



E-commerce in India: Future Challenges and Opportunities

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Abstract— Electronic Commerce is process of doing business through computer networks. A person sitting on his chair in front of a computer can access all the services of the Internet to buy or sell the products. Unlike traditional commerce that is carried out physically with effort of a person to get a product, E-commerce has made it easier for human to decrease physical work and to save time. E-commerce which was started in early 1990's has taken a great leap in the world of computers, but the fact that has hindered the growth of E-commerce is security. Security is the challenge facing E-commerce that day and there is still a lot of advancement made in the field of security. The main advantage of E-commerce over traditional commerce is the user can browse online shops, compare prices and order commodities sitting at home. For increasing the use of E-commerce in developing countries the Business to Business (B2B) E-commerce is implemented for improving access to global markets for firms in developing countries. Now a day's emerging improvement in the field of E-commerce is essential. The research strategy shows the importance of the E-commerce in developing countries for business applications.

Keywords— E-commerce, customer satisfaction, business, information technology

Introduction

E-commerce stands for Electronic commerce. It means dealing in goods and services through the electronic media and internet. The fast growth of E-commerce in India is being driven by greater customer choice and improved convenience with the help of internet the vendor or merchant who sells products or services directly to the customer from the portal using a shopping basket system or digital cart and allows payment through debit card, credit card or electronic fund transfer payments. In the present scenario E-commerce market and its space is increasing in demand as well as an impressive display or range of a particular type of services. E-commerce is already appearing in all areas of business, new product

development, customer services and design. E-commerce business is growing in India because of wide range of product with minimum price wide range of suppliers and customers internet. In this modern era every business units want to join online business because increasing ratio of internet users in India. E-commerce in India is still in growing stage but it offers considerable opportunity.

WHAT IS E-COMMERCE?

E-commerce is buying and selling goods and services over the internet. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange, inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web for at least one part of the transaction's life cycle although it may also use other technologies such as E-mail. Typical E-commerce transactions include the purchase of online books (such as Amazon) and music purchases (music download), and to a less extent, customized or personalized online liquor store inventory services. There are three areas of E-commerce: electric markets, online retailing and online auctions. E-commerce is supported by electronic business. Maintaining the Integrity of the Specifications.

OBJECTIVES OF STUDY

The objectives of present study are:

1. To find out the growth factors of E-commerce in India.
2. To examine the barriers of E-commerce in India.
3. To analyze the present trends & opportunities of ecommerce in India.



Advantages of E-commerce

- Buying/selling a variety of goods and services from one's home or business
- Units Anywhere, anytime transaction
- Can look for lowest cost for specific goods or service
- Businesses can reach out to worldwide clients can establish business partnerships
- Order processing cost reduced
- Electronic funds transfer faster
- Supply chain management is simpler, faster, and cheaper using E-commerce can order from several vendors and monitor supplies.
- E-commerce is increasing revenue.
- Operation and maintenance costs through internet.
- Raises customer loyalty and retention.
- Develops customer and supplier relationships.
- Improves speed of the process of selling.
- Improves internal and external communication.
- Develops the company image and brand.

Review of Literature

E-Business probably began with electronic data interchange in the 1960s (Zwass, 1996). However, (Melao, 2008) suggests that it was only in the 1990s, primarily via the Internet, that e-Business has emerged as a core feature of many organizations. In his opinion, the hope was that e-Business would revolutionize the ways in which organizations interact with customers, employees, suppliers and partners. Some saw e-Business as part of a recipe to stay competitive in the global economy. The term "e-Business" has a very broad application and means different things to different people. Furthermore, its relation with E-commerce is at the source of many disagreements. [4] discussed about E-plane and H-plane patterns which forms the basis of Microwave Engineering principles.

According to (Melao, 2008). A more comprehensive definition of e-business is: "The transformation of an organization's processes to deliver additional customer value through the application of technologies, philosophies and computing paradigm of the new economy." In a simple sense, E-Business can be defined as, "the organized effort of individuals to produce and sell, for profit, products and services that satisfy society's needs through the facilities available on the Internet".

(Kalakota and Robinson, 2000) proposed a definition of e-business that clearly stresses the difference between E-commerce and e-business. More precisely they assume that "e-business is not just about E-commerce transactions or about buying and selling over the Web; it is the overall strategy of redefining old business models, with the aid of technology, to maximize customer value and profits". Kalakota and Robinson's definition is of great importance because it describes e-business as an essential business re-engineering factor that can promote company's growth.

According to (Melao, 2008) the clear commonalities among these definitions, include the improvement of business processes and the use of ICT in intranets, extranets and the Internet to conduct business. He defines e-Business as the use of ICT as an enabler to (re)design, manage, execute, improve and control business processes both within and between organizations. Thus, front and back-office integration and multi-channel integration become crucial in e-Business, which requires a challenging process improvement approach to support the necessary organizational, technological and social changes. The article published by Rahmath Safeena, Hema Date and Abdullah Kammani in January 2001, states that, the various areas where the banks are preparing to use e-business approach include familiar and relatively mature electronically based products in developing markets, such as telephone banking, mobile banking, credit cards, ATMs, and direct deposit. This means that most of the banks have recognized the need to change their business process to conform to changing business trends in order to keep up with competition.

E-commerce Challenges & Opportunities in India

- E-commerce stands for electronic commerce. E-commerce provides multiple benefits to the consumers in form of availability of goods at lower cost, wider choice and saves time. E-commerce involves conducting business using modern communication instruments: telephone, fax, e-payment, money transfer systems, e-data interchange and the Internet. Electronic Business is more than just buying and selling products online. It also includes the entire online process of developing, marketing, selling, servicing, and paying for products and services. This paper is outcome of a review of various research studies carried out on E-commerce. This paper examines different opportunities and challenges of E-commerce.
- E-commerce is an outcome of Information and Communication Technology revolution in economic fields or the most visible way of contribution of ICT to economic growth. Information and Communication Technology, as a tool of socio-economic development, is a significant issue for developing countries. A common definition of E-commerce is to provide trade processes through data



interchange, transaction of goods and services via computer networks such as the Internet. E-commerce and online shopping in India is getting a noticeable growth as more usage of internet facilities, high educational standards, changing life style and economic growth of the country reasons in the demand of ecommerce techniques and tools. This significant impact has resulted in more numbers of customers to explode various fields of E-commerce for their benefits. There is also a significant national diversity in E-commerce adoption, particularly in downstream marketing, sales and other customer-oriented activities.

- The primary purpose of this study is to examine and uncover the impact of E-commerce and also identify the issues and areas important to the implementation of E-commerce that may help in enhancing the productivity in the economic growth of the country. E-commerce comprises core business processes of buying and selling, goods, services and information over the internet. Day to day E-commerce is a backbone in Indian society and it has become integral part of our society life. The first E-commerce site in India was rediff.com. E-commerce allows different payment through debit card, credit card or EFT (Electronic fund transfer) payments. Ecommerce provides multiple benefits to the customers in form of availability of goods at lower cost, wider choice and saves time, along with the need to invent and popularize innovations such as Mobile Commerce. E-commerce provides a new place for connecting with consumers and conducting transactions. Virtual stores operate 24 hours a day, 7 days a week.
- The way in which you manage your business relationships has not changed, but the way they are referred to when using e-Business tools has. They are becoming more often known as:
 - Business to business (B2B)
 - Government to consumer (G2C)
 - Government to business (G2B).
 - Business to consumer (B2C) (also known as e Commerce) Keeping the first category in research the Business-to-Consumer (B2C) segment, which includes the popular, Wall Street friendly businesses like Amazon, e-Trade, etc.
- E-business challenges on the side of marketers are the developing countries face a number challenges in utilizing the benefits in raising incomes and trade flows in the area of E-commerce. A range of

technical, legal and international governance considerations need to be addressed.

- ✓ Personalization: - It can be the single most important challenge for suppliers when it comes to E-commerce and its competition its competition with retail stores. Retail stores have facility of personal touch which is difficult to replace with selling online.
- ✓ Shipping Challenges: - Issues related to lack of supply chain integration, delay in delivery and lack of proper courier services in some areas make customers frustrated.
- ✓ Currency Challenge: - Different countries have different import and export specifications. Issues related to credit card limits and currency exchange rates. This hinders smoothness in E-commerce shopping.
- Issues faced by Consumer in E-commerce
 - ✓ Refund: - If the quality, size, color of acquired product does not match with the expected product then arise a situation of product return. But the refund for such situation usually takes a long time.
 - ✓ Trust: - Consumers are seriously concerned about a number of dimensions of trust. These concerns are discussed, and can be analyzed into the following categories:
 - Goods and services offered and acquired; and Assurances that refund is available for unsatisfactory goods and services;
 - Trust in the privacy of personal data arising from electronic transactions.
 - ✓ Privacy :- As far as the privacy of personal data is concerned, many people are concerned about the trails that they leave behind them in cyberspace, and by the use of models of their behavior using the
- The major opportunities that E-commerce can bring to the companies/suppliers are:
 - ✓ It minimizes inventory cost: E-commerce venture need not maintain huge inventories or expensive retail showrooms.
 - ✓ It can improve customer services: It has been found that providing both customer and after-sale services account for up to 10 per cent of the operating costs.
 - ✓ It helps business globalize: E-commerce by minimizing costs enables companies' especially small ones to make information on its products and



services available to all the potential customers spread over worldwide.

- The major opportunities that E-commerce can bring to the customer are:
- ✓ User friendly: - The best thing about E-commerce is its buying options that are quick convenient and user friendly with the ability to transfer funds online.
- ✓ Eliminate Travel Cost: - Now, customers do not have to travel long distance. With few mouse clicks, customers can make their purchase.
- ✓ Availability: - Consumers can purchase almost anything online 24 X 7 a day and get ultimate shopping experiences.
- India has an Internet user base of about 354 million as of June 2015. Despite being third largest user base in world, the penetration of e-commerce is low compared to markets like the United States, United Kingdom or France but is growing much faster, adding around 6 million new entrants every month. The industry consensus is that growth is at an inflection point. In India, cash on delivery is the most preferred payment method, accumulating 75% of the e-retail activities. Demand for international consumer products (including long-tail items) is growing much faster than in-country supply from authorized distributors and e-commerce offerings. As of first Quarter, 2015, seven Indian E-commerce companies have managed to achieve billion-dollar valuation Viz. InMobi, Flipkart, Quikr, Snapdeal, Amazon India, OlaCabs, and Paytm.
- Retail ecommerce sales in India, which was a meager \$3.59 billion in 2013 grew to somewhat better \$5.30 billion in 2014 and year to year growth. In year 2015, total online retail in India all set to touch \$7.69 billion, growing at a rate of 45.2%. By the year 2018, E-commerce retail in India is expected to grow to \$17.52 billion.
- Indian E-commerce and online shopping together plays a significant role in comprehensive growth to the economy. Owing to the increasing internet population, it has become easier and simpler in dealing with the competitive market for better deals on product. However, along with development and changes in E-commerce, there are also security and privacy concerns among the customers. Hence, researchers in this field will need to study more on the security and critical issues relate to e-commerce.

CONCLUSIONS

The E-commerce industry will be a leader with popularity in electronic business world in the upcoming years. The E-commerce revolution has fundamentally changed the business of transaction by giving new opportunities and breaking borders easily. In India, it has strongly impacted the traditional business system and changing the life of people by making it easier. While it gives benefits to customer and seller, E-commerce gives challenges to traditional business for competitive position. Developing countries face many obstacles that affect the successful implementation of E-commerce with the help of comparing with developed country. When the internet cost will be low then the E-commerce will flourish easily and will make many of traditional business to run out of their business. Convenience is one of the benefits that customer gets from the E-commerce and thus increasing customer satisfaction. This is due to customer can place a purchase an order from anywhere with internet connection. E-commerce business provider should give importance on every customer by giving smooth service and many options for payment and have more functions available online. Other benefits are expanded product offerings and expanded geographic reach. But E-commerce business faces a lot of challenges in flourishing their business.

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