

eBay: The E-way of Doing Business

Written by Faiz Askari, Editor-Technology, Small Enterprise India.com
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Emphasising the role of SME sector in the overall growth of eCommerce in India, Ambareesh Murty, Country Manager, eBay India highlighted the fact that there is a huge surge towards this new modality of doing business online among Indian SMEs. Ebay has recently unveiled the eBay Census Guide 2009 which highlighted the key findings and trends of online buying and selling among Indians. On the sidelines, Murty interacted exclusively with Small Enterprise India.com.

The eCommerce scenario in India has covered a long way and it is now penetrated deeper into the B to C class towns of India. What role does the Indian SMEs have played in this eCommerce surge?

eCommerce in India has undoubtedly covered a long way. But there is a huge opportunity still lying and we still need to cover another long way.

According to the eBay Census Guide 2009 for Indian eCommerce scenario, it is been found that India has over 2,471 eCommerce hubs. These hubs are the cities, towns, villages and smaller towns covering the entire geographic of the country. Places like Kanpur (Uttar Pradesh), Bundi (Rajasthan), Thevaram (Tamil Nadu) and Tezpur (Assam) are among the active or I should say most active hubs of eCommerce.

The single most interesting reason to this fact finding is the growing SME sector in these places. Manufacturers; small/medium or any size, from these smaller towns are selling their products to international markets using the eBay platform. They are among the front runners of eCommerce in India.

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All 28 States and 7 Union Territories witnessed eCommerce transactions, however, A class towns like Delhi, Mumbai and Bangalore are among the domestic buying and selling segment. These smaller towns have come forward in tapping the international buyers.

What is the driving force for such market trend? What makes SMEs to get attracted towards eCommerce?

Online marketplaces like eBay help create trade between rural towns, tier 2 and 3 cities and metros as well as global countries. The SMEs found it really worth to target their potential buyers who could be sitting in Europe or US using online gateway. Most importantly, the seller, which is a SME, does not have to worry for the logistics issues involved in his deal. With such support infrastructure, the SME which could be based in some remote part of Rajasthan, or Haryana or Uttar Pradesh need not to worry regarding the shipping and delivery of the product at their customer's door-step.

This is the main reason for SMEs to look at such options of eCommerce.

What is the actual footprint of smaller towns in the eCommerce space?

In our survey, we came to know that India has 226 Export Hubs where Indian entrepreneurs sell a variety of products to millions of eBayers in 172 countries around the globe. Indian exports include horse saddles, Freemason collectibles, Bollywood memorabilia, Steel Dabbas and cricket bats. In terms of actual numbers, we found that 181 rural towns are into the mode of active entrepreneurship as they are selling to buyers in India & worldwide.

Can you further explain a little but about the kind of eCommerce trends you witnessed among the SME sector?

Artisans of wooden ethnic furniture in Jodhpur used eBay as a distribution channel to sell to buyers in metros and export internationally to USA and Singapore.

Interestingly, Kanpur has a lot of manufacturers of Horse saddles, these manufacturers sell

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through eBay. Craftsmen in Ludhiana exported golf clubs to international eBayers in USA, Germany and France.

I see all this as a major achievement of our platform as it enables the product availability to anywhere and becomes a preferred medium of buying and selling in today's scenario.

Can you explain a little bit about the methodology of the eBay census 2009?

The eBay India Census is an annual eBay property, now in its second edition. eBay India Census 2009 is the first of its kind research, designed to throw light on online buying and selling behaviour in India as well as trends from global eBayers buying from Indian entrepreneurs. eBay Census puts online Indians shoppers under a lens and analyzed online shopping behaviour amongst 28 States, 7 Union Territories, Top 100 Cities in India and 172 Global Countries. eBay India extracted interesting trends based on the study of all transactions on its website over the 18 months. All online buying and selling transactions beginning from January 1, 2008 to June 30, 2009 have been accounted.

What are the challenges that should be sorted out in order to ensure the growth of online shopping?

Firstly the broadband or the back end infrastructure growth is needed to be looked at. We still require better broadband on affordable prices. Secondly, the logistical ecosystem needs to be further streamlined. Thirdly, the regulatory scenario with regards to eCommerce should be looked upon carefully. Having said all this, I can see that we are on the right path and some positive steps have already been taken towards this direction. But, we have a long way to go and cover a long ground.

Can you share some details about the breakup of the census' findings?

As far as the users' buying patterns are concerned, we have some interesting facts to talk about. Technology or technology related products clearly dominate the India's domestic eCommerce. Whereas, lifestyle product category dominates in the global trade.

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Elaborating India's domestic online shopping scenario, South India has the most active buyers at 41% of all transactions, followed by West India at 27%. However, West India has the most active sellers at 46%, followed by North India at 28%.

For Global Trade, lifestyle is the clear winner at 64% of all transactions followed by Media & Collectibles at 15% each. However, technology being India's favorite traded vertical category contributes 44% of totals eCommerce transactions according to the latest eBay Census. Lifestyle category at 35% came second in popularity for online Indians.