Revolution of E-Commerce in Rural Market

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ABSTRACT

E-commerce is the word ruling the business since the last few decades. Thousands of businesses have moved online to utilize the potential of the Internet for reaching a wider audience. Further, this translates into an additional revenue stream that gets you an increased ROI (Return On Investment) with less investment cost and time. Today, e-commerce has enveloped our lives in such a way that it has become a necessity rather than a passion. From the business perspective, it comes ahead as a massive opportunity and even established brick-and-mortar brands are exploring this territory today.

The rural e-commerce market in India has the potential to be at $10 billion to $12 billion in the next four years on the back of increasing internet penetration, rising household income and the government's push on digital in rural areas, said a report from market research firm EY India.

"Effective use of vernacular languages and assisted commerce will help drive the large rural online opportunity for e-commerce firms looking to accelerate growth beyond the favorable industry metrics.

KEYWORDS: E-commerce, Mobile internet, Growth, Customize feature, E-commerce giants, Drawbacks

1. INTRODUCTION
1.1. E-commerce

Ecommerce, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions. Ecommerce is often used to refer to the sale of physical products online, but it can also describe any kind of commercial transaction that is facilitated through the internet.

Whereas e-business refers to all aspects of operating an online business, ecommerce refers specifically to the transaction of goods and services.

The history of ecommerce begins with the first ever online sale: on the August 11, 1994 a man sold a CD by the band Sting to his friend through his website NetMarket, an American retail platform. This is the first example of a consumer purchasing a product from a business through the World Wide Web—or "ecommerce" as we commonly know it today.

Since then, ecommerce has evolved to make products easier to discover and purchase through online retailers and marketplaces. Independent freelancers, small businesses, and large corporations have all benefited from ecommerce, which enables them to sell their goods and services at a scale that was not possible with traditional offline retail.

Global retail ecommerce sales are projected to reach $27 trillion by 2020.

1.2. E-commerce in Rural market

With the world moving forward at a fast-digital pace, it is not surprising that even rural India is now joining the bandwagon. While technology plays a large role in determining the success of an E-Commerce business, there are several other factors which govern it too. Availability of popular brands, keeping up with the trends dictating the global retail market and producing quality products which are within the required price range are a few of them. The giants of Retail in the E-Commerce sector are not concentrating specifically on rural India yet, which provides a great opportunity for smaller brands to improve their visibility and create strong, loyal customers.

The potential highlights a huge opportunity for e-commerce firms to tap into rural demand. The rural population contributed to $359 billion which forms 57% of the total retail market in 2017. The report, Rural e-commerce: The untapped potential, states that the number of internet users in India using local languages is estimated to reach 536 million by 2021, exceeding internet users using English. Internet penetration in rural India will be as high as 45% in 2021, compared to the present penetration of only 18%.

1.3. E-commerce exploring new frontiers in rural India

E-commerce exploring new frontiers in rural India. The e-commerce giants like Myntra, Jabong, Voonik, Amazon, Shopclues, Flip Kart and others are getting appreciable revenue coverage from the villages. The villagers are gaining benefits of online delivery system. And with the penetration of the Internet and the smartphones, most of the villagers are using mobile applications and computers to order their goods. These companies say that the products like electronic

items, utensils, grinders, baby products, mixers, and, etc., are the main goods in demand.

And, the fascinating thing about the orders from remote locations is that there is lesser likelihood of returns of the goods as they order only the most essential goods. This is saving cost on logistics for the company, as they are less investing for taking the delivered goods back. Certain companies like Ipay, Storeking, eDabba and, etc., are completely working for rural locations and they have innovative web design and development and work in view of the consumer expectations and Internet connectivity limitations of the rural areas.

.With the availability of online delivery, the villagers have started gaining benefits from these companies. With more penetration of internet, more people are now able to order their goods online. In addition to the above players, Shop clues cater to 8000 pin codes across small towns and villages. The companies have noticed that there has been high demand of goods such as electronics and utensils from the villages.

The rural area is a captivating sector for all the eCommerce companies owing to the factor that return rate is almost zero in these locations. The customer is highly need based and they do not order things which are of little use. Thus, companies save hefty amounts of money in logistics charges spend on taking back the delivered goods.

There are some of the eCommerce companies that are targeted only to the rural markets, such as Ipay, In three – Boon Box, Storeking, MVikarsha, eDabba and the likes. These companies have made certain innovations to their designs and working keeping in view the limitations with the internet connectivity of the rural areas of the country.

The majority of rural buys are from the categories of electronic appliances, stoves, wet grinders and baby products. This population mainly buys need-based products. Their buying capacity is no less than the urban population however, there is always a factor of lack of trust among the rural population. This is the reason they mainly opt for cash on delivery option.

There is a huge opportunity in this segment. More than 65% of our population still lives in villages and 138 million of them are well versed with the usage of smartphones and computers. Internet penetration is certainly on a rise. It is expected that within next two years all the villages will be connected to the E-commerce. It can be said that Indian E-commerce still has a long journey to go.
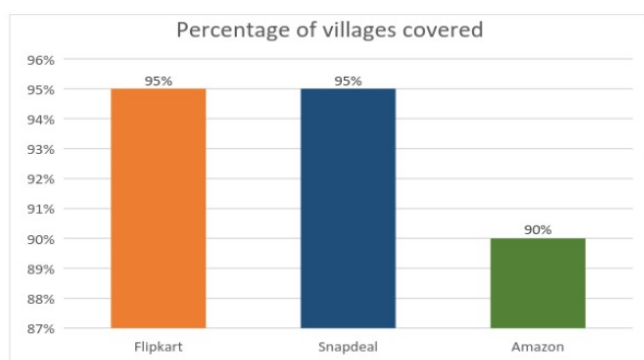
2. GROWTH STORY
The Rural e-commerce industry has seen a sudden rise in the recent past. While one of the primary reasons for that is the increased availability of information via the internet, there are several other factors which also need to be taken into account. The multiple sources of income for those residing in rural areas, is one of the primary factors. Diversifying from the traditional agricultural activities, the rural population moving slowly towards non-agricultural sources of income has led to greater revenue generation for the Retail industry. With an increase in the number of nuclear families, there has been an increase in spending power. A recent report by EY India revealed that there was a contribution of $359 billion by the rural population. This amounts to about 57% of the entirety of the retail market.

Much growth of the industry has been triggered by increasing internet and smartphone penetration. Internet penetration in India grew from just 4 per cent in 2007 to 34.42 per cent in 2017, registering a CAGR of 24 per cent between 2007 and 2017. As of September 2018, overall internet penetration in India was 42.87 per cent. The number of internet users in India is expected to increase from 560.01 million as of September 2018 to 829 million by 2021. Internet penetration in rural India is expected to grow as high as 45 per cent by 2021 compared to the current rate of 21.76 per cent. The e-commerce retail logistics market in India is estimated at US$ 1.35 billion in 2018 and is expected to grow at a 36 per cent CAGR over the next five years.

In February 2019, the Government of India released the Draft National E-Commerce Policy which encourages FDI in the marketplace model of e-commerce. Further, it states that the FDI policy for e-commerce sector has been developed to ensure a level playing field for all participants. According to the draft, a registered entity is needed for the e-commerce sites and apps to operate in India.

2.1 FACTORS DRIVING E-COMMERCE GROWTH IN RURAL MARKET
A. Mobile Internet Penetration
With a whopping 59 per cent of penetration in urban India, the next surge of mobile internet users will be coming from the rural sector. At present mobile internet penetration in rural India is as low as 18 per cent only. However, there is hope as last year saw 15 per cent growth in the number of mobile users, with a majority of them being 25 years or below that. With this growth of mobile usage in the rural sector, we can definitely expect it to be reflected in the buying trend in 2019. In fact, looking forward, we can say that this market has the potential to reach $10 billion to $12 billion, in as short a time as four years. When it comes to the number of internet users, researchers have predicted that there will be approximately 536 million users using local languages, with a penetration of 45 per cent, by 2021. This upward trend of internet users has a direct effect on the industry, as it becomes apparent that retailers need to take their businesses online if they want to prosper in the near future.

Public Wi-Fi would enable 40 million connected users
Public Wi-Fi would enable 40 million new connected users and contribute US$20b to India's gross domestic product (GDP) and at least US$10b per annum thereafter. Government aims to reach five million access points in 2020

and 10 million in 2022, to provide coverage and internet connectivity, for 600 million Indians. RailTel, Indian Railways and Google to offer public Wi-Fi in 400 stations (around 7.6 million monthly active users). Following behavior is observed for the existing users

Urban India has users accessing regional content	**199 million** (total internet users 305 million)	**69%** of the internet users consume content in regional languages, however, 68% of the usage is for entertainment, audio/video consumption only.
while rural India has users who access Indic content on the internet	**121 million** (total internet users 160 million)	

B. NUMEROUS CUSTOMISED FEATURES HAVE BEEN ADDED TO THE E-COMMERCE SECTOR

To capitalize on the benefits offered by the unique Indian consumer base, ecommerce companies have been innovating with policies traditionally not available in a brick-and-mortar store. Companies have introduced return policies ranging from 7–30 days, free home delivery and the most recent "cash on delivery "model. The last innovation has led to a lot of momentum in Internet sales and changed people's perception towards online shopping as shoppers can now purchase without disclosing their credit/debit card details. It is believed that more than 50.0 per cent of all online transactions in India are based on the cash on delivery (COD) payment methodology. As Indian consumers are showing increased interests towards the COD mode of payment, companies are investing to resolve issues such as refusal to pay cash, rising inventories and managing returns in order to provide this facility without hassles.

For e.g. New feature is added by flipkart: Flipkart Pay later in which next month of 10 date customer can pay without any interest. Maximum purchase up to 5000, and Amazon giving offer in cash back facility up to 50 Rs,. through Amazon Pay Wallet

C. Internet content in local languages
➢ Online retailers see this emergent segment as a new growth driver as the incremental growth in mobile subscribers can be credited mainly to people who are comfortable with languages other than English.
➢ Indian language users on the internet are expected to reach 540 million by 2021.
➢ In August 2018, Flipkart acquired an artificial intelligence company Liv.ai, which converts speech to text in 10 Indian languages

D. Cashless Transactions
➢ A net addition of nearly140 million debit cards has been recorded in the country in the past few years. Usage of debit cards at points of sale terminal has increased by 86 percent during the same period. This clearly reflects that people are getting comfortable with using debit cards for activities other than withdrawals at ATM.
➢ Value of Unified Payments Interface (UPI) transactions grew to more than Rs1.07 trillion (US $14.79 billion) in February2019.
➢ Digital consumers pending in India is expected to increase by more than two times to cross US $100 billion by 2020, driven by women and new internet users from smaller cities, according to a report by Google India and BCG.

E. Mobile Commerce
➢ Online retailers 'growing reach in town and cities beyond metros is driven by an increasing in usage of mobile internet in the country. Increased ownership of smartphones is helping more Indians access shopping websites easily.
➢ Rise in smartphone usage is expected to reach 50 percent penetration by 2020.

Smartphone User Base in India (million)
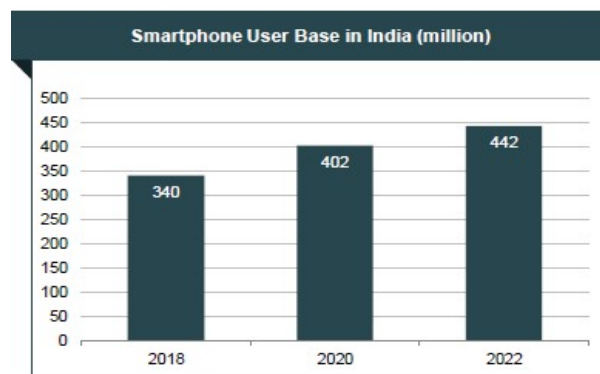
3. OBJECT OF PAPER:
➢ To study about the concept of Ecommerce
➢ To understand the key trends of Rural E- commerce marketing Strategies
➢ To study the initiative steps taken by Government & Private Companies in Rural Marketing and digitization
➢ To find out the key factors of growth in E commerce Rural Marketing
➢ Drawbacks in online purchase with rural customers

4. RESEARCH METHODOLOGY:
To study the concept Of Rural E Commerce Marketing and buying behavior of rural consumer in purchasing product online. New Age Technology create the awareness of e shopping apps, digital payment , setting a benchmark in high speed of internet in rural areas, and growth opportunities In E-commerce in rural marketing which will be seen boom in coming years.

The Primary source of data is based on personal interview and questionnaire and my research is exploratory
And Secondary data has been collected from, , magazines, government reports, publications from various websites which focused on my subject matter.

5. GOVERNMENT AND PRIVATE INITIATIVES INFLUENCING E-COMMERCE
A. Bharat Net and Digital India
➢ In the Union Budget of 2018- 19, government has allocated Rs8,000 crore (US$1.24billion) to Bharat Net Project, to provide broadband services to150,000 gram panchayats.
➢ The project has a target to connect 250,000-gram panchayats by March 2019.Thegovernment has also planned to setup 500,000 Wi-Fi hotspots for providing broadband service to 50million rural citizens.
➢ The government has also allocated Rs3,073 crore for the Digital India Mission in 2018-19. Under the Digital India movement, government launched various initiatives like Udaan, Umang, Start-up India Portal etc.

B. E-commerce draft policy
➢ In February 2019, the Government of India released the Draft National E-Commerce Policy which encourages

FDI in the marketplace model of e- commerce. Further, it states that the FDI policy for e- commerce sector has been developed to ensure a level playing field for all participants. According to the draft, a registered entity is needed for the e-commerce sites and apps to operate in India.

C. Internet Saathi

➤ Under this project Google and Tata Trust have collaborate d to improve internet penetration among rural women in India.

➤ The project has influenced over 16 million women in India and reached 166,000 villages

D. Reliance Jio

➤ The telecom provider offered free high-speed internet access to users for first seven months.

➤ It has also allowed users to access all online services through a family of apps, creating a whole ecosystem for them.

➤ As of January 2019, Reliance Retail along with Reliance Jio plans to launch a new e-commerce platform in India with Gujarat to be the first state to get it. The debut will be made in Diwali when most of the sales are made.

E. Udaan

➤ Udaan is a B2B online trade platform to connect small and medium size manufacturers and wholesalers with online retailers and also provide them logistics, payments and technology support.

➤ The platform has sellers in over 80 cities of India and delivers to over 500 cities.

6. Drawbacks of a rural customer related to online purchase:

Despite the growing needs of the rural customers, they still face challenges while buying their desired products and services. The top challenges faced by rural consumers based on EY secondary research are:

Touch and feel

Consumers are quite wary of what they buy. Unless they have reliability over the product, they will not make an online transaction.

Lack of trust

The rural consumers have doubts over the credibility of the overall system of e-commerce. Even though assisted commerce has begun to work well, in order to drive self-purchase, education and experience are utterly important.

Lack of know-how of mobile app

Consumers are unaware of the overall process of shopping online. Problem in deciphering the mobile app given that most of them are in English is a big problem for an average rural consumer.

Lack of awareness of brands

Despite the decision being price-based, there are many products that are similarly priced and provide too many options leading to a difficulty in making purchases.

Fear of poor after–sales service

There is a doubt related to service post-delivery of the product.

Perceiving offline sellers as more reliable

Consumers trust the shopkeepers who sell offline as they have been buying from them for quite a long time and there is personal relationship.

7. Conclusion

Indian e-commerce industry has evolved over a period of time with innovations that have changed the rules of the game globally. Cash on delivery (COD) is one such example. Besides COD, e-commerce players need to focus on customer experience to build trust and confidence. Customer experience encompasses every interaction a customer has with your service from placing an order to interacting with your customer service team, to the actual delivery experience and providing the after-sale service . Delivering a good experience is critical not only to ensure repeat purchase from a customer, but also for building a good brand image and word-of-mouth publicity.

Nelson Mandela said, *"If you speak to a man in a language he understands, it goes to his head; if you speak to him in his language, it goes to his heart."*

The apprehensions of the rural customers related to online purchase, for instance the lack of trust and fear of poor after sales services, and the non-homogenous market dynamics are some of the challenges. These challenges could be overcome in the following ways: Use of Vernacular language and support of after sale service and most important is trust, Lack of touch, feel and fear of poor after-sales services will need to be addressed through assisted sales and omni-channel physical presence.

In the coming decade, we expect the sector to offer much more revolutionary practices such as transacting with the help of Mobile money and having access to virtual trial rooms. Continue shopping online as the sector is set to mature.

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