Digitizing India and the roadmap for e-commerce industry: A conceptual study
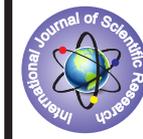
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ABSTRACT   India is driven by information technology. E-commerce has shown a tremendous growth in the Indian market. The growth in e-commerce can be attributed to the increasing use of devices like smart phones, tablets etc. The digitization resulted in more and more entrepreneurs venturing into the field of E-commerce and made India as hot and attractive market for consumers and competitors. Moreover, the project like Digital India, Skill India has augmented the facilities available for the e-commerce industry in India. As compared to many other developing countries, India has young population who are under the age group of 40 years. Among those young population, the young generation Z, who are around 20 years old have shown addictive behavior towards electronic gadgets and internet devices.. India's e-commerce growth is sustainable thanks to the demographic dividend (young population, standards of living).

1. How critical is e-commerce?

Technology plays a vital role in improving the quality of services provided by the business units. Internet technology has changed the way world communicates, interacts, works and collaborates with each other. It has brought a real transformation in the society and hence, it is rightly regarded as the third wave of revolution after agricultural and industrial revolution. The cutting edge for business today is e-Commerce(Mahapatra & Khan, 2009). Electronic commerce, commonly known as e-commerce consists of the buying and selling of products or services over electronic system through internet with enabling devices like computers and mobile phones. Internet is the new high end technology for e-commerce as it offers easier ways to access companies and individuals at very low cost in order to carry out day-to-day business transactions. Computer knowledge is also essential for the growth of internet(Su & Huang, 2011). The intention of online shoppers or the motivation of people that explains their buying behavior and they indicate how strongly motivated they are while taking a decision to buy online (Yulihasri et al., 2011). The ubiquitous nature of the Internet and its wide global access has made it an extremely effective mode of communication between businesses and customers(Rowley, 2001). Online shoppers are worried about the risks in online buying especially they are worried about financial risks and non-delivery risk (Javadi et al., 2012). The online shoppers in many developing countries including in India, prefer to use debit cards instead of credit cards as they consider the risk is more in credit card transactions(Sheikhi & Sheriff, 2016). Studies shows that ATM is the mostly used to avail E-banking service in many developing countries(Bambore, 2013). The digital revolution has created complex and sophisticated security issues that require high level of skill to protect and the protection need to be given at the company and customer end(Kohli, 2016; Singh & Pandey, 2016). At this juncture, apart from the cut-throat cyber threat, the cut-throat competition compels e-retailers and brands to focus on providing quality products and continuously improving shopping experience to not only meet consumer needs but also excel their expectations(Chuang & Hu, 2016).

2. Materials and Methods

The study has been carried out using the secondary data available from various sources. The study primarily combines the secondary data with the existing research reports or articles (literature review) to conceive the research objective. The aim of this research is to provide the readers and researcher on current happenings in the e-commerce industry in India. The study was carried out during July 2016 – September 2016. The data are analyzed using percentage analysis and appropriate tables are also used to arrive at a meaningful idea about e-commerce industry in India.

3. E- Commerce: The India way

The e-commerce industry in India has seen tremendous growth in terms of value and volume. The online buyers or online shoppers in India are basically influenced by factors viz., education, personal perceptions, cultural, socio-psychological, economic and banking products/service awareness (Sharma Y. , 2016). The factors namely presenter and brand ambassador, website design, advertisement and friends' recommendation are critical to Indian online shopper and the entrepreneurs in the textile industry have started to make use of this online platform to impress upon the online shoppers (Yoganandan, 2015). In India, the customers, especially the young customers (students) expect a lot of content clarity and safety. These two factors play a major role in the successful online purchase or experience and keeping customer loyal (Sundar, 2016). E-Commerce has transformed the way how the business organizations carried out their business in India and throughout the world (Vasan, 2011). The companies in many industries (in sugar industry also) have started spending more on online marketing (Anuradha, 2016). The information technology enabled devices and the online medium has removed many of the hassles like long journey to a brick and mortar store, facing traffic congestion problem, parking problem etc (Yoganandan et al., 2013). The companies on the other hand are creating online buying facilities that are user friendly, safe and convenient. The exporter and entrepreneurs are also using this e-commerce or online or internet as a medium to reach and serve the customers in every part of the world round the clock. The internet has reduced the distance barrier, minimized the geographical barrier and nearly eliminated the time barriers to business (Yoganandan, 2015, 2015a).

The e-commerce offers a seamless business proposition that gives both the marketer and the shopper the power to innovate in the creation, storage and efficient delivery of the product which ultimately ensures better customer experience (Anuradha, 2013). Indian banking and non-banking financial institutions have started adopting E-CRM tools to enhance customer service especially these tools are used in customer profiling, self service, one2one and personalization of services (Sharma D. , 2016; Roshni & Santhosh,

2014; Yoganandan & Vetriselvan, 2016). Indian e-commerce industry is driven by the use of technology, which helps in the continuous improvement in all areas across supply chain, inventory management, and customer experience and employee management. The increased penetration of internet services and faster internet services like 3G and 4G have contributed to the ease of selling and buying/purchasing products online. The use of digital marketing strategies and tools including mailers, digital billboards, mobile SMS and word-of-mouth marketing (over internet), blitzkrieg marketing and carpet bombing marketing to target specific customer group (Yoganandan, 2015, 2015b; Vasan, 2007). But , as the customers have become more and more aware and knowledgeable about internet they wish to make informed online purchase decision by comparing the prices of the same product among different e-retailers, and choosing the one offering a lower price. Therefore, it is pertinent to say that, to stay ahead in the highly competitive online retail environment, it is important for the e-marketers to know exactly what the customers think, expect and how they (act/behave) buy a product in the online platform (Kumar, 2016). The Indian e-commerce industry was valued at USD17.6 billion in 2014, and is expected to grow at a CAGR of 40 per cent to touch USD136 billion by 2020. Within the e-commerce industry the major contributors are e-commerce retailing, e- financial services and classified segments, job searches and online matrimony(Doger & Tanwar, 2015).

4. Drivers of e-commerce in India

Growing online customers: Internet penetration is rapidly growing in India. The total number of web users in the country is over 243 million. The internet penetration in India increased from 0.10 percent in 1998 to 30 percent in 2015 i.e. and increase of almost 30 percent over the past 17 years(Kaur, 2016). The top four metros have a 23 per cent penetration, while the other four metros have gained 11 per cent internet penetration. Despite the growth, only 19 per cent of the total Indian population has access to the internet compared to more than 40 per cent in other peer countries, such as Brazil, Russia and China. Moreover, out of this 19 per cent, only 14 per cent of the population has indulged in online shopping, compared to more than 30 per cent in other peer countries(Doger & Tanwar, 2015). While the numbers are currently low, there is a steady increase in internet and mobile penetration, presenting an attractive opportunity for e-commerce retailers.

The lifestyle of Generation Z: The younger generation who have born after 2000 exhibit a different kind of behavior. They are smart, outgoing and show preference to try many products and services without any inhibitions (Chanana & Goele, 2012). The young online shoppers in the metro cities look for convenience, flexibility and efficient ways of making payments and getting delivery of the product. They wish to use options that provide them as many alternatives as possible. The young people do not want to spend lot of time for trying new products. They are not worried about taking a bit of risk by buying product at the instance, spontaneously without any hesitation. This impulse behavior of young online shoppers give a kind of edge to the online marketers who want to make money out of a casual online surfer by inducing him or her to buy products or services instantaneously(Gupta A. , 2016). The younger generation customers are more confident about the online buying than the older generation(Ramya & Jyothi, 2015; Guo, 2014).

Growth of Smart e-devices: The rapid growth in affordable electronic devices helped the people in the remote areas to access the internet (Yoganandan & Radha, 2016). The devices like smart watches, smart phones personal computers/laptops and internet television are driving growth for e-commerce retailing in the country. People who use smart phone to access internet are likely to´grow 2.5 times by 2019, thereby enabling a corresponding growth trend for the online shopping industry in India. Today, more than 50 per cent of the orders for e-commerce retail giants are generated via mobile applications. In terms of traffic, bigger e-commerce retail companies draw as high as 50 to 70 per cent of their total traffic through mobile(Doger & Tanwar, 2015). In the coming years, potentially 40 million shoppers in

the age group of 19 to 24 years are expected to spend time and money online(Gupta A. , 2015).

Payment convenience in e-commerce: There are many options which made the shoppers to purchase or use the e-commerce. EMI users are less than 1 %.payment through debit card users are 13%, Credit card payments are 17% and payment through Cash on Delivery are 60%. It would make the growth of online shopping to grow faster. Easy and convenient access, confidentiality, service quality and time saving are the factors influencing the online shoppers to prefer e-commerce over brick and mortar retail option (Pradeepkumar, 2015; Thorat, 2015).

5. Roadmap for success

Training and Skill development: e-Commerce has already become an attractive destination for budding entrepreneurs and MSMEs. This has generated more skilled jobs for the people. It also includes a very prolonged supply chain management. It would be properly delivered through well talented trainer and made them as easy. It should be noted that the main factors which persuade people to use online services are comfort & convenience & the facility which attracts them most is quality & quantity of information(Talawar, 2013). Keeping this in mind, the organization should focus on proper training of man power to provide a better customer experience though the online shoppers do not interact face to face with the employees.

Faster implementation of new initiatives: The Government of India has already launched several initiatives such as Digital India, Skill India, Innovation Fund, and Start-up India. The success of these projects would lies in the faster implementation of the government .thus it would create a great impact on the E-commerce. In India people usually tend to imitate and not innovate. The make in India initiative by the government is for all the stakeholders to come forward to innovate and set a high benchmark for others to follow(Srivastava, 2015). If more and more entrepreneurs and firms join this bandwagon, the e-commerce industry will gain a lot of impetus. The government of India has numerous step to improve the efficiency of governance by addressing the problem of delays in payments and the benefits' to poor masses. The successful 'Digital India' initiatives includes the schemes like Jan Dhan (bank accounts), the Jeevan Jyoti Bima (life insurance), the Suraksha Bima (accident insurance), and the Atal Pension Yojana (pension for the unorganised sector)(Juhos, 2015). Today India has moved up to eliminate the leakages in the system by networking 125.5 million Jan Dhan bank accounts, 757 million Aadhaar identity numbers, and approximately 904 million mobile phones for faster direct cash transfers of subsidies and benefits, such as pension and relief amounts.

New Delivery models: Keeping in perspective the "choked traffic" situation in India's metros leading to late deliveries or increasing the biker count to meet the delivery timelines, e-Commerce and Logistics service providers are exploring moving from synchronous hand delivered parcel system to an asynchronous model, where parcels are delivered to a locker secured by a code sent as a text to the recipient. This experiment, if successful, is likely to help e-Commerce companies to enhance customer experience. E-commerce companies have recently started to offer Cash on Delivery (COD) as one of mode of payment for the buyers. Majority of the customers like to use this COD method to take advantage of ensuring the convenience in payment and security in receiving the goods as ordered (Kaur, 2016; Anuradha, 2013). Very recently few companies started using Unmanned Aerial Vehicle (UAV) to deliver the product to the end users. Notably, one of the world's largest online retailer, Amazon and the world´s largest logistics company DPDHL are testing UAV or drones (Unmanned Air Vehicle: Miniature UAV) to deliver the products to their customers. Amazon's goal is to increase its profitability through the use of new technology resulting in a better product delivery system which will also enhance its customers' satisfaction (Welch, 2015; Pandit & Poojari, 2014; Kückelhaus et al., 2014).

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6. Conclusion

E-Commerce players are banking on the Indian internet growth story. The new generation called generation Z, the young customers are getting more and more addicted to online platforms. So, it is very difficult for the companies to reach them through other communication modes like newspaper advertisements, TV advertisements and radio advertisements. The average demographic profiles of shoppers fall under the age group 16 to 34 years though it is changing in favor of teens. The fact is that the average online users are spending more time on online gives these players and an opportunity to draw more users to their websites through innovative marketing strategies such as e-bill boards, carpet bombing, blitzkrieg and also exploiting social media for word of mouth marketing.

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