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**E- Commerce Industry**

**Submitted To Sandeepa K**

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## Permission Letter

This is to certify that Shrilakshmi, Sharanya, Sushmitha, Nishmitha of III B. Com Bearing U05RS21C0049, U05RS21C0052, U05RS21C0035, U05RS21C0038 has been allotted the title of Internship Project Work regarding E-Commerce Industry in completion of the B.Com Programme during the academic year 2023-2024

Principal Name & Signature

College Seal

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## **Introduction:**

We are living in e-century. The Internet and information and communications technologies (ICT) are central to economic growth and productivity. Internet-based technologies and networks can increase productivity, decrease costs and open new market opportunities.

Now-a-days, using the Internet and email to conduct business is not uncommon. However, lack of technical and management skills in Information and Communications Technology is a barrier. There are a wide variety of resources available to help you to improve your e-commerce skills. Simply, decide what skills you need and identify the appropriate resources to help you to build those skills.

The skills that may be required range from basic abilities, like word processing and Internet navigation, to more complex capabilities such as designing and building websites and database management.

There are a range of resources to help you broaden your understanding of the e-commerce environment and develop your technical skills. These include online resources, books and magazines, seminars and training courses. Keeping this in mind, a summary on the background of Electronic Commerce is being provided.

E-commerce (electronic commerce) is the activity of electronically buying or selling of products on online services or over the Internet. The term was coined and first employed by Dr. Robert Jacobson, Principal Consultant to the California State Assembly's Utilities & Commerce Committee, in the title and text of California's

Electronic Commerce Act, carried by the late Committee Chairwoman Gwen Moore (D-L.A.) and enacted in 1984. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. E-commerce is in turn driven by the technological advances of the semiconductor industry, and is the largest sector of the electronics industry. Modern electronic commerce typically uses the World Wide Web for at least one part of the transaction's life cycle although it may also use other technologies such as e-mail. Typical e-commerce transactions include the purchase of online books (such as Amazon) and music purchases (music download in the form of digital distribution such as iTunes Store), and to a less extent, customized/personalized online liquor store inventory services. There are three areas of e-commerce: online retailing, electronic markets, and online auctions. E-commerce is supported by electronic business.

E-commerce businesses may also employ some or all of the followings:

- Online shopping for retail sales direct to consumers via Web sites and mobile apps, and conversational commerce via live chat, chatbots, and voice assistants;
- Providing or participating in online marketplaces, which process thirdparty business-to-consumer (B2C) or consumer-to-consumer (C2C) sales;
- Business-to-business (B2B) buying and selling;
- Gathering and using demographic data through web contacts and social media;
- Business-to-business (B2B) electronic data interchange;
- Marketing to prospective and established customers by e-mail or fax (for example, with newsletters) ;

- Engaging in pretail for launching new products and services;
- Online financial exchanges for currency exchanges or trading purposes.

E-commerce offers consumers the following advantages:

- Convenience. E-commerce can occur 24 hours a day, seven days a week.
- Increased selection. Many stores offer a wider array of products online than they carry in their brick-and-mortar counterparts. And many stores that solely exist online may offer consumers exclusive inventory that is unavailable elsewhere.

E-commerce carries the following disadvantages:

- Limited customer service. If you are shopping online for a computer, you cannot simply ask an employee to demonstrate a particular model's features in person. And although some websites let you chat online with a staff member; this is not a typical practice.
- Lack of instant gratification. When you buy an item online, you must wait for it to be shipped to your home or office. However, retailers like Amazon make the waiting game a little bit less painful by offering same-day delivery as a premium option for select products.
- Inability to touch products. Online images do not necessarily convey the whole story about an item, and so e-commerce purchases can be unsatisfying when the products received do not match consumer expectations. Case in point: an item of clothing may be made from shoddier fabric than its online image indicates.

The Indian e-commerce industry has been on an upward growth trajectory. The online retail market in India is estimated to be 25% of the total organized retail market and is expected to reach 37% by 2030. By 2034, it is predicted to surpass the United States to become the second largest e-commerce market globally.

A young demography, increasing internet and smartphone penetration, and relatively better economic performance are some key drivers of this sector. Each month, India adds approximately 10 million daily active internet users- the highest rate in the world; number of smartphones per 100 people has risen from 5.4 in 2014 to 26.2 in 2018. According to 2019 data, it was estimated that one in every three Indians shopped using a smartphone.

In order to tap onto the large market, the e-commerce industry has also seen an increase in innovation across platforms, and ancillary segments such as logistics. The market has become conducive grounds for testing various business models such as inventory, social networks, aggregator, and e-commerce marketplace model, among many others.

Further, out of nearly 100,000 pin codes in India, online retailers deliver to 15,000 to 20,000 pin codes. The e-commerce trend is gaining major popularity even in the tier-2 and tier-3 cities as they now make up nearly half of all shoppers and contribute three of every five orders for leading e-retail platforms. The average selling price (ASP) in tier-2 and smaller towns is only marginally lower than in tier-1/metro cities.

Electronics and apparel make up nearly 70% of the e-commerce market, when evaluated against transaction value. Other upcoming categories are baby products, furnishing, personal care, food and groceries.

### **Differences between Traditional Commerce and E-Commerce**

<b>Point of Difference</b>	<b>E-commerce</b>	<b>Traditional Commerce</b>
Cost Effective	E-commerce is cost effective. The cost incurred on middlemen is eliminated as there is direct link between the	Cost has to be incurred for the role of middlemen to sell the company's products. The total overhead cost

	business and the customers. . The total overhead cost required to run e-business is comparatively less. Running an e-business require only a head office. Overhead cost can be eliminated by hosting a website.	is more. Running a traditional business require a head office with several branches to cater to the needs of customers situated in different places.
Time	A lot of valuable time for both the consumers and business is saved. A product can be ordered and the transaction can be completed in few minutes through internet	It takes a lot of time to complete a transaction.
Convenience	It provides convenience to both customers and business. It provides better connectivity for its prospective and potential customers as the website can be accessed virtually from anywhere, anytime through internet. It is not necessary to move away	It is not so convenient method as that of E-commerce. Customers have to move away from their home or work place to locate and purchase a desired product.



	from their work place or home to locate and purchase a desired product.	
Accessibility	It is easy to expand the size of the market from regional to international level. By hosting a website, a business can penetrate into global market. It is quite easy to attract customers from global markets at a marginal cost.	It may not be easy to expand the size of the market from regional to national level. Business organizations have to incur a lot of expenses to enter international market.
Introduction of new product	It is easy to introduce a product on the website and get the immediate feedback of the customers. Based on the response, the products can be redefined and modified for a successful launch.	It takes a lot of time and money to introduce a new product and analyse the response of the customers. Initially, cost has to be incurred to carry out pilot surveys to understand the taste of the customers.
Profit	It helps the organization to enjoy greater profits by increasing sales, cutting cost and	The cost incurred on the middlemen, overhead, inventory and limited sales pulls down the

	streamlining operating processes.	profit in traditional commerce.
Physical Inspection	It does not allow physical inspection of goods.	It is possible to physically inspect goods before the purchase.
Time Accessibility	Round the clock service is available.	Business is open only for a limited time.
Product suitability	It not suitable for perishable goods and high value items such as jewellery and antiques. It is mostly suitable for purchasing tickets, books, music and software.	It is suitable for perishables and 'touch and feel' items.
Human resources	It requires technically qualified staff with an aptitude to update themselves in the ever changing world. It has difficulty in recruiting and retaining talented people.	It does not have such problems associated with human resources.
Customer interaction	The interaction between the business and the	The interaction between the business and the

	customer is screen-to-face.	consumer is a face-to-face.
Process	Automated processing of business transactions helps to minimize the clerical errors.	There are chances of clerical errors to occur as there is manual processing of business transactions.
Business relationship	Business relationship is characterized by end-to-end.	Business relationship is vertical or linear.
Fraud	Lot of cyber frauds take place in e-commerce transaction. People generally fear to give credit card information. Lack of physical presence in markets and unclear legal issues give loopholes for frauds to take place in e-business transactions.	Fraud in traditional commerce is comparatively less as there is personal interaction between the buyer and the seller.
Information sharing	Little dependency on person to person information exchange. It provides a universal platform to support	Heavy dependency on information exchange from person to person. No uniform platform for information sharing as it depends heavily on

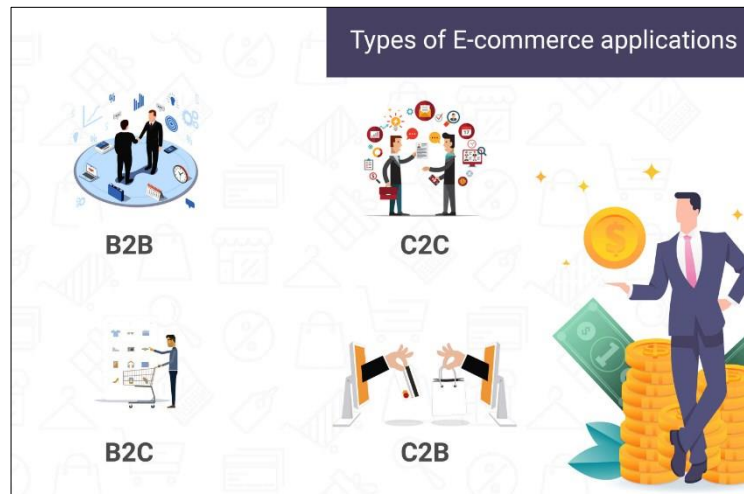
	business activities across the globe.	personal communication.
Method of Communication	Communication can be done in asynchronous way. Electronics system automatically handles when to pass communication to required person or do the transactions.	Communication is done in synchronous way. Manual intervention is required for each communication or transaction.
Strategy	A uniform strategy can be easily established and maintain.	It is difficult to establish and maintain standard practices.

### **Four Traditional Types of Ecommerce Business Models**

If you're starting an ecommerce business, odds are you'll fall into at least one of these four general categories.

Each has its benefits and challenges, and many companies operate in several of these categories simultaneously.

Knowing what bucket your big idea fits in will help you think creatively about what your opportunities and threats might be.



## 1 . B2C – Business to consumer.

B2C businesses sell to their end-user. The B2C model is the most common business model, so there are many unique approaches under this umbrella.

Anything you buy in an online store as a consumer — think wardrobe, household supplies, entertainment — is done as part of a B2C transaction.

The decision-making process for a B2C purchase is much shorter than a business-to-business (B2B) purchase, especially for items that have a lower value.

Think about it: it's much easier for you to decide on a new pair of tennis shoes than for your company to vet and purchase a new email service provider or food caterer.

Because of this shorter sales cycle, B2C businesses typically spend less marketing dollars to make a sale, but also have a lower average order value and less recurring orders than their B2B counterparts.

And B2C doesn't only include products, but services as well.

B2C innovators have leveraged technology like mobile apps, native advertising and remarketing to market directly to their customers and make their lives easier in the process.

For example, using an app like Lawn Guru allows consumers to easily connect with local lawn mowing services, garden and patio specialists, or snow removal experts.

Additionally, home service businesses can use Housecall Pro's plumbing software app to track employee routes, text customers, and process credit card payments on the go, benefitting both the consumer and business alike.

## **2 . B2B – Business to business.**

In a B2B business model, a business sells its product or service to another business. Sometimes the buyer is the end user, but often the buyer resells to the consumer.

B2B transactions generally have a longer sales cycle, but higher order value and more recurring purchases.

Recent B2B innovators have made a place for themselves by replacing catalogs and order sheets with ecommerce storefronts and improved targeting in niche markets.

In 2020, close to half of B2B buyers are millennials — nearly double the amount from 2012. As younger generations enter the age of making business transactions, B2B selling in the online space is becoming more important.

## **3 . C2B – Consumer to business.**

C2B businesses allow individuals to sell goods and services to companies.

In this ecommerce model, a site might allow customers to post the work they want to be completed and have businesses bid for the opportunity. Affiliate marketing services would also be considered C2B.

E lance (now Upwork) was an early innovator in this model by helping businesses hire freelancers.

The C2B ecommerce model's competitive edge is in pricing for goods and services.

This approach gives consumers the power to name their price or have businesses directly compete to meet their needs.

Recent innovators have creatively used this model to connect companies to social media influencers to market their products.

#### **4 . C2C – Consumer to consumer.**

A C2C business — also called an online marketplace — connects consumers to exchange goods and services and typically make their money by charging transaction or listing fees.

Online businesses like Craigslist and eBay pioneered this model in the early days of the internet.

C2C businesses benefit from self-propelled growth by motivated buyers and sellers, but face a key challenge in quality control and technology maintenance.

### **Five Value Delivery Methods for Ecommerce Innovation**

If your business model is the car, then your value delivery method is the engine. This is the fun part — where you find your edge. How will you compete and create an ecommerce business worth sharing?

Here are a few of the popular approaches taken by industry-leaders and market disruptors.

#### **1 . D2C – Direct to consumer.**

By cutting out the middleman, a new generation of consumer brands have built loyal followings with rapid growth.

Online retailers like Warby Parker and Casper set the standard for vertical disruption, but brands like Glossier are showing us how D2C can continue to be an area for innovation and growth.

## **2 . White label and private label.**

To “white label” is to apply your name and brand to a generic product purchased from a distributor.

In private labeling, a retailer hires a manufacturer to create a unique product for them to sell exclusively. With private labeling and white labeling, you can stay lean on your investments in design and production and look for an edge in technology and marketing.

## **3 . Wholesaling.**

In a wholesaling approach, a retailer offers its product in bulk at a discount.

Wholesaling is traditionally a B2B practice, but many retailers have offered it to budgetconscious consumers in a B2C context.

## **4 . Dropshipping.**

One of the fastest growing methods of ecommerce is dropshipping.

Typically, dropshippers market and sell items fulfilled by a third party supplier, like AliExpress or Printful. Dropshippers act as a middle man by connecting buyers to manufacturers. Easy-to-use tools allow BigCommerce users to integrate inventory from suppliers around the world for their storefronts.

## **5 . Subscription service.**

As early as the 1600s, publishing companies in England used a subscription model to deliver books monthly to their loyal customers. With ecommerce,



businesses are going beyond periodicals and fruit of the month clubs. Today, virtually every industry has seen the arrival of subscription services to bring convenience and savings to customers.

## **OBJECTIVE OF ANALYSIS**

The major objectives of the project work on E-commerce industry are: -

- To understand about E-commerce and its role in the economy
- To understand the types of E-commerce and its functioning
- To understand the influence of the coronavirus pandemic on the E-Commerce Industry with respect to the consumers perspective.
- To understand major academic disciplines contributing to e-commerce research
  
- To understand about the growth prospects of E-commerce



## **Importance of E-Commerce:**

E-Commerce gives access to the mass market at an affordable price and unlike TV or print advertising, it allows truly personalized marketing.

**Global reach** – A website can reach anyone in the world who has internet access. This helps to find new markets and compete globally with a small investment.

**Lower cost** – A properly planned and effectively targeted campaign can reach the right customers at a much lower cost than traditional marketing methods.

**Measurable results** – marketing by email or banner advertising makes it easier to establish effective campaign. Detailed information about customers' responses to advertising can be obtained.

**Round the Clock** – With a website, customers can find out about products even if office is closed.

**Personalization** – If the customer database is linked to the website, then whenever someone visits the site, you can greet them with targeted offers. The more they buy, the more you can refine your customer profile and market effectively. 57

**One-to-one marketing** – E-Commerce helps to reach people who want to know about your products and services instantly. For example, many people take

mobile phones and PDAs wherever they go. Combine this with the personalized aspect of E-Marketing, very powerful and targeted campaigns can be created.

**Better conversion rate** – If there is a website, then ever your customers are only a few clicks away from completing a purchase. Unlike other media which require people to get up and make a phone call, post a letter or go to a shop, E-Commerce is seamless. With all these aspects E-Commerce has the potential to add more sales.

**Instant information** – One of the most important advantages is the speedy availability of the information. The clients/users can easily get information by navigating the internet, about the products that they want to purchase; besides, they can check the information at any time.

**Savings** – It allows the companies to save money, since the online marketing campaigns don't require a large amount of investment.

**Scope for expansion** – It helps the expansion of the operations from a local market to national and international markets at the same time, offering almost infinite expanding possibilities.

**Feedback** – On the internet everything can be measured, thus it's easier for the companies to know if their campaign is working or not, which user is interested in their products, from which place, etc.

### **Scope of E-Commerce:**

Today, online shopping is a reality in India. The market place is flooded with several e-commerce options for shoppers to choose from. In the recent past, the growth of e-commerce industry in India has been phenomenal as more shoppers have started discovering the benefits of using this platform. There is enough scope for online businesses in the future if they understand the Indian shopper's psyche and cater to their needs. Listed below are the reasons that guarantee the future prospect of E-commerce in India.

- Enhancing domain registrations
- Rising internet users
- Easy access to internet
- Awareness about internet even in rural areas
- Rising number of cyber cafes
- Growing need for E-commerce

### **a) Cash on delivery (COD)**

Indian e-commerce industry has evolved over a period of time with innovations that have changed the rules of the game globally. COD is one such example. In a country where credit card penetration is much lower than other developed markets and where e-commerce companies are still working hard to build trust among shoppers, introducing cash on delivery has been one of the key factors for the success of the segment. At present, COD is the preferred payment mode for close to 55-60% of all online transactions in the fashion and lifestyle segment in India. Executing COD efficiently and painlessly for the customer is critical to the success of any e-commerce player in the country.

### **b) Delivering experiences**

E-commerce needs to focus on customer experience to build trust and confidence. Customer experience encompasses every interaction of a customer from placing an order to interacting with customer service team, to the actual delivery experience. Providing a great delivery experience is one of the core aspects to delighting customers. This not only mean faster deliveries but also consistency and reliability. The more faith the customer has in your delivery service, the more likely he is to buy again. Besides, it builds a good brand image and word-of-mouth publicity.

### **c) Growing the base**

India has more than 130 million online users at present, out of which as many as 10% are engaging in online transactions. The online user base is expected to cross 300 million in the next 2 – 3 years and a larger percentage of people are expected to transact online by the end of 2015. This large base will provide vast scope for e-commerce businesses to establish themselves in India.

### **d) Growing opportunities**

The e-commerce industry is growing at a rapid pace and changing the dynamics of the retail industry. In the coming years, e-commerce is expected to contribute close to 8-10% of the total retail segment in India. This growth is bound to continue provided e-commerce companies focus on innovating, building strong technology infrastructure and delivering the best customer experience.

### **e) Online Travel Segment**

The online travel segment has seen a CAGR of 55.5% from 2007-2012. This is due to rise of disposable income, surge in demand for domestic travel and the boom of the tourism industry. Domestic travel contributed to as much as 50% of the total market, followed by railways tickets, international air tickets, hotel bookings and bus tickets.

### **f) E-Tailing**

E-tailing encompasses buying consumer items like apparels, electronic devices, home and kitchen appliances, jewellery, online. Competition is intense due to low entry barrier of this segment. However, Amazon.com, flipkart, snapdeal.com, jabong.com, and myntra.com are some of the major players. This segment is expected to grow further as people become more pressed for time. Also the choice that e-tailing sites offer to customers will drive demand for this segment. However, there will be intense price based competition in this sector and consolidations are in the order.

### **g) Online Financial Services**

The financial services segment includes applying for insurance, paying online bills, and premiums and online transactions for financial services. The costs of these insurance policies are lesser with premiums being 40%-60% cheaper. This is a win-win situation for both the insurance provider and the customers. Also the convenience provided by online portals has led to more customers choosing the online route for bill payment.

### **h) Classifieds**

It is in a very promising stage and has lot of scope for growth. Online advertising is lot cheaper than conventional methods and unlike the latter, it is not constrained



to a geographic location. The growth is mainly fuelled by services like online job (60% of the segment), online matrimony, B2C classifieds and B2B classifieds. Naukri.com, timesjob.com, monster.com are the major players in the job market while jeevansathi.com, shaadi.com are the major matrimonial sites.

#### **i) Other online Services**

These include sites offering online services like buying entertainment tickets, food and grocery.

## **CHALLENGES IN ANALYSIS**

There were few challenges that were been faced during the project work on the Ecommerce Industry: -

- One of the major challenges during the analysis was the collection of primary data (original data) related to the study.
- Searching the accurate data related to the study was another challenge.
- Knowing the appropriate perspective and the preparation of questionnaire was also one of the challenges.
- Studying the impact of covid on e-commerce was a challenge in terms getting the data.

## ANALYSIS

The Covid19 pandemic also known as the coronavirus pandemic emerged in Wuhan of China and was given an account of to the WHO (World Health Organization) on 31<sup>st</sup> December 2019. On 30<sup>th</sup> January 2020, Public Health Emergency was announced as a global concern. Covid-19 name was given to this disease on 11<sup>th</sup> February 2020. This disease plays with the immunity of the human beings, Low immunity individuals are directly affected by this.

The pandemic of Covid-19 is a major pitfall not only for the human's health or life or the economic conditions but also on the overall structured society which is not to be changed to an another extend now. Various new things are introduced during this pandemic some of which were their before but still were unknown which now have developed a new scenario.

The National Emergency have not spare anyone each and every sector, each and every section is being affected by it whether rich or poor. One of the sectors being affected is the E-Commerce. The Transactions of Buying and Selling that is the business transaction via the route of internet led to the evolution of E-Commerce or broadly as Electronic Commerce. E-Commerce involves dealing with all sort of goods and services over the internet. It is also known as the Internet Commerce because of the way of its functioning online.

The taste, preferences, demand, needs of the consumers are now being shifted from luxury to the basic ones, from the ones with the most comfort to the ones with the need of just survival. All this had call for the economizing of all the resources of the economy. There is a rise in the trust and demand for the E-Commerce industries in order to be safe, secure and main motive of survival led to this increase.

Understanding of the change in the consumers perspective towards the E-Commerce is really important not only for the businesses to increase their market share but this time also for the social well-being.

The Coronavirus disease led to the social distancing which is why the traditional way of shopping is being neglected in this phase. As going to a crowded place for shopping can make you purchase Covid-19 people avoid going that way rather prefer the convenient and safer option of online shopping.

## Methodology

This paper used a survey of 67 people on their perspective as a consumer involved in online shopping. 9 Questions were asked to them for a clearer picture of the viewpoint changes of consumer during the pandemic of covid-19 towards E-Commerce.

The Thought process of the world is now changed with the covid19 pandemic which also bought a change in the lifestyle of people as they are trying to adjust with the new normal and all this led to give a push to E-Commerce industry as well. Covid19 provided E-Commerce with a new environment so as to expand their footprints with quite a few challenges to overcome like productivity or the supply chain effectiveness. Social distancing gave a positive impact on the E-commerce industries growth.

The following Table 1 shows the revenue earned by the companies in the Quarter 1 of the previous and current year that is 2019 and 2020 has witness an increase even though the economy is facing a downfall.

S.No.	Company	Revenue 2019 (Q1)	Revenue 2020 (Q1)	Increase
1	Amazon (USA)	59.7 Billion US dollars	75.45 Billion US dollars	15.75 Billion US dollars
2	Alibaba (China)	93,498 Million Yuan	1,14,314 Million Yuan	20,816 Million Yuan

<b>3</b>	Rakuten (Japan)	113.9 Billion Yen	140 Billion Yen	26.1 Billion Yen
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**Table 1**

The paper studied the perspective of 67 people out of which 70.1% are females and

29.9% males. 11.9% people are below the age of 20 years, 41.8% between 20-30 years, 28.4% between 30-40 years and 17.9% are above 40 years. The survey had 17.9% Respondents of business class, 20.9% of service sector, 44.8% students and 16.4% home makers. According to the family income of the respondents 1.5% had below 10k, 10.4% between 10k-20k, 16.4% between 20k-30k, 22.4% between 30k-40k and 49.3% above 40k.

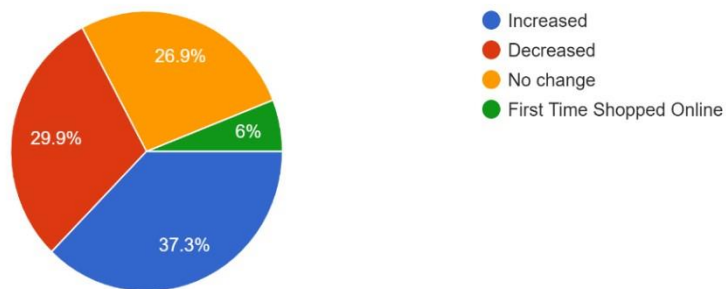
The following Table 2 shows the first two questions asked to the respondents according to which 73.1% people prefer online shopping and 46.3% people faced problems while shopping online during covid19.

S,No.	Question	Yes	No
<b>1</b>	Do you Prefer Online shopping?	73.1%	26.9 %
<b>2</b>	Did You face any problem with respect to the supply of the products while shopping online during covid-19?	46.3%	53.7 %

**Table 2**

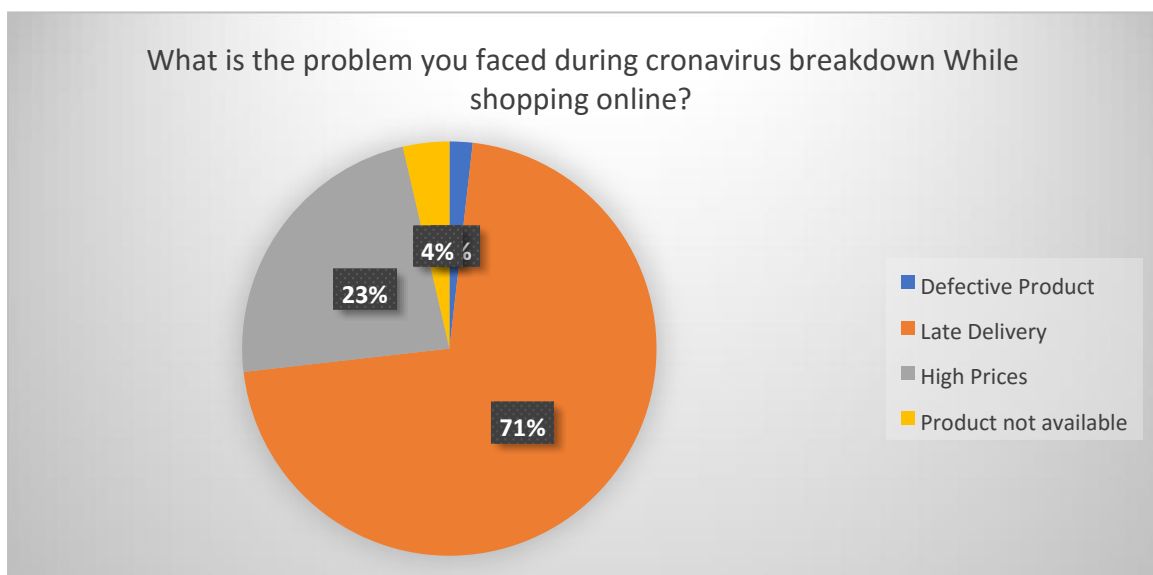
Further the respondents were asked regarding the change in the frequency of their purchasing online during covid19. The graph 1 represents that 37.3% ensured that it has increased whereas 6% shopped online for the first time, 29.9% said there is decrease in their online purchases and 26.9% believed that there is no change.

During Covid-19 your online purchases are-  
67 responses



**Graph 1**

Another aspect that was covered was related to the problem's consumers faced while shopping online due to coronavirus breakdown. The Graph 2 represent that 71.4% faced the issue of late delivery, 23.2% found the hike in prices, 3.6% believed that their product is not available online and 1.8% received defective product.

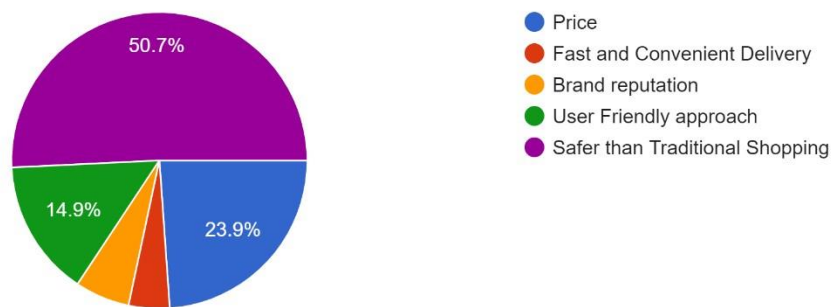


## Graph 2

The respondents were also asked about the element which influenced them to make an online purchase. The graph 3 represents that 50.7% found it safer than traditional shopping, 4.5% found it fast and convenient and 6% were attracted by the Brand reputation.

Which Element influence you to purchase online during covid-19?

67 responses

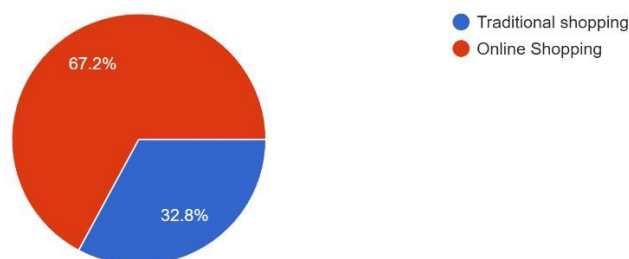


## Graph 3

The respondents were asked about their preference during and after covid19 which has shown a significant difference. Graph 4 shows their preference during covid19 and graph 5 shows their preference after covid19.

During Covid-19 you prefer more of:-

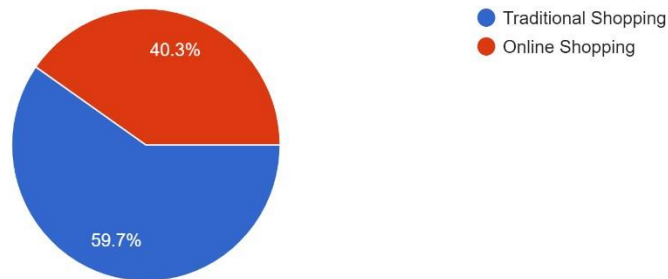
67 responses





## Graph 4

After Covid-19 you would prefer more of:-  
67 responses

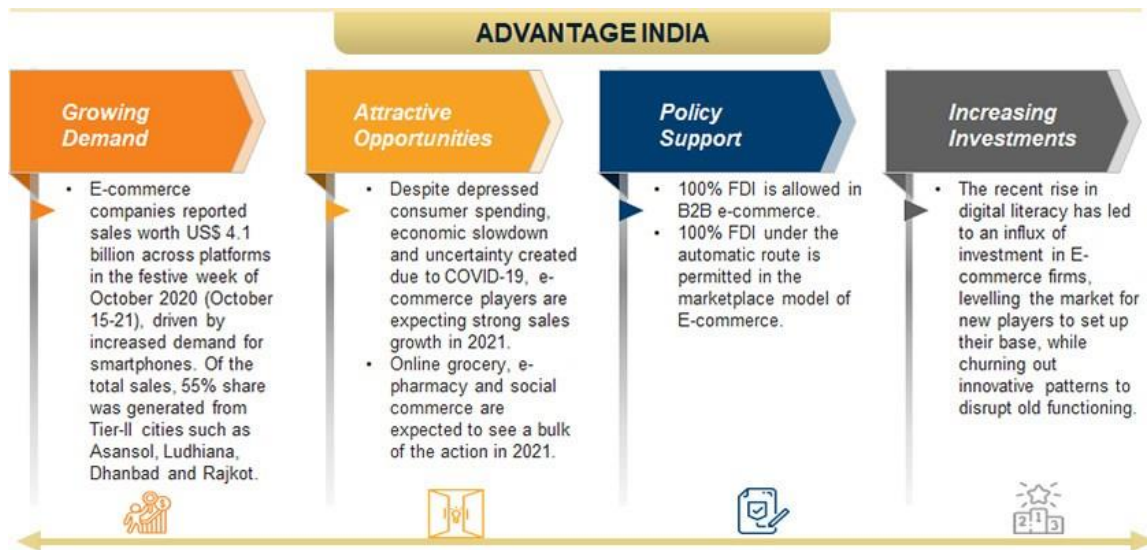


## Graph 5

This shows how much e-commerce is evolving even during covid19 pandemic as people are preferring it more these days, whereas after all this clears more people will be opting for traditional shopping. One of the reasons for this difference can be the social distancing which is to be followed during these days.

The E-Commerce is now being opted more than ever it has shown a growth in the frequency and number of purchases during the pandemic times. As people now wanted a new and safer way for engaging, entertaining and saving themselves.

# INDIAN E-COMMERCE INDUSTRY REPORT



## Introduction

E-commerce has transformed the way business is done in India. The Indian E-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion as of 2017. Much of the growth for the industry has been triggered by an increase in internet and smartphone penetration. As of September 2020, the number of internet connections in India significantly increased to 776.45 million, driven by the 'Digital India' programme. Out of the total internet connections, ~61% connections were in urban areas, of which 97% connections were wireless.

## Market Size

The Indian online grocery market is estimated to reach US\$ 18.2 billion in 2024 from US \$1.9 billion in 2019, expanding at a CAGR of 57%. India's e-commerce orders volume increased by 36% in the last quarter of 2020, with the personal care, beauty and wellness (PCB&W) segment being the largest beneficiary.

Propelled by rising smartphone penetration, launch of 4G network and increasing consumer wealth, the Indian E-commerce market is expected to grow to US\$ 200

billion by 2026 from US\$ 38.5 billion in 2017. Online retail sales in India is expected to grow 31 % to touch US\$ 32.70 billion in 2018, led by Flipkart, Amazon India and Paytm Mall.

In India, smartphone shipments reached 150 million units and 5G smartphone shipments crossed 4 million in 2020, driven by high consumer demand post-lockdown.

In festive season CY20, the Indian e-commerce GMV was recorded at US\$ 8.3 billion, a significant jump of 66% over the previous festive season. Similarly, the Indian ecommerce market recorded ~88 million users in festive season CY20, a significant jump of 87% over the previous festive season.

### **Investments/ Developments**

Some of the major developments in the Indian e-commerce sector are as follows:

- In February 2021, Flipkart partnered with Maharashtra State Khadi & Village Industries Board and Maharashtra Small Scale Industries Development Corporation to bring local artisans and small and medium businesses into the ecommerce ecosystem.
- In February 2021, Zomato entered into an agreement with the Ministry of Housing and Urban Affairs (MoHUA) to introduce 300 street food vendors on its portal.
- In February 2021, Flipkart Wholesale, the digital B2B marketplace of Flipkart Group will offer grocery on its app with an aim to provide kiranas and small retailers one-stop access to a wide selection of products.
- In February 2021, Udaan, a B2B e-commerce firm, announced to expand its warehouse capacity (by 5x) to 50 million sq. ft. across several states in the next 7-8 years.

- In January 2021, Flipkart introduced SuperCoin Pay to strengthen its SuperCoin rewards programme by allowing customers to pay through SuperCoins at >5,000 retail outlets across the country.
- In January 2021, The Khadi and Village Industries Commission (KVIC) unveiled eKhadiIndia.com, an e-commerce portal, which will comprise >50,000 products, ranging from apparel to home décor.
- In January 2021, the B2B e-commerce platform, Udaan raised US\$ 280 million (~Rs. 2,048 crore) in additional financing from new investors— Octahedron Capital and Moonstone Capital. Prior to this, in October 2019, the company raised US\$ 585 million (~Rs. 4,280 crore) from Tencent, Altimeter, Footpath Ventures, Hillhouse, GGV Capital and Citi Ventures. It is likely to deploy the latest fund towards continued market creation of B2B e-commerce in India and digitise more small businesses across the country.
- Flipkart partnered with PayTM for its annual Big Billion Days Sale event in October 2020, offering customers the convenience of making payments directly through the latter's application with the bonus of receiving PayTM cashbacks over and above Flipkart discounts.
- Infibeam Avenues signed a contract with Oman's second-largest bank, the Bank of Muscat, to process the bank's online card transactions of various payment networks through its digital payment solution—CCAvenue Payment Gateway Service in November 2020.
- In November 2020, Amazon India announced collaboration with Hindustan Petroleum Corporation Limited. Under this partnership, customers will be able to book and pay for their LPG cylinders until the delivery.

- In November 2020, Reliance Retail Ventures Ltd. (RRVL), a subsidiary of Reliance Industries (RIL), acquired a minority stake of Urban Ladder Home Decor Solutions Pvt. Ltd. for Rs. 182.12 crore (US\$ 24.67 million).
- In November 2020, Flipkart acquired Scaptic, an Augmented Reality (AR) firm, to boost user experience.
- In November 2020, Amazon India has opened 'Made in India' toy store, in line with the government's 'Atmanirbhar Bharat' vision. The store will allow thousands of manufacturers and vendors to sell toys driven by the Indian culture, folk tales and toys that promote creative thinking and are locally crafted & manufactured.

### **Government initiatives**

Since 2014, the Government of India has announced various initiatives, namely Digital India, Make in India, Start-up India, Skill India and Innovation Fund. The timely and effective implementation of such programs will likely support growth of E-commerce in the country. Some of the major initiatives taken by the Government to promote Ecommerce in India are as follows:

- As of February 15, 2020, the Government eMarketplace (GeM), listed 1,071,747 sellers and service providers across over 13,899 product and 176 service categories. For the financial year 2020-21, government procurement from micro and small enterprises was worth Rs. 23,424 crore (US\$ 3.2 billion).
- In a bid to systematise the onboarding process of retailers on e-commerce platforms, the Department for Promotion of Industry and Internal Trade (DPIIT) is reportedly planning to utilise the Open Network for Digital Commerce (ONDC) to set protocols for cataloguing, vendor discovery and price discovery. The department aims to provide equal opportunities to all

marketplace players to make optimum use of the e-commerce ecosystem in the larger interest of the country and its citizen.

- National Retail Policy: The government had identified five areas in its proposed national retail policy—ease of doing business, rationalisation of the licence process, digitisation of retail, focus on reforms and an open network for digital commerce—stating that offline retail and e-commerce need to be administered in an integral manner.
- The Consumer Protection (e-commerce) Rules 2020 notified by the Consumer Affairs Ministry in July directed e-commerce companies to display the country of origin alongside the product listings. In addition, the companies will also have to reveal parameters that go behind determining product listings on their platforms.
- Government e-Marketplace (GeM) signed a Memorandum of Understanding (MoU) with Union Bank of India to facilitate a cashless, paperless and transparent payment system for an array of services in October 2019.
- Under the Digital India movement, Government launched various initiatives like Umang, Start-up India Portal, Bharat Interface for Money (BHIM) etc. to boost digitisation.
- In October 2020, Minister of Commerce and Industry, Mr. Piyush Goyal invited start-ups to register at public procurement portal, GeM, and offer goods and services to government organisations and PSUs.
- In October 2020, amending the equalisation levy rules of 2016, the government mandated foreign companies operating e-commerce platforms in India to have permanent account numbers (PAN). It imposed a 2% tax

in the FY21 budget on the sale of goods or delivery of services through a non-resident ecommerce operator.

- In order to increase the participation of foreign players in E-commerce, Indian Government hiked the limit of FDI in E-commerce marketplace model to up to 100 % (in B2B models ).
- Heavy investment made by the Government in rolling out fiber network for 5G will help boost E-commerce in India.

### **Road Ahead**

The E-commerce industry has been directly impacting micro, small & medium enterprises (MSME) in India by providing means of financing, technology and training and has a favourable cascading effect on other industries as well. Indian E-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second largest E-commerce market in the world by 2034. Technology enabled innovations like digital payments, hyper-local logistics, analytics driven customer engagement and digital advertisements will likely support the growth in the sector. The growth in E-commerce sector will also boost employment, increase revenues from export, increase tax collection by ex-chequers, and provide better products and services to customers in the long-term. Rise in smartphone usage is expected to rise 84% to reach 859 million by 2022.

E-retail market is expected to continue its strong growth - it registered a CAGR of over 35% to reach Rs. 1.8 trillion (US\$ 25.75 billion) in FY20. Over the next five years, the Indian e-retail industry is projected to exceed ~300-350 million

shoppers, propelling the online Gross Merchandise Value (GMV) to US\$ 100-120 billion by 2025.

According to Bain & Company report, India's social commerce gross merchandise value (GMV) stood at ~US\$ 2 billion in 2020. By 2025, it is expected to reach US\$ 20 billion, with a potentially monumental jump to US\$ 70 billion by 2030, owing to high mobile usage.



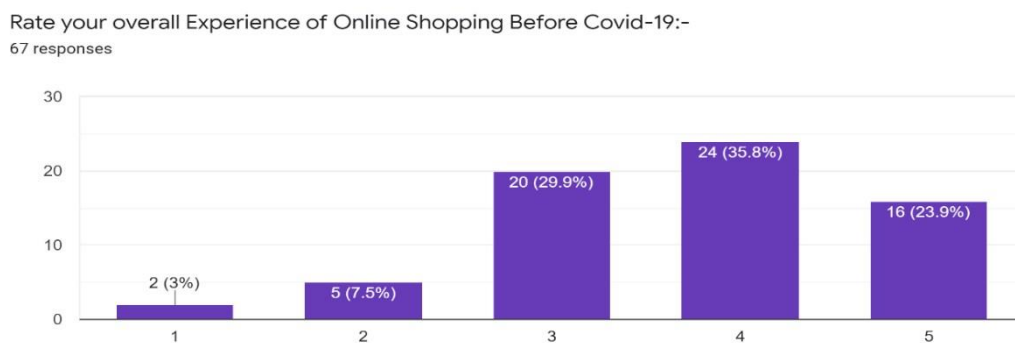
## **SUGGESTIONS**

- Close existing digital divides among individuals, for example by expanding affordable and quality broadband to rural and underserved areas, enhancing financial inclusion, and fostering trust and the acquisition of skills to participate in e-commerce.
- Foster e-commerce participation by the most vulnerable, for example by introducing community-based delivery programmes for elderly and reserved delivery slots. Ensure that vulnerable consumers are protected from unfair business practices and unsafe products.
- Support the creation of innovative e-commerce business models, ensuring that regulatory frameworks remain flexible enough to accommodate combinations of online and offline business functions. Reduce regulatory uncertainty and promote transparency through information sharing.
- Ensure that SMEs can participate in e-commerce, for example by providing policy, regulatory or financial incentives for sales diversification and establishing a level playing for SMEs relying on the services of online platforms.
- Reduce bottlenecks in the enabling environment for e-commerce, including areas such as connectivity, trade, logistics and postal services.

## CONCLUSION

E-Commerce industry is that force which cannot be ignored by any element of the economy. Coronavirus pandemic proved that one of the major tools that can help consumers during crisis is e-commerce. In order to maintain social distancing and selfquarantine the consumers have become more reliable on the e-commerce industry.

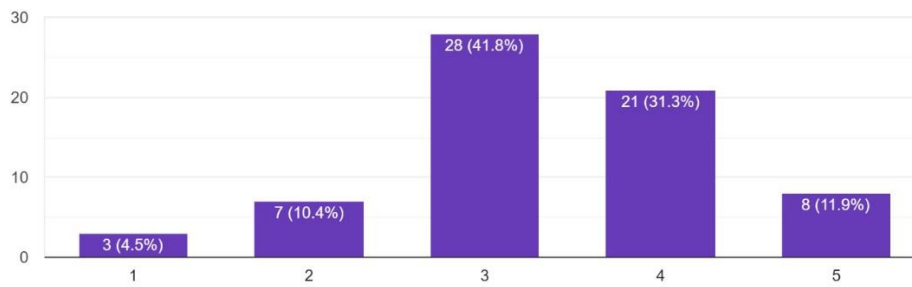
In the questionnaire the respondents were asked to rate their experience of online shopping before covid19 and also during covid19. The graph 6 shows the ratings of consumers according to their experience before covid19. According to which 35.8% rated 4 whereas 3% rated 1 and 3.9% as 5.



**Graph 6**

The graph 7 shows the ratings of consumers according to their experience during covid19. According to which 41.8% rated it as 3, 11.9% as 5 and 4.5% as 1.

Rate your overall experience of online shopping During Covid-19:-  
67 responses



**Graph 7**

The Commanders of E-Commerce needs to figure out the ways and means of not only surviving but staying ahead for whole of the community. This pandemic led people to get engaged with technology to deeper extend and so it paved a way for the ECommerce growth as well. Electronic Commerce is Intensified by Covid19.

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