Chapter 1

Introduction

This chapter is aimed to introduce the concept of online shopping and elucidate the basic concepts used in the study. It explains the process of online shopping and provides background of e-commerce industry globally as well as regionally. The chapter also provides a brief discussion on the emergence of e-commerce in India including the e-commerce segments and various business models adopted by e-commerce players. Further, it throws light on the status of online shopping in Jammu and Kashmir, scope and importance of the study, and statement of problem by discussing the underlying reasons for carrying out this study.

1.1. Background

Advancement in the computer-aided technology and the rapid growth of internet has boosted e-commerce sector (Oh et al., 2012). E-commerce has become an indispensable part of the virtual space and has resulted in rapid expansion of e-shopping malls and websites (Alden et al., 2006; Kamarulzaman, 2007). Internet channel of business is growing fastidiously with 62 percent of internet users have at least once purchased products from internet over the first six months of 2004 (Aquate Research, 2004). E-commerce creates opportunities for business undertakings to reach consumers globally and directly (Al-Maghrabi et al., 2011). It empowers consumers with an extensive selection, enormous product information and little temporal and spatial limitations, which has encouraged them to purchase products and services online instead of physical stores (Wen et al., 2011). According to Centre for Retailing Research (2017), a higher-education research institute, online sales in Western Europe and Poland grew from £174.76 billion in 2015 to £201.90 billion in 2016 and it is expected that in 2018 online sale will increase to £262.46 billion. Asia-Pacific region has globally emerged as one of the strongest business to consumer e-commerce destination in 2013, with total sales of $567.3 billion along with a growth rate of 45 percent over 2012. It has been followed by Europe ($482.3 billion), North America ($452.4 billion), Latin America, Middle East, North Africa region etc. (PwCPL, 2014).

E-commerce sector has received an impetus after listing of China’s Alibaba in the New York Stock Exchange at a valuation of $231 billion. This has given rise to non-banking players in the online payment industry and innovative vertical startups resulting in rapid expansion of e-commerce industry in India. Due to the digital revolution, e-commerce sector has reported a 4 times growth in the size from $3.8
billion in 2009-2010 to $17 billion in 2016-17. By 2020 e-commerce sales is expected to cross $120 billion and the global market is expected to reach $4.058 trillion by 2020. The e-commerce sector is expected to cross 100 billion cap in the coming 5 years. On an average it contributes 4 percent to the GDP of India (Deloitte, 2015a). Business to Consumer (B2C) e-commerce enjoys steady growth rate (about 16 percent per year) and is often considered as a convenient mode of purchase by many consumers. Many researchers have considered trust as a critical factor for e-shopping transaction (Jarvenpaa et al., 1999; Gefen, 2000; Urban et al., 2000; Kim et al., 2005). Due to this prompt growth of e-commerce, businesses are endeavoring to gain a competitive advantage while interacting with consumers (Lee and Lin, 2005). E-commerce successful players have now realized that the key antecedents of success or failure are not merely website presence and low price but also include e-service quality (Yang, 2001; Zeithaml, 2002). There is abundant literature available on consumer perspectives of satisfaction and service quality (Barnes and Vidgen, 2002; Wolfinbarger and Gilly, 2003; Collier and Bienstock, 2006) but very less literature is available on the analysis and relative importance of various online shopping determinants affecting satisfaction and repurchase intention.

Electronic commerce can be defined as an act of selling goods and services over the internet. Online shopping is a type of e-commerce which includes all those processes that are involved in purchasing products and services over the internet by consumers. In addition to selling and buying of goods and services, the e-commerce also deals with transmitting of funds or data over an electronic platform (internet). The e-commerce transactions are mainly categorized into; business to business (B2B), business to consumer (B2C), consumer to consumer (C2C), consumer to business (C2B) and the recently evolved category of business to business to consumer (B2B2C). The basic e-infra structure facility required for performing e-business transactions include applications such as email, fax, electronic data interchange, e-catalogs, e-shopping carts, file transfer protocol, web services and e-newsletters to subscribers.

The country-wise sales of e-commerce in 2017 includes the United States ($5,125.98 billion), China ($5,078.98 billion), Japan ($1,356.88 billion), India ($1,082.24 billion) and Germany ($872.55 billion). These together account for almost 56 percent of B2C e-commerce in the world (Golob, 2017; GFluence). India has the
fourth position even though it has an almost same population as that of China and high population as compared to the United States and Japan. The reason for such a low sales growth being that India has low internet penetration (462.12 million) as compared to that of China (738.54 million). Despite huge potential, long-term profitability of the e-retailing industry in India is still under question. Hence, India is still at the nascent stage in e-commerce evolution. In this regard Government of India launched a Digital India Drive in 2015, which is aimed to increase both rural and urban internet connectivity.

1.2. Emergence of E-commerce in India

India is one of the emerging economies in the world with a GDP of $2.45 trillion and 4th largest economy in terms of purchasing power parity (International Monetary Fund, 2017). The broadband subscribers have grown from 0.2 million to 8.8 million. Also the internet penetration has been lower at 6.9 percent of the population in 2009 as compared to 26.8 percent of world population (Internet World Stats, 2010). The study on online shopping has shown that 78 percent of Indian consumers have made an online purchase and 55 percent have made at least one online purchase in the last one month (Comiskey, 2006). In the present competitive markets, many Indian shoppers are motivated to go for internet shopping and draw a comparison between the prices charged by various e-retailers (Ravichandran, 2009). Several initiatives such as Digital India, Skill India and Make in India have also boosted the e-commerce sector in India. The e-retail sector in India has grown to $15 billion in 2016 and is expected to be $25.3 billion in 2018 and $60 billion by 2020 (India Brand Equity Foundation, 2017). Most sold products through e-tail include books, apparels and electronic accessories.

The tremendous growth of e-commerce in India has resulted in competition among the e-retailers and has attracted big players like Amazon, Alibaba, eBay, etc. (KPMG, 2016). The number of online shoppers in India has increased tremendously. In 2013 there were only 20 e-shoppers and had grown to 39 in 2015, it is expected to be 140 in 2018 and 220 in 2020 (Statista, 2018). The e-retailers has started differentiating their offerings by providing one-day delivery, 30-day replacement warranty, Cash on Delivery (CoD), cashback offer, mobile wallet etc. This competition has lowered the global retail investment rank of India from 14th to 20th among the top 30 developing countries in 2014 according to Global Retail
Development Index (GRDI) that measures retail investment worldwide. The e-retail sector is still in its growth stage and has tremendous potential to offer in the coming years in India. Thus, it is imperative to understand the behaviour of Indian consumer towards internet shopping and identify the various factors and their relationships that motivate consumers to purchase online.

Online travel and retail are the most popular segments of B2C e-commerce. E-travel alone comprises 61 percent of the total e-commerce market and e-tail accounts for about 29 percent of the e-commerce market in India. The other segments of e-commerce are given in Figure 1.1. However, from the e-tail segment, electronics comprises 34 percent of e-retail market share followed by apparels and accessories (30 percent), books (15 percent), beauty and personal care (10 percent), home and furnishing (6 percent), healthcare (3 percent) and baby products (2 percent). With the increasing demand for e-commerce and emergence of a new segment, many national and global players have started the business operations in this sector (KPMG, 2016). According to Global Powers of Retailing (2015), Amazon is the most dominant player in the world e-commerce sector and account for $61 billion net sales in 2013 (Deloitte, 2015b). On the other hand Flipkart is the largest e-retailer in India with a valuation of about $11 billion. Snapdeal has the valuation of $5 billion and is second largest home-grown e-retailer in India (Bahl and Bansal, 2015). It has recently raised $627 million stake from the Softbank of Japan (which also has 37 percent stake in China’s leading e-retailer Alibaba).

![Figure 1.1: B2C e-commerce Segments](image)

Alibaba is one of the leading global e-retailer and accounts for more than 80 percent of the sales in China. It has adopted marketplace business model based on
commission business without any product of its own. On the other hand Amazon too has marketplace business model but has its own manufacturing chain of electronic goods such as Kindle ebook reader, Fire Tablets, Fire TV etc. (India Brand Equity Foundation, 2017). With the increasing competition, the e-retail players are using multiple business models to beat the competition and win the consumers’ attention. These business models include;

- Self-owned Inventory Model
- Social Networks Model
- Aggregator Model
- Marketplace Model
- Transaction Model

In Self-owned Inventory Model the e-retailer has its own inventory. This model provides better supply chain management services due to ready information available about the inventory, location and shipments. It also provides better post-purchase experience. The e-retailers that use this business model include Shopper Stop, Croma, BigBasket.com, FirstCry.com etc. The Social Network Model is based on the promotion and sales of products and services through social networking sites. The offers are given by e-retailer to the consumers via social networking sites. The e-retailers that have adopted this model include TripAdvisor. The Aggregator Model has been adopted by Ola Cabs and Uber.com which provides e-travel services to the consumers. The Ola Cabs is based on the book a taxi with one touch. Thus, it provides users desired products and services at the click of a button (CII, 2016).

Marketplace Model has been adopted by the major e-retail players including Amazon, Alibaba, Flipkart, Snapdeal etc. In this model the e-retailer partners with other retailers to set up a website or online store. The e-retailer has a key role to play in managing inventories and sales. The Transaction Model is based on the commission to the brokers that enhance the sale of products/services. The best example of this model of business is that of IRCTC, which involves advance booking of railway tickets.

1.3. Recent Trends in E-commerce

1.3.1. Government Initiatives

The government of India has taken many initiatives for leveraging e-commerce digital platforms and transforms the traditional brick and motor markets. The
government has launched an e-market to connect farmers with ‘mandis’ of different states to sell their agro-commodities. In addition, government has taken initiatives such as Digital India, Start-up India, Make in India, Skill India etc. to boost e-commerce industry (CII, 2016). Digital India is aimed at transforming India into digitally empowered and knowledge economy. It also focuses on mobile device proliferation with internet access that will drive online shopping and increase online order from tier 4 towns connected by National Optic Fibre Network (NOFN). The government of India has provided funding through a Fund of Funds (with a corpus of ₹10,000 crores) for the single point startup. Besides, tax exemptions for initial 3 years and faster exits for startups.

Make in India initiative is aimed at domestic industrial development. It involves improving the business environment in India, encouraging manufacturing and FDI in selected sectors only. It is based on research & innovation and favorable business environment. Skill India is aimed at improving the skill of manpower for the e-commerce industry. The government of India has set a target to train 40.2 crores people by 2022 under National Policy for Skill Development.

1.3.2. Increase in Internet Penetration

Due to the improvements in telecom infrastructure internet penetration has increased which has propelled the e-commerce industry. The 3G and 4G services along with declining data tariff are growing significantly. Although, India has lowest internet speed among Asian countries, but data tariffs is cheaper than China and US. The number of 3G subscribers has increased from 42 million in 2013 to 219 million in 2016. Furthermore, National Optical Fibre Network (NOFN) can boost rural internet thereby encouraging e-commerce companies to tap this huge market of rural India.

1.3.3. Growth of Smartphones

The pervasive growth and adoption of smartphones due to high competition among players leading to low prices, occurrence of internet enabled services and access to contents. The leading e-commerce companies have stated that 70-75 percent of their online sales come from mobile phone apps e.g. 50 percent for Flipkart and 70 percent for Quikr.

1.3.4. Advent of New Payment Solutions

Evolution of new payment solutions has given new impetus to the e-commerce industry. CoD has been a popular mode of payment among the consumers. The CoD
accounts for 60 percent of online transaction followed by credit card (17 percent),
debit card (13 percent) and net banking (9 percent). Further, Government of India’s
initiative, ‘Jan Dhan Yojna’ aimed to extend banking facilities to the entire unbanked
citizens has added more than 110 million debit card subscribers thereby providing
access to consumers for e-payment. The provision of the electronic wallet and digital
payment products has made faster check-in and check-out of e-commerce transactions
and payment process has become very convenient (CII, 2016).

1.3.5. Logistic Support from Indian Post and Local Companies

In order to achieve the goal of next day delivery, handling the huge volume of
delivery and return orders, e-commerce players have started a partnership with the
third party to support their logistic channel and reach to every consumer in tier 2 and
tier 3 cities. Some e-retailers have set up their own logistic channel for efficient
delivery and enhanced the consumer experience. Indian Post has set up a logistic
channel for e-commerce retailers to reach the last mile deliveries. Indian Post has
19000 pin-codes and 154725 post offices across the country. It is one of the
convenient channels of logistics for the new and emerging e-retailers. In the years
2014-15 Indian Post has handled 35000 parcels of Snapdeal and 50000 parcels of
Amazon. Similarly, in the year 2015-16 it has handled 30000 parcels of Flipkart,
50000 of Myntra, 60000 of Yepme, 80000 of Snapdeal and 300000 parcels of
Amazon.

1.3.6. GST and Growth of E-commerce

Good and Services Tax (GST) is an indirect tax regime that will enforce single
unified and comprehensive tax applicable across all the states on the supply of goods
and services. It is expected that due to the implementation of GST central excise duty,
service tax, additional custom duty at the central level and VAT, CST, entry tax at
state level etc. will be subsumed into one single tax. This tax regime (GST) will
enhance the operational efficiency of e-commerce industry through transparency and
simplification of taxes across the state borders, double taxation will be eliminated and
will improve supply chain and efficiency of logistics service providers resulting lower
costs and fewer bottlenecks.

1.3.7. E-commerce and Empowerment of MSMEs

Micro Small Medium Enterprises (MSMEs) are extended across the vast
geographies and constitute 8 percent of India’s GDP. E-commerce has improved
accessibility of MSMEs by selling their products and services online to new consumers across the country. Many MSMEs have adopted digital level engagements which have resulted in the annual revenue growth of 27 percent higher than that of offline business. The advent of e-commerce in MSMEs have resulted a reduction in marketing and distribution costs, shorter time to market, accessibility to new markets etc. (CII, 2016).

1.4. Status of Online Shopping in Jammu and Kashmir

Online shopping in Jammu and Kashmir got impetus when a Delhi based courier company started their operations in Jammu and Kashmir way back in 2013. Ecom Express is a private limited company that provides a logistic solution to Indian e-commerce industry. The company has been founded by former executives of Blue Dart by raising ₹75.5 crore from a private equity firm Peepul Capital. The company has emerged as the leading player in e-commerce logistics space in less than four years. With 15000 employees across India, it services 2800-plus pin-codes through 675 delivery centers and manages 50 million consignments in a year. It has emerged as the leading courier company in Kashmir for last two years. The web has triggered emergency in the courier business as greater part of letters, reports and other authority interchanges are being exchanged through an electronic mode. Internet shopping has altered the course and web-based shopping stores have got parcel delivery business back on track (Kashmir Life, 2016).

A large portion of buyers favour web based shopping and buys everything on the web from toiletries to a basic need. They believe that online shopping provides diverse choice, avails international quality and saves a lot of time. As the online shopping market started growing in Jammu and Kashmir, the banks operating in the state started focusing on e-commerce resulting a manifold increase in a number of credit cardholders. At the end of 2015, J&K Bank (largest private sector bank in the state) has 3.2 million card holders. Out of it 46,344 are credit card holders and its rival HDFC Bank has 35,000 credit card holders. J&K Bank provides an outstanding of ₹60 crore while as HDFC Bank provides a net outstanding of ₹80 crore. Despite the fact that with such accessibility of credit in the state larger part of consumers still incline towards Cash on Delivery (CoD). Ecom Express every day handles 5000 parcels at its Srinagar office and 500 at Jammu office ranging from books to large home furnishing items. These items are being purchased from the online stores like
Flipkart, Amazon, Snapdeal, Jabong, Myntra, Homeshop18, Naptool and many other portals. Industry insiders believe that Jammu’s proximity to big cities like Jalandhar, Ludhiana, Chandigarh and New Delhi gives consumers a choice to visit these cities for purchasing. Ecom Express at present has 240 employees working in the state for delivering parcels across different areas (Jamwal, 2011).

JV Express is another courier company providing logistic support to e-commerce industry. It started its operations in Jammu and Kashmir in December, 2013. The current employee strength of the company is 95 and is operational in Anantnag, Sopore, Baramulla, Budgam, Pulwama, Pampore, Soura and Humhama areas of Kashmir. In the Jammu region, the company has its office in Jammu, Sambha and Udhampur. Presently, JV Express takes orders from Snapdeal only and delivers them across the various pin codes. The logistics firm on an average received more than 1500 shipments a day for Kashmir and around 600 for Jammu region, with a delivery rate of 90 percent (Kashmir Life, 2016). Each e-store collects a sum of ₹10-20 lakh per day in the forms of CoD in Jammu and Kashmir. If every e-store manages to collect only ₹10 lakh a day, it makes the CoD business up to ₹12 crores a month and nearly ₹140 crores a year. Further, if the prepaid business is added the e-commerce industry in Jammu and Kashmir has reached to ₹2000 crores a year.

In light of the above discussion regarding the current status of online shopping in the Jammu and Kashmir, it has been concluded that the state has got a huge potential for internet shopping preferable Kashmir as compared to Jammu region. This has provided motivation to the researchers to conduct research and understand the underlying factors that impede and accelerate the growth of Internet shopping in the state. In this context few studies have been conducted to understand the behaviour of online consumer (Jamwal, 2011; Bhat et al. 2016). Jamwal (2011) tried to track the Internet Savvy and consumer behaviour towards online shopping and e-commerce. Researchers has observed that low bandwidth of the internet and delivery of goods has a significant influence on the consumers’ intention to buy online. Bhat et al. (2016) tried to understand the satisfaction level of online consumers. The researchers concluded that e-stores should give more importance to the quality, price and after sale factors. Consumers have perceived online shopping in the positive manner despite the fact that Kashmir being a zone of conflict with continual disturbances throughout the years.
1.5. **Scope and Importance of the Study**

Digital India initiative undertaken by Government of India has huge economic potential. It enables inclusive growth by delivering quality services to citizens at low-cost. According to World Bank report, a 10% increase in mobile and broadband penetration can increase the per capita GDP growth by 0.81 to 1.38% in developing countries. Similarly, if the broadband penetration across India increases (current ~7%) by 50% and mobile penetration in rural India (current ~45%) by 30% in next 2 years, the corresponding increase in GDP could be 9% (~$180 billion). It is the impact of only 2 out of 9 pillars of Digital India Programme. Mobile and broadband are the two essential components of e-commerce industry (Deloitte, 2015a). The upsurge in the usage of mobile devices with access to the internet via broadband and mobile data solutions has been the key element for the incredible growth of e-commerce sector in India (Access Markets International, 2015). With the development of mobile applications by most e-commerce players, smartphones have emerged as the major gateway for online consumer purchase and are increasingly replacing PC for e-purchase. Today more than 13 percent of e-commerce transactions happen via mobile and mobile applications, which leads to more customer acquisition and customer loyalty for various brands. Usage of digital services; internet; numerous e-retailers with exciting discount and payment options is expected to boost digital commerce market to over $16 billion the current year. Such a multiplier growth of e-commerce industry has attracted Japanese investors to invest in India on the streak of the US and the UK who have already established their e-businesses in India. Japanese entrepreneurs are eyeing at the potential in Indian online retail market and have expressed willingness to invest through FDI in e-retail sector when the market cap for the same is deregulated by the Indian government. Big e-commerce portals provided avenues to the small e-entrepreneur for marketing their products on a much larger scale with minimal investment and thus gave a substantial enhancement to small-scale entrepreneurship development in India. This will enhance the efficacy of recently launched campaign of Make in India by the Government of India.

E-retailing and e-transactions are on the rise in tier 2 and tier 3 cities. The Digital India project will bring connectivity in the remote areas of the country. This will expand the reach of e-commerce market into tier 4 towns and rural areas of India. Farmers, small brick-mortar sellers or artisans in rural India would leverage upon the
presence of e-commerce. The profit margin of farmers will improve significantly due to the absence of middle agents between seller and buyer and also get better rates through the real-time availability of current price of their produce. Artisans and small brick-mortar sellers in tier 4 towns could have access to better supply chain and new marketing channels for selling their produce. E-retailers (Snapdeal) are trying to venture into rural India by launching 70,000 kiosks in rural areas. These kiosks will be managed by local entrepreneurs and will provide them the opportunity for new ventures. Some e-retailers have started selling handicrafts across different parts of India; this will empower handicraft makers to sell their products across the whole country. E-retailing has played an important role in the revival of Indian Postal Services, which has significantly improved the delivery services and cash transactions (via CoD) in remote and rural areas thus increasing the reach and potential of e-retailers. Indian Post is expected to provide access to market worth $9 billion for the thriving e-commerce market in India (Deloitte, 2015a).

There is fierce competition amongst current players in e-commerce arena for gaining market share and capitalizing upon the huge untapped market. E-commerce shopping portals in India are concerned towards establishing trust with the consumer; this is evident from the fact that currently more than 50% of orders placed are cash on delivery as consumers desist from paying upfront in advance (Chawla, 2014). CARE Ratings (2017) has identified the key growth drivers of e-tail in India such as;

- Young population
- Promotional prices by online retailers
- Cash-on-delivery options, manufacturer’s warranty
- Improved supply side which includes discounts, promotions, product details, hassle free returns, cash on delivery options etc.

Further, various Government initiatives in India such as Digital India, Startup India, Skill India and Make in India also contribute to the growth of e-commerce industry in India. Therefore, it is imperative to study the factors that influence the buying decision in online shopping and the role of e-trust & e-satisfaction in e-commerce transactions.

1.6. Statement of Problem

Due to ongoing cutthroat competition amongst the major players (Amazon, Flipkart and Snapdeal) in Indian e-tail sector for gaining market share and take
advantage upon the huge untapped market has resulted in the combined loss of ₹11,754 crore. This loss incurred in the Indian e-retail sector is almost twice the annual budget of Indian Space Research Organization (ISRO). If ISRO had been allocated the same amount, it would be able to launch about 24 ‘Mangalyaan’ missions to Mars (Tyagi and Thomas, 2017, Economic Times). The losses are increasing as the battle of competition among these three players intensifies. In the current fiscal year (2016-17) the losses have almost doubled from the previous fiscal year (2015-16). Now, the question arises who is actually winning the e-commerce battle in India. The answer is simple, associate partners, comprising of delivery companies and digital marketing companies (Google, Facebook, etc.). Tyagi and Thomas (2017) have reported that Snapdeal has incurred a loss of ₹2,960 crore, Flipkart has ₹5,223 crore and Amazon has ₹3,571 crore that amounts a total of ₹11,754 crore during the fiscal year 2015-16. Comparing this to last year (2014-15), the combined loss of the three e-stores was ₹6,031 crore (Amazon; ₹1,724 crore, Flipkart; ₹2,979 crore, Snapdeal; ₹1,328 crore).

Estimates have suggested that advertising, discounts and salaries formed a major part of the expenditure. Last FY 2015-16 Flipkart has the promotional budget of ₹1,086 crore and Amazon has more than double of the Flipkart that is ₹2,163 crore. The highest paid employee of Flipkart gets an annual package of ₹35.2 crore and that of Amazon gets ₹4.1 crore. In the year 2016 every day Flipkart has a loss of ₹14 crore. Flipkart is bleeding intensely and if the losses will continue within a time period of two years it’s all the savings will be exhausted (Shrivastava and Chanchani, 2017, Economic Times). As such, players like Flipkart has to constantly keep convincing investors while Amazon does not have a problem when they are running out of money (Tyagi and Thomas, 2017, Economic Times). The underlying reason being the competitive pressures in the market resulting in heavy spending on customer acquisition rather customer retention. The advent of Amazon in Indian e-commerce sector in June, 2013 has threatened the survival of homegrown e-retailers like Snapdeal and Flipkart. Amazon has rapidly captured measurable market share mostly at the expense of Snapdeal. In April, 2016 Government of India has allowed 100 percent FDI in e-commerce sector. This has compelled every player to reconsider their business models. The survival of the players is threatened by adopting the same business model in India by offering greater discounts that have resulted in bigger
losses. These competitive pressures have resulted in mergers, acquisitions and takeovers (recent takeover of Myntra by Flipkart) among the e-retailers for becoming a market leader. Indian e-retail companies like Flipkart and Snapdeal need to adopt other strategies to fight the global companies like Amazon which has got a huge promotional budget.

For the last 10 years Flipkart has spent a lot in converting offline shoppers to online consumers but the returns are continuously diminishing year after year. On an average there are 30 million people using Flipkart and Amazon today and let us assume that each consumer spends ₹100. Now, if these companies want to double their revenue, they have to bring on board the next 30 million consumers. But, the income distribution in our country is such that the income falls very steeply after the first 30 million families. So, the next cohort of 30 million will have purchasing power below ₹100. Thus, purchasing power suggests that e-retailers might need 80-90 million people to get the same revenue because the purchasing power of the people will fall vertically. If the discounts and other customer acquisition strategies do not work on the first 30 million, it is not going to work on the next 80 million. This will result in huge losses to the online retailers. Another reason for losses to e-commerce companies being CoD which is very expensive for them. The people in cities are reluctant about using their cards for offline shopping, it comes down to a question of trust in the online shopping and their refund policy. Therefore, it becomes very hard to convince small town consumers to use digital payments. Another step that proved costly for the Flipkart and Myntra was going for app-only. As the websites push the user to install the application but only 4 percent of the people actually install the application. So, it made little business sense to fight for 2-3 percent of market share by leaving 10 percent of users and go application-only.

Product return has been another cause of losses to online vendors. Product return to an online vendor should not exceed 10 percent of sales. This is a big loss if it exceeds 10 percent. It is therefore critical for the organizations to understand the reasons behind these increasing losses. Further, the online shopping companies in India offer heavy discounts on the big items like apparels and electronic goods instead of daily need items. They are offering higher discounts to increase sale (by selling electronic goods) and show greater revenues. No doubt the product will sell at these discounts but a discount on branded products will destroy their brand equity and once
the discount will stop so will the sale of the product. This does not develop a habit of purchasing rather a habit of purchasing discounted items, hence cannot be regarded as the sustainable sale. The e-retail vendors need to change their strategy to win the customer and make an investment in the product categories, which initially will not give good profits but will get consumers back to you. If the e-retailers in India want to hit profits over the coming years, they have to focus on core competencies and stop investing too much on products which are less profitable. The revenues will probably fall for some time, but they could earn profits as well. The profits so earned will give them an idea of creating superior consumer value. Flipkart is now realizing that rather imitating the business models of Amazon and Alibaba, it wants to create a business model of its own, the one that works in India, which is altogether a different market than the US and China (Dalal, 2016; Live Mint).

These strategies of e-retailing companies including advertising, discounts and higher salaries to employees have resulted in customer acquisition rather than customer retention. Researchers have argued that customer retention increases profitability by reducing costs incurred in acquiring new customers (Reichheld and Kenny, 1990; Reichheld, 1996). It has further been supported by researchers that monetary or price promotions have long term risks and negative effects on the promoted brand image (Diamond and Campbell, 1989; Raghurir and Corfman, 1999). The discounts don’t make consumers habitual to product rather habitual to discount, therefore, the actual behaviour of the consumer remains unknown. Further, consumers will least prefer products that lack CoD facility, which indicates lack of trust, perceived usefulness and perceived ease of use among the consumers. Trust, innovation and usefulness are regarded as the important determinants of sustainability (Eccles et al., 2012). Therefore, the present study attempts to study these variables in view of sustainable e-commerce acceptance model which otherwise is a threat to the programmes like Digital India, Make in India, Skill India, etc.

The previous research studies have examined e-store characteristics as predictors of online consumer’s intention, e-satisfaction and acceptance of new technology (Morrison and Roberts, 1998; Szymanski and Hise, 2000; Shim et al., 2001). Researchers are now widely using Technology Acceptance Model (TAM) for explaining the online consumer’s intention as the website is the primary interface between consumer and company (Davis, 1989). However, TAM does not completely
explain the online behaviour of the consumer due to certain discrepancies related to repurchase (Tsai and Huang, 2007). Therefore, need is felt to extend the TAM by incorporation some additional variables which explain online shopping behaviour of the consumer. The study has two-fold contribution; first it will explore the actual behaviour of the Indian online consumer and will empirically analyze the impact of e-motivators on the purchase behaviour of the consumer. Secondly, it will save Indian e-commerce industry from the losses (in the form of discounts) and highlight the challenges which will hinder the success of Digital India programme. Furthermore, there is little literature available about Indian non-store shopping behaviour in general and Indian e-retail shopping in particular. The study is an attempt to fill this knowledge gap by exploring Indian shopping orientations and their relationship to online shopping.

1.7. **Research Objectives**

The study has been undertaken with the focus on two goals. The first aim is to identify and assess the various dimensions and determinants of e-shopping. Secondly, the study is aimed to analyze the impact of consumers’ perception regarding online shopping and Technology Acceptance Model (TAM) determinants on e-trust and repurchase intention. More specifically the study has three objectives;

1. To identify the dimension structure of e-shopping which influence the perception of e-consumer and propose a sustainable e-shopping business model.

2. To analyze the difference in perception of consumers towards e-shopping determinants, TAM determinants and e-shopping outcomes across various demographic variables undertaken in the study.

3. To examine the various relationships among the e-shopping determinants, TAM determinants and e-shopping outcomes.

1.8. **Organization of the Study**

The present study has been organized as per the following chapters:

**Chapter 1: Introduction**

The chapter comprises of the introductory information about online shopping globally and regionally, the background of e-commerce and its potential, famous business models of e-commerce, scope and importance of the study, statement of the problem, objectives of the research and organization of chapters in the study.
Chapter 2: Review of Literature

This chapter will provide details about the existing literature available on the present study, aimed at identification and description of various dimensions of e-shopping. The chapter provides results and main findings of various research studies in a chronological manner, systematic review process, research gaps, proposed model and hypotheses development procedure.

Chapter 3: Research Methodology

This chapter will be explaining various techniques and methods used in line with research objective and hypotheses of the present study. The chapter also extends to demonstrate the process of instrument development and attempts to validate research instruments. Moreover, it precisely explains the rationale behind the application of statistical tools and techniques, discusses sampling plan and population characteristics.

Chapter 4: Results and Discussions

In this chapter the primary data collected will be analyzed and results of the study will be presented in the tabular and diagrammatic forms. The findings of the study will be discussed in context with the previous findings and contribution to the theory will be highlighted. Subsequently, structural equation modeling will be used in line with the framework of research model for testing various hypothesized relationships.

Chapter 5: Finding, Conclusion and Suggestions

The last chapter of the study will summarize major findings and will provide suggestions for better consumer experience management. This will be followed by conclusion, implication (managerial, theoretical, policy and social) limitations, future research scope and contribution to knowledge.