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An Experimental Of E-Commerce In Gujarat State Experiences & Opportunities

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Abstract

E-commerce is a profession in a business that will determine in the future that E-commerce brings world pattern shifts for trading. E-commerce shows uninterrupted business growth in Gujarat. Sponsored by online user support and mobile phone presentation, e-commerce has seen impressive growth in Gujarat over the past few years. This area is scheduled to measure the higher altitude, allowing Gujarat's demographic dividend and increasing internet facilities. However, the overall retailing opportunity is widespread; this region is surrounded by some serious challenges in Gujarat. The current study is to describe the current situation of the e-commerce in Gujarat and the future development. Analyze the current trends of e-commerce in Gujarat and examine e-commerce competitions and events in Gujarat.

Keywords: E-Commerce, CAGR, Online Retail, Increasing Internet Users, Electronic Fund Transfer, Economic Growth

1.0 Introduction

E-commerce stands for electronic commerce. It means dealing in goods & services through the electronic media & internet. The rapid growth of e-commerce in Gujarat is being driven by greater customer choice & improved convenience with the help of internet the vendor or merchant who sells products or services directly to the customer from the portal using a shopping basket system or digital cart & allows payment through debit card, credit card or electronic fund transfer payments. In the present scenario e-commerce market & its space is increasing in demand as well as an impressive display or range of a particular type of services. E-commerce is already appearing in all areas of business, customer services, new product development & design. The E-commerce business is growing in Gujarat because of wide range of products with minimum price wide range of suppliers & customers' internet. In this modern era every business unit wants to join online business because of an increasing ratio of internet users in Gujarat. E-commerce in Gujarat is still in a growing stage, but it offers considerable opportunity.

Definition: The buying & selling of products & services by business & customers through on electronic medium, without using any paper documents. E-commerce is widely considered the buying & selling of products over the internet, but any transaction that is completed solely through electronic measures can be considered e-commerce.

E-commerce is subdivided into three- categories: business to business or B 2 B (Cisco), business to consumer or B 2 C (Amazon) & Consumer to consumer C 2 C (eBay).

Objectives of Study

1. To analyze the present trends & opportunities of e-commerce in Gujarat.
2. To examine the barriers of e-commerce in Gujarat.
3. To find out the economic growth factors of e-commerce in Gujarat.

Methodology

Research methodology: The Process used to collect information & data for the purpose of making business decisions. The methodology may include publication research, interview, surveys & other research techniques & could include both present & historical information.

Research design: The researcher has used only secondary data that has been collected from various articles, journals, books, websites etc. It has been used to study the evaluation, conceptual framework, definition, key players, present trends, future prospectus & barriers of e-commerce.

The researcher also used quantitative research that is the systematic empirical investigation of variables phenomena via statistical & mathematical theories pertaining to phenomena. All the data included is the secondary base & proper references have been given wherever necessary.

Results & Discussions

Gujarat has an internet user base of about 39 million as of January 2017. Despite being third largest user base in world, the penetration of e-commerce is low compared to markets like the other states of India but is growing much faster, adding around 1 million new entrants every month. The industry consensus is that growth is at an inflection point.

In Gujarat, cash on delivery is the most preferred payment method, accumulating 75% of the e-retail activities. Demand for international consumer products (including long-tail items) is growing much faster than in-country supply from authorized distributors and e-commerce offerings.

As of first Quarter, 2017, seven Gujarat e-commerce companies have managed to achieve billion-dollar valuation. Viz. Flipkart, Snapdeal, In Mobi, Quikr, Amazon, OlaCabs, and Paytm.

Market size and growth

Gujarat's e-commerce market was worth about 0.8 Cr. In 2009, it went up to 1.6 Cr. in 2013. In 2013, the e-retail segment was worth 2.4Cr. About 72% of Gujarat's ecommerce market is travel related. According to Google, there were 3.5 Cr. online shoppers in Gujarat in 2014Quarter 1 and is expected to cross 4.0 Cr. mark by end of year 2016. Compound Annual Growth Rate (CAGR) vis à-vis a global growth rate of 8–10%. Electronics and apparel are the biggest categories in terms of sales.

Key drivers in Gujarat e-commerce are

1. A large percentage of the population subscribed to broadband Internet, burgeoning 4G internet users, and a recent introduction of 5G across the country.
2. Explosive growth of Smartphone users is soon to be world's second largest Smartphone user base.
3. Rising standards of living because of fast decline in poverty rate.
4. Availability of a much wider product range (including long tail and Direct Imports) compared to what is available at brick-and-mortar retailers.
5. Competitive prices compared to brick-and-mortar retail driven by dis-intermediation and reduced inventory and real estate costs.
6. Increased usage of online classified sites, with more consumers buying and selling second-hand goods.

A new sector in e-commerce is online medicine. Companies like Reck wing-Gujarat, Buyan kart, Health kart already selling complementary and alternative medicine whereas Net Medhas started selling prescription medicine online after raising fund from General Insurance Corporation and Stead view capital citing there are no dedicated online pharmacy laws in Gujarat and it is permissible to sell prescription medicine online with a legitimate license.

Gujarat E-commerce – trends and opportunities:

E-commerce has come a long way since its inception and is only getting bigger. As technology continues to grow rapidly, e-commerce retailers are adopting newer techniques to facilitate sellers and buyers to sell and buy online more efficiently, thanks to ever dropping rates of internet surfing both for web and mobile interfaces – which is complimenting to the soaring population of internet users. It has hence become the key force behind driving the trend for ecommerce.

The rise of social networks and mass adoption of mobile devices is acting as a catalyst to accelerate this drive further, shaping the e-commerce trends for the Gujarat market. Consumers are more connected than ever before and have more information and choices at their fingertips today. They are leaving behind their preferences, behavior and interests, which create a knowledge ground for e-commerce companies to analyze behavior pattern and offer more interesting and competitive products.

The proliferation of this digital activity and resulting data is a stimulating factor for devising e-commerce strategies, thus affecting the business model and driving growth for ecommerce players in the Gujarat market. Let us establish more understanding considering the current scenario and in sighting some of the upcoming trends in this space.

Critical Health of sector: Losers and gainers

According to a study by Acer Partners, online shopping of physical goods in Gujarat will grow to 2.5 Cr. in 2016 and the number of online shoppers in Gujarat will be more than double to 5Cr. The internet user base is predicted to increase to 5.4 Cr by 2015. Does that mean that e-commerce is here to stay, and every small and big fish will survive? That might not be the case.

The ones that show potential to succeed are international deep-pocket incumbents who have experience, concepts and variety of offerings, and tend to grow at a fast pace as compared to the other existing players in the Gujarat market. Even Gujarat e-commerce players are trying hard to bring in similar concepts as their international competitors. They are trying to bring impending and imminent consolidation, which is evident from the probable mergers of Gujarat's biggest e-commerce players.

Key market and technology trends that we believe will fine e-commerce in near future include:

Brand loyalty

Price has been the dominating factor in the Gujarat market and the customer is not hesitant in changing brands frequently to avail themselves of the lucrative offers presented by competing brands. There is a lot that e-commerce players in Gujarat would have to do to make their customers feel special to retain them, as the loyalty erodes fast when the shopper is confronted with promotions and deals. Knowing what your customers want and offering them accordingly can possibly drive this, which is possible by using big data techniques to predict consumer preference and behavior.

Retailer's own logistics

Logistics have been a major issue for online retailers in Gujarat, which leads them to build their own strategies in the absence of established systems to handle cash-on-delivery (CoD) and same-day shipments. Online market leaders are choosing to build their own logistics such as Flipkart, who has launched e-Kart that is open to its rivals as well.

Cod rules in Gujarat

The Gujarat market is not yet comfortable to adopt payments through credit or debit cards. Cash-on-delivery (CoD) accounts for up to 60 per cent of transactions, according to the Internet and Mobile Association of Gujarat and the audit firm KPMG. Overdependence on cash-on-delivery mode of payment remains worrisome as the transactions add about 3per cent additional costs. Also, the additional processes required for cash-on-delivery orders, a longer payment cycle, higher instances of returns and associated costs are hurting margins.

Comparison – Big Data vs. E-commerce Platforms in Gujarat (2023–2024)

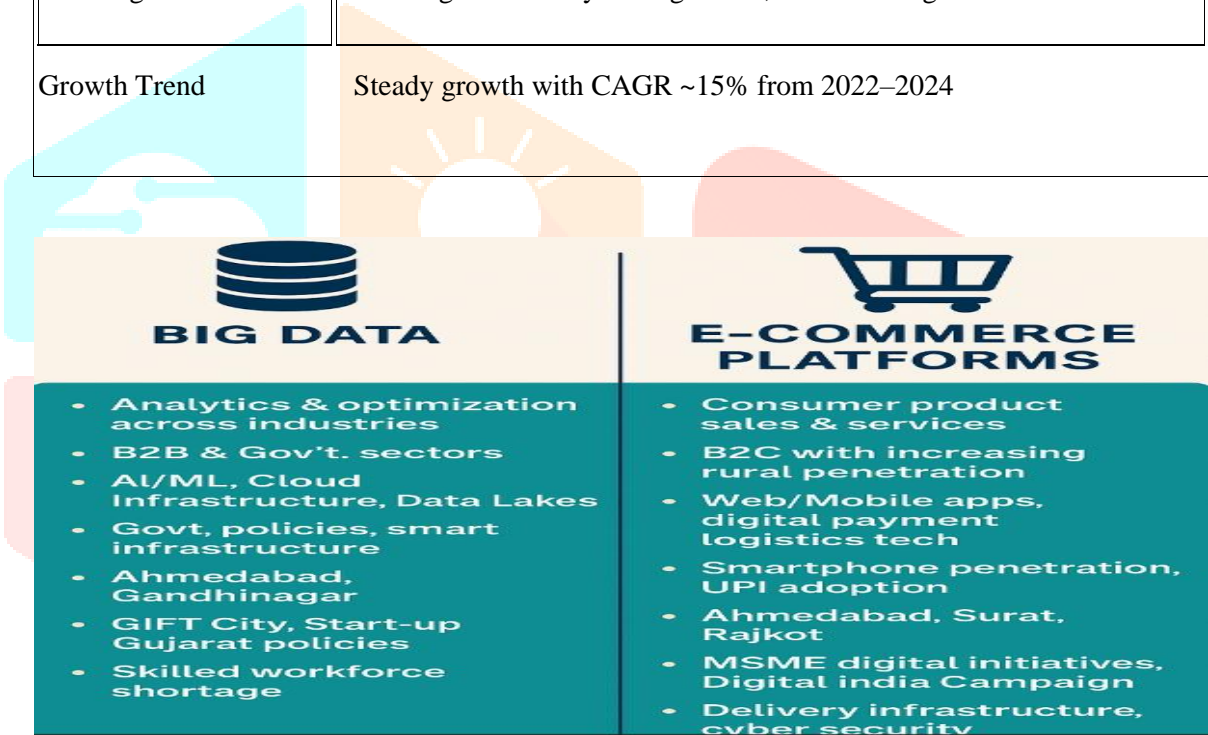
Feature/Factor	Big Data in Gujarat	E-commerce Platforms in Gujarat
Primary Use	Analytics & optimization across industries	Consumer product sales & services
User Base	B2B & Govt. sectors	B2C with increasing rural penetration
Technology Backbone	AI/ML, Cloud Infrastructure, Data Lakes	Web/Mobile apps, digital payment, logistics tech
Growth Drivers	Govt. policies, smart infrastructure	Smartphone penetration, UPI adoption
Main Cities	Ahmedabad, Gandhinagar	Ahmedabad, Surat, Rajkot
Policy Support	GIFT City, Start-up Gujarat policies	MSME digital initiatives, Digital India Campaign
Challenges	Skilled workforce shortage	Delivery infrastructure, cyber security

E-commerce Platform Landscape in Gujarat (2023–2024)

Aspect	Description
Popular Platforms	Amazon, Flipkart, JioMart, Meesho, Snapdeal
Local Platforms	Kutumbh, GujCart, ShopGujarat
Top Cities	Ahmedabad, Surat, Vadodara, Rajkot
Key Categories Sold	Apparel, Electronics, FMCG, Handicrafts, Agro-products
Payment Preferences	UPI (BHIM, PhonePe), COD, Credit/Debit cards
Logistics Integration	Delivery, Ecom Express, Shadowfax, India Post partnerships
Digital Empowerment Programs	State-supported digital literacy + seller training via MSME clusters
Challenges	Rural logistics, cyber security, trust barriers in Tier 3 towns
Estimated Market Growth	~22% YoY increase in e-commerce usage in Tier 2 & Tier 3 cities

Big Data Adoption in Gujarat (2023–2024)

Parameter	Description
Sectors using Big Data	Retail, Agriculture, Logistics, Banking, and Healthcare
Key Use Cases	Consumer behavior analysis, supply chain optimization, credit scoring
Govt. Initiatives	Smart City project integration, data hubs in GIFT City
Top Tech Hubs	Ahmedabad, Gandhinagar, Surat
Academic Involvement	IIT-Gandhinagar, Dhirubhai Ambani Institute: research + talent pipeline
Challenges	Low digital maturity among SMEs, talent shortage
Growth Trend	Steady growth with CAGR ~15% from 2022–2024



Improving customer experience with varied offerings and options

With the advent of technology, online retailers are devising attractive delivery options such as same-day delivery or delivery within an hour, perks on buying from mobile apps, and try home your door for consumers that are leading to improved customer experience. To further improve customer experience, we might also see the adoption of international practices such as digital or experiential stores and showrooms, pop-up and fulfillment stores and drones that will fascinate the Gujarat market. The other technologies that will affect these trends and help shape the e-commerce business include:

Big data

To gain, retain and attain more customers, online retailers would have to leverage technology to the fullest, and by developing strategies through analytics produced using big data will help in making customers feel special and increase brand loyalty. With the increasing adoption and use of Smartphone's, businesses can collect large amount of data on consumers, which can be further utilized to do target-based marketing and advertising.

Mobile

Brands have taken the mobile advertising route and are gradually picking up. Online retailers have realized the potential increase of online shoppers through their mobile phones in future. And as consumers grow more comfortable with using mobile devices for browsing and shopping, they are now more open to getting messages from brands via their mobiles. Businesses are implementing strategies for integrating mobile into their marketing campaigns and before they do that, they will have to make efforts to optimize legacy websites for mobile to improve customer experience. This is where responsive design will come into play. Fixing the mobile clicks is imperative as an unresponsive design may lead to the customer abandoning the site in a few seconds causing a low conversion rate and poor return on investments.

Social

Another important consideration is the social aspect, and marketers have realized its importance very well. Product and service feedback via social media have an impressionable effect on the minds of the larger customer base.

Advantages of e-commerce to Consumers

The distinct advantages e-commerce can offer to the consumers include but are not confined to the following only:

- (i) Consumers have a much wider choice available on the cyber market.
- (ii) They bear lower costs for products due to increased online competition among sellers.
- (iii) Because of wide-scale information dissemination, consumers can compare products, features, prices and even look up reviews before they select what they want.
- (iv) They enjoy wider access to assistance and to advice from experts and peers.
- (v) They enjoy saving money in shopping time and money.
- (vi) Consumers also avail themselves of fast services and delivery of products and services.
- (vii) They also have the convenience of having their orders delivered right to the door step.
- (viii) Finally, consumers are driven to e-shopping in hordes as even branded goods cost less on the Net.

To Suppliers

The major advantages that e-commerce can bring to the companies/suppliers are:

It minimizes inventory cost

E-commerce ventures need not maintain huge inventories or expensive retail showrooms. Their marketing and sales force is a fraction of that of traditional mortar-based businesses. E-commerce minimizes inventory costs by adopting a just-in-time (JIT) system enhancing the firm's ability to forecast demand more accurately.

It can improve customer services

It has been found that providing both customer and after-sale services account for up to 10 per cent of the operating costs. By putting these services online under e-commerce, these costs get reduced, on the one hand, and simultaneously the quality of services also gets improved, on the other. High quality customer relationship called "customization" is crucial for retaining customers in the e-commerce environment. That is the reason why Customer Relationship Management (CRM) has become the buzzword which everybody is talking of now. E-commerce provides a sample opportunity for Customer Relationship Management and, in turn, for establishing a better relationship with the customers. It becomes necessary for the company to enhance customer loyalty. Otherwise, the customer, who is full of choices, can jump from one website to another. If the company is to stay in business, then it will have to deliver the products or services to customers as they want, when they want, and how they want.

It reduces distribution costs as well

The Electronic Data Interchange (EDI) based on Organization for Economic Co-operation and Development (OECD) study has revealed that the time needed to process an order declined abruptly by a minimum of 50 per cent to a maximum of 96 per cent.

It helps business globalize

E-commerce, by minimizing costs, enables companies' especially small ones, to make information on their products and services available to all potential customers spread over worldwide. This is well confirmed by Amazon.com. founded by Jeff Bezos, the largest bookstore on the net by taking away many sales from the traditional booksellers. In Gujarat, the experience of reinfusion-on-the- net presents a similar case.

It helps market products more quickly

By taking the entire product design process online, drawing partners and customers into the process and removing the traditional communication barriers, companies can bring products and services to market far more quickly. Internet commerce solutions allow customers to reduce the costs of sales and open new markets, speed and simplify order accuracy, approval, and processing, tracking and delivery and improve decision making, leverage existing investments in infrastructure, business systems and repositions and link manufacturers with suppliers on the same network.

Challenges & opportunities

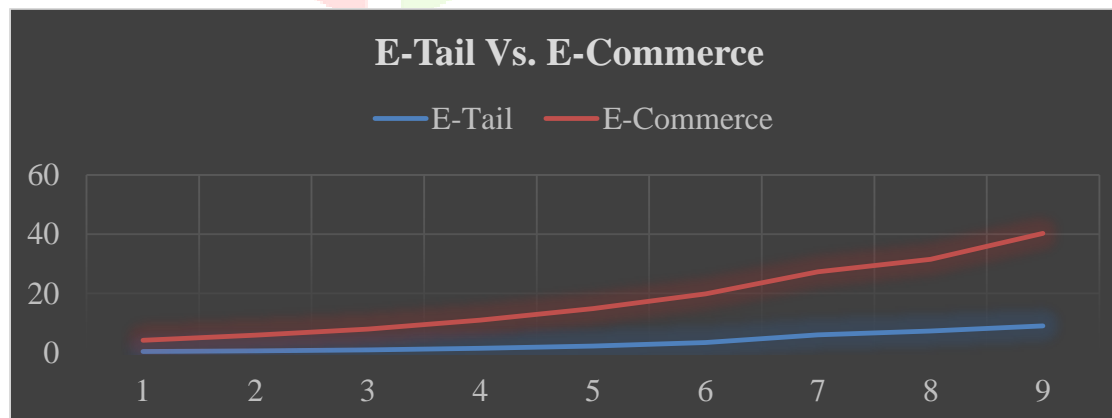
Backed by increased online user base & mobile phone penetration, Gujarat e-commerce has seen impressive growth in the last few years. Considering Gujarat's demographic dividend & rising internet accessibility, the sector is slated to scale greater heights. Although Gujarat's overall retail opportunity is substantial, the sector is beset with some serious challenges. We take into the current e-commerce landscape & the sector's key drivers & challenges.

Gujarat's Growth Potential

Since the e-commerce industry is rising fast, changes can be seen over year.

Year	E-Tail (in%)	E-Commerce (in%)
2009	0.4	3.8
2010	0.6	5.3
2011	1	7
2012	1.5	9.5
2013	2.3	12.6
2014	3.5	16.4
2015	6	21.3
2016	7.3	24.2
2017	9.1	31.2

Source: www.ecommerce-gujarat.com Table 1: Year Wise E Tail and E-Commerce



Source: www.ecommerce-gujarat.com Figure 1: Chart E-Tail Vs. E-Commerce

Factors that will fuel growth

A significantly low (19%) but fast-growing internet population of 28 thousand in 2017 is an indicator of the sector's huge growth potential in Gujarat.

State Name Internet users by country: In Thousand (2017)

Table 3: Internet Users by States

State Name	Internet Users By States: In Thousand
Bangalore	641
Gujarat	289
Mumbai	456
Uttar Pradesh	123
Delhi	113
Bihar	87

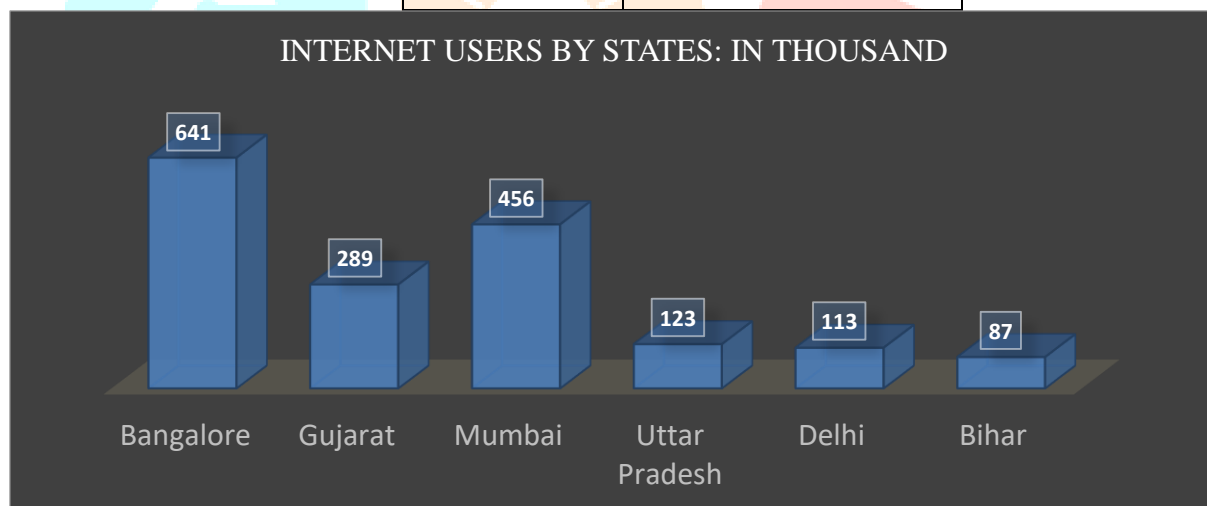


Figure 2: Internet Users By States

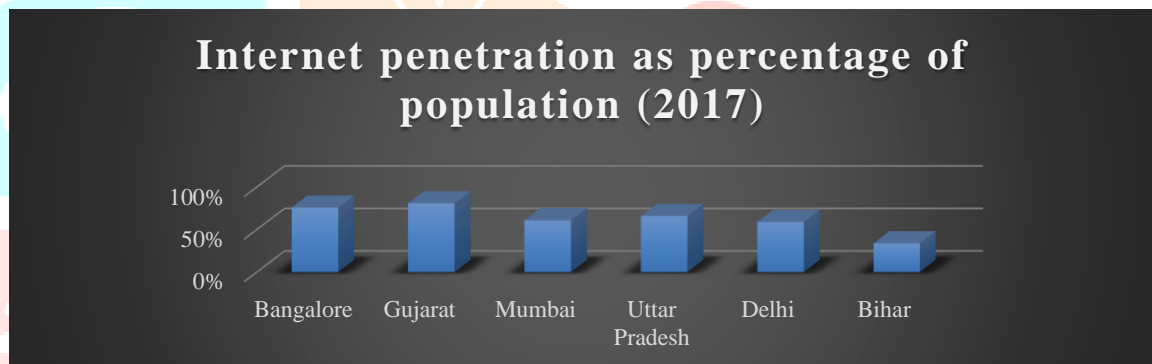
9.3 Internet penetration as percentage of population (2017)

Source: <https://www.thebalancesmb.com/the-future-of-ecommerce.html>

Table 3: Internet penetration as percentage of population

State Name	Internet penetration as percentage of population (2017)
Bangalore	76%
Gujarat	81%
Mumbai	61%
Uttar Pradesh	66%
Delhi	59%
Bihar	34%

Figure 3: Internet penetration state wise



9.4 Geographical Distribution of Internet Users in Gujarat (MN)

Source: https://www.en.wikipedia.org/wiki/Ecommerce_in_Gujarat

Table 4: Year Wise growth of Internet in Gujarat

Year	Urban	Rural
2012	38	99
2013	60	130
2014	92	165
2015	138	216
2016	142	245
2017	197	312

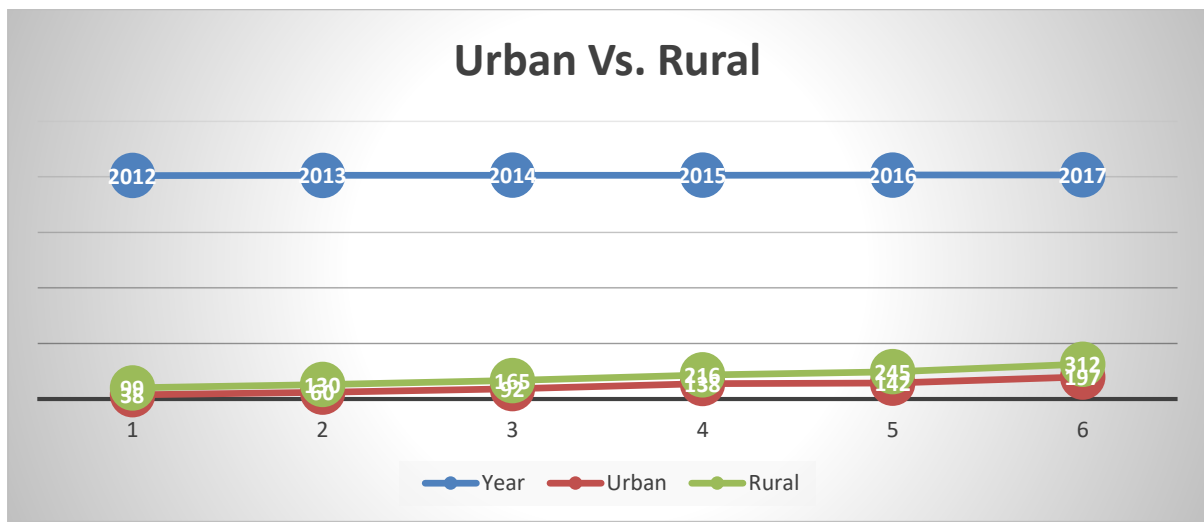


Figure 4: Year Wise growth of Internet in Gujarat

The year wise performance of the both urban and rural is increasing day by day during some of the years like 2012 to 2017 due to some of the factors is response in internet users that is relating the official work, local business, product categorization, agricultural based work, service purpose banking, education, health, industry and so many ancillary work is growing.

10.0 Challenges in the e-commerce sector

While the growth in this sector excited entrepreneurs & financial investors alike, some serious challenges are beginning to weight down on the sector. E-commerce players in Gujarat need to address eight key aspects of their business, both internal & external.



Source: Own calculations

11.0 Conclusion

E-commerce is changing the way of buying & selling of products & services in Gujarat. E-commerce is the future of shopping. Due to E-commerce the gap has been reduced between manufacturers & consumers. According to Gujarat population there is a vast scope for e-commerce because currently in Gujarat only 19% of people use the internet for selling & buying goods & services so the remaining percentage, we can consider that are having scope in Gujarat Market. There is weak Cyber Security Law

in Gujarat that's why Gujarat People are facing challenges toward e-commerce. The future of e-commerce in Gujarat would be bright in the upcoming years if all essential factors were implemented by establishing cyber & have their benefits as per people wish. The role of government is to provide a legal framework for e-commerce so that while domestic & international trade is allowed to expand their horizons, basic rights such as privacy, intellectual property, and prevention of fraud, consumer protection etc. are all taken care of. The expansion of e-commerce has been developed in rural as well as urban area in reign able cost for consumption, because of that more people are getting linked with e-commerce & the ratio of that is getting increase day by day.

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