

Afternoon

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DESPATCH & COURIER



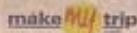
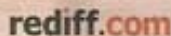
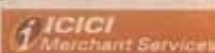
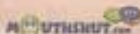
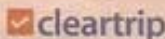
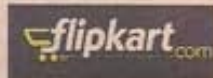
Business & Investment

« MARKETING

ONLINE SHOPPING ON A HIGH

The availability of more options from across the globe, ease of shopping at any given time of the day and simple and safe net banking procedures seem to be the factors pushing more and more people towards e-buying. Nupur Kherdekar reports...

BUY



There was an era when the world was unaware of the virtual world and there will soon be an era when living in the 'real' world will become a thing of the past.

Customers all across the globe, more so Indian's have often been categorized as the kinds who like to see and feel the product before buying it. The times and trends truly are changing. From being the kind that needed to feel the product, to reviewing and short listing the product online and then heading to the stores to buy it. But today, people are finally giving up that need of feeling the product before purchasing it and are buying online. And the trend is set to grow.

How fast is this phenomenon of online shopping catching up? "In India, online shopping is a recent phenomenon. Though it took its time, it is definitely catching up.

There was a time when people were afraid of going through online transactions. Now there is a generation which scours the Internet for best deals and best practices.

The consumer is an ever evolving species and is not afraid of going that extra mile to get himself a profitable deal. Online shopping is definitely on a high in metros where the young, urban population is forging ahead," believes Faisal Farooqui, CEO, MouthShut.com

But, will this trend in online shopping ever slip into the stage of superseding store or mall shopping? Will more and more people prefer e-buying? And if this does happen, will it be a healthy form of trade? If the entire platform goes virtual then a completely new set of rules and regulations will have to come into place. If this happens, and all the shops get wiped out by the Internet wave, then there also arises a possibility of the entire real estate market going flat.

Farooqui chooses to disagree. "Not really, in fact it shouldn't. A healthy market needs both, online and offline transactions. Malls and stores have their own market pulls and strategies in place, online transactions have their own set of vision-mission objectives."

In a report released by Comscore earlier this year, the average time spent online by an Indian is 12.5 hours. With over 75% of the population being under the age of 34 and half of the 75% being under 24. Adding insight to this is the survey conducted by The Associated Chambers of Commerce and Industry of India (ASSOCHAM), which stated that consumers in Mumbai ranked number one among top five cities, with almost 65% of Mumbaiers saying they prefer shopping online and cited rising fuel prices as one of the primary reason they do not want to loiter around malls, traditional shopping hubs.

Facilities like free shipping, product ratings/reviews, multiple payment options, product demonstration videos and free return policy largely influence the purchasing decision of consumers shopping online, concluded the ASSOCHAM survey. "Guys at the bookstores don't have a clue about the books. There is no point reading the review online and then going to the bookstore to make the purchase, if you can buy it online. So if I know what exactly I am looking for, then I order it online as I get better deals. Plus I don't get

Market Size and Growth

India's e-commerce market is worth about Rs 50,000 crores in 2011. About 80% of this is travel related (airline tickets, railway tickets, hotel bookings, online mobile recharge etc.). Online retailing comprises about 15%. India has close to 10 million online shoppers and is growing at an estimated 40-45% CAGR vis-à-vis a global growth rate of 8-10%. Electronics and apparel are the biggest categories in terms of sales.

The key drivers of the online industry growth in India which has over 50 million users are:

Increasing broadband Internet (growing at 35% MoM) and 3G penetration.

Rising standards of living and a burgeoning, upwardly mobile middle class with high disposable incomes.

Availability of a much wider product range (including online purchase from international retailers and direct imports) compared to what is available at brick and mortar retailers.

Busy lifestyles, urban traffic congestion and lack of time for offline shopping.

Lower prices compared to brick and mortar retail driven by disintermediation and reduced inventory and real estate cost.

—B. Anirish Rau, GM, First Data India and ICICI Merchant Services

charged for delivery," says Vivek Anarath a Flipkart regular.

The online retail industry in India is likely to be worth Rs. 7,000 crore by 2015 due to easy availability of broadband services and increasing Internet penetration across the country. "A booming economy and rising disposable incomes have contributed to the evolution of online shopping," says D.S. Rawat, Secretary General, ASSOCHAM.