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RESEARCH ARTICLE

ONLINE SHOPPING-ITS IMPACT IN NON METRO AREAS.

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Manuscript Info

Abstract

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Introduction:-

Online shopping is growing more fastly in India, smaller towns are playing a vital role. They match metros when it comes to online transactions, whatever it is whether they're buying toys or two-wheelers."More than half our business comes from users in 450 non-metro towns. This segment is growing faster than the metros," said Vikas Ahuja, chief marketing officer of Myntra. com, an online retailer of apparel and footwear. " Withthis developing rising of Internet penetration and adoption of mobile devices all over the country, companies selling products and services by websites are looking towards smaller cities for expanding business.

"Non-metros are playing a pivotal role in the growth of e-commerce segment in India primarily due to ease of purchase...The convenience of shopping online and access to the best international brands is driving the growth among non-metro markets,"

Online shopping is not a new big deal anymore in the present era of information technology. In India, online shopping is not in the nascent stage but blooming with a fast pace. Online shopping has crossed many borders and cultures in India over past 5 years or so. Few years ago it was not much popular, but now e-commerce has touched every online person's life, be it male or female of India, be it a person from Metro or a person from small cities. At present share of online retail is constantly increasing in Indian retail market. Even in rural India online shopping is becoming a part of life. Now, shoppers are showing keen interest to purchase online in order to save time and take advantage of their convenience instead of physically visiting a store (Dholakia & Uusitalo O. 2002). As an emerging economy, India has a potential market for online shopping. E-commerce companies are fighting to establish themselves in the Indian market. The fight for major position among these e-commerce companies has reached to the next stage, with increasing demand for online shopping in rural India. In order to materialize this opportunity E-commerce firms like Amazon, e-Bay, Flipkart and Snapdeal are now focusing on expanding business in small towns and rural parts of the country as it seems a huge opportunity for these companies. Rising popularity of online shopping in small cities is showing strong momentum with an improved demand appetite. In India, e-commerce companies like Flipkart, Amazon, Snapdeal, eBay and Jabong admit that here more than 50% of their sales comes from small cities and towns. The reasons behind this huge growth in small cities and towns may be as similar as customers of metro cities or may be different.

Surveys and opinions:-

According to eBay Census 2011, a study on the Indian e-commerce landscape released last year, as many as 3,311 Indian cities shopped online between July 1, 2010, and June 30, 2011. Of this, over 1,267 were non-metro cities.

"Metros have a dominant share of purchases, with Tier 2 and 3 cities catching up fast. Metros contributed 51 per cent of all e-commerce transactions, while Tier 2 and 3 cities contributed about 40 per cent and rural India 9 per cent," the survey said.

While consumers in the metros buy products and services mainly because of convenience, those in the non-metros buy due to non-availability of products.

Big brands don't find it viable to open shop in small towns and e-commerce is the perfect route to deliver their products to those who can afford from non-metros, it said.

Echoing similar view, Siddharth Puri, Senior Marketing Manager Fetise.com, an online shopping community for Men said, "Fetise get 500-700 orders a day on an average of which about 150-220 are from the non-metros."

Online shopping portals expect the number of orders coming in from these areas to go up further helped by rising Internet penetration, growing purchasing power and adoption of mobile devices.

"Use of mobile Internet and smart phones has definitely given a push to this sector as the access is available to the consumers on their fingertips," Puri said.

According to a Google report, over 70 per cent of search happened in non-metros and over all 50 million people logged on to the Internet from mobile phones in 2011.

Valyoo Technologies, which runs three e-commerce site -- Lenskart.com, Bagskart.com and Watchkart.com, online shoe store Fashos.com and consumer durables selling website Greendust.com get around 50, 70 and 28 per cent of their business from non-metro cities respectively and have plans to scale their business in these area

Kunal Bahl, co-founder and CEO of Snapdeal, was surprised when he reviewed the range of products being bought from tier II and III towns from his online marketplace. "Online retail has revolutionized the way Indians shop. Some of the categories witnessing high traction from these places are very interesting," he said.

Arvind Singhal, founder of retail consultancy Technopak, said, "Penetration of FMCG products and consumer durables are very high across India. But in smaller towns and cities, people don't have access to many categories that are easily available in metros. For instance, if you move just 300Km away from Delhi to Nainital, availability of items such as solar lanterns drops sharply. So the only option for people there is to shop online because, for many categories, the reach of online players is greater than that of their brick and mortar counterparts.

In e-commerce, non-metros had a share of between 20 and 40 per cent till recently. It is 50-50 for metros and non-metros among eBay buyers, a company representative told Business Standard. Also, there's been a growth of 70 per cent in online buyers over seven years, a trend established by the eBay census.

The platform covered 240 cities for online transactions in 2005, and it's risen to 4,306 now. "The number of hubs increase only when there are buyers and sellers there," the official said

Factors which contribute for growth of e commerce:-

Localisation of internet: as part of globalisation, now we can see less number of homes or mobiles without internet connection and low rate packages, free wifi zones likewise reasons also giving boost for online shopping.

Growth of cities beyond metros: in india there is 67% of non metro or local areas are there with 75% of population, which is major proportion of customers for e commerce business.

Growth of mobile commerce: development of mobile commerce facilities like mobile money transfers, mobile vouchers, coupons, mobile banking, mobile ticketing, mobile marketing and advertising etc.....like services are directly helpful for e commerce.

Moneyless Card transactions: credit and debit purchases had reduced the risk of money usage.

Convenience and price:- The convenience of the shopping experience is closely followed by internet and mobile communication as being leading drivers of retail development this year. While it ranks third at the moment, mobile communication is expected to wield the greatest impact on development of retail in future. This will be driven by the increasing breadth of mobile services, with customers using these services to search online and compare products while shopping. Seamless multi-channel retailing, supported by these trends, is also expected to gain importance.

Mobile apps:- New research by Internetretailer.com shows that 42% of mobile revenue in 2014 will be generated in mobile commerce apps. The research was conducted under the leading 500 retailers worldwide in mobile sales. It shows that more and more mobile shoppers are using apps instead of the mobile website to buy online. Great apps offer a brands most loyal customers the best possible user experience. It's no secret that mobile is fast becoming a preferred digital shopping device. At the same time, branded mobile retail apps are surging in popularity. In fact, mobile apps in the US account for 44% of the total digital time spent in the retail sector. Apps have become the highest-performing channel for many retailers, with conversion rates outperforming the desktop. Apps now generate about half of all mobile sales for retailers who have made their app experience a priority, and are expected to drive over 40% of mobile sales for the top US 500 retailers this year.

Other factors which are playing in development of online sales are:-

Availability of worldwide products

Low cost mobiles

Free home delivery and less strain.

Exchange guarantee.

Objectives:-

*to know the customer perception regarding online shopping

*to study on the factors by which online sales are developing in non metro areas.

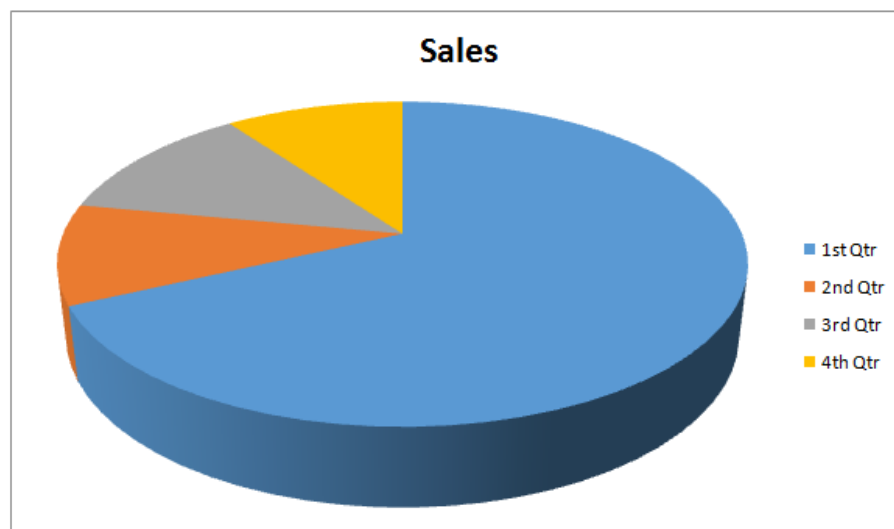
*To study on number of shipments of different logistics in non metro areas.

Research methodology:-

This study aimed at finding out the views and awareness of customers on online shopping and portals. Data is gathered from customers of Anantapur and Kurnool regions by questionnaire method. A sample population of 100 members is taken for the study.

Factors:-

main reasons for which customers are preferring online shopping in non metro areas are.



1st quarter: availability of world wide products.

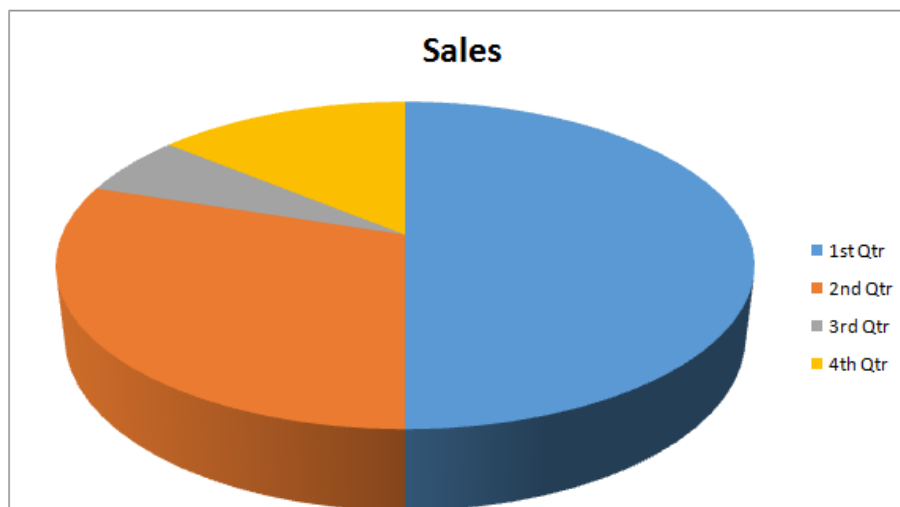
2nd quarter: convenience.

3rd quarter: less price.

4th quarter: exchange guarantee.

Availability of worldwide products is the major factor for the developing boom of e commerce in local areas, as the availability of different branded products is less in non metro areas where as convenience, less price comes after that factor. exchange guarantee is the another predominant factor where many of the online portals give exchange guarantee for 30 days.

Product ranges: the different items which are mainly shopping by non metro area customers are as follows.



*1st quarter: electronic goods

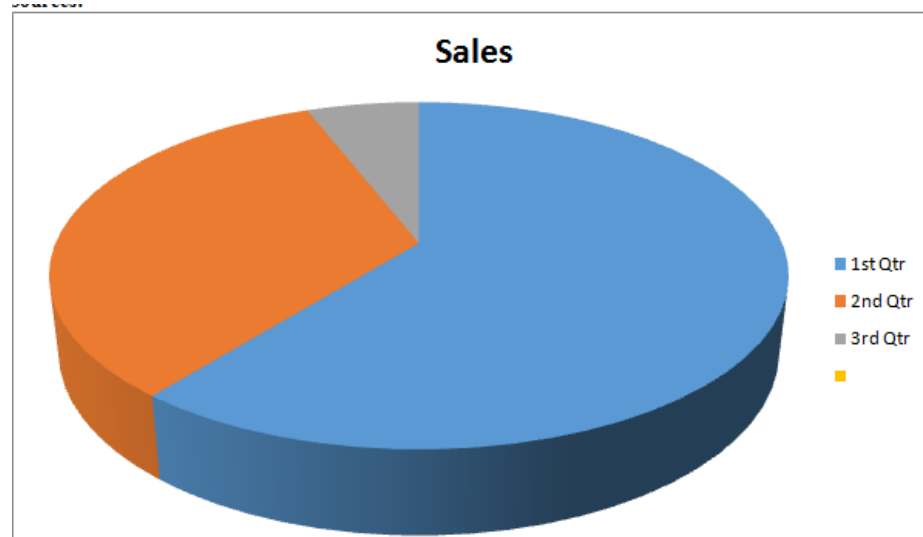
*2nd quarter: clothing

*3rd quarter: jewellery

*4th quarter: others

People from these two regions are mainly ordering for electronic goods like laptops, mobile, kitchen appliances items in online portals.

Sources:-



*1st quarter: mobile apps

* 2nd quarter: internet

*3rd quarter: others.

Mobile apps are frequently using by the customers to shop online, the main reasons for usage of mobile apps are low prices of smart phones, increased mobile usage in rural areas.

Logistics:-

The number of shipments per day in non metro areas has increased a lot from last year, on an average there will be around 130 shipments per day ,which will increase in week ends.there are number of logistics in both areas like Blue dot,E.com express .all are delivering nearly same number of shipments every day.

Conclusion:-

Online shopping is not in infant stage in India but riding on high growth rate and promises to sustain its growth rate in next future. With the presence of many driving factors demographic percentages of India is going to be proven as major deciding hope. Along with the developing information technology penetration in every corner of the country intensified this new shopping trend. Availability of low coast Smartphone and promotional schemes by e-retailers as an app only attract a major part of India's population (tier II & tier III cities) to purchase online. Highlite points of online shopping such as time and energy saving, convenience, comparable prices, easy payment & return policies becomes more attractive when it combines with lack of infrastructure in tier II & III cities as week supply chain system and unavailability of big brands. So they attract the huge mass of buyers from these non metro areas. Last but not least; increasing education especially women education influencing online shopping positively. So it is clearly stated that this new shopping trend is a win-win situation for both consumer as well as a retailer.