

# Challenges in online shopping (B2C) in India

## Abstract

Though the trend in online shopping is increasing fast but still has a potential to grow exponentially in the times to come. There are lot many challenges being faced by the customers which need to be looked upon by the companies in order to penetrate throughout India like free door to door shipping in any place across India, Cash On Delivery that should be applicable for all areas not only metros, quick service incase of electronic goods etc.

If the listed factors will be considered by the e-commerce companies then there is a scope to capture the national market as per the estimates given by the researchers l'e e-commerce revenues can become 5 times by 2016.

**Keywords:** e-commerce, challenges

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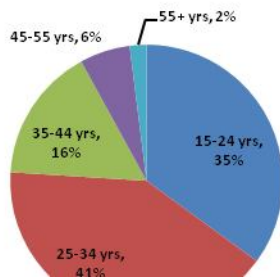
## Introduction

Indian e-commerce market is ~Rs 50,000 crore (2011). In this major portion is contributed from travel (80%) followed by retail (15%)

**Increasing internet users:** Internet connection in India has become almost 3 times from 29Mn in 2007 to ~80 Mn in 2012. Penetration of internet users in India in rural area is more than in Urban and has experiences a growth of 73% annually.

**Internet penetration among youth:** In 2009-10, 41% of internet population among the internet users belonged to the age group 25-34 years.

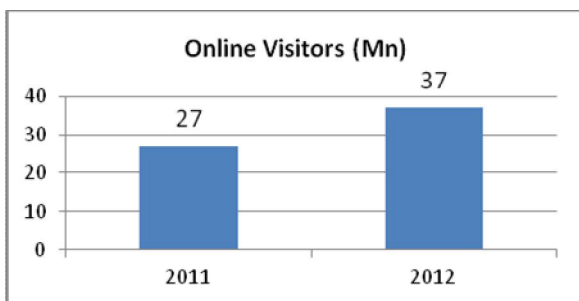
Internet Users- by Age Group (%)



Source: ecommerce and emerging trend in India: Author-Vineshkumar Kunhiraman

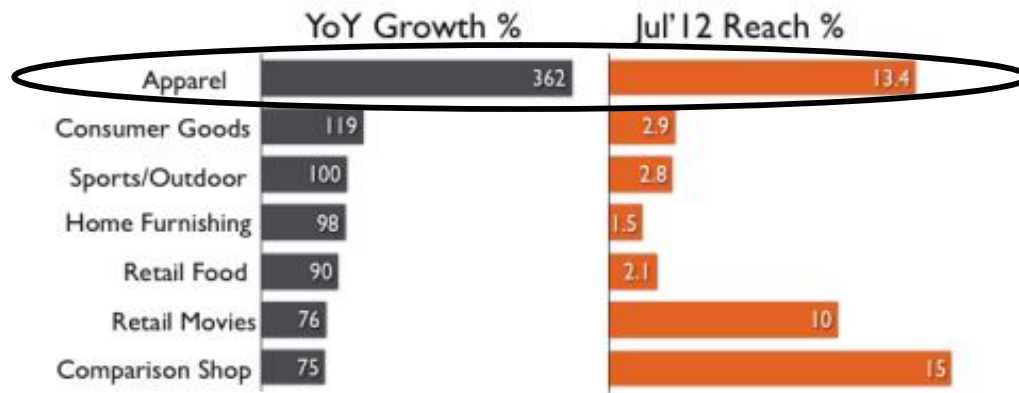
## E-commerce Retail: A closer Look

Online visitors is growing at ~37% annually and has reached 37 million (2012) from 27 million (2011). Retail sites in India have grown more than 100% in last year.



Source: State of ecommerce in India- Sept. 2012

Apparel is the fastest growing segment in e-retail and is reaching ~13.5% online users and is achieving the highest growth rate of 362 (YOY)



Source: State of ecommerce in India- Sept. 2012

#### Future of e-commerce in India:

Leading e-commerce portals in the country include Flipkart.com, Futurebazaar.com, Ebay.in, Homeshop18.com, Snapdeal.com, Indiaplaza.com, Starcj.com, Amazon.com, Fashionandyou.com, Rediffshopping.com., inkfruit.com, myntra.com, futurebazaar.com, yebhi.com, zoomin.com and hushbabies.com. Android phones and increasing internet usage on mobile phones is the trend in the IT sector. According to a ASSOCHAM report, online retail segment is likely to worth Rs 7,000 crore by 2015 with an annual growth rate of 35% due to increasing broadband availability and increasing Internet penetration.

#### Challenges in online shopping in India:

From customers perspective: Even though e-commerce is growing rapidly by the increase in number of internet users but there is a huge potential that has to be captured by the e-commerce retailers considering what all challenges are faced by the customers of non-metro or rural areas

- Lack of Awareness:** Though internet users are increasing but still people are not aware about e-retail and the product they sell.
- Payment option:** Vary for rural and urban customers. Customers in the metros are provided with an option of cash on delivery while advance payment is required for non-metro customers or rural area customers. Customers have a fear that whether they will receive the product or not if advance payment is done.
- Reliability:** Majority of the customers have a fear of reliability as to whether the product displayed will be the same or not.
- Delivery delay:** It is mainly because of the logistics issues like either the companies have outsourced logistics company that does not consider the cruciality of on-time delivery or the online buyer is located in a small city/ rural area.
- Service delay:** What is claimed is not provided. Mostly there is a delay in the service provided for the goods purchased online due to small service team that is concentrated in big cities only like metro.
- Home Delivery charges:** Free home delivery option can be availed by customers residing in key/ metro cities.

### Recommendations:

1. **Social media marketing:** Even though e-commerce industry is expanding at a greater pace still wide portion of the society is left untouched because of lack of awareness. This can be done by advertisement/ promotion on public sites like facebook, twitter etc.
2. **Need for shopping online:** As standardized or modern formats have not captured rural / small cities but standardized product is the need for them. Online shopping is a mode where they have n number of standardized products.
3. **Free home delivery nationally:** As price is an important concern for Indian customers free shipping is the marketing strategy to attract the customer to get the product while sitting at home even in rural areas.
4. **Content management:** Companies should give detail about the product as much they can get the feel of the product without seeing or touching it instead of just giving the brief. This will bring reliability in buying the product.
5. **Post sale activity:** Customers should be involved to get the feedback in order to improve the sales through feedback verbally.
6. **Necessary information should be provided at all places:** Like shipping charges for exceptional areas, shipping mode etc. So that customers may know the pros and cons and where and how services could be availed in the best possible way.
7. **Innovation:** E-retailers should come up with innovative strategy in order increase the sales and to have loyal/ new customers like sale during end of season, points on every purchase, complementary gifts during festivals etc.

Though many or some of the strategies have already been implemented by many e-commerce retailers, it becomes important for other retailers to follow it which will increase the customer base and to bring reliability / trust in the mind of customers

### Conclusion

Even though experts see a huge potential in e-commerce retailing in India and expect a growth of 35% YOY there are lot many challenges that need to be taken care of. It is a turning phase among the online retailers as new competitors are being added up at a faster pace. Retailers need to consider the above listed strategies in order to list themselves among the most competitive players and also to declare India as largest e-commerce market in the coming time without compromising the trust and satisfaction level of their customers.

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