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EFFICACY OF E-COMMERCE AND PROGRESS OF FMCG COMPANIES DURING COVID-19 PANDEMIC

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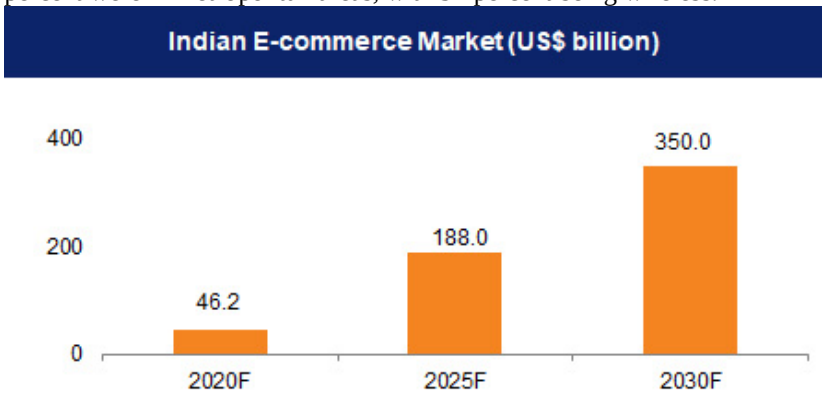
Abstract *:* Electronic commerce is referred to as e-commerce. It refers to the use of the internet and electronic media for the exchange of goods and services. E-commerce involves a business accessing both the internet and IT, like the Electronic Data Interchange (EDI). E-commerce has revolutionized the way Indians conduct business. The Indian E-commerce sector is predicted to expand from US$ 46.2 billion in 2020 to US$ 188 billion by 2025. It is estimated to reach USD 350 billion by 2030. A surge in internet and smartphone usage has fuelled most of the industry's growth. The COVID-19 pandemic has significantly impacted world trade and business as well as economic measures including the GDP, personal consumption, job creation, and new investments. Although COVID-19 arose in Wuhan, China, due to its rapid spread, it eventually reaped India on January 27, 2020. Due to unanticipated economic disruptions brought on by temporary restrictions on public activity and localized lockdowns, India has also been negatively impacted. The National Statistical Office, which is part of the Ministry of Statistics and Program Implementation (MOSPI), produced data showing that India's GDP climbed by 4% in the fiscal year 2020 but decreased by 7.3% the following year. India's GDP is expected to rise by 11% in the fiscal year 2022, with the possibility of a rebound in investment and consumption in the third quarter of 2021. (Economic Survey 2020-21).

Against this backdrop, the paper examines the efficacy of E-Commerce and its positive impact on FMCGs. The paper also reviews the impact of E-commerce on FMCGs during pre and post covid-19 pandemic.

KEY WORDS: FMCG, COVID-19, E-Commerce.

I. INTRODUCTION

Electronic commerce is referred to as e-commerce. It refers to the use of the internet and electronic media for the exchange of goods and services. E-commerce involves a business accessing both the internet and IT, like the Electronic Data Interchange (EDI). E-commerce is the direct sale of products or services to a customer via the internet through a vendor's website. The gateway accepts payments made with a credit card, debit card, or electronic fund transfer (EFT) using a wireless shopping cart or a shopping basket. E-commerce has revolutionised the way Indians conduct business. The Indian E-commerce sector is predicted to expand from US$ 46.2 billion in 2020 to US$ 188 billion by 2025. It is estimated to reach USD 350 billion by 2030. A surge in internet and smartphone usage has fuelled most of the industry's growth. The number of internet connections expanded dramatically to 830 million in 2021, due to the 'Digital India' campaign. Out of the total number of internet connections, 55 percent were in metropolitan areas, with 97 percent being wireless.



Source: (IBEF) India Brand Equity Foundation

2. E-Commerce - Current Scenario

The Indian online grocery industry is expected to grow at a CAGR of 33Per Cent to US$ 26.93 billion in 2027, up from US$ 3.95 billion in Financial Year 2021. India's consumer digital economy is predicted to reach US$ 1 trillion by 2030, up from US$ 537.5 billion in 2020, due to the country's rapid adoption of online services such as e-commerce and edtech. With a $50 billion turnover in 2020, India surpassed France and moved ahead of Canada to become the eighth-largest e-commerce market. After China and the United States, India has the third-largest online shopper base of 140 million in 2020. The gross merchandise value (GMV) of sales made by Indian e-commerce platforms during the festive season of 2021 was US$ 9.2 billion, up 23Per Cent from US$ 7.4 billion the previous year.

3. E-Commerce An Aid To Business Expansion

E-Commerce in Modern Times has been considered as an aid to expansion of online business. The current developments are outlined below:

- In October 2020, Walmart introduced training to help microbusinesses and small businesses in India.
- Amazon India started a "Made in India" toy store in November 2020, in keeping with the government's "Atmanirbhar Bharat" objective. The store will give thousands of producers and dealers the opportunity to sell toys inspired by Indian folklore, local handiwork, and toys that encourage imaginative play.
- In order to allow consumers to reserve and book train tickets on Amazon, Amazon India and the Indian Railway Catering and Tourism Corporation (IRCTC) cooperated in October 2020.
- In order to boost its Super Coin rewards programme, Flipkart introduced Super Coin Pay in January 2021, enabling users to pay with Super Coins at more than 5,000 retail locations nationwide.
- In January 2021, Reliance announced a goal to integrate JioMart, its e-commerce app, with WhatsApp within six months, according to a Mint story.
- The Khadi and Village Industries Commission (KVIC) launched eKhadiIndia.com in January 2021. It will feature more than 50,000 items, from clothing to home decor.
- Unique experiences that respond to tourists' needs and interests are in high demand. Even smaller players have access to technology to track individual customers' likes and preferences and create a customised purchasing experience.
- According to their location, preferences, products they like or purchase, and websites they frequent, many e-commerce websites provide clients a personalised experience to meet their requirements and interests.
- E-commerce businesses have embraced voice search technologies to provide a more individualised experience. The first company to use it is Myntra.
- PhonePe released a separate merchant app and added a shops page to its app in order to provide both users and merchants with a more comprehensive experience.

Consumers' buying habits have drastically changed toward e-commerce platforms in 2020, with a movement in the consumer basket toward necessities. Companies and brands are adjusting to this shift in consumer behaviour by boosting their marketing expenditures on digital media in an effort to capture market share and reach target groups.

4. Covid – 19 Pandemic – A Setback to Economy

The COVID-19 pandemic has significantly impacted world trade and business as well as economic measures including the GDP, personal consumption, job creation, and new investments. Although COVID-19 arose in Wuhan, China, due to its rapid spread, it eventually reaped India on January 27, 2020. Due to unanticipated economic disruptions brought on by temporary restrictions on public activity and localised lockdowns, India has also been negatively impacted. The National Statistical Office, which is part of the Ministry of Statistics and Programme Implementation (MOSPI), produced data showing that India's GDP climbed by 4% in the fiscal year 2020 but decreased by 7.3% the following year. India's GDP is expected to rise by 11% in the fiscal year 2022, with the possibility of a rebound in investment and consumption in the third quarter of 2021. (Economic Survey 2020-21).

5. Indian Economy during Post Covid-19

The developments in India during post covid-19 are as under briefly:

The nominal gross domestic product (GDP) of India is projected to be Rs. 232.15 trillion ($3.12 trillion) in Financial Year 2022, at current exchange rates. For increased productivity and economic growth, India must boost its rate of employment growth and add 90 million non-farm jobs between 2023 and 2030, according to the McKinsey Global Institute. For a GDP growth rate of 8–8.5% between 2023 and 2030, the net employment rate must increase by 1.5% annually over this time. Indian foreign exchange reserves peaked at US$ 634.287 billion as of January 28, 2022, according to data from the Department of Economic Affairs. The table-1 indicates the sector wise breakup of growth rate in India.

Table-1: Sector wise recovery pattern

Sector		Trend Growth Pre-Pandemic		Growth Pandemic Period		Status
		2012-2017	2017-2020	2020-21	2021-22 over 2019-20	
1. Agriculture, forestry & fishing		3.6	5.2	3.3	6.7	Resilient
2. Mining & quarrying		2.4	2.4	-8.6	2.9	Recovering/Need Repair
3. Manufacturing		6.8	5	-0.6	9.8	
4. Electricity, gas, water supply & other utility services		6	7.5	-3.6	3.9	
5. Construction		4.2	4.6	-7.3	1.9	
6. Trade, hotels, transport, communication and services related to broadcasting	6.1. Trade, hotel and repair	8.4	8.1	-22.4	-10.9	Still Suffering
	6.2. Transport, communication and services related to broadcasting			-15.3		
7. Financial, real estate & professional services	7.1. Financial services	8.2	5.4	5.1	6.6	Resilient
	7.2. Real estate, and professional services			1.2		
8. Public Administration, defence and other services	8.1. Public Administration, defence	6.5	7.0	2.3	6.4	Resilient
	8.2. Other services			-11.5		Recovering/Need Repair
GVA at basic prices		6.6	5.9	-4.8	3.1	Recovering/Need Repair

Source: NSO and RBI Staff Estimates.

6. E-commerce – A boom to the progress of FMCGs

The Indian FMCG market, which was valued at 68.38 billion US dollars in 2018, is anticipated to grow at a CAGR of 23.15 percent to reach 103.70 billion US dollars by 2021. Positive demographics and an increase in income are projected to increase FMCG sales in the nation. E-commerce is changing both the global and Indian retail markets. With access to billions of people due to the widespread use of the internet and smartphones, e-commerce has risen enormously. A wide range of businesses, from significant brick-and-mortar giants to small cottage industries, are benefiting from the advent of e-commerce, even while multinational corporations like Amazon and Alibaba are well known on a global scale. A completely new way to shop has been made possible by e-commerce, giving millions of customer's access to a greater range of goods and better price points while also satisfying their growing need for convenience. Today, sales of e-commerce are rife in a variety of industries, including fashion, electronics, and FMCG.

Online transactions have increased in India as a result of rising infrastructural development, rising internet adoption, and rising digital maturity. According to estimates, the online FMCG market will rise from US$ 20 billion in 2017 to US$ 45 billion in 2020, supported by an increase in online users from 90 million in 2017 to 200 million in 2020E. Digital influence on FMCG consumption is anticipated to reach 40Per Cent by 2020. Indian consumers are most likely to shop locally for upscale goods online, at a rate of about 72Per Cent. According to estimates, the Indian online grocery business would generate sales of more than Rs. 22,500 crore ($3.19 billion) in 2020, an increase of 76Per Cent from the previous year.

Various techniques have been adopted by FMCG firms and online retailers to entice people to make purchases online. Offering promotions is one such tactic. Organizations like Amazon, Big Basket, and Nature's Basket intend to invest a lot of money in their grocery and food businesses in the upcoming months. They also plan to launch more products and categories and form new partnerships with major grocery and supermarket chains. FMCG firms have been warming up to the concept of using the limited time, e-commerce exclusive method to launch some of their items, taking a lead from other consumer goods sales such as electronics. With e-commerce sales growing by 56 percent in the first quarter of 2020 and by 38 percent in June 2020, FMCG

businesses are also releasing products online before making them available in conventional retail outlets. For instance, on August 7, 2020, Dabur introduced a whole line of ayurvedic baby care products available exclusively online.

While traditional trade accounted for 88.5 percent of FMCG sales in the first quarter of 2019, it has decreased by 2.2 percent over the course of a year. However, the share of FMCG sales made through e-commerce, which was 2.8Per Cent of total FMCG sales in 2017, is predicted to rise to 5Per Cent by 2022. The repeating nature of FMCG orders may be a key factor causing this growth. While a user might order an electronic device once or twice a year, they at least need to buy groceries once a month. The regularity of these online FMCG orders will contribute to a rise in overall e-commerce orders. Additionally, online grocery platforms are increasing consumer confidence by providing conveniences like doorstep delivery, guaranteed returns in the event of faulty goods, simple refund choices, etc. This is causing FMCG sales to increase in the Indian e-commerce sector

7. Positive Impact of E-Commerce on FMCG Business

New and established businesses are rethinking their business processes by creating relationships with reputable and larger e-commerce organisations. Local kirana retailers can increase their operating footprint through digitalisation due to new e-commerce start-ups. The FMCG sector will see increased sales and overall business growth as e-commerce platforms for local shops and grocery stores are rapidly being developed. Online marketplaces and small neighbourhood shops are both seeing an increase in demand as more and more customers choose contactless and secure deliveries through e-commerce channels. Other elements that influence consumer preference for online buying include improved product information and insightful reviews.

INITIATIVES FOR DIGITALIZING BUSINESS OF FMCGS

The following are the initiatives taken by the FMCG companies for enhancing their E-business:

7.1 HUL facilitated the digital transition of small merchants

Hindustan Unilever Limited (HUL) debuted its online ordering system, Shikhar, on December 8, 2020. It quickly expanded from serving as a sourcing location for only a few hundred shops to over 3, 00,000 outlets nationwide. The Shikhar app allowed the mom-and-pop shops that sold HUL products to place orders without having to wait for a salesman from HUL to come and accept them. HUL made it possible for retailers that downloaded the app to use an overdraft facility during hard times thanks to a relationship with the State Bank of India (SBI).

7.2 Bajaj Consumer Care partners with India MART to improve their online visibility in the B2B market segment.

With more than 100 million registered users, India MART is the largest B2B online marketplace in the nation. Bajaj Consumer Care collaborates with India MART to expand their online exposure and reach in the B2B market segment in response to the present trend of rising consumer traction on e-commerce platforms brought on by the coronavirus outbreak. Bajaj Consumer care products including hair oils, face creams, and sunscreen have had a spike in buyer traffic of over 40Per Cent in the last six months, while hand sanitizer has seen a surge of over 100Per Cent. Through this partnership, Bajaj Consumer Care will have access to a different sales channel and be able to quickly engage high-intent customers.

7.3 Marico Ltd. partners with Swiggy and Zomato to provide necessities.

It launched an initiative to enable the delivery of necessary food items to consumers in collaboration with food delivery companies Swiggy and Zomato. Customers may now order necessary food items from the Marico portfolio, including Saffola Oils, Saffola Plain Oats, Saffola Masala Oats, and Coco Soul Virgin Coconut Oil, through the "Saffola Store" that has been offered on meal delivery platforms.

7.4 Britannia Dairy experienced 300 percent+ growth in e-commerce during the lockdown

To begin, Britannia enabled new consumers with ease of discovery and convenience on key e Commerce platforms such as Big Basket by launching Britannia Cheese Brand stores on the home pages for an extended shop-in-shop experience. Second, they have partnered with various subscription-based ecommerce companies, such as Milk Basket and Super Daily, to provide daily-essentials delivery services across all major metros. By rewarding purchase frequency, we were able to attract new customers, boost consumer retention, and increase stickiness. Third, in order to improve last-mile delivery, collaborations were formed with portals such as Dunzo, Swiggy, and Zomato, which provide superior hyperlocal grocery delivery services. Through e-commerce, Britannia Dairy has grown by more than 300 percent.

7.5 ITC reports a threefold increase in e-commerce sales over pre-Covid levels.

Along with the eB2B platform, ITC expanded UNNATI, an app-based anytime ordering system for retailers, to include approximately 3 lakh outlets in 2021–2022. It strengthened VIRU (Virtual Salesman), a technological solution that allows shops to place contactless orders and communicate directly with customers, especially when there is a lack of salespeople or limited mobility.

Conclusion:

It is crystal clear that COVID-19 has raised demand for household and grocery supplies. E-commerce has become a vital tool for small and large enterprises globally, not just for selling to customers, but also for engaging them. E-commerce is altering the global retail market. Since the turn of the century, online shopping has exploded as internet access has spread to every corner of the globe and smart phones have swiftly become an integral part of the lives of billions of people. While global giants like Amazon and Alibaba are well known around the world, the rise of e-commerce is generating exciting growth opportunities for hundreds of thousands of firms of all shapes and sizes, from major brick and mortar players to tiny cottage industries. E-commerce has created a whole new purchasing universe, leading to hundreds of millions of consumer's access to a far larger choice and value opportunities while also helping to meet their growing desire for convenience. Hence, one can aptly express that E-Commerce is a boom to boost up the business of FMCGs.

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