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AN INTEGRATED STUDY OF KEY DRIVERS OF E-RETAILING IN INDIA

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ABSTRACT
This research explores the essential factors fueling the rapid rise of e-retailing across the nation. The study's main objective is to pinpoint the core determinants that are accelerating online retail growth. It is based entirely on secondary information sourced from scholarly publications, industry reports, government documents, and reputable online databases. The introduction outlines the transformation of India's retail sector, driven by digital advancements, wider internet availability, increasing smartphone usage, cost-effective data plans, and evolving consumer expectations. The analysis highlights the influence of mobile commerce, government-led digital initiatives, secure digital payment systems, a youthful and tech-savvy population, growing middle-class income, and enhanced logistics networks as significant contributors to e-retail expansion. Overall, the findings indicate that India's e-retailing industry will continue to advance rapidly, supported by technological progress, favourable policy measures, and dynamic consumer trends.

KEYWORDS: *E- Retailing, Internet Availability, Smartphone Usage, Digital Payment System*

INTRODUCTION
India is witnessing remarkable transformations in its retail business landscape, largely driven by the digital revolution. The growth of e-retailing has reshaped the country's retail sector by offering consumers greater convenience and a wider range of product choices. Increasing mobile usage, expanding internet penetration, and the availability of low-cost data plans have significantly fueled the rise of e-retailing across the nation; Asmita & Ankit (2023). A growing number of customers are turning to online retailing because e-stores provide a wide range of products and services tailored to their preferences. Key advantages such as convenience, 24/7 accessibility, flexible pricing, attractive discounts, and free home delivery make online shopping highly appealing. As a result, many online retailers are now witnessing rising demand for their products and services. With competition intensifying in the online retail sector, e-tailers have shifted their emphasis from merely attracting new consumers to encouraging repeat purchases and building long-term customer loyalty.

E-commerce, or electronic commerce, refers to conducting the buying and selling of products and services over the internet. It includes a broad range of online business activities, such as digital marketplaces, online retailing, and business-to-business (B2B) transactions. E-commerce operates through technologies like websites, mobile apps, and secure online payment systems, enabling transactions between consumers and businesses or between businesses themselves. It allows companies to reach customers globally, offering a quick, convenient, and cost-efficient alternative to traditional physical stores. This digital model has significantly transformed conventional retail practices and continues to influence how businesses function and engage with their customers.

The rapid expansion of mobile computing can be attributed to the growing number of companies adopting this dynamic business platform, motivated by its advantages of mobility and broad accessibility, which eliminate barriers of distance and time. Mobile commerce, or m-commerce, refers to purchasing goods from online retailers through mobile-friendly websites or dedicated applications. Over the past decade, the mobile revolution has created an era of continuous connectivity, significantly transforming various industries, including retail and the apparel sector. M-commerce involves conducting transactions whether buying, selling, or exchanging information through mobile devices using wireless networks, allowing all parties involved interacting and completing transactions from virtually any location.

This growing trend has had a notable impact on how consumers purchase clothing, with an increasing number shifting toward this modern mode of shopping. Consequently, leading apparel retailers are prioritizing the development of a

robust digital presence to strengthen customer engagement and remain competitive in an already crowded market. With the evolution of sophisticated mobile devices especially smartphones consumers now have the convenience of accessing their preferred stores anytime and anywhere, essentially carrying a virtual marketplace in their hands (Abrams, 2013). Worldwide, a significant share of e-commerce expansion is driven by consumers who use mobile devices like smartphones and tablets to buy products and services. Statista's Market Insights reports that mobile-based e-commerce sales reached $2.2 trillion in 2023, representing 60 percent of global online retail sales (https://www.statista.com/chart/13139/estimated-worldwide-mobile-e-commerce-sales/).

REVIEW OF LITERATURE

Sin and Tse (2002) conducted a study to test a model of internet shopping behavior, examining how various factors influence consumers' online purchasing habits. The results indicated that consumer behavior in online shopping is shaped by demographic, psychographic, attitudinal, and experiential factors.

Sultan and Uddin (2011) investigated the key factors shaping consumers' perceptions and attitudes toward making online purchases. Their research identified three primary elements that significantly influence online shopping behavior: website design and features, convenience, and time efficiency.

Singh (2013) emphasized that the growth of e-commerce is closely tied to the adoption of online transaction methods, several of which have been analyzed in this study. However, online transactions are vulnerable to various risks, including theft of transaction and personal data as well as fraudulent rejection by customers.

Sethuraman and Thanigan (2019) noted a significant shift in consumers' perspectives toward online shopping. The study revealed that customers' attitudes have transitioned notably from traditional shopping methods to embracing online shopping. The findings emphasized that perceived product quality plays a crucial role in gaining customer trust. Shree et al. (2021) employed a new survey-based dataset to explore how consumer perceptions and trust in digital payments influence payment behavior, particularly in relation to online fraud experiences. Their findings revealed notable variations in the use of digital payments depending on individuals' past experiences, highlighting the critical role of trust and security in either promoting or deterring the adoption of digital payment technologies.

Chahdi *et al.* (2024) explore how purchasing decisions in electronic marketing are shaped by social media platforms, with a specific focus on age and gender differences. Social media has become an essential tool for communication, information sharing, and product promotion, significantly altering consumer behavior.

Objective of the Study: To identify the major factors driving the growth of e-retailing in India.

Research Methodology: To achieve the objective, the researcher has relied on secondary data sources, including published reports, academic articles, and online databases.

Analysis

The internet has transformed how consumers shop for and purchase goods and services, quickly becoming a global phenomenon; Shergill & Chen (2005). As the number of internet users in India continues to grow, it presents a promising future for online shopping. E-commerce has experienced significant growth due to several factors, including the rapid adoption of technology by Indian consumers, a sharp rise in internet usage, new enabling technologies, innovative business models, and alternative payment methods introduced by e-commerce companies. According to the WTO, "E-commerce refers to the production, distribution, marketing, sales, or delivery of goods and services through electronic means."

The growing adoption of smartphones with ample internal storage, heightened market awareness, and government initiatives such as Start-up India, Make in India, and Digital India, along with increased internet penetration fueled by market players like Reliance Jio, are all contributing to the rapid growth of e-commerce in India.

The potential for online marketing in India is vast, driven by the country’s large population, evolving consumer lifestyles, and the limited infrastructure for large physical retail stores. With hundreds of websites already in operation and many more expected to enter the market, online marketing is poised to be a game changer in India; Nittala (2015). It provides a unique opportunity to share information, communicate with customers, collect feedback, and conduct

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satisfaction surveys. This innovative shopping model not only offers a wide variety of products to consumers but also opens up a massive market with numerous business opportunities.

E-commerce holds a competitive edge over traditional shopping methods due to its round-the-clock availability and the convenience of accessing products that may not be found in local stores. As awareness of the advantages of online shopping grows, there has been a notable increase in investment in e-commerce ventures. Many established businesses, such as Shoppers Stop and Lifestyle, have also introduced online transaction channels alongside their offline operations, adopting an omni-channel marketing approach.

Table 1: Indian e-commerce Market (US $ Billion)

S. No.	Year	Value(US $ Billion)
1	2021	67
2	2022	84
3	2023	102
4	2024	123
5	2025*	145

Source: www.ibef.org

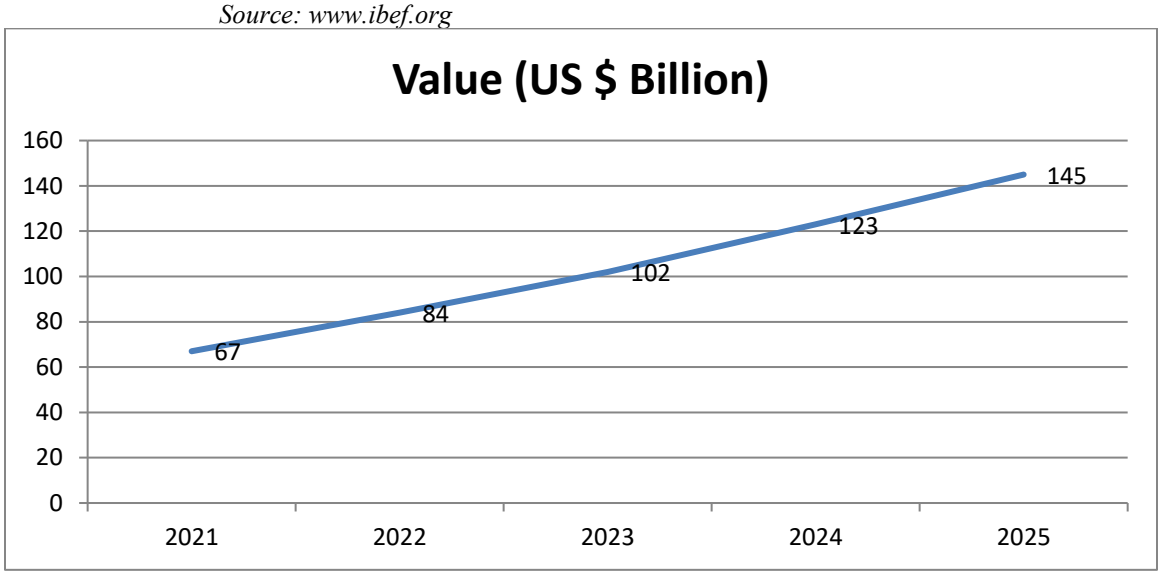


Figure 1: Indian e-commerce Market (US $ Billion)

Source: www.ibef.org

The Indian e-commerce market has shown remarkable growth in recent years, with a consistent upward trajectory in its market value. From $67 billion in 2021, the market expanded to $84 billion in 2022, reflecting a significant increase. By 2023, the market further surged to $102 billion, highlighting the accelerating adoption of online shopping. The 2024 result indicates a continued robust growth, with the market has reached $123 billion. Looking ahead, the Indian e-commerce sector is anticipated to grow to $145 billion by 2025, underlining the immense potential and opportunities within the market. This growth is driven by factors such as increased internet penetration, smartphone adoption, government initiatives, and evolving consumer behavior, positioning India as one of the largest and fastest-growing e-commerce markets globally.

Key Drivers of E-Retailing in India

Key drivers of e-retailing in India include increased internet penetration, smartphone adoption, digital payment options, government initiatives like Digital India, and a growing middle-class population. These factors, combined with the convenience, variety, and competitive pricing offered by online platforms, have significantly boosted the e-retail market in India.

1. Increase in Internet penetration: The rise in internet penetration across India has been a crucial factor driving e-retailing. With an increasing number of internet users, especially in rural and semi-urban areas, more consumers are

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gaining access to online platforms. This has opened up new markets for e-retailers, enabling them to reach a broader audience. The government's push for digital infrastructure and affordable data plans has further facilitated this growth, making online shopping more accessible to diverse demographics.

Table 2: Internet Penetration in India

S. No.	Year	Internet Penetration Rate (In %)
1	2019	33.7
2	2020	43.4
3	2021	46.3
4	2022	48.1
5	2023	51.5
6	2024	52.4

Source: https://www.statista.com/statistics/792074/india-internet-penetration-rate/

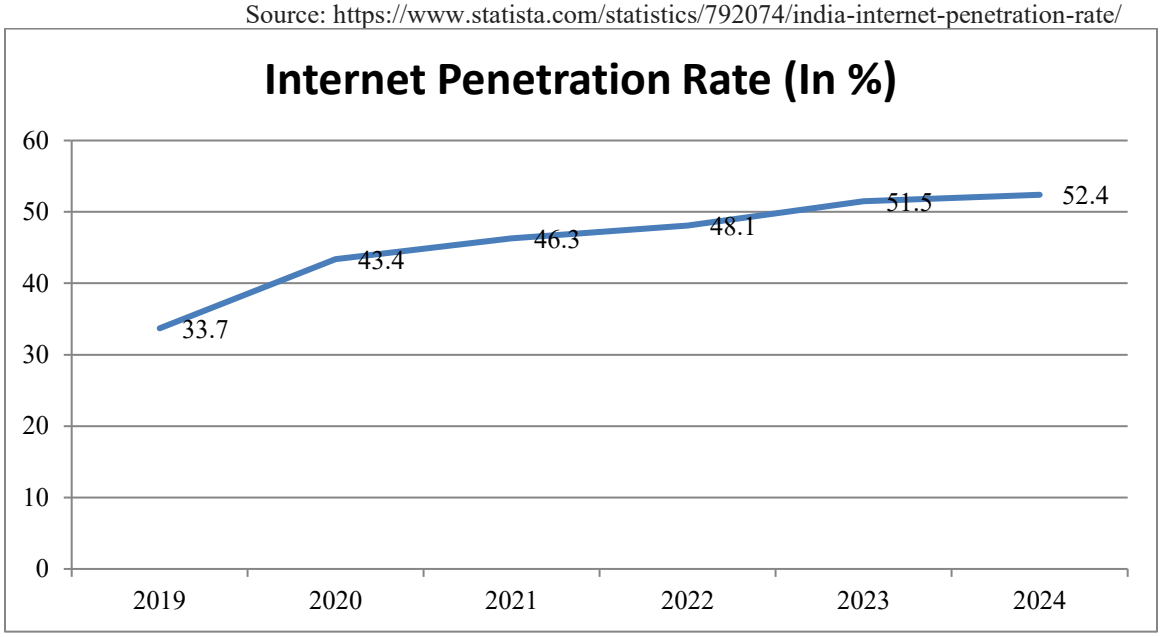


Figure 2: Internet Penetration in India

Source: https://www.statista.com/statistics/792074/india-internet-penetration-rate/

The internet penetration rate in India has shown a steady and consistent increase over the past few years, reflecting the country's growing digital connectivity. In 2019, the internet penetration rate was at 33.7%, indicating that approximately one-third of the population had access to the internet. By 2020, this figure rose to 43.4%, marking a significant leap, likely driven by increased reliance on digital platforms due to the COVID-19 pandemic. In 2021, the penetration rate continued to rise to 46.3%, and in 2022, it reached 48.1%, signaling gradual but strong adoption of internet services across the country.

The growth continued in 2023, with the internet penetration rate reaching 51.5%, surpassing the 50% mark and highlighting a significant milestone in digital inclusion. By 2024, the internet penetration rate is projected to rise further to 52.4%, suggesting that India's digital ecosystem will continue to expand. This growth is driven by factors such as affordable internet plans, the increasing use of smartphones, and government initiatives like Digital India. With more people gaining internet access, the country is poised to experience further growth in e-commerce, online education, digital banking, and other internet-dependent sectors.

2. Growth in smartphone adoption driving mobile based e-Commerce sales: Smartphone adoption has significantly boosted mobile-based e-commerce in India. With affordable smartphones offering high-speed internet connectivity, consumers are increasingly using mobile devices for online shopping. Mobile shopping apps offer a user-friendly experience and enable consumers to browse, compare, and purchase products conveniently. This shift to

mobile has driven higher engagement and sales for e-retailers, as consumers prefer the convenience of shopping on-the-go.

3. Youth-Skewed Demographics: India's young population is another key driver of e-retailing. With a median age of around 28 years, the country has a large base of tech-savvy and digitally connected consumers who are highly inclined towards online shopping. The youth's familiarity with technology and their comfort with digital transactions contribute to the growing popularity of e-retail platforms, particularly in sectors like fashion, electronics, and lifestyle products.

4. Government Initiatives Gaining Momentum: Government initiatives like Start-up India, Digital India, Make in India, and Skill India have played a pivotal role in promoting e-retailing in India. These programs aim to boost the digital economy, enhance online infrastructure, and foster entrepreneurship. The Digital India campaign, in particular, has been instrumental in improving internet access and encouraging the adoption of digital payment systems, which have directly impacted e-retail growth by creating a more conducive environment for online businesses to thrive.

5. Digital Payment Options: The availability of secure and convenient digital payment options has been crucial in facilitating the growth of e-retailing in India. Digital wallets, UPI (Unified Payments Interface), and other online payment systems have made transactions faster, safer, and more accessible. This has helped build consumer trust in online shopping, particularly among those who may have previously been wary of digital payments, thereby driving greater online shopping participation.

6. Growing Middle-Class Population: India's expanding middle class is a significant driver of e-retailing growth. As disposable incomes rise, a larger section of the population is able to afford online purchases. This demographic is also more inclined towards purchasing products online due to convenience, better prices, and the wide variety available. The middle class is also more receptive to digital marketing and online advertisements, further boosting the demand for e-retail platforms.

7. Improved Logistics and Delivery Infrastructure: The development of efficient logistics and delivery networks has been a key enabler for e-retailing in India. E-commerce companies have invested in strengthening supply chains, ensuring timely deliveries even in remote areas. With improved delivery services like cash on delivery, real-time tracking, and quicker shipping options, consumers feel more confident in making online purchases. This logistical advancement has allowed e-retailers to expand their reach, including in tier 2 and tier 3 cities.

CONCLUSION

The study reveals that e-retailing in India is expanding swiftly and consistently, supported by technological progress, economic shifts, and demographic trends. Rising internet accessibility, growing smartphone usage, and the increasing popularity of mobile commerce have reshaped consumer buying habits, making online shopping more convenient and widespread. Government programs like Digital India and Start-up India have strengthened the country's digital infrastructure, while secure digital payment systems have boosted consumer trust in online purchases. The growth of the middle class, along with advancements in logistics and delivery services, has further accelerated the adoption of e-retailing. Moreover, India's youthful population plays a crucial role in driving online demand across various product segments. In conclusion, the combined factors examined in the study suggest that e-retailing in India will continue its strong upward trajectory, fueled by technological innovations, supportive government measures, and evolving consumer expectations, making it one of the world's fastest-growing e-commerce markets.

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