

# PERCEIVED IMPACT OF ONLINE SHOPPING FESTIVALS IN INDIA DURING DIWALI 2018

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## ABSTRACT:

*Indian retail sector is facing a dramatic change as mindset of people is shifting from physical market to digital market. The prospect of online shopping is increasing in India because of many factors such as internet literacy, perceived usefulness, increase in number of workforce, entry of global and local sellers in online market, improving internet connectivity etc. E-tailing is the process of dealing goods using an online platform. Recently Indian retail sector going through a dynamic transform from offline market to online market. Now online retails giants start providing various offers during the festival season to attract more buyers. This paper is an attempt to recognize the impact of online shopping festivals on buyers and community of people. This study is mainly to understand the approaches adopted by Flipkart and Amazon to capitalize on the "Diwali festive season 2018" to keep their consumers captivated and thus increase their profits intensely.*

**KEYWORDS:** ONLINE SHOPPING FESTIVAL, FLIPKART, AMAZON

## INTRODUCTION:

### E-COMMERCE IN INDIA

E-commerce or Electronic commerce means dealing in products and services by businesses or consumers from side to side an electronic mode or portal. E-commerce is widely reflected as buying and selling of products over the internet, but any transaction done through electronic measures can be reflected as e-commerce. E-commerce is subdivided into three B2B (Trade India), B2C (Amazon, Flipkart) and consumer to consumer or C2C (eBay)

E-Commerce in India has a extensive way since its initial days. The market triumph its maturity and new giants are inflowing in the market space. In the present go-ahead situation E-Commerce market in the B2C space is mounting its demand, trust and services day by day. A significant shift from traditional/physical market to e-market can be seen easily.

India is gaining its internet user base, currently about 500 million users are there i.e. about 38 % of population of the country is using internet. Even after being 2<sup>nd</sup> largest internet user base India is behind

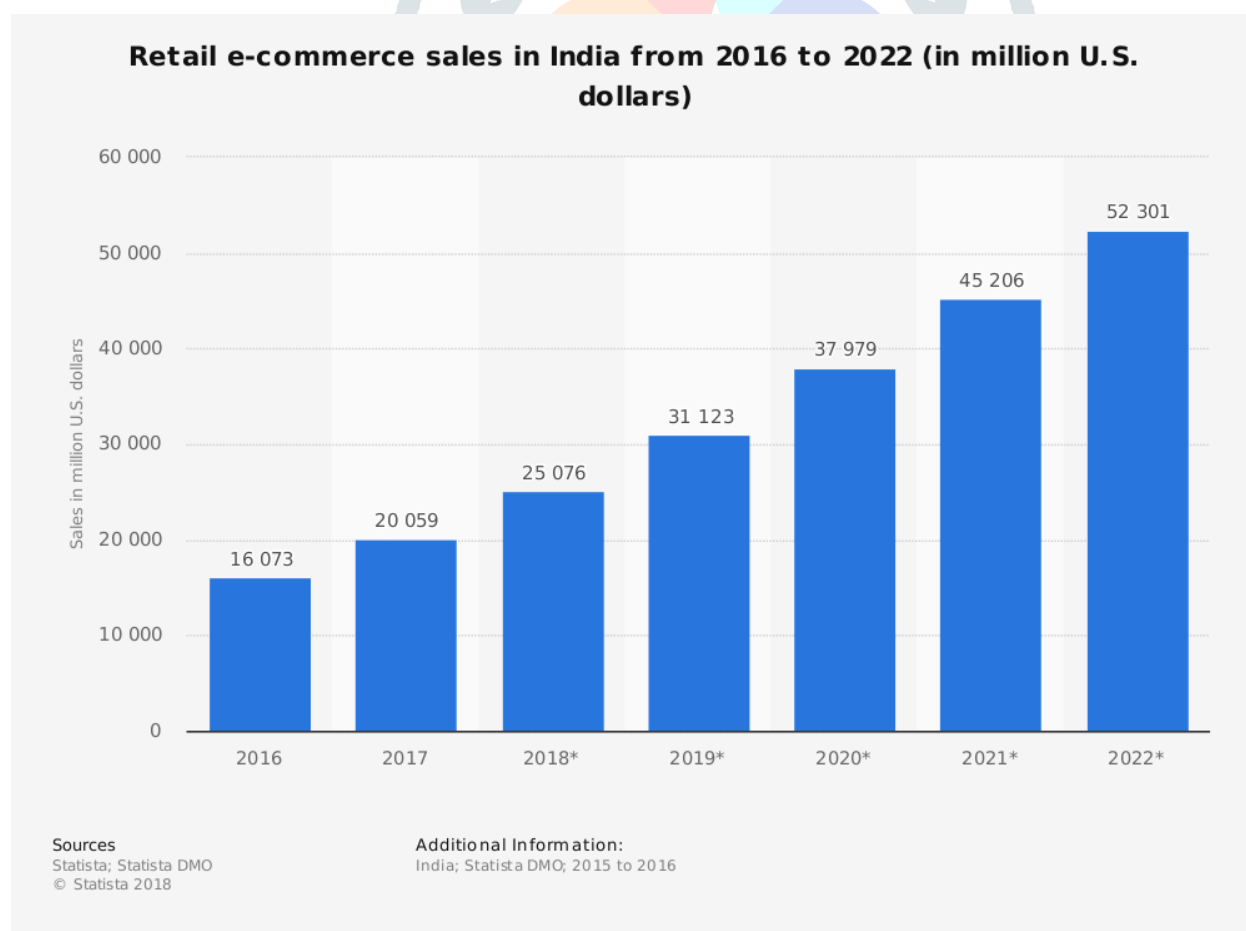
from the giants like USA , France , but its growing rapidly on an average around 6.5 million user increasing every month . India ranks top in the most developing E-Commerce market in the world.

## ONLINE STORES IN INDIA

Online stores have been around since 1994, right after the birth of internet. India witnesses its first online store in 1999. From 1999 to 2008 many online retail stores were launched but none of them faced a true success. After 2008 internet gains its popularity in the country, adoption of 3G mobile services and easy availability of broadband service make this happen. After 2008 online retail stores are driving themselves in a positive way. Most of sites are providing every category of goods and services and targeting mass audience through various offers and advertisement. At present companies like flipkart(October,2007), paytm(August,2010), amazon(June,2013) is the leading E-Commerce giants. They are enjoying the huge increase in performance as compare to previous years. Foreign investors like walmart and alibaba shown their interest in Indian ecommerce sector by investing in flipkart and paytm. Even now every brand itself is accepting online order in their particular websites.

## GROWTH OF ONLINE SHOPPING IN INDIA

Table-1: Market size of Retail E-commerce in India



A regular growth can be easily observed from the given table. Retail sector e-commerce sales are increasing in a rapid rate. As compare to 2016 the sales was 16073 million USD and at present in 2018 it's at 25076 million USD, a growth of 56.01% had been seen in this 2 years. We can easily say that the boom period of E-tail in going on at present. The market is expected to cross 52301 million USD figure by 2022.

## **ONLINE SHOPPING FESTIVAL**

Online shopping festival is offering huge discount and offers to customer and to promote their sales revenue in a particular day which is mostly followed by festival season. On these days online giants provide extra discount, express delivery, extra cashback and exclusive launch of many products to the customers.

In India this concept is adopted from 2012. But in country like USA these kinds of festivals gain popularity since 2005 by name of CYBER MONDAY. After becoming popular same concept of CYBER MONDAY was adopted by many counties. The Chinese e-commerce giant Alibaba, one of the world's largest retailers, has been celebrating the country's ability to buy in abundance through its shopping fests since 2009.

In India google was first to start the great online shopping festival with the collaboration of various online websites in 12<sup>th</sup> December 2012, But in 2015 google decided to shut down this program. Indian Retail online giant flipkart announced its first ever Big billion day offer on 6<sup>th</sup> October 2014 and tasted a huge success. Follwing flipkart, amazon launched it's the great Indian shopping festival in 2015. After 2015 every online shopping giants started giving this kind of offer once or twice per year. Adoption of this policy resulted in huge growth in online shoppers and revenue of companies. The gross merchandise value during the 2018 shopping festival stood at 2.3 billion dollar during 5 days sale which is 60% more than 1.4 billion dollar in 2017. Flipkart has recorded over 70% share of entire Indian e-commerce market in the 5 days sale, which is followed by amazon.

## **FACTORS BEHIND PREFERING ONLINE SHOPPING OVER OFFLINE SHOPPING**

1. Ability to Shop 24/7
2. Ability to compare prices
3. To save time
4. Easy EMI option and discount offers
5. Greater variety and selection
6. Convenience of everything in one place
7. Rising income level
8. Changing socio-economic environment
9. Changing technology landscape
10. Product quality & Easy return policy

## REVIEW OF LITERATURE

1. (Abhishek Chilka, 2018) They focused on recent scenario, recent trends in online shopping in India like the interested categories of product, preferred way to pay online. They showed that online shopping platforms provide many offers to consumers which attracts the consumers and drives their business. Along with that there are also problems in online shopping like quality, security etc. They analyzed that India's online shopping market is constantly growing at good phase and going to have a brighter future.
2. (Preeti khanna, 2015) They examines the growth and opportunities in the Indian e-tailing sector by focusing on the current and future wave of the two big giant e-tailers in India, The purpose of their research is to understand the positive and negative factors influencing the online shopping in India during the festive season. It also aims to explore the role of online shopping festival in driving the shopping explosion from consumer's perspective.
3. (Ningombam, 2007) , they focused upon the emerging trend and issues in the ecommerce sector in the wake of new knowledge economy. They determined that the overall impact of ecommerce will be positive for Indian market if it opens new opportunities properly in all sectors such as small, medium and large and to remove all IT hurdles and making it work smooth and fast. In order to compete globally, entrepreneurs will have to make use of ecommerce to the maximum extent.

## OBJECTIVE OF STUDY

1. To know how flipkart and amazon tailored its offerings to appeal to the tastes of the consumers during the 'Diwali festive season of 2018'.
2. To know the Pros and Cons of online shopping festivals on peoples.

## METHODOLOGY

To meet the above mentioned objectives the secondary data was collected from diverse sources like case studies related to the e-tailing sector, websites of the respective e-tailers, press releases, related papers, white papers and journals.

A SWOT analysis is used as it is a useful tool for brainstorming and strategic planning which is used to identify the organization's strengths and weaknesses (S-W), as well as broader opportunities and threats (OT). The determination of conducting a SWOT is to reveal positive factors that work together and potential problems that need to be documented and conceivably addressed for both Flipkart as well as Amazon.in. The SWOT analysis is castoff to recognize the key performing areas as well as the bottleneck areas especially in 'Diwali festive season 2018' to deal with consumer expectations for both the scenarios.

**ONLINE SHOPPING FESTIVAL 2018:**

Indian e-retail market is mainly driven by two online giants i.e. Amazon and Flipkart. Their main target is to provide offers to peoples on various festival seasons mainly on Diwali. This year also flipkart launched its big billion day offer from 10<sup>th</sup> October to 14<sup>th</sup> October and provided offers such as on mobiles complete mobile protection offers, exchange offers, buyback guarantee offer, upto 80% off on cloths and accessory, exclusive launch of many products etc. It also provided discount in every sector of listed products and also provided extra 10% instant discount for HDFC bank card holders and also provided EMI on debit card etc. Flipkart surged more than 60% to 2.3 billion USD during their five day event, up from 104 billion USD a year ago. Even flipkart claimed to sold over 30 lakhs mobile on day 1 of its sale. The other giant amazon launched its Great Indian festival from 10<sup>th</sup> October to 15<sup>th</sup> October and provided offers such as free extended warranty on televisions, free screen replacement and assured buyback value for mobiles, upto 90% off on various brands and also provided offers on daily essentials too. It also started booking of upcoming OnePlus product and launched many products exclusively. Amazon also provided offers like % instant discount on SBI card, no cost EMI and exchange offers etc. A SWOT analysis of Flipkart and Amazon is done to help to understand how it fine-tuned its offerings to appeal to the tastes of the consumers during the ‘Diwali festive season 2018’

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Customer friendly user interface of website and apps</li> <li>• Sale offered for 4-5 days</li> <li>• Launched many products exclusively during festival offers</li> <li>• Guaranteed next-day delivery, 24x7 consumer service support, Cash on delivery, No-risk hassle-free returns policy, safe and secure ordering experience</li> <li>• Developed their own delivery network thus not dependent on other courier service</li> <li>• Promoted offers in every television channels and newspaper</li> <li>• Provided no cost EMI</li> <li>• Provided offers on various debit and credit card</li> <li>• Special offers for amazon prime and flipkart plus customers</li> </ul>	<ul style="list-style-type: none"> <li>• Products were out of stock very quickly and people could not buy their desired products during the offer period</li> <li>• Auto cancellation of ordered product due to lag in payment or order processing</li> <li>• Website crashed sometimes during the offer periods</li> <li>• Cashback and instant discount available only to limited bank customer only</li> <li>• Complicated pre booking scheme on some products</li> <li>• Long waiting in consumer service support</li> </ul>

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Can increase the sales by providing debit and credit offers of various banks together</li> <li>• Can improve inventory stocking of out of stock products</li> <li>• Better management of delivery system of products</li> <li>• Can provide no cost EMI on every product</li> <li>• Can improve return policy by applying return on delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Constant modernizations in the industry to appeal to consumers</li> <li>• Offering heavy discount on a product raises questions pertaining to its genuineness</li> <li>• Strong competition among each other</li> <li>• Local retailer opposed these kind of sales</li> <li>• Still many internet users not prefer to shop online due to trust and security issue.</li> </ul>

This SWOT examines designate that both e-tailers are striving to improve their consumer base and hence are functioning hard to increase their adhesiveness. They are bringing a paradigm shift from offline to online shopping. This shift will open many more opportunities not only for the retailers but also for the consumers.

### PROS OF ONLINE SHOPPING FESTIVAL

#### 1. AVAILABILITY OF QUALITY PRODUCT:

Online retail giants allow its customer to access the list of world top brands to everyone and everywhere. Genuine product is offered to its user. These sites allow everyone to adopt a quality product and provide assured guarantee on these product too.

#### 2. INSTANT DISCOUNT AND ATTRACTIVE DEALS

The main reason of success of this shopping festival is providing attractive deals such as 50-80% off on various products plus instant discount on ordering these products via partner bank. They are also providing exchange offers, no cost EMI, cashback offers etc.

#### 3. INSTANT CUSTOMER SUPPORT

Websites are providing instant customer support to its customer previously they are only relying on customer executives but now they are also providing instant chat support, customer feedback and also allowing there customer support to call user instantly on request.

#### 4. EASE OF PAYMENT

Online giants are now accepting all mode of payment like debit card, net banking, mobile wallets, credit card, cash on delivery even now they start accepting card payment and mobile wallet payment in their cash on delivery option and they are also providing offers such as no cost EMI, 0% finance etc.

## 5. ON TIME DELIVERY AND QUICK RETURN POLICY

A Time before these online giants are dependable on various logistic service providers but now they had launched their own logistic services by which they can easily eliminate the extra time consumption on delivery. Even on product return policy they are providing instant service and refund which is attracting more users to purchase product without any worry.

## CONS OF ONLINE SHOPPING FESTIVAL

### 1. LONG PROCESSING TIME

These festivals attract a lot of orders from their customers which leads to increase traffic in website and also in processing order. Many times websites start lagging or crashes down which leads to double payment, order cancellation etc.

### 2. LOGISTIC PROBLEMS

These companies are relying on their own logistic supply chain but these services are not available in every part of country. In many places products are not deliverable by the sellers due to lack of logistic chain. Even due to high order logistic service also crash down due to pending orders which leads to delay in supply of products.

### 3. FAKE PRODUCT SELLING

As these sites allowed offers like upto 80 or 90% off on their products which raise a point of doubt among the users regarding the originality of products. Even there are many cases came in front like customers complaining about the fake product or delivery of first copy product etc.

### 4. NEGATIVE IMPACT ON LOCAL RETAILERS

As these sites are providing huge discount offers this is affecting the market share of local retailers as their customers are start preferring online platform to purchase product which is leading to decrease the market of local retailers as they can't provide such offers easily.

### 5. HIDDEN COST

Online giants provide exciting offers to their customers by providing attractive discount. They promote the discounted price of the product but at the time of checkout various cost such as GST, delivery charges are added which make product costly and leave a negative impact on buyer.

## CONCLUSION

India is shifting towards digitalization at a rapid speed mainly driven by the youth population of the country. This generation is on the go generation which is leading them to access these websites and not preferring to waste times by shopping in stores. By admiring the rapid change among the population of country online giants like flipkart and amazon are providing exiting offers in festive season. These offers are widely acceptable by the consumers and leading them to purchase a lot of products during this period. Factors like instant discount, easy return policy, friendly user interface etc. are leading to increase the consumer user base very quickly but still there is some lags like trust and security issue, fake product selling and complicated offers etc. are leading to divert their consumer base. On one hand market is going towards digitalization but on other hands local retailers, small vendors, even street hoppers started facing low market share problem because of extra offers and facility provided by online giants. It's going to be a brighter future in digitalization of market but government has to take initiate regarding saving the market share of local retailers, vendors and street hoppers as they contribute a lot in country's economy. Future must be plan by focusing both online market and offline as well.

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