Chapter 2

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Indian Online Shopping

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2.1 Introduction

This chapter discusses the background of the study i.e. Indian online shopping in the section 2.2 followed by discussion on the definitions of the concepts in section 2.3. Online shopping scenario – Global is highlighted in the section 2.4 while section 2.5 highlights online shopping scenario – India. Section 2.6 discusses challenges and opportunities in online retailing in India followed by discussion on key drivers of online shopping in India in the section 2.7. Finally, section 2.8 focuses on top online e-commerce shopping sites in India. Section 2.9 concludes the chapter.

2.2 Background of the Study

The e-commerce industry is growing rapidly every year with many savvy Indians taking to online shopping to search products or service, compare prices for them & to shop online. An increasing number of global companies are eyeing the rapidly growing e-commerce market in India as improvements in infrastructure are made and India's economy grows.

As the world's eleventh largest economy (and fourth-largest emerging economy after BRIC peers China, Brazil, and Russia), India is starting to appear on e-business organizations' lists of key international markets. [2] However, internet penetration is low at just 10 percent of the overall population, the government is building infrastructure to improve and enable connectivity in metropolitan and rural areas. [3] Currently, shoppers in metropolitan India are driving e-commerce. These consumers are primarily buying travel, consumer electronics and books online. Consumers in nonmetropolitan areas will also help fuel growth.[4] E-commerce revenues in India will increase by more than five times by 2016, jumping from US $1.6 billion in the year 2012 to US $8.8 billion in the year 2016.[5]

E-commerce market growth in India is influenced by huge investment by venture capitalists, expansion of e-commerce in nonmetropolitan India, online presence of large retailers and usage of mobile and social media.[6]

Following is key trend that comes into play which influences the e-commerce buying.

Massification: E-commerce in India is now mass with consumers from across large Indian cities now shopping online.

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[2] Annalyn Censky, "India's economic growth slows sharply," CNN Money, May 31, 2012 (http:// money.cnn.com/2012/05/31/news/economy/india-gdp/index.htm)
[3] Debjoy Sengupta, "India achieves a 10.2% internet penetration rate," The Economic Times, April 10, 2012
[4] A report on "Asia Pacific Technographics Online Survey, Q3 2011"
[5] A report on "Asia Pacific Online Retail Forecast, 2011 To 2016"
[6] A report published on "Trends in India's e-commerce market" published by Forrester as the research partner for ASSOCHAM's 2nd National Conference August 2012.

Tabletization: Cheaper mobile & tablet devices have enabled shopping on the go and consumers are spending more time online.

Women shoppers: With the increase in women shoppers, lifestyle categories are surging ahead & now contribute a major portion in total online shopping.

Import buying: Online shoppers are ready to pay for the attraction of international products tapping into wider selection.

Internet is a new information technology device that has dramatically changed the way consumers live. It has become an integral part of modern life across the world and India is not an exception. With abundance and diversity of information, easily found and conveniently shared facilities, Internet use has grown exponentially reshaping peoples' informational and social needs.

The number of Internet users in India would reach 302 million by December 2014, registering a year on year growth of 32 percent. The Internet in India took more than a decade to move from 10 million users to 100 million users and 3 years from 100 to 200 million users. However, it took only a year to move from 200 to 300 million users.[7] Clearly, Internet is main stream in India today.

In October 2014, there were 278 million internet users in India. Currently, India has the third largest internet users' base in the world but it is estimated that India will overtake the US as the second largest Internet users' base in the world. China leads with more than 600 million internet users while the US currently has estimated 279 million internet users in the year 2014.

According to the IAMAI report, the number of internet users in urban India has grown by 29 percent from October 2013 to reach 177 million in October 2014. It is expected to reach 190 million by December 2014 and 216 million by June 2015. Significantly, compared to year the 2013, in rural India, Internet users have increased by 39 percent to reach 101 million in October

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[7] A Report "Internet in India 2014" jointly published by the Internet and Mobile Association of India (IAMAI) and IMRB International.

2014. It is expected to reach 112 million by December 2014 and 138 million by June 2015. There is a huge spurt in the number of people accessing Internet on a daily basis in Urban India. As on June 2014, 31.5 million in 35 cities were using Internet on a daily basis.

According to the report of IAMAI, a number of mobile internet users have also witnessed a steady rise, with 159 million mobile internet users in October 2014, and is estimated to reach 173 million by the end of December 2014. In October 2014, there were 119 million users accessing the Internet on mobile devices, in urban India. Rural India is not that far behind in this regard with a base of 40 million mobile Internet users in October 2014. As more Indians start using the internet on phones, they are gaining access to products and services that were not very easy to find or access. We are also witnessing that mobile internet consumption habits have evolved in recent times. A lot of users are starting buying products on their smart-phones online.

The Internet has made into a wide global market era for the exchange of goods and services over the period of time. In many developed countries, the Internet has been adopted as a vital medium, offering a wide assortment of products with twenty four hours availability and wide area coverage. Online shopping is the process of buying and selling products, services, and information over computer networks (Turban et. al., 2000). However, in some countries, like India, electronic commerce has been much below than anticipated proportion of total retail business due to its certain constraints (Sylke et. al., 2002).

As Internet usage rapidly grew and spread across the country, it fuelled the growth of online shopping. The term online shopping refers to online transactions where consumers buy products or services over the Internet. Online shopping exploded and became a normal part of day to day life of consumers. It has been provided both organizations and consumers, with endless options to choose from for various transactions. Consumers on one hand have the ease of choice, the comfort of shopping from home and an

endless variety of products, while saving time and money. Organizations, on the other hand, are exploiting the unlimited shelf space the internet offers, operational timings and geographical boundaries it unconfined and the opportunity it creates to cater to wide markets at a comparative lower cost.

As Indian consumers turned to the Internet to tap into this explosion, Internet commerce has become an important business initiative. Organizations have become more serious about their Internet operations witnessing a sharp rise in online retailing activity. In spite of Internet being a relatively new service channel, the e-commerce market in India grew to US $ 9.5 billion in the year 2012 and is expected to reach US $ 12.6 billion i.e. 34 percent year on year growth since the year 2009. This is still the tip of the iceberg since we believe this market to grow multifold over the next period of time.[8]

Since July 2011 the online population in the Asia Pacific region grew nearly 7.5 percent from 574 million users to 617 million users. Europe's online population grew 7.8 percent to 399 million users while the number of online North Americans increased 3.4 percent to 213 million users. The online user growth has primarily been fueled with improved network infrastructure and growing need of online content consumption.[9]

According to report published by ASSOCHAM in the year 2012, India's online population grew by over 50 percent in July 2012 as compared to July 2011, and there were 124.7 million users in the year 2012.

Though high-end segments such as apparel and consumer electronics dominate the online retail segment, new segments are increasingly gaining popularity. The growth of categories such as grocery retailing can be attributed to a mix of increasing comfort with trying new 'non-tradition' categories coupled with improved value.

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[8] Data provided by IAMAI, 2013

[9] A report on State of e-Commerce in India published by Internet analytics and audience measurement company comScore and trade association ASSOCHAM

Rurban markets, which refer to locations apart from top tier cities that are vastly untapped, are home to the majority of the Indian online market. The rurban segment has consumers adopting newer online channels of purchase to overcome inherent purchase barriers. Online players have also in to fill the demand-supply gap created by the lack of physical stores in these cities.

Online purchasing involves many activities concerned with the consumers' action of buying products from the Internet using e-commerce technology. Many consumers worldwide have turned to the Internet for purchasing goods and services thus making it a part of their lives, while others are still considering and waiting without taking any action. So, it is necessary to study the views of the online consumers, examining the online population demographics, the patterns and progression of online and online shopping behavior and a variety of other factors that drive consumers towards online shopping form view point of local cultural variables as well consumer psychographics.

However, there have been few studies carried out to understand their online shopping behavior. Earlier research studies have revealed factors (i.e. psychological reasons such as perceived risks etc., shipping costs & time, trust etc.) that may play a vital role in determining online shopping adoption (Bhatnagar et al. 2000; Jarvenpaa et al., 1997; Vijayasarathy and Jones 2000).

India has tremendous potentialities in online shopping; however, country faces some fundamental barriers in online retailing. Compare to other economy like USA and China, Indian still needs to build up telecommunications infrastructure. This may prevents retailers to invest resources in online retailing business. On the other hand, Indian consumers are not as used to shop online as a more technologically advanced country, (Bellman et al., 1999; Bhatnagar et al., 2000; Suki et al., 2007).

Successful online retailing depends largely on consumer's readiness to buy through the use of credit cards. India's low credit card penetration and low income become another reason to low adoption of online shopping.

Finally, India's distribution channel is not so powerful to supply in time and reliable delivery of products. This limitation is further exacerbated when the return of products shopped online is being considered (Bingi et. al., 2000; Hoffman et. al., 1999; Teo 2002).

Online shopping is visualized as an alternative way of shopping by considering various prominent reasons such as speed of transaction, selection and price, convenience, time and space neutrality, choice, fun and enjoyment, easy and comfortably obtained information about products and services (Donthu and Garcia 1999). It is proposed by Hofacker 2001 that the consumer behavior in online shopping is influenced by a various factors comprising consumers' trust in online shopping, perceived privacy and quantum of risk, convenience as having an opportunity to buy from anywhere for 24x7 days a week. Dailey and Heath (1999) believed that the shopping enjoyment is highly influenced the online shoppers' behavior. It is also found that good consumer service positively influences the behavior of consumers (Babin et al., 1995). Most academics and practitioners have the same opinion that demographic, social, economic, cultural, psychological and other personal factors, largely beyond the control and influence of the marketer a lot, and these factors also found to have a major impact on consumer behavior and purchasing decisions (Harrell and Frazier 1999; Czinkota et. al., 2000; Czinkota and Kotabe 2001; Dibb et. al., 2001; Jobber 2001; Boyd et. al., 2002; Solomon and Stuart 2003).

Empirical studies in the recent past indicate that many online retailers still do not completely understand the needs and behavior of the online consumers (Lee 2002), while many of them are struggling for how effectively to market and sell products online (Joines et. al., 2003). Further, the Indian online environment is quite different from that of others. In addition, little empirical research exists regarding Indian online retail market and variables that

influence Indian online consumer's shopping behavior. Thus, the purpose of this research study is to examine the online buying behavior and identify the factors that influence consumers' online shopping behavior.

2.3 Definitions of Concepts

Authors give insight on various concepts which are used in the study. Here definitions of consumer behavior and other concepts defined by various authors are discussed.

Definition of Consumer Behavior:

"Consumer behavior defines as a process of choosing, purchasing, using and disposing of products or services by the individuals and groups in order to satisfy their needs and wants."

(Solomon et. al., 2006)

Schiffman and Kanuk (2007) take a similar approach in defining consumer behaviour:

"The behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs"

(Schiffman and Kanuk 2007, p.3)

Consumer buying behavior is defined as a set of activities which involves the purchase and use of goods and services which resulted from the customers' emotional and mental needs and behavioral responses.

(Stallworth 2008)

Consumer behavior as, "The dynamic interaction of affect and cognition, behavior, and the environment by which human beings conduct the exchange aspects of their lives."

The American Marketing Association

"Consumer behavior refers to the actions and decision processes of people who purchase goods and services for personal consumption."

Peter D. Bennett, ed. Dictionary of Marketing Terms, 2nd ed. 1995.

Consumer behavior refers to "the mental and emotional processes and the observable behavior of consumers during searching for, purchasing and post consumption of a product or service."

- (James et. al., 1990)

While most contemporary definitions of consumer behavior are similar in scope.

Definition of Consumer:

Consumer is defined as an individual who buys goods and services for her or his personal use (such as T-shirt or Book), or for household consumption (such as Laptop, Furniture, Airline service etc.), or for just one member of the family (such as a pair of shoes for the son), or a gift purpose (such as a pen set). In all these instances, the goods are bought for final use, referred as "end users' or "ultimate consumers."

(Schiffman and Kanuk 2007, p.3).

Definition of online shopping:

Online shopping or e-shopping is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet using a web browser. Alternative names are: e-web-store, e-shop, e-store, Internet shop, web-shop, web-store, online store, online storefront and virtual store.

---- Wikipedia - http://en.wikipedia.org/

Conceptual Definitions:

Apart from discussion on consumer behavior and online shopping behavior, it is necessary to have an understanding of other concepts used in the study. Following section discusses the various concepts defined by authors.

Trust: It refers to the reliance of consumer on a service provider (Zaltman and Moorman 1988). The trust may be based on past experience or on what a consumers believes the experience will be like. A trusted firm is presumed to provide reliable, authentic products or services fulfill policies, ethical codes, law and their previous promises.

Habit: It refers to an instinctive action generated as the same action has been performed in the past.

Perceived Risks: It refers to the nature and amount of risk perceived by a consumer in contemplating a particular purchase decision here in online shopping context (Cox and Rich 1964).

Financial risk: Financial risk is a possibility with shopping online due to the fact that consumers disclose sensitive information (e.g., credit card information) to a vendor.

Product risk: Product risk consists of the risk associated with making an unwise or inappropriate product purchase decision.

Non-delivery risk: Once a consumer purchases a product online, delivery is the final step of the process. The risk of delayed and non-delivery of product.

Attitude towards online shopping: It is a mental state involving beliefs, feelings, values and dispositions that guide an individual to act in certain way. This act is either for or against something (Ajzen 1985). In terms of online shopping, it refers to a consumer's state of mind in terms of buying products or services on the Internet (Yang et. al., 2003).

Intention: Intention refers to an indication about the willingness of a person to perform a behavior. Intention is being governed by attitude, subjective norm and perceived behavioral control (Ajzen 1985).

Perceived Behavior Control: It refers to the sense of uncertainty that influences behavior indirectly through its impacts on intention, or directly. It reflects perceptions of internal factors (Self-efficacy) and external factors on behavior. In other words it suggests that human behavioral decision-making is only partly, not fully, under the control of the people concerned, thus adding the determinant of uncertain time and uncertain opportunity, the so-called 'perceived behavioral control' factor. Such a variable can influence behavior indirectly through its impact on intentions as well as directly. For example, a consumer might refrain from buying online if the consumer

perceives the purchase process as complicated or if the consumer does not possess the resources necessary to perform the considered behavior. Such considerations are incorporated into the theory of planned behavior (Ajzen 1991).

Innovativeness: Innovativeness means the desire to seek out the new and different (Hirschman 1980). In the present context it refers to the individual's willingness, urge and acceptance of new technology (i.e., Internet). This is domain specific innovativeness.

Subjective Norm: It is an individual's perception of social norms, peer pressures, or relevant other's beliefs (e.g., friends and relatives) that he or she should or should not perform some behavior (Ajzen 1985).

Consumer Behavior: It refers to an action/reaction of an organism in response to the changes in the environmental (social, economic, etc.) factors around consumer (Ajzen 1985). In terms of online shopping it refers to the process of purchasing products or services via the Internet (Li & Zhang, 2002).

Online Buying Behavior

Online buying behavior (also called online shopping behavior and Internet shopping/buying behavior) refers to the process of purchasing products or services via the Internet. The process consists of five steps similar to those associated with traditional shopping behavior (Liang and Lai 2000). In the typical online shopping process, when potential consumers recognize a need for some merchandise or service, they go to the Internet and search for need-related information. However, rather than searching actively, at times potential consumers are attracted by information about products or services associated with the felt need. They then evaluate alternatives and choose the one that best fits their criteria for meeting the felt need. Finally, a transaction is conducted and post-sales services are provided.

Brick-and-mortar retailer: A conventional retailer selling in a physical shop.

Business 2 Consumer: An internet terminology of involvement between business (seller) and consumer.

Demographics: Characteristics of human populations like, age, gender, income, education etc have influence on online shopping behavior.

Diffusion of Innovation: It is the theory of how, why, and at what rate new ideas and technology spread through cultures or among people.

2.4 Online Shopping Scenario – Global

Realizing the advantages and benefits of online shopping, more and more people are now entering the world of online shopping. Online shopping has been really growing very fast all over the world. Many countries have already promoted online retail marketing and online shopping facilities for the benefit of their people. They have also taken appropriate action to protect the interest of their citizens by enforcing necessary laws and regulations in this regard and are in the process of further refining the system.

Table 2.1 focuses on increase in percentage e-commerce sales worldwide. According to new global estimates by eMarketer in the year 2012, e-commerce sales grew to $1.298 trillion worldwide. From the table 2.1, it is revealed that Asia-Pacific surpasses North America to become the world's No. 1 market for ecommerce sales.

Table 2.1 Ecommerce Sales share worldwide, by Region, 2011-16

Region	2011	2012	2013*	2014*	2015*	2016*
Asia Pacific	27.9	30.5	33.4	36.2	38.2	39.7
North-America	35.9	33.5	31.5	29.7	28.8	28.2
Western Europe	28	26.9	25.7	24.3	23.4	22.6
Eastern Europe	3.6	3.8	3.9	3.9	3.8	3.7
Latin America	3.1	3.4	3.5	3.6	3.6	3.5
Middle East & Africa	1.6	1.9	2.1	2.2	2.3	2.3
Note: Sales includes travel, digital downloads and event tickets purchased via and digital channel (Including online, mobile and tablet) excludes gambling. Data show % of total e-commerce sales * indicates estimated data						
						Source: eMarketer, Jan 2013

Ecommerce sales include retail sales, travel sales; digital downloads purchased via any digital channel (including online, mobile and tablet) and sales from businesses that occur over primarily consumer to consumer platforms such as eBay. These figures exclude gambling and event tickets.

E-commerce sales in North America grew 13.9 percent to a world-leading $364.66 billion in the year 2012[10]. But it is clear from the table 2.1 that despite strong growth, North America's share of global sales will drop from 33.5 percent in the year 2012 to 28.2 percent in the year 2016.

Ecommerce sales in Asia-Pacific grew more than 33 percent to $332.46 billion in the year 2012[11]. It is estimated that Asia Pacific share of global sales will hike from 30.5 percent in the year 2012 to 39.7 percent in the year 2016 as more consumers shifted spending from physical stores to online retail because of lower prices, greater convenience, broader selection and richer product information. It is estimated that Asia Pacific over takes both North America as well as Western Europe in e-commerce sales.

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[10] A report published by eMarketer, Jan 2013
[11] A report published by eMarketer, Jan 2013

Table 2.2 Digital Buyers worldwide, by country, 2011-2016
(in millions)

Region	2011	2012	2013*	2014*	2015*	2016*
Asia Pacific	334.7	391.1 (+17%)	457.7 (+17%)	523.1 (+14%)	591.5 (+13%)	653.6 (+10%)
China	178.4	219.8 (+23%)	270.9 (+23%)	322.1 (+19%)	374.9 (+16%)	423.4 (+13%)
Japan	70.2	73.3 (+4%)	75.6 (+3%)	77 (+2%)	78.2 (+2%)	79.2 (+1%)
India	14.5	19.2 (+32%)	24.6 (+28%)	30 (+22%)	36.2 (+21%)	41.8 (+15%)
South Korea	22.2	23.3 (+5%)	24.4 (+5%)	25.4 (+4%)	26.3 (+4%)	26.9 (+4%)
Australia	9.8	10.2 (+4%)	10.6 (+4%)	10.9 (+3%)	11.2 (+3%)	11.5 (+3%)
Indonesia	2	3.1 (+55%)	4.6 (+48%)	5.9 (+28%)	7.4 (+25%)	8.7 (+18%)
Other	37.6	42.2 (+12%)	47 (+11%)	51.8 (+10%)	57.3 (+11%)	62.1 (+8%)

Note: ages 14+, internet users who have made at least one purchase via any digital channel with in past year including online, mobile and tablet purchases.
* indicates estimated data

Source: eMarketer, Jan 2013

From the table 2.2, it is clearly indicated that number of digital buyers in Asia Pacific regions are increasing. We can see tremendous growth in the same region because China, India and Indonesia will see faster e-commerce sales growth than all other markets worldwide.

Further, it is estimated that in China number of digital buyers would increased from 178.4 millions in the year 2011 to 423.4 millions in the year 2016. More than 10 percent growth rate can be observed every year. However in India, on an average more than 20 percent growth rate has been seen in number of digital buyers. It is estimated that in India number of digital buyers would increased from 14.5 millions in the year 2011 to 41.8 millions in the year 2016. Same trend has been demonstrated in the Indonesia.

Nation-wide telecommunications infrastructure, multiplicity of computer and networking technology created the base for Internet connectivity. Software

applications for online banking, electronic-money- transfer and credit card facilities further created the e- ecosystem and widened the base for e-commerce technology to grow. Possessing advanced technologies gave the developed countries a competitive edge over the developing countries in harnessing the potential of e-commerce by creating completely a new ecosystem.

Table 2.3 shows the population and internet usage worldwide. It has been seen that more and more people are added in the world of Internet that enhance the usage of internet as a medium of shopping products and services.

Table 2.3 Internet Usage Statistics: The Internet Big Picture

World Internet Usage and Population Statistics						
World Regions	Population (2009 Est.)	Internet Users (2000)	Internet Users (2009)	Penetration (% Population)	Growth % 2002-2009	Users % of Table
Africa	991,002,342	4,514,400	86,217,900	8.7	1,809.8	4.8
Asia	3,808,070,503	114,304,000	764,435,900	20.1	568.8	42.4
Europe	803,850,858	105,096,093	425,773,571	53.0	305.1	23.6
Middle East	202,687,005	3,284,800	58,309,546	28.8	1,675.1	3.2
North America	340,831,831	108,096,800	259,561,000	76.2	140.1	14.4
Latin America	586,662,468	18,068,919	186,922,050	31.9	934.5	10.4
Oceania/ Australia	34,700,201	7,620,480	21,110,490	60.8	177.0	1.2
World Total	6,767,805,208	360,985,492	1,802,330,457	26.6	399.3	100.0
(Source: "Internet Usage Statistics", http://www.internetworldstats.com/stats.htm)						

The results of the index in the table 2.4 show the gap in online shopping is closing in the Asia/Pacific, Middle East and Africa (APMEA) region; we saw a huge spike with India and Thailand jumping in terms of their increasing ease of shopping online, bringing them close to numbers for some of the more mature markets like China, Singapore, Hong Kong and Malaysia. While

scores in India and Thailand have stabilized, we see a jump in markets like China and Malaysia[12].

Table 2.4 APMEA Regional Online Shopping Index

Market	2010	2009	2008
South Korea	63	65	65
Japan	57	62	70
New Zealand	54	55	-
Australia	52	51	51
Taiwan	51	52	-
UAE	47	44	43
Malaysia	44	33	-
Singapore	40	40	36
China	38	30	25
Thailand	34	33	25
India	32	31	21
Hong Kong	29	30	25
Indonesia	17	-	-
Philippines	12	12	-
South Africa	8	8	8
Global Index	36	33	28

(Source: Asia/Pacific, Middle East and Africa Online Shopping Study 2010 – www.mastercardworldwide.com)

According to Interactive Media in Retail Group (IMRG), a U.K. Online Retail Trade Organization, Global e-commerce sales will pass the 1 trillion euro ($1.25 trillion) mark by 2013.[13]

Throughout the world, online buying has grown exponentially. According to Internet Business Statistics released by www Metrics that the money Australians spends online is projected to increase by about $10 billion within the year 2016. Consumers may still be concerned about the security of online shopping, but more and more of them are prepared to buy on the web. Faster delivery, easier return policies, and many sites offering free shipping have also increased the desirability of online buying.

In Nigeria and other African countries, a growing generation of young, internet-savvy individuals has embraced new, online technology. The

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[12] A report on Asia/Pacific, Middle East And Africa Online Shopping Study 2010

[13] A report published by Interactive Media in Retail Group (IMRG), a U.K. Online Retail Trade Organization

International Telecommunication Union (ITU) has witnessed an increased internet penetration in sub-Saharan Africa. The numbers of users are still far below the world average of around 30 percent, even though are increasing as Africans become more familiar and proficient with online shopping. E-commerce activities have expanded in Nigeria, South Africa and Kenya both due to the proliferation of mobile phones and availability of faster internet networks.

In one of the online reports, it is found that in South Africa, 51 percent of individuals with internet access shop online. In Kenya, 18-24 percent makes online purchases. In Nigeria approximately 28 percent of the population has internet access according to ITU figures.

In the U.S., Forrester Research demonstrated that $248.7 billion online sales are expected by 2014, while a compounded growth of 10 percent is forecasted in the year 2014 for the next subsequent five years. In Western Europe sales are expected to reach 14 billion Euros ($155.7 billion) in the year 2014, a growth of 11 percent annually. Apparel, computers and consumer electronics will continue to be dominant purchases; these three areas make up 40 percent of the current online sales which won't change in the near future.[14]

North America and Western Europe that embraced online shopping first and dominated the global business to consumer e-commerce market for many years, now are outpaced by rapid sales growth of emerging markets in Asia-Pacific, Eastern Europe, Latin America, Middle East and Africa. Asia-Pacific is the fastest growing among them and is forecasted to overtake all of Europe in terms of total online retail sales and challenge the dominant share of North America within the next several years.

Finally, the study of global online shopping scenario reveals that China, India, Indonesia, Mexico and Russia have overtaken the advanced markets of the USA, Japan, South Korea, the UK, France and Germany in terms of growth.

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[14] A report published by Forrester Research in the year 2011.

Internet penetration and infrastructure in the emerging markets are improving, as consumers gradually embrace the benefits of shopping online.[15]

Everyone has a taste of his/her own and it is the taste that attracts people to do online shopping. And it could be low priced products, great discounts, attractive offers, speedy delivery, safety of personal information, good payment system, wide selection of products, to study online reviews by other online shoppers, product quality, facilities in regard to return of goods, more experience, and fun and for many other personal reasons. So it's time that we have a glimpse of online shopping at 'Global Scenario'.

2.5 Online Shopping Scenario – India

According to Forester Research, the size of the Indian e-commerce market is $1.6 billion in the year 2012 and it is expected to grow to $3 billion in 3 years and might reach $15 billion by 2020, where as it is expected to contribute 4 percent of GDP.[16] It is observed that the key to success in online shopping in India will depend on focusing to the Indian consumers who connect to the internet via mobile phone because it is estimated that 80 million consumers with personal computers are going to be superseded by 200 million smart phone users by the year 2016.

Furthermore, according to Asia Pacific Techno graphics online survey, in the year 2011, shoppers in metropolitan India are driving e-commerce. These consumers are primarily found to be buying travel, consumer electronics, and books online. Some 59% of online consumers in metropolitan India already make purchases online at least monthly. Consumers in nonmetropolitan areas will also help fuel growth; unlike online consumers in cities, they are more likely to shop online for goods that are unavailable at local stores.

According to Asia Pacific Online Retail Forecast, 2011 to 2016 reports, e-commerce revenues in India will increase by more than five times by 2016,

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[15] An Article "Global Online Retail Sales to Top One Trillion Euro This Year" Published by Ms. Tatiana Teplova on Thursday, October 16, 2014 at http://www.fibre2fashion.com/

[16] An article E-Commerce Industry: Current Online Retail & E-Commerce Market Scenario in India, published by Dart Consulting on February 5, 2014 at http://www.dartconsulting.co.in/

jumping from US$1.6 billion in 2012 to US$8.8 billion in 2016.[17] While US$8.8 billion is still less than other countries in Asia Pacific, such as China and Japan, India's CAGR is much higher than any other country.

There is no doubt that Indian consumer Internet space is surely on an upswing, with more than 200 million Internet users and estimated to likely have the second-largest Internet user base in the world, and the largest in terms of incremental growth, with 330 million to 370 million Internet users in 2015 the market is here to grow.[18]

In online retailing in India, currently, it is found that online travel, financial services and other services categories play a vital role. Of all the categories, online travel will continue to hold the largest chunk in the digital commerce. Laptops/net-books/tablets also contribute a significant role in Indian online retail. Due to change in trends in buying of products online, it is marked that products like apparels and footwear, mobile phones, cameras, mobile and camera accessories together contribute next to traditional product categories like travelling, books, financial services etc.

The financial services market was valued at approximately $0.48 billion in the year 2012 and is expected to grow by 25 per cent to hit $0.60 billion by the end of the year 2013. Applying for insurance or paying insurance premiums/renewals and payment of utility bills and mobile bills contribute almost half of the whole financial services pie.[19]

Compared with the year 2009, the number of users who shopped online is surged in the year 2012. Earlier Internet was highly used to search product information and consumers used to buy identified products from traditional channel. But, now trend has been changed and it is noticed that of 19.6 million who accessed internet for finding details related to a specific products or a services, nearly 73 per cent actually bought a product or a service in the end. The percentage of people who access internet only for looking

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[17] An Article published by iamWire on April 19, 2012 at http://www.iamwire.com/
[18] An Article published by Subodh Kolhe on June 30, 2014 at 9:37 am at
http://yourstory.com/
[19] An Article published by Rashi Varshney on May 6, 2013 at http://techcircle.vccircle.com/

information related to various products and services decreased from 45 per cent in 2009 to 27 per cent in 2012. So it is revealed that now consumers are exploring internet not only for searching information but also they really buy products or services.

According to a report by Forrester Research published in the year 2011, India's e-commerce market is at an early stage but is expected to see huge growth over the next four to five years. An increasing number of global companies are eyeing the rapidly growing e-commerce market in India as improvements in infrastructure are made and India's economy grows.

According to Muralikrishnan, country manager, eBay India, it is estimated that consumers in metros contribute to 51% of transactions, consumers in Tier 2 & 3 cities contribute about 41% of transactions, while rural India contribute to 9% of transactions.[20] It is also demonstrated that non metro areas also contribute in online shopping.

Increasing use of mobile internet is also contributing to the surge in online shopping. With better phones and tablets to be available at cheaper prices, mobile internet usage is set to grow and therefore online shopping will also grow alike.

According to e-Bay's country manager, Muralikrishnan, rising Indian consumption demand, increasing broadband penetration, lower device costs, increased awareness and confidence in online shopping continue to be the key drivers of the online retail industry.

Social networking sites also play an important role in driving consumers online and getting them to engage with brands. India has 51 million Facebook users, the third-largest audience in the world after the US and Brazil.[21]

People in India earlier were unaware and not familiar with the new concept of online shopping and ecommerce facilities. Being not in practice, people felt

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[20] eBay India Census 2011.
[21] An Article E-Commerce Rides On The Back Of Smart Marketing Published By Devansh Sharma on November 11, 2013 at http://pitchonnet.com/

quite scary of using credit cards, master cards for internet transaction. But with the introduction of 'Cash On Delivery' payment mode, the online shopping scenario in India has changed drastically, due to its advantage that without delay the customer receives the product first, then he/she makes the payment for it. With the advancement of time, online shopping in India has picking up its new heights. The number of online users in India has been increasing day by day. Internet reaching rural India has revolutionized the people to learn more and more about the facility of online shopping.

According to the Forrester consulting research in the year 2014, India will see over 50 million new shoppers from Tier 1 and Tier 2 cities. The confidence to shop online is on the rise as more and more non-buyers from Tier 1 and 2 cities plan to shop online in near future. Female buyers in Tier 1 cities are more engaged in online shopping, and outspend men. Female are also responsible for driving growth in categories like apparels, beauty and skincare, home furnishing, baby products and jewelry. In Tier 3 cities, 1 in 2 buyers reports they use mobile phones to purchase products online.[22] In India, the Reserve Bank of India has classified centers into six tiers based on population of census 2001. City having population above 1,00,000 is considered as Tier 1, city having population between 50,000 to 99,000 is considered as Tier 2, while city having population between 20,000 to 49,000 is considered as Tier 3.

The trend of online shopping is set to see greater heights in coming years, not just because of India's rising internet population, but also due to changes in the supporting ecosystem. Online retail players have made intensive efforts to upgrade areas such as logistics and the payment infrastructure. Furthermore, the Indian consumer's perception of online shopping has undergone a drastic change, and only for the good.

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[22] An Article published by Sunnera Tandon on Nov 20, 2014 at http://www.livemint.com/

2.5.1 Online Shopping Trends in India

Online shopping trends grew tremendously compare to past years. Online shoppers are spending more money online. It is depicted from the various studies that non metro buyers are increasingly buying online with their contribution increasing much more than the metro online buyers. There is a high use of mobile phones and tablets to make shopping online than what they did previously by online buyers. It is estimated that among the all categories, Apparels and accessories category witnessed the most growth and it will surpass even electronics. Baby products, health and nutrition are emerging categories seeing more growth. Now days more and more buyers are showing interest towards these product categories. However, it is obvious that travel will continue to be the gateway of online shopping. Faster delivery, cash on delivery facility, discounted rates, access to branded products and cash-back guarantee on faulty goods are motivators of online shopping growth. Most reasons that prevented online buyers from making shopping online were inability to touch and feel, inability to return goods, longer delivery times, need for posting financial details and inability to bargain. Gaining consumer trust remains one of the most important drivers for online shopping growth in India

2.6 Challenges and Opportunities in Online Retailing in India

2.6.1 Challenges

Bruke (1999) has recognized about different hurdles for the growth of online retailing. They are: (i) consumers could not touch and feel senses of the products, (ii) orders can take some span of time to be dispatched, (iii) shipping costs are too high and (iv) consumer service is not promising and (v) returns can be unhelpful. Deighton (1997) have recognized several consumer characteristics as potential impediments to Internet growth, including consumers have conventional shopping experiences, non-accessibility of available required technology and the perceived risks of online shopping. Challenges faced by online retailing in India are discussed below.

(I) Maintain consumer Data base: Online traders may face consumer database related problems. Such as socioeconomic strata of customers to their buying preferences, as the delivery services are becoming more sophisticated because of it. This will leads to assist intermediaries and slashing shipping cost.

(II) Payment method issues: Indian consumers are not habituated to the online shopping and are not aware of online payment system through either credit card or debit card. Most of the consumers do not use transaction facilities offered by the debit card and credit card. They feel some sense of skepticism   pertaining to online payment system through the debit card and credit card. Company must protect system from hackers as consumers often feel risk about theft of their personal data. Company should make technological and legal tools more transparent to enhance the security of ecommerce.

(III) Not disclosing full cost: It is easy to compare the base price of a product online, it may be difficult to understand the total cost upfront as additional cost like shipping cost and other hidden charged are not shown.

(IV) Product returns infrastructure: The problem of returns is pervasive in online shopping in India. Consumers are facing difficulties when merchandise is found to be defective or not as per order specification.

 (V) Cost-effectiveness of goods delivery: Existing mode of home delivery for the products do not work well because every transaction imposes cost on merchandise to be delivered quickly, cheaply and conveniently as it includes high volume of merchandise and different varieties of package shapes and sizes.

(VI) Timely delivery issue: consumers should be made sure of the products to be delivered in due time.

(VII) Competition from offline players: The customers of India should be made assured that the online retailers are not only available online but they

also prefer to see and touch product physically as well. This provides them psychological comfort and trust. Online retailing in India has not achieved sound presence as Indian prefer to the product physically before shopping them. Studies have also revealed the preference of customers towards the conventional shopping methods.

(VIII) Language constraints: English is the language for communication for internet retail shop. So, it may not be understandable to the large chunk of Indian population. To increase and attract customer base, content of the online retail shop should be made available in local language so as to cater the need of customers.

2.6.2 Opportunities

With the down swing of economic front worldwide, many retailers who preferred having a presence are looking to go online at minimum cost and keep the sales increasing. Compared to a conventional bricks and mortar store which has a commercial address and where address and where customers transact face to face, e-store is relatively small, convenient and low cost start up. The only cost include in the entailing platform encompass the monthly hosting and ISP bill. With a website, an online retail has the adjustability to project the market condition and attraction.
The opportunities of online industry in India are as follows:

(i) Convenience: Consumers have internet access any where either at work place or home or outside. It means online stores are accessible twenty four hours a day.

(ii) Price comparison and product selection: One of the attractive advantages of online shopping is to find out quickly products and services available with many different vendors. Search engines, on-line price comparison services and discovering shopping products can be used to find out sellers for a particular products or services to be brought. When consumer's order is sufficient large, some retailers also offer free shipping which is beneficial to

shoppers. Product comparison and selection is faster in online shopping rather than traditional off line shopping.

(iii) Market research: Retailers can use the marketing tool to gain valuable customer information to project future consumer demand. Baker (2005) has identified that online market research has some powerful benefits like monitoring real-time buying decisions. A part from this, online customers have the knowledge and experience necessary to answer the questions, which produces more accurate and reliable data.

(iv) Online consumer service: In order to increase general acceptance level, internet is becoming new channels for conducting consumer service in India. For example, a consumer can ask for a product related information before shopping product and also could check the delivery status online. These kinds of services are accessible twenty four hours online which is not possible in the physical arena due high cost involved in it.

(v) Promotional techniques: In order to conduct promotional experiment, Internet is used as a medium due to its wide reach and minimal cost (Rao 1999). Therefore, it will be a huge opportunity for Indian companies to canvas and promote their businesses.

(vi) Marketing means: Peterson et al., (1997) mentioned that internet is proved to be an effective channel of communicates with consumers. Companies do not have to depend on one way communication media viz. TV and News Paper.

Two way communication channel is provided by the internet. Benefits can be provided with new communication channels to retailers like low cost, interactivity, personalization and continuous communication. In this context, Wang et al. (2002) have recommended that understanding consumers through CRM, marketers can use relation marketing techniques in the retail markets to provide personalized services.

2.7 Key Drivers of Online Shopping in India

The growth of the online shopping in India is immensely growing and is getting better and stronger day by day. The following are the prominent factors why online shopping has flourished in India:

1. Broadband internet: After 2005, a rapid growth has been seen in the people using internet and currently there are millions of people log-in on to web. This is due to increased internet services and penetration of 3G services that has given faster internet access.

2. Standard of living: The living standard of the people has made them inclined towards online shopping. The increased per capita income has also played its part in this inclination.

3. Availability of wider range: Online market has a much wider range of products than any retail shop. People have found the products online and bought them those are not available at the retail shops.

4. Lifestyle: In this busy lifestyle, lack of time for offline shopping and urban congestion of traffic has led the online shopping market to step up itself.

5. Free classified sites: These sites have been launched where more consumers can buy and sell used goods as well.

6. Competition in online market: Competition among the online shopping websites has attracted more customers to go for online shopping.

7. Discounts and cheap rates: Through offers these sites sell the products to customers. Hence, products can be purchased at lesser price than the offline markets and not sacrificing the quality.

8. Coupons: Availability of different discount coupons on the sites proves to be a great profit for the customers.

9. Improved online banking services: With improved and safer online banking services people are now less afraid to make payments online which in turn gave them faith to shop online.

10. Cash on delivery and home delivery: Cash on delivery along with home delivery has played a great role in the inclination of people toward online shopping.

All these factors have encouraged people to shop online and have also helped them to transform themselves into better online shoppers.

2.8 Top Online E-commerce Shopping Sites in India

People are left with little time as they are busy in their work and responsibilities. In addition, with availability of wide range of products and convenience, they see internet as the easiest way to fulfill their needs. The high use of internet for shopping has given giant popularity to online shopping sites in India.

The list of best online shopping sites along with brief reviews is mentioned below[23]:

(1) Flipkart.com

Flipkart.com is the most popular among all Indian online shopping companies, offering genuine products to consumers. The company offers products like clothes, music, electronics, books, health products, kid's toys and accessories, perfumes, games, movies, home appliances, shoes, stationeries and many more things.

(2) Jabong.com

The online shopping website offers quality products of reputed brands. Customers are offered a wide variety of fashion apparel, footwear, accessories and even jewelries. They have huge collection of all mentioned products for women, kids and men.

The online shopping website makes efforts to provide highest level of shopping satisfaction to internet customer from a wide region.

(3) Myntra.com

Myntra.com offers life style and fashion oriented products. A one-stop online shopping portal, myntra.com outfits to fulfill all requirements pertaining to

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[23] A report cited on http://www.anblik.com, December, 2014

lifestyle and fashion products. The company provides variety of branded products through the online shopping portal. The company focuses on the consumers those who are conscious about brand value of different products of daily use. Myntra is trading in exclusive choices of accessories, footwear, cosmetics and apparel from more than 500 reputed international and Indian brands.

(4) Snapdeal.com

Snapdeal.com started its online business platform in the year 2010. The company offers widest range of products like lifestyle, fashion apparel, accessories, electronics, games, eateries, chocolates, grooming, books etc., for both men and women. The online shopping platform has their service in more than 50 cities across India and also has a record 15 million registered users in the country.

(5) Amazon.in

Amazon is one of the most reputed names in the world of online shopping for products like e-books, electronics and others items. Amazon.in is operated by Amazon Seller Services Private Ltd, an affiliate of Amazon.com, Inc.

(6) Ebay.in

Ebay is the world's largest shopping mall on the Internet. eBay is an online marketplace, where individuals and businesses come together to buy and sell almost anything. Mobile phones, digital cameras iPods, t-shirts, shoes, candles, furniture, jewellery, watches, handicrafts, kurtas, laptops, perfumes, computers, microwave ovens, toys, baby products, weighing scales, and much more.

(7) Naaptol.com

Naaptol.com is one of the fastest growing top ecommerce sites in India. The company was founded in the year 2008.

(8) Yebhi.com

Yebhi.com is a fast growing online shopping site that commenced its business operation since 2010. They are considered to be a premium online lifestyle shopping website that motorized sales of branded footwear over top online shopping sites in India.

(9) Yepme.com

Yepme.com is popular for selling wide range of watches and shoes. At present, the site is dealing with brands that specialize in manufacturing accessories like sunglasses, leather belts, fashionable shoes, etc.

(10) Infibeam.com

Infibeam.com is a growing online ecommerce platform having it's headquarter at Ahmedabad in Gujarat. The online shopping website especially deals in automobiles, electronic goods, books and lifestyle products. They initiated online business since 2007.

(11) Homeshop18.com

Homeshop18.com is popular online merchandise catering to fulfill major electronics and household items for online consumers across major locations of the country. Homeshop18 even offers wide collection of fashion apparel at high discounts.

2.9 Conclusion

Online shopping in India is currently experiencing developments at an evolutionary rate unparalleled anywhere else in the world; an impact of this rate of development will be felt across the many concerned. The coming time will be among the most remarkable in the development of online shopping in India.

Rising income, role of female in profession, improvement in infrastructure, change in life style, improvement in computer literacy, and availability of internet facility are enlarging this market and accelerating the convergence of consumer preference for online shopping. The young and ambitious Indian consumers are highly influenced with online shopping.