GROWING TRENDS OF E-COMMERCE AND ITS ROLE IN CONSUMERS’ BUYING PATTERN

LAXHMINARAYAN DAS*

*Capital Engineering College, Bhubaneswar, Odisha.

ABSTRACT

Growth of internet is the changing the consumer behavior and expectations dramatically since few years. Companies who are doing their business through online try to understand the consumer behavior pattern and the drastic changes in the shopping pattern. Companies are also start changing their products as well as marketing strategies as they feel traditional sales channels are not good for their E-Commerce venture. E-Commerce is increasing in India which is a positive sign for online marketers. Today World Wide Web (WWW) plays a major role in the implementation of E-Commerce in most of the organization. This chapter focuses on various aspects of E-Commerce and its connectivity towards several buying pattern of consumers.


INTRODUCTION

We are living in the edge of technological advances. Internet has made our urban life completely different. So internet rightly called as the highway that has managed to eliminate the borders between the countries. Internet today fulfill all of our hope and want, starting from individual need to finding a suitable life partner to online booking of tickets, insurance products and many other types of online shopping. Today a customer is searching, browsing, writing, communicating, listening, watching news, uploading videos, downloading different files, publishing online journals, printing, discussing through social networks, treading and selling products through internet. With millions of the active users of internet are looking for different types of products and services which is creating a huge opportunities for the traditional business owners to jump into the internet bandwagon and cash on the business opportunity for each movement.

Electronic commerce, which is also termed as E-Commerce, is a process of buying and selling of goods and services using World Wide Web system. E-Commerce is also known as E-Business. World Wide Web plays an important role in the implementation of E-Commerce in most of the organizations. Internet users are increasing rapidly in India which opens a scope for many marketers to enter into the online ventures.

From B2B to B2C, no business today can ignore the huge “Online Market” that exists on internet. Now physical market has already and slowly replacing with “Virtual Market”. Hence understanding all about the internet, E-Commerce mechanism create a learning how to put easy
technology before the customer without confusing them, built and nurture a relationship with the e-customer become the new trends of launching E-Commerce project.

E-Commerce is that new platform of the business which needs re-invention. The entire organization should more gradually move towards a new web enabling platform where speed, information, visibility and coordination of multiple transactions work properly.

Speed is the essence of every business. So as for E-Commerce also. Time and speed should balance the E-Commerce, otherwise the venture may collapse. Time and speed with either make the business or break the business.

E-COMMERCE, AN OVERVIEW

The basic fundamentals behind E-Commerce are the cost reduction for consumers and improving the quality of service as well as the speed of delivery of the goods. One of the major features of E-Commerce is to save consumers from their time. Today consumer is compact in between the personal life and professional life. Hence E-Commerce helps the consumers to save more time during the online transactions. With the help of E-Commerce, an order is placed and then executed through internet quickly without any difficulty. For example, traditional banking processes take more time where as at present a banking transaction is done via the internet and the time spent is also less. Hence E-Commerce is helpful to both businesses and customers.

E-Commerce also provides benefits to the channel partners. By using E-Commerce, the dealers of the products can save on the selling expenses. Transaction cost in between producers to ultimate consumers will reduce which they can use for expanding their business. For example DELL, The Computer Enterprise, adopts such a technique to carry out their transactions using internet without involving any third party. E-Commerce models are also required less establishment cost like only a Head Office is required to manage an E-Commerce business rather than many branch offices all across the country.

Connectivity is another strength point of E-Commerce where both consumers and businesses are interconnected through internet. Customers can access the web page of the company either from their personal computers or any other places like cyber café, office, friend’s home etc.

E-Commerce also protects consumers’ privacy, where the entire transaction is confidential and restricted only to the consumer who is using it. Mode of payment is also very much consumer friendly by many online companies where the consumer need not use his/her debit or credit card due to the lack of trust and security. In this case companies are allowing consumers to pay cash on delivery after safe delivery of the product at their door step.

From the consumers’ point of view, E-Commerce is a very convenient and suitable method for them because:

- They can look through the entire list of catalogue without any disturbance.
They can evaluate the cost between the company brand and several other competing brands.

They can transact the deal from anywhere across the globe.

This can be done while at home or at work place without moving a single inch from their place.

E-Commerce is more convenient for both customer and business as online business has less formalities as compared to traditional commerce techniques.

**IMPACT OF INTERNET ON E-COMMERCE IN INDIA**

Internet economy will touch $10.8 trillion by 2016, as a report released by BCG (Boston Consultancy Group). According to a report titled “The $4.2 trillion opportunity; the internet economy in G-20” by BCG, it has been stated that in terms of internet users, India ranked 8th in the global chart. In terms of export through internet China occupies top rank in goods and India ranks top in services. The current E-Commerce market in India is around $10 billion and $260 billion by 2024-26. By 2015, around 39 million consumers are supposed to shop through online, which give a greater scope to spread E-Commerce ventures in India.

**MAJOR REASONS FOR E-COMMERCE GROWTH IN INDIA**

- Increased broadband internet and 3G penetration in India. Around 10 million 3G connection make the situation more progressive.

- Rising standards of living and high disposal income by middle class Indians.

- Availability of a much wider product range compared to what is available at brick and mortar retailers.

- Traffic congestion, busy urban life style and lack of time for offline shopping are few major reasons behind the success of E-Commerce.

- 80 million internet users create the sector more attractive.

- Offered the product at a lowest price range as compared to brick and mortar model.

- 18 million active credit card holders and 228 million debit card holders make the sector more attractive.

- During 2010-11, the total transaction through credit card stands for Rs. 75,500 crore and via debit card Rs. 38,700 crore.
WHO’S USES WHERE?

<table>
<thead>
<tr>
<th>Sector</th>
<th>% of Users (in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indian railways</td>
<td>11.7</td>
</tr>
<tr>
<td>Travel portal</td>
<td>28</td>
</tr>
<tr>
<td>Classified business</td>
<td>47</td>
</tr>
<tr>
<td>Bank users</td>
<td>7</td>
</tr>
<tr>
<td>IT returns filed</td>
<td>25</td>
</tr>
<tr>
<td>Music downloaded from mobile</td>
<td>50</td>
</tr>
</tbody>
</table>

ROLE OF INTERNET FOR SUCCESSFUL E-COMMERCE

Since a decade E-Commerce has been portrait as a profitable venture all across the globe. Both small as well as large companies are opting for web based business model to gain customer support. Few are the real advantages of the internet in E-Commerce.

1. **AVAILABILITY**: Internet is such a technology which is available to the customer for 24×7 in everyday. Customer can visit the company web portal at any day, at any time. In case of service industry like Indian rail, low cost airlines booking can be done at any time to improve the business relationship with customers and image of the company.

2. **CUSTOMERS HELP THEMSELVES**: When a customer convinced about a web portal of company by collecting all information, then only he/she can visit the site. Once they go through the details of the product catalogue, then only they decide to transact.

3. **OPEN TO ALL**: Internet enabled company page allows everyone to transact from any location of the globe. It provides many choices and extension of many products which is not possible for a customer to get from the local retailer or mom & pop store.

4. **GLOBAL PRESENCE**: There is no geographical restriction for internet. As a customer, if one has a PC and an internet connection, then he/she can browse the page from any destination of the globe.

5. **PROFESSIONAL TRANSACTION**: Internet allows the customer to finish the transaction with one click with a professionalism which consist of decision making, trust for the company, value system and believe for each other.

6. **LOW COST, MORE EARN**: E-Commerce, generally can be done with less expenses and increase the earnings. Sales person can be replaced with a well designed and
informative web page created by the company. This process also opens the avenue for new manufacturers, who will sell their products directly to the online company by saving the cost of middleman in between the manufacturer and customer.

ADVANTAGES OF E-COMMERCE

- Emerging technology like internet occupies a prominence space in the process of purchasing and selling of products & services and funds transfer through digital interactions.

- Time, distance and place are never being a barrier for E-Commerce. For E-Commerce online shopping can be done by the customer at any time, be it day or night.

- Around 2.26 billion internet users across the world and India helping E-Commerce venture turning towards a more progressive path.

- Through E-Commerce, consumers are now willing to buy products through online without touching, holding, smelling or handling the products.

- People living in metros with busy life style prefer to shop through web as it saves their time.

- It is the cheapest mode of doing the business, as operational expenditure like manpower cost and time are saved.

- It increases the sales year after year, if carried properly.

- Cost of transaction through web is much cheaper than the traditional shopping for the customer.

- As face to face human interaction is not there in E-Commerce, hence transaction time is also very short.

- Through E-Commerce, marketers can operate the business throughout the globe without any restrictions.

- E-Commerce helps customer to take a better decision in time.

- E-Commerce allows customer to spend less time in resolving bills.

- E-Commerce provides opportunities to purchase alternate products to the customers, if the actual product is out of stock.
DISADVANTAGES OF E-COMMERCE

- Anyone can start a business portal which lacks in professionalism. It may suffer from trust and belief.
- Few E-Commerce mode of business doesn’t provide guarantee of product quality or refund policy.
- As less interaction is there with customer through E-Commerce, hence reliability for the product is a major challenge for the web portal.
- E-Commerce also suffers from legal angel, where in the existing law, nothing has been clearly defined for E-Commerce.
- E-Commerce sites, services and payment modes are always in danger as there are many hackers looking for the opportunities to crack the sites.
- Products like food, jewellery, antique items should never be sold through E-Commerce, as it is very difficult to check the authenticity of the product from their destinations.
- Few customers are in a serious trauma about the quality of the product and the manufacturing concept of those products.
- Few web portals delivered the consignments after several days of the order which put E-Commerce concept in a mess.
- As customers are not examining the product by touching to them, hence they fear about the purchase of precious items like apparels, furniture or jewellery.
- Many E-Commerce ventures short falls of hiring and maintaining employees with the designation, technology and the business process skill, which fails to create a successful E-Commerce project.
- Online shopping is a transaction without social experience. Hence many customers avoid online shopping because they think shopping with friends, family members are much essential to arrive at a final purchase decision.

SCOPE OF E-COMMERCE

There are many scopes to grow with E-Commerce. E-Commerce has become a major business process for global organizations and multinational companies. Most MNCs depend upon the online selling and E-Commerce has made it possible for them to access global markets as well as procure the new materials throughout the globe. Another scope is that, it has brought down the cost of selling as well as procurement drastically to the bottom line. Generally sectors like Insurance, Banking, Airline companies and hospitality sectors are getting benefit from E-Commerce model of selling.
For example, DELL has successfully adapted “Online Selling” model on a global scale. It allows the customers to “configure the model” and to “order online”. Once the transaction has been successfully carried out and payment has been received, DELL executes the order and ensures that all the DELL products are delivered at the customer’s door step within 7 working days. DELL has not only used E-Commerce successfully as its major selling channel, but at the back and they have put in place “Build to order” process where though computer it will assembled against specification given by the customer and then delivered to the customers.

Many international companies take the benefit of E-Commerce like Dominos, Wal Mart, Amazon, e-bay etc. and from Indian companies Flipkart, Snapdeal, Homeshop18 etc, where they have created suitable business models to suit the customers who are using technology. Customer centric business models are the hallmark of their success. Scope is to understand the way technology has changed, the customer’s personal as well as professional life. Simultaneously social media networks have emerged as the major influences aiding the buyer’s decision making process and online money transaction mechanism too have changed the buyer’s preferences and methods of buying. In India many online companies have launched their product/services looking to the customer’s need and expected a growth in future.

WAYS TO ATTRACT INDIAN “ONLINE CUSTOMERS”

- Provide value for money
- Maintain the quality of the product
- Assure about the secured transaction
- Focus on branded products
- Gain the confidence and trust of the customer through smooth transaction
- Provide the proper awareness and guidance
- Confirm about the delivery time in a safer mode
- Do not deviate the delivery schedule
- Provide discounts and gifts time to time
- Launch the customer centric scheme where customers can encash points to cash for further shopping.
- Don’t ask for more data about the customer
- Allow customers to select the products after comparing the prices with other competitors’ brands.
Provide full details of the product while delivering the same

Provide a social shopping experience through the transaction

Few Indian Companies Case Studies Who Have Changed the Definition of Selling and Buying Behavior of the Consumers

CASE STUDY – I (ONLINE JEWELLERY COMPANIES FROM INDIA)

Jewellery generally treated as a precious metal by many Indians. Growing disposal income tempted many Indian consumers to buy jewellery in any form. Basically any jewellery which made of from either gold or diamond requires customers’ feel and touch. But in recent years few companies have come out with a bold decision to launch their own jewellery portals where they are not selling jewellery, rather they are selling trust, confidence and belief. Through their web pages, the online jewellery companies are providing maximum and better designs, a wide variety of products keeping every segment of customers in their mind and a great service. One of the Indian online jewellery companies www.bluestone.com founder thinks customers’ impression plays an important role while buying jewellery. To impress customer and to bring a sea change in their shopping behavior, this online company has launched many innovative schemes to influence consumers’ buying pattern. Some of are:

- Life time exchange policy
- In case of a return, the product is picked up by the logistics team
- Has their own design team
- EMI option is available for the transaction

Similarly another online jewellery company www.caratlane.com offers a heavy discount (around 25%) to the customers with their 1000 different designs and around 1,00,000 stock keeping units (SKU).

To save cost of operation, many online jewellery companies are eliminating courier service with Angodia, who will deliver the product directly to the customer from the local retail shop.

CASE STUDY – II (SNAPDEAL.COM)

Snapdeal.com is another online portal which grows too fast in India. They are offering few valuable options to the customers which completely changing the offline habit of the customers. Few of them are:

- Personalization of customers’ experience
- Recommending products and deals to the customers
• Minimizing the time taken for delivery of the products

CASE STUDY – III (RED BUS)

Like ITCTC, the online passenger ticket reservation system from Indian rail, another similar type of bus ticket reservation system has launched first time in the country from Bangalore based three friends from BITS, Pillani when one of the founders fail to get a bus seat to go home on the eve of Diwali. This difficulty of service industry compel them to launch first online bus ticket booking company Red Bus. Today country’s bus market is around Rs. 15,000 crore, and is growing at rate of 25% - 30%. Out of 2 – 3 lakh bus tickets sold daily in India, only 10% are booked through online, create huge opportunity for online bus ticketing.

Red Bus has around 800 bus operators in their role and in the last financial year company has earned around Rs. 300 crore from online booking. Company has adopted a model of “Consumer Centric” rather than sales. To improve the percentage of online bus ticket booking system, the model of booking bus ticket should be examined first, where 10% tickets are booked through online, 70% are through telephonic call and the balance 20% are through counter sells. So telephonic mode and counter sells mode may convert to online mode, where service can be extended to every tier of city in India.

FEW INDIAN COMPANIES WHO ARE INVOLVED IN E-COMMERCE ACTIVITIES & THEIR SPECIALITY AREAS

<table>
<thead>
<tr>
<th>E-Commerce Companies</th>
<th>Speciality Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flipcart</td>
<td>Books, Gizmos, Music</td>
</tr>
<tr>
<td>Snapdeal</td>
<td>Apparels, Dinning, Travel, Gizmos</td>
</tr>
<tr>
<td>Junglee</td>
<td>Books, Music, Gizmos</td>
</tr>
<tr>
<td>Mantra</td>
<td>Casual Life Style, Sports Gear</td>
</tr>
<tr>
<td>Naaptol</td>
<td>Gizmos, Appliances</td>
</tr>
<tr>
<td>Ferns and Petals</td>
<td>Flowers</td>
</tr>
<tr>
<td>Fashion &amp; you</td>
<td>Fashion Brands</td>
</tr>
<tr>
<td>Deals &amp; you</td>
<td>Holidays, Apparels, Gizmos</td>
</tr>
<tr>
<td>Indian gifts portal</td>
<td>Gift items</td>
</tr>
<tr>
<td>Caratlane</td>
<td>Gizmos, Jewellery</td>
</tr>
<tr>
<td>beststyle.com</td>
<td>Footware</td>
</tr>
<tr>
<td>Website</td>
<td>Category</td>
</tr>
<tr>
<td>----------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Inkfruit.com</td>
<td>Lifestyle products</td>
</tr>
<tr>
<td>Pothys.co.in</td>
<td>Saree</td>
</tr>
<tr>
<td>Hoopos.com</td>
<td>Kids fashion</td>
</tr>
<tr>
<td>Futurebazaar.com</td>
<td>Multiple products</td>
</tr>
<tr>
<td>Yebhi.com</td>
<td>Multiple products</td>
</tr>
<tr>
<td>Yepme.com</td>
<td>Apparel</td>
</tr>
<tr>
<td>Cromaretail.com</td>
<td>Electronics</td>
</tr>
<tr>
<td>Timtara.com</td>
<td>Electronics</td>
</tr>
<tr>
<td>Tradus.in</td>
<td>Multiple products</td>
</tr>
<tr>
<td>Allschoolstuff.com</td>
<td>Educational products</td>
</tr>
<tr>
<td>Fetise.com</td>
<td>Men’s fashion</td>
</tr>
<tr>
<td>Smartshoppers.in</td>
<td>Electronics</td>
</tr>
</tbody>
</table>

REFERENCES

2. www.e-commerceprogram.com
3. www.britannica.com
4. www.commercetimes.com
5. www.managemetparadise.com
6. click to dazzle, Business World – 02.07.12
8. India’s internet economy to touch 11 lakh crore by 2016, says study, Business Standard 20.03.12
10. The importance of who bought and why, Business Standard – 06.05.12
11. Bus goes on a big net ride, The Times of India – 07.05.12.