

A Study on Digitalization and online Shopping in India: Customer’s View, Future Prospects & Challenges

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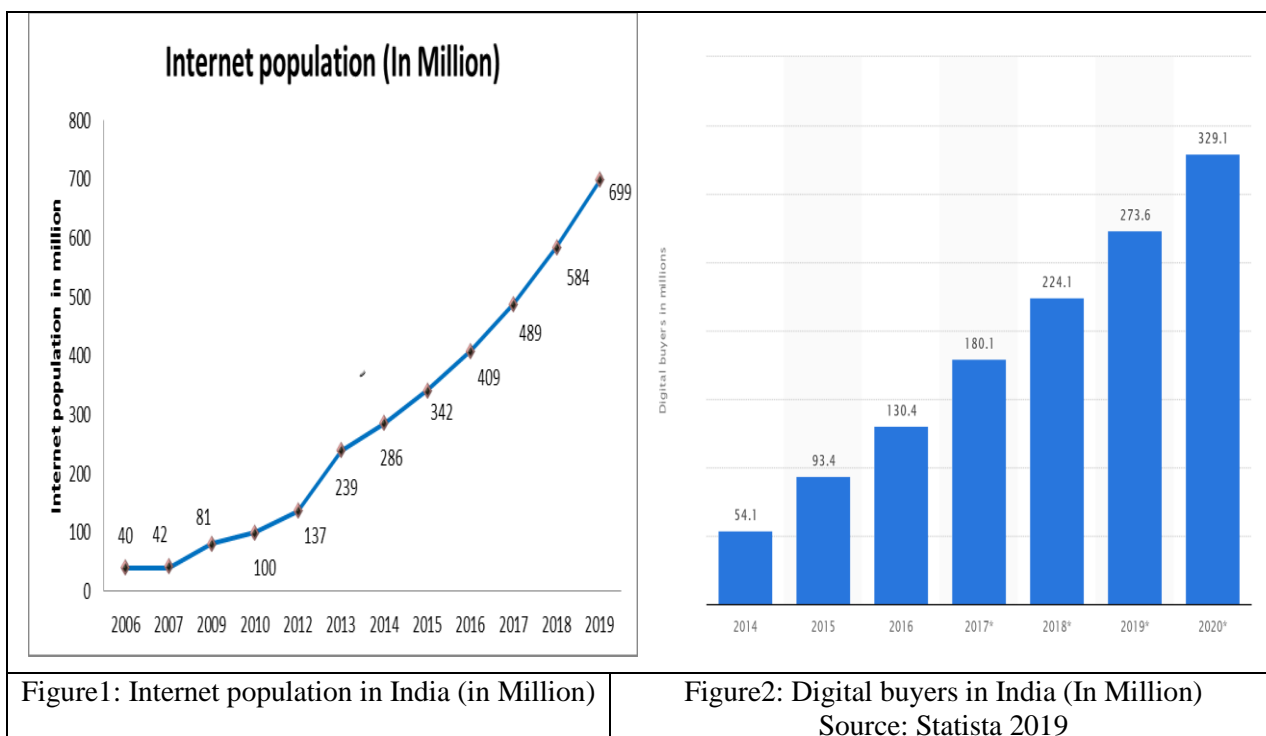
ABSTRACT

With increasing digitalization and internet connectivity India’s way of shopping has changed, from hazel of personally visiting the shop to sitting on couch at home and ordering online. The purpose of this paper is to study customers view towards online shopping and to analyze its future prospects and challenges. For Studying customers views regarding online shopping data of 146 respondents is collected. The results of analysis showed that even after digitalization people preferred offline shopping over online shopping.

Keywords: online shopping, digitalization, customers.

INTRODUCTION

Information and Communication Technology have advanced leaps and bounds in 21st century. Countries are moving towards digitalization in every field like education, banking, services etc. Fund transfers, bill payments, mobile recharges, ticket booking, online shopping etc. can be done just by few clicks saving a lot of time and effort.



Online shopping is form of e-commerce which allows customers to buy goods with the help of Web browser having Internet connectivity. It is a modern form of shopping eliminating the need of physically visiting shops. Variety of goods and service can be purchased online at a single place. Online shopping eliminates intermediaries thereby offering products to customers at a considerably lower price.

ONLINE SHOPPING

Motivating Factors	Discouraging Factors
<ul style="list-style-type: none"> • <i>Discounts and offers</i> • <i>Save time</i> • <i>24*7 shopping</i> • <i>Less Hazels</i> • <i>Variety of products at single place</i> • <i>Easy price comparison</i> 	<ul style="list-style-type: none"> • <i>Size Issues</i> • <i>Inability to touch or feel the product</i> • <i>Cyber security concern for online payments</i> • <i>Risk of Privacy and Fraud</i> • <i>Time gap between purchase & delivery</i> • <i>Return Related Issues</i>

REVIEW OF LITERATURE

Prof. P. Kothari & Prof. S. Maindargi (2016) found that even after digitalization most preferred mode of shopping by customers is shopping by physically visiting the store, he asserted that extensive publicity by companies is required to attract customers to online shopping. He also concluded that customers occupation is not related to their online purchase habit.

A. Chilka and S. Chauhan (2018) in their study concluded that apparels are the most demanded products followed by mobile phones. An Indian customer most preferred way of payment is Cash on delivery, males in India purchase more than female and online shopping will stay in India in coming years.

OBJECTIVES OF THE STUDY

1. To study which shopping mode is most preferred by customers traditional or online.
2. To analyze the online shopping trends of male and female customers.
3. To analyze prospects and challenges in online shopping in India.

PROSPECTS

A. Wider Customer Base

India has 2nd largest population in the world and represents 2.12% of worlds consumer markets ranking 11th in consumer market. With digitalization slowly, India is moving towards online shopping from traditional brick and mortar shops.

B. Governments initiative towards promotion of online shopping

1. FDI: Government has raised FDI limit to 100% in online retail who follows marketplace model (i.e. acting as a facilitator between buyer and seller without holding any inventory from seller to be sold to buyer)
2. Startups for sale of product online by government of India
 - Mahila -E Haat: Launched by government on 7th March, 2016 is a platform by which women entrepreneurs/SHG's and NGO's can sell directly their products online.
 - Kisan Mandi: Platform whereby farmers can sell their goods directly to the consumers without charging any fees from them
3. Penetration of Internet: Government is working towards internet penetration form 3G to 4G and also spreading internet connectivity in rural India

CHALLENGES FACED BY INDIA FOR GROWTH OF ONLINE SHOPPING

1. Lack of Internet Facility: Online shopping requires internet connectivity but only 16% rural population have internet connection
2. Lack of Awareness: e-commerce is popular among younger generation and majorly in urban areas. Most of elderly and rural population lack awareness regarding online shopping
3. Conservative Mindset: Indian people are conservative in nature. Due to fraud and privacy risk even if people having internet connection, they still have reservations towards online shopping.
4. Logistic Challenges: There is a time gap between placing the order and the delivery of order which discourages buyer. Also, there are many cases of poor handling or poor packaging of products which can damage product during transit

RESEARCH METHODOLOGY

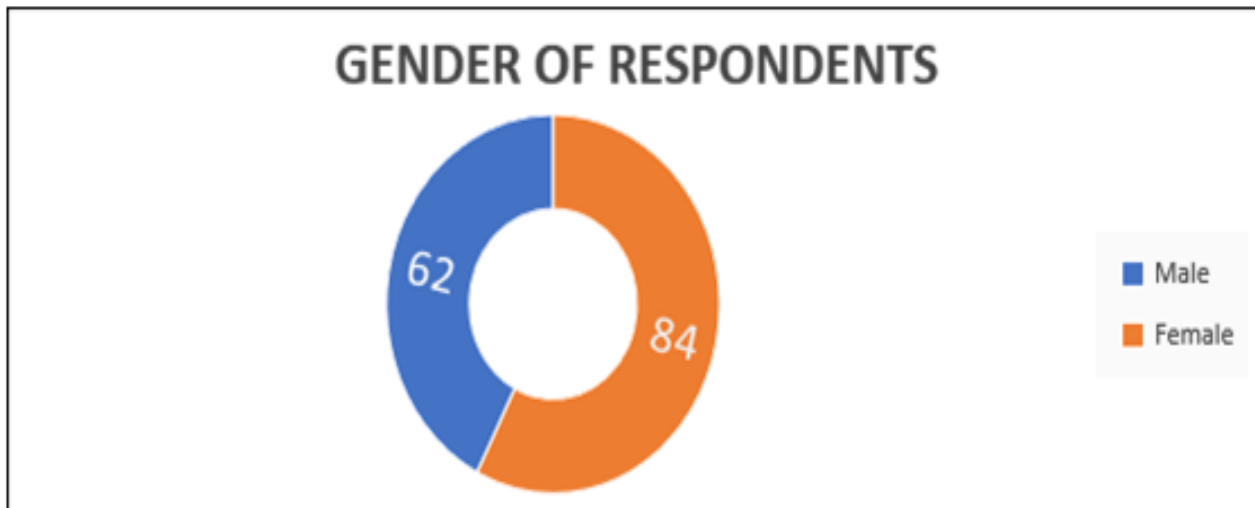
The study is based on both primary and secondary data:

Primary Data: Purposive and Snowball sampling is used for data collection.

Secondary Data: Collected through journals, websites and publications.

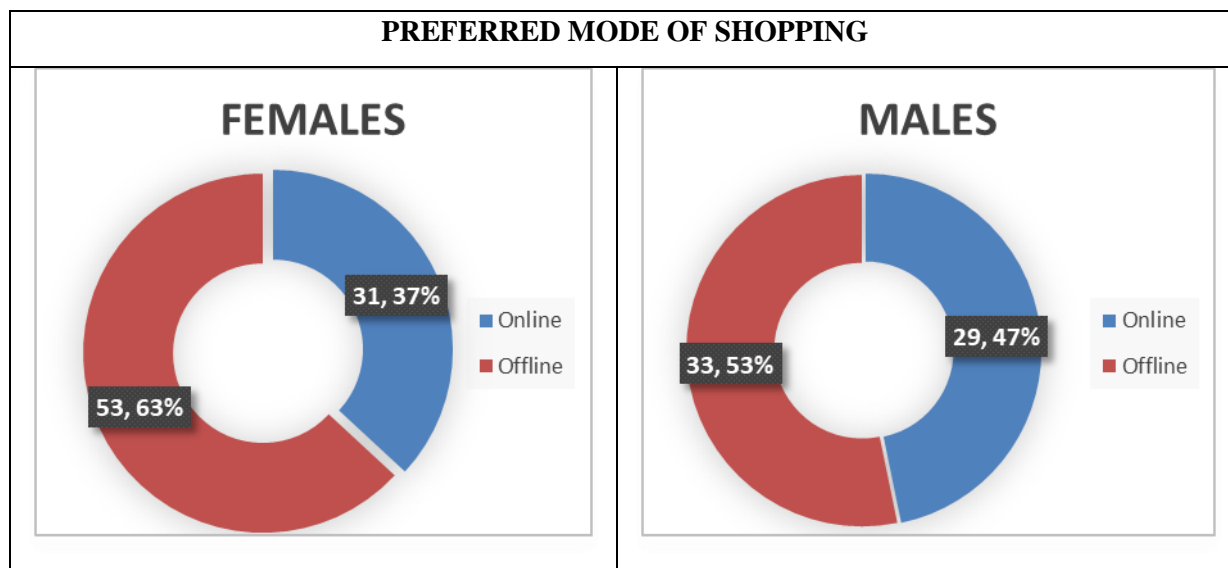
DATA COLLECTION AND SAMPLING

Primary Data of 146 respondents is collected by way of survey and questionnaire:

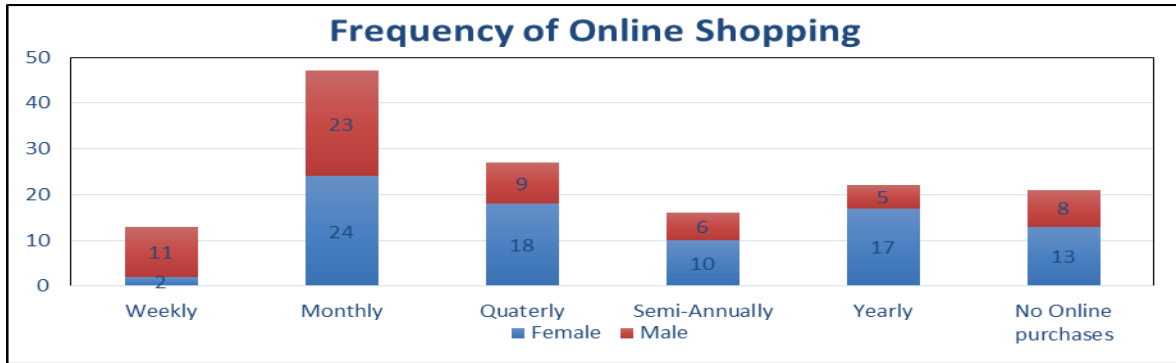


Out of 146 respondents; 62 respondents are male whereas 84 respondents are female.

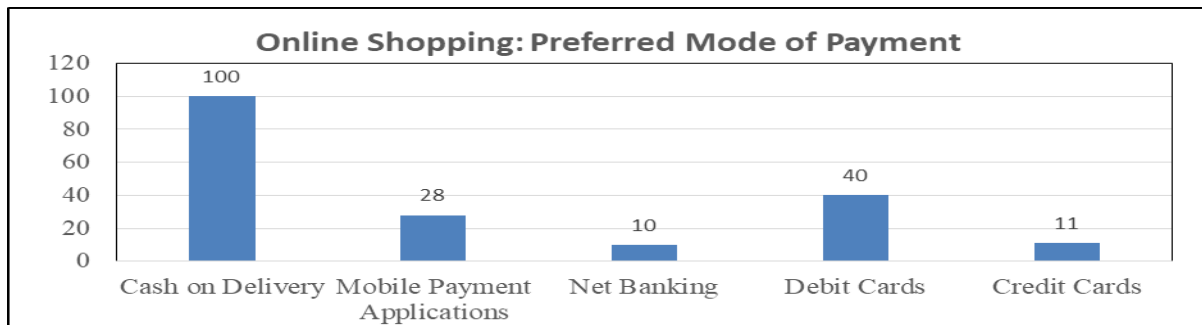
DATA ANALYSIS AND INTERPRETATION



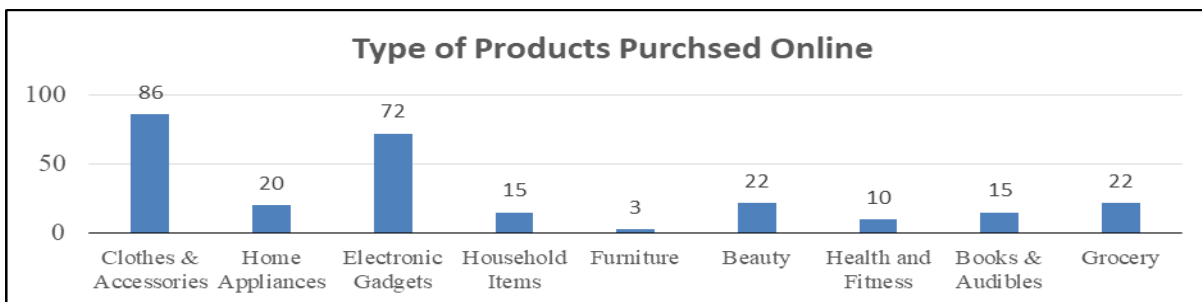
Both Male and Female respondents preferred Offline shopping over Online Shopping. 53 females and 33 males preferred offline shopping whereas 31 females and 29 males preferred online shopping.



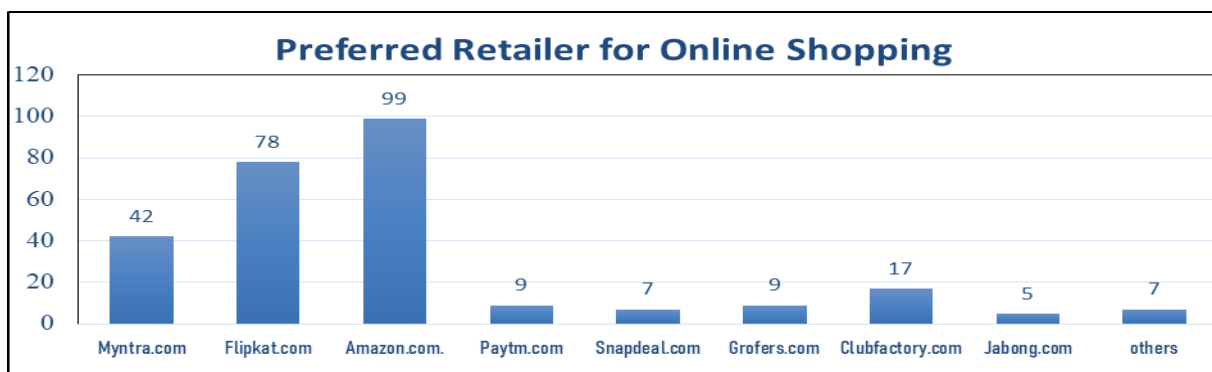
Majority respondents i.e. 55 respondents preferred to shop monthly, 27 respondents preferred to shop online Quarterly. Very few respondents i.e. only 13 preferred to shop online weekly.



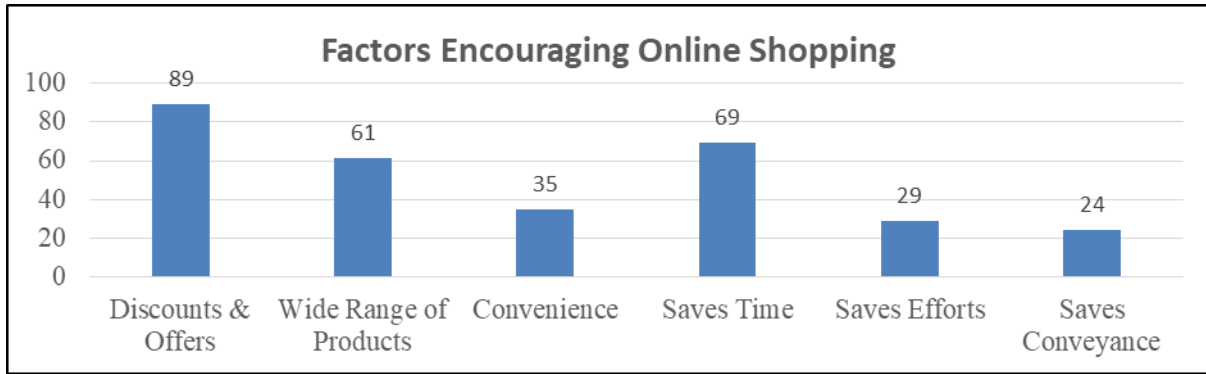
Majority of respondents preferred to pay cash on delivery (100 respondents) followed by debit card (40 respondents) and the mobile payment applications (28 respondents).



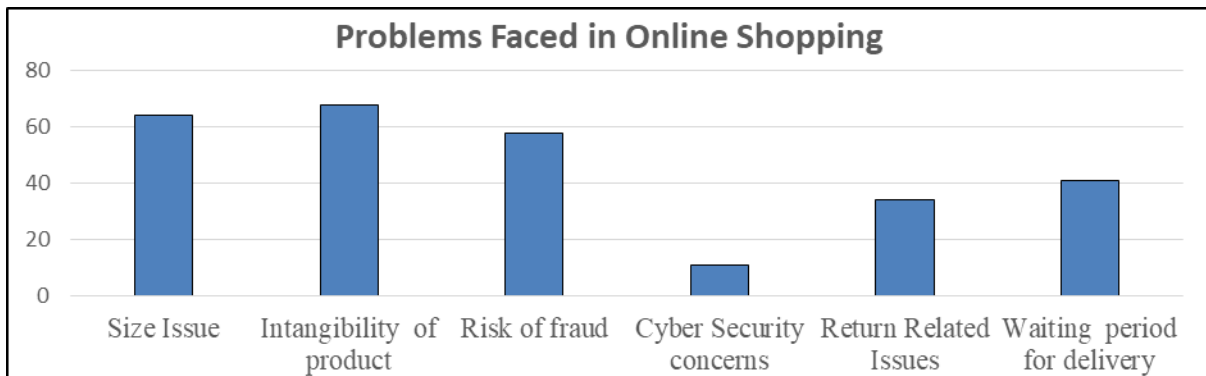
Clothes and Accessories (86 respondents) are the most purchased items followed by Electronic Items (72 respondents). Furniture (3 respondents) was least preferred for online purchase.



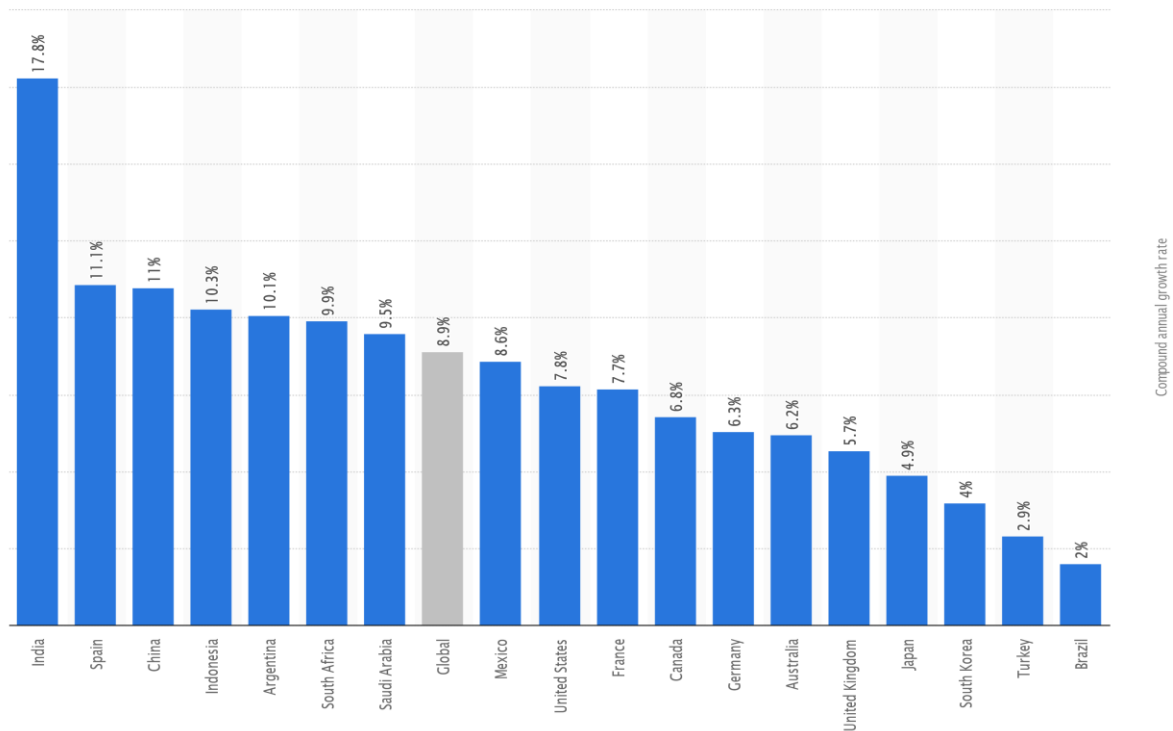
First preference of Online retailer of respondents was of Amazon.com (99 respondents) followed by Flipkart (78 respondents) and the Myntra (42 respondents)



As per respondents, discounts and offers are most motivating factor for online shopping followed by time saved and then wide range of products offered.



Intangibility of product while shopping was major concern for 68 respondents, 64 respondents faced issue of size and 58 respondents feared risk of cyber fraud.



Source: Statista

IMPORTANCE OF STUDY

Online shopping is the future in this busy hustling world. Soon physical shopping would become outdated but still online shopping has a long way to go. The e-commerce sales in India is expected to grow by 17.8% from 2019-2023 which is greater as compared to global standards of 8.9%. So, it is need of hour to understand importance, prospects, challenges and customers perspective towards online shopping.

FINDINGS & CONCLUSION

1. Even after advancement of ICT, people preferred Offline mode of shopping over online.
2. Most respondents preferred to shop online monthly.
3. Cash on delivery is most preferred mode of payment.
4. Clothing & Accessories were most preferred products for online purchase followed by Electronic Gadgets. Amazon is most preferred retailer for online shopping.
5. Discounts and offers were biggest motivator for online shopping whereas size fit & intangibility of the product is major problem faced by people in online shopping.

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