

Research Article

Future Prospects and Challenges of E-Commerce in Rural Market of India

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How to cite this article:

Maurya S. Future Prospects and Challenges of E-Commerce in Rural Market of India. *J Adv Res Busi Law Tech Mgmt* 2022; 5(1): 11-15.

Date of Submission: 2022-01-05

Date of Acceptance: 2022-02-09

A B S T R A C T

E-commerce is giving traditional forms of business and trade a run for their money in today's technologically advanced world. Because of the rapid development of technology, the globe has shrunk to the size of a town. E-commerce has already reached the vast majority of customers in the urban sector, but the difficulty now facing companies is to expand their customer base into the rural sector as well. The rural population of India is forced to travel to faraway regions or to cities in close proximity in order to obtain luxury goods. In this regard, e-commerce may be of assistance to them by expanding the scope of their activities. The bulk of the population lives in rural areas, making it a difficult task to establish and deliver e-commerce services to them. The purpose of this study is to investigate the potential for e-commerce to play a role in the promotion of sustainable and equitable development in rural areas. We have a discussion on the many ways in which the rural areas may stand to gain from the use of e-commerce technology. The increasing population of mobile and internet users, the digital gap between rural and urban populations, the difficulties associated with distributing the service of e-commerce in rural areas and the possibilities for the future are discussed. Although there are a lot of obstacles to overcome, newly established community e-centers have shown to have a promising potential in terms of their ability to provide e-commerce services to rural areas. In addition, there is a need for population financing for the construction and development of rural infrastructure in order to sustain rural communities that have a low per capita income. This study might be beneficial for policy makers in implementing the proper development plan for the purpose of alleviating poverty and improving living standards in rural areas.

Keywords: E-Commerce, Indian Rural Area, Poverty Reduction

Introduction

It has been proposed that the rise of e-commerce as an efficient means of trade and commerce might serve as a new driving factor for the expansion of economies in developing nations (Swatman, 1996; Humphrey et al., 2003). When it was first created, the word "e-commerce" referred

to the practice of completing commercial transactions electronically via the use of technologies such as Electronic Data Interchange (EDI) and Electronic Funds transfer (EFT). These technologies, which were introduced for the first time in the late 1970s, made it possible for businesses to communicate with one another electronically and carry out electronic transactions digitally, most often in the form of

electronic purchase orders and invoices. The Electronic Data Interchange (EDI) and electronic funds transfer technologies were the key enablers that paved the way for what we now refer to as electronic commerce. It was previously believed that companies involved in e-commerce do not have any penetration into the rural villages of India.

However, in the recent past there have been some advancements in the country that have linked even the rural villages to the most current technical trends. These developments have been made possible as a result of certain connections. The United States Postal Service is an example of a single system that has the power to link the whole of the country. It has spread to practically all of the towns and villages, even those in the most inaccessible areas. The Indian postal service has seen phenomenal expansion over the course of the previous two years. The reason for this is that the department, which had been operating at a loss for many years, has now worked with more than 400 e-commerce websites, including large ones like as Amazon and Flipkart, to provide delivery services for their products.

There are several e-commerce companies that have expanded their operations into the rural villages of the country. They have helped the country make the transition to digital infrastructure by establishing reliable logistical channels. There are certain areas in which these companies make use of their very own delivery services; nevertheless, the vast majority of these areas make use of the services of third parties, which may include the postal service. It is important not to undervalue the power of e-commerce since it is continuing to become more integrated into daily life and is creating substantial opportunities for small, medium and big companies as well as online investors. When it comes to the potential of firms involved in e-commerce, one need not go very far. For instance, Amazon, which is known for being the industry leader when it comes to customer-focused websites as well as having an efficient supply chain, has been estimated to sell more than 426 things every single second.

Pioneers of E-commerce

E-commerce truly started to take off when well-known companies like eBay and Amazon (both of which began operations in 1994) came into existence. eBay and Amazon were two of the early pioneers in establishing themselves as prominent e-commerce firms.

Background of Current Research Work

As is common knowledge, internet and business transactions conducted online are fully committed to every industrialized country. However, we believe that it is not only possible, but also has the potential to be of

significant help to nations that are still in the business of developing, provided that an appropriate commercial objective is established. It was made abundantly clear by Ohidujja man that e-commerce is both a revolution and a turning point in online business practices and that it has the potential to make a significant contribution to the economy. Hasan also indicated that at the present time, e-commerce organizations have increasingly become a fundamental component of business strategy and a powerful catalyst for economic development. E-commerce, which is essentially just another name for online shopping, has been the subject of a massive amount of study over the years. The importance of online shopping, as well as its benefits and advantages, have recently come to the attention of a significant number of academics. On the other side, the researchers discovered a restriction of e-commerce and at the same time, they offered an important proposal and arrived at a conclusion about how to make online shopping more helpful for customers. However, the role of traditional marketing cannot be ignored, despite the fact that, in our opinion, it is less successful than shopping online. Therefore, using this information, Mehrdad Salehi was able to determine the differences between online marketing and traditional marketing. Even though the majority of people in Bangladesh, particularly those living in rural people, do not have the internet-using skills to successfully manage an online business.

According to Paatnaik and Rao (2006), the strengthening of rural communication services is an essential component for the welfare and development of rural India. This is because these services provide timely information on business, price, market and demands in a matter of minutes and they do so at an extremely affordable cost. To allow the franchisee to supply telecom facilities on a revenue sharing basis, an open and transparent franchise policy for rural regions has to be developed. Since it is believed that rural literacy and road length, in particular, as well as other rural infrastructure, in general, are essential for the growth of rural non-farm sectors and for enhancing their employment generation potential, policy measures should be directed toward strengthening these support systems, which would in turn lead to the growth of rural India as well as the Indian economy as a whole (Pradhan, 2005). Vertical coordination has allowed for the formation of collaborative ties between India's business sector and its rural areas. Integration and increasing the efficiency of the supply chain is a theme that runs across all of them (Hans, 2006). The agri-initiatives being pursued by Indian corporate will be a significant contributor to the transmission of accurate information and knowledge. Corporate have the ability to serve not only as purchasers of agricultural goods but also as suppliers of the resources necessary for their production.

Scope of the study

In the rural sector, there is a significant potential for online business. We examined the services of a number of different e-commerce companies in order to determine whether or not these businesses had access to the rural villages of India. Amazon, Flipkart and Snapdeal are the three companies that have the most market share in the country's e-commerce industry. The data used for this research paper are from secondary sources. This is a theoretical paper that investigates the opportunities presented by e-commerce in rural areas.

Research Methodology

The research relies only on secondary data as sources of information. The methodology that is being used is one that is experimental in nature. The material was gathered from a variety of sources including journals, periodicals, books and interviews with managers working for a variety of different companies. On the basis of the information obtained from a variety of sources, analysis has been carried out.

Potential of e-Commerce in Rural Marketing

These are the most successful online retail businesses in the nation and they have significantly boosted their earnings as a result of expanding their reach to include not just cities and towns but also villages. A number of more online retailers, including Myntra, Jabong and Voonik, have also started product delivery services in a variety of villages and towns around the country. However, there are still many e-commerce companies that have not yet expanded their services to the rural villages. They have not yet completed the process of providing coverage in the key cities where they operate. Villagers have begun to get advantages from these companies since the option of online delivery became available to them. Because more people now have access to the internet, more of them are able to place their orders for goods online. In addition to the aforementioned players, Shopclues serves customers in 8000 different pin codes spread over small towns and villages. The companies have seen that there has been a significant increase in the demand from the villages for goods such as electronics and kitchenware.

Because of the very low incidence of customer returns seen in rural areas, e-commerce businesses have found that this particular market segment has a wealth of opportunities. The needs of the consumer are very prioritized and they will not purchase items that are not relevant to their situation. As a result, companies save significant sums of money in logistical expenses that would have been incurred to retrieve the previously delivered goods. There are several e-commerce companies, such as I-pay, Inthree-Boon Box, Storeking and e-Dabba, that cater only to customers in

rural areas of the country. Other similar businesses also exist. The insufficiencies of internet connection in rural areas of the country have prompted these companies to make a number of adjustments to their processes and designs in order to compensate for the challenges posed by those regions.

The bulk of purchases made in rural areas are comprised of items falling into the categories of electronic appliances, stoves, wet grinders and baby supplies. This population purchases things based mostly on their requirements. Their ability to make purchases is comparable to that of the urban population; yet, there is always a factor of mistrust among members of the rural population. This is the primary reason why people go with the option of paying cash upon delivery.

This market has a significant amount of untapped potential. More than sixty-five percent of our population is still concentrated in the country's rural villages and of that number, 138 million are literate in the use of mobile devices and personal computers. There is no doubt that more people are using the internet. It is anticipated that over the following two years, all of the towns and villages will have access to online commerce. One may say that India's e-commerce industry still has a ways to go before reaching its full potential.

Advantage to sell online in Rural Market

Higher Margins

It is common for start-up expenses and continuing operational expenditures, such as rent, heating, energy, warehousing (if running a drop-ship model) and inventory management, to be significantly lowered or removed altogether. In addition, customer service and several other administrative responsibilities may be automated or outsourced at a cost that is not too high. When opposed to running a traditional brick-and-mortar establishment, selling products via an online store often results in larger business margins.

Scalability

When running a traditional storefront business, the proprietor is often constrained by the number of people who may be present in the store at any one moment due to space constraints. When it comes to online trading, there are no restrictions. When you run a business over the internet, you get access to a market that is genuinely worldwide. In addition, the use of online platforms makes quick scalability possible. The rise of social media and content marketing, in addition to the possibility of generating traffic and conversions via pay-per-click (PPC), has made it possible for businesses to rapidly grow into new geographical areas or markets.

Consumer Insight/ Technology

Typically, businesses that deal in e-commerce compile an enormous quantity of information about their data. Because every aspect of a customer's business is being monitored, owners of e-commerce businesses are able to comprehend, modify and enhance the shopping experience of their clients. These owners can then base their choices on the collected data to boost conversion rates and revenues. Unlocking insights from this data gives a unique advantage that is not accessible in traditional shops; thus, it is crucial that online merchants utilize technologies such as Google Analytics appropriately to get a better technology of their consumers' purchasing behaviors. Those that invest in the correct technology and hardware for their businesses have the potential to experience explosive growth.

After having gained an understanding of the advantages of operating an e-commerce business, it is now time to shift focus to the many categories of e-commerce businesses that are now accessible.

Since the middle of the past century, the phrase "ruling the business" has been synonymous with "e-commerce." To take advantage of the Internet's potential for communicating with a larger number of people, many of businesses have relocated their operations online. Additionally, this converts into an extra income stream, which provides you a greater return on Investment (ROI) while requiring less time and money to make the investment. E-commerce has permeated every today of our lives in such a manner that participating in it is no longer a choice but rather a need. From a commercial point of view, it seems to be a huge possibility and even well-established businesses who only sell their products in physical stores are beginning to investigate this business today.

What makes E-commerce a Booming Trend

The consumers and the business merchants both come out ahead in the long run when it comes to e-commerce. The consumers have an overwhelming number of brand, fashion and comfort options to choose from, all of which are offered at reasonable prices. If we look at the situation from the perspective of the merchants, we see that it is possible for them to sell goods and make a greater profit in a shorter amount of time regardless of whether or not they have a warehouse because they are able to get connected with the production center directly for the purpose of shipping. This removes the need for them to manage and maintain their own warehouse, which would require a significant investment in terms of leasing fees, personnel and labor costs. They have seen a significant reduction in all of these costs as a direct result of using the online selling channel. Additionally, in comparison to their physical store, this kind of selling allows the merchants to interact with a greater number of potential clients.

e-Commerce is only an urban Phenomenon in India

Because such a rural percentage of the country's population lives in rural areas, that sector of the Indian economy is the most important. On the other hand, people who live in urban areas tend to have higher levels of education, more familiarity with modern technology and a greater willingness to spend money. In this context, e-commerce, like any other business for that matter, has to find a middle ground between the two different types of people that make up the population.

The most important question that arises for sellers in this industry is whether or not e-commerce is primarily an urban phenomenon in India, or whether or not there is potential for it in rural areas as well. To begin, you need to have an understanding of the difficulties and impediments that may affect the extent to which they can reach people in rural areas:

- Because of the hyper-local nature of rural markets, a seller who wishes to target such areas must also pay careful attention to the product portfolio in order to ensure their success
- Customers could feel uneasy since there isn't a physical presence in their neighborhood to reassure them
- It's online that people won't purchase online because they're worried about the safety of making payments via the shopping, which is another reason
- Because English is the language used on the vast majority of e-commerce websites, the language barrier is the most significant one. E-commerce development with vernacular languages is something that businesses will need to consider if they want to attract clients. This will enable the businesses to communicate with their target audience in the audience's local language
- Having a presence on the mobile channel is equally vital given that some people living in rural areas may not have access to computers like desktops or laptops and even if they have, they could feel more at ease doing their shopping on their mobile devices
- Access and transportation infrastructure are also important since these factors will have a significant effect on the efficacy of supply chain operations

E-commerce sellers and brands are eager to investigate the prospects presented by this market area, despite the obstacles that stand in their way. As we go further, we will investigate the effect that the development of e-commerce websites has had on rural areas in India. The widespread thinking that e-commerce companies would not be able to penetrate India's rural areas has been challenged by the rapid spread of rural technology in these areas in recent years. e-Commerce businesses are moving ahead in the rural setups are give below.

It is common knowledge that the capabilities of the postal

service include the power to link every part of the globe. The Indian Postal Service has a rich history and has developed into its current form throughout the course of its existence. Evidently, it has effectively made its today to all of India's villages and other remote locations at this point in time. In addition, throughout the last two years, the Indian Postal Service has undergone significant transformation as a result of its increasing level of collaboration with more than 400 online shopping websites. The most well-known names on this list are Amazon and Flip kart, both of which are listed.

Today, more than 1,550,000 post offices in rural areas are linked to one another so that goods may be delivered to clients regardless of how remote the customers' locations are. When businesses related to online shopping are brought into the process of converting our country into a digital one via the logistics channel, this is an encouraging development. The e-commerce businesses may even investigate the possibility of establishing their very own delivery system in order to service these locations; alternatively, they may elect to employ the services of third parties such as the postal services and many other minor organizations. Rural India is proving to be fertile ground for the expansion of e-commerce.

E-commerce companies like as Myntra, Jabong, Voonik, Amazon, Shopclues and FlipKart, amongst others, are receiving a sizeable coverage of their income from the villages. The villagers are reaping the advantages of the online delivery system and with the proliferation of the Internet and cellphones, the vast majority of the villagers are utilizing mobile apps and computers to order their orders for the goods they need. According to these companies, the most popular goods include things like electronic goods, utensils, grinders, baby products, mixers and other similar items. The fascinating thing about orders placed from remote locations is that there is a lower likelihood of goods being returned because customers order orders for only the most essential items. Since of this, the corporation will spend less money on logistics because they will have to invest less money in getting the given goods back. Some businesses, such as Ipay, Storeking, e-Dabba and others, are focusing their efforts entirely on rural areas. These businesses have cutting-edge web design and development and they tailor their operations to meet the requirements of rural consumers while also taking into account the limitations of Internet connectivity in those areas.

Conclusion

Certainly, the time has come for traditional merchants to begin generating a profit from their online operations by marketing to the country's inhabitants. The online market is exploding right now, but it's important to be aware of the challenges that come with selling to consumers who aren't very tech-savvy and who may not be completely at

ease with the idea of making payments online. Regardless of the challenges associated with connection, the ideal strategy is to concentrate on achieving certain standards, such as a straightforward design, user-friendly navigation, protected payments and seamless experiences. In addition to that, they should also focus their efforts on improving the operational parts of the company. This market has a significant amount of untapped potential. More than sixty-five percent of our population is still concentrated in the country's rural villages and of that number, 138 million are literate in the use of mobile devices and personal computers. There is no doubt that more people are using the internet. It is anticipated that over the following two years, all of the towns and villages will have access to online commerce. One may say that India's e-commerce industry still has a ways to go before reaching its full potential.

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