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Strategic E-Commerce Growth in India – An Overview

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ABSTRACT

In modern day's world Electronic commerce or business is more than just another way to prolong or develop existing business practices. Rather, e-commerce is a paradigm shift. It is a "disruptive" innovation that is radically changing the traditional way of doing business. Electronic commerce is showing remarkable business growth in our country. Backed by enlarged online user base & mobile phone presentation, Indian e-commerce has seen impressive growth in the last few years. The present study has been undertaken to describe the strategic of e-commerce growth in India – An overview.

KEY WORDS: E-commerce, strategic of ecommerce, increasing internet users, growth of online sales,

INTRODUCTION

In the recent era E-commerce is a transaction of buying or selling online. Electronic commerce draws on technologies such as Mobile Commerce (MB), Electronic Funds Transfer (EFT), Supply Chain Management (SCM) , Internet Marketing (IM) , Online Transaction Processing (OTP), Electronic Data Interchange (EDI), Inventory Management Systems (IMS), and Automated Data Collection Systems (ACS). Contemporary electronic commerce typically uses the World Wide Web (WWW) for at least one part of the transaction's life cycle although it may also use other technologies such as e-mail. India has an internet user's base of about 450 million as of July 2017, 40% of the population. Despite being the second-largest user base in world, only behind China (650 million, 48% of population), the penetration of e-commerce is low compared to markets like the United States (266 million, 84%), or France (54 million, 81%), but is growing at an extraordinary rate, adding around 6 million new entrants every month. The industry harmony is that growth is at a modulation point. In India, cash on delivery is the most preferred payment method, accumulating 75% of the e-retail activities. Demand for international consumer products (including long-tail items) is growing much faster than in-country supply from authorized distributors and e-commerce offerings. In 2015, the largest e-commerce companies in India were Flipkart, Snapdeal, Amazon India, and Paytm.

REVIEW OF LITERATURE

Abhijit Mitra (2013) indicated that the role of geographic distances in forming business relationships is reduced. E-Commerce is the future of shopping. With the deployment of 3G and 4G wireless communication technologies, the internet economy will continue to grow robustly. In the next 3 to 5 years, India will have 30 to 70 million internet users which will equal, if not surpass, many of the developed countries. Internet economy will then become more meaningful in India. With the rapid expansion of internet, E-commerce is set to play a very important role in the 21st

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century, the new opportunities that will be thrown open, will be accessible to both large corporations and small companies.

Rajendra Madhukar Sarode (2015) according to Indian population their immense scope for e-commerce because currently in India only 19% people using internet for selling & buying goods & services so remaining percentage we can considered hat we having scope in Indian Market.

Eugine Franco and Bulomine Regi. S (2016) concluded that today's digital marketing world; e-commerce plays a essential role in buying behaviour of customer. The e-commerce industry in India is growing at an amazing pace due to high penetration of internet and complicated electronic devices. However, the recent growth rate of e-commerce in India is far lagging behind than other developed countries. There are many big problems and challenges on the way of an online merchant. Factors like safety and security of online money transaction being the biggest problem along with others have curbed the smooth expansion of the online industry in the country.\

RESEARCH METHODOLOGY

Data were collected from various magazines, articles, reviewed books, news papers, and e-commerce reports.

OBJECTIVES OF THE STUDY

1. To present an e-commerce an overview of e-commerce, digital buyer, and shopping behaviour in India
2. To explore the present strategic growth of e-commerce in India

MARKET SIZE AND GROWTH

1. India's e-commerce market was worth about $3.9 billion in 2009, it went up to $12.6 billion in 2013. In 2013, the e-retail segment was worth US$2.3 billion. About 70% of India's e-commerce market is travel related. According to Google India, there were 35 million online shoppers in India in 2014 Q1 and was expected to cross 100 million mark by end of year 2016. CAGR vis-à-vis a global growth rate of 8–10%. Electronics and Apparel are the biggest categories in terms of sales.
2. According to a study conducted by the Internet and Mobile Association of India, the e-commerce sector is estimated to reach Rs. 211,005 crore by December 2016. The study also stated that online travel accounts for 61% of the e-commerce market.
3. According to a study done by Indian Institute of e-commerce, by 2020 India is expected to generate $100 billion online retail revenue out of which $35 billion will be through fashion e-commerce. Online apparel sales are set to grow four times in coming years.
4. India's retail market is estimated at $470 billion in 2011 and is expected to grow to $675 Bn by 2016 and $850 billion by 2020, – estimated CAGR of 10%. According to Forrester, the e-commerce market in India is set to grow the fastest within the Asia-Pacific Region at a CAGR of over 57% between 2012–16.
5. As per "India Goes Digital", a report by Avendus Capital, the Indian e-commerce market is estimated at Rs 28,500 Crore ($6.3 billion) for the year 2011. Online travel constitutes a sizable portion (87%) of this market today. Online travel market in India had a growth rate of 22% over the next 4 years and reach Rs 54,800 crore ($12.2 billion) in size by 2015. Indian e-

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6. Tailing industry is estimated at Rs 3,600 crore (US$800 million) in 2011 and estimated to grow to Rs 53,000 crore ($11.8 billion) in 2015.
7. Overall e-commerce market had reached Rs 1,07,800 crores (US$24 billion) by the year 2015 with both online travel and e-tailing contributing equally. Another big segment in e-commerce is mobile/DTH recharge with nearly 1 million transactions daily by operator websites.
8. A new sector in e-commerce is online medicine, selling complementary and alternative medicine or prescription medicine online. There are no dedicated online pharmacy laws in India and it is permissible to sell prescription medicine online with a legitimate license.
9. Online sales of luxury products like jewellery also increased over the years. Most of the retail brands have also started entering into the market and they expect at least 20% sales through online in next 2–3 years.

PRESENT STRATEGIC E-COMMERCE

- ✓ **MARKET PENETRATION**

  "This strategy involves using digital channels to sell more existing products into existing markets." But besides that, companies my not forget to use this channel also as a platform to introduce new products via a connection with Social Media applications for example.

- ✓ **MARKET SHARE GROWTH**

  "Companies can compete more effectively online if they have websites that are efficient at converting visitors to sale and mastery of the online marketing communications." As mentioned above, it is nowadays essential to include the customers in interactive communications. This leads to more traffic on the website, which concludes in more buys.

- ✓ **CUSTOMER LOYALTY IMPROVEMENT**

  "Companies can increase their value to customers and so increase loyalty by migrating existing customers online by add value to existing products, services and brand by developing their online value proposition." Similar to the importance of an Employer Value Proposition in field of Human Resources, companies have to focus on a logic set of an Online Value Proposition. If the customer understands and appreciates the company's online presence, it is more likely that they stay loyal with its products.

- ✓ **CUSTOMER VALUE IMPROVEMENT**

  "The value delivered by customers to the company can be increased by increasing customer profitability by decreasing cost to serve (and so price to customers) and at the same time increasing purchase or usage frequency and quantity." In the end the goal here is the same as with the loyalty improvement. The more often a customer visits the website, the probability of a transaction rises.

TABLE 1 RETAIL E-COMMERCE SALES IN INDIA FROM 2015 TO 2021 (IN BILLION U.S. DOLLARS)

YEAR	SALES IN BILLION U.S.

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	DOLLARS
2015	12.19
2016	16.08
2017*	20.01
2018*	24.94
2019*	31.19
2020*	38.09
2021*	45.17

Source: www.statista.com *Prediction

Table 1 details the Retail e-commerce sales from India during the years of 2015 - 2021. From the table it was clear that the Sales in billion U.s. dollars over the previous years was detailed. In the year 2015 the Retail e-commerce sales accounted for 12.19 dollars over the year 2017 to 2021, the Retail e-commerce sales accounted and the dollars over the previous year accounted to 16.08, 20.01, 24.9, 31.19, 38.09, and 45.17 respectively.

TABLE 2
MOBILE SHARE OF ONLINE RETAIL SALES IN INDIA IN 2014 AND 2015

Year	Share of online retail
2014	11 %
2015*	60 %

Source: www.statista.com *Prediction

The above table explains the Mobile share of online retail sales in India during 2014 – 2015. While concentrating the percentage change it was understood that only in the year of 2014 it has resulted by (11%) change, and in the year of 2015 percentage tremendous change was (60%) respectively.

TABLE 3
RETAIL M-COMMERCE SALES IN INDIA FROM 2015 TO 2020

Year	Revenue in billion U.s. dollars
2015	7.78
2016	15.27
2017*	26.91
2018*	39.56
2019*	50.54
2020*	63.53

Source: www.statista.com *Prediction

Table 3 details the Retail m-commerce sales from India during the years of 2015 - 2020. From the table it was clear that the Sales in billion U.s. dollars over the previous years was detailed. In the year 2015 the Retail m-commerce sales accounted for 7.78 dollars over the year 2017 to 2020, the Retail m-commerce sales accounted and the dollars over the previous year accounted to 15.27, 26.91, 39.56, 50.54, and 63.53 respectively.

TABLE 4
DIGITAL BUYER PENETRATION IN INDIA FROM 2014 TO 2020

Year	Share of internet users (%)
2014	30.3
2015	37.3

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2016	43.8
2017*	52.3
2018*	58. 0
2019*	64.4
2020*	70.7

Source: www.statista.com *Prediction

The above table gives information on the digital buyer penetration in India from 2014 to 2020. In 2016, 43.8 percent of internet users in India had purchased products online. In 2019, this figure is expected to grow to 64.4 percent.

TABLE 1.5
NUMBER OF DIGITAL BUYERS IN INDIA FROM 2014 TO 2020 (IN MILLIONS)

Year	Digital buyers in millions
2014	54.1
2015	93.4
2016	130.4
2017*	180.1
2018*	224.1
2019*	273.6
2020*	329.1

Source: www.statista.com *Prediction

The above table this timeline displays a forecast of the number of digital buyers in India up to 2020, based on factual numbers from 2014 to 2016. In 2020, over 329 million people in India are expected to buy goods and services online, up from 130.4 million in 2016.

TABLE 6
INTERNET USERS IN SELECTED COUNTRIES IN ASIA PACIFIC WHO HAVE MADE A PURCHASE VIA MOBILE PHONE IN 4TH QUARTER 2016

COUNTRY	PURCHASE VIA MOBILE PHONE (%)
South Korea	55
China	41
Thailand	40
Singapore	40
Hong Kong	39
Malaysia	38
Indonesia	33
Vietnam	29
Australia	27
Philippines	26
Japan	25
India	23

Source: www.statista.com

Table 6 presents the details of the Internet users in selected countries in Asia Pacific who have made a purchase via mobile phone in 4th quarter 2016. From the table it could be understood that the Internet users in selected countries in Asia Pacific was exhibit. The South Korea accounts for (55.0%), China accounts for (41.0%), Thailand (40.0%), Singapore (40.0%), Hong Kong

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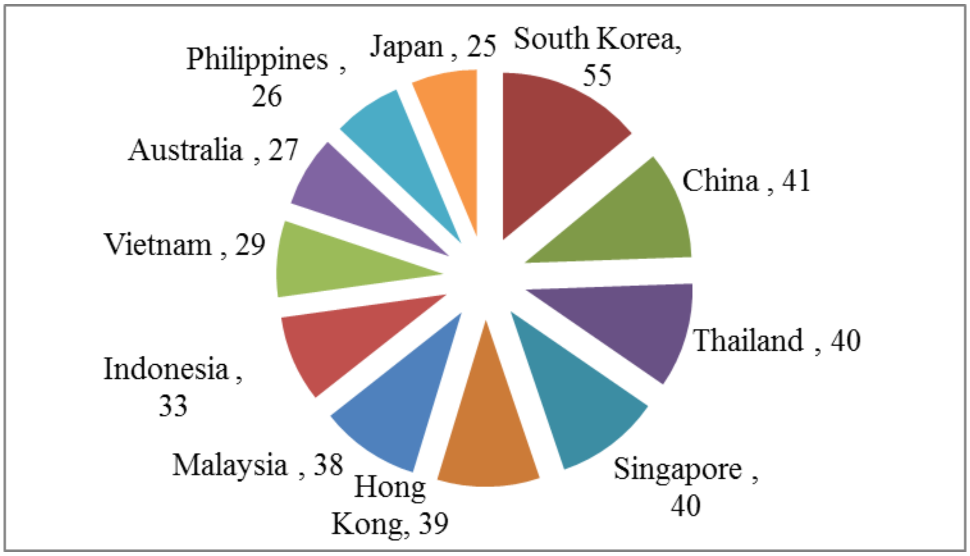
(39.0%), Malaysia (38.0%), Indonesia (33.0%), Vietnam (29.0%), Australia (27.0%), Philippines (26.0%), Japan (25.0%) and India accounts for (23%) respectively.



CONCLUSION

Today's digital marketing world, e-commerce plays an essential role in buying behaviour of customer. The e-commerce industry in India is growing at an extraordinary pace due to high penetration of internet and sophisticated electronic devices. However, the recent growth rate of e-commerce in India is far lagging behind than other developed countries.

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