# A STUDY OF ONLINE BUYING BEHAVIOUR IN INDIA

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*Abstract - This article is about India's E-commerce and specifies key E-commerce terms. The history of electronic commerce in India is also discussed. Many entrepreneurs seek opportunities in India's growing e-commerce sector. Questions to find out the answers to like "Who created the first consumer-facing online portal" and "How did online shopping become popular in India?" are discussed in this paper. Like a coin, this innovative method of purchasing goods has two sides. The benefits and drawbacks of making purchases online are drilled to understand the impact on the economy.  It provides in-depth information on the growth and development of the E-Commerce market in India.*

*Keywords: Online shopping; e- commerce; m-commerce; online market etc.*

## INTRODUCTION

Videsh Sanchar Nigam Limited (VSNL) introduced Internet access to India on August 15, 1995. The Internet has permeated every facet of business, and it has fundamentally altered the way trade is conducted. The Internet has grown crucial in many fields, including banking, retail, and education (Goyal et. al., 2016).

Prior to the advent of mobile devices, most Internet use occurred at the desktop or computer. How we do business has evolved as the internet and mobile phones have become widespread. There are two primary causes behind the explosion of internet use in India (Silver, 2019).

To begin, there is now greater access to the internet. Although India's e-commerce sector has a low penetration compared to that of other nations, it is expanding rapidly thanks to a massive influx of new players. Technology is the second consideration. In recent years, India has seen a meteoric rise in internet-based technologies.

These days, the internet is used for a wide variety of activities in India, including research, education, commerce, and marketing. Because of India's rapidly expanding online retail sector, businesses all over the world are keeping a close eye on the country's consumer base. (McKinsey, 2020)

KPMG and IAMAI estimated that India's ecommerce business was valued $3.8 billion in 2009, $5.3 billion in 2010, and $18.2 billion in 2013 (e-Commerce Rhetoric, Reality, and Opportunity, 2013). E-commerce sales reached $7 billion in 2011, $9.5 billion in 2012, $12.6 billion in 2013, $16.4 billion in 2014, $21.3 billion in 2015, $24 billion in 2016, $28.9 billion in 2017 (Xiao et. al., 2019) and are expected to reach $50 billion by the end of 2018 according to the latest report from Assocham titled "Digital commerce market expected to cross the $50 billion mark in 2018". By 2025, the Indian e-commerce sector is projected to expand from its current annual run rate of $10 billion to between $70 and $260 billion (IBEF, 2021).

Five hundred and seven percent of online purchases came from non-metro areas. When it comes to online purchases, 70% of Indian ecommerce customers use travel websites to book their trips. Several surveys have found that when it comes to shopping online, Indian consumers are primarily interested in apparel and electronics. Mobile and DTH recharging is a significant part of e-

commerce as well, with almost 1 million transactions processed daily via operator websites (Xiao et. al., 2019).

The rapid expansion of internet access in the country is the primary driver of e-commerce growth in India. The internet's adoption rate in India is skyrocketing. The e-commerce industry in India has given businesses a new way to reach consumers thanks to the widespread use of online payment methods and the proliferation of smartphones. (Hult & Sharma, 2019).

As per Oppenheim and Ward (2006) traditionally the primary reason for shopping online was price, but now it had changed to convenience. Hollensen (2004) considered the internet "as a new distribution channel". Joines et al., (2003) concluded that out of the many reasons to use Internet shopping had become the primary reason, along with searching for products and finding more information about them. Allred, Smith and Swinyard (2006) found the important features of the online customer they were younger, well-educated, knowledge of the latest technology and spending more than their offline counterparts.

Donuthou and Garicia (1999) summoned online consumers as having the following features such as variety seeker, less brand and price-conscious, innovative, convenience seeker, impulsive, and having a positive attitude towards advertising and direct marketing. Monsuwe et al., (2004) summarised the benefit of salespersons in building trust in offline shopping, while in online shopping their absence makes it less trustworthy. As per Lee and Turban (2001), previous experience plays a measure role in building consumers' trust in online shopping.

## 1.      Online Shopping Payment Options 1

Based on the parties involved, an e-commerce transaction can be broken down into distinct subsets.

•       Consumers are increasingly making their travel arrangements, including airfare, hotel stays, and vacation packages, online. Customers are using the internet to purchase plane tickets, train tickets, and bus tickets.

•       Internet-based commerce (or "online retail") refers to the practise of buying and selling goods and services through the World Wide Web.

•       Online classifieds are sections of websites dedicated to the commercial interaction of buyers and sellers. The portal provides a venue for vendors to promote their wares.

•       Consumers may get their hands on any song, film, or game they want simply by going online and downloading it.

•       Insurance, Loans, and Mutual Funds Offered as Financial Services over the Internet.

**M-Commerce -** Kevin Duffey coined the phrase "mobile commerce" during the 1997 launch of the Global Mobile Commerce Forum. "M-commerce" refers to "e-commerce on the go. "M-commerce means the delivery of electronic commerce capabilities directly into the consumer's hand, anywhere, via wireless technology (Duffey, 1997).

Wireless networking puts capabilities in the hands of customers across the world. A customer's mobile device can be used as a mobile commerce storefront. "Mobile commerce" is also known as "wireless e-commerce" as an extension of traditional e-commerce (Frolick & Chen, 2004). Recent definitions of "mobile commerce" include "electronic commerce transactions carried out via mobile, wireless terminals".

The availability of mobile devices and services that take use of the most recent technology breakthroughs is the most crucial element in the rapid rise of M-commerce in India. While mobile phones did not first emerge in India until 1995, they swiftly became commonplace.

Mobile phones are growing more widespread in India, even in the most rural areas. From December 1997 to December 2009, India's mobile subscriber base increased from 7.94 lakhs to 52.41 crores. Nearly half of the population owns a cell phone. According to a new study conducted by the Internet and Mobile Association of India (IAMAI) and the consulting firm KPMG, the number of

mobile Internet users in India is expected to increase from 159 million now to more than 300 million by 2024.

With over 300 million Internet users, India ranks third in the globe, and more than half of them solely use mobile devices to access the Internet. Since the introduction of mobile phones, little has changed. E-Commerce statistics will surely evolve as more individuals use mobile devices to access the web. Most internet transactions are now conducted by mobile device, as are queries regarding things, complaints, orders, and general feedback.

## 2. India's Mobile and Online Shopping 2

The value of internet transactions climbed considerably in 2015, rising from $17 billion in 2014 to $23 billion. Experts expect that the retail business will be worth $1.3 trillion by 2020, with e-commerce accounting for $120 billion of that total. Revenue is estimated to climb 67% from $23 billion in 2015 to $38 billion in 2016. According to a Google and TNS study, most individuals are searching for information on online shopping and making purchases on their mobile devices rather than desktop computers. M-commerce is expected to provide up to 70% of the income of the big company players. Various surveys have proven that people prefer their mobile devices to desktop computers for all types of online chores such as searching, buying, banking, and so on (Badgaiyan and Verma, 2014).

## 3. The Evolution of India's Online Market 3

The government of India was the first to actively promote commercial internet use. It was the first time the general people in India had access to an e-commerce website when the government of India created one in 2002 as an experiment. The IRCTC has released a booking website for railway tickets, which may be accessed by the general public.

As a result, the government launched the IRCTC Online Passenger Reservation System, the first of its kind to allow for convenient, anytime, anywhere ticket purchases. New enhancements to these sites include the opportunity to purchase Tatkal tickets in addition to regular ones, to make secure online payments, to view information on ticket and train availability, and so on.

Airlines in India (including Air Deccan, Indian Airlines, Spice Jet, and so on) started using the online ticket-buying system after IRCTC. By purchasing tickets online, Indian consumers were introduced to Ecommerce for the first time and businesses saved on commissions normally provided to travel agencies. Hotels, buses, and other transport services all utilise the same online ticketing system.

Although internet retailers have been around since the year 2000, it was not until Flipkart introduced a steep discount strategy to the Indian market that they saw widespread adoption. The Indian market became more important to other web platforms. There was a time when people were unwilling to purchase online because of the lack of variety, but times have changed.

To alleviate consumers' concerns about placing orders online, businesses in India have begun offering "cash on delivery" as a payment option. This allows customers to place orders without worrying about how they would pay for them. (Hubacek et. al., 2007).

Online purchasing is increasingly popular among Indian consumers because of its convenience and global acceptance. The major companies in the online market all provided user-friendly interfaces, a wide selection of products, and safe payment methods on their websites. If a buyer is hesitant to buy something online due to concerns about the product's colour, quality, or size, the company often offers a 30-day return policy (Xiao et. al., 2019).

The year 2015 saw a meteoric rise in the popularity of online shopping as a result of factors including cheaper prices, cheaper prices overall, and higher fuel costs. Google India, in conjunction with other e-commerce giants including Indiatimes Shopping, MakeMyTrip, Flipkart, and HomeShop18, hosted the Great Online Shopping Festival in India in December 2012. As a result of India's booming e-commerce business, Amazon.com opened shop in India in June 2013 without any fanfare or advertising (Goa, 2019).

## 4. Online Shopping in India 4

Selling goods and services online is known as "e-tailing" or "electronic retailing." Internet-based commerce is rapidly growing in popularity. Sales between companies and individual consumers are both possible. Retailers of all sizes may learn from the success of large e-commerce sites like Flipkart, Amazon, and Snapdeal by establishing a presence on the web. Businesses may benefit from direct orders from clients and sales from both online and offline channels if they have an online presence. Because of these enterprises' achievements, several conventional stores started offering some of their products online as well (Goa, 2019).

E-commerce in India has shown signs of rapid growth, signalling a new path for the Indian sector. One novel approach to conducting business is the "non-store" model. It is a novel approach to retailing that bypasses the need for stocked shelves. Internet commerce allows vendors to post product listings on their websites and facilitates remote purchases by buyers. While catalogue and television buying are well-established in the non-store retailing sector, online shopping is the most recent addition.

Some retailers present their offline shop online, and some retailers develop or participate in portals, creating an online shopping mall. These retailers attract new users with appealing features and offerings, such as catalogue ordering and mailing list signups. Morgan Stanley Research (2015) reports that the top three online retail platforms in India controlled 83% of the country's e-commerce business in 2015. With 45% of the market share, Flipkart is still ahead of its competitors, Snapdeal (without Freecharge) at 26% and Amazon India at 12%. Paytm was responsible for 7 percent of the market. Gross merchandise volume for the top three online retailers in 2017 was $13.8 billion, surpassing the $12.6 billion total for the top ten traditional shops.

According to the 2015 report "Future of E-commerce: Uncovering Innovation" by Deloitte, IAMAI, and Assocham, the Indian retail sector would grow to $1.3 trillion by 2020. The world economy is expected to be worth $1.3 trillion by 2020. India's e-commerce market has grown significantly from $4.4 billion in 2010 to $13.6 billion in 2014.

Online travel accounts for over 61% of all e-commerce income, with e-tailing accounting for around 29%. According to a recent Morgan Stanley Research report titled "Get ready for India's internet boom," released in 2015, the Indian Internet business, which was valued just $11 billion in 2013, is expected to grow to $137 billion by 2024.

Because domestic demand was stagnant, established countries such as the United States, Europe, and Japan planned to expand into fast-growing emerging markets such as India, Brazil, and China. Despite accounting for a small portion of India's overall retail business, the online retail sector has great growth potential due to factors such as increased internet availability and significant investment from private equity companies.

Other key factors driving the growth of online shopping in India include an increase in the number of working women, the growing popularity of online payments, cash on delivery, and the country's poor retail infrastructure. Competitors such as Flipkart, Snapdeal, and Amazon have adopted an "asset light" strategy by transitioning from an inventory-based to a marketplace-based business model (Sapna & Khare, 2012).

India has the world's second-biggest population, making it the best country in which to invest in retail space. The vast bulk of India's retail industry is unorganised. According to an ASSOCHAM (2016) India research, the share of the E-commerce market in the entire retail business is growing.

The introduction of digital technology into the Indian market has generated a complex image of separation between online and offline shopping. Retailers are reshaping their businesses to meet the needs of consumers as a result of internet purchasing. Some merchants are concerned about internet shopping because they are losing sales to it. According to Figure A, the number of internet sales in India has been expanding over the years.
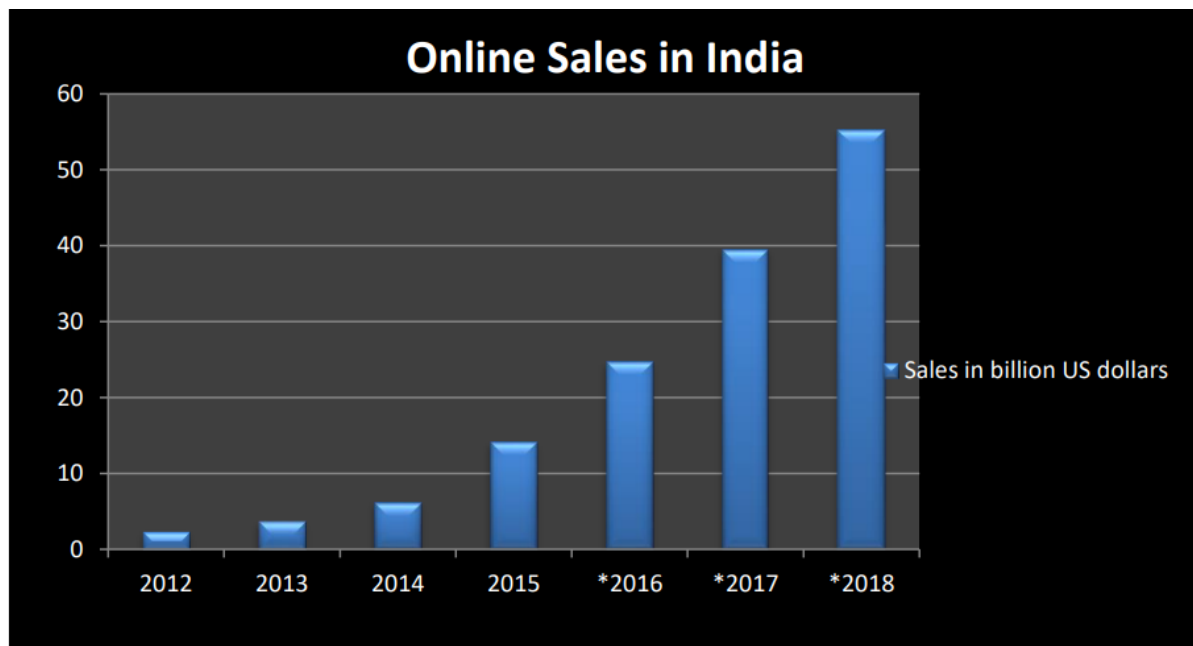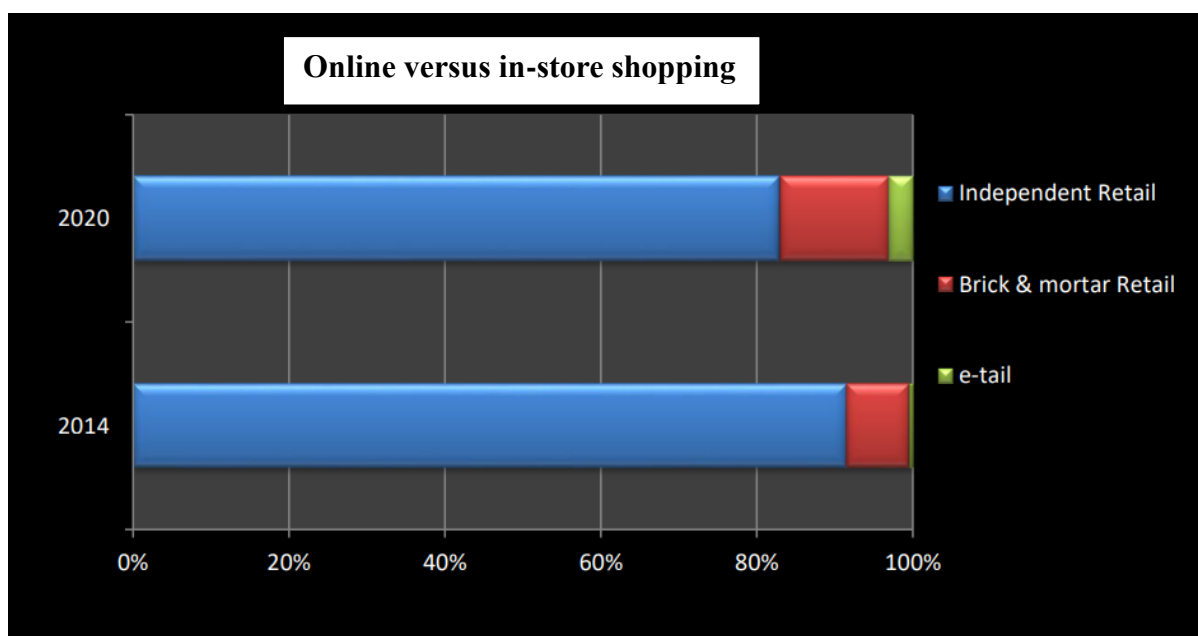
**Figure A: Online Sales in India**

**Figure B: Online Versus in-Store Shopping**

According to a study titled E-commerce in India- Accelerating Growth, e-commerce in India was expected to account for 3% of the entire retail industry by 2020. The expected doubling in yearly order volume from $5 billion in 2013 to $12 billion in 2016 is even more optimistic for both buyers and e-commerce enterprises. The market share of online retail has expanded dramatically in recent years, but it still lags far behind China.

E-commerce in India has expanded as a result of a variety of causes, including an increase in internet users, ubiquitous internet access, and a trend towards more mobile lifestyles.

According to Figure B, E-Commerce's share of the retail market expanding in the last years and expect to increase in the next few years. However, the great bulk of sales are still controlled by individual businesses

## 5.     The Benefits and Drawbacks of Online Shopping in India 5

1.     Scalability, dependability, accessibility, and efficiency are some of the benefits of cloud computing for the electronic retail business. E-commerce enterprises that embrace cloud communication may build more meaningful ties with their customers. This type of technology also makes it easier to carry out successful advertising efforts.

2.     Because most Indians only use their phones to access the internet, e-commerce businesses have focused on extending their mobile app availability across the country. People in even the most remote areas own a mobile phone and use it for online activities, thus these applications and programmes enable e-tailers to access a larger audience.

3.     The mobile app reminds users of impending deals, delivers SMS notifications, describes items, and tracks user orders. Online portals are moving to mobile applications to improve communication with their customers.

4.     In India, the number of digital advertisements displayed on smartphones and tablets has increased. India also boasts the fastest-growing internet user population. People are increasingly using their personal computers and mobile devices in their leisure time to conduct research, entertain themselves, and learn new skills.

5.     Digital communication is on the rise in India. Rapid growth may be noticed in the field of digital advertising. The digital advertisements are versatile and can be designed to appear excellent on any device, whether it is a TV, laptop, tablet, or smartphone.

6.     Most individuals typically input a few terms into a search engine's query bar while looking for a product or service online. The engine will then return results depending on the terms given by the user.

7.     Using right keywords may assist both consumers and sellers. The right search engine optimisation (SEO) technology enables 16 businesses to boost their online visibility and reach their target audience, which comprises of individuals actively searching for products or services on the internet.

8.     Websites may become more focused, measurable, practical, and time-efficient by utilising SEO, all of which led to higher income. To attract more qualified consumers, online retailers should prioritise improving the most critical aspects of their store and trying to have rich snippets appear in search results across several search engines.

## 6.     Problems That Can Occur Due to Online Shopping 6

While India's e-commerce business is quickly increasing, it has also had to face a number of challenges (S. R. Sujithra and R. K. Kavitha, 2021). The following challenges must be solved by Indian internet sellers.

1.     Many internet businesses sell the same things, but each has its own website. Clothing and accessories are good examples of this phenomenon because so many websites sell identical products at vastly different rates. Because there are so many alternatives (portals) for each product, online retailers must use increasingly aggressive price strategies, such as discounts and special deals, free delivery, substantial commissions for affiliates, and so on. As a result, profitability falls.

2.     E-commerce businesses require a dependable logistics infrastructure and a consistent supply chain to maintain their merchandise in stock. Many Indian e-commerce behemoths still lack the infrastructure required to compete globally. The inefficiency of delivery companies worsened losses for online enterprises. Courier companies have inadequate delivery networks, bad customer service attitudes, and do not double-check returned shipments. These difficulties cost the online portals a lot of money. Flipkart established a distribution network across the country to minimise such losses and assure on-time delivery.

3.     Payments: Companies engaged in internet commerce would be wise to accept a variety of payment options, such as cash on delivery (COD), credit and debit cards, and online banking.

Customers are hesitant to disclose credit card information to the site, thus cash on delivery has become the preferred way of payment. According to many surveys, cash on delivery accounts for between 60 and 70 percent of all payments in India.

Because of fraudulent orders, the rate of returned orders in COD is far higher than in online payments, causing problems for online gamers. Online consumers in India prefer firms that accept cash on delivery as a payment method. Another difficulty induced by COD is a halt in the remittance of funds. Because logistics businesses get money from clients, online merchants may require less cash on hand.

4.      Another big challenge for Indian online portals is the country's slow internet connections, which may have a long-term detrimental influence on e-commerce. Customers have trouble placing orders online on occasion due to the service jumping in and out of connectivity. Customers may find it more difficult to access shopping websites and do business online as a result, perhaps leading to a decline in sales from such channels.

5.      Your consumers' trust and loyalty are critical to the success of your firm. Online retailers in India are doing little to gain the trust of their clients. Several internet retailers fell short when compared to the competition. Now, Indian e-commerce firms must compete with multinational behemoths like Amazon. Customers' loyalty and contentment should be prioritised by players in India's e-commerce business. Customers' trust in Flipkart is rapidly expanding. Flipkart pioneered the same-day delivery policy, VIP customer service, free shipping, and special discounts.

## CONCLUSION

The rising popularity of shopping online may easily be deduced from the trends and data that are already available. In recent years, there has been a meteoric rise in the popularity of buying online in India, which has entirely altered the shopping environment in that country.

The number of individuals shopping online has skyrocketed as more people recognise the convenience of being able to browse stores and make purchases without having to leave their homes. There are numerous prominent online markets that sell a wide variety of products, ranging from consumer electronics and clothes to home furnishings and food.

Some examples of these online marketplaces include Amazon, Flipkart, and Myntra. Customers in India have shown an increased interest in buying online because of the extensive product selection, competitive prices, and various discount and promotional offers. The adoption of digital payment methods and firms that charge customers cash upon delivery have further simplified the process of going shopping.

In addition, the rapid expansion of logistical networks ensures the prompt and precise transportation of commodities across the country, especially to areas that are geographically remote. Internet shopping has become an essential component of the retail landscape in India, adding simplicity and convenience to the shopping experience of millions of customers as it has expanded and grown over the years.

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