

## **Review of literature to Understand Recent Trends in Online Shopping**

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### **Abstract**

This manuscript is about understanding trends that are shaping today's digital marketplace. The concept of brick and mortar shopping is gradually being replaced by the e-Mall set-up of buying. Customers purchasing attitudes have been reshaped by web enabled technologies. The rises of round-the-clock digitally active millennial generation has been a game-changer phenomenon Showrooming and webrooming both enjoyed by active buyer is going to be persistent trend atleast in near future. Companies undergoing steady innovation and undertaking strategic promotions shall guarantee e-shoppers loyalty and subsequent retention in the long run. Blending the digital and physical worlds by focusing on omni-channel marketing has emerged as major challenge for online shopping. With advent of low cost smartphones, web influence is expanding to small towns and rural areas, thereby adding new techno-active consumers. The recent trends suggest that variety of logistic forms shall emerge; novelty with personalization will take Indian e-commerce to new heights. Innovations shall drive shoppers' digital habits. Movement of trials, improvements and restructuring would continue. Backward and forward integration will be in trend to make e-shopping an enjoyable and low cost experience. With government support and clarification in policies, global investor confidence will further multiply thereby giving a major boost to e-commerce.

### **Keywords**

Digital habits, Omni-channel marketing, Online shopping, Rise of millennials, Techno-active consumer.

## **I. Introduction**

E-commerce has emerged as a big business and its scope is increasing exponentially on the back of positive leaders like encouraging regulatory set-up, hi-tech infrastructure and techno-active consumer. Innovation is motivated by multiple stimuli of competition, inventive zeal, struggle and want of continued existence. This is a fundamental shift towards e-setups away from manufacturing and service markets. Online shopping has been embraced by Indians with close to 10 million adults making a purchase via the Internet in 2016 and average online purchases are expected to increase by approx 70% on the back of attractive deals and aggressive marketing. As reported in Mint, online retail is expected to increase to \$48-60 billion by 2020 from \$4.47 billion in 2014. With additional regulations coming up on FDI and with consistent cash being pumped by venture capitalists; e-commerce firms will head down to further lure customers through advertising and discounts and therefore newer trends through customer loyalty programs and reward systems will emerge in the e-marketplaces. Other than pricing variations, factors like access to wider e-platter at lower cost with soothe of lodging are simultaneously influencing e-shopping habits. Tailored user-experience, account information, easy search options & reduced number of clicks while purchasing; are simplicities what attract and retain consumers. Additionally a new class of empowered consumers and Millennials are pushing retailers to learn new tricks of e-environment. Simple web-shopping with no shipping charges, hassle free returns, social recommendations and peer appraised merchandise is a strong trend presently.

The social media platforms like Facebook, Twitter etc have proved to be highly effective marketing tool and in process they have become escalators to e-medium of shopping. This has further benefitted the e-tailers in ringing in more revenues and thereby generating higher profits. Realising the huge opportunity they have, these platforms have themselves started to integrate with e-commerce with both Facebook and Twitter introducing some sort of shopping options for their users. Rakhi in this regard mentions 5 major trends that will influence e-commerce viz go local; go mobile; go cashless; video share through social media and original short and simple content.

Lack of confidence in online purchases in terms of quality and safety are major reasons for preferring to buy offline. Providing quality experience to users whether shopping online, on mobile or in store can generate good reputation in e-world. This paper attempts to unravel various emerging trends in digital shopping by undertaking an extensive literature review. Understanding such trends and user-behavior would help the firms to devise strategies to attract, engage and retain the customers & be useful for all the stakeholders.

## **II. Rise of Digitally Driven, Active, Busy Class**

### **A. e-retailers pacing with Rise of Millennials**

Millennials are the highest digital-spenders. Generation Y consumers are value conscious, always-connected and peer-influenced

According to the Economic Survey of Government (2013-14), India will have the highest number of young working class population (65%) by 2021. This is the major user segment of the E-commerce and hence the firms need to consistently strive to innovate, improvise and make themselves ever more relevant to this target audience.

Impact of rise of Millennials can be enumerated as:

- According to Bloomberg in blog by Millennial Marketing Rise of surgical shopper who knows, from where and what to buy before entering the store and death of impulse buyer who ramble from one store to another.
- Shopping is more engaging. Millennials like to shop with friends essentially for excitement & relaxation.
- Focus on creative loyalty programs, easy reward and redemption system, clearance sale, quick bargain deals, better discount and coupons on e-site is new strategy for this rising class.
- Millennial Marketing asserts that Barber recommends peer sharing tools and interactions, open dialogue, transparency as essential instruments to magnetize Generation Y users. Websites should be optimized with m-web communications, social networking, blogs, and live chat customer service.

## **B. Double Income No Kids Dink Couple**

There has been a consistent rise of urban “DINK”, couples. Such couples have long working hours and travel distances and lack any time or strength to shop even for essentials like grocery and vegetables. DIC wants to preserve their energy for works like socializing, entertainment rather than necessary buying. So companies are coming up with innovative solutions to woo them by just a click away 24×7.

## **C. Empowered Consumer**

Empowered Consumers are technocrats, fashioned by the convergence of the mobile communications, social network and e-data, are patrons of information, has ability in shifting the balance of power towards themselves with exceptional price and choice control. Such buyers drive e-business landscape, shop with multiple modes & ways, expect considerable purposeful interactions and are main contributors towards nifty economies.

Emergence of Empowered Consumer is a major behavioral change.. Unheard brand buying & purchasing several brands in a product category by evaluating online is common phenomenon. According to Bain Google FMCG consumer report 2015, 35% of purchases shall be digitally influenced by 2020.

The Empowered Consumer tends to have the following characteristics:

- Powerful Trendsetter and Value Conscious.
- Well informed who has information from multiple sources.
- The Researcher one who will first research, read reviews and opinion, check the credibility of sites before a purchase decision.
- Smart User for whom mobile and other technology enabled devices are especially handy.
- Loyalty shifts if one perceives as not being rewarded.
- Around-the-clock-shopping: Organized Consumers: keep control of their shopping emotions can dictate the shopping experience they want.
- Omni-channel shopper who explores showrooms and e-stores and buy from where they seek convenience.

- Description Seekers: Content has tremendous influence on how they're behaving as the reasons for buying a product is clear in their mind.
- Glocal seekers i.e. want global quality with local comfort.
- Collaborators and Social Sharers who are active commenter's, important opinion makers and regularly share forum information & provide feedback.

### **III. Mix of Market Place and Inventory Models**

In-store experiences would need to grow and evolve in order to continue to compete with the convenience of online shopping Multiple e-commerce models have evolved attempting to replicate beneficial aspects of physical stores. The biggest trend is mixing of click and brick omni-channel models serving both physically as well as digitally.

In-fact a pure marketplace player finds it very difficult to generate effective customer experience. As adopted by Myntra (which was later acquired by Flipkart), Hybrid Model strikes a fine balance between Capital Requirements vs control on product quality, price control, order tracking, inventory and fulfilment. Such model focus on private labels, leverage to sell premium and exclusive brands through their own inventory, provides an option to scale and sell other products/categories (from their own inventory) when 3<sup>rd</sup> party sellers are not providing the requisite quality. The extent to which any model succeed will depend on constructive regulatory changes, resourceful usage of available capital, scalability, strict operational control (price, quality, availability, fulfilment and returns), optimal supplier network management and goodwill earned, finest customer experience.

### **IV. Price Comparison Sites**

High competition and blurring of the brick and click models has led to emergence of websites doing only comparison across various channels. This limits discretion in the hands of businesses to set-up different price points as users become more informed.

## **V. Delivery Mechanisms**

Immediate gratification of users by delivering the ordered products in shortest possible time has emerged as a major innovation stimulus for logistic bottlenecks.

Services like Amazon Prime etc tend to capitalise on this trend and deliveries are made in a day's time. Many consumers are ready to pay for premium deliveries. It is further tinkering with Delivery Drones' to ensure swift and speedy delivery, by trying to shorten the delivery time to around 30 minutes.

Click & collect on the same day by picking the ordered items from designated pick-up point or brick stores has been another emerging delivery model. Exclusive courier tie-ups in delivery eco-systems are also being explored. Flipkart for example hastened up for merchandise lift from its hub with the famous logistic sculpt 'Mumbai dabbawallas', who have a six sigma designation and an ISO 9001 accreditation. Reverse Logistics i.e. Travelling back through the supply chain network in order to replace a delivered product has turned out to be a challenging aspect in E-commerce. Proper reverse logistics procedures, earns user confidence and builds trust. Deepti et al suggested to set-up drop-off points and returns to be hassle free and simple as ordering the product. A flexible sorting or packaging line in the warehouse may be used to handle returned items when needed.

## **VI. Newer Loyalty / Discounting Patterns**

E-firms continue to strive, find new methods of discounts and concessions. Attractive deals are part and parcel of the web commerce system. The reason is to generate newer and lasting loyalty patterns.

Presently regulatory bodies have tried to check predatory pricing and discount giving exercise by e-firms. As reported in Mint, after new foreign direct investment (FDI) regulations prohibited online marketplaces from influencing prices on their platforms e-companies are trying to find newer ways of discounting patterns. Online discounts have two reasons to continue, one, sellers will compete on the platforms, second, the 25% group company supplier norm will allow platforms to sell their own private brands at a discounted price and can open multiple group companies for dealing 25% norm and can continue discounts. Suppliers will also enter into online exclusive deals. Such marketplaces can influence prices indirectly by compensating these sellers with

marketing commissions or cash backs to empower them. Additionally e-businesses can reduce direct discounting via coupon codes, providing e-vouchers, concessions and kickbacks etc and can thus provide special consideration to their steadfast users.

## **VII. Data Analytics**

Analytics is about predicting trends and building strategies. Data a precious resource is collected with the help of iBeacons/ sensors, video, tablets and past shopping habits, preference history, present behaviour patterns, analysis of social media activity etc. Various analytical tools and optimization techniques like A/B/multivariate testing, visitor engagement, behavioural targeting, audience segmentation campaign analytics, pricing intelligence, predictive modelling and prescriptive analytics help pull data from multiple sources & can indicate willingness to purchase.

Merging offline and online data can expose untapped opportunities resulting in incremental revenues by launching promotional campaigns targeting shopper's likelihood buying behaviour. Various benefits of Data Analytics are:

- Facilitate companies to comprehend raw data to understand demand and accordingly manage business processes.
- Helps measure the financial performance of a firm, social media analytics and study all analytical needs of start-up.
- Companies can customise the offers & deliver personalized messages.
- Predictive analytics connect consumers with requisite information and products.
- Assist in promoting precise brand products to exact users.
- Statistical tools help customer segmentation and targeting.

App Analytics is a new trend. Real Time Complexity with numerous devices and configurations and stacks of data makes Analytics the most challenging field in e-arena.

Top challenges according to Economic Times are:

- Competition from established companies like crashlytics.
- Complexities in understanding needs of app-companies.
- Attracting high quality technocrats.

Manju et al suggest Glocalization, m-commerce and data analytics are the main focus areas to record sales volume. Additionally the digital trail left by active users acts as major information for the future use by the companies to devise innovative and customised marketing strategies.

### **VIII. Prioritisation of Visitors, Not Visits**

Shoppers want custom-made experiences, immediate information, flawless service and a perfect product. Third-party solutions are a new trend which can actually drive value vis-à-vis lesser efforts and ensure that a sales opportunity is never wasted.

The logic is to convert visitors, generate satisfaction, retain them, add new ones, build trust and affinity for regular purchases. Unsatisfied ones can quickly write negative reviews and move to e-competitors. Firms are improvising their operating systems, data analytics, online reputation, cross selling structures, demand generation, inventory management, logistics and functional processes to ensure that they never let their consumer flock away.

### **IX. Brand Name Attractiveness**

E-firms are consolidating their brand-owned websites for a more supple, popular social platform wherein social content consumption, search optimisation and brand engagement is priority. This trend will further pick up with transition from own-built web place for a more striking social network site with strong user presence. Such common e-platforms judiciously employ social media features for thrill, necessity, and realization for effectual brand building.

Companies should keep in mind that for highly prized unbranded products, customers prefer physical store and brand loyalty dies off very quickly. Everyday e-firms have to make their brand visible, and impressive to be a brand of preference in the mind of consumer. This can be achieved by going digital fully.

## **X. Digital Wallets**

Currently 95% of e-purchases are happening in cash & with rise of digital wallets even small value transactions like paying taxi fares, paying mobile phone bills, purchasing from grocery store etc. has become cardless and cashless. Mint reports Near Field Communications and Quick Response technologies are being used to encourage e-payments. Presently bill payment, mobile recharge services, and DTH recharge are most common easy services that e-wallets provide. Visiting multiple e-commerce sites and paying simultaneously through e-wallet portal or app is added advantage of e-wallets to its users. Other complex features include making payment to numerous billers on a single platform. Additionally providing small credits to its user can be added feature in coming times.

Cash withdrawal is possible with banks open wallets whereas non-banking companies like fintech have semi-closed wallets with prepaid payment instrument licence. As defined by mint, in semi-closed wallet, deposited money can be used to transact for a supported e-wallet merchant but cannot be transferred back into user bank account or for cash withdrawal unless it is open wallet as provided by banks.

Marketplaces who have their own wallet like paytm or e-wallet providers which have tie-up with merchants or cash back companies provide with price trends of products, offers various loyalty programs to its users by way of discount, reward points, coupons, cash back etc to increase its usage and popularity amongst e-shoppers. Rakhi asserts lack of uniform credit agencies create a variety of payment challenges.

E-wallet earn either from commissions from merchants or interest on money that user keeps in the account. Mint proposes that they can additionally focus on data analytics and data mining for further stream of revenue.

Snapdeal bought utility payment service provider Free Charge for \$400 million, Amazon acquired Emvantage Payments. Flipkart acquired payment services start-up FX Mart, which holds a prepaid wallet licence. All these examples are a step to strengthen cashless transactions channels. As reported in Mint, Flipkart acquired PhonePe is working on a payments solution around the Unified Payments Interface (UPI), an initiative of the National Payments Corp. of India, which will allow fund

transfer between banks and will make inter-operability between banks and instant payments possible by using a single identifier like the Aadhaar number or a virtual address.

## **XI. Evolution of The Smartphone in The Shopping Process**

Financial express asserts that e-commerce companies have a compelling necessity to diversify, upgrade and augment their operating systems in conjunction with mobile technology. Searching deals and bargain points from m-network is trendy and signifies smart application. Now with introduction of secure and reliable m-wallets, smartphones are used for m-purchase apart from searching store location and scroll product review.

As reported in Economic Times, the mobile internet user base reached 306 million by December 2015, and is expected a rise of approx. 20 % as reported by Internet and Mobile Association of India and IMRB-International. Main reason is, negligible cost through data connectivity. Records show that urbanites use web and web enabled services for communication, networking, entertainment, shopping and making travel arrangements. Parallely negligible percentage uses e-shopping from rural India and roughly 52 % access the net for entertainment so scope of e-shopping penetration in rural India is tremendous. Manju et al suggest the expansion of e-commerce world is defined by consumer's choice and connectivity. Challenges in m-commerce ranges from process integration to supportive multi-devices, and multi-screens web page to concrete and crisp m-content

## **XII. Customer Engagement & Customer Experience (CX), The Main Focal Point**

Consumer is supreme and sophisticated tools are needed to develop a more significant and 360 degree understanding of user interests, preferences, experiences, comforts and styles to follow business directions for user engagement.

The best way to drive customer engagement is through a fast loading user friendly websites, strong content strategy and excellent user services with dynamic pricing facility. Enabling customers to contribute to the conversation through comments, product reviews and ratings can provide customers a voice. This data becomes resourceful

information and whence utilized properly generates tremendous profits for organization.

Social media offers cost-effective channel to generate data and many social sites have extended facility to make purchases directly from their platform. Entrepreneur reported that Tumblr has added a number of action buttons to posts, including a Buy button. A Social Connect-Enabled website is one that allows site users to sign-in with the same credentials they use for their favourite social network and offer effortless browsing. Chayapa mentions that Clickstream behaviour i.e. consumers search for information through many sites in the same time and feel that they can control their purchasing environment (thru online world) has emerged.

### **XIII. Showrooming and Reverse Showrooming**

Showrooming means buyers comparing prices in stores and buying online. When consumers research online and buy offline, the process is referred to as **reverse showrooming or webrooming**. It is a popular and mature form of buying. Studies have indicated that promotion is the most overt way to capture the attention of reverse showroomers. As articulated in business insider a study from the Urban Land Institute 14-12% of respondents cited reverse showrooming as their preferred way to shop. In other study 50% of Millennials said they e-research and then buy in store. According to a Harris poll, 69 % of people reverse showroom, while 46 % showroom in U.S.

Retailers now acknowledge reverse showrooming as an opportunity to actively capture sales by providing best class services with knowledgeable sales staff, in-store pick-up of e-orders, connected in-store free Wi-Fi and app attached discounts. Off liners use smartphones, as register systems, robotic arms, that deliver clothing into dressing rooms and beacon hardware, which powers in-store maps and automatic hands-free payments. Offline-online integration is recent phenomenon to provide consumers with convenience of online ordering and in-store pick-up options.

## **XIV. Conclusion**

Trends suggest that innovations will be on the rise, user engagement shall be priority. Further adoption of variety of logistic models, introduction of m-commerce as an upcoming way to shop online will take Indian e-commerce to new heights. Novel marketing concepts will become a common phenomenon eg virtual trial rooms which will give e-customer an idea of how particular clothing will fit them. Alteration and try services provided by e-stores will generate positive impact of e-business in consumer mind. Innovative financial options like introduction of pre-paid and bank linked digital wallets, Interest free credit facility to e-shoppers, zero percent EMI schemes eg Bajaj Finance, a Non-bank finance company is working on interest-free instalment plans for online purchasers to provide EMI option such advances shall flood the market.

Trends of corrections, integration and business restructuring would continue as evidenced from Tinyowl's downsizing its employee base etc. Smaller cash rich retailers will acquire big retailers and Larger retailers will acquire smaller retailers. eg Free Charge launched a payment wallet in September which was acquired by e-commerce major Snapdeal in, a \$400 million buyout. . India is one of the world's fastest-growing E-commerce markets and various estimates suggest the market could grow to as much as \$100 billion by 2020 from \$3 billion now.

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