

A STUDY ON IMPACT OF DEMONITIZATION ON ONLINE SHOPPING

SWATI DAYAL CHANDANI & ASHISH KHARE

Jagran Lakecity University, Bhopal, Madhya Pradesh, India

ABSTRACT

Demonetization is the demonstration of stripping a cash unit of its status as lawful delicate. Demonetization is essential at whatever point there is a change of national cash. The old unit of money must be resigned and supplanted with another cash unit. India is one of the key development nations with regards to online business, yet it is still at an incipient stage and has an immense potential for development. The Indian Government's sudden and exceptional proceed onward November 8, 2016 to remove high-esteem cash notes from dissemination sent the Indian economy worked up. Demonetization meant that Rs 500 and Rs 1,000 are now no longer legal tender, eliminating nearly 86 per cent of the currency in circulation, creating a huge cash crunch in the economy. The impacts of this move have been seen at a person and additionally at an industry level. For web based shopping in India too, the effect has been major. Recorded are some reasonable impacts of demonetization on internet shopping in 2017: Post the demonetization declaration, CoD confronted a noteworthy hit while real web based business stages, for example, Amazon, Flipkart, Snapdeal et al faced a storm as many of their shoppers dropped their orders instantly.

The money crunch brought about due the intense move by the Indian Government has driven individuals towards advanced installment strategies, for example, versatile wallets, Internet managing an account, and charge/Visas. The nation was basically put on the road to success towards turning into a cashless society. While these progressions were producing results, versatile wallets increased real footing. Famous portable wallets, for example, Paytm, Freecharge, Mobikwik, and Citrus Pay appreciated a complex increment in clients.

KEYWORDS: Demonetization, Online Shopping, Indian Government, Crunch in the Economy

INTRODUCTION

Web based shopping is a type of electronic business which permits buyers to specifically purchase products or administrations from a dealer over the Internet utilizing a web program. Purchasers discover a result of enthusiasm by going by the site of the retailer straight forwardly or via seeking among option merchants utilizing a shopping web crawler, which shows a similar item's accessibility and estimating at various e-retailers. Starting at 2016, clients can shop web based utilizing a scope of various PCs and gadgets, including desktop PCs, portable PCs, tablet PCs and cell phones .

An online shop inspires the physical similarity of purchasing items or administrations at a general "blocks and-mortar" retailer or strip mall; the procedure is called business-to-purchaser (B2C) web based shopping. At the point when an online store is set up to empower organizations to purchase from other organizations, the procedure is called business-to-business (B2B) internet shopping. A run of the mill online store empowers the client to peruse the company's scope of items and administrations, see photographs or pictures of the items, alongside data about the item particulars, components and costs.

As the revenues from online sales continued to grow significantly researchers identified different types of online shoppers, Rohm & Swaminathan identified four categories and named them "convenience shoppers, variety seekers, balanced buyers, and store-oriented shoppers". They focused on shopping motivations and found that the variety of products available and the perceived convenience of the buying online experience were significant motivating factors. This was different for offline shoppers, who were more motivated by time saving and recreational motives.

COD has been one of the well known installment choices for a critical area of the Indian buyers which shops on the web. This is because of the sheer comfort it offers to purchasers who like to get their requests first and pay later. It is additionally favored in light of the fact that there are times the requests are deferred or drop over inaccessibility, for which discount is impractical in real money. Likewise, given that individuals now need to get their old money notes traded by December 31, 2016, the ascent in returns will undoubtedly be unfaltering for some time. Online commercial centers have likewise fixed their arrival approaches in the most recent two years which has helped them to cut down the arrival rate from 25 percent to 10 percent.

OBJECTIVES OF THE STUDY

- To study the impact of demonetization on online shopping.
- To identify the most affected factors of online shopping.
- To make an evaluation of people's thought and opinion about demonetization in India.

REVIEW OF LITERATURE

The present money emergency is unmistakable yet India is shopping. In any case, it hasn't been a smooth ride for online business stages which have been reeling under weight over undelivered arranges as a ton of clients have settled on money down or COD, yet are putting forth just the old cash notes. On November 8, 2016, Prime Minister Narendra Modi declared a prohibition on the utilization of Rs 500 and Rs 1,000 money notes and requested that the natives get their old money traded for the new Rs 2,000 notes. While this prompted to an ascent being used of cashless administrations, online business stages, for example, Flipkart, Amazon, and Snapdeal are thinking that it's hard to satisfy orders that have been set apart for COD.

This is a further misfortune to us as Snapdeal and Amazon charge us shipping expenses on such requests," said a representative of All India Online Vendors Association (AIOVA) that speaks to 1,500 online merchants. Taking after the declaration on demonetization, internet business stages had ceased COD mode which represented near 60 percent of web based shopping in the nation. In any case, with the presentation of new Rs 2,000 money noticed, the COD installment alternative had been continued. As per the AIOVA representative, high rate of undelivered returns is all the more worried as general online business deals are around up to 70 percent since the demonetization.

On one hand, computerized installments have shot up over demonetization of the old money notes. Be that as it may, then again, undelivered online buys too have gone up by more than 50 percent. Online vendors who list their items on these entries say that shoppers who submit online requests and pick COD mode for installments, request that the conveyance individuals acknowledge the prohibited notes or reclaim the request. This has brought about a surge in returns, ET Tech reports.

The info graphic highlights online customers conduct from November eighth 2016 to January second 2017, contrasting it with equivalent number of days before the demonetization declaration - thirteenth September to seventh November.

It covers everything from top performing brands amid the post-demonetization period to how beat brands and metro urban areas were affected.

There are additionally some extremely intriguing bits of knowledge in the Other Insights classification, highlighting the surge in requesting sustenance and medication on the web and booking taxicabs, as well.

There is a fleeting dunk in the money down business mode. In particular, optional buys have taken a plunge," Bahl told columnists at IIM Calcutta. Bahl said that the plunge was brief in nature and it would again take a sharp upturn in no time. With demonetization, individuals are favoring forthright installment through charge, MasterCard's and advanced modes, co-founder Kunal Bahl Snapdeal.

To help customers who had ordered on the cash on delivery mode, Snapdeal has been insisting to make payments using Freecharge e-wallet, Live Mint E-paper.¹

According to a survey done by CashKaro.com, or purchasing foodstuffs and day by day things, around 25 for every penny of the respondents have begun utilizing Amazon, 15 for each penny are utilizing Big Basket, 7 for every penny incline toward utilizing Flipkart, 7 for every penny of them are additionally obtaining it on Grofers and 5 for every penny are utilizing Snapdeal. Likewise, 91 for each penny of the respondents additionally concur that 'Cashback offers' by retailers, banks and destinations like CashKaro.com are helping them to 'Spare and Earn' amid this time of money crunch.

RESEARCH METHODOLOGY

The study focuses on extensive study of Secondary data collected from various National & International news, published reports, newspapers, publications from various websites which focused on various aspects of demonetization effect on online shopping.

The Most Affected Factors of Online Shopping

Preferred payment method used after demonetization of Rs 500 & Rs 1000 notes when shopping online:

- Using Wallets like Paytm, Mobikwik etc. – 59%
- Net Banking – 23%
- Cash on Delivery (CoD) – via using Debit/Credit card – 18%
- Cash on Delivery (CoD) – via Cash – 1%

Source:http://www.indiaonline.com/article/print/news-top-story/demonetisation-online-shopping-sees-surge-paytm-wallet-cod-payments-via-bank-cards-most-preferred-116120100303_1.html²

¹http://www.exchange4media.com/marketing/from-luring-customers-via-discounts-reintroducing-cod-restocking-hiring-manpower-e-comm-players-are-back-in-action!_66905.html

² Published: November 23, 2016 2:10 PM IST | Updated: November 23, 2016 2:10 PM IST.

91% of the respondents agree that ‘Cashback offers’ by retailers, banks and sites like CashKaro.com are definitely helping them to ‘Save & Earn’ during this cash.

Going Cashless is the new standard: 35% of the respondents have begun utilizing 'Plastic Money' even while shopping at neighborhood sellers for every day needs and consumables. Others lean toward the beneath destinations for purchasing staple goods and every day things: Amazon.in – 25%

- BigBasket.com – 15%
- Flipkart – 7% Grofers.com – 7%
- Snapdeal – 5%.

An Evaluation of People’s thought and Opinion about Demonetization in India

Demonetization moves a boon for digital payment companies:

With this, the quantum of India's economy traveling through the advanced funnels will witness gigantic development. Both Snapdeal and Free Charge are focused on supporting every single such activity." statement given my Kunal Bahl CEO of snapdeal E-commerce company.

- Chairman of Payment Council of India (PCI) and the Managing Director of ITZ CASH Stated:“We welcome this extremely bold and much needed step by Prime Minister Modi and the government to cure us from disease of cash in our society. I along with Payment Council and India and ItzCash greatly admire this move and provide our full support.”

Sooner or later in time, it was at 70% and after that it boiled down to half. After the declaration, it is presently at around 30%. While it may go up a bit, we anticipate that the proportion will drift around the present level." Snapdeal co-founder Kunal Bahl commented on COD orders,

In spite of the fact that demonetization is gradually eliminating Cash on Delivery, 30% of requests is still a moderately high rate. Worldwide retailers offering cross border still need to execute this installment strategy in the event that they're to augment change rates in the Indian markets. Be that as it may, this is a positive stride forward for the development of eCommerce and will lessen the cost of both conveyance and returns in the Indian market after some time.

CONCLUSIONS

The rise and fall of Cash on Delivery: It was a major hit of demonetization on e-commerce companies, and customers as well. India has always been dependent on hard cash for almost 90 per cent of its transactions. As far as online shopping is anxious, nearly 80 per cent of the transactions are expended across Cash on Delivery (CoD) method. Post the demonetization disclourse, CoD was majorly hit while e-commerce giants such as Amazon, Flipkart, Snapdeal et al faced repercussions with many buyers cancelling cash orders instantly.

However his transient agony will bring about a long haul pick up

The manifestation to pay for online shopping through digital methods like debit/credit cards, wallets, and net banking will bring people towards these channels and guide to the growth of this method. It will also welfare e-commerce

platforms by cutting handling costs and threats related to cash. In the coming years, as digital payment methods better perform, CoD will be as good as defunct – a change that is good for e-commerce companies as well as users.

After Demonitization Cashless becomes the New Norm – Mobile Wallets Reign

The cash crunch originated due to the bold move by the Indian Government has conveyed people towards digital payment methods such as mobile wallets, Internet banking, and debit/credit cards. The country was actually put on the fast track towards becoming a cashless society. While these changes were taking effect, mobile wallets gained major traction. Popular mobile wallets such as Paytm, Freecharge, Mobikwik, and Citrus Pay relished a multiplied increase in users.

Indians love a good bargain every time they shop. In fact, a large number of people turn to online shopping just for the discounts and deals accommodated to them through the medium. The publication of demonitization has brought a lot of value consciousness among shoppers. People, therefore, will turn to cash back and coupon sites, which enumerate their savings, especially during this cash crunch. Online shopping partners that partner with affiliates offering cash back and coupon benefits will come to the forefront, providing dual benefits in the form of savings for users and increased sales for e-commerce websites.

All in all, demonitization may look like it will spell fortune in the short run, in the larger scheme of things, it will only result in superior performance, increased sales and magnified revenues for e-commerce platforms.

REFERENCES

1. Published: November 23, 2016 2:10 PM IST | Updated: November 23, 2016 2:10 PM IST.
<http://www.bgr.in/news/demonitization-effect-flipkart-amazon-snapdeal-witness-50-spike-in-undelivered-cod-orders>.
2. <http://timesofindia.indiatimes.com/brandwire/tech>.
3. http://www.exchange4media.com/marketing/from-luring-customers-via-discounts-reintroducing-cod-restocking-hiring-manpower-e-comm-players-are-back-in-action!_66905.html.
4. <http://www.livemint.com/Companies/hbicBIIt5hCRTIZJ15pZiJ/Demonitization-has-hit-cash-on-delivery-says-Snapdeal.html>.
5. http://www.exchange4media.com/marketing/from-luring-customers-via-discounts-reintroducing-cod-restocking-hiring-manpower-e-comm-players-are-back-in-action!_66905.html.
6. retail.franchiseindia.com/.../Effects-of-Demonetisation-on-Online-Shopping.a5542/
7. www.indiaretailing.com > Retail
8. www.livemint.com > Companies > Start-ups.
9. www.nipfp.org.in/media/medialibrary/2016/11/WP_2016_182.pdf.
10. www.questjournals.org/jrbm/papers/vol4-issue10/L4109497.pdf.

