INDIAN CONSUMER EMBRACING DIGITAL: THE MOVE TO DIGITAL INDIA

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ABSTRACT:

Indian consumer is fast embracing technology with open arms. With about 54 per cent of its population below 25 years of age, India is the youngest nation in the world. The young ones are not only enthusiastic about adopting the digital lifestyle in their working and relaxed hours but are reflexively adept in learning and working digitally. This is also the need of time as it facilitates ushering in greater precision and higher productivity in lesser spaces with fewer persons.

Enhanced purchasing power of Indian consumer, economies of scale (due to orders, lower offer prices (since part of savings in distribution costs are passed on to buyers), and ease of buying have provided great boost to digital trading. No wonder, sensing the potential of huge Indian market, most world markets have set their eyes and facilities in India. Increasingly, only digital way is being accepted for payment all over i.e. via digital wallets. Payments using mobile phone witnessed a paradigm shift in the past six years with proliferation of payment modes like UPI, mobile wallets, Bharat Interface for Money (BHIM), Bharat QR and Unstructured Supplementary Data (USSD). Growth in online buying in India has contributed to phenomenal growth in data usage, which is predicted to rise to 10,96,58,793 million MB in 2022 (ASSOCHAM, March 2019). Consequently, new opportunities are being created in IT sector for devising Apps, modalities of payment and hardware. A tangible benefit accruing to the national economy by espousing digital work style at work places and transactions is the curb on unfair, corrupt practices and bringing transparency. Unethical practices in licensing, ticketing, property tax assessment, and so on, are matters of bygone era. Reserve Bank of India (RBI, 2021 Vision Document) has predicted a 50 per cent increase in mobile-based payment transactions. E-commerce business in India is projected to grow from US$ 38.5 billion in 2017 to US$ 200 billion by 2026.

INTRODUCTION

The facility to link the physical world to the Internet and other data networks has far reaching implications for society on all fronts. It is now possible to monitor and manage operations and activities thousands of miles away, track goods as they cross the oceans, gather meteorological data or detect changes in the blood pressure of a diabetic that might be a sign of a heart attack. More than just the evolution of information technology, it redefines how we engage with our surroundings in numerous ways, and makes possible computer-mediated pathways of doing businesses, managing public infrastructure, and organizing people's lives in ways that were not previously possible.

The impact of digital economy, an offshoot of E-commerce, is no longer confined to urban centres in the developed world. Geographical barriers are shrinking and most nations have resorted to taking connectivity to rural and far-flung regions. India is partaking of the new commerce ethos and practices in big way, as witnessed in buying patterns. A secondary student in small town now opts to buy certain items online. In such scenario, no company can afford to overlook the emerging trends irrespective of its historical practices.

India is truly set to add its own flavour to the Internet and make it an engine for socio-economic growth. And the proof is in the numbers. Most digital natives, or those born with the word cyberspace hardcoded in their brains and lives, would perhaps not realise that compared to India's 70 years of Independence, the Internet in the country is relatively young at 3. [may change 'young at 3' to 'very young'] In rural India, a sizeable chunk of population has no access to Internet; this enormous market provides a huge opportunity for growth which will contribute to an increase in the overall Internet population over the next few years. With 451 million monthly active internet users at end of financial year 2019, India is now second only to China in terms of internet users, according to a report by Internet and Mobile Association of India (IAMAI).

POLICY IMPLICATIONS

First, the use of digital technologies requires higher-order cognitive, socio-emotional, and technical skills that help respond to fast-changing technologies and their adoption at wide scale. As per 2016 'World Development Report', this multiplicity of skills has always been important, but now we just cannot move forward without it. It is time that our technical and management institutes revamp their curriculum to

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integrate all the above features instead of promoting rote learning.

Second, flow of information across borders is crucial to the operation of the digital economy, and thus to the producers of goods and services that rely on it. Any barrier to free flow of information flow is likely to adversely impact the growth of E-commerce. For example, recent initiative by the government on 'data localisation' is likely to inhibit digital flows within and out of India. While security and data protection are of paramount importance, merely restricting digital flow is not likely to guarantee the same. The answer lies in stricter data protection laws that govern such trans-border digital flows.

Third, since the digital economy heavily relies on intellectual property, endeavours should be made to enforce strict protection to patents and copyrighted work, whether produced in India or elsewhere. For example, the Indian Patent Act does not allow patenting "software per se". Though there is a heated debate even in the US regarding software patents; merits of software patents in the digital economy needs to be reconsidered.

We also need to augment the infrastructure and capability at the patent offices in the country so that Indian inventors consider patenting in India seriously, before proceeding to file their patents in the US Patent and Trademark office. Since patents are jurisdictional in nature there are long term benefits of promoting and incentivising patent filing in India.

Fourth, digitisation has percolated from enterprises to the common man – the buyer and the seller. The cognitive skills of people, especially in India, are quite variegated due to differing literacy levels. Hence, product/service designers, developers and project managers should make conscious

efforts to ensure that digitisation does not leave behind masses and a massive digital divide is not created.

IMPACT OF DIGITAL ECONOMY

The main areas that have experienced a positive impact of digital ethos and facilitated the growth of the digital economy in India include:

• Educating and empowering citizens digitally.
• Opportunity for every citizen to use digital infrastructure.
• Getting services and governance on demand.
• Introduction of digital payments, which make it possible to bring the unbanked on-board.

Overall, the Indian economy is auguring well due to digitization. Many sectors, such as agriculture, health care and education are benefiting from being linked to the rising digital economy. Products such as the BHIM app and platforms such as UPI-integration are making it easier for people to transfer money.

India is also one of the leading countries when it comes to the evolution of payment systems. Enablers such as Aadhaar, Jan Dhan, Mobile penetration and demonetization have made it easier for many people to adopt digital payment systems. Due to mass adoption of biometric and digital systems, India is expected to use plastic payment systems on a large scale and has one of the most sophisticated financial systems in the world.

India is aspiring to be a leader along different global technology platforms. This is strengthened by the country's expanding technological capabilities, vibrant private sector, rich diplomatic history, entrepreneurial potential and enthusiasm to come atop. In order for India to maintain its leadership in information technology, it is vital for digital technologies to be used

to improve public services, deliver financial inclusion and develop efficient trade mechanisms.

Everyone, including the social sector, is on way to reaping benefit of the digitization. We observed a larger growth in fields which are directly linked to state programmes. For instance, the 'Smart Cities' mission will certainly contribute to the promotion of construction & real estate industry, the infrastructure sector as well as the steel and concrete industry. 'Make in India' and 'Digital India' successfully opened new channels for the technological sector. Some market leaders started to manufacture electronic products in India. The 'Skill India' initiative is supposed to promote the digital infrastructure by enabling the mass scaling of competence development, using technology as a mechanism for mass supply.

LITERATURE REVIEW

E-commerce: Business, Technology, Society. By Kenneth C. Laudon & Jeffrey Travis, Pearson, 2001 edition

Providing an overview of the current and next generations of e-commerce, it emphasizes the three major driving forces behind E-commerce: business development, technology change, and social controversies. How E-commerce sustains the interests of three diverse groups i.e. businesses, IS/IT development, and computer science applications, has been succinctly brought to fore.

Consumer Behavior: A Digital Native,1e, by et al. By Varsha Jain, Jagdish Sheth, August 2019, Pearson Education, First edition 2019

The book outlines how the perceptions of consumers are developed through the five senses, and also covers the strategies of brands embracing technology and connectivity to facilitate digital natives in their buying

process. The book further explains their persuasive nature of enterprises in the digital environment as also the various factors and their influence on consumer behaviour across a wide range of products, categories and services.

The Essentials of E -Business Leadership Digital Transformation. By Patel, paperback edition, 2000

In view of the spectacular successes of business pioneers such as Cisco and FedEx, there can no longer be any doubt that the future of business is inextricably bound up with the Internet. Written by the top e-business strategists at KPMG Consulting/Metrius, Digital Transformation provides executives with a road map for leading their companies through the transition from business to e-business.

Based, in large part, on extensive interviews with those at the forefront of the e-business revolution, Digital Transformation cuts through the hype and confusion surrounding doing business on the Internet to reveal the fundamental principles behind the digital transformation currently underway.
• Executives learn from 'the source' how to make the transition to a fully Internet-enabled organization.
• Includes tips and insights from Cisco CEO John Chambers, Dan Shulman, President of Priceline.com, and other e-business gurus.
• Reveals why some companies have been so successful while others tried and failed.

This book is a brief description of the impact of the Internet on Businesses of all kind. It starts with B2B e-business success stories like Cisco, FedEx and Ingram Micro whose business volumes on the web is several hundred fold greater than more popular B2C companies like Amazon.Com and

Yahoo. The most important factor to succeed in e-business starts with the right vision of the top management and the book provides a simple and effective framework that integrates business and technology drivers with the e-business strategy.

'Digital Transformation' as defined by KPMG is not just the conversion of text, images, voice and video into digital form but also involves the changes in the business processes associated with them. Once the vision and strategy are in place it is important to move fast and get the "first mover advantage" since in the new economy it is the first movers who walk away with all the marbles. One chapter each is devoted to B2B and B2C challenges and in each case the business model is brought out well.

The authors then borrow the concept of 'disruptive technology', the term coined by Prof Clayton Christensen in his book 'The Innovators Dilemma'. The web as a disruptive technology and what this means to diverse industries - Travel, Broking, Automobiles is quite interesting.

Consumer Behavior, Leon G.S. By Leon G. Schiffman, 10th edition, 2019

The book explores how the application of consumer behavior is central to the planning, development, and implementation of marketing strategies. It captures the impact of new media on consumer behavior and focuses on the marketers' ability to learn more about customers' purchases in order to implement a strategy with greater precision. The authors have added extensive cases, discussions, and examples relevant to Indian consumers and markets, creating a global perspective and making this pioneering textbook quite interesting.

Two points that E-retailers should mind are: a safe website of the company and assurance timely delivery of their

products to the customers, both these issues have positive effect on attitude towards online shopping behaviour of consumers as the attitude variable makes a substantial contribution in online shopping. Subjective norms too have positive effect on shopping behavior, which means the more people suggest e-buying to each other, the more this buying method will be popular among people and widen the market. Word of mouth is perhaps most important marketing factor for retailers. Next factor of benefit to retailers is the domain-specific innovativeness implying that marketing specialists should target a particular segment of society for better effectiveness of their marketing penetration (Khan & Chavan, 2015).

People have dubious attitude towards e-marketing of product & services mainly due to security concerns related to privacy of personal information. This aspect should be appropriately taken care of by the companies involved in online marketing of products & services. Building trustworthy relationship has to be yet another thrust area for online trading companies. Promotional schemes should be launched to promote e-marketing business. Advertising of web-products & services is one of the major issues where companies fail to attract potential consumers. The advertisements and their frequency should be high enough so as to position the products & brands in consumer mindset. In a nut shell we can conclude that e-marketing has a potential to grow, only proper boosting needs to be done both at producer and consumer level apart from government efforts (Hooda, Gandhi & Aggarwal, 2012).

In the coming years, the number of internet users will be increasing in geometrical progression due to wider availability of personal computers, laptops and mobile phones, and the lower charges for internet usage, etc.

The main factor behind increasing online shopping in India is the increasing cyber café facility, increasing number of computer operators and easy availability of internet and Wi-Fi facility to the population of India. Many of folks have started to depend on online shopping. More and more Indian customers are going for the online shopping and the frequency of online shopping customers is crossing the overall global averages (Aggarwal, 2014).

Consumers make buying decisions every day and managers or marketers try to understand why, when, where and how consumers make decisions to buy a product. One complex task of managers is to understand consumer buying behaviour in order to adapt their efforts to consumers' interest. The study provides insights into all the major aspects of consumer buying behaviour viz. influence of advertising and sales promotion, and level of involvement on households buying behaviour. The analysis should help shed some light on creative aspects of advertising, launch of new technological products and in segmenting the markets (Miremadi & Kazemzadeh, 2013).

The study by Ramanuj (2009) shows the importance of understanding consumer behaviour and highlights different aspects of consumer psychology. It covers such topics as consumer motivation, consumer perception, and consumer personality. The study demonstrates how consumers behave in their social and cultural settings, the effect of personal factors, and the influence of reference groups on consumer behaviour. It also describes consumer decision-making along with the various stages involved in brand choice, the post-purchase behaviour and, importantly, the six well-established models proposed by scholars on consumer behaviour.

Smith & Rangaswamy (2003) address the following questions that are becoming increasingly important to managers in service industries: (a) Are the levels of customer satisfaction and loyalty for the same service different when customers choose the service online versus offline? If yes, what factors might explain these differences? (b) How is the relationship between customer satisfaction and loyalty in online environment different from that in the offline environment? The authors proposed a conceptual framework and developed hypotheses about the effects of the online medium on customer satisfaction and loyalty, and on the relationships between satisfaction and loyalty. They tested the hypotheses through a simultaneous equation model using two data sets of online and offline customers of the lodging industry. The results are somewhat counterintuitive in that they show that whereas the levels of customer satisfaction for a service chosen online is the same as when it is chosen offline, loyalty to the service provider is higher when the service is chosen online than offline. It was also found that loyalty and satisfaction have a reciprocal relationship such that each positively reinforces the other, and this relationship between overall satisfaction and loyalty is further strengthened online.

TRENDS IN E-COMMERCE

1. Rise of the 'Phygital' stores
   Many retailers, especially in fashion & lifestyle category have set up Phygital stores i.e. a combination of classical and digital retail. An Indian example is that of Firstcry started in 2012 that operates 300 franchise outlets. Similarly, Myntra started a physical outlet 'Roadster' in Bengaluru besides its online operations.

2. 'Experiential marketing'
   The term means that many customers, particularly Indians, need a taste of physical shopping even though they mostly buy online. In India, over 50% Indian buyers including online buyers visit physical market.

3. Rise of Social Commerce
   A staggering 93% millennial spend their leisure time in social commerce. Social sites like Pinterest and Instagram contain substantial shopping features; Meesho even helps site viewers to set up their own online business.

4. Bright future of E-commerce enablers
   Indian E-commerce companies are poised to cross $ 100 billion mark over next five years. That Flipkart could generate revenues of $100 in just one day with their Big Billion Day Sale is awesome! This comes with enormous job opportunities in logistics, inventory management and vendor management. Further, firms like Equirus Capital support E-commerce ancillary firms to raise funds.

5. Giving wings to the business via AI and VR
   Digital giants like Google and Microsoft are investing heavily in AI-related endeavours. A recent media has predicted that about 85% of customer communication shall be managed without humans by 2020. LensKart, an eyewear firm of US invested $1 million in US-based Ditto.

6. Retailers eyeing rural markets
   Revenue from India's E-commerce sector is estimated to hit around US$ 120 billion in 2020. Discovering the huge rural market of India, some established online companies have forayed into offline stores. Fashion online brand Limeroad,

mobile & accessories company Xiaomi and fashion retailer Raymond have drawn plans offline stores; Limeroad shall open 300 stores. The success of these firms shall set direction for other entrants.

7. **Niche E-commerce Verticals** Despite big chunk of 75% of online market share claimed by Amazon and Flipkart, there are several small players catering to unique customer needs and gearing up to make their presence felt as Verticals. However, to stay in field these Verticals need to have a loyal customer base and marketing know-how.

8. **Government of India Initiatives** The innovative Indian mind set has found green pastures in the increased purchasing power of Indians, support under Start Up and Skill India programmes launched by Government as well as improved trade practices. For one, introduction of GST has not only ushered in transparency in business transactions but also tended to eliminate the unhealthy, unscrupulous trading practices. Growth in Smartphone adoption and evolution of new payment modalities supported by government are in line with intent to pave way for business development at national level. According to one report, globally India has the highest (41%) of mobile-based E-commerce sales (Table 1). Flipkart and Quikr generate earn 50% and 70% of their revenues through mobile applications. The expansion in mobile usage together with new government measures have provided boost to the morale of entrepreneurs who mean business.

Inhibiting role of low speed data

Latest speed test reports report that mobile internet speeds in India are among the worst in the world. India's mobile data speeds are lower than most of its neighbours, including China and Pakistan. The country's ranking in this global list has been consistently low in past few years. When it comes to mobile internet speeds, countries like Canada, South Korea and Switzerland as well as Arab countries like Qatar and the UAE are at the top of the list. The next technological leap in mobile telephony promising quicker downloads, the upgradation to 5G, has been delayed and is expected only in two years' time, even by the best estimates.

LIMITATIONS OF E-COMMERCE

Technical Limitations of E-commerce
- There is a lack of system security, reliability, standards, and some communication protocols.
- Insufficient telecommunication bandwidth.
- The software development tools are still evolving and changing rapidly.
- It is difficult to integrate the Internet and E-commerce software with some existing applications and databases.
- Vendors may need special Web servers and other infrastructures, in addition to the network servers.
- Some E-commerce software might not fit some hardware, or may be incompatible with some operating systems or other components.

Non-technical Limitations
- Cost and justification: The cost of developing E-commerce in-house can be very high, and mistakes due to lack of experience may result in delays. Then, not many players are well versed in outsourcing. Further, to justify the system one must deal with

some intangible benefits such as improved customer service and the value of advertisement, which are difficult to quantify.
- Security and privacy: These issues are especially important in the B2C area; especially security issues are perceived to be more serious than they really are when appropriate encryption is used. Privacy measures need to be constantly improved as this aspect is considered important for online buyers. The E-commerce industry may have to work long and hard convincing customers that online transactions and privacy are indeed quite secure.
- Lack of trust and user resistance: Customers do not trust an unknown faceless seller (sometimes they do not trust even known ones), paperless transactions, and electronic money. So switching from physical to virtual stores may be difficult.

Other limiting factor: Lack of touch and feel online. Some customers like to touch items such as clothes and like to know exactly what they are buying.
- Many legal issues are as yet unresolved, and government regulations and standards are not refined enough for many circumstances.
- Electronic commerce, as a discipline, is still evolving and changing rapidly. Many people are looking for a stable area before they enter into it.
- There are not enough support services. For example, copyright clearance centres for E-commerce transactions do not exist, and high-quality evaluators, or qualified E-commerce tax experts, are rare.
- In most applications there are not yet enough sellers and buyers for profitable E-commerce operations.

- E-commerce could result in a breakdown of human relationships.
- Accessibility to the Internet is still expensive and/or inconvenient for many potential customers. However, with web TV, cell telephone access, kiosks, and constant media attention, the critical mass will eventually develop. Despite these limitations, rapid progress in E-commerce is taking place. For example, the number of people in the United States who buy and sell stocks electronically increased from 300,000 at the beginning of 1996 to about 10 million in fall 1999. As experience accumulates and technology improves, the ratio of E-commerce benefits to costs will increase, resulting in a greater rate of its adoption. The potential benefits may not be convincing enough reasons to initiate E-commerce activities.

CONCLUSION

While services such as e-mails, social networking and online shopping are prevalent in urban India, it is entertainment in the form of video and audio content that is driving Internet consumption in the rural areas of the country. However, with the trend of new generation buyers fast taking to digital literacy and espousing online buying, businesses in E-commerce have a bright future though buyers will have option of taking online and offline both.

Further, with AR and VR gaining ground, the marketers will be enabled to have digitally built shops globally sitting at home; and buyers, with convenience of procuring products with hand gestures and voice controls.

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