

E-commerce and Online Shopping to Analyse Consumer Shopping Behaviour in Rural Rajasthan - An Empirical study

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Abstract

India is a country of villages and large number of Indian populations living in the villages. Villages of India are the powerhouses of economic activities and the youth population has become the main driver. The nature of rural India demand is very diverse and wide. India's online shopping and businesses are continuously increasing by multiplier effect from the last decade. The main objective of this empirical study was to study the nature and pattern of online shopping products in rural Rajasthan and also the study of consumer behaviour. This empirical study is based on the data which was collected by conducting a questionnaire google form-based online sample survey in some villages of five districts of Rajasthan. We received 180 consumers response. The results of the study are presented and analysed.

Key Words: E-Commerce, E-Shopping, Population, Rural India, Diverse and wide

Introduction

India is a world-leading information technology hub for the last two decades. Now, India is moving towards a new era of digitalization, that's why digital activities like E-commerce, internet banking, mobile banking are continuously increasing at an exponential rate. The Government of India is taking many steps at both national and international levels to increase E-business and E-shopping in India. The Government of India has already finalized many international deals to promote E-Business in India and is also continuously finalizing E-commerce friendly domestic economic policies. Using the Internet is Continuously becoming a passion in Indian youths. A high percentage of youth in India's population is creating large and diversified demand in both urban and rural areas. Presently more than 50% of total India's population living in rural areas. So, the role of rural consumer behaviour is very important in growing E-Commerce and E-shopping businesses. We have selected some villages of five districts of Rajasthan state for this study because Rajasthan is a very prominent state of India. It is having the 1st rank on basis of geographical areas and the 7th largest state in population. The motive of this empirical study is to examine the demand pattern of E-shopping products, investigate the relationship between changing consumer income and E-Shopping behaviour, and the possibility of e shopping in rural Rajasthan in coming future.

Brief overview of E commerce & E- Shopping in India

E-commerce is the most growing business in India in the last decade. Nearly 776.45 million (September 2020) internet users in India are the main wheel of E-Commerce and E-Shopping business in India, Government of India “Digital India” campaign is playing a crucial role in robust increase in number of internet users. The E-commerce business is expected to Grow by nearly \$200 billion in 2026 from \$38 billion in 2017. The Government of India (GOI) has taken some major policy decision to promote E-commerce business in India in recent times (Source: Indian Brand and Equity Foundation, www.ibef.org):

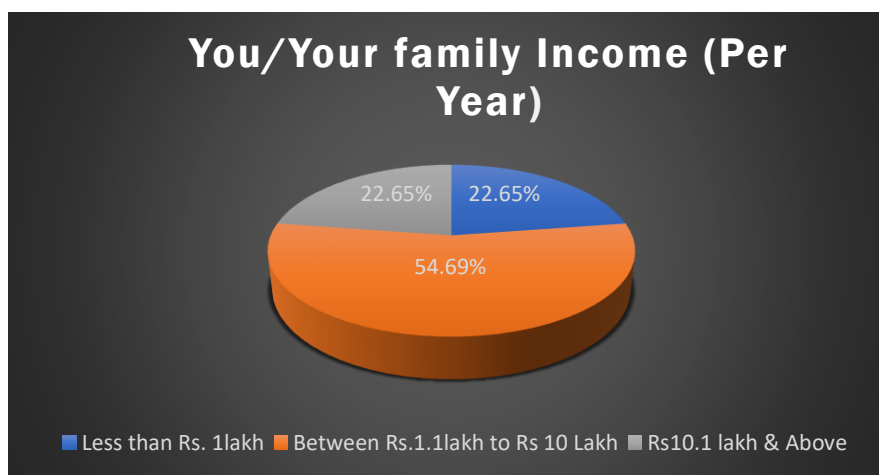
- As of February 15, 2020, the Government e Marketplace (GeM), listed 1,071,747 sellers and service providers across over 13,899 product and 176 service categories. For the financial year 2020-21, government procurement from micro and small enterprises was worth Rs. 23,424 crore (US\$ 3.2 billion).
- As of February 15, 2020, the Government e Marketplace (GeM), listed 1,071,747 sellers and service providers across over 13,899 product and 176 service categories. For the financial year 2020-21, government procurement from micro and small enterprises was worth Rs. 23,424 crore (US\$ 3.2 billion).
- In a bid to systematise the onboarding process of retailers on e-commerce platforms, the Department for Promotion of Industry and Internal Trade (DPIIT) is reportedly planning to utilise the Open Network for Digital Commerce (ONDC) to set protocols for cataloguing, vendor discovery and price discovery. The department aims to provide equal opportunities to all marketplace players to make optimum use of the e-commerce ecosystem in the larger interest of the country and its citizen.
- National Retail Policy: The government had identified five areas in its proposed national retail policy—ease of doing business, rationalisation of the licence process, digitisation of retail, focus on reforms and an open network for digital commerce—stating that offline retail and e-commerce need to be administered in an integral manner.
- The Consumer Protection (e-commerce) Rules 2020 notified by the Consumer Affairs Ministry in July directed e-commerce companies to display the country of origin alongside the product listings. In addition, the companies will also have to reveal parameters that go behind determining product listings on their platforms.
- Government e-Marketplace (GeM) signed a Memorandum of Understanding (MoU) with Union Bank of India to facilitate a cashless, paperless and transparent payment system for an array of services in October 2019.
- Under the Digital India movement, Government launched various initiatives like Umang, Start-up India Portal, Bharat Interface for Money (BHIM) etc. to boost digitisation.
- In October 2020, Minister of Commerce and Industry, Mr. Piyush Goyal invited start-ups to register at public procurement portal, GeM, and offer goods and services to government organisations and PSUs.
- In October 2020, amending the equalisation levy rules of 2016, the government mandated foreign companies operating e-commerce platforms in India to have permanent account numbers (PAN). It imposed a 2% tax in the FY21 budget on the sale of goods or delivery of services through a non-resident ecommerce operator.
- In order to increase the participation of foreign players in E-commerce, Indian Government hiked the limit of FDI in E-commerce marketplace model to up to 100% (in B2B models).
- Heavy investment made by the Government in rolling out fiber network for 5G will help boost E-commerce in India.

Various latest newspaper stories stating that E-shopping is rapidly growing most accepted mode of shopping in India during the COVID-19 pandemic lockdown because all business activities were on hold, except essential item deliveries were allowed via E-commerce.

Empirical Study

We have conducted this study in some villages of five districts such as Sikar, Jaipur, Sri-Ganganagar, Churu, and Sawai-Madhopur of Rajasthan. The aim of this empirical study is to examine the demand pattern of E-shopping products, investigate the relationship between changing consumer income and E-shopping behaviour, and the possibility of e-shopping in rural Rajasthan in the coming future because it will decide the future of E-commerce in India and Rajasthan. The structured questionnaire-based on a sample survey was conducted and data collected through Google Form. We received the 181-consumers response. We formulated a small questionnaire with 11 questions (4 regarding respondent details and 7 regarding study). The main reason behind formulating a small questionnaire was low literacy in rural Rajasthan and some issues related to understanding language. All questions were multiple choice based because it was the easiest way to answer the question before the respondents. The data were analysed by using descriptive statistics and Excel & SPSS.

In this study the total respondents were 181. 129 (71.3%) respondents were male and 52 (28.7%) females. Mainly the respondents were categorised in three main age groups less than the age of 34-years, age between 35-54 years and age 55 years & above. The 61.3 percent respondents were belonging to less than 34 years, 35.9 percent between 35-54 years and 2.8 percent 55 years and above. The 53.8% respondents were Post Graduate and above educational qualifications, 24.9 percent were Graduate and 21.5 percent up to high school. On the point of view of annual income of respondents and their families were categorised in less than Rs 1 lakh, between Rs 1.1lakh to Rs10 lakh and Rs 10 lakh & above. 54.69 percent respondents were belonging to the annual income group between Rs 1.1lakh to Rs10 lakh, almost 22.65% respondents were belonging to annual income group of Rs 10 lakh & above and 22.65% also belonged from income group of less than Rs 1 lakh. This Pie chart is showing the respondents and their families income.



Regarding changes in respondents and their families income after 2014, the thing behind formulating this question was to investigate the impact of two major policy decisions that were taken by the Government of India demonetization (8 November 2016) and Good& Service Tax (GST-July, 2017) and impact on rural Rajasthan Consumers, because of the two decisions the debate is still continuously going in academia. The change in rural Rajasthan people was directly linked with their purchasing powers. 69.8% of respondents replied that their income was increased, 13.4% of respondent's income decreased and no change in income of respondents 16.8%.

While collecting the responses about the type of network such as 2G,3G,4G or broadband, that they were using, 83.0% percentage responses were in favour of the 4G network, almost 10%responses in favour of the 3G network,6% broadband users, and 2% in favour of the 2G network. This is clearly showing that high-speed internet users are increasing in rural Rajasthan. On behalf of these responses, we can say the efforts of both central and state government towards Digitalisation are on the right track. It will also help to increase e-business activities in rural Rajasthan in the future. In this regard when respondents were asked whether they were shopping online or not, 87.3% responses were in the favour of online shopping while 12.7 % respondent were not in favour of online shopping. This is also a very good sign in favour of boosting e-commerce and e-shopping in the coming future. Table .1

Table-1 Do you shop online

	Frequency	Percent	Valid Percent	Cumulative Percent
No	23	12.7	12.7	12.7
Yes	158	87.3	87.3	87.3
Total	181	100	100	

In response to the question which of the following product do you prefer purchasing online? The highest percentage of about 29.3% of respondents were in favour of other items 29.3% percent. 27 % of respondents preferred cloth,23.2% in favour of books,17.7% electronics and 2.8% cosmetics products. This response of the respondents is showing diversification of demand in rural Rajasthan. Table.2

Table.2 Which of the following product do you prefer purchasing online

	Frequency	Percent	Valid Percent	Cumulative Percent
Books	42	23.2	23.2	23.2
Cosmetic	05	02.8	02.8	26
Cloths	49	27.0	27.0	53
Electronics	32	17.7	17.7	70.7
Others	53	29.3	29.3	100
Total	181	100	100	

A large section of rural Rajasthan is still hesitating to use online mode of payment due to some issues regarding data privacy, scared of online fraud, and internet connectivity problems. That's why the highest respondents were in favour of cash on delivery near 40.9%, 32.6 % respondents made payment through Paytm/UPI, 21% payment via Credit/debit cards, and 5.5% using another mode of payment. The above responses are showing one more thing that if we are adding the Paytm/UPI and Credit/Debit cards responses that it is clear cut shifting from manual to online payment online mode of payment. It is happening because educated youth are more preferring online mode of payment. Table.3

Table.3 Which payment method do you prefer while shopping online

	Frequency	Percent	Valid Percent	Cumulative Percent
Credit Card/Debit Card	38	21.0	21.0	21.0
Cash on Delivery	74	40.9	40.9	61.9
Paytm/UPI/Phone Pay/Google Pay	59	32.6	32.6	94.5
Other	10	5.5	5.5	5.5
Total	181	100	100	

Why do you prefer online shopping? The purpose behind this question was to assess how and why are consumers behaviour of rural Rajasthan changing and are continuously shifting their preference from the traditional way of shopping to online shopping. The responses are showing that online shopping is becoming popular in rural Rajasthan. According to the data, 32.6% of respondents think that wide range of varieties was a key reason for their change in preferences. 24.3% of respondents admired time-saving, 22.1% preferred low prices, 3.9% respondents preferred to avoid the logistic related issues, and 17.1% others. Table.4

Table.4 Why do you prefer online shopping

	Frequency	Percent	Valid Percent	Cumulative Percent
Wide Range of Varieties Available on Single Platform	59	32.6	32.6	32.6
Lower Price	40	22.1	22.1	54.7
Time Saving	44	24.3	24.3	79
To Avoid Logistic Related issue	7	3.9	3.9	82.9
Others	31	17.1	17.1	100
Total	181	100	100	

Conclusion & finding

This empirical study is showing that E-commerce and E-shopping both are booming in India because of the increasing internet users. The results of the Government of India's policy change decisions to promote E-commerce & online shopping are clearly visible. E-shopping is becoming much popular in men comparative to women. All adults age group and educated people are shifting their preference from traditional shopping to online shopping. The income of the majority of respondents has been increased since 2014. The high-speed internet user is continuously increasing in rural Rajasthan it is showing in repossesses of consumers. The increasing number of high-speed internet users is indication of bright future of online shopping and E-commerce in rural Rajasthan. The products mostly preferred during online shopping are others, clothing, books electronics and cosmetics. The reasons behind E-shopping are Wide range of products, time saving, lower price, others and avoid logistic related issues respectively. The cash on delivery is the most single preferred mode of payment in rural Rajasthan respondents. The Paytm/UPI and debit card are also popular in the process of online shopping. On the basis of the above factual information received from rural Rajasthan consumers we can say that the E-commerce business is increasing in rural Rajasthan. We have noticed some concerns through this study which are lower participation of female consumers in online shopping, the worry of people regarding their data safety and security, some hesitation towards the online mode of payment and internet connectivity also practical concern points.

Suggestion

Both state and central government must take some steps towards consumers' data safety and security and develop a transparent mechanism.

- To ensure high-speed internet connectivity in rural Rajasthan without any disruptions
- To ensure smooth delivery and product return mechanism
- To protect consumers from banking fraud-related issues
- To establish a separate judicial system for online shopping related disputes
- The quality of products must be ensured
- Consumer awareness programs must be a launch to educate consumers regarding online shopping laws.

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