



INDUSTRY
INSIGHTS
E-COMMERCE
JULY - 2022

Our Reach

CIRIL – 21 offices



Our Services

Office
Services



Retail
Services



Warehousing
Services



Land
Services



Investment
Services



Industrial
Services



E - COMMERCE BUSINESS PARADIGMS

E-Commerce has revolutionized the way we conduct business and has brought in many changes in our world in the last few years.

E-commerce is primarily an electronic platform that enables us to conduct business related activities such as buying and selling of goods and services or the transmitting of funds or data. These business transactions occur in many formats/models. E-commerce also involves various types of transactions such as retail or sale of a product by a business to a customer without an intermediary, wholesale (the sale of products in bulk), drop shipping (the sale of a product, which is shipped to a consumer via a third party), crowdfunding, subscription services, digital products and services as well as physical products.

The terms e-commerce and e-business are often used interchangeably. People often confuse e-commerce with e-business or e-commerce business. There is a slight difference. While e-commerce is only about the transactions of goods and services, the e-commerce business model deals with all aspects of an online business which include selling:

- Services
- Physical goods
- Digital products
- Affiliates

In the present day, the e-commerce business is transforming the traditional shopping experience to a great extent. The line between physical and digital commerce is getting blurred. Today, customers, companies and countries are connected for business, education, work and entertainment. E-Commerce has become a part of our daily lives.



The first basic system of e-commerce appeared almost 50 years ago with the launch of EFT (Electronic Funds Transfer) and EDI (Electronic Data Interchange). In the last two decades, e-commerce business has skyrocketed especially clothing and beauty segments are seeing double-digit growth constantly. In 2011, e-commerce accounted for 5% of total retail sales. By 2020, with the start of the COVID-19 pandemic, it has risen to over 16% of retail sales. By 2023, e-commerce is expected to account for around 22% share of the global retail sales.

Globally, the countries such as China and India are forefront markets in e-commerce. Asia accounts for the largest share in the global e-commerce sector with about \$831 billion, followed by North America and Europe with \$552 billion and \$346 billion respectively.



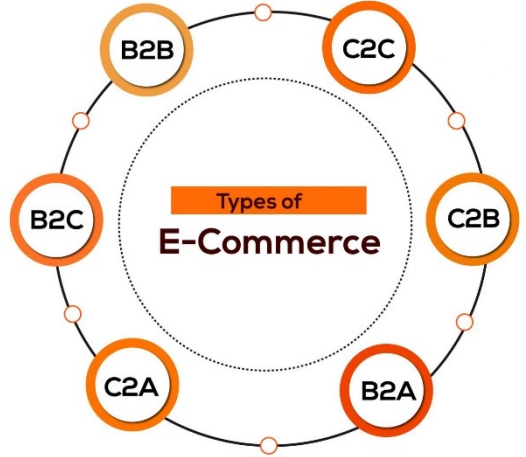
E - COMMERCE : TYPE AND SEGMENTS OF SERVICES

E – COMMERCE MODELS

- **B2C (Business to Customer) E-commerce**
B2C means business to customers. The main focus of this type of business is on direct customers through an online store from which people can buy goods.
- **B2B (Business to Business) E-commerce**
The main business model is to provide goods to another business with the help of an online platform. It is a wholesale based model based on inventory and bulk orders for business.
- **C2C (Customer to Customer) E-commerce:** It is an emerging model wherein an individual will be selling his/her product directly to the customer. The responsibility of business maintenance lies with the owner.
- **C2B (Customer to Business) E-commerce:** In this type of business, an individual will be selling his product to big companies. Scalability is an issue with this kind of model.
- **C2A (Consumer to Administration) E-Commerce:** Here the business transaction takes place between the individual and public administration. It is a service oriented platform for appointment of doctors, cleaners, ola, uber etc using an online platform.
- **C2C (Consumer to Consumer) E-commerce:** This kind of transaction usually happens between 2 consumers using a medium such as Pappal, Gpav, Bhim, UPI etc.

E-commerce can take on a variety of forms involving different transactional relationships between businesses and consumers, as well as different objects being exchanged as part of these transactions.

1. **Retail:** The sale of a product by a business directly to a customer without any intermediary.
2. **Wholesale:** The sale of products in bulk, often to a retailer that then sells them directly to consumers.
3. **Drop Shipping:** The sale of a product which is manufactured and shipped to the consumer by a third party.
4. **Crowdfunding:** The collection of money from consumers in advance of a product being available in order to raise the start-up capital necessary to bring it to the market.
5. **Subscription:** The automatic recurring purchase of a product or service on a regular basis until the subscriber chooses to cancel.
6. **Physical Products:** Any tangible goods that require inventory to be replenished and orders to be physically shipped to the customers as sales are made.
7. **Digital Products:** Downloadable digital goods, templates and courses or media that must be purchased for consumption or licensed for use.
8. **Services:** A skill or set of skills provided in exchange for compensation. The service provider's time can be purchased for a fee.





E-COMMERCE : EVOLVING E - RETAILING SECTOR

E-commerce sector is driven by digital transformation across all businesses. One of the sectors which has gone paradigm shift is Retail. Ever since the Covid-19 pandemic, the retail and e-commerce sector has witnessed tectonic shifts in terms of commerce and business. Technology continues to disrupt and transform the retail landscape. Retail e-commerce revenues are projected to grow to \$5.4 trillion in 2022.

Major trends in E-Retailing

- **Personalised shopping driven by AI and AR:** The future of online shopping relies on capturing patterns of shopping behaviour. Personalised shopping driven by **AI (Artificial Intelligence) and AR (Augmented Reality)** are playing a huge role changing the way we shop now! According to Accenture, 91% of the consumers are more likely to shop with brands that recognize, remember and provide relevant offers and product recommendations.
- **Mobile Shopping:** The retail industry has been significantly impacted by the increasing use of mobile devices. With mobile e-commerce, shopping happens everywhere, no brick-and-mortar storefront or laptop required. This has led to innovation in terms of enhanced customers experience with customized products, more competitive pricing and increased accessibility.
- **New markets and New Channels:** E-retailing has contracted geographies. Anyone can order from anywhere. This has led to innovation in inventory management and logistics. This is emerging as a huge investment sector for retailers across countries. The impact of the digital-first ecosystem is likely to last longer and retailers need to adopt new channels along with the traditional means in order to increase their customer needs. Integration of multiple systems will open new doors for the retailers, where they can untap the opportunities and feed the growing appetite.
- **Embracing Digital Payments:** Using mobile as a payment method is one of the biggest emerging trends for e-retail players. UPI-enabled payments clubbed with mobile apps, debit and credit cards and digital wallets are seeing tremendous growth across all the sectors.
- **Creating Omnichannel Routes:** It is the latest trend in the retail sector to create omnichannel strategies for success. Customers are opting for players with omnichannel. Customers are looking on their devices for the routes, products, reviews, descriptions, utilities and results.
- **Social Media Shopping:** With social media becoming an integral part of our lives, more and more people and businesses are seeing these platforms as an effective place to make direct sales. Giving the social media users a chance to make purchases within the networks is already providing them with quicker, easier purchasing process with fewer steps.



E - COMMERCE : ADVANTAGES AND DISADVANTAGES

ADVANTAGE E - COMMERCE

- E-commerce allows retailers to expand their market and increase their overall profitability.
- It also requires minimal investment with maximum return — along with the possibility of endless growth.
- E-commerce simplifies business processes, making them more efficient, reducing paperwork, environmental waste and increasing overall productivity.
- E-commerce provides 24/7 online support, more options and ease of delivery, readily available information and access to other customer reviews in a quick and easy to access manner which allows the consumers to make more informed decisions.
- Increased access to products in the rural and remote areas.
- Retailers and entrepreneurs have access to more diverse market with less effort.

DISADVANTAGE E - COMMERCE

- Cyber security is a threat to online transactions with hacking and fraud which is quite common. It needs a more robust regulatory framework in place.
- Dependency on internet connectivity: Transactions cannot be made without access to stable internet connection.
- Product and Price Comparison: With online shopping, customers can compare several products and find the least price. This forces many businesses to compete on price and reduce their profit margin, thereby reducing the quality of the products.
- Lack of personal touch: One of the major disadvantages of e-commerce portal is that a customer is unable to try and test the product for his/her own satisfaction.
- Complexity in Regulations, Taxation and Compliance.





MAJOR E-COMMERCE MARKETS IN INDIA

India is the eighth largest market for e-commerce with a revenue of US\$63 billion in 2021, placing it ahead of Indonesia and behind France. With an increase of 26%, the Indian e-commerce market has contributed to the worldwide growth rate of 15% in 2021. India’s e-commerce sector has received US\$ 15 billion of PE/VC investments in 2021 which is a 5.4 times increase year on year. This is the highest investment value received by any sector ever in India.

The Indian e-commerce market is expected to grow to US\$ 188 billion by 2025 from US\$ 46.2 billion as of 2020. By 2030, it is expected to reach US\$ 350 billion.

In 2022, the Indian e-commerce market is predicted to increase by 21.5%, reaching US\$ 74.8 billion. India’s e-commerce market is expected to reach US\$ 111 billion by 2024 and US\$ 200 billion by 2027.

MAJOR INVESTMENTS

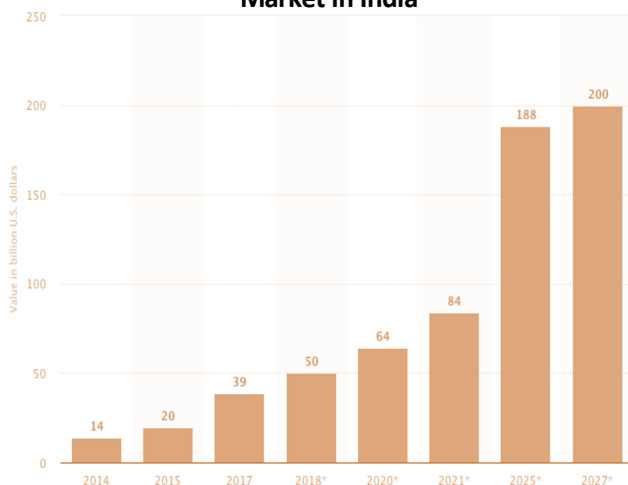
- Amazon India launched One District One Product (ODOP) bazaar on its platform to support MSMEs.
- Walmart invites Indian sellers to join its US marketplace with an aim of exporting US\$ 10 billion from India each year by 2027.
- Flipkart has announced expansion in its grocery services and will offer services to 1,800 Indian cities creating a massive demand for warehousing and logistics facilities including cold storage chain.
- Flipkart has added a new fulfilment centre (FC) in Dankuni, West Bengal. The FC is spread over 2.2 lakh sq. ft. and has a potential to create 3,500 direct jobs.
- Flipkart has announced a commercial alliance with Adani Group to improve the company's logistics and data centre capabilities and create about 2,500 direct jobs.

GOVERNMENT INITIATIVES

Since 2014, the government of India has announced various initiatives namely Digital India, Make in India, Start-up India, Skill India and Innovation Fund. Some of the major initiatives taken by the government are:

- The Government e-Marketplace (GeM) portal is one of the biggest online portals for government procurement with registered users of 3 mn.
- National Retail Policy: The government has identified five areas in its proposed national retail policy—ease of doing business, rationalisation of the licence process, digitisation of retail, focus on reforms and an open network for digital commerce.
- The Consumer Protection (e-commerce) Rules 2020.

Projected growth of E-Commerce Market in India





IMPACT OF E-COMMERCE ON REAL ESTATE SECTOR

With an advance in the technological penetration in all sectors, the real estate industry is also adapting and reacting to new market trends and re-evaluating its business models and strategies.

E-commerce is helping the market adapt to the changing trends and technologies. The e-commerce business is impacting real estate industry differently in many ways.

- **LOGISTIC & WAREHOUSING REAL ESTATE:** The impact of e-commerce is driven by ever growing demand for Warehousing & Logistic facilities. The e-commerce players want best of the facilities with affordable rentals and are no longer content with sub-optimal warehousing space. Major Players such as Amazon, Flipkart etc are seeking warehousing spaces considering the scale of operations including automation, number of stock units, ability to operate around the clock, effective power cost, all weatherproof accessible locations and so on. The dynamics of e-commerce is supported by the logistics industry which is fast changing the entire gamut of how the customers are being serviced.

- **COMMERCIAL REAL ESTATE:** E-commerce companies are investing heavily in new **Data Centres** to improve their management practices. They use data centres to improve their machine learning capabilities to assist customers.

Co-working space is another RE format redefining the commercial real estate. The demand for co-working space is on the rise as many e-commerce players are building technology and outsourcing centres out of these co-working spaces.

- **RETAIL REAL ESTATE:** E-retailing has emerged as one of the main driving forces in retail sector. Retail stores are not only going online but ensuring to have an offline presence for service-centre and maintenance purposes. Considering the price at which the products are sold online and consequently the margin in hands of brick-and-mortar shops, many of the retail malls and stand-alone stores are redefining themselves.

The malls are being redesigned considering the consumer behaviour including need for entertainment, social networking etc. Retailers are also coming up with omnichannel strategy which helps them diversify their sales and marketing activities across multiple online channels like mobile, in-store, social media etc.

**City Estate Management**

F/F,101, Sankalp Square, Drive-In-Road,
Memnagar- 380052
Ahmedabad

Raheja Associates

Woodhead Centre, 1st Floor,
No :23/6, Siva Ganga Road,
Nungambakkam – 600034
Chennai

Anchit Space Solutions

74/75, P.P chambers, Shahid Bhagat
Singh Road, Nr.KDMC office,
Dombivili(E) – 421201
Navi Mumbai

Asha Realty

121,First Floor, D.M.Tower,
Race course Road- 452003
Indore

Sure Shot Suggestions

No. 2A, Gomes Society,
Ground Floor, 4th Lane, T.P.S III,
Santacruz (E)- 400 055
Mumbai

Synergy Realtors

108, Renga Villas,
New Dhamu Nagar- 641037
Coimbatore

GFS Realtors

Sanat Trade Centre,1st Floor,
Sevoke Road - 734001
Siliguri

Guptasons

209 B, Pal Mohan Plaza
11/56, D.B. Gupta Market,
Karol Bagh – 110005
New Delhi

Property Terminus

Mezzanine Floor, A Wing,
MCCIA Tower, Senapati
Bapat Road- 411016
Pune

CLICK 4FLATS

406,Lakshmi Complex,M.I.Road-302001
Jaipur

Samruddhi Realtors

106 – Dharmendra Complex,
Opp.CNG Gas Station. Near Apex
Hospital, Marob – 395010
Surat

Shakti Property

1st Floor, Narsaria Tower, Opposite
Lalpur police station, Lalpur – 834001
Ranchi

Orimark Properties

Plot -2,Saheed Nagar– 751007
Bhubaneswar

Sidvin Realty Network

206, Shankar Complex, 2nd Floor
Christian Basthi, GS Road – 781005
Guwahati

Tanvi Real Advisory

G1, Plot 371,Rangole Sankul,
Khare town Dharampeth – 440010
Nagpur

Trinity Partners

3rd Floor , Oyster Plaza, Somajiguda
Circle – 500016
Hyderabad

NK Realtors

DN-52,PS Srijan Tech Park 9th Floor,
Sec- V, Salt Lake -700 091,
Kolkata

V Realty

3rd floor, Manan Complex, Opp.
IndusInd Bank , Nr. Natubhai Center,
Gotri Road-390015
Vadodara

Prop Solutions

CC 29/254 B, 52/878 A,
Near Tiny Club, Lane no 36,
Vytila Janatha road,
Vytila – 682019
Kochi

Silverline Realty

201, Barton Centre,
84, M.G .Road – 560001
Bengaluru

AB Realtors

1st Floor, Gold Coin Complex,
Kalwad Main Road– 360001
Rajkot

- Reach Us -

Email: info@ciril.in | Website: www.ciril.in

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