

e-Retailing in India

Despite issues, customers satisfied with top retailers

Increased Internet penetration, improved security measures, convenience of shopping in lives pressed for time, and, of course, dozens of retailers to choose from – these are a few factors that are attracting more and more consumers to shop online. In fact, the recently concluded Google's Online Shopping Festival (GOSF) saw some 16 million Indians shopping online within four days. Yet, while online shopping is an easy way for comparison of different products on the basis of their features and specifications—without going from shop to shop, many consumers do find it difficult to choose the best and safest sites for making purchases. This report focuses on the consumer-side story so far, specifically the distance between expectation and experience in the online shopping space, and thereby attempts to identify problems that consumers face when purchasing online.

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In the third week of December, the anchor space in *Economic Times* was occupied by a positive story on e-commerce in India. Published after a thorough background research and interviews with industry leaders and with support from statistical information from IMRB research, the

report concluded that 'major Indian online retailers, including Snapdeal and fashion portal Myntra, expect to turn profitable in the next two years, signalling a seismic shift in an industry where so far growth has been pursued at the expense of the bottom line.' Dozens of follow-up stories to the story were being

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published by various other leading dailies till this piece went to print, and all of them were underlining the fact that India was buying online like never before and that the numbers of online buyers would continue to grow.

Bearing in mind the popularity of e-stores, we at *Consumer Voice* set out to capture the experiences of consumers who were regularly visiting these portals

and making purchases. The mandate was also to review the services of the top e-retailers. Through a formal survey, we identified the highly rated e-commerce sites and also identified a few problems that consumers faced on online/Web retail stores. We identified nearly 140 variables, of which 112 were considered worth researching and grouped as pre-purchase and post-purchase variables (see box).

Pre-Purchase Behaviour <i>Analysed in Phase 1 of survey</i>	Post-Purchase Behaviour <i>Analysed in Phase 2 of survey</i>
<ul style="list-style-type: none"> • Browsing experience and visual appeal • Search experience • Range and availability of products • Comprehensiveness of information • Comparison facility • Terms and conditions • Shopping cart • Payment process • Delivery 	<ul style="list-style-type: none"> • Refund • Return/Replacement • Customer care 

The survey was conducted in the NCR, Chandigarh and Lucknow between November 2013 and December 2013. A total of 1,327 consumers with considerable online shopping experience in the past one year were asked to share their experiences on the above criteria on a five-point scale for 15 leading e-commerce websites.

The study has been divided into two parts. The first part relates to aspects of customer satisfaction and has focused on the customer's pre-purchase experiences – for example, browsing experience, range and availability of products, delivery. The second part, to be published in a subsequent issue, relates to consumer detriment that focuses on problems consumers have faced while shopping online – for example, delay in delivery, defective product, poor response from customer care.

Chandigarh. The rest of the respondents were from tier 2 cities such as Agra and Jaipur. Around 65 per cent respondents were men, indicating predominance of male customers in online shopping. Overall, 48 per cent of the respondents were in the 25–30 years age group, while another 40 per cent were below the age of 25. This shows that a predominantly younger population (about 80 per cent) go for online shopping.

As far as occupation is concerned, most respondents – 42 per cent – worked in private companies and 56 per cent of the entire lot belonged to A1 category of socio-economic classification (SEC A1 category), primarily from the middle to upper middle class households.

About the Shortlisted Retailers

The top 15 e-retailers were chosen on the basis of rankings provided by VeeganTechnologies.com and IndiaRanker.com. Their listings are based upon Alexa (a Web information company) rankings. We also analysed the responses received for the question on 'frequency of visit' from the first 100 respondents whom we interviewed before the survey and then created the list of the final 15.

About the Respondents

Out of the total sample (survey respondents) of 1,327 online shoppers, 778 were from NCR, 209 from Lucknow and 204 from

**About 80 per cent
online shoppers are
less than 30 years old.**



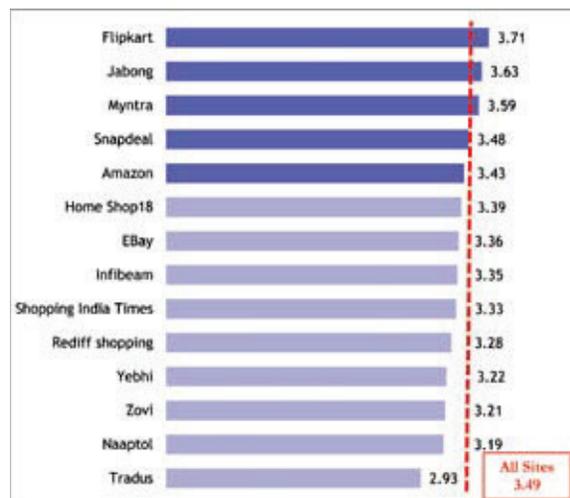
OVERALL CUSTOMER SATISFACTION WITH QUALITY OF SERVICE

Consumers not only rated the 15 websites on the constructs listed above, they also rated their overall satisfaction with each site. Respondents rated the overall quality of service on a scale of 1 to 5, where 1 meant 'poor' and 5 meant 'excellent'. The graph here shows only 14 sites – India Plaza was excluded because number responses/sample size for it was less than 30.

- Flipkart topped the chart by attaining highest overall satisfaction score of 3.71, followed by Jabong (3.63) and Myntra (3.59).
- Tradus with a score of 2.93 scored the lowest in terms of overall satisfaction with service quality, followed by Naaptol (3.19), Zovi (3.21) and Yebhi (3.22).
- The degree of difference on the overall satisfaction chart varies from a minimum of 2.93 (Tradus) to a maximum of 3.71 (Flipkart).
- While Flipkart ranked on top, Jabong, Myntra, Snapdeal and Amazon were quite close. Considering

the little difference in ratings, it can be assumed that most of these sites provide a similar experience to shoppers.

Top 5 Sites with Highest Overall Satisfaction Score



Note: India Plaza has not been shown due to low base

Source: Consumer Voice Survey

WHY DO THEY SHOP ONLINE?

The survey reveals that there are three primary reasons why people shop online. In the survey, 'overall convenience', 'range and availability of products' and 'lower prices' were the highest rated options by the respondents. Other reasons like attractive ads, discounts and offers, good quality products or cash on delivery turned out to be insignificant as they were rated high by a mere two per cent of the respondents.

ON PRE-PURCHASE CRITERIA

◆ *Easy to navigate, clutter-free*

Almost all sites scored high on criteria like 'easy to navigate' and 'clutter-free, visually appealing layout of web pages'. These scores ranged from 3.45 to 4.06 on a 5-point scale, indicating that browsing experience and visual appeal of most sites were satisfactory.

◆ *Search experience*

In case of 'search experience' covering 'relevant

and easy-to-sort results' and 'unbiased and independent results', the ranking of most sites was quite high – varying between 3.5 and 4.0 on a 5-point scale.

◆ *Range and availability*

The same was the case with 'range and availability of products' options, with most sites scoring between 3.27 and 4.03 on a 5-point scale.

People shop online for convenience, range and availability of products, and lower prices.

◆ *Comprehensive information, comparison facility*

The rating of 'comprehensive information' varied from 3.49 to 4.19, and the rating of 'comparison facility' ranged from 3.16 to 3.88.

◆ *Terms and conditions*

Only 60 per cent of the respondents read terms and conditions on websites. Of this 60 per cent, most have given high scores on ability to understand, adequate disclosure and customer friendliness. This shows that terms and condition by websites are in line with consumer expectations.

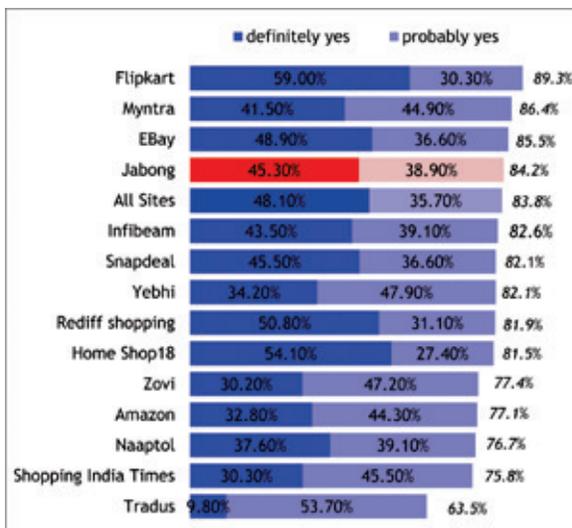


WHICH SITE WOULD YOU RECOMMEND?

The respondents were asked which sites they would recommend to their friends or relatives on a scale of 1 to 5, where 1 meant 'definitely yes', 2 'yes', 3 'not sure', 4 'probably not', and 5 'definitely not'.

- Flipkart was rated on top with 89.2 per cent of respondents saying they would 'definitely or probably recommend' the site. It was followed by Myntra (86.5 per cent), Ebay (85.5 per cent) and Jabong (84.2 per cent).

Top Sites Recommended to Friends/Relatives



Note: India Plaza has not been shown due to low base

Source: Consumer Voice Survey

- Overall 83.8 per cent of consumers interviewed would recommend the sites they purchased from. (See chart)
- It is important to note that rankings of Infibeam (82.6 per cent), Snapdeal and Yebhi (82.1 per cent), Rediff Shopping (81.9 per cent) and Homeshop 18 (81.5 per cent) are quite close to this average.
- The scores of Zovi, Amazon, Naaptol and Shopping India Times are between 75 per cent and 77 per cent. The ranking is lowest at 63.5 per cent for Tradus.



THE PROBLEMS YOU FACE

Among the many consumer detriments in online shopping, the major ones include 'nature of delay in delivery', 'non-delivery', 'defective product', and 'poor response of customer care'. Respondents were asked whether they faced any of these problems.

◆ Non-delivery/delay in delivery

Out of the 1,327 respondents covered, 160 (12 per cent) had faced problems related to delivery with one site, and 22 had faced delivery problems with two sites.

- Flipkart had the highest number of respondents (29 respondents [16 per cent]) reporting some problem related to non-delivery/delay in delivery. It was followed by Snapdeal (25; 13.7 per cent) and Homeshop 18 (21; 11.5 per cent).

The respondents were also asked whether the site with which they faced the delivery-related problem had provided any reason for the same. It was reported that almost 3 out of 10 respondents (28 per cent) were not given any reason by the site. This was mainly indicated by those who had purchased from Homeshop 18.





◆ *Product out of stock*

This was pointed out by 23 per cent respondents as one of the detriments. Interestingly, the top retailer Flipkart reported it as the commonest reason (8; 26.7 per cent), followed by Homeshop 18 (6; 27.3 per cent).

◆ *Finding the address*

'Problems in reaching address for delivery' was indicated by 21 per cent respondents. Flipkart had the most number of respondents (30 per cent) saying this was another common reason given by the retailer.

Apart from problems related to delivery, a small share of consumers also reported problems of defective products, refund, return and replacement claims. Some consumers also reported deficiency in response by 'customer care' of the retailers.

It is important to note that although websites like Flipkart, Jabong and Myntra have got the highest number of respondents reporting problems with regard to delay in delivery, asking for replacement/return/refund, or deficiency in customer service, the overall share of these problems is relatively small against the positive ratings they have got. These are the sites that have been rated the best in terms of overall satisfaction. This only goes to show their ability to address their service failure by quick service recovery action. Hence, more people are willing to purchase from these sites, as shown by the sample wherein out of a total of 1,327 respondents 56.8 per cent (754) have purchased from Flipkart; 35 per cent (467) from HomeShop18; 31 per cent (407) from Snapdeal; 25 per cent (340) from Jabong; 23.7 per cent (315) from Ebay; and 254 (19 per cent) from Myntra.

A Note of Caution to Consumers

- In 1 out of 10 cases, consumers have faced some problem related to delivery, poor customer response or defective product that may disappoint you – so in case you shop online, be cautious and prepared to complain and claim a refund or replacement if dissatisfied.
- Read the terms and conditions carefully before making the purchase.
- Make sure you have the customer care number/email ID in hand.
- Prefer to pay by 'cash on delivery' and check the product on delivery before signing or paying for it.
- If you pay online, make sure the payment gateway is secure. (Look for the image of a lock at the bottom-right corner of computer screen.)
- In case of any problem with the product, make the complaint on the same day.
- If you need guidance on how to complain, call the National Consumer Helpline toll-free number (1800-11-4000) during office hours.