

Indian E-Commerce Industry Startup Scenario with Trend and Opportunities

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Abstract: The e-commerce model is the straight forward extension of physical store. Nowadays, it is verified one extended to M-Commerce, Social Commerce and E-Start-ups. There are an increasing range of start-ups within the Indian e commerce business that has brought the new idea of business via on-line market places. Because of widespread demand for on-line merchandise and repair, the e-commerce business has been growing hastily and so there are larger opportunities to the new entrepreneurs to require the benefits of identical. E-Commerce is the businesses those are done through the utilization of Technology involving laptop, Smartphone and web. This involves client, Business and public that are connected to every alternative through ICT to hold on the business by businessmen wherever seller is mercantilism merchandise or providing service to client and payment by client electronically. In India, E-Commerce has been showing important growth wherever the digital consumers are increasing on the one hand and price of dealing on the opposite. The paper deals with the study of Indian E-Commerce business start-ups state of affairs with trend and opportunities

Keywords: E-Commerce, -Startups, online goods and service, Internet, Business Customer.

I. INTRODUCTION

The era of globalization and internet of things, information technology has inclined the movement of new start-ups through internet, information technology. The time stands today as great opportunities to those who want to transform their idea into reality with less financial resources. India managed to be second- largest hub of start-ups in terms of numbers of existing start-ups ^[1]. With this reassuring ecosystem, the start-up culture is picking up in India as we can see in table 1 indicating startup split by geographical distribution of the recognized startups (Source: States Startup Ranking Report by DIPP 2018, India) although top metros control majority share of Start-ups concentration in the country. E-Commerce has resulted in transformation of doing business in India. Earlier, the Brick and Mortar was the trend of doing business in the country ^[2]. Nowadays, with the help of information and technologies industries can cover a vast geographical area. With the coming of JIO

network with predatory pricing the internet cost reduced drastically which has created an environment of digitalization in India. The businessman can provide products in a more effective manner and that to with low cost. With E- Commerce platform payment can be made through cash less modes which also offers various benefits such as discount, offers, cashback etc. Flipkart, Amazon, Myntra offers many offers from time to time which results in millions and billions of sales every year ^[3].

II. STARTUP INDIA

Startup India is an initiative of the govt. of India. The campaign was first announced by Indian Prime Minister, Narendra Modi during his 15 August 2015 address from the Red Fort, in New Delhi. The action plan of this initiative is based on the next three pillars:

- Simplification and Handholding.
- Funding Support and Incentives
- Industry-Academia Partnership and Incubation

1.1. E-COMMERCE INDUSTRY

The e-commerce is now extended to M-Commerce, Social Commerce and E- Start-ups. The e-commerce has transformed the way business is completed in India. The Indian e-commerce market is predicted to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion as of 2017. Much growth of the industry has been triggered by increasing internet and smartphone penetration. The continued digital transformation within the country is predicted to increase India’s total internet user base to 829 million by 2021 from 636.73 million in FY19. India’s internet economy is predicted to double from US\$ 125 billion as of April 2017 to US\$ 250 billion by 2020, majorly backed by ecommerce. India’s E-commerce revenue is predicted to leap from US\$ 39 billion in 2017 to US\$ 120 billion in 2020, growing at an annual rate of 51 per cent, the absolute best within the planet [4].

State	Starup
Maharashtra	2587
Karnataka	1973
Delhi	1833
Uttar Pradesh	1129
Telangana	748
Gujrat	712
Haryana	710
Tamilnadu	709
Kerala	461
West Bengal	417
Madhya Pradesh	384
Rajasthan	371
Andhra Pradesh	259
Orissa	251
Bihar	178
Chhattisgarh	168
Jharkhand	116
Uttrakhand	108
Assam	106
Punjab	102
Jammu and Kashmir	63
Goa	61
Chandigarh	52
Himachal Pradesh	27
Pondicherry	19
Manipur	11
Nagaland	7

Andaman and Nicobar islands	4
Arunachal Pradesh	4
Tripura	4
Dadra and Nagar Haveli	3
Daman and Diu	2
Meghalaya	2
Mizoram	1
Sikkim	1

Table 1 indicating startup split by geographical distribution of the recognized startups

1.2. MARKET SIZE

Propelled by rising smartphone penetration, the launch of 4G networks and increasing consumer wealth, the Indian e-commerce market is predicted to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion in 2017. Online retail sales in India are expected to grow by 31 per cent to the touch US\$ 32.70 billion in 2018, led by Flipkart, Amazon India and Paytm Mall. During April-June quarter 2019, smartphone shipment in India grew 9.9 per cent year-on-year to 36.9 million shipments. It’s expected to achieve 160 million in 2019. During 2018, electronics is currently the foremost important contributor to online retail sales in India with a share of 48 per cent, followed closely by apparel at 29 per cent [5].

1.3. INVESTMENTS/ DEVELOPMENTS

Some of the most developments within the Indian e-commerce sector are as follows:

- In August 2019, Amazon acquired 49 per cent stake during a unit of Future Group.
- Reliance to require an edge Rs 20,0000 crore (US\$ 2.86 billion) in its telecom business to expand its broadband and E-commerce presence and to provide 5G services.
- In September 2019, PhonePe launched super-app platform 'Switch' to provide a 1 stop solution for patrons integrating several other merchants apps.
- In November 2019, Nykaa opened its 55th offline store marking success in tier II and tier III cities.
- Flipkart, after getting acquired by Walmart for US\$ 16 billion, is predicted to launch more offline retail stores in India to plug private labels in segments like fashion and electronics. In September 2018, Flipkart acquired Israel based analytics start-up Upstream Commerce which can help the firm to cost and position its products in an efficient way.
- As of March 2019, Flipkart launched its internal fund of about US\$ 60-100 million to require an edge from early stage to seed innovations regarding e-commerce industry.

- 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 open-end credit
- As of June 2018, Google is additionally getting to enter into the E-commerce space by November 2018. India is predicted to be its first market.
- Reliance retail goes to launch online retail this year. it's already launched its food and grocery app for beta testing among its employees.
- E-commerce industry in India witnessed 21 private equity and risk capital deals worth US\$ 2.1 billion in 2017 and 40 deals worth US\$ 1,129 million within the half of 2018.
- Google and Tata Trust have collaborated for the project 'Internet Saathi' to enhance internet penetration among rural women in India.

1.4. GOVERNMENT INITIATIVES

Since 2014, the govt 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 within the country [6]. A number of the main initiatives taken by the govt to market the e-commerce sector in India are as follows:

- 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.
- In February 2019, the govt of India released the Draft National e-Commerce Policy which inspires FDI within the marketplace model of e-commerce
- In order to extend the participation of foreign players within the e-commerce field, the Indian Government hiked the limit of foreign direct investment (FDI) within the E-commerce marketplace model for up to 100 per cent (in B2B models).
- The heavy investment of state of India in rolling out the fiber network for 5G will help boost ecommerce in India
- In the Union Budget of 2018-19, government has allocated Rs 8,000 crore (US\$ 1.24 billion) to BharatNet Project, to supply broadband services to 150,000 gram panchayats
- As of August 2018, the govt is functioning on the second draft of e-commerce policy, incorporating inputs from various industry stakeholders.

1.5. ACHIEVEMENTS

Following are the achievements of the govt within the past four years:

- Internet subscribers in India stood at 665.31 million in June 2019.
- In the festive sale (September 29-October 4, 2019), the e-tailers in India achieved US\$ 3 billion of Gross Merchandise Value (GMV).
- Amazon India launched the Amazon Marketplace Appstore which can provide solutions to sellers.
- Value of Unified Payments Interface (UPI) transactions recorded 1.15 billion transaction worth quite Rs 1.913 trillion (US\$ 27 billion) in October 2019.
- Under Internet Saathi project over 26 million women were benefitted in India and it reached 2.6 lakh villages and reached 20 states.
- Under the Digital India movement, government launched various initiatives like Udaan, Umang, Start-up India Portal etc.
- Under the project 'Internet Saathi', the govt has influenced over 16 million women in India and reached 166,000 villages
- Udaan, a B2B online trade platform that connect small and medium size manufacturers and wholesalers with online retailers and also provide them logistics, payments and technology support, has sellers in over 80 cities of India and delivers to over 500 cities.
- According to the UN's eGovernance index, India has jumped 11 positions to 107 in 2016 from 2018 in 2014.
- The government introduced Bharat Interface for Money (BHIM), an easy mobile based platform for digital payments.

1.6. 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 features a favourable cascading effect on other industries also. The Indian e-commerce industry has been on an upward growth trajectory and is predicted to surpass the US to become the second largest e-commerce market within the world by 2034. Technology enabled innovations like digital payments, hyper-local logistics, analytics driven customer engagement and digital advertisements will likely support the expansion within the sector. The expansion in e-commerce sector also will boost employment, increase revenues from export, increase collection by ex-chequers, and supply better products and services to customers within the long-term. E-retail market is predicted to continue its strong growth, by registering a CAGR of over 35 per cent and to succeed in Rs 1.8 trillion (US\$ 25.75 billion) by FY20.

1.7. SOCIAL COMMERCE

Social commerce may be a subset of electronic commerce that involves social media, online media that supports social interaction and user contributions to help online buying and selling of products and services [7]. More succinctly, social

commerce is that the use of social network(s) within the context of e-commerce transactions. The term social commerce describes a group of online collaborative shopping tools like shared pick lists, user ratings and other user-generated content-sharing of online product information and advice [8]. The concept of social commerce was developed by David Beisel to denote user-generated advertorial content on e-commerce sites, and by Steve Rubel to incorporate collaborative e-commerce tools that enable shoppers "to get advice from trusted individuals, find goods and services then purchase them". The social networks that spread this recommendation are found to extend the customer's trust in one retailer over another. Today, the range of social commerce has been expanded to incorporate social media tools and content utilized in the context of e-commerce, especially within the apparel industry. Samples of social commerce include customer ratings and reviews, user recommendations and referrals, social shopping tools (sharing the act of shopping online), forums and communities, social media optimization, social applications and social advertising. Technologies like Augmented Reality have also been integrated with social commerce, allowing shoppers to see apparel items on themselves and solicit feedback through social media tools.

III. THE STATE OF INDIAN E-COMMERCE – TRENDS AND OPPORTUNITIES

E-commerce may be a crucial segment of the present retail market in India. It's estimated that between 2018 and 2023, the worth of the Indian e-commerce market will increase at a compound annual rate of growth (CAGR) of ~41%, from INR 2,375.43 Bn in 2017. The growing number of Internet users and continuously increasing purchasing power are the first driving forces for the expansion of the e-commerce market in India. As of 2017, the Indian e-commerce market was dominated by the web travel segment (~49.59%), followed by that of retail, financial services, and online classifieds market, among others.

1.8. ONLINE TRAVEL SEGMENT INSIGHTS:

The online travel segment is predicted to expand at a CAGR of ~21% during the 2018-2023 periods, and can reach a worth of INR 3,563.66 Bn by the top of 2023. In India, the increasing use of smartphones is one among the main factors resulting in the upper number of hotel and ticket bookings through online portals and applications. Among the various online travel portals, MakeMyTrip is that the most vital player, with a market share of ~31%, primarily thanks to its high penetration rate, sizable amount of partnerships with global hotel chains, and attractive discount offers. The opposite major players of the segment are Goibibo, IRCTC, Clear Trip, and Yatra.

1.9. ONLINE RETAIL SEGMENT INSIGHTS:

The increased penetration of Internet-enabled devices, specialise in advertising, simple online shopping, innovative

payment options, cashbacks and discount offers, and rapidly changing customer needs are the main growth drivers of the web retail market in India. As of 2018, the electronics sector had the most important share (~48%) within the web retail market, due to the power of having the ability to match the features of products manufactured by different companies, on one platform. aside from electronics; the apparels sector features a considerable share within the online retail market of the country.

1.10. ONLINE FINANCIAL SERVICES SEGMENT INSIGHTS:

The online financial services segment is predicted to expand at a CAGR of ~59% during the 2018- 2023 period, and can reach a worth of INR 1,057.37 Bn by the top of 2023. Advancements within the banking, financial services and insurance (BFSI) sector in India have propelled the utilization of digital financial services within the country. Oxigen and Paytm are two notable online financial services companies that are currently operating in India.

1.11. ONLINE CLASSIFIEDS SEGMENT INSIGHTS:

The online classifieds segment is predicted to expand at a CAGR of ~39% during the 2018-2023 period, and can reach a worth of INR 141.58 Bn by the top of 2023. Consumers who are Internet savvy are increasingly using online classifieds, since they're more convenient in terms of search functionalities and find the specified results with reference to jobs, land, etc. Quikr, Sulekha, Just Dial, OLX, and click on India are a number of the leading digital classifieds websites in India.

1.12. KEY GROWTH DRIVERS OF THE MARKET:

The affordability of hardware like laptops, netbooks, desktop PCs and 'Smart' handheld devices, including rising Internet adoption, especially in Tier-I and Tier-II cities, are aiding the expansion of the Indian e-commerce market. Also, the rapid climb of smartphone usage is giving improved access to virtual shopping and e-tailing websites to the tech-savvy generation, thus driving business for the e-commerce market in India. India's per capita income is predicted to succeed in INR 91.92 Mn in 2018-2019, expanding at a rate of ~6.1% from its 2017-2018 value of INR 86.66 Mn. This rise in income has caused changes within the buying and spending patterns of consumers. Changes in demand, alongside the recognition of online markets will cause the expansion of the e-commerce market in India.

1.13. KEY DETERRENTS TO THE EXPANSION OF THE MARKET:

Despite having a number of genuine buyers, false or spam orders are a prominent logistical hindrance for e-commerce businesses. Out of the entire losses incurred by e-commerce companies in India, false orders account for ~4% on a mean. The trend has been observed mainly in Tier II or Tier III cities, where people exhibit a desire to form purchases

once they see something online, but eventually cancel the order due to miscellaneous reasons. Eventually, the sales volume of the e-commerce market diminishes. Within the Indian market, differing types of discounts and price wars put e-commerce companies under severe pressure in competitive situations. Often, companies fail to supply the discounts that customer's want, which creates an unfavourable impression for buyers. In response, customers switch to other e-commerce platforms or maybe offline stores that have similar products at cheaper prices. This, in turn, hampers the expansion of the market and therefore the players operating in it.

1.14. MARKET TRENDS:

A retailer always gets the eye of its target segment through its private label. Both offline retail stores and e-commerce players have started introducing their in-house brands to create strong customer bases. Though the electronics sector has the most important share of the e-retail market segment in India, Indian customers also are showing interest in buying other products from online platforms. As a result, it's become a trend among market players to interact in product augmentation, in order that customers' additional demands are often met.

1.15. COMPANIES COVERED:

Amazon Seller Services Private Limited Flipkart Internet Private Limited Infoedge (India) Limited Jasper Infotech Private Limited MakeMyTrip (India) Private Limited Paytm E-commerce Private Limited People Interactive (India) Private Limited Supermarket Grocery Supplies Private Limited Thomas Cook (India) Limited Trendsutra Platform Services Private Limited

1.16. KENNETH RESEARCH

Kenneth Research may be a reselling agency providing marketing research solutions in several verticals like Automotive and Transportation, Chemicals and Materials, Healthcare, Food & Beverage and Consumer grocery, Semiconductors, Electronics & ICT, Packaging, et al.. Our portfolio includes set of marketing research insights like market sizing and market forecasting, market share analysis and key positioning of the players (manufacturers, dealers and distributors, etc), understanding the competitive landscape and their business at a ground level and lots of more. Our research experts deliver the offerings efficiently and effectively within a stipulated time. The market study provided by Kenneth Research helps the Industry veterans/investors to think and to act wisely in their overall strategy formulation [11]

IV. CHALLENGES & OPPORTUNITIES

Backed by increased online user base & mobile penetration, Indian e-commerce has seen impressive growth within the previous couple of years. Considering India's demographic dividend & rising internet accessibility, the world is slated

to scale greater heights. Although, India's overall retail opportunity is substantial, the world is beset with some serious challenges. We take into the present e-commerce landscape & the sector's key drivers & challenges. At an equivalent time there are several challenges which require to be address, a number of them are skilling the scholars, spreading same fervour in smaller cities and rural areas, government support and academic reconstruction to market startups or entrepreneurial activity.

- Pre-Requisites for Startups
- Market Model, Marketing and Customer Acquisition strategy
- Hiring and Human Resource Strategy
- Work Environment and Organization Structure of startups
- Fund raising and Financial Management
- Taxation issues regarding sale and profit
- Regulatory Environment for startups
- Issues regarding cross border transactions
- Government-academia and industry participation in promoting startups

V. CONCLUSION

There is an incredible growth within the field of E-Commerce since its introduction. E-Commerce retailers are quickly adapting the changes in technologies to grow rapidly within the marketplace. a serious decline within the internet surfing and mobile charges has brought many buyers and sellers to adopt a more modern platform to trade for goods and services. Social networking and use of mobile phones helps to accelerate the e-commerce trends in India. E-Commerce brought innumerable choices for the purchasers. The gap between buyer and manufacturer has declined. Though on one side e-commerce helps in image building but on other side the question arise on data integrity of individuals sharing their identity and personality, connecting to innumerable number of unknown pupils. E-Commerce has caused huge loss to Traditional Brick and Mortar, micro, small and medium enterprises. The way of transacting business has changed drastically. The Indian e-commerce industry has been on an upward growth trajectory and is predicted to surpass the US to become the second largest e-commerce market within the world by 2034. E-Commerce will bring an increase in demand which can help employed generation.

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