Factors contributing to the growth of the e-commerce industry in India:

- Rising income levels
  - Increasing purchasing power of people
  - Increasing disposable income of the urban youth

- Changing socio-economic environment
  - Rising middle class incomes
  - Changing demographics (close to 50 per cent of the population is below 25 years of age)
  - Global exposure (increasing penetration of global brands in India)

- Changing technology landscape
  - Rise in internet usage (growing at 20 per cent) and 3G penetration
  - Increasing smartphone users with availability of internet on mobile phones
  - Delivering high quality user experience (detailed product catalogue, website performance)

- Changing consumer behaviour
  - Less time to spend in traveling to places and shopping
  - Increase in expenditure for luxury items
  - Increased availability of global products making Indian customer conscious of quality along with price

- Changing mindset and outlook of Indian customers
  - Indians becoming more aware and embracing the idea of online shopping

In addition to the above factors leading to growth in e-commerce, the following factors will play a key role in shaping the way ahead for the industry:

- Online user base is expected to cross 370 million in the next 2–3 years and a larger percentage of people are expected to transact online by 2015 (according to a report by McKinsey & Company Online and upcoming: The Internet’s impact on India)
- Consumers are connected to high-speed internet on mobile phones
- E-commerce is expanding into non-metropolitan India (Tier II and Tier III cities)
- Rise in online shopping is due to the availability of multiple payment options like cash-on-delivery (COD), EMI and free shipping

Source: KyaZoonga

growth is expected to see many new companies jump onto the bandwagon to capture a share of the pie. While we believe the market has enough space for healthy competition, in the medium term we expect the industry to see consolidation. Based on our own experience where we have broken all records in ticket sales online in Tier II and III cities (over 90 per cent transacted online in cities such as Indore, Raipur, and year-on-year massive increases in online transactions in places such as Mohali, Pune, Vizag, etc), we see massive potential.

India Shows the Way

India has already seen the advent of innovative features such as COD and other innovations in the e-commerce business model. Technologically, given India’s large engineering and IT landscape, there is a lot of potential for innovation. Most innovations will continue to focus on better usability of the e-commerce platform as well as ways and means to get the products to the customers faster. The innovations will also serve the frugal customers, meaning the huge masses who don’t have access to smartphones or computers. Several companies are already finding ways to reach these customers. Innovations will also continue to focus on social platforms and ways to smartly engage these to generate more e-commerce transactions. We continue to innovate in various ways to stay ahead of the trends as well as solve for the requirements of the Indian subcontinent where buying and ticket fulfilment patterns are different. For example, back in 2008, KyaZoonga had already put in place an SMS-based booking platform to solve for customers who had no access to smartphones.

—Neetu Bhatia is Co-Founder and CEO, KyaZoonga