

# Changing Patterns of Consumer Behaviour in the Emerging Era of E-Commerce in India

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**Abstract:** Consumer buying behavior is different in different places and changes with lifestyles, supplemental income and technology. The shift in consumer shopping behavior since the pandemic and an increasing share of the organized sector within retail markets created a strong foundation for e-commerce industry in India. India's shopping behavior is rapidly shifting, driven by increased digital adoption and changing consumer preferences. This trend is visible across both urban and rural areas, with online shoppers expected to increase dramatically in the coming years.

**Key words:** Pandemic, E-commerce Online shopping

## INTRODUCTION

Consumer behavior refers to people's actions and decision-making when buying goods or services. Consumer behavior is the study of how people make decisions about what they buy as per their want or act with regard to a product, service or company. A consumer's purchasing participation depends on the item or service they look to buy, price, accessibility and purchase frequency. It is critical to understand consumer behavior as it is difficult to know how potential customers will respond to a new product or service. Consumer buying behavior is different in different places and changes with lifestyles, supplemental income and technology.

Understanding customer behavior in India might be difficult because India is a multicultural country with diversified linguistics, climates, and customs. Consumers' attitudes are evolving in India because of increased earnings and exposure to new ideas and technologies. The shift in consumer shopping behavior since the pandemic and an increasing share of the organized sector within retail markets created a strong foundation for e-commerce industry in India. The advent of e-commerce has changed the way India shops, especially after the exponential growth of the

internet and online infrastructure of the country. The industry is expected to grow significantly given India's demographic dividend and expanding internet penetration. Despite the huge market potential in India, the industry is facing several obstacles. Hence an attempt is made in this paper to describe how the consumer attitude is changing in the retail industry with the growth of e-commerce industry and also to examine problems involved in the country's current e-commerce trends.

## OBJECTIVES OF THE STUDY

1. To examine the factors determining the consumer behavior
2. To observe the consumer preferences towards offline shopping and online shopping
3. To study the rise of e-commerce in India and to find out the factors for the growth of e-commerce in India
4. To examine the types of e-commerce models and
5. Future prospects of e-commerce in young India and challenges with rural India.

## METHODOLOGY OF THE STUDY

The current study is entirely based on secondary data. The information is collected from various web sources and journals.

Consumer Behavior and determinants:

Consumer behavior is the study of how individuals, groups, or organizations select, purchase, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants. Consumer buying behaviors vary with changes in per capita income, lifestyles, and trends in technology. The 5 stages of consumer behavior are

- Need recognition
- Information search
- Evaluation of alternatives

- Purchase decision and
- Post-purchase behavior.

The major factors influencing consumer behavior are of six critical areas: viz., psychological, social, cultural, personal, economic, and technological. Each of these elements plays a significant role in shaping how consumers make purchasing decisions and interact with brands.. In olden days, consumer behavior was largely influenced by social norms, family traditions, and limited marketing. In the present digital age consumer behavior is shaped by a combination of factors including convenience, personalization, price transparency, return policies, social media influence and technological innovations.

The advent of e-commerce has changed the way India shops, especially after the exponential growth of the internet and online infrastructure of the country. Besides the increase in disposable income, changing lifestyles, and convenience are the primary factors due to which most consumers prefer online shopping.

Moreover, consumer behavior is influenced by the perceived value of money. Consumers are more driven toward information-centered shopping, purchasing products to keep up with current trends, up-taking time-saving services, and increasing demand for customized products.

2. Consumer behavior in online vs. Offline shopping: Offline shopping means purchasing goods or services by visiting a physical store or vendor. The act of buying products or services from brick-and-mortar stores provides a social and immediate gratification experience

Online shopping is the action of buying products or services over the Internet. The practice of making purchases using a website offers convenience, variety, and personalized experiences. Consumer behavior in online and offline shopping environments differs significantly due to various factors influencing each experience

The key factors influence consumer behavior between offline and online shopping behavior can be shown below:



In summary while offline shopping provides a social, and immediate gratification experience, online shopping offers convenience, variety, and personalized experiences that appeals to different consumer preferences and needs.

E-commerce growth in India and Factors:

The history of e-commerce in India is marked by significant growth and evolution, starting with the opening of the internet for commercial use in 1991. However, by the late 90s, more and more people became aware of the Internet and they came to know that transactions can be done through this medium.

E-commerce in India began to gain prominence in the late 1990s and early 2000s. K. Vaitheeswaran co-founded India's first e-commerce company,

Fabmart.com (later rebranded as Indiaplaza.com) in 1999. However, the sector faced several challenges initially, including low internet penetration and limited online payment options.

Later, the major stepping stone was the inception of Flipkart. Flipkart played a crucial role in shaping the Indian e-commerce landscape. It was founded in 2007, initially focused on selling books online but later expanded its product range to include various categories. Since then, the Indian e-commerce

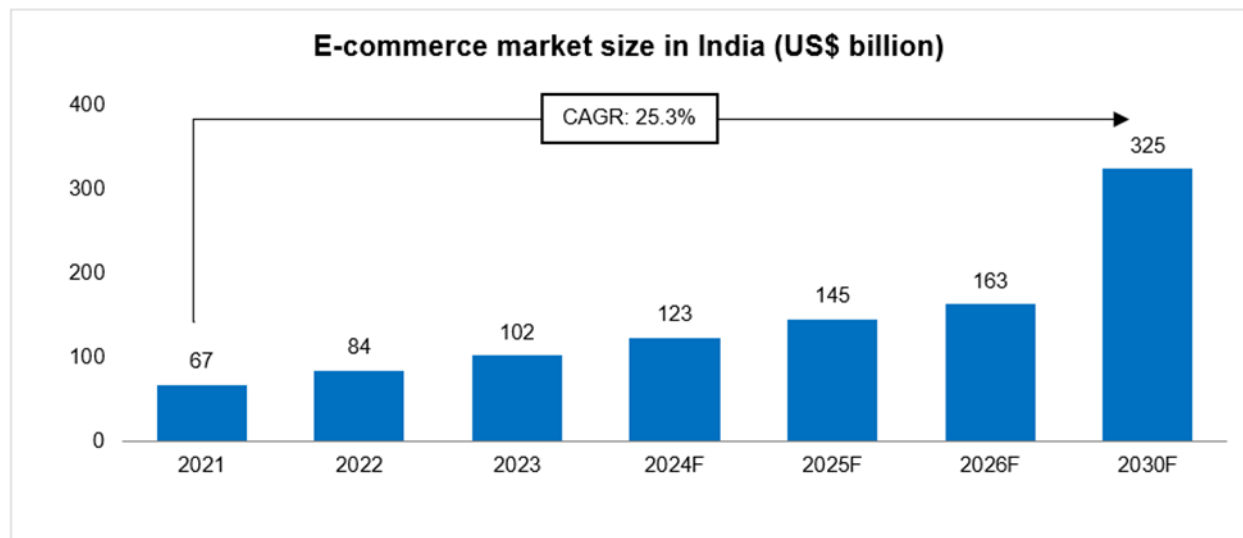
landscape has witnessed rapid growth, with several players entering the market, including Amazon, Snapdeal, and others. Initially, e-commerce in India focused on business-to-business (B2B) interactions, but later expanded to include business-to-consumer (B2C), online travel, and other sectors. The launch of IRCTC's e-tagging service in 2002, which revolutionized online travel transactions.

India's e-commerce sector saw significant growth after 2010, fueled by increased Smartphone adoption, better internet connectivity, and the rise of mobile

commerce. In 2013, the online retail advertisers began to establish themselves in the E-business industry.

The shift in consumer shopping behavior since the pandemic and an increasing share of the organized sector within retail markets created a strong foundation needed for the establishment of e-commerce in the market.

India's e-commerce market was valued at approximately US\$ 67 billion in 2021 and is expected to reach nearly US\$ 123 billion by 2024 and US\$ 325 billion by 2030, delivering a CAGR of 25.3%.



Source: Statista, F- Forecasted

The major factors responsible for emerging e-commerce include

- Digital India campaign and Demonetization increased the access to a smart phones and usage of mobile apps
- A rise of digital wallets like PayTm, Ola Money, Mobiwik, BHIM and other online payments
- Plenty of festive seasons in India with cashback and discount offers
- Shopping is digitally influenced by the concept of shopping anything-anywhere-anytime and made it as a solo activity
- Population in small towns and villages contribute around 41% of all online shoppers

Models of e-Commerce:

The four main types of e-commerce are Business-to-Consumer (B2C), Business-to-Business (B2B),

Consumer-to-Consumer (C2C), and Consumer-to-Business (C2B).

1. Business-to-Consumer (B2C) --- businesses selling products or services directly to individual consumers. Examples include online retailers like Amazon or clothing stores.

2. Business-to-Business (B2B) -- transactions between businesses, such as manufacturers selling to retailers or software companies selling to other businesses.

3. Consumer-to-Consumer (C2C) -- individuals selling goods or services to other individuals, often through platforms like eBay or Craigslist.

4. Consumer-to-Business (C2B) - consumers offering goods or services to businesses, such as freelance writers selling their services to businesses or individuals selling their old items to a business.

In addition to these four, Business-to-Government (B2G), Consumer-to-Government (C2G), and Business-to-Administration (B2A), as well as newer

models like B2B2C (Business-to-Business-to-Consumer) are also emerging in e commerce sector.

Challenges of E-commerce and suggestions:

India's rural population comprises over 65% of the country's total population. In 2021, the National Sample Survey Office (NSSO) reported that over 70% of rural households have seen an improvement in living standards in the last decade. This growth is fuelled by increasing income levels, rising aspirations,



Source: RedSeer Report

But there are several challenges in the growth of e commerce in rural areas such as Underdeveloped logistics and infrastructure which cause higher cost and long delivery time Lack of digital literacy hinders the use of online platform

The government initiatives include the BharatNet project to provide broadband connectivity to all Gram Panchayats, eSaras portal for customer orders and training in e commerce operations such as product packaging, pricing quality and fulfillment etc. AI driven technology, voice based messages, Ecom express in infrastructure are helpful to untap the rural potential.

Consumption pattern of young India

India has the biggest youth population who is adopting technology quickly and love online shopping. . Young Indians are quick to adopt new technologies and are heavily influenced by social media in their purchasing decisions. These young consumers are more driven towards information-centered shopping,

and government schemes. Rapid Smartphone penetration and expanding internet connectivity improved the rural economy's digital transformation. The rural retail market size valued at approximately US\$ 1 trillion representing a massive market with untapped potential. India's rural market has shown immense growth potential for e-commerce and it is estimated that the rural e-commerce market in India could reach over US\$ 100 billion by 2025. It is estimated to grow by 14% in the coming future.



Source: RedSeer Report

purchasing products to keep up with current trends, up-taking time-saving services, and increasing demand for customized products. The categories that preferred by young consumers are mostly electronics, apparel, and footwear. Even for luxury products, these consumers are well-informed and seek to obtain a reasonable value. Additionally, social media platforms and influencers profoundly affect consumers' shopping behavior.

The gradual rise of Gen Z (born between 1997–2012), accounting for almost 40% of e-retail shoppers, has been the most salient shift in India's shopper base. Gen Z is known to experiment with different e-commerce platforms and brands, often spending more on emerging fashion brands. Gen Z'ers respond well to personalized messaging, and they want to see the value in what they pay for. Younger generation is more dependent on micro influencers. Hence micro-influencers well to help build a solid Gen Z customer base. Giving relevant micro-influencers their own unique referral codes to share with their followers has great potential as a promotion marketing

campaign. The emerging digital marketing strategies definitely change the consumption pattern towards a wide range of products in the coming future.

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