

# E-Commerce – Rising Penetration In India

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**ABSTRACT - Ecommerce or electronic commerce or internet commerce, refers to the exchange or; buying and selling of goods or services through the use of internet which includes the transfer of payment and data required to execute these transactions.**

**Research studies have proved that Internet has brought a sweeping revolution in the way Indians buy products today. E-commerce websites have come a long way to elevate the success of online shopping in India. These websites have innovative and aggressive marketing strategies to attract their target market.**

**With more and more consumers becoming increasingly familiar with internet and its benefits, online shopping is gaining popularity and preference among the set of consumers who seek better value proposition when compared to offline shopping in terms of information, convenience, cost, and choice.**

**This paper studies the rising penetration of internet in India and the change in mode of shopping of consumers in Mumbai.**

**Key Words: E-commerce, Online Shopping, shopping habits, shopping trends, internet, internet proficiency, internet penetration.**

## I. OBJECTIVES OF THE STUDY

1. To study the internet penetration and trends of e-commerce in India.
2. To analyze the e-commerce shopping habits of consumers in Mumbai.

## HYPOTHESIS OF THE STUDY

**H<sub>0</sub>** There is no change in shopping habits of consumers.

**H<sub>1</sub>** Consumers have changed their shopping habits from traditional to e-commerce.

## II. RESEARCH METHODOLOGY

This research is based on Primary as well as Secondary Data analysis, which comprises of:

<b>Research Universe</b>	Mumbai Region
<b>Sampling Method</b>	Convenient Sampling
<b>Sample size</b>	100
<b>Method of Data Collection</b>	Primary and Secondary Data
<b>Method of Primary Data</b>	Questionnaire
<b>Method of Data Analysis</b>	Percentage

## III. REVIEW OF LITERATURE

Hsu et al, 2006, p. 190 mentions that E-commerce has numerous benefits and features. E-commerce can be defined as “sale and purchase of products and services over

the Internet that involves distribution of business information, maintaining business relationships and executing business transactions by using internet enabled technology”. In this case, the activity is done between the businesses and the consumers electronically.

“Exploring the motivation for internet use of consumers and their implications for e-commerce”, a study by Joines et.al (2003) considers the internet as a unique platform for mass people. It facilitates consumer with unique buying features that no other mediums can offer. The internet also enables them to view and buy products anytime, imagine their requirements with products. All these features together make the internet preferred by the consumer in place of traditional shopping method.

Willis (2004) found that E-commerce has been the one of the emerging areas of the global marketing that is showing rapid growth. Thus, many businesses desire to establish and expand themselves in this E-Commerce domain. This has given a boost to the consumers buying online. It is observed that due to risks involved in internet buying involving online payment functions, individuals are less inclined to do online purchasing.

## IV. LIMITATIONS OF THE STUDY

Being a social science research, this study is not free from limitations since this study involves the use of primary data for drawing inference. The coverage of the study has been limited to Mumbai City. Primary data is obtained from online shoppers based on convenience sampling. The trend

E-commerce is still catching up in the remote areas because the reach of internet facility is limited therefore there may be variations in the trend.

## V. SECONDARY DATA

### Meaning of E-Commerce

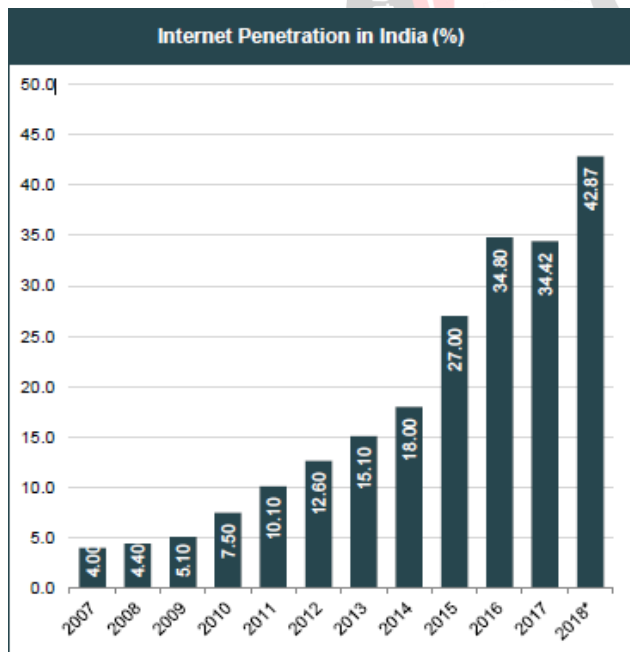
E-commerce is a transaction of buying or selling online. Electronic commerce includes mobile commerce, internet marketing, electronic supply chain management, electronic inventory management systems, electronic funds transfer, online payments and electronic data interchange (EDI).

The use of internet facilitates the customers to choose a product or service which they prefer across the world. Due to constraint of space, a seller can stock only a minimum amount of goods physically at the store. A virtual store facilitates a retail store or a business organization to stock heavy inventory with minimum inventory cost; this enables a business to provide a wide range of products to the targeted consumer.

### Increasing Internet Penetration in India

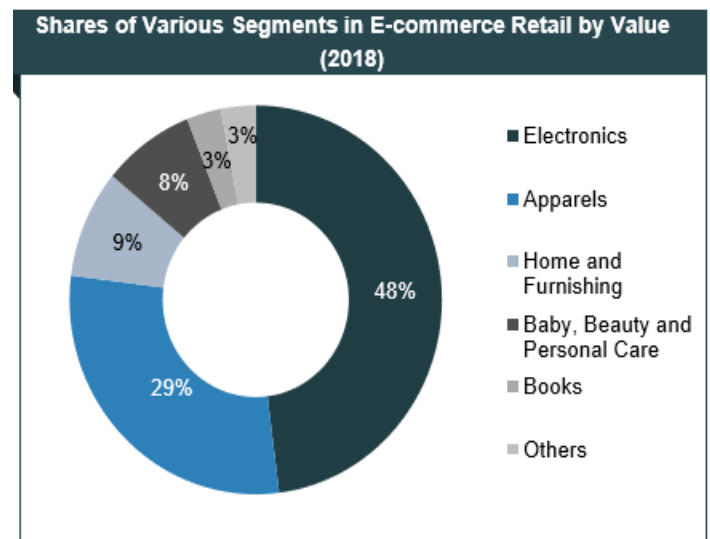
Internet penetration in India has grown from 4 per cent in 2007 to 34.42 per cent in 2017, which has registered CAGR of 24 percent between 2007 and 2017. On September 2018, the overall penetration of internet in India was 42.87 per cent. As of September 2018, internet penetration in India’s urban areas stood at 88.26 per cent and 21.76 per cent in the rural areas.

Table 1: Internet Penetration in India



Source: Economic Times, Live Mint, Department of Telecommunications, Bain & Company –Unlocking Digital for Bharat

Table 2: Shares of various segments in E-commerce Retail



Source: India Brand Equity Foundation

Electronics is currently the highest contributor to e-commerce sales in India with a share of 48 per cent, followed by apparels at 29 per cent. By 2025, non-electronics categories are expected to take 80 per cent share in e-commerce in India.

## VI. PRIMARY DATA ANALYSIS

### Internet Proficiency wise Distribution of the Respondents

Internet Proficiency of consumers may determine if they comfortable in shopping online or in stores. Internet connectivity, knowledge and proficiency will together play a role in buying habits of a consumer.

Table 3: Internet Proficiency

Internet Proficiency	Percent	Cumulative Percent
Extremely Familiar	61.1	61.1
Somewhat Familiar	38.9	100
Total	100	

Source: Survey Data

Table 3 shows that out the total sample size, 61.1 percent of respondents are extremely familiar with Internet usage whereas, 38.9 percent of respondents are somewhat familiar with Internet usage.

### Frequency of Online Shopping during a Year

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respondents stated that they shop online because of the discount offers provided by the websites.

## VII. CONCLUSION

The objective of this research is to study the internet penetration and trends of e-commerce in India; and to analyze the e-commerce shopping habits of consumers in Mumbai.

From the above findings of the research study, we accept the alternate hypothesis which states that, consumers have changed their shopping habits from traditional to e-commerce.

The E-commerce industry in India has been showing an upward growth trend and is expected to outshine the United States to become the second largest E-commerce market in the world by 2034. By 2026, the E-commerce industry is expected to reach US\$ 200, from US\$ 38.5 billion which was reached in 2017. By 2025, through 'Digital India' campaign, the Government of India is targeting to generate a trillion dollar online economy.

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**Table 4: Frequency of Online Shopping during a Year**

Frequency	Percent	Cumulative Percent
More than 10 times	39.3	39.3
5 to 10 times	45.4	84.7
Less than 5 times	15.3	100
<b>Total</b>	100	

Source: Survey Data

### Distribution of Reasons for change in shopping trend

Reasons for shopping determine a customer's satisfaction level, loyalty and preference of shopping. Respondents were asked to select multiple reasons that determine their mode of shopping out of the following reasons: most commonly used website by family/friends, trusted website, user friendly website/App, wide range of products offered, discount and promotional offers, any other reason such as customer reviews, aftersales service, etc.

**Table 5: Reasons for change in shopping trend**

Reasons	Per cent	Cumulative per cent
Trusted Website	24.00%	62.90%
Commonly used Family or Friends	21.50%	56.30%
Discounts or Promotions	20.10%	52.80%
Wide Products	19.10%	50.20%
User Friendly Interface	14.50%	38.00%
Other Reason	0.80%	2.20%
<b>Total</b>	100.00%	262.40%

Source: Survey Data

The above table shows the various reasons for online shopping of goods by respondents. The top three reasons are as follows: 62.9 percent of the respondents stated that they chose e-commerce because the websites are trusted; similarly, 56.3 per cent of the respondents stated that they shop online because their friends do so, 52.8 per cent of the