

# A Study on Challenges and growth of E-commerce with reference to South Mumbai

Farheen Anwar Hussain Makrani

Address: 66 zakaria masjid street, Akhtar mansion, 4<sup>th</sup> floor, Room no: 12, Mumbai- 400009

Status: Research scholar (M.Phil Student).

Name of the College: K.P.B Hinduja College of Commerce.

## Abstract

Electronic commerce, commonly known as e-commerce, refers to the buying and selling of products or services over electronic systems such as the internet and other computer networks. Internet is the rapidest growing media during the past decade. E-commerce is commercial activities conducted through internet technologies like mobile, EDI, www, e-mail, etc. Internet commerce in a broader context can be executed through mobile, tablet, Pcs, laptops and also other devices like for example watches. Today, there are umpteen number of e-commerce sites. While some are pure click websites like Amazon, Cleartrip, Flipkart etc, some are termed as brick & click websites. A pure click site is one that is established online directly without a base firm. The paper throws light on the concept of E-commerce in detail. This paper highlights the problems faced by E-commerce Companies.

**Keywords:** E-banking, Online Shopping, Challenges, Information Technology.

## Introduction

The birth and growth of Internet has been the biggest event of the century. E-commerce in India has come a long way from a timid beginning in the 1999-2000 to a period where one can sell and find all sorts of stuff from a high end product to a meager peanut online. "The internet has been the revolutionary technology of the new millennium, empowering consumers and businesses alike with blessings of connectivity. With the rapid increase and development of technology, information systems are no longer a novelty. They have become an ordinary component of our everyday life, varying from private everyday use (such as emailing friends, chatting on MSN, etc) to corporate use, by facilitating business processes and transactions. In the modern days, an office is practically inexistent without the use of some kind of information systems. The old office, where people used only pens, paper, calculators and envelopes is quickly ceasing to exist in that particular form. Today we are moving into an era of "intangible" business processes, where business communication and transactions can be conducted anywhere, anytime, and with a simple mouse click. E-commerce is currently changing the way business is conducted with very few organizations debating whether or not to participate in it. This essay will focus on the rise and importance of e-commerce, in order to illustrate

that electronic commerce is the 'behind' any successful modern business. The phenomenal growth of the Internet has led to the emergence of a great number of new technologies. One of the most important ones is the ability to conduct business over the Internet. E-commerce is often described as the buying and selling of information, products and services with the assistance of computer technology and the Internet. E-commerce or electronic commerce is the buying and selling of products or service over the internet or any other electronic media. It includes electronic fund transfer, internet marketing, online transaction processing etc. Modern e-commerce is typically bound to the internet. Though it may encompass many other methods like telephonic booking, it uses the internet at least in one point of time.

E-commerce, the idea of online shopping was first put forth by Micheal Aldrich in 1979. He had connected a modified domestic TV to a real-time transaction processing computer via a domestic telephone line. Later in 1990, when Tim Berners-Lee invented the worldwide web, e-commerce has got a scope to expand itself. Amazon.com which was first launched in 1995 by Jeff Bezos is the first online shopping site open 24\*7. Today, there are umpteen number of e-commerce sites. While some are pure click websites like Amazon, Cleartrip, Flipkart etc, some are termed as brick & click websites. A pure click site is one that is established online directly without a base firm. Sites like e-bay, amazon are some of the examples. There are also few firms which obtain name & fame and then launch an e-commerce site to avail online facilities to the customers. Today, E-commerce has made a world into a market. One can order anything from any corner of the world just by a click. There is no limit to man's quest for comfort. Right from the invention of wheel, every advancement is just a result of man's quest for comfort, the latest one being electronic commerce.

There are many forms of e-commerce: Business to Business, Business to Consumer, Consumer to Business and Business to Government E-commerce is “predominantly a business issue, enabled by Information Technology” The ability to do business electronically has resulted in the development of new business models at a rapid pace, which models will prevail is still being decided.

### **Objectives of the Study**

*The study was undertaken with the following specific objectives in view:*

- 1) Giving insight into the concept of E-Commerce and to identify the Major players in E-commerce.
- 2) To identify the Problems Faced by E-Commerce Companies in South Mumbai.
- 3) To analyse the Reasons for the Growth of E-commerce.

### **Research Methodology**

For the study, the data has been collected from primary as well as secondary sources. The primary data are collected through questionnaires. A link to an online questionnaire was forwarded to the students via e-mails, several Facebook students groups and whatsapp groups. The Secondary Sources include reference to certain books, journals, magazines, newspapers and government circulars. The Sample size is 120 customers and the

Sample is chosen by Convenient Random Sampling method. The Study is confined particularly to the Customers of South Mumbai.

### **Limitations of the Study**

*Although all efforts were made to make the result of the survey as accurate as possible, the survey had the following constraints:*

- 1) Customers were not willing to give answers of the questions due to their busy schedules.
- 2) The study is confined particularly to the Customers of South Mumbai, which may not represent the Population in Total.

### **Review of Literature**

Patric Barwise (2001) reported that probability 99 % of e-commerce today is done using PCs either desktops or Laptops. For B2B e-commerce this is unlikely to change for B2C e-commerce however, things will be more complex, there will be wider range of relevant media including interactive digital TV and a range of mobile 51 and wireless service there will be huge difference between different consumers ownership of equipment and access technology. Some will have broadband access and others have no digital communication at all.

Jackie Gilbert Bette Ann Stead (2001) reviewed the incredible growth of electronic commerce (e-commerce) and presented ethical issues that have emerged. Security concerns, spamming, websites that do not carry an “advertising” label, cyber squatters, online marketing to children, conflicts of interest, manufacturers competing with intermediaries online and “dinosaurs” were discussed.

### **Top E-commerce Companies in India in 2018**

#### **1. Amazon**

Globally, it is the largest internet retailer according to the revenue and market capitalization. amazon.in caters a wide range of product categories including apparel, electronics items, software, videos, books etc. All customers on Amazon.in and the Amazon mobile shopping app have an easy and convenient access to over 160 million products across hundreds of categories.

#### **2. Flipkart**

Mainly, the site is popular for books, movies, music, games, consoles, gaming accessories, mobiles, mobile accessories, cameras etc. Also, it sells computers, computer accessories, network components, software, peripherals, home and kitchen appliances, TV and video products, apparel, personal and healthcare products.

### 3. india.alibaba.com

Actually, China-based Alibaba Group Holding Limited owns the India.alibaba.com. Alibaba provides B2B, B2C, and C2C sales services through the web portal. Also, Alibaba is the world's largest and most valuable retailer since April 2016. Currently, the company operates in over 200 countries. Currently, Alibaba is the fastest growing online retail company in India.

### 4. Rediff

Apart from providing an online shopping platform, Rediff provides news, information, and entertainment. Mainly, the site is popular for deals and discounts. The site sells apparel, books, auto accessories, homecare, personal care products etc

### 5. Paytm

An Indian entrepreneur Vijay Shekhar Sharma founded Paytm. Apart from eCommerce, the company operates the Paytm payment gateway and the Paytm Wallet services. Paytm sells a wide range of products including apparel, electronics, sports items, books, movies, stationery etc.

### 6. Indiamart.com

The company runs the business model of providing online business directory. The online channel focuses on providing a platform to Small & Medium Enterprises (SMEs), large enterprises as well as individuals. The company's mission is 'to make doing business easy.'

### 7. eBay

Actually, eBay is a California based multinational eCommerce company. Basically, eBay is an online auction provider and shopping website in which people and businesses buy and sell a wide variety of goods and services worldwide. Mainly, the company is popular for fashion items, electronics, cars, health & beauty products, and deals.

### 8. makemytrip

Basically, MakeMyTrip is an online travel company. The company has the headquarter in Gurgaon, Haryana. The company operates the business through 51 retail stores across 47 cities in India.

## 9. bookmyshow

Currently, bookmyshow is the largest entertainment portal for movie tickets, event tickets, sports, and concert tickets. Customers can book the tickets through various platforms like internet, mobile application, WAP and the in-house call center.

## 10. Snapdeal

The site has more than 300000 sellers across India. Also, the company offers over 30 million products across 800+ diverse categories from over 125,000 regional, national, and international brands and retailers.

### Several reasons for growth in E-commerce.

The invention of faster internet connectivity and powerful online tools has resulted in a new commerce arena – Ecommerce. Ecommerce offered many advantages to companies and customers.

#### *Accessibility*

Accessibility was the pillar on which the E-commerce success totally depends. The Ecommerce platform of internet assists the customers to shop for anything they want lurking in their mind while sitting at their home despite of their location. This attracts a lot of customers in contrast to brick and mortar stores

#### *No destination barriers*

In E-commerce, distance is not an issue for the shoppers. They get a cool mindset and physical ease, the entire shopping takes place on desktop or mobile merely by a click of mouse.

#### *Online shopping is comparatively economical*

Online shopping comes out to be cheap than buying from a physical store. As merchants do not have to spend surplus amount while renting a place or hiring the staff. Apart from these expenses, the vendors save much on electricity and water bills too. And they share this lion share of the benefits with the customers.

#### *Internet connectivity everywhere*

With the presence of computers and mobile all around with internet connectivity has become another stimulating reason for online shopping.

#### *People do not have time to shop*

Many a times shoppers due to their busy schedule cannot shop from store thus they make purchases while traveling or being in office.

## Specialized and Niche Products

With Ecommerce customers get highly specialized and niche products that were previously difficult to source locally.

## Challenges faced by E-commerce Businesses

*Below are the major problems that are faced by most of the ecommerce companies:*

### 1. An absence of Online Identity Verification

When a visitor visits an e-commerce website and signs up, the portal is unaware of the customer except for the information he/she entered. The customer is genuine or not is questionable. This creates huge revenue losses for a company when a customer makes a Cash-On-Delivery (COD) purchase and the information entered like phone number, the address is invalid or fake.

### 2. Competitor Analysis

In this competitive world, there will be too many competitors who will be offering same products and service as you. Unless you have the best strategy that differentiates yourself from other competitors; it will become difficult to survive.

### 3. Maintaining customer's loyalty

One of the reasons why ecommerce companies face the struggle while building trust and loyalty with the customer is because a seller and a buyer don't know each other nor they can see each other while making a transaction, unlike street-shopping. It takes few transactions, time and plenty of efforts by the company to build the customer trust and loyalty.

### 4. The headache of product return and refund

When the product is returned, due to whatsoever reason, whether a customer was dissatisfied or the product was damaged, the business suffers a heavy loss of shipment and reputation. Cost of logistics and shipping have always been scary for those e-commerce sellers who deliver the product for free.

### 5. The struggle of competing on price and shipping

The price competition affects the small ecommerce business badly. Because the mid-sized or large competitors often offer products for less price and free shipping on nearly every order, while they couldn't afford to offer the same with competitive price.

## Data Analysis and Interpretation

**Table 1:** Transaction of purchases in E-commerce

Particulars	Frequency		Percentage	
	Male	Female	Male	Female
Electronics	35	5	50	10
Apparels	10	12	14.28	24
Home and Furnishing	2	8	2.85	16
Baby Beauty and Personal Care	10	20	14.28	40
Books	8	1	11.42	2
Others	5	4	7.14	8
<b>Total</b>	<b>70</b>	<b>50</b>	<b>58.33</b>	<b>41.66</b>

**Source:** Compiled from Primary Data

Analysis of Table 1 concluded that 50% of the Male respondents uses online Shopping for purchasing Electronics, whereas 40% of the Female respondents uses Online Shopping for Beauty and Personal Care. Only 10% of the Female respondents prefer Online Shopping for purchasing Electronics.

**Table 2:** Usage of online shopping

Particulars	Frequency		Percentage	
	Male	Female	Male	Female
Frequently	35	10	50	20
Never	5	8	7.14	16
Occasionally	5	15	7.14	30
Regularly	20	5	28.57	4.16
Rarely	5	12	7.14	10

**Source:** Compiled from Primary Data.

Results of the research showed that 50% of the Male respondents uses Online Shopping frequently, 30% of the Female respondents uses Online Shopping Occassionally. 10% of the Female respondents prefer Online Shopping rarely.

**Table 3:** Motive for buying online

Particulars	Frequency	Percentage
Avoid hassles of shopping in store	35	29.16
Price	5	4.16
Availibility of products 24x7	20	16.66
Convenience	45	37.5
Saves time	40	33.33
<b>Total</b>	<b>120</b>	<b>100</b>

**Source:** Compiled from Primary Data.

Finding of the study showed that 33.33% of the respondents shop online due to the reason that it saves their time, whereas 37.5% of the respondents prefer Online Shopping because of Convenience, 16.66% of the respondents uses Online Shopping due to Availibility of products 24x7.

**Table 4:** Most preferred Entertainment and Food App by Respondents

Particulars	Frequency	Percentage
Book my Show	30	25
Food Panda	15	12.5
Swiggy	30	25
Ticket Please	20	16.66
Zomato	10	8.33
Faasos	15	12.5
<b>Total</b>	<b>120</b>	<b>100</b>

**Source:** Compiled from Primary Data

Analysis of the study showed that 25% of the respondents uses Swiggy app for ordering food Online, whereas 25% of the respondents prefer Book my Show for purchasing movie tickets online. 12.5% of the respondents uses Food Panda for ordering food Online, only 8.33% of the respondents prefer Zomato. 12.5% of the respondents uses Faasos for ordering Food online.

**Table 5:** Highly used buying and Selling apps by Customers

Particulars	Frequency	Percentage
OLX	35	29.16
Quikr	30	25
Listup	5	4.16

ebay	25	20.83
Spoyl	10	8.33
Elanic	3	2.51
Zefo	2	1.66
Koove	10	8.33
<b>Total</b>	<b>120</b>	<b>100</b>

**Source:** Compiled from Primary Data

Analysis of Table No.6 indicates that OLX is the highly used app by respondents, 30% of the respondents prefer Quikr for their buying and selling transactions. Findings of the study showed that 20.83% of the respondents uses ebay for conducting their tansactions, whereas 8.33% of the respondents prefer Koove for buying and selling of their commodities.

**Table 6:** Reasons for using Internet Banking

Particulars	Frequency of respondents		Percentage of respondents	
	Male	Female	Male	Female
Save time	30	10	25	8.33
Convenience	10	20	8.33	16.66
Transaction cost is cheap	5	5	4.16	4.16
24 hours availability	20	5	16	4.16
Security	5	5	4.16	4.16
<b>Total</b>	<b>70</b>	<b>50</b>	<b>58.33</b>	<b>41.66</b>

**Source:** Compiled from Primary Data

Analysis of Table No.6 indicates that 16.66% of the Female respondents prefer Internet Banking because of its convenience, whereas 25% of the Male respondents conducts their banking transactions through Internet due to Convenience reason. 8.33% of the Female respondents prefer Internet Banking because it saves their time.

## Conclusion

The E-commerce has transformed the way business is done in India. Due to the increase in the usage of Mobile Phones and Internet, E-commerce is growing at the faster pace. E-commerce has undeniably become an important part of our society. The World Wide Web is and will have a large part in our daily lives. Electronic commerce gives various advantages to the buyers in type of accessibility of products at lower cost, more

choices and also saves their time. e. E-commerce may have large economic effects in the future. Internet commerce will change the face of business forever. Moreover, it has affected the information technology, economic, social and e-commerce has enhanced the productivity growth worldwide. Indian E-Commerce industry is booming very fast. And within a very short period of time, we have seen numerous startup companies which are operating in E-Commerce segment. 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.

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