. When customer shop online, the items do not show up for several days, which reduce the pleasure from the purchase. While many companies offer free ground shipping, faster shipping rate are still expensive

Conclusion:

E-commerce is diffident on the rise, and will continue to grow. But online industry should understand the change in the consumer behavior in Indian consumer. Indian consumer needs and expectation during purchase is complicated. While purchasing consumer consider Security of Financial transections, want to take product Experience, to know Product information, and want

product delivery in no time. To close this gap E-commerce has to do work hard and fulfill the consumer needs and wants.

Reference

1. Assael, Henry, "Consumer Behaviour and Marketing Action" 6/e, Thomson Learning, Singapore, 2001.
2. Arndt, Johan, Role of Product- Related conversations in the Diffusion of a new product, *Journal of Marketing Research*, 4 : August 1967.
3. Buskirk, Richard, H. "Principles of Marketing: The Management view", Holt, Rinehart and Winston, Inc. New York, 1961.
4. Copeland, M.T., Consumer's Buying Motives, *Harvard Business Review*, Vol.2, Issue 2: 1924.
5. Andras Deak, when will E-commerce overtake offline shopping?
6. www.telephonymuseum.com
7. www.yale.edu/ynhti/curriculum/units/2003/4/03.04.07.x.html
8. www.privateline.com
9. www.answers.com
10. www.arm.com
11. www.bharatbook.com