

THE AWARE CONSUMER

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OUT OF THE BOX
Starting Your Own
Digital Business

IN FOCUS
How E-Pharmacy Can
Empower Consumers

ELECTRONIC COMMERCE

Propelling India Towards
Global Leadership

INTERVIEW

Amit Agarwal, Amazon India Country Head
Speaks On Amazon's Growth In India



PLUS

REPORT • MY MARKET • THE LAST MILE



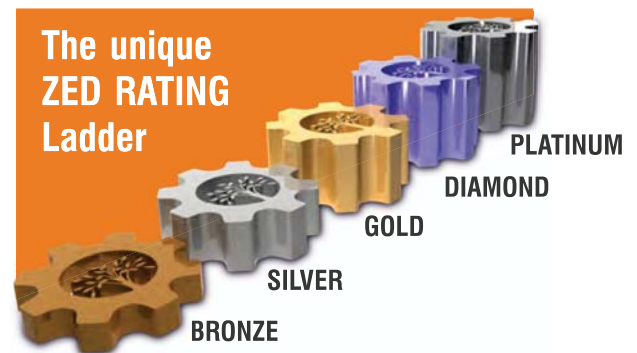
“Let’s think about making our product which has ‘Zero Defect’; so that it does not come back (get rejected) from the world market and ‘Zero Effect’ so that the manufacturing does not have an adverse effect on our environment”

SHRI NARENDRA MODI
Hon’ble Prime Minister



Certification Scheme

A roadmap to
World-class manufacturing



HIGHLIGHTS

- ⚙️ A scheme by Ministry of MSME, Govt. of India
- ⚙️ Certification on the systems and processes of MSMEs
- ⚙️ Handholding MSMEs towards world class manufacturing
- ⚙️ Special emphasis on MSMEs supplying to Defence Sector
- ⚙️ Direct subsidy to participating MSMEs
- ⚙️ Creating a credible database of MSMEs for OEMS/CPSUs/Foreign Investors under “Make in India initiative”
- ⚙️ Quality Council of India (QCI) to function as the NMIU (National Monitoring and Implementing Unit) of the scheme

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VIEWPOINT

BEJON KUMAR MISRA | bejonmisra@consumerconexion.org

E-COMMERCE: Boom In India

THE E-COMMERCE INDUSTRY in India is growing fast. The concept of online shopping has attracted the Indian population tremendously. Exposure to Internet has been highly instrumental in the e-commerce success.

According to IMAI-IMRB report, over 460 million Indians use Internet and India has been the second largest online market after China. It is obvious that e-commerce growth is directly related to the number of Internet users.

Furthermore, a study by Forrester Research states that India's online market is expected to reach \$64 billion by the year 2021, growing at a five-year CAGR of 31.2%.

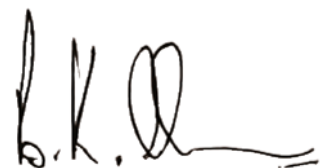
The emergence and extraordinary success of various online commerce startups like Flipkart, Jabong, Snapdeal, have recreated the model of online marketplace. Even global companies like Amazon and eBay made their entry in the Indian market that can be seen to dominate the e-commerce industry.

While shopping online, it is very important to protect yourself and your information. Buying and selling online can be very convenient and rewarding but you always

have to protect yourself. Make sure that your computer is well protected before you begin any transaction that involves sensitive information. There are a lot of scams on the internet that can negatively affect your credit score and cost you money, so be proactive in your research to get the most out of shopping online.

The e-commerce boom in India has not only changed the face of consumer business but also opened many doors in terms of career and job opportunities. On an average, an e-commerce job salary can range in between Rs.35 lacs to Rs.50 lacs for mid-level employees. Special skill sets and certifications in analytics or big data can add more weightage. With a number of e-commerce startups launching every year and the market growing by leaps and bounds, the e-retail trend is here to stay.

India's online market is expected to reach \$64 billion by the year 2021, growing at a five-year CAGR of 31.2%.





DESK TALK

Message from the Editor-in-Chief

POOJA KHAITAN

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Revolutionizing The Tech Savvy Society

RETAILING IS UNDERGOING a seismic shift with the rising dominance of e-commerce. Businesses need to be aware of the advantages and potential pitfalls of this new way of shopping.

Around the world, e-commerce is changing the way people shop. In the major consumer markets of Europe, the USA and China, e-commerce is fast becoming the preferred shopping method for many people.

The advantages for consumers are obvious: you can avoid pushy salespeople and shop anywhere and at any time – shopping now fits round our busy lives. Having access to global shopping opportunities allows the consumer to choose the lowest price, compare similar products and check stock availability without leaving their armchair. E-commerce allows people to save time, save money and have access to greater choice.

The convenience of e-commerce is highlighted by the increasing dominance of the smart phone and tablet in online sales.

Convenience does, however, have some disadvantages. Buying online means you cannot try before you buy, a major inconvenience when buying clothes and footwear. If a product doesn't fit, then you have to return the product, which can be difficult, time-consuming and costly. Companies like

Amazon are now trying to address this problem. Its online dressing room will allow customers to try clothes and only pay for the ones they keep. This is all part of a shift towards more interactive online shopping experiences, which allow the customer to 'feel' they are in a real store.

Companies cannot avoid the increasingly importance of e-commerce as a sector of sales. The demands of modern life and the ease with which online retail works alongside our normal work patterns, means it is destined to continue to grow. Business must exploit this trend by finding ways to protect their customers and improve the shopping experience. At the same time, companies also need to protect their brands and stop counterfeit products being sold as genuine.

This new element to buying and selling allows a wide variety of industries and businesses to enhance their appeal and the way they market themselves. The sporadic growth of online shopping has revolutionized this tech savvy society and it will only continue to flourish as time goes on..

INSIDE

REGULARS

03 | VIEWPOINT

07 | ROUNDUP

41 | AFTERWORD

THE AWARE CONSUMER | OCTOBER 2018



The size of the digital economy in India will be \$1 trillion by 2022 and it will account for close to 50% of the entire economy by 2030.

RESEARCH FEATURE

15 | Electronic Commerce

E-commerce operates in all four of the major market segments: business to business, business to consumer, consumer to consumer, and consumer to business.



HORIZONS

29 | SHOPPING ONLINE: THE MECHANICS

When you shop online, you have to start by searching for a product.



This can be done by visiting a store's website or, you can always search for the items with a search engine and compare the results.

INTERVIEW

36 | AMAZON GROWTH IN INDIA



Amit Agarwal, Amazon's India Country Head and Global Senior Vice President, claims the company is the clear market leader in all the metrics that matter.

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AFTERWORD

41 | LET THE INDIAN E-COMMERCE BREATHE
It should be free to work under the principles of economic democracy, with a level playing field for domestic and foreign players



MY MARKET

43 | E-COMMERCE IN INDIA
Despite being the second-largest userbase in the world, only behind China, the penetration of e-commerce is low.



OUT OF THE BOX

47 | DO YOU FEEL LIKE STARTING YOUR OWN DIGITAL BUSINESS?
Online businesses in India must obtain relevant licenses and registration from federal and state government authorities.

IN FOCUS



50 | HOW E-PHARMACY CAN EMPOWER CONSUMERS

There is lack of clear-cut guidelines around e-pharmacy which would help the public to differentiate between a genuine organized player and an illegal unorganized player.

OPINION

53 | HAPPY SHOPPERS WITH E-COMMERCE CUSTOMER SERVICE



When retailers invest in improving their ecommerce customer service, delivered via a call center, live chat, or other channels, they tend to be rewarded with more loyal customers, better conversion rates, and an advantage over their competitors.

THE LAST MILE

55 | THE FUTURE OF E-COMMERCE
By 2022, ecommerce revenue in the U.S, alone is expected to reach \$638 million, with the toys, hobby and DIY vertical seeing the largest growth.

ARTIFICIAL INTELLIGENCE IS TAKING E-COMMERCE TO THE NEXT LEVEL



India is in the process of customising the virtual world especially of the rural consumers who are the major target group for future. The launch of the Unified Payments Interface (UPI) by the Reserve Bank of India (RBI) has been a game changer.



ROUNDUP



Representational image. Reuters

Flipkart, Amazon India To Deliver Record E-commerce Shipments During The Upcoming Festive Season

DATA BRIEFING

The size of the digital economy in India will be \$1 trillion by 2022 and it will account for close to **50%** of the entire economy by 2030.

WALMART-OWNED FLIPKART and Amazon India are set to go head-to-head this festive season, resulting in e-commerce shipments hitting record levels in October, according to a media report.

Both Flipkart and Amazon are betting big on discounted products, and on special offers on a number of products as festivities near. According to The Economic Times, which quoted industry experts, shipments are expected to cross three million a day during the festive season from an average two million during the corresponding period last year.

Those numbers exclude shipment delivery during Flipkart's flagship 'Big Billion Day' and Amazon's 'Great Indian Festival' sales events. During the two shopping events, shipments could jump to 4.5 million a day, as per estimates, the report said.

The Economic Times reported that Walmart gave a free hand to Flipkart's management to run the sale this year in order to stay ahead of Amazon.

Flipkart is reportedly targeting sales of \$1.5 to \$1.7 billion

in its annual 'Big Billion Days' sale, a near double of what it logged last year.

In January, the year's first online festive sale saw rivals Flipkart and Amazon.in making contradictory claims, with the homegrown player saying it had a 60-65 percent market share during the three-day period, while the US major asserted that it secured 2x more orders than its nearest competitor.

Flipkart held its 'Republic Day Sale' from 21-23 January while Amazon.in hosted its 'Great Indian Sale' between 21-24 January.

Citing Kantar IMRB data, Amazon India Vice-President (Category Management) Manish Tiwary said "Amazon.in had the highest share of orders with 2X more orders than nearest competition" in the first three days of sale.

Also, Amazon.in had nearly double the number of transacting customers over its nearest competitor, he added.

Amazon is locked in an intense battle with Flipkart. Both companies have pumped billions of dollars in expanding infrastructure and delivery capabilities. ▶

Indians Love Filling Their Online Shopping Carts — And Then Abandoning Them

— Suneera Tandon

INDIANS ARE USING e-commerce portals more for window shopping than to make actual purchases.

Research shows that 56% of Indian shoppers ditch their shopping carts after loading. This has a lot to do with the country's price sensitive nature.

The findings were from a study of the shopping habits of 1,000 online consumers in India by technology firm SAP.

Indian shoppers also frequently delay completing transactions.

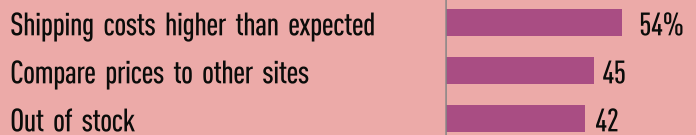
They "have a higher tendency to forget about their intended purchases, with close to a third (32%) forgetting about the items in their carts, as compared to a fifth (21%) in other APAC countries," the report said.

India's nascent e-commerce market is still a small fraction of the country's overall retail trade. In 2016, it stood at \$33 billion and is expected to go up by 50% in 10 years. ▶

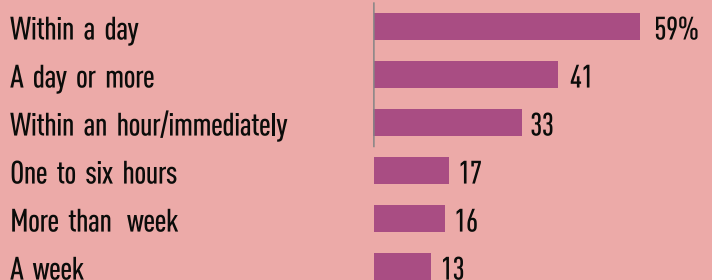


Reuters/Srdjan Zivulovic/Lazy shoppers.

Reasons Why Indians Ditch Their Online Shopping Carts



Time Taken By Indian Shoppers To Complete Their Online Purchase



Consumers Above 37 Years Are Highest E-commerce Spenders

The report is the fourth launch from the agency's property WATInsights under its market research division Recogn and e-commerce division eCommencify



WATCONSULT HAS LAUNCHED its latest report highlighting the changing consumer behaviour and their perspective on the current e-commerce market in India.

According to the report, while a majority of e-commerce consumers fall under the age group of 25-36 years, the highest 'spenders' are the consumers above the age of 37 years.

The report describes the buying behaviour across various merchant categories like e-tail, cab booking, travel, entertainment, lifestyle, food and beverages, healthcare, electronics, home décor and fitness. It further highlights the digital transactions and spends made by customers online, thus interpreting their e-commerce usage.

This report is the fourth launch from their property, WATInsights, under its market research division, Recogn, and the agency's e-commerce division, eCommencify.

"The e-commerce industry in India has been growing rapidly. It has been directly impacting the micro, small and medium enterprises (MSME) by means of technology and has also got favourable effects on other industries. It is playing a vital role in bridging the gap between consumers residing in tier-I, tier-II cities and is helping premium brands

increase their presence in semi urban areas where they have no retail outlets. With this report, we are offering the industry the consumer insights and behavioural trends on various habits while shopping online," said Rajiv Dingra, Founder and CEO, WATConsult.

Some key findings of the report

- While a majority of e-commerce consumers fall under the age group of 25 - 36 years, the highest 'spenders' are the consumers above the age of 37 years
- The merchant categories, cab booking and travel, have the highest average monthly transactions
- Transaction behaviour of loyal consumers is based on their habits and deals, while that of switcher consumers is based on the need and demand
- The upswing in internet penetration in small towns has changed the demographics and the nature of the consumer behaviour in the e-commerce industry
- Merchant categories, travel, electronics and fitness, have the highest daily expenditure followed by e-tail, lifestyle and home decor categories *

SUPPORT THE CAMPAIGN



LOOK OUT FOR THE RED LINE

BE RESPONSIBLE

Medicines such as Antibiotics have a Red Vertical Line on their pack to indicate that these should be consumed only on doctor's prescription. Always complete the full course as prescribed by the doctor.

SIGN THE PLEDGE.

[HTTP://WWW.CAUSES.COM/CAMPAIGNS/106670-RAISE-AWARENESS-FOR-SALE-USE-OF-ANTIBIOTICS-TO-COMBAT-AMR](http://www.causes.com/campaigns/106670-raise-awareness-for-sale-use-of-antibiotics-to-combat-amr)

Campaign Partners



Consumers, Beware

Types Of E-commerce Fraud And What Merchants Can Do



ALTERNATIVE PAYMENT METHODS are attracting criminals. Internet payment fraud is constantly increasing, and is, apparently, unstoppable.

While the increase itself is nothing new (there has been more e-commerce fraud every year since 1993), the rate is impressive. The number of fraud cases has increased by 19% compared to 2013, and this is the fourth successive time that fraud growth has exceeded e-commerce growth. Out of every \$100 in turnover, fraudsters currently snatch 5.65 cents .

Fraud is not exclusive to credit card payments, however. Criminals are becoming more sophisticated in

their use of malware to command online banking logins via phones, tablets and computers, using the stolen bank account details to make fraudulent payments.

'Alternative' payment methods are also attracting criminals. So what does this fraud look like, exactly? A study by Worldpay asked 274 merchants from various industries in six countries precisely this question. The most common types of fraud are explained below.

Identity theft

According to the study, the most common types of fraud causing concern among merchants are identity theft (71%), phishing (66%) and

account theft (63%). Here, credit cards are the most popular target, as a fraudster does not need much to carry out a 'card not present' transaction.

In traditional identity theft, the criminals' goal is to carry out transactions using a different identity. Instead of having to come up with a completely new identity to do this, they simply take over an existing one. This is easier to do – and usually much faster.

In order to commit identity theft or appropriate someone's identity, fraudsters target personal information, such as names, addresses and email addresses, as well as credit card or account information.

This enables them, for example, to order items online under a false name and pay using someone else's credit card information or by debiting another person's account.

Another technical method is known as pharming, in which manipulated browsers direct unsuspecting customers to fraudulent websites. Often, all that is required to appropriate someone's identity is a stolen password. This can be used to take over an existing account with an online shop – in most cases, the payment data is already stored in the account.

Of course, hacker attacks on e-commerce providers and stealing customer data also fall under this fraud category, as does using malware on computers to commit identity theft by spying out sensitive data.

What Merchants Can Do

Hackers use stolen credentials in fraudulent transactions 77% of the time, so it's critical for merchants to secure company and customer data by:

- Encouraging password security by requiring customers to set a password that uses a combination of upper- and lowercase letters, numbers, and symbols
- Verifying click-and-collect purchases by asking for ID and the original credit card when a customer picks up an order
- Encrypting all sensitive and confidential business and customer data, rendering it useless to any fraudster who circumvents your security features

Phishing

Cybercriminals are increasingly using phishing as a way to trick customers into divulging sensitive personal information. In this type of attack, a third party mimics a trustworthy brand and uses electronic communication (like websites, emails or texts) to convince unsuspecting



customers to disclose information like online banking credentials, credit card numbers, Social Security numbers, and user names and passwords.

If customers click the link, they'll be taken to a fake (but very convincing-looking) website, where they'll be prompted to enter their sensitive data. If they do, the fraudster captures the information, using it to commit fraud or identity theft. What's worse, the customer doesn't even have to enter data for the damage to be done. Just clicking on the link itself could install malware that infects the customer's computer and collects personal information.

What Merchants Can Do

As phishing scams increase in frequency and sophistication, remind customers that you'll never ask for personal data in an email. Also tell them to:

- Open a new browser window instead of clicking on the link. If the email appears to be from PayPal, for example, they should visit PayPal directly from a new browser window to check their account for messages. If unsure, they should contact the company who is supposedly sending the email, who'll be only too happy to let them know if the email was genuine (and if it wasn't, they'll be grateful for the heads-up).
- Always confirm a website is secure (e.g., starts with "https") before they enter sensitive information.
- Hover their mouse over links before clicking on them to ensure they're being directed to the intended site.

Man-in-the-Middle Attacks

'Man-in-the-middle attacks' are even more sophisticated. These involve hackers muscling in on communications between customers and merchants (or between customers and banks) in order to siphon off login data.

We haven't even mentioned the opportunities involved in intercepting credit cards sent by mail, for

example, or in copying credit cards in restaurants and hotels or at cash machines. Already, though, the true extent of the identity theft problem is apparent.

What Merchants Can Do

MITM attacks are successful only when an attacker can successfully impersonate the sender and receiver. To prevent impersonation, merchants should implement these three strategies:

- Authentication — provides confidence that a message came from a legitimate source
- Tamper detection — flags messages that may have been altered
- Encryption — authenticates a server by presenting a digital certificate and using secure connections

Friendly fraud

In fourth place is what the merchants surveyed refer to as 'friendly fraud'. This sounds friendlier than it really is: using this method, customers order goods or services and pay for them – preferably using a "pull" payment method like a credit card or direct debit.

Then, however, they deliberately initiate a chargeback, claiming that their credit card or account details were stolen. They are reimbursed – but they keep the goods or services. This fraud method is particularly prevalent with services, such as those in the gambling or adult milieus. Friendly fraud also tends to be combined with re-shipping.

This is where criminals who use stolen payment data to pay for their purchases don't want to have them sent to their home addresses. Instead, they use middlemen whose details are used to make the purchases and who then forward the goods.

What Merchants Can Do

Keeping customers informed and providing outstanding customer service are essential to reducing the risk of friendly fraud. Merchants should:



- Remind customers well in advance of recurring billing amounts and charge dates.
- Make it easy for customers to cancel their recurring subscriptions.
- Let customers know what business name they'll see on their credit card statements.
- Offer 24/7 customer service to address customer questions and concerns.

Clean fraud

Clean fraud's name is misleading, because there's nothing clean about it. The basic principle of clean fraud is that a stolen credit card is used to make a purchase, but the transaction is then manipulated in such a way that fraud detection functions are circumvented.

Much more know-how is required here than with friendly fraud, where the only goal is to cancel the payment once a purchase has been made. In clean fraud, criminals use sound analyses of the fraud detection systems deployed, plus a great deal of knowledge about the rightful owners of their stolen credit cards.

A great deal of correct information is then entered during the payment process so that the fraud detection solution is fooled. Before clean fraud is committed, card testing is often carried out. This involves making cheap test

purchases online to check that the stolen credit card data works.

Affiliate fraud

There are two variations of affiliate fraud, both of which have the same aim: to glean more money from an affiliate program by manipulating traffic or signup statistics. This can be done either using a fully automated process or by getting real people to log into merchants' sites using fake accounts. This type of fraud is payment-method-neutral, but extremely widely distributed.

Triangulation fraud

During triangulation fraud, the fraud is carried out via three points. The first is a fake online storefront, which offers high-demand goods at extremely low prices. In most cases, additional bait is added, like the information that the goods will only be shipped immediately if the goods are paid for using a credit card. The falsified shop collects address and credit card data – this is its only purpose.

The second corner of the fraud triangle involves using other stolen credit card data and the name collected to order goods at a real store and ship them to the original customer.

The third point in the fraud triangle

involves using the stolen credit card data to make additional purchases. The order data and credit card numbers are now almost impossible to connect, so the fraud usually remains undiscovered for a longer period of time, resulting in greater damages.

Merchant fraud

Merchant fraud is another method which must be mentioned. It's very simple: goods are offered at cheap prices, but are never shipped. The payments are, of course, kept. This method of fraud also exists in wholesale. It is not specific to any particular payment method, but this is, of course, where no-chargeback payment methods (most of the push payment types) come into their own.

More international fraud

On average, the merchants who participated in the study do business in 14 countries. According to 58% of those surveyed, the major challenge in fraud prevention is a lack of system integration to provide a unified view of all their transactions across all markets.

52% also see increased international transactions as a challenge. Almost exactly the same number (51%) have great difficulty in maintaining an overview of the various fraud prevention tools in different countries. Language barriers, as well as the difficulty of keeping international tabs on individual customers, pose additional fraud management challenges.

Different devices

Fraud methods vary depending on the sales channel, and the fact that most merchants aim to achieve multi-channel sales does not make the situation any easier. According to 69% of merchants surveyed, sales via third-party websites like Alibaba or eBay are particularly susceptible to fraud. These are followed by mobile sales (mentioned by 64%) and sales via their own online shops (55%). ▶



PROTECTING YOURSELF WHILE SHOPPING Online

OVERALL, THE ADVANTAGES to shopping online outweigh the disadvantages. That said, it is important to note that while they might be smaller in number, the disadvantages can be a major hardship.

While shopping online, it is very important to protect yourself and your information. Here are some tips that can help you take care of yourself:

Invest in Technology: It is a great idea to install antivirus and anti-phishing programs on your computer. An antivirus program will protect your computer from viruses and an anti-phishing program will attempt to protect you from websites that are designed to look like legitimate sites, but actually collect your personal information for illegal activities.

Be Careful: Vendors do not have the right to ask for certain information. If a website requests your Social Security number, it is probably a scam. You will need to research the company requesting the information or exit that site as quickly as possible.

Research: If you are searching for an item using search engines and you encounter a store or a website you have not heard about, make sure you check the

bottom of the pages for an SSL logo. SSL is a standard security technology for establishing an encrypted link between a web server and a browser. To be able to create an SSL connection a web server requires an SSL certificate.

Shipping Check: Always read shipping policies posted on the seller's website or beneath the product listing. Some sellers allow you to return an item within a specific period of time, while other vendors never accept returns.

Conclusion

Buying and selling online can be very convenient and rewarding but you always have to protect yourself. If a deal looks too good to be true, it usually is. If you don't feel 100% secure on a particular site, leave it and find something else. Also make sure that your computer is well protected before you begin any transaction that involves sensitive information. There are a lot of scams on the internet that can negatively affect your credit score and cost you money, so be proactive in your research to get the most out of shopping online. ▀



Electronic Commerce

E-commerce operates in all four of the major market segments: business to business, business to consumer, consumer to consumer, and consumer to business.

ELECTRONIC COMMERCE, OR e-commerce is a type of business model, or segment of a larger business model, that enables a firm or individual to conduct business over an electronic network, typically the internet. Electronic commerce operates in all four of the major market segments: business to business, business to consumer, consumer to consumer, and consumer to business. It can be thought of as a more advanced form of mail-order purchasing through a catalog. Almost any product or service can be offered via ecommerce, from books and music to financial services and plane tickets.

BREAKING DOWN 'Electronic Commerce (e-commerce)'

E-commerce has allowed firms to establish a market presence, or to enhance an existing market position, by providing a cheaper and more efficient distribution chain for their products or services. One example of a firm that has successfully used e-commerce is Target. This mass retailer not only has physical stores, but also has an online store where the customer can buy everything from clothes to coffee makers to action figures.



It was August 11, and the year was 1994. Around noon that day, Phil Brandenberger of Philadelphia logged into his computer and used his credit card to buy Sting's "Ten Summoners' Tales" for \$12.48 plus shipping.

That story may not sound too exciting today, but at that time, this particular transaction made history. Why? Because it was the first time that encryption technology was used to enable an internet purchase. Many consider that moment as the first "true" ecommerce transaction.

Needless to say, ecommerce has grown by leaps and bounds since then. BigCommerce cites that ecommerce is growing 23% year-over-year, and according to eMarketer, global ecommerce sales are expected to top \$27 trillion in 2020 — and that's just statistics for the retail sector.

That's a lot of growth (and money!), which is why if you're interested in doing business online, you need to know the ins and outs of the ecommerce industry.

And that's exactly what this guide is for. In this resource, we take a deep look at the ecommerce industry — how it came about, what types of merchants are out there, and what platforms enable online selling. We'll also shed light on notable ecommerce success stories and flops to give you a better idea of what it takes to

succeed in this industry.

Whether you're someone who wants to start an ecommerce site or you're already running an online store and just want to learn more about the industry, you'll find plenty of nuggets in their guide.

Basic types of e-commerce:

Generally speaking, when we think of e-commerce, we think of an online commercial transaction between a supplier and a client. However, and although this idea is right, we can be more specific and actually divide e-commerce into six major types, all with different characteristics.

- 1. Business-to-Business (B2B)**
- 2. Business-to-Consumer (B2C)**
- 3. Consumer-to-Consumer (C2C)**
- 4. Consumer-to-Business (C2B).**
- 5. Business-to-Administration (B2A)**
- 6. Consumer-to-Administration (C2A)**

1. Business-to-Business (B2B)

Business-to-Business (B2B) e-commerce encompasses all electronic transactions of goods or services conducted between companies. Producers and traditional commerce wholesalers typically operate with this type of electronic commerce.

Examples include Xero, an online accounting software for small businesses, ADP, a payroll processing company, and Square, a payments solution for SMBs.

2. Business-to-Consumer (B2C)

The Business-to-Consumer type of e-commerce is distinguished by the establishment of electronic business relationships between businesses and final consumers. It corresponds to the retail section of e-commerce, where traditional retail trade normally operates.

These types of relationships can be easier and more dynamic, but also more sporadic or discontinued. This type of commerce has developed greatly, due to the advent of the web, and there are already many virtual stores and malls on the Internet, which sell all kinds of consumer goods, such as computers, software, books, shoes, cars, food, financial products, digital publications, etc.

When compared to buying retail in traditional commerce, the consumer usually has more information available in terms of informative content and there is also a widespread idea that you'll be buying cheaper, without jeopardizing an equally personalized customer service, as well as ensuring quick processing and delivery of your order.

(i.e. consumers).

Online retail typically works on a B2C model. Retailers with online stores such as Walmart, 'Macys, and IKEA are all examples of businesses that engage in B2C ecommerce.

Ecommerce Timeline

Year	Major Ecommerce Event
1969	The first major ecommerce company, CompuServe, is founded.
1979	Michael Aldrich invents electronic shopping.
1982	Boston Computer Exchange launches as one of the first ecommerce platforms.
1992	Book Stacks Unlimited launches as one of the first online marketplaces for books.
1994	Netscape launches Netscape Navigator, an early web browser, making it easier for users to browse online.
1995	Amazon and eBay launch.
1998	PayPal launches as an online payment system.
1999	Alibaba.com launches.
2000	Google launches AdWords as an online search advertising tool.
2005	Amazon launches Amazon Prime with expedited, flat-fee shipping for members.
2005	Esty, an online marketplace for handmade and vintage goods launches.
2009	BigCommerce launches as an online storefront platform.
2009	Square, Inc. is founded.
2011	Google Wallet launches as an online payment system.
2011	Facebook launches sponsored stories as a form of early advertising.
2011	Stripe launches.
2014	Apple Pay launches as a form of mobile payment.
2014	Jet.com launches.
2017	Instagram shoppable posts are introduced.
2017	Cyber Monday sales exceed \$6.5B.

3. Consumer-to-Consumer (C2C)

Consumer-to-Consumer (C2C) type e-commerce encompasses all electronic transactions of goods or services conducted between consumers. Generally, these transactions are conducted through a third party, which provides the online platform where the transactions are actually carried out. eBay.

4. Consumer-to-Business (C2B)

In C2B there is a complete reversal of the traditional sense of exchanging goods. This type of e-commerce is very common in crowdsourcing based projects. A large number of individuals make their services or products available for purchase for companies seeking precisely these types of services or products.

Examples of such practices are the sites where designers present several proposals for a company logo and where only one of them is selected and effectively purchased. Another platform that is very common in this

type of commerce are the markets that sell royalty-free photographs, images, media and design elements, such as iStockphoto.

Soma, a business that sells eco-friendly water filters is one example of a company that engaged in B2C ecommerce. Back in 2012, Soma launched a Kickstarter campaign to fund the manufacturing of their product. The project was successful.

5. Business-to-Administration (B2A)

Also known as Business to Government.

This part of e-commerce encompasses all transactions conducted online between companies and public administration. This is an area that involves a large amount and a variety of services, particularly in areas such as fiscal, social security, employment, legal documents and registers, etc. These types of services have increased considerably in recent years with investments made in e-government.



With these new forms of electronic commerce, consumers now have virtual stores that are open 24 hours a day.

6. Consumer-to-Administration (C2A)

Also known as Consumer to Government. The Consumer-to-Administration model encompasses all electronic transactions conducted between individuals and public administration.

Examples of applications include:

- Education – disseminating information, distance learning, etc.
- Social Security – through the distribution of information, making payments, etc.
- Taxes – filing tax returns, payments, etc.
- Health – appointments, information about illnesses, payment of health services, etc.

Both models involving Public Administration (B2A and C2A) are strongly associated to the idea of efficiency and easy usability of the services provided to citizens by the government, with the support of information and communication technologies.

7. Government to business (G2B) – G2C transactions take place when a company pays for government goods, services, or fees online. Examples could be a business paying for taxes using the Internet.

Aspects of Electronic Commerce

When you purchase a good or service online, you are participating in e-commerce. While we indulge in this, we stand to win some and lose some.

Advantages of e-commerce

Some advantages of e-commerce for consumers include:

Convenience. E-commerce can take place 24 hours a day, seven days a week. Faster buying for customers. For customers, e-commerce makes shopping from anywhere and at any time possible.

That means buyers can get the products they want and need faster without being constrained by operating hours of a traditional brick-and-mortar store. It is very convenient to be able to do all your shopping from one spot—your couch!

Plus, with shipping upgrades that make rapid delivery available to customers, even the lag time of order fulfillment can be minimal (think Amazon Prime Now, for example.)

Selection. Many stores offer a wider array of products online than they do in their brick-and-mortar counterparts. And stores that exist only online may offer consumers a selection of goods that they otherwise could not access. An e-commerce store isn't tied to a single geographic location – it's open and available to any and all customers who visit it online.

The main advantage of e-commerce is its ability to reach a global market, without necessarily implying a large financial investment. The limits of this type of commerce are not defined geographically, which allows consumers to make a global choice, obtain the necessary information and compare offers from all potential suppliers, regardless of their locations.

By allowing direct interaction with the final consumer, e-commerce shortens the product distribution chain,

sometimes even eliminating it completely. This way, a direct channel between the producer or service provider and the final user is created, enabling them to offer products and services that suit the individual preferences of the target market.

E-commerce allows suppliers to be closer to their customers, resulting in increased productivity and competitiveness for companies; as a result, the consumer is benefited with an improvement in quality service, resulting in greater proximity, as well as a more efficient pre and post-sales support. With these new forms of electronic commerce, consumers now have virtual stores that are open 24 hours a day.

Lower operational costs

Without a need for a physical storefront (and employees to staff it), ecommerce retailers can launch stores with minimal operating costs.

As sales increase, brands can easily scale up their operations without having to make major property investments or having to hire large workforces.

This means higher margins overall.

Cost reduction is another very important advantage normally associated with electronic commerce. The more trivial a particular business process is, the greater the likelihood of its success, resulting in a significant reduction of transaction costs and, of course, of the prices charged to customers.

Personalized experiences

With the help of automation and rich customer profiles, you can deliver highly personalized online experiences for your ecommerce customers.

Showcasing relevant products based on past purchase behavior, for example, can lead to higher AOV and makes the shopper feel like you truly understand him/her as an individual.

Cost Savings: With ever-increasing gas prices, shopping online saves you the cost of driving to and between stores as well parking fees. You will also save time by avoiding standing in line, particularly around the holidays, when stores are very busy.

Variety: The internet provides sellers with unlimited shelf space, so they are more likely to offer a wider variety of products than they would in brick-and-mortar stores.

No Pressure: In a virtual or online store, there is no salesperson hovering around and pressuring you to purchase an item.

Easy Comparison: Shopping online eliminates the need to wander from store to store trying to compare prices.

Disadvantages of e-commerce

But e-commerce also has its disadvantages for consumers:

Limited customer service. If you want to buy a computer and you're shopping online, there may or may not be an employee you can talk to about which computer would best meet your needs. Some websites do include chat features to connect with their staff, but this is not a uniform practice across the industry.

No instant gratification. When you buy something online, you have to wait for it to be shipped to your home or office; however, services such as Amazon increasingly offer same-day delivery as a premium option for select products.

No ability to touch and see a product. Online images don't always tell the whole story about an item. E-commerce transactions can be dissatisfying when the product the consumer receives is different than expected. However, with the help of video, product images, and even VR technology, companies are finding new ways to overcome this aspect of the online shopping experience.

Strong dependence on information and communication technologies (ICT);Technology breakdowns can impact ability to sell.

If your ecommerce website is slow, broken, or unavailable to customers, it means you can't make any sales.

Site crashes and technology failures can damage relationships with customers and negatively impact your bottom line.

- Lack of legislation that adequately regulates the new e-commerce activities, both nationally and internationally;

- Market culture is averse to electronic commerce (customers cannot touch or try the products);
- The users' loss of privacy, the loss of regions' and countries' cultural and economic identity;
- Insecurity in the conduct of online business transactions.

Increased Risk of Identity Theft: When paying for your goods online, it can be very easy for someone to intercept sensitive information such as a credit card number, address, phone number or account number.

Vendor Fraud: If the vendor/seller is fraudulent, he or she might accept your payment and either refuse to send you your item, or send you the wrong or a defective product. Trying to rectify an incorrect order with a vendor through the internet can be a hassle. ▀



E-commerce in India is still not very much profitable

Recent Knowledge Work Done In Ecommerce Space

KEY FINDINGS FROM

NASSCOM PwC Report On Ecommerce – “Propelling India Towards Global Leadership In E-commerce”

Sept 2018

WITH INTERNET PENETRATION expected to almost double to 60% by 2022, the country is arguably the world's most promising Internet economy, with a rapidly increasing 'netizen' population. With improving data affordability, consumption growth and newer financial products, the e-commerce market is set to grow, be it across e-tail, travel, consumer services or online financial services. From the next set of online shoppers, three out of every four customers are expected to come from Tier II cities or beyond, and a vast majority of them would be less tech-savvy, seek greater transparency from brands and prefer consuming content in local languages.

India is expected to witness a surge in the consuming class

- By 2022, the Indian middle class will be the largest segment of the population.
- By 2025, India's contribution to the global middle class consumption would be approximately on par with China's (~15%).⁸
- By 2027, India's middle class is expected to overtake that of the US and China, post which India is expected to dominate.¹¹

Internet penetration and users across select countries

2017 and 2022E, number of users in million; Internet penetration (% in 2017)

Country	Internet users	Internet penetration (% of population)	Mobile internet users	Mobile internet penetration (% of internet users)
India	2017	~450	425	94%
	2022E	846	667	79%
China	1004	53%	653	65%
Brazil	130	60%	89	68%
Russia	89	76%	78	89%
United Kingdom	62	95%	44	70%
United States of America	272	76%	237	87%

Source: TRAI, CIA World Factbook, analyst reports, secondary research

Note: The mobile Internet users are the wireless Internet users as reported by TRAI.

India presents significant headroom for further growth in e-commerce, in terms of the number of users...

...which, along with an exponential rise in per capita e-commerce spend, will move the Indian e-commerce industry towards an inflection point.

Key highlights:

The Indian e-commerce market will exceed 100 billion USD by 2022, with online financial services set to grow the fastest.

- The current market of ~35 billion USD is expected to grow at a 25% CAGR over the next five years
- E-tail and e-travel, together, will continue to hold >90% share of e-commerce, while online financial services are expected to witness the fastest growth

With increasing awareness, access and acceptance of the Internet, the number of Digitally Live and Digital Champions is expected to grow rapidly...

Role played by the Internet in nation building

1. E-commerce can potentially create 1 million+ jobs by 2022...

- E-commerce is expected to not just create regular corporate jobs but also increase employment in allied industries like logistics and warehousing.

2. ..while actively supporting and contributing to 20 million+ businesses run by SMEs / entrepreneurs...

- With higher revenues and profits, the Internet helps MSMEs in building efficiencies across their operations and in expanding their boundaries and scale.

3. ...and attracting significant FDI inflows, thereby boosting investor confidence.

- Besides benefiting the economy and consumers, this also helps Indian organizations imbibe best practices from their global competitors.

4. Contribute positively towards multiple softer aspects of nation development.

- Boosts investor confidence in the Indian consumption story and positively impacts FDI inflows.
- Enables Indian brands to go global.
- Encourages IP development within the country.

Current policy landscape and shortcomings

E-commerce is governed by multiple regulatory bodies and several horizontal regulations. There is a need for harmonisation of laws and regulations covering the e-commerce ecosystem, giving them a common definition and intent. A holistic policy framework for e-commerce should be able to, at the same time, adapt to the fast-changing technology and consumer preferences.

The envisaged approach will help in the development of an ecosystem that will support the industry, boost investments as well as protect consumer interest. The framework should also provide for an e-commerce facilitation unit in all relevant government ministries and sectoral departments, which serve as a point of interface

Catapulting Indian e-commerce towards global leadership

The next 100 million customers will be very different from the existing 50 million customers, and hence e-commerce players must 'Make for India'.

First 50 million	Next 100 million
1. Comfortable with English	Comfortable with vernacular languages
2. Average age around 25 years	Average age more than 28 years
3. 70% male	50% male
4. Predominantly urban	Most new customers will be from Tier II /III cities
5. Comfortable with typing	Prefer voice
6. Trust wallets or e-FS	New to online financial instruments and prefer CoD
7. Have access to quick delivery	May be alright with long delivery times and high shipment cost
8. Global products	Mix of global and local products
9. High ticket size	Low to medium ticket size
10. Understand financial products	Need education

Source: Secondary research, PwC analysis



for handling issues unique to the e-commerce sector.

A holistic e-commerce framework should encompass the following:

1. A robust physical and digital infrastructure
 - a. Enhancing the logistics infrastructure
 - b. Unlocking the value of digital payments
 - c. Enabling network infrastructure and access
 - d. A robust data protection framework
2. Thrust to 'Make in India'
3. A level playing field between offline and online players in indirect taxation

4. A conducive environment for cross border e-commerce
5. Enabling ecosystem for domestic start-ups

To overcome these obstacles and turbocharge growth, PwC has proposed a three-pronged approach

1. Enable consumers to transact online effectively
2. Encourage online players through an online-offline parity in regulations
3. Ensure that the supporting infrastructure is capable of managing turbocharged growth.

Note: All the above findings are from a recently released report on ecommerce by NASSCOM – PwC.



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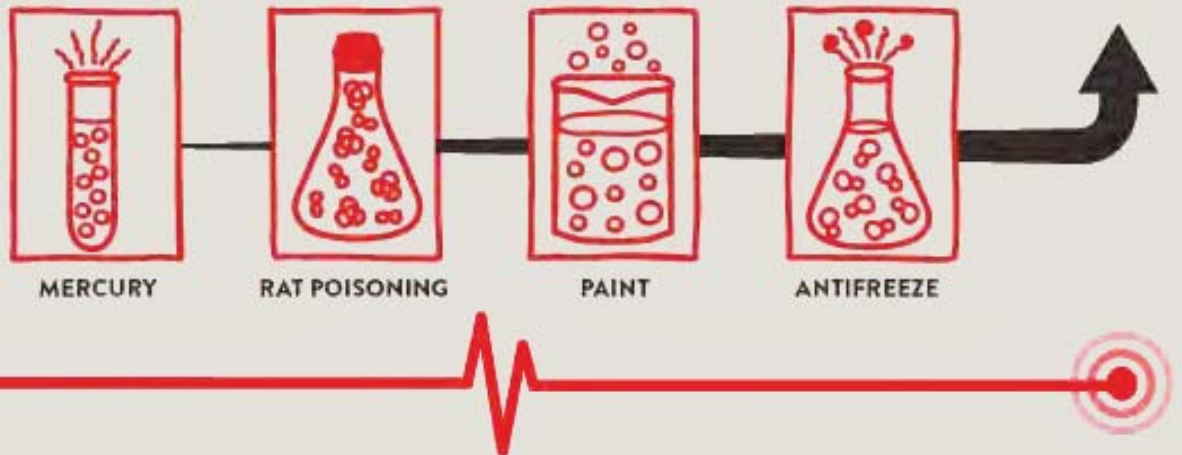
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FAKE MEDICINES HARM – NOT HEAL

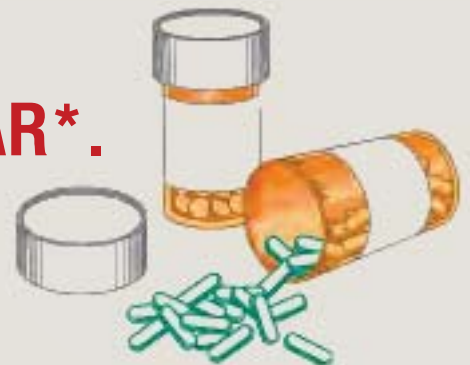
There are a lot of shady ingredients found in fake medicines that are directly responsible for serious disability and even death. This includes poisons such as mercury, rat poison, paint and antifreeze.



Fake tuberculosis and malaria drugs alone are estimated to

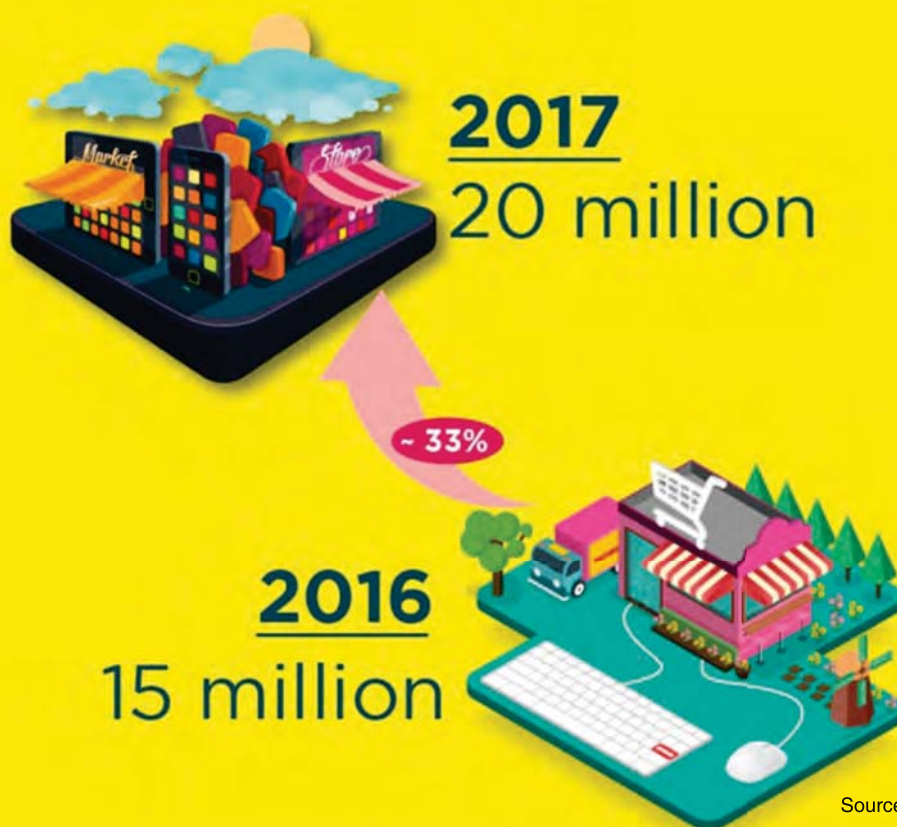
KILL 700,000 PEOPLE A YEAR* .

*International Policy Network



Small-town Wallets Power Growth Of Ecommerce In India

GROWTH IN ONLINE SHOPPERS



With small-town Indians accounting for around 41 percent of all online shoppers, they are increasingly becoming the driving force behind ecommerce in India.

INDIA LIVES IN her villages - so said Mahatma Gandhi all those years ago. The ecommerce industry, specifically online retail, seems to have taken this quote to heart.

Large marketplaces like Flipkart and Amazon, and the newest kid on the block Paytm Mall, are all focusing on getting the small-town Indian consumer to shop online and this focus is showing results.

Advisory firm RedSeer Consulting shared that e-tailers saw a 33 percent rise in monthly active shoppers in 2017 from 15 million in 2016 to 20 million last year.

2016 was a bad year for Indian online retail with growth slowing to 12 percent, according to analysts. For the fiscal year 2016-17, the Economic Survey puts the ecommerce market's growth at 19.1 percent with the overall size at \$33 billion.

Harish HV, ecommerce expert and Partner – India Leadership team at Grant Thornton India, says:

I would say that they (online retailers) underperformed to potential. Along with issues like lack of funding, GST and demonetisation, they also had cut down on discounting. The good thing is they are all back to business and are all looking to grow. Aggressive discounting is not happening even now, but people are shopping online for reasons beyond discounts. That's a good sign. I expect growth to be back this year.

Ecommerce companies knew that if the industry had to grow they would have to get small-town shoppers on board. To ensure this, the companies launched a slew of initiatives like Flipkart's no-cost EMI that is available even for shoppers who do not have credit cards and Amazon's Project Udaan, under which the company has partnered with small stores (through partners like StoreKing and Vakrangee) in rural India, whose shopkeepers help customers buy on Amazon.

The numbers show that small-town shoppers have responded with enthusiasm.

Shoppers in Tier II and smaller towns grew three fold compared to metro shoppers and accounted for nearly 41 percent of the overall online shoppers in 2017.

Residents from non-metro towns will account for 55 percent of all active online shoppers in 2020, according to RedSeer. The advisory firm predicts that overall there will be 185 million active shoppers in 2020.

Amazon's India Head Amit Agarwal disclosed that almost 85 percent of the company's customers come from Tier II and smaller cities.

It's all about access

The reasons for the growth are not hard to find. Modern organised retail is still a big city phenomenon. While modern trade in India is growing at 15 to 20 percent per annum, it has a low penetration of just 8 percent, according to PwC. This is where online retailers come in

% Growth in number of unique shoppers from 2016 to 2017



(Source: RedSeer Consulting)

YS DECODES

as they provide small-town shoppers access to a massive range of brands and products.

It is a myth that non-metros do not have high spending power. Kotak's Wealth Report states that emerging cities and small towns account for 45 percent of India's Ultra HNI population.

Harish, of Grant Thornton, says ecommerce companies have built their brand in smaller towns now and that has led to increase in sales in these locations.

"Well-to-do shoppers in small towns had to travel to big cities earlier. Now they can get the same products online. These shoppers will drive the online consumption story," Harish says.

One of the major contributing factors is the high investment into logistics, especially by Flipkart and Amazon.

Pinikiranjan Mishra, Partner and National Leader (Retail and Consumer Products) at advisory firm EY, says:

The bigger players have ensured high logistics penetration in smaller towns. They claim to reach 80 percent of India and that is impressive. In the early days of ecommerce a lot of people said telecom penetration would lead to growth. That's not necessarily true as ordering online is just one part; the products have to reach the consumers and that's why logistics penetration has been an important growth driver."

The flip side

There are, however, concerns. New markets always see a spurt in growth in the initial days and then there is a tapering. This is what has happened in the metro markets. In the initial years of online retail, it was metro markets that drove growth leading to the 180 percent growth in 2015. The growth in metros has slowed with only 11 percent growth in unique shoppers in these cities. A similar trend will follow in smaller towns in India.

"Access has increased but need has not really increased. When you provide more access there will be

Ecommerce in India

Size of ecommerce market in FY 2016-17:

\$33 billion

Rate of growth (YoY):
19.1 percent

(Source: Economic Survey 2017-18)

YS DECODES

Graphics by Anisha Tulika

“Ecommerce is booming in India thanks to increased internet users and cheaper smartphones,”

—Eric Haggstrom,
forecasting analyst
at eMarketer.

over-consumption for some time. But only among those people who have higher disposable income. Fewer people in small towns fall in this category,” says Pinakiranjan.

Also, it is primarily those in the “creamy” layer in smaller towns who are shopping online. This section of people will have similar tastes, and product and brand preferences as their metro counterparts. Getting the rest to shop online is the more difficult task.

Pinakiranjan says the addressable market is definitely large.

But at a certain price point. That's the critical piece that online retailers need to understand. People have a budget. What's the unit price at which people will buy? The challenge is, is that price point profitable for ecommerce companies?” says Pinakiranjan.

The many private label brands that are being launched -- Flipkart has launched over 30 across categories -- are a step towards increasing the range of affordable products. It is still too early to judge whether these private label brands have helped increase sales in smaller towns.

Grocery is expected to be another growth lever for the industry. Amazon and Flipkart are scaling up their grocery operations. Paytm Mall, along with Alibaba, is expected to announce an investment into e-grocer BigBasket soon. The idea is that grocery is the largest segment in Indian retail at \$566 billion and getting consumers to start buying grocery online will help ecommerce companies grow.

However, that's easier said than done.

“It is a tough market. The neighbourhood grocery store has its own strength, with consumers preferring such stores for features like immediate delivery, easy exchange of products in case of problems, and availability of credit,” Harish says.

He, however, admits that the market is large enough for multiple online retailers to flourish. The online grocery market was just \$1 billion in size in 2017. While it is small compared to the overall grocery and e-tail markets, we must remember that this \$1 billion is split primarily between BigBasket, Grofers, and Amazon. So there is room for growth, but smaller towns will not switch to online easily.

Another challenge comes from an unexpected quarter—organised brick-and-mortar retail. Online retail was expected to finish offline organised retail. This segment did take a hit between 2015 and 2017, primarily because of e-tail with revenue growth slowing down to almost 12 percent, according to this article by Anuj Sethi, Senior Director at credit rating agency CRISIL. However, he goes on to add, that offline organised retail is expected to see revenue grow at around 20 percent a year over the next three fiscals.

This revival of brick-and-mortar modern trade will impact the growth of e-tail in the metros. Even as firms like Flipkart and Amazon try to win over more small-town shoppers, they need to ensure customers in metros remain loyal. ▶

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Shopping Online: The Mechanics

How Does Online Buying Work?

Shopping online is just like heading out to the store. You can buy all the same things from your home computer and can sometimes even get access to better sales.

Finding a Product

When you shop online, you have to start by searching for a product. This can be done by visiting a store's website or, if you are not aware of any store that has the particular item you are looking for or you'd like to compare prices between stores, you can always search for the items with a search engine and compare the results.

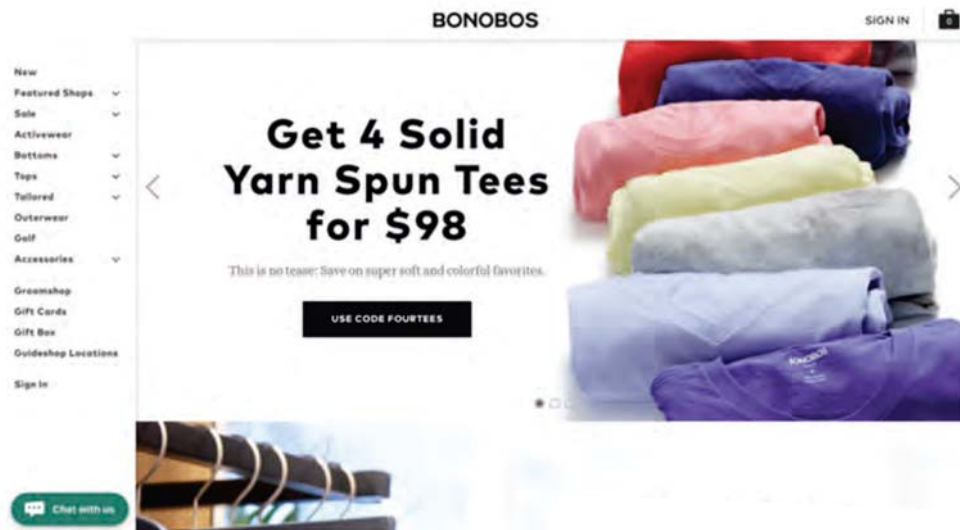
On major retail websites, companies and merchants will have pictures, descriptions and prices of the goods that they have for sale. If a smaller company does not have the means to create a website, some sites like Amazon and Yahoo! make it possible for small businesses and individuals to display products or build their own online stores for a monthly and transaction fee.

Other websites like eBay and Bidz provide an auction format, in which sellers can display items for a minimum price and buyers can bid on these items until the listing ends or the seller chooses to award it to a buyer. Most stores also have placed virtual customer service centers on their websites, so you can either call,

email or chat with a live customer service representative if you have questions.

Buying and Receiving the Product

After finding and selecting your desired product, the webpage usually has a "checkout" option. When you check out, you are often given a list of shipping and payment options. Shipping options include standard, expedited and overnight shipping. Depending on the shipping company being used and your location, standard shipping usually takes seven to 21 business days and expedited shipping can take anywhere from two to six business days.



When it comes to paying for your purchase(s), there are also different options:

E-Check: This payment option is just like paying directly from your bank account. If you choose to pay by electronic check, you are required to enter your routing and account numbers. Once this is done, the amount is taken directly from your bank account.

Credit Card: When you pay by credit card, instead of swiping your card like you would at a brick-and-mortar store, you type the required credit card information into provided fields. Required information includes your credit card number, expiration date, type of card (Visa, MasterCard, etc.) and verification/security number, which is usually the last three digits on the back of the card, right above the signature.

Payment Vendors: Payment vendors or payment processing companies, such as PayPal, are ecommerce businesses that provide payment exchange services. They allow people to safely transfer money to one another without sharing financial information. Before you make purchase through a payment vendor, you'll need to set up an account first to verify your credit card and/or financial institution information.

Online-to-Offline Commerce

What is 'Online-to-Offline Commerce'?

Online-to-offline commerce is a business strategy that draws potential

customers from online channels to make purchases in physical stores. Online-to-offline commerce, or O2O, identifies customers in the online space, such as through emails and internet advertising, and then uses a variety of tools and approaches to entice the customers to leave the online space. This type of strategy incorporates techniques used in online marketing with those used in brick-and-mortar marketing. O2O is related to but not the same as the concepts of "clicks-to-bricks" or "click and mortar."

BREAKING DOWN 'Online-to-Offline Commerce'

Retailers once fretted that they would not be able to compete with e-commerce companies that sold goods online, especially in terms of price and selection. Physical stores required high fixed costs (rent) and many employees to run the stores and, because of limited space, they were unable to offer as wide a selection of goods. Online retailers could offer a vast selection without having to pay for as many employees and only needed access to shipping companies in order to sell their goods.

Some companies that have both an online presence and an offline presence (physical stores) treat the two different channels as complements rather than competitors. The goal of online-to-offline commerce is to create product and service

awareness online, allowing potential customers to research different offerings and then visit the local brick-and-mortar store to make a purchase.

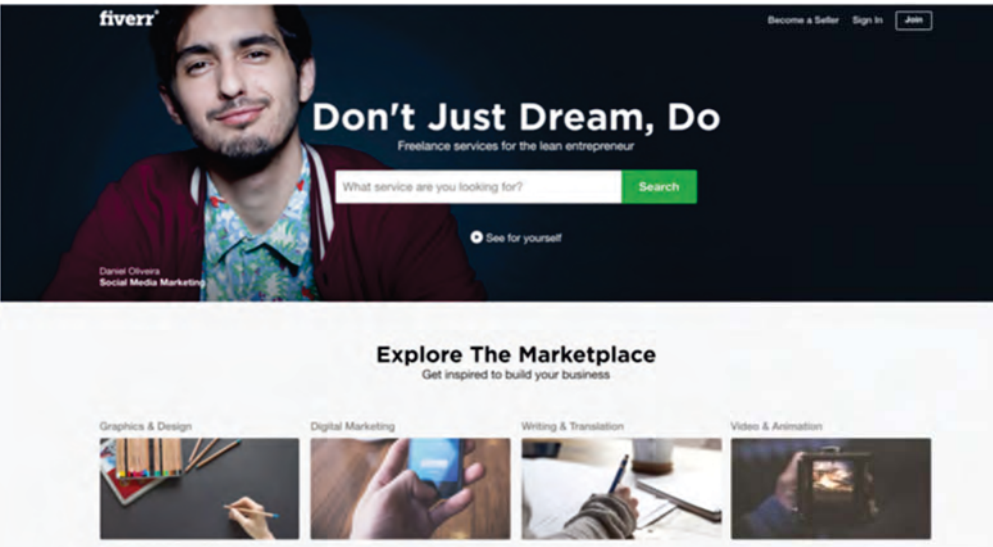
Online-to-Offline Commerce and Physical Stores

Techniques that O2O commerce companies may employ include in-store pick-up of items purchased online, allowing items purchased online to be returned at a physical store, and allowing customers to place orders online while at a physical store.

The rise of online-to-offline commerce has not eliminated the advantages that e-commerce companies enjoy. Companies with brick-and-mortar stores will still have customers that visit physical stores in order to see how an item fits or looks, or to compare pricing, only to ultimately make the purchase online (referred to as "showrooming"). The goal, therefore, is to attract a certain type of customer who is open to walking or driving to a local store rather than waiting for a package to arrive in the mail.

Online-to-Offline Commerce Trend More than 80% of retail sales will still happen at physical locations in 2020. And despite the best efforts of Amazon.com, just over 8% of retail sales happen online. Now consider Amazon's \$13.7 billion purchase of Whole Foods in 2017 and you can see where the leader in online commerce is placing its bets. Aside from Amazon, every top-10 retailer is a brick-and-mortar operation. That's not to say that traditional retailers aren't hedging their bets. Walmart has spent mightily to bridge the gap between online users and retail locations, including its 2016 purchase of e-commerce company Jet.com. Consider that about 80% of consumers research items online before making a purchase, and one can see that the future lies in a convergence between online and offline sales.

Amazon, by contrast, is primarily an e-commerce-based business that built up its operations around online purchases and shipments to consumers. Individual sellers can also



1. Stores that sell physical goods

These are your typical online retailers. They can include apparel stores, homeware businesses, and gift shops, just to name a few. Stores that sell physical goods showcase the items online and enable shoppers to add the things they like in their virtual shopping carts. Once the transaction is complete, the store typically ships the orders to the shopper, though a growing number of retailers are implementing initiatives such as in-store pickup.

Some examples of these ecommerce stores include eyewear retailer Warby Parker and menswear store Bonobos

2. Service-based e-tailers

Services can also be bought and sold online. Online consultants, educators, and freelancers are usually the ones engaging in ecommerce.

The buying process for services depends on the merchant. Some may allow you to purchase their services straightaway from their website or platform. An example of this comes from Fiverr.com, a freelance marketplace. People who want to buy services from Fiverr must place an order on the website before the seller delivers their services.

Some service providers, on the other hand, require you to get in touch with them first (i.e. book a consultation) to determine your needs. Web design company Blue Fountain Media is one example of a business that does this.

3. Digital products

Ecommerce is, by nature, highly digital, so it's no surprise that many merchants sell "e-goods" online. Common types of digital products include ebooks, online courses, software, graphics, and virtual goods.

Examples of merchants that sell digital products are Shutterstock (a site that sells stock photos), Udemy (a platform for online courses), and Slack (a company that provides real-time messaging, archiving and search for teams). ▶



engage in e-commerce, establishing shops on their own websites or through marketplaces such as eBay or Etsy. Such marketplaces, which gather multitudes of sellers, serve as platforms for these exchanges. The purchases are typically fulfilled by the private sellers, though some online marketplaces take on such responsibilities as well. E-commerce transactions are typically done through a computer, a tablet, or a smartphone.

Types of ecommerce merchants

There are many ways to classify ecommerce websites. You can

categorize them according to the products or services that they sell, the parties that they transact with, or even the platforms on which they operate.

In this guide, we'll look at all three aspects to give you a clear picture of what types of ecommerce sites are out there.

Classifying ecommerce merchants according to what they're selling

Let's start with the products and services typically sold online. Below is a list of ecommerce merchants according to what they sell.

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Ecommerce Policy Needs To Focus On Investments, Not Micro Issues Like Discounts

Amitabh Kant

Niti Aayog Chief Executive

The policy should not discourage international capital flows via electronic means & cross-border ecommerce, says Amitabh Kant on new ecommerce rules.



AMITABH KANT



The draft ecommerce policy is under criticism from multiple stakeholders. Niti Aayog Chief Executive Amitabh Kant said the government should not look at micro issues of discounts and pricing and instead focus on attracting investments and creating jobs in the sector. In an interview, Kant shared views on various issues the think tank is engaged with. Edited excerpts:

Q What role is the Aayog playing in opening up the retail sector?

As CEO, NITI Aayog I am chairing an inter-ministerial committee on e-commerce. Our objective is to make India a \$250-300 billion plus e-commerce market by 2030 from ~\$40 billion today. However, the challenge for us would be to increase the number of digital transactions, and strengthen our warehousing and logistics infrastructure in the country as this would in turn boost e-commerce. The second challenge is to take e-commerce to all nooks and corners of India. All these are issues we are looking at right now.

Q What is your view on the draft ecommerce policy?

India needs a progressive and forward-looking ecommerce policy which will promote startups, investment and growth, and create new jobs, and not one which will impact its current momentum. The ecommerce sector tripled in size over the last four years and provides employment to over 1 lakh people, mainly in tier II and III cities and in new sectors such as logistics. Besides, it is beneficial for all. Consumers gain through lower prices

and time and cost savings. Businesses lower their costs through lower distribution and marketing costs as well as the growth of new sectors such as logistics. Overall, ecommerce has the potential to generate a vast number of new jobs in the economy.

Q What are the key changes, if any, that you would like to recommend in the draft?

I do not think we should comment on a draft document. However, in general, my view is that we should have a policy framework which will encourage investments in the ecommerce sector and the government should not get into the market by looking at micro issues of discounts and pricing. Secondly, we should not do anything which will impact FDI inflows in the sector. Thirdly, the policy should not discourage international capital flows through electronic means and cross-border ecommerce which helps Indian firms access a larger pool of global consumers. Fourthly, we should have only one agency and not a multiplicity of ministries or agencies to deal with ecommerce. Government should, however, ensure consumer protection. ▶

Amazon Growth In India

"We have been obsessed with what customers deeply care about, primarily massive selection, great value, and maximum convenience; and have since invested heavily in infrastructure, technology, and India-specific innovations to drive this transformation".



AMIT AGARWAL

Amazon India Country Head

Q How is Amazon's business in India impacting the economy?

Five years ago when we launched in India, ecommerce was mostly an urban phenomenon limited to occasional shopping in few categories led by discounts. The real opportunity to let anyone, anywhere in India to find, discover, and buy anything online (and sell anything online) was largely unaddressed. We were driven by the mission to create India's most customer-centric company and a vision that transforms how India buys and sells. We have been obsessed with what customers deeply care about, **primarily massive selection, great value, and maximum convenience**; and have since invested heavily in infrastructure, technology, and India-specific innovations to drive this transformation.

We are very humbled and excited to see that we are already the leaders on these parameters that customers care about. We have achieved scale in terms of widest

selection, ever-increasing reach in India and strongest on ground infrastructure to support the business. We have managed to make Amazon the biggest store in India with over **170 million products, with millions of Prime eligible products**, and Prime members across 400 cities. These products are offered by over **3.8 lakh sellers**. We have an extensive reach & penetration to the far-flung areas of the country and have enabled thousands of SMEs to get their business online. We have the largest operational network in the ecommerce industry, **with more than 50 FCs offering 20 million cu ft of space**. In addition to these are hundreds of seller flex sites managed by sellers. We have invested in creating a last mile delivery network through **17,500 IHS (I Have Space) stores across 225 cities**.

Also, if you look at the nature of our business and programs, there is a lot of indirect employment that gets generated. Look at our Fulfilment Centres for instance.

They provide a tremendous fillip to ancillary industries such as packaging, transportation, logistics, and hospitality. They also generate direct and indirect employment for thousands of skilled and semi-skilled personnel, eventually impacting the lives of millions in the country. The entire e-commerce ecosystem in the state will benefit greatly.

I think the things that really excite us is the evolution of E-Commerce that has happened in these last 5 years and our role in doing that because at the end of the day this is all about how India will be shaped in the next few years.

It is exciting to see how our business also aligns with India's national priorities - digitalization, economic growth with technology, small business empowerment, more inclusive growth, and growing Indian manufacturing as a global brand with programs like 'Make in India', 'Startup India', 'Digital India', etc. We are fortunate to have committed partners in government institutions, small & medium businesses, micro-entrepreneurs, mom and pop stores, home entrepreneurs and many others in this effort to build a modern and digital India.

Q What is Amazon doing for Indian consumers?

Amazon's mission to be the most customer-obsessed company on the earth continues to drive us on how we serve customers in India. Our strategy is global and focuses on building the three pillars of customer experience- Selection, Pricing and Convenience - while the execution of this strategy is local. We set ourselves a very high bar in customer and seller experience and we have made significant investments in infrastructure and innovation towards this.

To drive India growth chapter, we have focused on local innovations, with programs that find resonance with customers in India. Amazon innovations for India such as

Tatkal and Chai Cart or I have Space Programs have helped extend our seller base as well as helped us to leverage existing infrastructure to offer a greater penetration and better customer service for product delivery.

To improve accessibility for customers and sellers alike, we have invested in a lot of innovations. In India, Amazon reduced the size of its mobile app by more than 60% to suit low cost cheap smartphones, introduced near-automated sign-ups for first-time mobile users, made it easier for customers to pay online, revamped its daily deals offering, set up Amazon Easy stores or assisted-shopping points for convenient shopping in remote locations, among other innovations.

The other key aspect to our growth is expanding categories to enable online shopping as a part of customer's daily life. In parallel, we have invested to set up the most widespread and sophisticated infrastructure of our fulfilment centres and logistics support all across the country.

This building of great capacity - selection + network - was backed by the launch of our flagship program Prime in India, a milestone for customer shopping experience. Prime is a loyalty program that is the gateway to the best of Amazon.

What's significant is that Amazon innovations have sharply leveraged the existing small business and entrepreneurial ecosystem within the country across industries such as manufacturing, logistics and transportation, packaging as well as several cottage industries like handicrafts, textiles, food products, etc. This has ensured a multiplier impact of the Amazon business and a mutually synchronized flywheel so that Amazon growth brings in further positive development for small businesses and start ups while in turn their growth continues to help drive the Amazon flywheel for its Indian customers and business here.



Amit Agarwal, Amazon's India Country Head and Global Senior Vice President, claims the company is the clear market leader in all the metrics that matter.



For us India continues to be a key growth region and we will continue to invest in the country with a long-term focus to transform not only retail but also content creation and consumption in India.

We are excited that in just five years customers in India trust Amazon.in to find, discover and buy anything online and we are proud to lead the path for the future of not just what ecommerce should be in a diverse country like India but also how new technologies can help transform India, democratize aspirations and help support a robust entrepreneurial culture.

Q What is Amazon Easy and what does it offer to customers?

How is Amazon helping customers in smaller markets to shop?

Our initiative 'Amazon Easy' is an India-specific innovation aimed at enabling customers in smaller markets to get access to the convenience of online shopping. Under the Amazon Easy umbrella, we aim to help break down various transaction barriers for first-time online shoppers like trust, lack of Internet access, language and as well as digital payments, to embrace e-commerce. Starting with 200+ stores across the Krishna, West Godavari, East Godavari, Warangal, Nalgonda and Guntur districts in Andhra Pradesh and Telangana, Amazon Easy will be rolled out nationally across thousands of existing stores over the next few months.

We kicked off the assisted shopping project, internally code-named Project Udaan as a pilot in 2015 and have since expanded to 14000+ stores across 21 states with large network partners like Storeking, Vakrangee to smaller partners like Linq, Indiabuy as well as individual entrepreneurs. We equip these offline stores with training materials that include skills like searching, browsing, and navigation on Amazon.in, helping customers set up Amazon accounts, check outs, payments, answering status and delivery queries, and refunds and returns if required. Amazon Easy is not only helping more people join the digital ecosystem but also opening up self-employment and other job opportunities for semi-skilled and partially-skilled people etc.

Customers can walk in to the neighborhood Amazon Easy store for assistance while shopping on Amazon.in. Customers can choose to pay with cash on delivery when the product is delivered to their homes or swipe their cards at the stores while placing the orders. Amazon.in delivers the products to customers at their chosen addresses. Customers can also reach out to the stores if they need help with their order status and returns.

The initiative is going to be transformational as it uses technology and empowers local entrepreneurs to break down complexities and barriers for new-to-ecommerce shoppers using assisted shopping. We strongly believe that Amazon Easy will play a significant role in enabling the next 100 million customers in India to enjoy shopping on Amazon.in starting with this upcoming festive season.

Q What are the steps that you have taken to ease out grocery shopping for Indian consumers?

Groceries is already a significant and one of fastest growing categories for us. Our two offerings under this category, Prime Now and Amazon Pantry cater to different kinds of customer needs. Prime Now, is an app only service with 2 hour ultra-fast delivery service of bestselling smartphones along with Amazon Devices, a select range of consumer electronics, home & kitchen supplies, fruits & vegetables, grocery, staples, meats, and more. Prime Now is currently available in Bangalore, Mumbai, New Delhi and Hyderabad. On this app, customers can choose from two delivery options - Rush Delivery (two hours) and Same-day Scheduled Delivery, offering them the convenience of getting their daily essentials delivered at a pre-scheduled slot. This usually solves for a fixed time or immediate requirement. Our Rushed Delivery service is free for Prime members including the unique delivery slots of 10 pm - 12 am and 6 am - 8 am. To meet this delivery promise and on-time performance, Amazon India has 15 fulfilment centers equipped with temperature-controlled zones. Prime Day this year is a testament to increasing adoption of Prime Now as members loved Prime Now's ultra-fast delivery in major metros, with all same-day delivery slots selling out in record time.

Speed of delivery and convenience is of prime importance to customers especially when it is to do with grocery. We recently announced the launch of 15 dedicated Fulfilment Centres (FC) for Amazon Now. These fulfilment centres are equipped with temperature controlled zones, a first for Amazon in India, to store and deliver perishable products such as fruits & vegetables (F&V), dairy products, chilled & frozen products.

Amazon Pantry focusses on weekly and monthly stock-up shopping with a strong emphasis on increased savings to the customers. It also offers some unique selection that is only available within the Pantry store. All Amazon Pantry orders are shipped in special Pantry Boxes from the Amazon Fulfillment centers near the cities so that customers can get their delivery the next day. It has been well received by our customers and we have now expanded the service to over 40 cities across the country.

Q Amazon has the first mover advantage in India, how are you going to use it to your benefit?

India's largest and fastest growing ecommerce player, and with a long-term commitment to make ecommerce a habit for Indian customers, we continue to invest in the necessary technology and infrastructure to grow the entire ecosystem. We are delighted and humbled by the trust from our customers, to lead in India on things that matter to our customers, in just five years of our business here, while continuing to launch innovative India-first initiatives as well as completely new offerings like Echo, Prime and Prime Video.

We have managed to make Amazon the biggest store in India with over 170 million products, with millions of Prime eligible products, & prime members across 400 cities.



We have always maintained that as a company we are customer obsessed and would not like to comment on things that don't matter to customers. We continue to focus on customer needs and work backwards from it.

The barometer of our success is our reach to new customers and getting new customers online is our top most priority at this point in time.

Amazon.in is the fastest growing marketplace in India, and the most visited site on both desktop and mobile, according to comScore and SimilarWeb. The Amazon.in mobile shopping app was also the most downloaded shopping app in India in 2017, according to App Annie. Prime added more members in India in its first year than any previous geography in Amazon's history.

We have kept our approach very simple and very consistent - increase selection, provide better value and savings as well as make delivery faster.

We continue to invest in the necessary technology and infrastructure to grow the entire ecosystem. We are delighted and humbled by the trust from our customers, to lead in India on things that matter to our customers in close to five years of our business, while continuing to launch innovative India-first initiatives as well as completely new offerings like Echo, Prime Video and Prime Music.

Q How will Amazon ensure lowest prices for customers?

Prices for products on the Amazon.in marketplace are determined by the sellers. We work hard and continually innovate to offer services such as FBA (Fulfillment by Amazon) and Easy Ship to sellers on our platform, that enables them to significantly lower their cost of selling and reducing defects as they sell to a nationwide customer base. Sellers pass on these savings as lower prices on the platform. The economies of scale they get from being on the Amazon platform further helps them to reduce their costs and pass these on to the customers.

Q Are you looking at creating new shopping categories for customers?

We aim to make online shopping an everyday experience for Indians and our goal is to be the 'everything' store for our customers. Being customer obsessed, we want our customers to be able to find anything and everything that they are looking for. We believe in offering an expansive selection that customers love and trust.

We currently serve 100% of India's serviceable pincodes- the widest ever penetration for online commerce. And customers buy everything ranging from diapers, to sofas, from LCD TVs and fridges to bulbs, vegetable choppers and shampoos, debunking the myth that consumers only look for high price point items: we have sold high value smartphones and consumer electronics and regular use consumables with equal ease.

As India's largest and fastest growing ecommerce player, and with a long-term commitment to make ecommerce a habit for Indian customers, we continue to invest in the necessary technology and infrastructure to grow the entire ecosystem. It's however still Day 1 as organized retail and ecommerce are still very young industries in India.

Q Any specific initiatives you are undertaking to enhance accessibility and reach Are you looking at creating new shopping categories for customers?

We want more and more Indian customers to find everything they want on Amazon.in anytime they want. In a major first step to break the language barrier for Indian customers, we have launched amazon.in in Hindi. The launch now enables crores of shoppers in India to enjoy the ease and convenience of Amazon's shopping experience in Hindi.

With the Hindi website, our first Indian language offering, we are making this possible for hundreds of thousands of Hindi-preferring Indian customers. This launch is a huge leap in the direction of our relentless efforts to get the next 100 million customers to shop online and make Amazon.in the most trusted shopping destination for our customers. ▶



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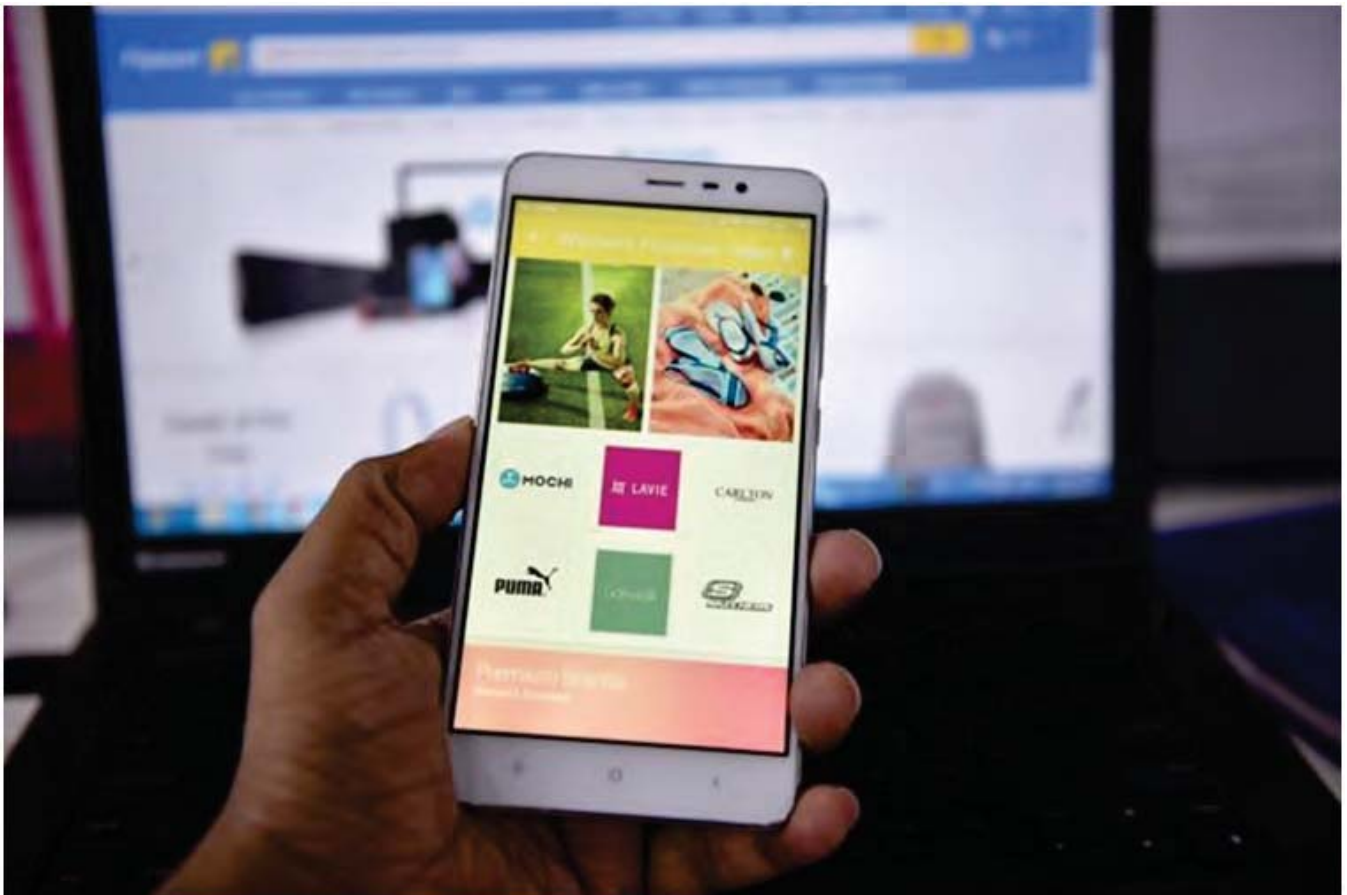


Photo: Mint

It should be free to work under the principles of economic democracy, with a level playing field for domestic and foreign players

E-COMMERCE IN INDIA is facing huge buoyancy, both in terms of the market and policy space. In terms of the market, the majority investment in Flipkart by US retail giant Walmart, and a substantial proposed investment by Alibaba in Reliance Retail recently made news. Some pundits say that some of these moves may result in market distortions. Apparently, vested interests are muddying the waters.

On the other hand, the government has prepared a draft national policy framework on e-commerce in India. Many think it is a policy statement which, in fact, it is not. The framework is a discussion paper which has captured myriad views from different stakeholders, from which a sensible market-friendly policy has to be carved out. The process was very good in that a large number of views were taken on board, but they are yet to be distilled. This is causing so much confusion that the Prime Minister's office has had to step in.

Of primary concern is whether the e-commerce market in India will be free to work on the basis of principles of economic democracy or not. That is to say—a level playing field for domestic and foreign players, with no entry or exit barriers.

Globally, the retail e-commerce sector has been growing. It needs to expand in India as well, without threatening the livelihoods of small neighbourhood retailers. Growth in e-commerce can boost local manufacturing and catalyse Make in India. More importantly, the food processing sector will get a fillip, thus addressing backward linkages and infrastructure. This can be one of the major job creators in rural and urban India. Already, many small retailers are buying goods from large foreign wholesalers and selling to consumers. This is bound to increase.

E-commerce straddles various economic governance issues: international trade, domestic trade, competition policy, consumer protection, information technology.

The draft policy framework states in its preamble that it is a comprehensive policy framework for the digital economy.

Let me outline the major issues and what needs to be done.

Why did the department of commerce deal with it? It had to do so because this is an issue which is being debated at the World Trade Organization as a likely agenda for an agreement in the future. Therefore, the commerce department took the lead in understanding the issues so as to be able to present a national view at Geneva. In doing that, it went about it in a very inclusive manner, taking a whole-of-government approach. However,



foreign players should also have been invited. They would not have been able to drown out the voices of the much larger number of Indian participants in any case.

Foreign versus domestic investors is another issue. Pitting the two against each other is a weak argument as our policy should be to keep the market open to investment from any source, subject to some sectoral restrictions. Concerns have been raised that large foreign companies can dominate the market through deep discounts and monopsonistic practices in their procurement from small businesses and farmers. To deal with both these issues, we have the Competition Act. Besides, the state can also be a party in lodging a case at the Competition Commission of India if it comes across any violation. Most

importantly, what makes anyone think that large domestic firms wouldn't or don't indulge in such distortionary practices?

Some suggestions about ownership and management control are quite contrary to good practices and would only lead to policy distortions and corruption. Press Note No.3 speaks about convoluted policy prescriptions in the e-commerce sector, the likes of which do not exist in any other sector where foreign domestic investment has been liberalized. There were some concerns raised when foreigners started acquiring Indian pharma companies and private banks but those have subsided.

The third issue is RuPay versus other payment modes. The government should not promote a branded good owned by banks when there are competitors in the market. After all, the government, thankfully, does not promote MTNL or BSNL.

Data localization is the fourth issue, and a crucial one in our policy space today, particularly after the submission of the Srikrishna committee report. The draft framework mandates that data generated by users in India from various sources, such as e-commerce platforms, search engines, social media, etc., are required to be stored in India. This will neither benefit the government nor the consumers of data. The government's objectives of accessing data for law enforcement purposes can be met without restricting the free flow of data.

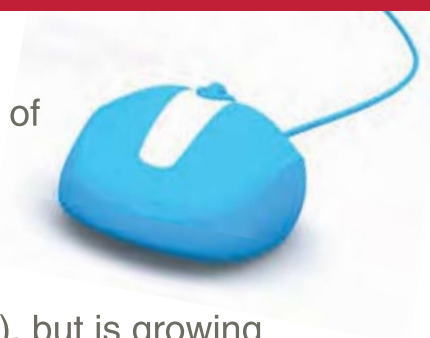
The fifth issue is an e-commerce regulator. We do not need an exclusive regulator here; any anticompetitive practice can be dealt with under the Competition Act. Any anti-consumer practice can be dealt with under the new Consumer Protection Act and the Central Consumer Protection Authority to be established under it. This authority can also deal with collateral issues.

Let's proceed without fear or favour. New laws to protect people are sometimes necessary—but let us not strangle e-commerce with them. ▀



E-COMMERCE **In India**

India has an internet users base of about 470 million as of July 2017, about 40% of the population. Despite being the second-largest userbase in the world, only behind China (650 million, 48% of population), the penetration of e-commerce is low compared to markets like the United States (266 million, 84%), or France (54 M, 81%), but is growing at an unprecedented rate, adding around 6 million new entrants every month. The industry consensus is that growth is at an inflection point.



In India, cash on delivery is the most preferred payment method, accumulating 75% of the e-retail activities. Demand for international consumer products (including long-tail items) is growing much faster than in-country supply from authorised distributors and e-commerce offerings.

As of 2017, the largest e-commerce companies in India are Flipkart, Amazon, ShopClues, Paytm and Snapdeal.



Introduction

The e-commerce has transformed the way business is done in India. Much growth of the industry has been triggered by increasing internet and smartphone penetration. The ongoing digital transformation in the country is expected to increase India's total internet user base to 829 million by 2021 from 445.96 million in 2017. India's internet economy is expected to double from US\$125 billion as of April 2017 to US\$ 250 billion by 2020, majorly backed by e-commerce. India's E-commerce revenue is expected to jump from US\$ 39 billion in 2017 to US\$ 120 billion in 2020, growing at an annual rate of 51 per cent, the highest in the world.

Market Size

Propelled by rising smartphone penetration, the launch of 4G networks and increasing consumer wealth, the Indian e-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion in 2017. India's e-commerce industry's sales rose 40 per cent year-on-year to reach Rs 9,000 crore (US\$ 1.5 billion) during the five-day sale period ending September 24, 2017, backed by huge deals and discounts offered by the major e-commerce companies.

Online retail sales in India are expected to grow by 31 per cent to touch US\$ 32.70 billion, led by Flipkart, Amazon India and Paytm Mall.

Investments/ Developments

Some of the major developments in the Indian e-commerce sector are as follows:

- Flipkart, after getting acquired by Walmart for US\$ 16 billion, is expected to launch more offline retail stores in India to promote private labels in segments such as fashion and electronics.
- Paytm has launched its bank - Paytm Payment Bank. Paytm bank is India's first bank with zero charges on online transactions, no minimum balance requirement and free virtual debit card
- E-commerce industry in India witnessed 21 private equity and venture capital deals worth US\$ 2.1 billion in 2017 and six deals worth US\$ 226 million in January-April 2018

Government initiatives

Since 2014, the Government of India has announced various initiatives namely, Digital India, Make in India, Start-up India, Skill India and Innovation Fund. The timely and effective implementation of such programs will likely support the e-commerce growth in the country. Some of the major initiatives taken by the government to promote the e-commerce sector in India are as follows:

- Reserve Bank of India (RBI) has decided to allow "inter-operability" among Prepaid Payment Instruments



(PPIs) such as digital wallets, prepaid cash coupons and prepaid telephone top-up cards. RBI has also instructed banks and companies to make all know-your-customer (KYC)-compliant prepaid payment instruments (PPIs), like mobile wallets, interoperable amongst themselves via Unified Payments Interface (UPI). The interoperability is expected by June 2018.

- The Government of India has distributed rewards worth around Rs 153.5 crore (US\$ 23.8 million) to 1 million customers for embracing digital payments, under the Lucky Grahak Yojana and Digi-Dhan Vyapar Yojana.
- The Government of India launched an e-commerce portal called TRIFED and an m-commerce portal called 'Tribes India' which will enable 55,000 tribal artisans get access to international markets.
- In order to increase the participation of foreign players in the e-commerce field, the Indian Government hiked the limit of foreign direct investment (FDI) in the E-commerce marketplace model for up to 100 per cent (in B2B models).

Road Ahead

The e-commerce industry been directly impacting the micro, small & medium enterprises (MSME) in India by providing means of financing, technology and training and has a favourable cascading effect on other industries as well. The Indian e-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second largest e-commerce market in the world by 2034. Technology enabled innovations like digital payments, hyper-local logistics, analytics driven customer engagement and digital advertisements will likely support the growth in the sector. With the increase in the number of electronic payment gateways and mobile wallets, it is expected that by the year 2020, cashless

transaction will constitute 55 per cent of the online sales. The growth in e-commerce sector will also boost employment, increase revenues from export, increase tax collection by ex-chequers, and provide better products and services to customers in the long-term.

India's growing e-commerce space

India's e-commerce market is growing exponentially. Significant improvements in technology and the rapid pace of growth in the digital payments sector over the last three years have increased the number of Indians buying online.

In 2016 alone, over 69 million Indians bought their apparels and accessories, books, mobiles, laptops, and other electronic items online. By 2020, this number is expected to rise to over 175 million – owing to the technology transformation led by the rise in the use of smartphones and tablets, and improved access to the low-cost internet.

India's e-commerce market is estimated to reach US\$200 billion in the next decade on the back of these factors.

For now, however, industry watchers will be observing how the Walmart-buyout of homegrown startup Flipkart impacts growth of online retail in India, and if it makes further in-roads in tier II and III cities given the American giant's experience in traditional discount retailing, logistics, and supply chain management.

The unprecedented deal is the biggest in the e-commerce world, with Walmart having acquired a 77 percent stake in Flipkart, India's version of Amazon.com Inc. This acquisition effectively brings the rivalry between the two deep-pocketed US retail giants to India.

Overall, the growing popularity of online purchasing and low investment risks present immense opportunities for traditional retailers. Leading players in the fashion retail industry like H&M and Zara have already introduced e-commerce platforms as an additional channel for sales and consumer reach.

While online sales are a key strategy for businesses to expand their consumer base, the following market trends and issues must be borne in mind while considering India's e-commerce industry.

E-Commerce performance across India's regional markets

In terms of total sales and revenue, tier-I cities such as Delhi, Mumbai, Bangalore, and Kolkata are leading markets for online sellers: eight out of every 10 orders come from these cities.

Delhi NCR, for example, is the largest online purchasing city – making one-third of the country's total online purchases, followed by a distant Mumbai.

At the same time, 75 percent of India's population resides in non-metropolitan cities, the market scope for which cannot be ignored.

Moreover, these rural towns and lower tier cities are fast emerging as promising markets for online retail – driven by rising disposable incomes, access to the internet, smartphone usage, and an aspirational and young population influenced by global consumer trends.

Conscious of these market trends, online retailers are already adopting strategies to diversify their consumer base. These include reaching out to customers in their native languages, attractive discounts, and cash back offers, and implementing loyalty programs to retain existing consumers.

Nevertheless, even as maximizing their consumer base is important, it is essential that online retailers address demands specific to tier I cities to maintain growth momentum. These include working out advanced and faster delivery options, better personalization of products, smoother check-out processes, and a better user experience overall.

Overall, it is estimated that about 1.3 million online sellers could emerge in India by 2020, nearly 70 percent of whom will be based out of tier 2 and tier 3 cities. Further, about 20 percent of these online businesses will be run by women. The trends are inevitable – as more buyers begin to shop online so will sellers need to put up shop online.

Payment preferences in India

India is predominantly a cash economy. Despite government-led initiatives such as Digital India, Jan Dhan Yojana-Aadhaar-Mobile (JAM) scheme, and demonetization, which were in part geared to encourage a less-cash economy, much of India continues to prefer dealing in cash.

Further, while Delhi, Mumbai, Bangalore, Hyderabad, and Kolkata have shown an increase in digital payments – lower tier cities are yet to shift their payment preferences. Overall, 60 percent of the total e-commerce payments in India are still made using the cash-on-delivery (COD) option.

Even as the reluctance to go cashless remains, India's digital payments infrastructure is evolving to address the security, convenience, and accessibility concerns of Indian users. This is evident in the proliferation of startups in India's financial technology sector: more than 600 new enterprises have emerged in the field of lending, payments, insurance, and trading.

In addition, global technology giants such as Google and Whatsapp are in deliberations with the Indian government to integrate their highly secured digital payment services with the Unified Payments Interface (UPI). Adoption of UPI-based payments by these high-tech companies will significantly improve digital payments security and boost its demand in India. ▶



“Let's
Not Fall
Victims
to Fraud
Be Aware”

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Do You Feel Like Starting Your Own Digital Business?



Online businesses in India must obtain relevant licenses and registration from federal and state government authorities before they establish their online presence. Different e-commerce services require different licenses and registration in India. Therefore, it is advisable for online businesses to seek professional support or outsource their legal obligations to a third party.

HOW ABOUT ROLLING your sleeves up and really digging into how to create it?

Steps to create an e-commerce

1. The idea

Do you already have an idea or are you starting from scratch? If you don't have a clear idea, there are several strategies for finding possible opportunities.

They are all about opening your mind and being attentive to observe every daily situation from an entrepreneurial point of view.

If you are walking around, have a look at every single physical business you see and think if its products could be sold on the Internet, if they aren't already.

What things do people normally complain about?

Or even better, don't use your walks to think about this, but rather establish a day and time to go out and look for ideas.

Look at what people wear and how they behave. Observe and write down any ideas you may think of—without filtering them.

Always think about solving people's problems and bear in mind that the entrepreneur's mind needs training. The first days when you start going to the gym make your body sore until it becomes accustomed. This is no different.

But the most important thing is that you have this idea clearly in mind: don't sell products, solve problems.

2. Analyze the idea

The second step is about narrowing down the first list of ideas until you have just a few.

These are the e-commerce ideas you will analyze:

- **Value proposition:** What is its value? Which need does it meet?
- **Market:** Is it a new product? Is it an already existing product with new functionalities?
- **Competitors:** Who is already meeting the needs that you have detected? Could you improve upon it?
- **Demand:** Is the problem that you are going to solve widespread enough to create sufficient demand? Check to see how many people are looking for it on Google. You can use this Keyword Planner.
- **Difficulties:** Make a list of other challenges that you may think of (technical problems, competitors, threats, etc.)

An excellent way of analyzing ideas is by using this basic entrepreneur's tool: SWOT.

SWOT is a matrix that, from an internal an external point of view, analyzes the Strengths, Weaknesses, Opportunities, and Threats of your idea.

3. Strategy

Be sure clearly knowing where to go and by which means will determine the success of your e-commerce shop.

You can ask yourself the following questions:

- How is your ideal client going to learn about you?

Definitions of SWOTs

	Helpful to achieving the objective	Harmful to achieving the objective
Internal (attributes of the organization)	Strengths	Weaknesses
External (attributes of the environment)	Opportunities	Threats

- Why are they going to prefer you to your competitors?
- Are you going to be cheaper?
- What defines your clients? What characteristics do they have in common?
- What are your business goals? How are you going to grow?

In order to define your e-commerce strategy we are going to use a business model canvas.

This template allows us to quickly and easily summarize the keys of a business. Spending the time to fill in these 9 boxes will help you find out what's important for your idea and how to carry it out.

4. Plan of action

Up to this moment you have only defined general ideas and goals. It is in this fourth step where you need to be more precise and define specific actions in line with the established strategy.

We'll give you a few hints:

- **Name:** This is one of the biggest headaches at the beginning. Our advice is to follow basic guidelines, such as to making it short, easy to pronounce, and that it is available for the .com domain and main social networks.
- **Hosting:** An e-commerce business needs a host. Research to find the most lucrative hosting portal.
- **Corporate identity:** Here we are not only talking about the colors or the logo but about the values you want to transmit—the real brand essence.
- **Website:** Who is going to build your website? If it is not going to be you, you will need someone to have it done or to advise you. Checkout for different options on the net carefully.
- **Visibility:** We mention it last here, but this is actually the most important and most forgotten part of the plan of action. Most entrepreneurs make huge efforts to have a good product and a good website to sell it, but they don't think how to reach the client. ▀

REGULATORY LANDSCAPE FOR E-COMMERCE FIRMS IN INDIA

IN INDIA, LEGAL issues and compliance related to e-commerce vary as per different business models. To start an e-commerce business, companies must pay attention to the following legal and regulatory matters.

Business license for online firms

Online businesses in India must obtain relevant licenses and registration from federal and state government authorities before they establish their online presence. Some of the important licenses include:

- Tax registration;
- Sole proprietorship registration;
- Shops and Establishment registration;
- Registration under social security legislation; and
- Partnership registration, if applicable.

Different e-commerce services require different licenses and registration in India. Therefore, it is advisable for online businesses to seek professional support or outsource their legal obligations to a third party.

Intellectual property

Since e-commerce platforms constantly generate valuable intellectual property (IP) in the form of updated technology, branding, design, software, and other material – it is absolutely essential for such entities to understand their IP rights and ownership status, and stay abreast of the latest regulatory changes.

IP violations are a common concern for e-commerce businesses as it is difficult to monitor violations globally.

To protect online businesses against anonymous IP infringers, Indian law allows companies to seek 'John Doe' orders. This provision allows a company to protect its possible IP loss due to copying and



publishing, against an unknown person.

Further, India has an established 'cyber cell' under its police department to tackle issues related to cyber security. Matters such as hacking, virus dissemination, software piracy, credit card fraud, and phishing can be registered under this cell.

Online data protection

Online sales require an exchange of personal data from the buyer to the

seller, and so it becomes very important for businesses to pay attention to the country's relevant privacy and data protection laws.

The use of personal information on the web in India is governed by the Information Technology (IT) Act of 2000, while other aspects of online businesses are covered under laws such as the Payment and Settlement Systems Act of 2007 and the Consumer Protection Act of 1986.

The IT Act imposes legal obligations on entities operating online to have a defined privacy policy, maintain reasonable security practices and procedures, and obtain specific consent from its website users regarding the use of their personal data – before making any disclosure. Further, online platforms need to provide an option to their users regarding nondisclosure of personal information shared.

FDI regulations for e-commerce

In India, foreign direct investment (FDI) rules for e-commerce is complicated: up to 100 percent under the automatic route is permitted in Business to Business (B2B) firms but FDI in Business to Consumer (B2C) e-commerce firms is permitted only under certain circumstances. This has resulted in innovative and complex e-commerce models to overcome the restrictions.

A 'marketplace' (B2C) model implies that the entity is only a facilitator and cannot hold inventory that it sells, as is the case under 'inventory based' (B2B) model.

Additionally, certain conditions apply:

- (i) Companies must not have more than one vendor account for more than 25 percent of sales on their marketplace; and,
- (ii) Companies must not directly or indirectly influence the sale price of goods being sold. ▶



Sanjeev Sinha

There is lack of clear-cut guidelines around e-pharmacy which would help the public to differentiate between a genuine organized player and an illegal unorganized player.



Middle class people, through their everyday choices, they can help economists refine existing models of decision-making.

ONE OF THE progressive technology models, which have evolved in the last few years, is tele-medicine that has enabled accessibility to the finest doctors at the tap of a button. Another recent innovation that has positioned itself as an attractive model in the healthcare space is e-pharmacy. However, the question is, if this model is here to stay?

"Today, the health space is completely dominated by multiple intermediaries/ middlemen, many of whom take advantage of the fact that consumers don't have the information at their disposal. Consequently, they are forced to follow blindly. An informed consumer will change the game," says Prashant Tandon, managing director and co-founder of 1mg.com, one of India's leading online pharmacy start-ups.

What is e-pharmacy: Myths and Misconceptions

Broadly three models of e-pharmacy/online pharmacy exist in the market today. It is very essential to know the difference between these three because often people misunderstand one with the other.

1. Organized e-pharmacy: There are two models which operate in this category. One is a market place model where a technology company connects neighbourhood licenced pharmacies to the end user. Other is an inventory-based model where e-pharmacy is an online service of an offline licenced pharmacy.

"Every order that is received is pruned and checked by a team of registered pharmacists. Orders requiring a prescription medicine are checked for a valid prescription. Without a valid prescription the medicines are not dispensed. The medicines are dispensed by registered pharmacists in a temper proof pack. With the most advanced technology aligned with their processes, they could keep track of each and every order. These steps can prevent self-medication and drug abuse, two major issues today. In addition, they provide important information (side effect, precautions etc.) about the drugs to the consumers," informs Tandon.

2. Non-organized e-pharmacy: In this model prescription medicines are ordered without any validated prescription. There is no check on the genuineness of the order due to absence of qualified pharmacists. Also, improper record keeping and no audit is a major area of concern.

3. Illegal international trade through e-pharmacy: In this model, drugs are shipped across the international borders without any prescription and approval from the concerned authorities. This is generally used to order cheaper version of drugs like Viagra.

These three models have been misunderstood and used interchangeably. There is lack of clear-cut guidelines around e-pharmacy which would help the public to differentiate between a genuine organized player and an illegal unorganized player. The European Union has issued a common logo for legally operating online pharmacies/retailers in the EU member states as one of the measures to fight against such pharmacies.

Similarly, the e-pharmacy concept has been specifically notified in many of the largest economies. Therefore, "it is only pertinent for India to have certain rules for e-pharmacies. With the right government intervention we can reap the rewards of technology through organized e-pharmacy channels," say the industry experts.

How e-pharmacy is beneficial to customers

An online pharmacy can effectively address multiple issues the Indian healthcare consumer and system face.

1. Consumer convenience: The consumers would be able to order medicines in a convenient manner, from their mobile or computer. This will significantly help patients who are already sick and not in a condition to go out to find a pharmacy

2. Consumer access: Online platforms can aggregate supplies, making otherwise hard to find medicines available to consumers across the country. Offline pharmacies can only keep limited inventory, resulting in a consumer having to ask multiple stores to get his or her medicine

3. Consumer education: Online pharmacies have the technology infrastructure to provide value added information

to consumers, such as drug interactions, side effects, medicine reminders, and information on cheaper substitutes. The more aware consumers will always benefit from the power of knowledge, which is easily distributed through the electronic medium.

4. Data records: All medicine purchases can be tracked - effectively reducing the problem of drug abuse and self-medication.

5. Medicine authenticity: With full tracking systems and solid technology backend, counterfeit medicines can be traced back to the channel/ manufacturer/ supplier, thereby making the market a lot more transparent and ensuring that authenticity is strictly maintained.

6. Transaction records: Organized online players would have systematic records for all transactions, with full taxes paid on each transaction. A great benefit to the state considering the size of the market

7. Data analytics: Online pharmacies can store and analyse large amounts of data on consumers across the nation which can be very useful for planning public health policies

8. Industry sustainability: An online pharmacy model will enable existing pharmacies to start online operations and serve a broader set of customers, or a network of pharmacies integrating to one platform and accessing a broader customer base while also ensuring that the inventory is consolidated. "This would reduce working capital requirements, remove wastage from system and increase margins, making the pharmacy model sustainable and higher value add," says Tandon.

E-pharmacy is well aligned to objectives of national development

According to industry experts, an online pharmacy aligns very well with national development objectives and has clear and tangible benefit to consumers as well as the industry. Across the world, it has been seen that growth of ecommerce and retail are complimentary and reinforce each other. Traditional brick and mortar retailers also innovate and strengthen their operations by leveraging e-commerce to reach more consumers.

The small sector of organized pharmacy retail in India would get a huge boost and a full industry can be transformed by leveraging the internet in a smart way. Besides, internet-based transactions are well aligned to address key known issues in pharmacy retail – tracking for authenticity, traceability of medicine, abuse prevention, addressing consumption of drugs without prescription, tax loss and value added services for consumer empowerment in healthcare, which are all key areas of national development. Besides, this would also enable doctors to adopt e-prescriptions in a big way – addressing the significant issue of errors due to misreading of doctors' hand writing as well as recording of data for public health planning.

Industry experts say it is, thus, the right time as a country to define the regulatory framework to help e-pharmacy have a clear-cut operating model, in line with the concerns of the regulator, while providing benefits to the customers ▶

Should E-commerce Companies Be Allowed To Sell Medicine?

LAST YEAR AMAZON gained approvals for wholesale pharmacy licenses in 12 states.

For now, CVS Health is the leading online pharmacy in the US, but Amazon has the advantage of its Prime membership offers and is expected to work closely with drug manufacturers.

It is estimated that online prescription orders account for nearly 23% of the \$465 billion worth of pharmaceuticals sold in the US.

Medicines can be divided into two categories - prescription and over the counter (OTC).

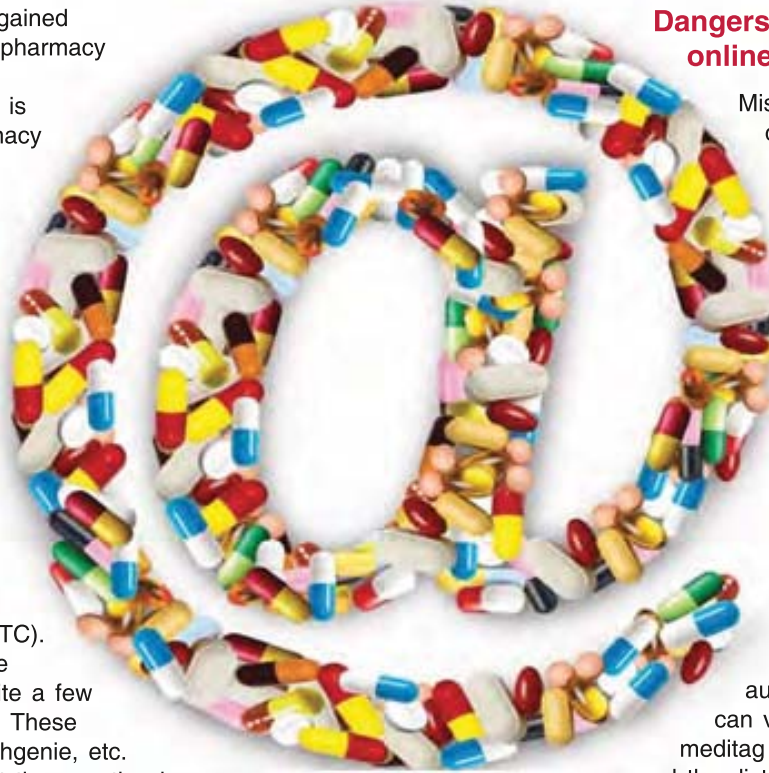
As far as OTC drugs are concerned, there are quite a few e-retailers in the market. These include Healthkart, Healthgenie, etc.

My assumption is that the question is concerned with prescription medicines.

The primary reason for this is the absence of a definitive law regarding the sale of prescription drugs online in the Indian constitution. In fact, there are no dedicated e-commerce laws and regulations in India. There is a basic level legal e-commerce framework, provided by the Information Technology Act, 2000 (IT Act 2000) also called the cyber law of India.

The laws that concerned with sales of prescription drugs were formed many decades ago when e-commerce channels were not within the contemplation of the legislature. Ergo, these laws are silent about their applicability to online sale of prescription drugs.

In a nutshell, it is not that the sale of prescription drugs online is illegal. It is not clear whether it is or not. It depends on a case to case basis. And therefore entrepreneurs consider this a risky proposition in India.



Dangers of buying medicine online

Misuse of pharmaceuticals can have devastating effects, but can be overcome by offering counseling to buyers prior to their checking out.

Another issue is the possibility of delays in the delivery of prescriptions purchased online, especially when the prescription is for a serious condition that requires that the patient take the medication immediately.

Individuals who are concerned about the authenticity of their medicine can verify it by checking the meditag holographic security label and the distinctive eight-digit registration number.

How would the service benefit buyers?

The major benefit is that it makes medicine more accessible, which is especially useful for people who require ongoing treatments for conditions such as type 2 diabetes.

Patients can set up an automatic system and regular shipping to their place of residence, which would work well with Amazon's Prime membership service.

They would also save on travel expenses and be less likely to miss their prescriptions, as they would always have them on hand.

In short, there would be an overall improvement in the supply chain. ▶

Happy Shoppers With E-commerce Customer Service



Ecommerce customer service (sometimes spelled e-commerce customers service) is a strategy for providing customer service to customers on online stores. When retailers invest in improving their ecommerce customer service, delivered via a call center, live chat, or other channels, they tend to be rewarded with more loyal customers, better conversion rates, and an advantage over their competitors.

A different approach

Since the experience of online shopping has some fundamental differences to brick and mortar stores, online retailers must approach customer service slightly differently. One of the key differences involves customer context. When a shopper enters a store, a clerk or customer service agent can begin to identify some things that will help them decide how to provide support. Is the customer in a hurry? Does the customer appear to be in a good mood? Do they look determined to buy something or are they just killing time while they wait for someone? Having a sense of some of these bits of information will inform retailers how to best provide service, like whether or not the shopper wants attention or to be left alone.

Online shopping does not provide these types of visual clues, so when online retailers want to provide ecommerce customer service they must take a different approach. Context has to come in the form of data, which can be used to provide better experiences.

Best practices

While online retailers will not have access to visual context, they will be able to base the ecommerce customer service they provide on data. Doing so allows online retailer to:

- Offer multichannel support. Different channels have different strengths and weaknesses. Measuring how customers use each channel will allow retailers to take full advantage. They might prefer direct support via chat but communication (like new offerings or sales) might be better through social media.
- Personalize support and marketing. Since all activities, from browsing to buying to customer service, happens online, it's possible to track and measure customer behavior. That means when a customer reaches for support, the support agent will already have access to information about the customer, including purchase history, which will allow the agent to treat the customer like a person.
- Offer self-service. Since many customer prefer to help

themselves, many online retailers benefit from offering a help center, which can include answers to frequently asked questions (FAQs), return policies, and more.

The right time

All online retailers should invest in ecommerce customer service. Providing a great customer experience is one of the few ways to genuinely stand out in an already saturated online retail marketplace. Customers who don't get the service they'd prefer can simply move onto another store; it's literally a click away.

Winning Customer Service

Customer service can be like a game. If so, how do you win? There are many possible paths to take, and many decisions to be made. With your A-game, winning can be a reality. But customer service is also very serious. It affects your customers, team, and business. A single wrong turn can make your customers unhappy and cost your business money. Like an adventure board game, sometimes alliances — between you and your customers — need to be formed to get you across the finish line.

What is good customer service and does it really matter?

You've read every article, watched all of the webinars, and you're convinced: today is the day we take our customer service to the next level. But it turns out that buying into the importance of good customer service is the easy job. First you have to uncover the definition of good customer service, and then provide proof to management in sales, product, and other departments that exactly how customer service has a major impact on your company's bottom line.

To deliver the right results, you need to help your colleagues answer a few questions:

- What is good customer service?
- What is bad customer service?
- What effect will providing one or the other have on your company?

With the help of Dimensional Research, we conducted a study and wrote an article to answer those very questions. The results, while sometimes surprising, ultimately backs up what we've been saying for a long time: providing your customers with great customer service leads to long-lasting customer loyalty.

Dimensional Research went through the process of interviewing more than 1,000 consumers to understand what elements create a positive customer service experience, the ways customers reward companies that offer it, and all of the ways a customer will broadcast (both publicly and privately) their experiences.

Good customer service definition

One of the more surprising results of the survey was the way people answer the question: "what is good customer service?" It might seem like a given that most people would list achieving their desired outcome as the most important factor. The key factor to customer satisfaction was this:

The problem was resolved quickly.

OK, so clearly the customer getting their way must work as the second highest-rated factor, right? Not quite. The second biggest factor in customer service is:

The person who helped me was nice.

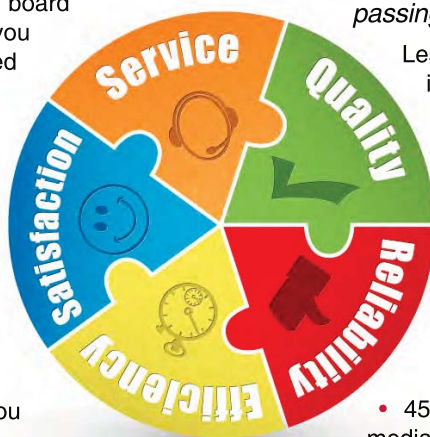
Makes sense, right? Nobody likes to be treated poorly. The customer getting their way has got to be the third most important factor for good customer service. Wrong again:

The problem was resolved in one interaction; no passing around to multiple people.

Less than half (47%) of those interviewed indicated that the customer service interaction was positive because they got what they were originally hoping for. Ultimately, the human elements of customer service are what really defines good customer service.

When support management invests in great customer service:

- 81% tell their friends and family about it
- 45% broadcast their experiences on social media
- 35% will write about it on review sites like Yelp
- 52% will continue to do business with your company
- 24% will choose you over your competitors for up to two years



What is good customer service?

Good customer service means helping customers in such an efficient manner that it exceeds their expectations. 87% of people share these good customer service experiences with others. Consider this: how often have you heard someone complain about poor customer service? Customer service isn't just a crucial tool for retaining customers; it's necessary for attracting new customers and building brand loyalty.

The key thing to remember is that most customers are reasonable: they can handle not always getting their way every time. What they truly want is customer service that can offer fast and convenient support, no matter what the delivered results may be (but of course, always be listening to your customers as well).

And they want to be treated with a little respect. Give it to them. Your customers will thank you. And so will sales, marketing, and the rest of your company. ▶

The Future Of E-COMMERCE

RESEARCH PREDICTS THAT the future of ecommerce is a bright one.

By 2022, ecommerce revenue in the U.S. alone is expected to reach \$638 million, with the toys, hobby and DIY vertical seeing the largest growth.

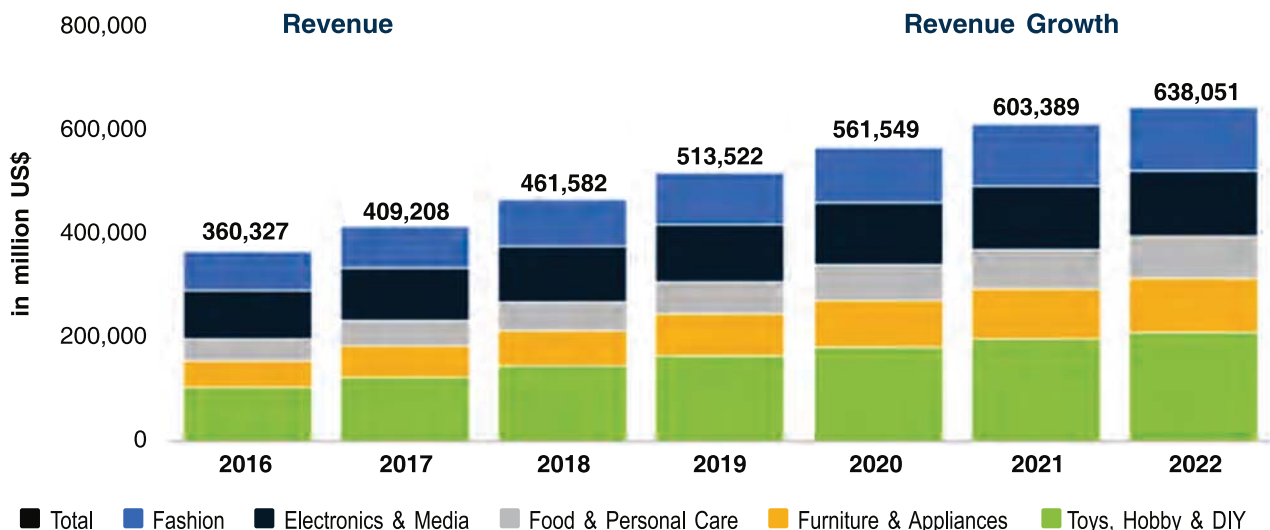
And it's no passing trend, either.

Many Americans now see online shopping as a must-have: 40% say they can't live without it. The same has been catching up in India.

Consumer e-commerce today is largely driven by price and convenience: a good deal on products that are delivered quickly. A smaller but growing number of consumers are starting to want more from e-commerce, for example, wanting the ability to discover unique goods they will not find

in big-box retail chains. By 2026, these fundamental desires will still exist, but consumer expectations of the e-commerce experience will have changed drastically, along with the shopping experience.

The desire for instant access and fast turnaround, 24/7, will be the norm by 2026, driven in particular by millennials (born approximately 1980–95) and also by Generation Z consumers (born approximately 1996–2010). Generation Z are digital natives to the power of 10, with technology use their second nature. These generations are constantly connected and inhabit an online environment where events happen in real time without them having to wait, and where social media enables them to dictate terms.



Source: Statista, October 2017

Annual Dollar Increase in Sales



(Dollars in millions, so the top line is \$150 billion)

It's also interesting to note that looking ahead, ecommerce expert Gary Hoover's data projects ecommerce retail sales will eventually even out with that of brick and mortar.

This means that even though the online sales trend will continue to grow, there's plenty of business to go around.

But that's not all.

Experts also predict that, soon, most ecommerce interactions will be an omni-channel experience for shoppers.

This means they'll expect to be able to research, browse, shop, and purchase seamlessly between different devices and on different platforms (like a standalone web store, an Amazon presence, etc.)

Other trends to watch for in the future of ecommerce include:

- Robust customer journeys and personalization.
- Artificial intelligence-enabled shopping
- Digital currencies.

Overall, we have to remember that ecommerce is still fairly new in the big picture of retail.

The future holds endless opportunity, but its success and continuation will largely depend on buyers' preferences in the future.

Ecommerce is largely about execution. If you get the maths right, the rest should follow, given enough traffic and time for your site to establish. But for anyone involved in the ecommerce game, it is an environment that is constantly changing and upgrading as technologies improve and companies battle against each other to win a greater share of the pie.

The future of ecommerce is uncertain, but some things remain constant – delivery times will improve, customer

service will get increasingly better, and product selection will become ever greater. But how might the future of buying online actually look from the customer perspective, and what should you be implementing in your own business over time to stay ahead of the curve?

Ecommerce Personalisation & Experience

Nearly all retail growth in India, China and US at present is driven by ecommerce, and this looks set to continue in the years ahead as more people spend more money online. Greater personalisation and a better customer experience will be the holy grail for ecommerce businesses in the future, as it becomes increasingly difficult to secure customers against a backdrop of ever-increasing competition. Customers will eventually flock to those offering as close to the in-store experience as possible, and major ecommerce retailers are already striving to make things more personal and more tangible on web.

Multi-Channel Ecommerce Enables Anywhere Buying

“Multi-channel management is the art and science behind decoding the subtle nuances of who, what, where, when and why people are buying from you on each individual channel you sell your products on.

“It's about creating balance, and understanding when and where to amplify and show restraint throughout your channel mix, so you won't overwhelm your following or burn your marketing dollars trying to convert people when they're not interested.

“It's about finding opportunities in your data, and implementing creative or budget changes to capitalize when the opportunity arises.”

Yet even though this discipline sounds simple enough, it brings its own challenges.



Managing multiple channels can be confusing unless it's all consolidated into one system. That doesn't come easy ... nearly a third of retailers lack "the inventory visibility across stores, vendors, and warehouses in order to accurately promise multi-channel fulfillment."

Attempting multi-channel without properly setting up and maintaining your inventory management system is futile. And no strategy is worth anything if you can't measure results — so you'll need multi-channel attribution.

If you're looking to survive — and thrive — in the future of ecommerce, you'll need to build your store on infrastructure that can manage and maintain multichannel retailing with minimal manual input from you.

Ecommerce Delivery Drones

Perhaps one of the most exciting developments in ecommerce is one we are already starting to see in testing — drone delivery. Drones will in the future allow companies to deliver packages much more efficiently and quickly, with delivery times of just 60 or even 30 minutes from order entirely plausible. Drones will be sent out from distribution centres and travel directly to the delivery addresses provided, at significantly lower cost and logistical hassle than at present. Amazon, among others, are already seriously close to making this a reality across the entirety of their business, and it seems that others will be clambering to follow suit as quickly as possible.

Ecommerce Curation & Pay Monthly Models

Product curation and pay monthly models are likely to continue to form an increasing part of the future of ecommerce. People don't want to buy generic products from you — Amazon is cheaper and quicker. But they do

want to buy curated products, lifestyle products, and ecommerce packages where your product knowledge and expertise can create an altogether more enjoyable, rounded experience.

Ecommerce Tracking Into Retail Stores

The boundaries between ecommerce and physical commerce, i.e. the retail store, will become less definite as time passes, and companies are already looking at ways of tying together online tracking and customer information with their real-world experience. This also complements the idea of greater customisation of the shopping experience, allowing retailers to use existing online data to personalise their entire relationship — both online and offline.

Pop Up Shops

Customers are already shopping in new, alternative ways to before. "Showrooming" and "webrooming", where customers visit a local shop then buy online for a cheaper price, or vice versa, present new challenges for retailers, in bridging the gap between the online and offline. As an online-only ecommerce retailer, you miss out on the webrooming aspect, because any sales made in a physical retail environment off the back of research on your site will be lost on you and your business.

Pop up shops can provide the answer, and can serve as a low-cost way of reaching out to new customers and winning new long-term fans. Pop up shops give customers a chance to connect with your brand in a physical way, while helping you reach corners of your market that might otherwise have been impossible for you through your online channels.

The future of ecommerce is of course still unclear. But any prudent ecommerce business owner should take stock of what analysts are saying about the future direction of their industry, so they can be sure to capitalise on these new opportunities as they arise.



Ecommerce AI Systems

Ecommerce already enjoys a significant advantage over other types of business, in the sense that there are thousands of high-quality apps, all readily integrated into each other so that even small-budget players can rapidly automate the entirety of the process. At the same time, technologies rapidly change and improve, thanks to the strong competitive drive across the industry – after all, another retailer is only a click away.

The next step for ecommerce will be the application of AI systems, running evolutionary algorithms designed to find the absolute optimum. It's all maths anyway – whether it's optimising your sales process, or choosing the statistically highest converting design for your website. By developing systems using these algorithms, which are designed to effectively test, optimise and repeat on loop, ecommerce will move into an even higher level of sophistication as this technology improves.

The upshot for those running ecommerce businesses is to embrace these processes as soon as viable. Where the major players go, smaller retailers follow, and it won't be long before a proliferation of AI-driven systems improves the capabilities of the ecommerce industry even further.

Measurement Across All Devices

Not everyone sticks to a single device when buying from you. In fact, more people are moving between devices, from the web to mobile to apps, before turning into paying customers. Measuring analytics across devices is still in its infancy, but it is becoming a more significant field of interest for those in ecommerce.

Once tracking of usage across multiple devices become more sophisticated, the processes of testing, tweaking and optimising the user experience still further can be set in motion. This will unlock even more value for ecommerce retailers, through providing further detailed

ARTIFICIAL
INTELLIGENCE
IS TAKING
E-COMMERCE
TO THE
NEXT LEVEL



insights into how the same people respond to their offering across platforms.

Ecommerce Attribution Modelling

Attribution modelling provides the basis for calculating ROI, and thereby tailoring your marketing strategy to deliver optimal results. Assigning value to something in or related to your funnel is important because it makes it possible to calculate your return. Attribution modelling looks at the best possible actions to which you should attach value, so you can focus your marketing spending and resources on those that offer the strongest return.

For example, say you have a simple two-step funnel, whereby you catch an email sign-up or a sale. Both elements here have a value – there is value in the sale, but also in the lead, which might one day buy from you (or might buy from you several times over, depending on your data). By attributing value to each of these actions effectively, marketers will continue to generate more sophisticated insights into how best to channel their efforts. ▶

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processed to Amway Direct
Sellers in a year



**Partnership with
ITZ prepaid cards**
Forged a partnership with
ITZ prepaid cards six years
ago to digitise cash
transactions



**ATM enabled
purchases**
Bank ATMs enrolled
for Amway product
purchases



**95% collections
went digital**
in November, including
3,00,000 active orders
processed via debit,
credit, ITZ pre-paid cards
& Net Banking



**NACH
enabled product
purchases**
in the North-East



Mandatory KYC
Bank account and
Aadhaar KYC made
mandatory for
appointment as an
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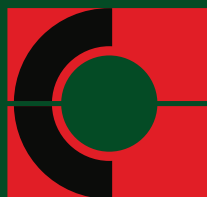
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