

International Journal of Advance Research in Computer Science and Management Studies

Research Article / Survey Paper / Case Study

Available online at: www.ijarcsms.com

E-commerce and M-commerce: An Indian Overview

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Abstract: India adds the highest number of internet users per year, vs. any other country in the world. As of June 30, 2015, 52 million consumers gained access to the Internet vs the prior year, according to IAMAI (The Internet and Mobile Association of India). India is a massive E-Commerce marketplace now with every age group comfortably transacting online – more often preferring shopping online instead of visiting offline stores. More importantly, over 60% of consumers access the internet via their mobile devices. In India roughly 60-65 per cent of the total e-commerce sales are being generated by mobile devices and tablets shopping online through smart phones are proving to be a game changer, and industry leaders believe that m-commerce could contribute up to 70 per cent of their e-commerce revenues. The report gives a highlight on e-commerce and m-commerce, focusing on its major players and analysing its latest trends.

Keywords: e-commerce, m-commerce, online shopping, Flipkart, Amazon, mobile apps.

I. E-COMMERCE AND THE INDIAN ECONOMY

The Indian economy has been consistently showing good signs of growth, with the average GDP growth rate at 7.5% in 2015-16. The retail sector is showing a promising trend of 11% CAGR, growing from an estimated size of USD 600 Billion now to USD 1 Trillion in 2020. Although, currently the total e-Commerce spends in India accounts for less than 2% of the total retail spending, e-Commerce has become a key driver to create new markets in erstwhile unreachable geographies. The Indian consumers are rapidly advancing towards adopting technology. While the overall tele-density is 81.8%, the mobile tele-density is also high at 79.8% as of November, 2015. Additionally, during the same time, India beat the United States of America to become the 2nd largest market after China, for smartphones with 220 Million users – This was attributable to the availability of highly affordable smartphones and with easy-to-use features which helped first-time smartphone users leapfrog from the desktop/laptop phase. Internet penetration is also significantly rising with the number of internet users at 354 Million as of September, 2015. In addition, there is a shift in mobile usage from voice to data. Mobile internet spend has risen from 54% to 64% from 2014 to 2015. This is due to an availability of high-speed 3G & 4G internet connectivity at affordable prices which has led to an increase in transactions done via mobile. Rise of the middle-class consumers and changing shopping habits are adding to the online shopping demography. Increased access to global products and services at a click of a button, and delivery to even remote locations would further drive up this number. A 6X growth over 5 years is envisaged for e-Commerce driven by factors like new-age technology, convenience, higher adoption rates and larger reach.

II. EXISTING AND EMERGING E-COMMERCE BUSINESS MODELS

Globally, e-Commerce has been operating via various models such as B2B, B2C, C2C, Aggregators, and Hybrid. In India, leading current e-Commerce companies under different business models are enumerated as follows:

Table 1: Indicative list of current leading e-Commerce models in India

E-Commerce models	Leading companies*
B2C e-Commerce marketplace	Snapdeal.com, Amazon.com, Flipkart.com
B2C e-Commerce Inventory Led	BigBasket.com, FirstCry.com, Zovi.com
B2C e-Commerce Aggregator	Uber.com, olacabs.com
C2C e-Commerce	Cloudacar.com, quickr.com, olx.in
B2B e-Commerce	mjunction services limited (metaljunction, coaljunction, buyjunction, etc.), cloudBuy.com, tolexo.com, industrybuying.com, power2sme.com, Amazonbusiness.com
Omni-channel Retailers	Shoppers Stop Ltd., Infiniti Retail Limited Croma, Raymond Limited

Source: Deloitte Research *Note: Domain names

Table 2: Indicative list of emerging Vertical Specific e-Commerce companies in India

Verticals	Leading companies*
Online Travel	Makemytrip.com, yatra.com, cleatrip.com, goibibo.com
Online Real Estate	Magicbricks.com, 99acres.com, commonfloor.com, Housing.com
Online Fashion	Jabong.com, Myntra.com, Zovi.com, yepme.com, limeroad.com
Online Furniture	Fabfurnish.com, Pepperfry.com, urbanladder.com
Online Food and grocery	Zomato.com, Foodpanda.in, TinyOwl.com, BigBasket.com, Grofers.com
Online Entertainment	Netflix.com, ErosNow.com Hooq.com

Source: Deloitte Research *Note: Domain names

Observations with respect to online shopping are as follows:

1. **Men in India shop 3 times more than woman! They shop mostly electronics and apparel.**

Surprised? While women continue to dominate the in-store markets, men with disposable incomes have taken it upon themselves to play the larger role in online shopping.

2. **Cash-On-Delivery (COD) remains the most preferred online payment method.**

We Indians love the Cash-On-Delivery option; it gives us more control over online transactions since we don't have to pay until the product is at our doorstep. COD option during checkout has also been proven to boost impulse purchases.

3. **60% of online purchases happen during business hours. (9AM – 5PM)**

This proven trend is a myth-buster that shows how integral a part online shopping has become in our day-to-day lives. Marketers can use this fact to schedule their promotions across advertising channels accordingly.



III. M-COMMERCE: THE RISE OF THE MOBILE GENERATION

India adds the highest number of internet users per year, vs. any other country in the world. As of June 30, 2015, 52 million consumers gained access to the Internet vs the prior year, according to IAMAI (The Internet and Mobile Association of India). More importantly, over 60% of consumers access the internet via their mobile devices — 213 million people by end of June to be exact!

Indians spend an average of three hours on their cell phones every day, based on a survey done by Ericsson. The majority of this “mobile time” is spent messaging others, as well as on m-Commerce and other consumer apps to fulfil their daily needs.

App Market in India: Explosive Growth

Latest research conducted by Netscribes on Indian people confirms that the expected number of smartphone users may reach approx. 400 million by the end of 2016 and around 75.1 million mobile app downloads by 2017.

While comparing with any other country around the globe, every year India contribut While comparing with any other country around the globe, every year India contributes the highest number of internet users. As per the reports of IAMAI (The Internet and Mobile Association of India) up to June 30, 2015, around 52 million consumers gained access to the Internet compared to the previous year. These findings are ensuring a huge profit in the mobile applications development market that is expected to cross INR 32 Billion by the end of year 2017.

- As per Yahoo’s latest report, mobile app usage in India grew by 131 per cent and outpaced global app usage.
- Until last year the biggest challenge for Indian mobile developers was to begin earning from their apps. Now in India, the app monetization is on the rise.
- The successful launching of 3G and 4G LTE technologies are further contributing to propel mobile apps market and expected to increase by 166.8% per year.
- Indian mobile users cumulatively downloaded 9 billion apps in year 2015, which is 5 times more than that of 1.56 billion they downloaded in 2014. As far as the app spending goes, Indians spent USD 240 million on apps in 2015, up from USD 140 million in 2014.

Indian Users Behavior:

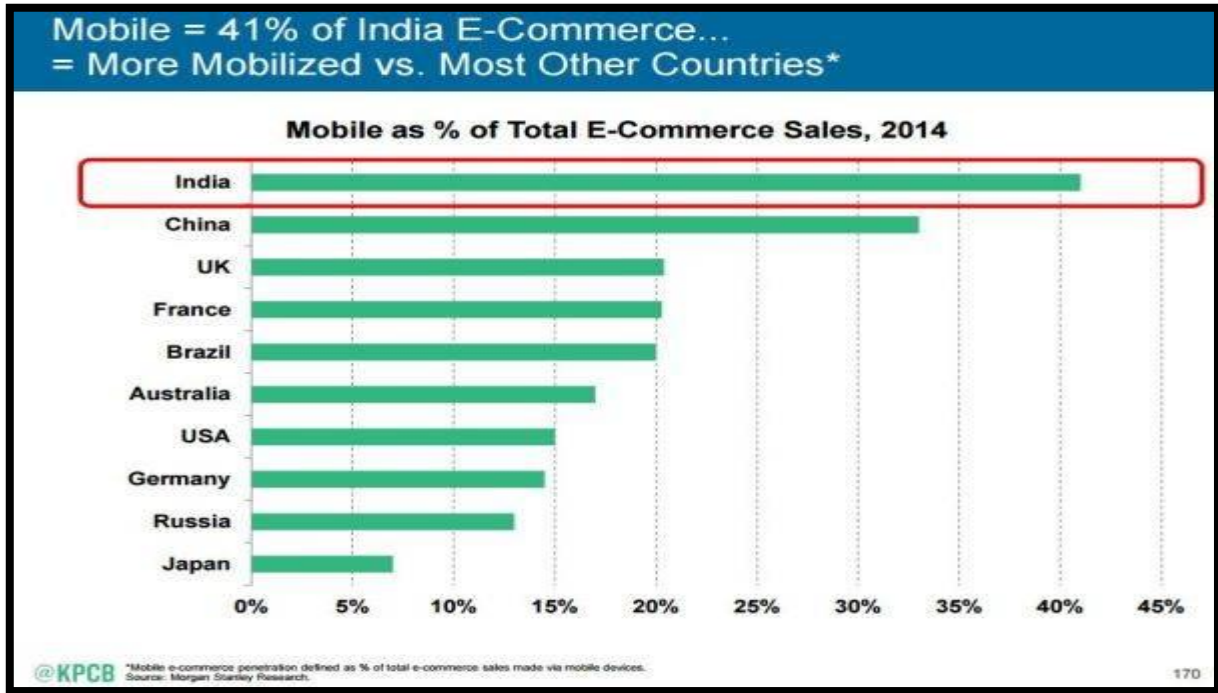
Indian user behaviour towards their mobile apps usage can be viewed by the following:

- A rapid growth can be seen among mobile payment apps, the popular names are **PayTm** and **Mobikwik**, which are attracting a lots of users.
- Popularity of music in Indian culture has explored another area for mobile music streaming apps such as Gaana and **Saavn** are popularly known for online streaming music on inexpensive phones with lesser in-built storage.
- Transportation app is an another important category and popular examples named as Ola emerged as a market leader with over 60% market share in India. Other big players in this segment are **Uber**, Meru, Tab and Airport Taxis.
- In the entertainment and food categories, Bookmyshow and Zomato are popular. Zomato provides useful information to food loving customers for different restaurants and their listing charges fees on the site. Whereas, at **Bookmyshow** users can buy movie tickets directly from its site.

Most Popular Apps in India

WhatsApp, Facebook, Instagram and UC Browser were the top apps of 2015 whereas Flipkart, Snapdeal, Amazon and Paytm remain the most popular ecommerce apps.

17% of all daily app downloads continue to be games – with car racing and action games being most popular. **India is Asia’s fastest-growing mobile gaming market with revenues expected to cross 1 billion by 2018.**



In India roughly 60-65 per cent of the total e-commerce sales are being generated by mobile devices and tablets shopping online through smart phones are proving to be a game changer, and industry leaders believe that m-commerce could contribute up to 70 per cent of their e-commerce revenues.



IV. CONCLUSION

Hence, the above reports provide understanding of e-commerce and m-commerce into the Indian markets. India is a massive E-Commerce marketplace now with every age group comfortably transacting online – more often preferring shopping online instead of visiting offline stores for a bigger gamut of choices and offers. The West shops online 10X more than India, but then India has the world’s 2nd largest number of smartphones and growing! Among all of its established players, though, ecommerce marketplaces have seen a particularly aggressive push for mobile. From ecommerce marketplaces (e.g. Flipkart) and travel aggregators (e.g. MakeMyTrip) to online classifieds (e.g. OLX) and media libraries (e.g. Saavn), many of these well-established digital businesses are continuing an inevitable transition to the rapidly growing channel of mobile.

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