

“Study to understand factors important for Effectiveness of E-commerce”

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Abstract:

The FMCG industry of India prompted with steady growth from the wide of use E-commerce technologies. This chapter explores the effectiveness of E-commerce in FMCG sector and attitudes of consumers towards E-commerce usage. It is required to figure out the factors associated with consumers like age, education level, the standard of living and their adequate computer literacy. As Indian consumers became more viable to the use of E-commerce tools and innovative technologies, the future of FMCG is foreseen from the online shopping attitude of the Indian consumer. Accelerating growth in the E-commerce industry and internet penetration of India decide the future of FMCG.

Review of Literature:

Hahn and Kauffman (2003) measured and compared the effectiveness of electronic commerce website designs. Estimating the effectiveness of Electronic Commerce website design is very significant one, yet greatly complex issue of E-commerce retailers. The e-commerce retailers' success pivots to a huge range on the capability of the E-commerce industry in order to give a best website, e-commerce retailers required to steadily observe effectiveness of their internet-based storefronts. Present techniques for the estimation of website designs don't provide practical signifies for solution to this issue. The researchers have developed a technique for estimating and measuring the e-commerce website designs' effectiveness, which provides a creative technique to evaluating the e-commerce websites' effectiveness on the enduring basis. The researchers have concluded with a ramshackle of theoretical and practical contributions of this article, according to considerations and caveats in applying this technique.

Pawar (2014) studied the effectiveness of online marketing on incorporated marketing communication. The research has concluded that customers trust in over one medium to improve their brand-related knowledge. It signifies that they utilize the combination of different sources for creating final purchase decision. According to traditional sources, they greatly depend on recent advertising tool that is online marketing. The research has also shown that major reason for increasing significance of online advertising is the rising literacy regarding internet between people. The researchers have determined that internet is really beneficial by which they may serve their different purposes mostly online shopping, social networking and media sharing (music, video, and photo). This effectiveness of internet has made stronger their propensity of being online.

A research conducted by Stevens (2014) to estimate the effectiveness of legal frameworks of e-commerce. This article has got started to examine the root cause of the issues that African nations with respect to their operative legal frameworks of e-commerce. The research has shown that certain African nations had domestic legislation with regard to e-commerce, whereas some other has defined e-commerce legislation. It has been suggested that law enforcement members and agents of the administration, who are alleged with the task of creating and enforcing modifications to the legislation correspondingly, which need to be made clear and set aside abreast of growths in the region of e-commerce as links to their roles to ensure advance development of more safe legal framework for the success of e-commerce.

El Gawady (2005) determined the impact of electronic commerce on both developed and developing nations. As E-commerce is quickly increasing in the US; to the contrast, it is entirely different in Egypt. Though, e-commerce is assumed an important tool for the growth of the Egyptian financial system. Trade through the internet hasn't been rapidly adopted in Egypt as there are many obstacles, which have alleviated e-commerce to take off correctly. This may be very essential in outlining significant problems, increasing awareness and confidently proposing action plans and solutions in order to implement solutions for impending issues. As well,

there is a great deal to be attained from collaboration and trade of practices and expertise across borders by the rest of the Universe.

Highlighting factors important for effectiveness of E-commerce:

According to IBEF Report (2017), e-commerce industries such as Amazon is intensification their trade in FMCG zone, through locating their platform store as forefront providing to drive product sales on a daily basis. Foremost players of customer products have a strong distribution system in rural region of India; they also rest to achieve from the involvement of technological progresses such as e-commerce and internet to superior logistics. Godrej is concentrating more on rural marketplace for domestic insecticides section. Presently, Godrej reports for around 25 % of the domestic insecticides sales from the rural regions FMCG marketplace size are likely to touch 220 billion US dollars by the year 2025. Indian customers are greatly adoptable to novel and creative products. For example, there has been a simple acceptance of flavored yoghurt; gel based facial bleach; sugar free chyawanprash; drinking yogurt; men's fairness creams; and cuppa mania noodles. Indian as well as multinational FMCG players may manipulate India as a planned sourcing center for cost-competitive product growth and manufacturing to furnish to global markets.

As said by PWC Report (2015) new technologies like virtual walls and virtual mirrors will further assist to enhance the retail consumer experience, thus motivating higher consumption. E-Commerce copes with the trading of products and services or broadcasting of data or funds, over the internet as an electronic platform. Self-owned catalog is a model in which the e-commerce player owns the catalog. The model offers superior post-purchase consumer experience and satisfaction. It also gives smoother functions because of ready information on the catalog, place, supply chain and deliveries, efficiently leading to improved control over the catalog. In the perspectives of this report, there is a humongous prospective for e-commerce industries due to the increasing interest user base and enhancements in technology.

Aggarwal (2017) presented a brief report on the rising trends in the Indian FMCG sector. FMCG indicates to "Fast Moving Consumer Goods". These may be either commoditized (such as sugar, pulses, and glycol) or branded. Many industries can proclaim to be FMCG sector as the indications of market dominators with various factors include:

- i. Long-standing pricing power i.e., capability to rise costs (ITC).
- ii. Brand recall for products like Marico, Pidilite, Asian Paints and so on.
- iii. Negative operating capital, for instance, HUL (Hindustan Unilever Limited) because of consumer advances.
- iv. Lesser ticket size differentiates them from customer durables such as laptops, phones and bikes.

The rising trends in FMCG sector include:

- Negative impact of cashless economy's on non-urban consumption
- Driven or aggregator model in food
- Penetration of E-Commerce supported by GST with Demonetization
- Regulatory framework
- Concentrate on health and taste
- The demise of traditional marketing
- Return to Ethnic or Indian styles
- Food parks develop into the new SEZs or IT parks
- Farm to divide SMEs thrive after APMC Limitation
- Cooperatives persist to dominate

Though, this report has made a great job of extrapolating current trends to increase an alarm indication to the viewers (that can drive them into the arms of BCGs for the impact analysis etc), the business atmosphere is radically varying that can drive these suggestions invalid.

PWC Report (2013) has presented the perceptions in FMCG innovation. FMCG market in India is competitive, mature and jam-packed with global and local brands. In this FCMG marketplace, innovation is very critical for following insights:

- i. FMEG insights towards 'Market' include: creating new avenues for sales as well as profits; remaining competitive; dynamic growth by ingoing new categories by relevant innovation; rising market share; moving towards marketplace domination positions in brand share, category share and overall FMCG market distribution; and increasing product and category dissemination.
- ii. FMCG perspectives towards 'Customer' include: generating products, which satisfy the developing tastes, needs and preferences of customers; increasing the share of wallet from present consumers; and achieving new consumers.
- iii. Insights towards 'Product' in introducing new products and maintaining the product portfolio.
- iv. FMCG insights towards 'Channel' include: leveraging new distribution channels to increase revenue and penetration (for instance, multi-channel, Omni-channel and social media).

Kanoria (2016) discussed about effectiveness of E-Commerce in FCMG market of India. Indian FMCG sector has been raising at a dynamic pace due to growing income levels, increasing internet penetration, varying customer lifestyle and increasing e-commerce marketplace. At present, the FMCG industries have moved their focus on Electronic Commerce because of the rising mobile internet penetration, globally. Food and Beverages section has the smallest shares in E-Commerce market of India; though, because of change in customer shopping habits and considerable growth has been observed in pay for food and beverages by online channels. The trades of FMCG by E-Commerce medium have been rising because of increasing sales of Smartphone leading to grow in the amount of mobile internet customers and the rate of internet penetration in the nation that developed from around 10 to 25 percent between the year 2014 and 2015. Online shopping has appeared very quick in current years. E-Commerce websites like Flipkart, Amazon and Grofers are creating the FMCG products gladly obtainable to the customers in India.

PWC Report (2016) has deeply dived into the strategy reforms that needed to generate an '*Ease of running Business*' network in the retail sector, E-Commerce space and FMCG. Together with this report has analyzed different Laws and Acts, which require some reformation of their strategies to motivate the development of these sectors. There are several key technology trends, which may influence the peak line in the Retail and FMCG sector as follows:

- Interconnectivity
- Customer pleasure and individualization in control

India has appeared as the most attractive investment goals in the universe with quick industrialization, considerable swing in the demographic prototype and rising disposable incomes. Between the key suppliers in this development story have been customer-centric industries like E-Commerce, Retail and FMCG sector.

BCG Report (2015) has noticed that FMCG constantly delivered better shareholder returns when compared to other sectors. E-Commerce will reveal exponential growth and also it can report to the extent that 10 to 15 percent of sales in the selected categories. Many FMCG industries are vague on the stance and the opportunity to obtain. Depending upon the trajectory, they need to go behind the digital maturity curve; FMCG companies may succeed with digital by following three moves include:

- i. Influencing digital customers and developing deeper customer relation and support;
- ii. Generating a profitable Electronic Commerce business; and
- iii. Digitizing their core functions.

These three moves would require to be supported through recasting old world abilities for the digital universe and generating entirely new ones.

KPMG Report (2015) has identified that FMCG Company discussions in India have resulted in suggestions and particular action points for the different stakeholders of these industries to deal with the challenges and

opportunities across five extensive themes. Key between these suggestions is the early passage of GST Bill (Goods and Service Tax), Rehabilitation, the Land acquisition and Resettlement Bill and the generation of nodal ministry for retail sector in accordance with conceding as a company status. It has been believed that execution of these suggestions were helped Indian retail and FMCG sector to attain growth i.e., sustainable in long-standing, while shifting beyond customer demand as the significant source of growth. In India, the multifold developments in internet penetration, united with ever-increasing objectives of Indian customers have modified the retail backdrop, particularly with meteoric increase of E-Commerce. Integrating technology is the greatest opportunity for the retail and FMCG sector in order to scale their relation and reach, both between customers and in supply chain, delivering higher value by resultant effectiveness in the value chain.

Conclusion:

This paper draws attention to the literature accessed that was of relevance to understanding factors important for effectiveness of E Commerce for FMCG products in Pune region. This paper first discusses about the E-Commerce and FMCG in India. After that this paper explained the factors that influencing use of E-Commerce. Together with it provides detailed description on effectiveness of e-commerce in FMCG sector in India. Finally, this paper presents clear vision on future prospects, challenges and opportunities of E-Commerce in FMCG sector, especially in Pune region. It is expected that this attempt will provide useful perspectives to the researchers.

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