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Prospects of e-commerce website for a cooperative

Omkar Biswal and Dr. Mehul G Thakkar

Abstract

Globalization and blooming IT industry with internet as core, has increased the market reach for customers as well as organizations. At this point, e-commerce in various sectors is growing at an unprecedented rate. Multitude of benefits from having an e-commerce website such as access to wider market, increased efficiency in sales and distribution, direct interaction with customers, improved market transparency, cost effective marketing and advertising, data driven decision making, enhancing competitiveness, etc. are luring different private and government organizations to have one for themselves. However, due to complicated management of the cooperatives, it is less popular among them. With the passage of time, all the competitors are getting ahead of the cooperatives due to quick adoption of advanced technology. Considering all these concerns, even the cooperatives need to show progressive outlook and develop an e-commerce website. In this regard, the present Empirical Research Paper, utilizing the published theoretical literature and Communication Approach of the Descriptive Cross-sectional research design, assesses the prospects of e-commerce website for an established cooperative located in the coastal region of South Gujarat in the vibrant Gujarat State, that is, the Amidhara Cooperative. Based on a survey of 100 respondents from diverse zones – customers, retailers and store staff - this study found that the distance of the store from their place, store schedule, lack of discount schemes and unavailability of items are the top most problems of the customers. The major problems of the store staff are lack of credit facility, discount options, different payment options, customer grievance system and no facility for recording data of loyal customers. These problems can be resolved by incorporating an e-commerce website otherwise if attended separately; it will require a lot of money, manpower and time. The findings of this hitherto study clearly highlight how an e-commerce web portal will be beneficial to all the stakeholders of a cooperative store.

Keywords: Agricultural Cooperative, Agriculture Products, Customer Relationship Management, e-Commerce, Online Shopping

1. Introduction

In India, farming is of paramount importance as many people rely on it for food and livelihood security. However, the amount of money farming contributes to the country's economy has gone down in the past few years. This is because small farmers often don't get recognized. To fix this, a new system is being proposed. It will help farmers of all sizes sell their products directly to consumers, without having to go through a middleman. The rise of Agri e-commerce presents a great opportunity to streamline the agricultural value chain and eliminate inefficiencies in the distribution of farm produce. This innovative approach offers farmers and retailers a new way to sell their products to a variety of buyers, including agri-businesses, retailers, restaurants, and consumers. With Agri e-commerce, farmers can access new markets and enjoy increased transparency in the value chain. By reducing the number of intermediaries involved in the selling process, farmers are able to earn higher income, minimize wastage, and deliver fresh products to customers. These benefits are particularly impactful in developing regions, where the majority of people are employed in agriculture reside and the sector consistently contributes double-digit figures to GDP.

Cooperatives also have a big role to play in prospering our farmers and economy. As one knows, a cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. The distinguishing features of cooperatives are included in the seven cooperative principles of 1) Voluntary and Open Membership 2) Democratic Member Control 3) Member Economic Participation 4) Autonomy and Independence 5) Training and Information 6) Cooperation among Cooperatives 7) Concern for the Community. The survival of any cooperatives depends on their capability of satisfying their members. Members are those who organize cooperative to solve their problem collectively by organizing

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their knowledge, efforts and capital together. Members are the user, the owner, controller as well as the customers of the cooperatives. Their satisfaction is the major objective of the cooperative. Cooperatives exist to address members' needs by providing services such as helping members market their products and buy farm supplies, financial services and retail goods, etc. They are also used as tools in addressing a broad range of socio-economic pressure points such as unemployment, youth employment, value-added industries in rural communities and access to health care. Despite growing awareness about the multitude benefits of e-commerce interface, the cooperatives in rural areas are yet to adopt it. Multitude of benefits from having an e-commerce website such as access to wider market, increased efficiency in sales and distribution, direct interaction with customers, improved market transparency, cost effective marketing and advertising, data driven decision making, enhancing competitiveness, etc. are luring different private and government organizations to have one for themselves. However, due to complicated management of the cooperatives, it is less popular among them. With the passage of time, all the competitors are getting ahead of the cooperatives due to quick adoption of advanced technology. It is high time for the cooperatives also to recognize this need of the hour and move ahead progressively.

2. Research Methodology

The study was carried out with the following Research Objectives:

- To study the socio-economic profile of the respondents.
- To study different activities of the cooperative.
- To study the current store management practices of the cooperative.
- To find out the problems faced by customers and store staffs.
- To seek respondents' opinions regarding e-commerce website for the cooperative.

Descriptive cross-sectional research design was used for the study. Primary data have been collected through separate set of structured interview schedules for separate set of respondents. The schedules consisted of mixture of open ended, closed ended and multiple response questions. For customers and retailers, the questions were grouped into four sections. The first section questions were about their socio-economic profile. The second section questions were about different activities of the cooperative. The third section questions were about the problem faced by the respondents and the last section was about the opinion of the respondents on website. For store staffs, the above four sections were as it is and additional section was there to know the current store management practices of the cooperative. The survey was carried out through personal interview only. The respondents were personally approached by the researchers for personal interview. Secondary data were collected from published papers, magazines, and also from the published and unpublished reports of the cooperative. Collected data have been analyzed using simple descriptive statistics. The objective of the study was to find out the issues faced in the store and to study the prospects of an e-commerce website to overcome those stated problems in the survey responses.

3. Review of Literature

Goldstein and O'Connor (2000)^[3] revealed the opportunities e-commerce offers to small-scale entrepreneurs in developing

countries and the challenges they face in exploiting e-commerce's potential.

Ehmke *et al.* (2001)^[2] observed the evidence of the acceptance of e-commerce among agribusiness. Data on Internet adoption and use from small and mid-sized agribusinesses in Ohio was reviewed by them.

Baourakis and Daian (2002)^[1] stated that the initial stage of the e-commerce age in agriculture can be attributed to the late advances in the food retailing chain. Subsequently, they also discussed the ways in which farmers run their farm business by employing the Internet and taking advantage of e-tools. They suggested that for all the opportunities that e-commerce offers, farmers needed to be aware of possible barriers and in this sense, an attempt was made to determine both e-commerce opportunities and barriers.

Jena and Gupta (2005)^[5] noted that e-commerce is a technological innovation with profound implication for the agricultural sector. It provides an extraordinary opportunity to transform the strength of the companies, to improve competitiveness and fuels innovation, to open up alternate distribution channels and to create an entirely new cost structure for the agri-business companies.

Soegoto and Nugraha (2015)^[12] discovered the role of the e-commerce marketplace in transactions and found that it greatly provides benefits such as facilitating transactions, knowing the availability of goods, and ease of accessing the site.

Joiner and Okeleke (2019)^[6] reported the market opportunity in Agri e-commerce, with a focus on Sub-Saharan Africa as well as developing countries in Asia and Latin America. They highlighted key emerging trends, business models and recommendations for stakeholders to maximize the Agri e-commerce opportunity.

Gomathy *et al.* (2021)^[4] found that an online e-commerce platform enables a farmer to buy or sell anything related to the agriculture and farming category by simply creating an account. In their opinion, the ultimate objective of the idea was to help a farmer with good revenue for their goods.

Saradha *et al.* (2021)^[11] studied the need to develop an e-commerce website for farmers to sell their produce at better rates and buyers can purchase the products via website using categorical and location wise search system. The main goal of this project was to eliminate middleman and provide an efficient and robust alternative method to ease the flow of overall market.

Wangmo *et al.* (2022)^[13] revealed the significance of popular e-commerce technology in reducing the human effort in shopping stores and studied the feasibility of developing e-commerce web portal for the college store.

In a pioneering study of a leading cooperative, Patel and Thakkar (2023)^[7] studied the expectations, satisfaction and problems of member farmers regarding services of a leading cooperative in South Gujarat region. Based on a survey of 170 member farmers selected through simple random sampling method, they found that the top five expectations of member farmers were access to credit, convenient operating hours, employees of cooperative understanding need of the customers, time saving and better supply chain management. They also highlighted the major problems faced by member farmers as lack of training and awareness programmes, unavailability of schemes in particular situation, inadequate inputs supplies, inadequate farm implements and poor price mechanism. The findings of this hitherto study can certainly be a guide post for the cooperatives to understand the

expectations of member farmers and improve services to achieve the ultimate objective of member farmers' satisfaction and consequently their retention.

Patel and Thakkar (2023)^[8, 9] reported that Indian farmers have started using smart phones and internet services but they are not yet aware about the strength of this technology and how they can use such technologies for their agricultural purpose. Progressive farmers are always an exception to this general rule. But they are still in minority in terms of numbers. People of new generation are very techno friendly and when they will do farming, they will prefer smart-work rather than hard-work. They will use such digital technologies and digital services very effectively for farming purpose. Consequently, the cooperatives will have to think from the perspective of such tech-savvy member farmers whose expectations from their cooperatives would be entirely different.

In their pioneering empirical study, Patel and Thakkar (2023)^[8, 9] highlighted the benefits perceived by the farmers while doing e-Retailing of Agri inputs. The research was conducted in three randomly selected districts of Gujarat. 300 farmers were selected purposively by adopting multistage sampling technique. They found that the benefits like shopping convenience, ease/comfort of shopping, product selection and hedonic motivation/enjoyment were perceived by the farmers from e-Retailing of agri inputs; and they served as the major 'pull factors' for farmers to continue e-Retailing of agri inputs.

In a landmark study, Patel and Thakkar (2023)^[10] studied the awareness, expectations and usage of agricultural apps by farmers in Banaskantha district of Gujarat. They also highlighted the changing profile of farmers in Gujarat state with the use of various Agricultural Apps and the wide ranging expectations from the developers of these Apps.

In and all, with changing profile of Indian farmers who are ultimately the members of cooperatives, the rising importance of cooperatives in bringing about farmers' welfare and increasing importance of e-commerce, the cooperatives will have to adopt a progressive outlook and incorporate advanced technology in its working. In the light of all these concerns, the need was felt to systematically study the prospects of e-commerce website interface for a well established cooperative of South Gujarat and hence this study was carried out.

4. Results and Discussion

Socio-economic profile of the respondents

Out of 100 respondents, 50 were customers, 40 were retailers and 10 store staffs. 40% customers, 47.5% retailers and 60% store staffs belonged to the age group of above 40 years. 58% customers were male while 42% were female, while for retailers 95% respondents were male. However, for store staffs 100% respondents were male as there was no female store staff in the cooperative store. This was surprising, as there was not a single female staff in the cooperative store and no specific reason was given by the management on further questioning about such demography of the store staff. 40% customers were housewife in occupation followed by 32% having job and 28% farmers. 78% customers had annual family income above 3 lakhs. 50% of the store staffs were working with the cooperative for 3 to 6 years.

Different activities of Amidhara cooperative

According to the study, the store staffs of different stores vary

with the frequency of opening the store according to the demand in a week. The study reveals that 40% store staffs open it at least 5 days per week followed by 30% thrice a week, 20% everyday and 10% once a week.

Most of the store staffs accounting 60% only change the inventory whenever required. This shows passive reactive nature of the store staffs. This means that they are not at all proactive in their approach in filling the inventory and because of this; customers may not get what they want when they want.

The study reveals that 60% grievances are managed by the store staffs as soon as possible.

In a day, the stores open for a limited time and vary across stores. 50% stores open for 5 to 7 hours followed by 30% open for more than 7 hours and rest open for less than 4 hours.

Table 1: Frequently preferred products

Usual purchase	% of case	
	Retailers	Customers
Ready to eat	35	26.08696
Fruit drinks	25	10.14493
Mango slices	37.5	30.43478
Pickles	100	66.66667
Sauces and paste	100	66.66667
Total	297.5	200

Table 1 shows preferred buying of 50 customers and 40 retailers, which reveals that the respondents prefer to buy multiple products from the cooperative. After analyzing the multiple responses, it was found that most respondents buy sauce and pastes followed by pickles, mango slices, ready to eat and fruit drinks.

Current store management practices of the cooperative

Out of all the payment options such as UPI, liquid cash, Net banking and card payment most customers (58%) use liquid cash to pay the bills followed by UPI (42%) while most retailers (72.5%) use liquid cash to pay the bills and rest used the UPI method.

The method of recording sales and credit in the cooperative store can be categorized into manually in books, on computer database and by collecting bills or on online apps in case of credit recording. Out of these manual recording in books is the most preferred one by the store staffs which accords 60% in both cases.

The most preferred method for recording inventory is recording manually in books which accords 80%.

The study reveals that majority of the store staff (70%) don't inform the customer about the product availability.

60% of the total store keeps record of the customers and most of them 67% use manual recording in book method for the purpose.

60% of the customers get to know about the product by personal visit to the store only. Apart from this, other ways are through friend and relatives or by the employee of the store.

Problems faced by customers and store staffs

44% customers and 25% retailers said they faced some problem during their visit to the store while 20% customers and 50% retailers denied it. However, 36% customers and 25% retailers said they sometime face some problem during visits.

Table 2: Problems faced by respondents

Problem faced by respondents	% of case	
	Customers	Retailers
Unavailability of items	82.5	95
Pricing of products	55	85
Distance of store from home	92.5	90
Long queue at store	0	0
Store remain closed	65	45
No discount and offers	77.5	100
Staff behaviour	12.5	60
Total	385	475

After analyzing all respondents' problems in multiple responses set, Table 2 reveals that most respondents face the problem of distance of store from home as major problem, followed by unavailability of items, no discounts and offer in the products etc.

55% customers and 60% retailers reported the problem faced by them to the cooperative and out of which 36.3% customers and 16.7% retailers opined that their problems were given due consideration and were resolved. So, even after reporting, the problems of many stakeholders have not been resolved. This shows unprofessional attitude and apathetic outlook of the store staff towards their customers.

80% retailers and 46% customers said the store timings are convenient and other said it was not always convenient.

Out of 10% store staffs who face problem at work and 90% who sometime face problem, reveals that 80% problem faced was due to non-availability of credit facility and 70% was due to lack of discount options. Other problems involved are

unavailability of items, customer grievance system, adhoc purchase and sale of item and marketing of products.

Respondents' opinion regarding e-commerce website for the cooperative

The study reveals that 76% customers and 100% each of retailers and store staffs are familiar with online shopping and most of them do the shopping whenever required.

80% customers and 95% retailers recommended that the cooperative should have its e-commerce site while 20% customers and 5% retailers are against it.

Table 3: Reasons for recommending e-commerce website by Customers & Retailers

Reasons for recommendation	% of case	
	Customers	Retailers
Convenience	100	97.37
Home delivery	77.5	76.32
Discount offers	72.5	76.32
Price competitiveness	47.5	50
Variety of choices	90	89.47
COD option	75	71.05
Total	462.5	460.53

Table 3 shows respondents' reasons for recommending e-commerce site for the cooperative. According to it, convenience and variety of choices were the top reasons for recommending an ecommerce website followed by facility of home delivery, discount, COD options and price competitiveness with other e-commerce platforms.

Table 4: Online services to be incorporated – Customers' Expectations

Online services	% of case	
	Customers	Retailers
View item	77.5	85
Store schedule	72.5	75
More choices	92.5	90
Make order	100	100
Online payment	92.5	90
Home delivery	100	100
Total	535	535

An attempt was made to gauge the expectations of the respondents in the form of suggestions about the services to be incorporated in the proposed e-commerce site. Table 4 shows respondents' suggestions for online services that need to be incorporated. According to it, ordering options, home delivery services are the top online services to be incorporated

followed by more choices, online payments, store schedule and viewing item options in the site.

Most respondents are of the opinion that they may buy the product or will think over it once the site was made. However, no one denied buying the product from site.

Table 5: Reasons for recommending e-commerce website by Store Staff

Reasons for recommendation	No of responses		% of case
	No	%	
Convenience	8	15.09%	80%
Home delivery	1	1.88%	10%
Customer friendly	10	18.87%	100%
Less burden of work	10	18.87%	100%
More reach to customer	1	1.88%	10%
Variety of choices	3	5.67%	30%
Competitive	10	18.87%	100%
Better services to customer	10	18.87%	100%
Total	53	100%	530%

Table 5 shows the reasons of store staffs for recommending an e-commerce site for the cooperative. It reveals that customer friendly, less burden of work, competitive

advantage over other and better services to the customer were the main reasons for recommending the development of e-commerce website by the store staffs.

Table 6: Online services to be incorporated – Store Staffs' Expectations

Online services	No of responses		% of case
	No	%	
View item	6	12.77%	60%
Store schedule	6	12.77%	60%
More choices	6	12.77%	60%
Make order	10	21.27%	100%
Online payment	9	19.15%	90%
Delivery	10	21.27%	100%
Total	47	100%	470%

Table 6 shows the suggestions of store staffs for online services that need to be incorporated in e-commerce site. According to the store staff, the most important online services to be incorporated are make order option and delivery options; both accounting for 21.27% responses. This is followed by online payment option, view items, more choices, and store schedule.

5. Conclusion

Online shopping has evolved as a fascinating mode of business across the globe. The present study was carried out on prospects of e-commerce website for a well established cooperative in South Gujarat region. To account for the prospects, study results strongly reveal that an e-commerce website would really help the cooperative in easing out some of its problems, smoothening some of the current store management functions and increasing profit of the organization. Moreover, the respondents also like to shop online and recommend an online service for the cooperative store. Some of the retailers are against the idea and that is because of their loss of business in local market. Store staffs are facing problems like unavailability of credit facility, lack of discount options, different payment method options, customer grievance system, lack of facilities for recording data of loyal customers etc. These can be effectively managed by developing an e-commerce platform. The store staffs keep record of sales, inventory, credits and customers manually at present. With an online store, they can effectively manage all these and even track their profit and losses. With advent of ecommerce site customers can surf through the site and order the product anytime from anywhere. They can even check the store schedule if they need to visit the store beforehand. Considering the multitude of benefits of an e-commerce website for this cooperative, it seems highly advantageous to have one for the cooperative as well as for all the stakeholders.

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