

ONLINE SHOPPING: BENEFITS AND CHALLENGES IN INDIA

* Dr. Mohammed Farooque Khan, Assistant Professor, Department of Management Science,
Dr. Babasaheb Ambedkar Marathwada University, Aurangabad

INTRODUCTION

Since a long time, customer is considered as the king but in true since it is applicable to the present age where the Marketers have to pay more attention towards the consumers. In today's market the consumers has become more empowered. The 21st century has introduced a change in preference and the perception of the customer. This has led to the introduction of a new concept in Marketing. In the words of Philip Kotlar "Marketing is about customer needs and wants. The task of any business is to deliver value at a profit. In hyper competitive economy with increasingly rational buyers faced with abundant choices, a company can win only by fine tuning the value delivery process."¹

The emergence of information technology and Globalization has led to the integration of business across the world. The geographical boundaries of the market have increased to encompass the entire world. The organizations are no more restricted to a particular country for their business operations. The political, economic, and trade restrictions have been vanished. This has introduced the shift in economy towards a borderless world wherein the organization is free to carry out its activities across the nations. The social changes have created new segment in the society, the present customer is money rich but time starved, leading to the significant changes in the purchasing power of the consumers. According to the professor Theodore heritt, "The worldwide market place has become homogenized and consumer needs and expectations transcend geographic, cultural, national boundaries."²

The higher usage of internet and its utility as a powerful medium to search and learn has made it possible for marketers to modify their channels of distribution. There has been rapid penetration of Internet in India in recent years and Internet users are growing many fold. According to Internet and Mobile Association of India, there are more than 60 million users in the country. The explosive growth of the internet has offered a revolutionary platform as a Marketing channel. The studies have proved that the internet users spend more time on their pc's or laptops during day time viewing television or tuning to a radio. The growth of internet users has been estimated 2 million new users per month. According to bill gates "The internet is a tidal wave and it will wash over nearly all the industries drowning those who don't learn to swim."³

The traditional concept of brick and mortar store has given the way for E-stores. The E-stores allow the consumers to search the information on internet about any product or service of their choice, anywhere any time. E-Stores are also referred as Online Shops. In light of these developments Online Shopping is emerging as the indispensable aspect of Business. It refers to online purchases from bricks-and-mortar retailers, such as Wal-Mart, as well as from "pure-click" online retailing corporations such as Amazon.com. It has brought an incredible change in the relationship between Buyers and Sellers. Online shopping has unique features of offering dual advantages to business. It is market and at the same time it is marketing medium. The future of online shopping looks bright for business across the world. It has evoked a huge response from the consumers and offers an inexpensive, convenient and sophisticated ways for shopping. According to the statistical information available Online shopping is growing around the globe, with some 41 percent of global internet users having purchased products online in 2013, the online shopping penetration rate varies from one country to another. China is the country where

most internet users are buying products online. Other countries where online shopping is thriving are Germany, India, Brazil and United Kingdom. In 2013, global Online Shopping sales amounted to 839.8 billion U.S. dollars and projections show a growth of up to 1.5 trillion U.S. dollars by 2018. North America is currently the largest regional market for online shopping, with sales worth some 126 billion U.S. dollars reported in 2013, more than double the amount in 2008. The Asia region is also becoming a strong contender, especially due to China's economic boom, with an estimated eight fold increase in sales between 2008 and 2018. In recent years, mobile shopping is on the rise, with customers increasingly using their mobile devices for various online shopping activities. According to a 2015 study regarding mobile shopping penetration worldwide, 46 percent of internet users in the Asia Pacific region and 20 percent of those in North America had purchased products via a mobile device, whether Smartphone or tablet computer. M-commerce sales in India constitute 11 percent of total retail sales in 2014 and were expected to grow to 25 percent by 2017.

Shopping through the internet is the need of the hour. The internet with its millions of interconnections can increase the sales while costs are slashed by offering world wide access to products and services. Compared with traditional shopping the online shopping is believed to be more customers centric in terms of Accessibility, Convenience, and information and inter connectivity. It helps in establishing new direct sales channels to the customer.

From the market size of \$238 billion, the USA Topps the ranking and emerged the leader globally with 10% of its population buying online. Wherein in India only 3 % of the population buys from online shop. According to the Global retail Index E-Commerce Index only 8-9 Crore or less than 3% of India's population has ever bought something online , a percentage below countries like Saudi Arabia and Ireland which are smaller than India.

STATEMENT OF THE PROBLEM

Online Shopping is playing a vital role in Indian economy. According to the study conducted by **Global Retail E-commerce index** 27% of the people of India's Population prefer online shopping. Due to demonetization online shopping is gaining popularity and people in general prefer online shopping as a convenient mode of buying goods and services. The present study is an attempt to know the real advantages and challenges before online shopping and its overall performance.

OBJECTIVES OF THE STUDY:

- 1.To know the present scenario of online shopping in India
- 2.To know the benefits, challenges of Online Shopping in India.

Research Methodology

The present study is based on the secondary data collected from the web and print media.



The Chart indicates the Total retail sales and E-commerce sales in India for the period of 2013 to 2018. During the year 2013 the total retail sales in India was recorded as 635.25 BN USD out of which the share of E-commerce retail sales was 3.59 BN USD which constitute 0.69% of the total retail sales. In the year 2014 the share of E-Commerce retail sales increased to 0.70% with a total business 5.3BN USD. In the subsequent year i.e. 2015 the E-Commerce sales increased to 7.69 BN USD which is 0.90% of the total retail sales of 818.33BN USD. While in the year 2016 the total retail sales was 941.08 BN USD where in the total E-commerce sales amounts to 10.68BN USD. It is Projected that for the year 2017 the total retail sales will reach 1082.24BNUSD and the share of E-Commerce sales will be 14.18BNUSD which shall comprise of 1.30% of the Total retail sales. The projection for the year 2018 indicates that the total retail sales will be of 1244.58BNUSD and the share of E-commerce would be 17.52BNUSD which constitute 1.40% of the total Retail Sales. The figure for the retail sales and the e-commerce sales show an increasing trend for the period under study

Benefits of Online Shopping

The online shopping, an essential component of online marketing cuts down the overheads and helps in lowering the prices. In most of the cases, the customer of real shop had to pay 50% more to cover the shopkeepers' overheads like rentals, salaries of salespersons; Electricity etc. An online shop has no such overheads; the shop keeper is free to pass on the benefits to the ultimate consumer. He can afford to sell goods much cheaper. It also saves customer the transport time and money as he need not have to travel physically to a shop to make a purchase. In present scenario where inflation is becoming a recurrent phenomenon, Internet marketing can be instrumental in curbing it. More over people in general are wishing to lead a very modest and frugal life. They are likely to involve in those business transactions wherein in they could receive maximum benefits by putting minimum efforts. It seems that "Customer value" has become the business mantra of today's business organizations. The most amazing aspect of online shopping is that the consumer is free to shop 24 hours a day, 365 days per year at his own convenience. "Customer orientation and value delivery must be at the core of the firm if the firm is to maximize long term value for its owners and its other constituencies, partners in the value delivery process"⁴

One of the important facets of Internet Marketing is Online Shopping. Over a period of time it has gained a huge momentum in the world of business. It is observed that online shopping relieves customers from the hassles of shopping in the physical environment. Substantially, people are shopping through online shops. The concept of online shopping began during the

period of 1996. These virtual market places consist of individual websites linked under a general site “the cyber-mall”. The functioning of these online shops is similar to that of a traditional shop but it is operated using internet as an infrastructure. The Fascinating aspect of Online Shopping is that it allows any firm to open its shop by creating the website on an Internet. Thereby offers access to its products and services to millions of customers that too in a very short time and inexpensive way. Expanding the customer base has always remained a challenge and a problem for advertisers and marketers. The internet has become a place where any firm can open a website in an electronic mall and have its products available to millions of potential customers in a short period of time. “Where else you put your store in a mall where millions of customers can come and browse.”⁵

The consumers’ online buying behavior differs from that of the traditional customer. Initially, the customers were averse and reluctant to transact on line. They were not comfortable with virtual business environment. Even today majority of them prefer to make purchase in the physical shop where in they can feel and touch the product and talk to real person right away in the physical environment. They have a sort of apprehension towards an online buying.

But, with the passage of time and all pervasive nature of the internet marketing, customers are becoming more confident and showing a keen interest in online buying, gradually. Though a class of senior citizens is still averse about buying goods online. But, the young segment with disposable income is comfortable to buy expensive goods. The gradual increase among the customers who are open to the idea of buying Gold jewelry online vindicate the strength of online buying and the future it holds. Due to this development, the E-market has seen spate of online jewelry stores and marts such as Johareez.com, jewels next.com, Ansjewelry.com, Jewelskart.com and Carat lane. Com. Even popular jewelers like Tanisk and Mehrasons have gone online. The target customer base for such E-markets is working population with disposable income, who otherwise find it difficult to buy from the goldsmith’s shop in the physical environment. This segment comprises of buyers looking to buy gifts for their near and dear ones. The segment of customers generally prefers to buy inexpensive jewelry. In order to augment and to give the customer a fair idea of what is being sold, the E-Marketer offer hi tech resolution images and pictures of Models wearing the jewelry. With growing incidence related to Cybercrime, the E-marketers are giving the facility of the unconditional return policy. In order to woo the customers, The E-marketers are offering lower prices, discounts, promotions and incentives different from the real shop in the market. “Now online Goldsmith, with many popular jewelers setting up E-divisions, with the Indian woman-who is traditionally reliant on family jewelers –be comfortable buying online?”⁶

The environmental degradation has emerged as one of the burning issues. Environmentalists, businessmen, Industrialists and people in general have become conscious and sensitive towards issues related to environmental degradation. There is a marked change in the general psyche of the society. People are showing a greater concern towards Environment safety. They prefer to engage in those commercial activities wherein the environment is not affected adversely. The current rapid growth in the economies and the change in consumers behavior and consumption patterns worldwide are the main cause of environmental degradation. Internet marketing is advantageous, as it does not have the adverse effect on the environment. It is, in principle an environment friendly way of doing business. It reduces the consumption of fuel and other forms of energy which is required by the customer in traditional marketing setup. In a larger interest of society, it helps in conserving and preserving the environment by eliminating the time

consuming aspects like shopping at physical stores, driving, parking and coping with traffic. “In today’s business world environmental issues play vital role in marketing decisions”⁷

Challenges before online shopping:

- A very large section of customers are still not comfortable with credit and debit card payment for the online purchase.
- Online Products lacks sensory appeal. Customers cannot see, touch, or feel the Product and hence they are reluctant. They also have apprehensions about the about the quality of products.
- Sometimes, customers find it difficult to get support services in product categories like watches, laptops and other electronic gadgets.
- Security is major concerns with growing incidence of Cyber Crime Customers are becoming aversive in sharing their personal details with E-Marketers.
- Approximately 11% of people in India have switched on to the cashless mode of transactions, but penetration of cashless transaction is still at a meager 0.43%, according to a report by India Development Fund (IDF) and Internet and Mobile Association of India (IAMAI).

Concluding remark

Thus, online shopping has emerged as an important channel of Marketing. It has become the mainstream tool along with Traditional shopping. The Online shopping is an effective application of Internet and its associative technology aimed at empowering customers to transact online i.e. to select and order goods online, carrying out banking and financial transactions between the consumers and the marketers, distributing goods and services easily and conveniently to the ultimate consumer. It is based on E-infrastructure by which marketers can advertise their products and services, consumers can make selections and order goods, banks or financial institutions can make possible the transfer of funds between the consumer and the marketer, and shippers can handle the delivery of goods to the ultimate destination .It is an innovative form of marketing wherein virtual companies and trading communities can conduct business globally. Retailing in India has witnessed a paradigm shift with the emergence of Online Shopping. Customers are becoming confident in making purchasing decisions of products and services online. Purchasing of Products and services like Clothing, Electronic appliances, Groceries and Mobile phones is growing in leaps and bound. Moreover, Government’s emphasis on the cashless transactions in Indian economy will auger well for the growth of Online Shopping in the future.

References

1. Prof. Harbhajan Bansal, Komal Smriti, “Indian Journal of Marketing”, Vol. No. 38, 7, 2008, Page No. 33.
2. Philip Kotler, Keller, “Marketing Management “, 13th Edition 2008, Page No. 5.
3. Richard Gay, Alan Charlesworth and Rita Esen, “Online Marketing a customer – led approach” Saurabh Printers Pvt. Ltd., 2010, Page No. 2.
4. Frederick E-Webster Jr, “A perspective on the evolution of Marketing Management”, Journal of public policy and Marketing, Vol.No.24 (1), Spring 2005, page no 124.
5. Paul Herbig and Brian Hale, “Internet: The Marketing challenge of Twentieth century”, Internet Research: Electronic Networking Applications and policy, Vol No.7, issues no 2, 1997, Page No 96.
6. Divyas , “Now online Goldsmith “, Times of India , Dated April 10, 2013.

7. Siddheshwarpatra, “An Attitude towards the Environment and Green products :An Empirical study”, International journal of Research in Computers applications and Management, Vol.No1 issue No.8, October, 2011, pgNo.1
8. Prof. A.R Mohammad Ismail and Dr. E-Mibarak Ali , “Marketing through Internet”, Indian journal of Marketing, Vol 30 ,Aug-Oct 2000,Pg No.12.
9. Sarwade, W.K. (2016) Conceptual Development of Supply Chain Management in Indian Retail Organised Market International Journal of Management and Applied Science, ISSN: 2394-7926 Volume-2, Issue-2, Feb.-2016