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E-COMMERCE IN INDIA is one big phenomenon; it's getting bigger and better with each passing year. Currently valued at about ₹170,000 crore, the e-commerce industry in the country is set to cross the ₹680,000-crore mark by 2020, growing at a CAGR of 35-40%. In 2015, approximately 55 million consumers went online to make purchases, and by 2020 there will be around 320 million online consumers in India. Changing lifestyle aspirations, rising disposable incomes, increasing Internet penetration, explosive growth of m-commerce aided by increasing use of tablets and smartphones, lucrative discounts and promotions, easy financing options, and range of payment options are the key factors driving e-commerce growth in India.

With the rising popularity of e-commerce, Indian consumers are getting more and more comfortable buying all kinds of products online, and consumer durables are no exception. Today consumer durables account for a major chunk of the online market. By 2025, the domestic market for consumer electronics and appliances is forecast to top ₹138,000 crore by 2020 only to become the fifth-largest in the world, and that alone speaks of the humungous potential for players in the consumer durables segment. Considering the current market trend, we will be witnessing a sizeable growth in e-tailing in consumer durables, especially in the home appliances category wherein penetration level is still very low. We will also see many brands setting up

Time to Bite the Bullet

While deep discounting has been the major weapon used by most e-tailers to drive sales, building trust and vigorously focusing on logistics will ensure sustainability of online business

their own e-commerce portals for selling directly to end consumers.

For e-commerce players selling consumer durables, the way ahead has its share of challenges and opportunities. Growth is bound to happen with rising consumer aspirations and increasing Internet penetration, but the industry still needs to overcome challenges of untapped market penetration, logistics, customer acquisition and profitability. The biggest challenge today is of logistics, as any failure on this front will be detrimental for any brand. Suppose you order a home appliance, let's say a mixer grinder. You would always want it to reach your doorstep in time, in one piece without any damage, and if in case there is some issue with the product or a wrong product is delivered you would want the return process to be quick and hassle-free. Getting the right product delivered to the customer at the right time holds great importance in establishing a good reputation with your customers. Therein arises the need for a renewed focus on logistics, and given the rising significance of tier-II and tier-III cities, huge volume of CoD orders and rising number of e-tailers, there is a dire need to strengthen overall fulfillment capabilities.

India's length and breadth is known to everyone. While urban and semi-urban penetration has increased largely

in the e-commerce space, there is still a huge untapped market considering the fact that majority of Indian population lives in rural areas and hasn't yet embraced e-commerce. E-tailers who will be able to make inroads into the rural market are sure to get a bigger slice of the pie. However, it would all be possible if there will be e-commerce awareness, an efficient supply-chain system in place, and most importantly Internet access in the remotest areas in rural India. Another area that needs improvement is the way customers pay for products online. At present cash-on-delivery is the most popular payment method among Indian customers, which accounts for non-delivery and high return rates. The key reasons behind it are the lack of customer's trust in making online payments and payment failure rate. Once industry players are able to address these issues, cashless online payments will eventually gain ground.

The e-commerce industry is highly competitive and there are more than a few players in every segment. That said, acquiring new customers for your online business itself is a big challenge for e-tailers, leave alone keeping them loyal. Companies are spending heavily on branding and marketing to get consumers to purchase from their e-commerce websites which results

in high cost of customer acquisition. Some of the widely used methods to gain new customers are paid search, banner advertising, social media marketing, affiliate networking and e-mail marketing. Irrespective of the methods chosen, a proper assessment is mandatory in order to get the best returns on investment. The kind of merchandise you sell also affects your customer acquisition cost. In the consumer durables segment, covering customer acquisition cost (CAC) is usually easier for e-tailers selling high-value, high-margin products. When it comes to building customer loyalty online, it becomes extremely important to study consumer behaviour on your e-portal and then create a relevant marketing plan to keep them engaged

and motivated to make more purchases.

Deep discounting has been the major weapon used by most e-tailers so far to drive sales, but that doesn't go in favour of online businesses in the long run. It is high time we focus on other factors such as reliability, quality and trust. Sharing our part of the story, Orient Electric has recently ventured into the e-commerce space with its online portal www.orientelectricshop.com to improve brand presence online and tap the engaging online consumer. We intend to not only provide a safe and secure online buying environment but also to enhance consumer engagement. Instead of going for discriminatory pricing, we are offering genuine and quality products along with value-added services so that even

the deal hunters get their money value. Through our e-commerce portal, we are also giving our brand loyal customers a platform to explore our entire range of fans, home appliances, lighting and switchgear at one place. We have made huge investments in technology and logistics in order to deliver a seamless buying experience to customers.

The e-commerce industry in India is without doubt set for immense growth backed by government's significant focus on digitisation. The only thing that we need to wait and watch for is how well online businesses take hold of the opportunities to market and sell their offerings. ●

The author is head-branding & corporate communication of Orient Electric Ltd. Views are personal.