GROWTH OF INDIAN M-COMMERCE AND ITS IMPACT ON E-COMMERCE RETAILERS STRATEGY

Dr. K. Natarajan
Assistant Professor of Business Administration
Directorate of Distance Education
Annamalai University, Annamalainagar – 608 002, Tamilnadu, India.

ABSTRACT

The emergence of Electronic commerce has caused a revolution in the commercial environment through fundamentally altering the end-to-end process of undertaking commercial transactions through electronic means. However, with the advent of wireless networks, the rapid proliferation of mobile devices in recent years, and the demand for associated value-added services, the area of mobile commerce has also emerged. This emergence is causing another revolution in the commercial environment. Mobile commerce makes business mobility a reality. The phenomenal growth in the use of cellular phones and also of wirelessly enabled Personal Digital Assistants (PDAs), is giving rise to yet another revolution in the business world. This revolution is focused on conducting business on the move or mobile commerce (m-commerce). This trend is fueled by a consumer interest in being able to access business services or to communicate with other consumers anytime and anywhere. It is also motivated by the interest of the business community to extend their reach to customers at all times and at all places. M-commerce could be viewed as a subset of e-commerce. The name "m-Commerce" arises from the mobile nature of the wireless environment that supports mobile electronic business transactions. This paper exploring the factors influences to adopt m-commerce from e-commerce, and how the e-retailers invest more on their business and formulate the strategy at a large.

Keywords: e-commerce, m-commerce, e-retailers, consumer, wireless technology.

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
International Research Journal of Marketing and Economics (IRJME) ISSN: (2349-0314)
42 | P a g e

Introduction

E-commerce is widely considered the buying and selling of products over the internet, but any transaction that is completed solely through electronic measures can be considered e-commerce. E-commerce is subdivided into three categories: business to business or B2B, business to consumer or B2C, and consumer to consumer or C2C. M-commerce is a term that is used to refer to the growing practice of conducting financial and promotional activities with the use of a wireless handheld device. The term m-commerce is short for mobile commerce, and recognizes that the transactions may be conducted using cell phones, personal digital assistants and other hand held devices that have operate with Internet access. Known as next-generation e-commerce, m-commerce enables users to access the Internet without needing to find a place to plug in. Mobile Commerce is also known as Mobile Electronic Commerce (Zhang et al., 2003). Mobile Commerce transactions are basically electronic transactions conducted using a mobile terminal and a wireless network. Mobile terminals include all portable devices such as mobile telephones and PDAs, as well as devices mounted in the vehicles that are capable of accessing wireless networks and perform Mobile commerce transactions (Veijalainen et al., 2003). A simple definition of Mobile commerce describes it as any transaction with a monetary value that is conducted via a mobile telecommunications network (Muller-Veerse, 2000). Developments in mobile handset technology and use of mobile devices by consumers have made the mobile commerce market more consumer-oriented, more global in scope and more device-dependent. As a result, consumers can reap the benefits of their handsets or other mobile devices at any time, anywhere. However, mobile commerce also raises some serious consumer policy issues such as the limited information available on screens and the security of payments made via mobile devices. M-commerce is rapidly overtaking e-commerce as the de facto mode for online transactions. Over 50 percent of total online orders come from mobiles. Myntra, the leading fashion retailer in India, has already announced its plans to become a mobile-only marketplace. Snapdeal declared that 65 percent of their orders come from mobile and by the end of the year; they expect this to grow to about 90 percent. With such mindboggling percentages, e-commerce merchants are left with no choice but to embrace mobile.

Purpose of Study

➢ Study the Overview of E-commerce and M- commerce.

➢ Understand the relationship between m-commerce and e-commerce.

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
International Research Journal of Marketing and Economics (IRJME) ISSN: (2349-0314)

43 | P a g e

> ➤ Identify the Investment opportunities in E-commerce

Indian E-commerce Growth

Factors responsible for driving growth like increasing number of smartphones, tablet users, improving broadband and wireless internet access, fillip to digital payments as well as aggressive customer acquisition strategies by e-commerce companies will continue. And with broadening the spread of 4G services by telecom majors like Airtel, Vodafone and Reliance Jio, the Rs 1,900 crore Indian e-commerce industry will cross the Rs 2,700-crore mark by the end of this year. Experts also feel that 2016 will not only see more consolidation, but also new entrants in the form of retailers and consumer brands that are still sitting on the fence. Consolidation in specific segments is likely as online players will look to benefit from economies of scale. Also expect to see more retailers going online, either with their own technology venture or in a tie-up with other companies. The partnership models used by a few companies, among others, will see more followers in the year to come. Hence, the key themes would be consolidation, acquisitions and scale.

M-Consumer Needs & Concerns

There are five primary needs that yield demand for m-Commerce services. These are: connectivity, communication, information, entertainment, and commerce (Cole, 2001). These five needs stem from the mobility associated with the enabling devices, so the context for each of them revolves around the theme of "anytime, anywhere" accessibility. Connectivity is the main need, because it provides the basic platform where wireless communications could take place, and communication in various forms is required to address the information, commerce and entertainment need areas. Consequently, concerns surrounding connectivity and communication are also likely to affect the remaining consumer needs.

Reason to driving M-commerce

While e-commerce is still growing in urban markets, the exponential growth is coming from Tier 2 and Tier 3 cities. In fact, Myntra gets about 60 per cent of its traffic from these. The factors driving consumers towards the mobile rather than the desktop in these regions are:

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
International Research Journal of Marketing and Economics (IRJME) ISSN: (2349-0314)

44 | P a g e

❖ **Infrastructure:** India is a mobile-first country. It does not have the infrastructure to serve a billion laptops, but it is well on its way to serving data on one billion mobile phones. Mobile is the only connected device for many consumers in Tier 2 and Tier 3 cities, as well as rural regions.

❖ **Affordability:** With Android taking over India, even the low-income bracket is able to afford a smartphone, which is then used as an internet device. According to IAMAI, 65 percent of internet users are e-commerce customers.

❖ **Access:** Big brands are not present in Tier 2 and 3 cities. So the only way aspiring youngsters can buy their favorite brands of jeans and T-shirts is online.

❖ **Payment mechanism:** Cash-on-delivery has opened up a whole new market for e-commerce. Credit cards are uncommon in India, but with cash-on-delivery, the rural population is also able to purchase online. For these reasons, there is little surprise that India is one of the largest mobile commerce markets in the world (second only to China). Smaller merchants are following in the footsteps of giants such as Snapdeal, Flipkart and Myntra and adopting mobile in a big way.

Future Plans of India's Leading E-Commerce companies

Indian e-commerce companies such as Snapdeal, Flipkart, and Paytm featured on the leader board of the highest funded Internet companies in India in 2015. Backed with funding from Softbank and Alibaba Group, these three also figured on the list of most acquisitive startups in India in 2015. In 2016, the e-commerce landscape promises to get bigger and wider, as Reliance and the Tata group plan to launch its own e-commerce platform to take on global players like Amazon, which had pledged a $2 billion (roughly Rs. 13314 crores) war chest to establish a lasting foothold in the Indian e-commerce market. Indian e-commerce market opportunity was measured in "trillions of dollars". For Snapdeal, 2015 was a significant year where it refreshed the consumer experience, launched Shopo, FreeCharge wallet, and made moves in the (Online to Offline) space, and refreshed the seller experience, launching an ads platform.

Bridging the gap of offline and online

Snapdeal, highlighted the company's improvements in its core e-commerce processes such as logistics and delivery capabilities, and quicker returns and refunds. 2016 is the year that e-commerce matures and becomes a habit for consumers, They will start to think less of it as

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
International Research Journal of Marketing and Economics (IRJME) ISSN: (2349-0314)

45 | P a g e

something they do once in a while, and more like something they completely trust and rely on for everyday needs. Snapdeal will continue to focus on providing a reliable delivery experience, which it views as a major USP. Flipkart, Paytm, and Snapdeal all have offline tie-ups with mobile retailers, electronics retailers and automobile dealerships to power online to offline purchases. Snapdeal intends to leverage its deep integration with FreeCharge to enhance its offline presence. A user's identity, stored cash, and address details can be carried with the customer, and power its omni-channel platform that combines e-commerce with the flexibility of buying goods offline.

The offline to online strategy is one that Paytm has also seen success with. Once an order is placed, it's routed to the nearest shore of that chain, it works well for large appliances and electronics. Paytm has tied up with local and large format retailers across the country, to get their products listed on its marketplace, and is intensifying its efforts to expand its reach and bring in big brands across different products and services. Paytm has also significantly improved its logistics services, adding third-party or partner warehouses to enable merchants to deliver products faster to the consumers. Shorter delivery times for the consumer results in an improved conversion rate. Paytm also recently acquired the virtual assistant application Shifu to enhance its consumer behaviour prediction capabilities. The company is interested in investments and acquisitions in areas like artificial intelligence, logistics and offline to online. For Snapdeal, this strategy was essential for the launch of its motors and real estate sections. Snapdeal used that platform to on board 4,000 to 5,000 (vehicle) dealers into the system, As a result of that, their inventory, what colour they had, of the two wheelers or the four wheelers. That was a big part of those successful launches for them. They sold over 3 lakh vehicles built on top of the O2O platform.

An evolving e-market

Mobile-only fashion retailer Myntra has a goal of hitting $1 billion GMV (roughly Rs. 6661 crores) in 2016, and to be completely profitable the year after that. The next goal is to improve customer experience significantly, On that front, it includes more investments in logistics, a more personalised shopping experience, better brands and selection on the application, and to make sure that the experience is very social, so that one can actually get the kind of thing that would like to buy, and get the feedback from your friends and family. Myntra

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
International Research Journal of Marketing and Economics (IRJME) ISSN: (2349-0314)

46 | P a g e

has piloted Try and Buy and alteration services in Bengaluru, and is looking to scale these features across the country once it finds the infrastructure to support it. On the product side, the application has seen a change in the UX with features like Fashion feed, Profile, and Forum. Myntra doing a lot more on entertainment as well - so launched a game called Fashionable Fingers, where people can play a quiz game about fashion and win prizes.

While 2015 was also pegged to see emergence of m-commerce and various initiatives in that area by e-marketplaces like Flipkart, Snapdeal, Amazon.in, Paytm, etc., to drive conversions through mobile applications, it proved that m-commerce will play a big role in providing a good customer experience. In fact, Amazon India, claimed that the e-marketplace received over 70 percent of traffic from mobile. "Many e-commerce companies reported that more than 50 percent of all online orders are coming from mobile handsets, with Flipkart pegging the percentage as high as 70 percent. Some of the e-commerce players have also placed heavy bets on application only or application specific offers and merchandise. Some of the e-commerce players announcing mobile first or app-only strategies, though this approach is being reviewed now (Flipkart lite, etc). It is expected that travel, recharge and utility payments will continue to be growth drivers for m-commerce and will be joined by m-tailing as well. In 2016, offering a different perspective will be year of customer experience rather than discounts. New scalable entities and models across marketplace, payments (money on cloud), food (kitchen on cloud), O2O (online-to-offline) and omni-channel would emerge.

Conclusion

While industry experts feel that e-commerce companies will build on the successes of 2015 and increase their focus on mobile customers, 2016 will also present challenges and opportunities to deal with. None of the e-commerce players have built strong brand loyalty / connect with their customers. Therefore, at present, switching barriers are centered around price competitiveness. There are already several existing m-commerce applications and services nowadays that have been very helpful. The constantly evolving mobile technology landscape comprising devices, software, applications, and networks present challenges for developing mobile commerce applications. The strategic-level focus and understanding of business models for mobile commerce enables adopters to focus on developing innovative value-added solutions that exploit the commercial benefits of mobility.

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
International Research Journal of Marketing and Economics (IRJME) ISSN: (2349-0314)

47 | P a g e

References

1. Rajnish Tiwari & Stephan Buse. The Mobile Commerce Prospects: A Strategic Analysis of opportunities in the Banking Sector. Hamburg University Press, 2007.

2. Zhang, J. J. , Yuan, Y. , and Archer, N. (2003). Driving Forces for M-commerce Success, in: Shaw, M. J. (Ed.): E-Business Management: Integration of Web Technologies with Business Models, Norwell – Massachusetts, pp. 51-76.

3. Muller-Veerse, F. (2000). Mobile Commerce Report, http://www.dad.be/library/pdf/durlacher1.pdf, 18.05.2005.

4. Veijalainen, J., Yamakawa, P., Markkula, J. (2003). On Requirements for Mobile Commerce, http://www.mbusiness 2003.org.

5. Cole, C. (2001). "5 things I want from my mobile", m-Commerce World, http://www.internetworld.co.uk/mcomm/vRoot/articles/article.cfm

6. Niranjanamurthy M, Kavyashree N, Jagannath, S, Dharmendra Chahar. (2013). Analysis of E-commerce and M-commerce: Advantages, Limitations and Security issues. International Journal of Advanced Research in Computer and Communication Engineering. Vol. 2, (6) pp 2360-2370.

7. Kemper, H.-G. and Wolf, E. (2002). Iterative Process Models for Mobile Application Systems: A Framework, in: Proceedings of the 23rd International Conference on Information System, pp. 401-413, online available: http://www.bwi.uni-stuttgart.de/, 10.12.2004.

8. Buse, S. (2002). Der Mobile Erfolg – Ergebnisse einer empirischen Untersuchung in ausgewählten Branchen, in: Keuper, F. (Ed.) (2002). Electronic Business und Mobile Business, Wiesbaden, pp. 91-117.

9. http://Yourstory.Com/2016/01

10. Khawar Hameed, Kamran Han and Weijun Yang. (2010). Mobile commerce and Applications: An Exploratory study and Review. Journal of Computing. Vol.2 (4). pp 110-114.

11. http:/www.dnaindia.com/money/report-key-themes-for-e-commerce-in2016 consolidation-scale-2164197.

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
International Research Journal of Marketing and Economics (IRJME) ISSN: (2349-0314)

48 | P a g e