

Rural Consumers of E-Retailing in India

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Abstract

With the innovation of an Internet, the consumer behavior has also started to change from last decade. E-Retailing is a concept which has boosted both information technology and market. Just by single click, consumer can purchase any product Online. He can cross examine the prices, quality, features and many more simultaneously. E-Retailing is an simplified way of doing business both for company and consumers. In last 10-15 years, an Indian government has also started to invest huge amount by which investors are getting opportunities to work on E-Retailing sector. But if we see the types of the customers of E-Retailing then we get that most of the customers are from metropolitan cities and other big cities. Almost 70% of Indian population lives in rural area which is still far from E-Retailing and even investor don't have any future plan to make this population as a part of this business. The paper focuses on the issues and suggests the solutions.

Keywords : E-Retailing, Rural India, E-Commerce, Online Shopping.

1. Introduction :

Michael Aldrich is known as the father of E-Retailing. He invented the Online shopping in 1979 in UK. The credit to spread this concept in India goes to Ashish Jhalani who implemented this concept in the end of 90s. The concept became very popular in urban population due to so many benefits like cost saving, time saving and wide variety of products at one place. In urban India, E-Retailing has challenged to traditional way of shopping. The consumers have started to accept this concept as they don't need to stand in queue and waste hours to purchase grocery items. According to Indian E-Commerce report, Indian Internet users will increase to 20 crore and E-Retailing market will grow to \$80 billion by 2020[1]. E-Retailing will become the backbone to grab traditional market, customer relationship, cost benefits, providing best quality services to customers.

There is other side of the coin also. There is a bitter fact that urban population is getting the benefits and not to 70% Indian population which resides in rural areas. The majority of rural

consumers don't know the term "E-Retailing". The Government is not even aware of the benefits of E-Retailing and its impact on Indian economy[2].

There are so many research bodies which has done study on E-Retailing of rural India and tries to find out the reasons of the it's less growth and opportunities. The paper discuss the observations about the attitude of rural customer and their expectations towards E-Retailing.

2. Objectives of Study

- To identify consumer behavior of rural India
- To identify the challenges to E-Retailing companies to grab rural consumers
- To suggest solutions to E-Retailing companies.

3. Rural Customer's Traditional habit of Shopping:

Rural India just use traditional way of shopping. Or in other words, they don't know the other ways of shopping also. There is very few population who have heard about e-Retailing. There are so many reasons. Still more than 50% population of rural India is illiterate. It results into unavailability of Internet and thus it results into unavailability of delivery of the products. Rural customers purchase the products from local shoppers on credit basis. This is one of the type of traditional shopping which is not possible in E-Retailing. Credit cards can be the solution for this system, but there is no bank to provide this service[3].

Though the traditional shopping system has so many problems, the rural consumers like this shopping because they can touch and feel the products before purchase, they can clear the doubts by face to face interaction and they can deny the purchase the product after personal testing. This system avoids the risk of confidential information, leakage of money through banking transactions, hacking or phishing problems and many more[4].

4. Major challenges of E-Retailing in Rural India:

4.1 Absence of E-Retailers :

India is a developing country where 97% population still believe in traditional way of shopping[5]. This has resulted in R-Retailers limited area of operations in big cities and has neglected the huge number of rural customers.

4.2 Unavailability of Roads:

Unavailability of the roads cuts the villages from the cities. Nowadays also the villagers use historical bullock carts to travel from village to city. They use canal banks and crop fields to travel within villages.

4.3 Indian Big Territory :

India is seventh biggest nation in the world. The population is also distributed in almost all regions. To deliver the products in all remote locations is practically is very tedious task and it requires huge investment. For a single E-Retailer company, it is impossible[6].

4.4 Unavailability of Internet :

As illiteracy rate in India is huge, Internet faces limitations for the spread of the network. The companies always expects instant returns on their investments which is not possible in Internet[5].

4.5 Trust Between Buyers and Sellers :

In rural India, consumers purchases the products from their regular sellers from so many years. This long span of time has created a strong bonding in buyers and sellers. Most of the buyers generally trust their sellers as well as the sellers also sell the products on credit basis. Breaking this strong bond is a difficult task.

4.6 Language Barrier :

Online shopping companies uses English language on portal for the communication. In rural India, very negligible rural people can read and understand English.

4.7 Unawareness about E-Retailing :

E-Retailing companies don't run awareness campaigns. Still 97% population of city prefer traditional way of shopping. This hopeless scenario shortens the chances to divert rural consumers on E-Retailing.

4.8 Lack of Banking Sector :

Rural India is dispersed in very small villages where the commercial or banking sectors can't provide the services. Still rural India goes to Sahukar (money lender) to fulfill their financial needs. Lack of bank accounts hinders Online payment option in E-Retailing.

4.9 Government's Lack of Interest :

Indian Government is the highest body which can solve so many problems of E-Retailing. Government is responsible to provide good services and products to the consumers and create the infrastructure. But due to the lack of strong policies and regulations, E-Retailing can't get security and popularity in rural consumers[6].

5. Suggestions :**5.1 Responsibility of Young Youth:**

India is the youngest country in the world. The age of more than 50% population is between 18 to 45 years. Now the time has arrived that this young generation should show interest in

E-Retailing. More than 70% rural population of India is still untouched of E-Retailing. This is one of the big opportunity to the investor. When the young youth will take interest in this field and try to find innovation in marketing, national and international investors will also attract to E-Retailing.

5.2 Responsibility of Banks :

Both public and private banks should come forward to innovate ideas to provide the products for testing to consumers. E-Retailers should start campaigns and mass advertisements. At least they can start efforts from very small products which are daily required in rural people. E-Retailers have the responsibility to create awareness of this concept in rural India. The websites in local language to make revolution in E-Retailing. Rural consumers can personally feel near to the companies[8].

5.3 Responsibility of Government :

Government should take an initiative to provide the products in very less prices through subsidies. Government can encourage to Internet service providers by giving financial support to distribute Internet in remote areas. Government can educate rural people for E-Retailing during literacy programs[8].

5.4 Responsibility of E-Retailers:

As rural people have trust on traditional sellers, so E-Retailers can find good offers for rural sellers by which they can also become the part of this revolution. E-Retailers should try for finding new ideas to run their businesses with the help of rural sellers rather than considering them as their competitors.

5.5 Innovation in Business Ideas:

India is the land of various religions and cultures. E-Retailers can sell their most of the products in rural areas based on the beliefs of rural people on their cultures and religion. The festivals are best occasions when E-Retailers can sell their products. Just the small modifications in the products as well as in the way of selling can change the views of the rural consumers[7].

5.6 Responsibility of Consumer Court:

Consumer should act strictly on any type of fraudulent activities done by E-Retailers. The fast tract results as well as the actions should be taken on these cases. The shopping portal should be updated regularly about fraud E-Retailer sites. This will promise the rural innocent consumers get quality and quantity. This promise to secure their personal data[7].

5.7 Variety in Payment Options:

E-Retailers can find variety of payment options which can suitable for rural consumers. Cash on delivery will be the mandatory facility which will help to both buyers and seller to increase trust. Rural consumers are very innocent. The E-Retailers should not cheat to rural consumers. If

E-Retailers allowed to open the delivery and to test it, very similar to traditional way of testing the products, this will become a beginning of new business style[7].

5.8 Warranty, Replacement and Return Options :

E-Retailers can boost the Online shopping by variety of other facilities like warranty, replacement and product return as immediately as possible. The status of the product and other helpful details should be made available on website in local language by which the consumers should feel secured.

6. Conclusion :

The metropolitan cities are taking benefits of E-Retailing almost form last one decade. Now the other big cities have also joined this revolution. But 70% of Indian rural population is still very far from this concept. E-Retailers even don't have any long term plan to enter in this new sectors of consumers. Only E-Retailers are not responsible for this business gap. E-Retailers alone can't take risk without the support of Government. E-Retailing require huge infrastructure including hardware, software, network and other IT solutions.

Unless and until Government take initiative to provide this huge infrastructure, E-Retailers as well as rural consumers won't come forward to take efforts in success of this challenge. E-Retailers will exponentially increase their revenue when they will open this new page of Online shopping. No doubt, E-Retailers first need to concentrate on selling agriculture products and the daily needs to rural consumers. The only first step of success to E-Retailers is to start thinking as per rural consumer's needs rather than forcing rural consumers to purchase the products what E-Retailers want to sell.

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