Anticipation Of E-Retailing In Rural India And Rural Consumers’ Attitude Towards E-Retailing

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Abstract

With the advent of internet technology and ongoing changes in consumer behaviour, last decade has witnessed significant growth in e-Retailing and information technology in India. By just clicking a mouse, shoppers can buy any product online, from grocery items to credit cards. E-Retailing simplified the process of buying and selling with benefits like secure payments, timely delivery, genuine brands, time saving shopping etc. Over last eight quarters India has witnessed huge investment in e-Retailing sector and e-Retailing ecosystem has progressed, it has opened huge business opportunities for the investors who are ready to invest in e-tailing sector and to work through some of the logistics and payments challenges in India. In Metropolitan cities-Delhi NCR, Bangalore, Mumbai, Chennai, Kolkata and Hyderabad e-Retailing is growing at rapid pace. E-Retailing is also showing its spread in other popular cities like Ahmadabad, Jaipur, Indore, Chandigarh etc. Almost 68% of Indian Population is living in rural areas and these areas have yet to experience the online shopping. There are no near future plans of investors to invest in e-tailing sector in rural India. Here an important question arises that how long rural India has to wait to experience the e-Retailing.

Keywords: e-Retailing in rural India, Rural India, shop online, e-Commerce in rural India.

1. Introduction

Michael Aldrich invented online shopping which is also known as e-Tailing, e-Retailing, internet retailing etc. in 1979 in UK and is gaining grounds in every country of the world. In India e-tailing was founded by Ashish Jhalani and is growing at rapid speed in urban India. The urban India prefers e-tailing than traditional shopping pattern because it is cost efficient, time saving, and easy shopping to them. Consumers need not to go to crowded markets, stay in queues and waste hours to search desirable products. On e-tailing portals consumer can buy every item from grocery items to residential buildings. According to a recent TechnoPak report, with the growing internet users, which will comprise 180 million broadband users by 2020. E-tailing can grow more than hundred-fold in the next 9 years, to reach $76 billion by 2021. Indian internet users have played a significant role in growing the business markets. The Internet is being used as an instrument for: tape new markets, maintain consumer relationships, improving cost efficiency, and delivering customized products and services. On the other hand side we cannot deny a bitter fact that there is a negligible growth of e-tailing in rural India. Where the urban shoppers are enjoying every benefit of e-tailing there in rural India majority of consumers even don’t know the term “e-Retailing”. Technically, the Government at state and Central level are not aware about the benefits of growth of e-tailing and its positive impact on the Indian economy. Smooth development is possible only when rural areas would be priority for development projects because 68% of Indian population is living in rural areas. Researcher carried out this study to know actually the main reasons behind the very less growth of e-tailing in rural India and to trace the
opportunities and challenges for e-Retailers to tape the rural market in India. Researcher also outline some of these local nuances and explain the attitude of the rural customer towards the e-Retailing. Researcher would also figure out what measures are to be taken to bring the life of e-Retailing to rural India.

2. Objective Of The Study
- To identify the rural consumers attitude towards e-Retailing in India.
- To determine the challenges in the way of e-Retailing in rural India.
- To suggest positive recommendations for successful advent of e-Retailing in rural India.

3. Research Methodology
3.1 Data Collection Methods
Both the primary and secondary methods of data collection were used. The primary data was collected through a structured questionnaire. Secondary data was collected from News Papers, Books, Journals, Magazines, Research papers and Websites.

3.2 Sample Design
Samples were collected from rural consumers of age group 18-45 years in Haryana, Utter Pradesh, West Bengal, Karnataka and Jammu and Kashmir to know their opinion about e-Retailing. The total sample size of respondents was 200.

3.3 Data Analyses and Interpretation
$X^2$ and $Z$ test was used to analyse the collected primary and secondary data to draw inferences related to rural consumers’ responses and their overall opinion on e-Retailing.

4. Findings
The data analyses revealed following facts and findings.
- 3% of rural consumers of age group 18-45 years don’t know even there is something existing which is called Internet.
- There are 46 million internet users in rural India. Amongst them 10% (4.6 million) don’t know about e-Retailing, surprisingly only 3% (1.38 million) use internet for online buying. These 3% consumers are either living in rural areas which are adjacent to cities or they are using the address of their workplace/offices which in some cases are in cities, to receive product delivery, where the delivery option is available.
- 62% respondents (of age group 18-45) reported that they started use of internet since last three years only; amongst them 30%, 20% and 12% use internet since last three years, two years and one year respectively.
- 80% of the respondents use internet for communication, job search and office use only.
- 0.1% amongst 3% respondents who use Online shopping portals complained that ordered product and supplied product are different.
- 97% respondents believe that traditional shopping experience is more effective in buying products however 3% respondents disagreed with this them.
- Whether online buying is costlier or not? 60 per cent of the respondents disagreed, 30 per cent agreed and the remaining 10 per cent were undecided on it.
- Whether online buying is risky and unsafe? 90% respondents said Yes, 10% said No.
- Do you get delivery on promised time? 95% respondents said No, 5% said Yes.
- Do you prefer online shopping portals in local languages? 60% respondents said yes and 40% said NO.
- What do you think is big obstacle in the way of online shopping in rural India? 40% of respondents answered unavailability of online shopping service to their areas, 20% respondents said unavailability of promised internet access and courier services and 40% said both of the above.

5. Rural India Prefers Brick And Mortar Shops Than E-Shops
- In rural India due to less e-literacy rate, unavailability of internet access and unavailability of product delivery to their areas consumers think traditional shopping is very convenient to them than online shopping.
- Rural consumers are shopping from local grocers on credit basis which is not possible in online shopping pattern. However, credit card can fulfil this need but there is very weak banking coverage in these areas.
- Respondents said they can buy desirable product at minimum possible Price through traditional shopping and can clear many doubts about product features by buyer seller face to face interaction.
- In traditional shopping pattern Consumer can check quantity and quality of material, size etc.
- To avoid the risk of leakage of confidential banking information during payment. Frequent incidents of phishing and hacking has made consumers very proactive and are not ready to use credit cards, debit cards and net banking for online shopping.

6. Major Challenges Of E-Retailing In Rural India
- Absence of e-Retailers. E-retailers have limited there area of operations to big cities only and have turned blind eye to rural India.
- Less transport connectivity and unavailability of courier services. Lack of road connectivity has left many rural areas cut off from cities. In many rural areas people do use canal banks, crop fields etc. as roads to reach cities. Some areas are still using historical carts as medium transport. It would be very tough for e-
Retailers to cover those areas at the moment. But some rural areas are lucky enough to have road connectivity with cities and these areas are easy to cover for e-tailing purposes.

- Unavailability of Internet Access and less rate of e-literacy in rural India. Some rural areas are now being covered under literacy schemes and e-literacy may take long time reach to such areas. Again the rural areas falling near to urban areas do have good e-literacy rate and internet access. Therefore, is good opportunity for e-Retailers to invest in such areas.

- Absence of touch-feel-try experience in online buying is also a big challenge.

- Untimely or no delivery of products. Due to lack of courier services and transport coverage, product is taking much time to reach to the customer in the rural areas where e-Retailing is available (these are adjacent to urban areas).

- In rural India trust between buyer and Seller is also a challenge for e-Retailing. The rural consumers are with the notion that e-Retailers will cheat on them with inferior quality and less quantity. On the other hand side e-retailers also experience refusal to accept delivery and unavailability of cash at the time of delivery in such areas.

- Threat of leakage of banking confidential information. To avoid the leakage risk, rural consumers are very conservative to use online payment option.

- Security system of India. Some areas like Jammu and Kashmir are banned to use very beneficial SMS service of telecommunication since last three years due to security reasons by Central Govt. of India. And SMS service is part and parcel of e-Retailing to communicate information to consumers.

- Language Barrier between buyer and seller. The online shopping portals are generally in English language but almost 30% of educated rural consumers are unable to understand English language fully.

- Unawareness about e-Retailing. E-retailers are running no awareness campaigns in rural areas of India, which has left them very far away from the online shopping pattern.

- Lack of banking sector in rural India. Majority of rural areas of India don’t have any commercial or cooperative bank. So the shopping portals which do have only online payment option cannot be used by consumers who don’t have bank account with net banking, debit or credit card.

- Resistance to change. Rural consumers are not easily ready to shift to online pattern of shopping.

- Customer preferences: Rural Consumers generally prefer their ethnic designs and styles; which are usually unavailable on online shops.

7. Suggestions And Conclusion

- Educated rural youth should show interest in e-retailing sector and should count it as one of the best investment opportunity.

- National and international investors should be encouraged to invest in e-Retailing in rural India.
Both Private and public banks should come forward for successful financial inclusion of rural areas to smoothen the way for e-Retailing.

E-retailers should come forward to start operations and mass advertisement in rural areas. E-retailers should choose various effective mediums to create awareness about online shopping in rural India.

Online shopping portals in local languages will help e-Retailing revolution to grow in rural India.

Internet service providers need to provide service to rural India at mass level at lower prices.

Govt. can also share in promoting online shopping pattern in rural India by e-literacy programmes, collect less tax at least for initial few years from e-Retailers which are serving rural consumers.

E-retailers should offer better products at best price to give stiff competition to traditional shopping in rural India.

Central and State Governments should encourage investors to invest in e-retailing sector in rural areas.

Both buyers and sellers in rural areas should show trust on each other to advent revolution of e-tailing.

E-retailers should act locally to take care of religious or cultural aspects in rural India. India is the land of religions and cultures and the people especially from rural areas are very specific about beliefs and cultures; e-Retailers should take these things into consideration before making anything online for sale.

Variety of payment options should be availed and cash on delivery option should be made possible for all areas in rural India. Cash on delivery option will help both buyer and seller to win each others trust.

Genuine products, offers and discounts will also attract rural consumers to online shopping. No fake or substandard products should be allowed to cheat innocent rural consumers.

“Check the delivery and then pay” should be a slogan of e-Retailers in rural India. In the beginning e-retailers should try their best to avail the “Check the delivery and then pay” facility until bond of faith will be created between buyer and seller.

Warranty, replacement and return like services should be ensured as fast as possible.

24*7*365 customer service in local languages will boost the online shopping.

Consumer court should act strictly if e-Retailers deliver less than promised quality and quantity.

Multi level security system should be used for online payers to ensure security to their confidential data and to win their trust on e-Retailers. They should be conveyed time to time about fraud payment sites and indications of hacking and phishing. They should be encouraged to change passwords of credit cards, debit cards and net banking regularly.

The shopping portals should be updated regularly according to consumers’ needs and seasonal changes. There should be no room for the compliant like online shopping portals are obsolete and traditional shops provide fresh variety.

However in metropolitan cities of India there is a huge development of infrastructural elements which are
required for e-tailing such hardware devices and technologies which enable internet access into them. Moreover it, e-retailing has changed the buying behaviour, demographic and psychographic dynamics of consumers. But there is hardly any improvement in shopping pattern of rural India. Where e-Retailers are adding new pages of success in big cities there they are very ignorant about major market for e-Retailing i.e., rural India. They can increase their revenues exponentially if they cover rural India in the arms of e-Retailing.

No doubt rural consumers and local Governments should also be enthusiastic to bring revolution of e-Retailing to rural India. With the fast spread of modernisation, revolution of online shopping is inevitable in rural India but if the e-retailers, investors, rural consumers and local Governments will not step ahead it may take very long time to happen. To bring revolution of cost effective, time saving and easy shopping pattern i.e., e-Retailing to rural consumers of India; e-retailers, investors, rural consumers and local Governments need to work unanimously for it.

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