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## New Era Of Online Consumer Market In India

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### ABSTRACT

Retailing has become such an intrinsic part of our everyday lives that it is often taken for granted. The nations that have enjoyed the greatest economic and social progress have been those with a strong retail sector. Why has retailing become such a popular method of conducting business? The answer lies in the benefits a vibrant retailing sector has to offer-an easier access to a variety of products, freedom of choice, and higher levels of customer service.

As we all know, the ease of entry into retail business results in fierce competition and better value for customer. To enter retailing is easy and to fail is even easier. Therefore, in order to survive in retailing, a firm must do a satisfactory job in its primary role, i.e., catering to customers. Retailers' cost and profit vary depending on their type of operation and major product line. Retail stores of different sizes face distinct challenges and their sales volume influences business opportunities, merchandise purchase policies, nature of promotion, and expense control measures.

Over the last decade there have been sweeping changes in the general retailing business. Shopping, that was only meant to be through physical stores just some years ago, has an altogether new face with the advent of ecommerce - the world of online shopping. In fact, the trends in the ecommerce industry play a pivotal role in changing the fate of the entire retail business. Ecommerce has a great impact on the retail industry influencing the latter to offer an equally engaging shopping experience.

The best e-commerce trends have slipped into the retail world and most of the retail shops either have or will have an online presence soon. Retailers are adopting new technologies that enable potential customers to access the listed products anytime, anywhere. This helps to bring in more customers to the website and generate sales.

Flipping through a catalogue, picking the right colour, size, and type of clothing a person wanted to purchase and then waiting to have it sewn and shipped was the standard practice in the earlier days. By the turn of the century some retailers set up online stores where people could browse, while new pieces were being sewn or customized. Almost all online retail business has undergone a similar transition over the years.

Keywords: Online, Internet, Retailing, E-Commerce, Shopping

## INTRODUCTION

Retail is the sale of goods to cease customers, not for resale, but for use and consumption by means of the purchaser. The phrase retail is derived from the French word retailer, meaning to cut a piece off or to interrupt bulk. In simple phrases, it implies a firsthand transaction with the patron. Retailing may be defined as the buying and promoting of goods and services. It can also be defined because the well-timed delivery of products and services demanded by means of consumers at charges which might be competitive and low cost.

E-Commerce is a modern business methodology that addresses the needs of the associations, merchants and consumers to cut expenses while enhancing the nature of merchandise and enterprises and increasing the speed of service delivery. India has demonstrated tremendous development in the e-Commerce segment. E-Commerce has become a vital apparatus for little and large businesses worldwide, not exclusively to sell to customers yet in addition to engage them. Despite the fact that the progress from conventional buying to online obtaining was very moderate at first in Indian market because of less number of internet users due to absence of internet office and awareness out in the open. Be that as it may, now the circumstance has changed and the e-commerce industry is developing quickly in our nation.

## ON LINE RETAIL CONSUMER MARKET IN INDIA

The world over online retail business is dominated by smaller family run chain stores and regionally targeted stores, but gradually more and more markets in the western world are being taken over by billion-dollar multinational conglomerates. The larger retailers have managed to set up huge supply/distribution chains, inventory management systems, financing pacts, and wide-scale marketing plans. In the backdrop of globalization, liberalization, and highly aware customers, a retailer is required to make a conscious effort to position himself distinctively to face the competition. This is determined to a great extent by the retail mix strategy followed by a company to sell its products.

A major development in recent times has been the emergence of varied retail formats that have started operating in most product categories. For instance, there are large online stores that offer a huge assortment of goods and services. There are discounters who offer a wide array of products and compete mainly on price. There are also the high-end retailers who target extremely niche

### Types of Retail Markets in India

Physical Markets- Physical Market is a market where customers come physically in the market and face-to-face interact with the seller and buys the product and service in the exchange of money. Non Physical Markets/Virtual Markets- NonPhysical Market is the market in which customers does not go physically to the seller. Black Market - In these market illegal goods like drugs, weapons, and alcohol is sold which is supervised by illegal sellers. Financial Market- In this market liquid assets or money is exchanged and others are, Department Store, Supermarkets and Warehouse Retailers etc.

### E-Commerce in India

The share of Indian e-commerce is set to grow from the current 4% of the country's overall food and grocery, fashion, consumer electronics retail trade to 8% by 2025, even as the economic impact of covid-19 is set to contract India's retail market by 25% to 40% in FY21, according to a white paper by Technopak Advisors.

Technopak has assumed that the current and next year i.e. FY 21 and FY 22 will witness disruption in economic cycles, loss of employment and retailing opportunities across many retail categories, especially discretionary, as India emerges out of the pandemic.

"Consequently, Indian retail will witness contraction in FY 21 that can range from 25-40% from the base of FY 20," the consulting firm said. The contraction may not be as severe in food and other need-based retail categories, however even they will face a period of no-growth-to-marginal decline on the back of supply disruptions and a severe stress on domestic consumption.

This will be followed by a period of marginal recovery in FY22 “and from FY23 onwards, Indian economy may witness resumption of economic activities at pre-covid levels,” the white paper said. However, the two years of lag recovery, will push the pre-covid projections that pegged India’s retail market to reach a \$ 1 trillion by two years—and will now be achieved in FY25.

### **India’s retail trade**

largely unorganized and still dominated by small stores, run by independent entrepreneurs, is set to undergo a change as the pandemic-induced restrictions accelerate digital adoption and prompt new shoppers to get online.

Technopak estimates that modern trade will grow at 15% CAGR to reach 18% of the total retail share by 2025—largely led by a growth in e-commerce, whose share in total retail stood at 4.3% in FY 20 but will touch 7.6% by 2025. Consumer electronics will still command the largest share of the online retail trade with a 28% penetration, followed by footwear, pharmacy and apparel.

Moreover, retailers will also look at omni-channel or digital activation especially in categories such as fashion, home, jewellery, especially in the post-covid world that is already nudging brands to scale up their presence online. Pure play brick and mortar or modern trade’s share will expand from 8% currently to 10% in the next five years to touch \$113 billion. Meanwhile, the share of traditional trade will shrink from the current 88% to 82% by 2025—the format will still grow.

“In spite of this E-commerce enabled projected growth of modern retail, the size and influence of traditional Retail is expected to remain the same. Though in percentage terms its share is expected to reduce from the current 88% in FY20 to 82% in FY25, in absolute terms, traditional retail is expected to increase from the current \$ 749 billion to \$ 934 billion in the next five years,” according to estimates by Technopak.

Meanwhile, in the next five years, the retail sector is expected to add 9.2 million new jobs taking the sector's total employment to 45.5 million by FY25. Close to 28% of the new employment in retail will be created by modern retail. “Contrary to the popular belief that employment in modern retail will grow at the expense of traditional retail, modern retail will create complimentary jobs in the areas of offer management, digital technologies and last mile deliveries, with higher proportion of skilled and semi-skilled employment than traditional retail,” the paper said.

### **E-COMMERCE AND ITS IMPACT ON INDIAN MARKET**

India is among the fastest developing economies of the world, as per several reports published by International Monetary Fund (IMF) and Central Statistics Office(CSO).The emergence of retail as a predominant market segment have contributed to the unprecedented development of e-commerce in India. The real driving variables for the development in e-commerce sector in India. Indian retail market is estimated to reach \$2 tn by 2032, driven by socio-demographic and economic factors such as urbanisation, income growth and rise in nuclear families. On the other hand, the Indian e-commerce industry is expected to cross \$350 bn mark by 2030, growing at a CAGR of 23%.

In first half of 2021, e-commerce accounted for nearly a third of several electronic categories, almost half of smartphones sold, and about a fifth of all apparel sales in India. Consumer internet and e-commerce companies raised US\$38 billion in 2021, an increase from US\$8 billion in 2020, driven by large-size investments across fin tech, hyper local and e-commerce sectors as the Indian start-up ecosystem continues to mature. India will become the 3rd largest online retail market by 2030, with an estimated annual gross merchandise value of \$350 bn.

The Indian retail market is largely unorganized. However, over the next 3-5 years, share of modern retail (including e-commerce) will increase to 30-35% with share of traditional retail coming down to 65-70%. Shift in online spending categories

There has also been a shift in spending categories online amid the pandemic. “Traditionally, smartphones, computer hardware and software, and consumer electronics have seen tremendous growth in online retail sales, whereas grocery and personal care have seen slower growth. The pandemic appears to have turned the tide slightly,” as per the report.

In 2020, online retail sales of smartphones were \$13 billion, followed by apparel and accessories (\$3.7 billion) and grocery at \$2.9 billion. Smartphones accounted for 38 per cent of India's \$34.7 billion in online retail sales in 2020, as per the report. "As more digital-native consumers join the market, smartphone sales will rise, but longer replacement cycles will limit growth. Chip shortages and logistics costs will also determine price points and thus influence sales," the report said.

Talking about the grocery segment, "whether the 'quick commerce' industry will succeed is yet to be seen, because the core issue is consistency and quality, not speed". "With investment in the segment rising rapidly, the competition between grocery retailers is heating up more than ever," it said. The lifestyle segment is also expected to bounce back after facing major challenges amid the pandemic which had put major stress on discretionary spending.

"We expect this segment to bounce back stronger after the pandemic, especially because of consumer behavior like 'revenge buying'. While e-commerce players are making a play for this category by collaborating with and acquiring luxury labels, there has been a larger movement toward sustainable fashion — a trend that brands need to be diligent about addressing in today's values-based economy," it said.

## KEY PLAYERS

The Amazon-Flipkart duopoly is fast becoming a four-way competition as Reliance Digital and Tata join the fray, as per the report. It further estimates that Flipkart, Reliance, Amazon, and Tata (FRAT) collectively own more than 80 per cent of India's online retail market, "and each is maneuvering to gain market share".

Further, "smaller players like Nykaa and Paytm Mall are also vying for a slice of the billion-dollar pie," it said. "Online retail in India has been busy; incumbent retailers, e-commerce firms, private equity and venture capital firms, tech firms, and start-ups are bringing to life concepts like social commerce, live streaming commerce, authentic direct to-consumer experiences, and quick commerce. Innovation is rife as payment firms bolster online retailers' digital presence," the report further said.

Forrester Analytics data shows that two-thirds of metro Indian adults who purchased products online in the past three months did so from Flipkart or Amazon, and one-quarter from Paytm.

"The next wave of online retail growth will come from tier-two cities and beyond. Online retailers understand the value of providing ubiquitous access and greater convenience; they now deliver to 19,100 unique PIN codes with only a marginal difference in average selling prices," as per the report.

They are also setting up warehouses across India and investing in last-mile delivery. As per Forrester Analytics data, 83 per cent of metro Indian online adults said that their purchases are influenced by the availability of free same-day delivery; 73 per cent by paid same-day delivery; and 56 per cent by the ability to pick up a purchase in a store.

"Rapid e-commerce adoption, fulfillment of same-day or next-day delivery commitments by third-party logistics companies, and the need to diversify supply chains are boosting demand for warehousing and logistics services," as per the report. Players have also been bullish on local kiranas. Kiranas are expected to generate more than \$1 trillion in sales by 2030, as per the report.

Overall monthly online spending across the nation is the highest to date. As per Forrester Analytics data, 64 per cent of metropolitan Indian online adults who have purchased products online in the past three months spent more than ₹5,000 on those purchases. Online retailers will also have to focus on personalisation to achieve differentiation.

"Affordability, accessibility, discounts, and payment features like cash on delivery for 'buy now, pay later' sales will continue to drive online retail in India," it further added.

## SOME CHALLENGES

There could be a huge difference in the click to sale ratio of many e-commerce sites if they make the browsing experience hassle free. One of the biggest challenges is to offer merchandise to the consumer in such a manner that he "feel like buying" instead of the site "trying to sell." Most of the e-retailers want the customer to register first; only then one can enter the site. It's like covering the windows of a showroom and asking the window-shopper for personal details if he wants to even window-shop.

Slow change in the buying behavior Inability of on-line retail players to sway customers from offline mode to on-line retail channel

- On-line portals are not up to the mark
- Lack of seriousness
- Issues concerning security and transaction frauds
- Competitors are just a click away
- Visitors can disappear in 15 seconds or less
- Shopping is a multistep process
- Time between initial visit and purchase has increased
- Customers wait for merchants' best offer

## CONCLUSION

For retailers in India, online shopping is gaining recognition as it entails many benefits for them. Some of these include no real estate costs, enhanced customer service, mass customization, and global reach, niche marketing and specialized stores. In the next 5 years, online retailing in India will strengthen even further. However, long-standing sustainability directly depends on factors like changes in the market, innovations and interactivity by market players. Owing to increased penetration of credit and debit cards and easy access of computing facilities to a wider population, Internet retailing in India has witnessed a promising growth. Moreover, bargain-hunting consumers are latching on this trend as internet retailers are known to offer products at special discounted prices compared to store-based retailers. In our recurring existence internet plays an important position. We use internet day by day almost for each and every task. Earlier than e-commerce purchasing and promoting were managed without internet bodily within the enterprise sectors however after the arrival of net based totally enterprise in our existence has come to be increasingly beneficial due to its wide variety of case of e-commerce is net primarily based shopping, that's characterized as purchasing and selling of merchandise by the web on any machine. The factors of Interest presented with the aid of e-trade are on-line shopping of whatever each time and at anyplace, customers can discover the items on web Primarily based commercial enterprise sites which is not any on hand in bodily markets, it decreases price and time, without venturing out from home it could get our object at home. Retail sector has been left far behind after the invasion of the E-commerce into the Indian market. Internet continues to rule the world so does the E-commerce trade in country. It's important for the traditional retail sector to boost up better strategies to develop the position and impact that the retail sector in India leaves on the customers and retain them over the years to go and beat the Ecommerce at a stretch.



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