

E - COMMERCE IN INDIA: AN ANALYSIS OF PRESENT STATUS, CHALLENGES AND OPPORTUNITIES

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ABSTRACT

E-commerce is also known as electronic commerce or internet commerce which refers to buying & selling of goods or services using the internet. E-commerce is often used to refer to the sale of physical products online, but it can also describe any type of transaction that is smoothly run through the internet. Whereas e-business refers to all points of operating an online business and ecommerce refers specifically to the transactions of goods and services. It is also one of the business options that one will have to explore in future. In the present paper an attempt has been made to understand the present status of Ecommerce in India, examine the key challenges and opportunities of ecommerce in India.

Key words: E-commerce, opportunities, transactions, million, service

INTRODUCTION

E-Commerce refers to commercial transactions of goods or services conducted over the internet. E-commerce has now become one of the **most popular methods of making money online** and a pleasing opportunity for investors. It includes the entire online process of developing, marketing, selling, delivering, serving and paying for products and services. It is doing business online. E-Commerce is a latest business methodology that mark the needs of the organizations, merchants and consumers to cut costs while improving the quality of goods and services and increasing the speed of service delivery. India has shown massive growth in the E-Commerce segment. E-Commerce has become an important tool for small and large businesses worldwide, not only to sell to customers but also to engage them. Although the adaptation from traditional purchasing to online purchasing was very slow initially in Indian market because of less number of internet users due to lack of internet facility and awareness in public. But now the situation has changed and the e-commerce industry is growing promptly in our country.

HISTORY OF E-Commerce

The history of ecommerce starts with the first ever online sale: On the August 11, 1994 a man sold a CD by the band Sting to his friend through his website Net Market, an American retail platform. This is the first example of a consumer purchasing a product from a business through the World Wide Web-or “ecommerce” as we commonly know it today.

Since then, ecommerce has evolved to make products easier to discover and purchase through online retailers and marketplaces. Independent freelancers, small businesses and large corporations have all benefited from ecommerce, which enables them to sell their goods and services at a scale that was not possible with traditional offline retail. Global retail ecommerce sales are projected to reach \$27 trillion by 2020.

Definitions of Ecommerce-

The World Trade Organization defines ecommerce as, “ecommerce is the production, distribution marketing, sales or delivery of goods and services by electronic means.”

The Organization for Economic Co-operation and Development (OECD) defines e-commerce as commercial transactions, involving both organizations and individuals, that are based upon the processing and transmission of digitized data, including text, sound and visual images and that are carried out over open networks (like, the internet) or closed networks (like AOL or Mintel) that have gateway onto an open network.

Types of E-Commerce Models

Electronic commerce can be classified into four main categories. The basis for this simple classification is the parties that are involved in the transactions. So the four basic electronic commerce models are as follows,

1. **Business to Business (B2B):** This is Business to Business transactions. Here the companies are doing business with each other. The final consumer is not involved. So the online transactions only involve the manufacturers, wholesalers, retailers etc.
2. **Business to Consumer (B2C):** Business to Consumer. Here the company will sell their goods and/or service directly to the consumer. The consumer can browse their websites and look at products, pictures, read reviews. Then they place their order and the company ships the goods directly to them. Popular examples are Amazon, Flipkart, Jabong etc.
3. **Consumer to Consumer (C2C):** Consumer to Consumer, where the consumers are in direct contact with each other. No company is involved. It helps people to sell their personal goods and assets directly to an interested party. Usually, goods traded are cars, bikes, electronics etc.; OLX, Quikr, 99acres.com, etc follow this model.
4. **Consumer to Business (C2B):** This is the reverse of B2C; it is a consumer to business. So the consumer provides goods or some services to the company. Say for example an IT freelancer who demos and sells his software to a company. This would be a C2B transaction.

REVIEW OF LITERATURE

(Elizabeth & McGregor, 2000) in their paper analyzed the impact of e-commerce on consumers, public policy, business and education. A discussion of public policy initiatives, research questions and ideas for future research was given.

Chanana Nisha and Goel Sangeeta (2012) propose that the future of E-Commerce is difficult to predict. There are various segments that would grow in the future like: Travel and Tourism, electronic appliances, hardware products and apparel. There are also some essential factors which will significantly contribute to the boom of the E-Commerce industry in India i.e. replacement guarantee, M-Commerce services, location based services, multiple payment option, right content, shipment option, legal requirement of generating invoices for online transactions, quick Service, T & C should be clear & realistic, the product quality should be same as shown on the portal, dedicated 24/7 customer care center should be there.

(Raghunath & Panga, 2013) concluded that initially, new internet users would be reluctant to conduct any kind of business online, citing security reasons as their main concern. In order to increase consumer adoption of e-services, the source of consumer confusion, apprehension and risk need to be identified, understood and elevated. E-Commerce provides tremendous opportunities in different areas but it requires careful application for consumer protection issues.

(Madhukar Sarode, 2015) in his paper concluded that e-commerce is future of shopping and gap has been reduced between manufacturer and consumer due to e-commerce. There is vast scope for e-commerce in India but due to weak cyber law, people are facing challenges in India.

(Nitika Goyak & Deepam Goyal, 2016) in their paper concluded that E-Commerce is the eventual fate of shopping. With the introduction of 3G and 4G networks, the web economy will keep on growing vigorously. In coming 4- 5 years, India will have around 70 million net users which will be at par with many of the developed nations in the world.

(Dr. Naveen Kumar, 2018) in her paper concluded that the E-Commerce Industry in India is growing rapidly despite many challenges. E-commerce industry is one of the largest growing industries in India at present. The sale of e-commerce industry is expected to grow by almost 4 times by 2021 than the sales of 2015. This unprecedented growth in E-Commerce is due to increase in smart phones and internet users, 3G/4G internet services, awareness in public, government initiative of digitalization, advanced shipping and payment options, entry of foreign e-business players etc. Government should take steps to provide a proper legal framework so that hurdles in the growth of e-commerce are reduced to minimum.

RESEARCH METHODOLOGY

Research methodology is the particular procedures or techniques used to identify, select, process, and analyze information about a topic. In a research paper, the methodology section allows the reader to critically evaluate a study's overall validity and reliability.

Primary data refers to the data that is freshly collected as per the needs and requirements. Primary data helps to find out what is actually going on in the minds of the consumers.

Secondary data refers to the data that is already available, maybe in the form of articles published in newspapers, research papers or through various other sources. The application of both primary and secondary data helps to get appropriate results of our research.

In the present paper, the researcher has used only secondary data that has been collected from various articles, journals, books, websites, etc. and it has been used to study the definition, present trends, and some of the challenges and opportunities of Ecommerce in India. All the data included is the secondary base and a proper reference has been given wherever necessary.

Objectives of the study

- To study the current status of E-Commerce in India.
- To know the challenges in E-commerce.
- To review the opportunities of E-Commerce in India.

Scope of the Study

The study covers overall challenges and opportunities of Indian E-Commerce Industry.

Current Scenario of E-Commerce in India

Internet is available both in urban as well as rural areas this is only because of very low cost of data pack, very less price of smartpone, many people are aware about internet and most important is “Digital India”. All these are playing very important role in spreading the internet all over India.

According to Internet and Mobile Association of India (IAMAI) & market research firm IMRB, it has been estimated that the total number of mobile internet users in India will reach around 420 million by June 2017. Only because of Internet rising in India, nowadays everyone is using Google, Facebook, Twitter and Watsapp account. Because of the launch of Reliance JIO, Internet data pack is made available in very low price. Just because of Reliance Jio Internet revolutionary program, all other telecom companies are forced to launch their data pack at a low price.

Because of Globalization and Liberalization the status of online shopping in India has become changed. In the year 1991, the use of internet has become a hot topic amongst the commercial use of Internet. At that period, nobody has even thought that trading online or say the online shopping will become a trend in the world and India will also contribute a good portion of this success. And now it has been perceive that online shopping has become very popular in India and the reason behind is good amount of discount, offers, guarantee of return of goods within 30days, delivery time of 7 days and good quality of products etc.

Customers in India are getting more and more offers from online shopping companies. With the immense growth of ecommerce every month around 6 million new entrants are getting added. Being a developing country India has shown a tremendous increase in ecommerce sector in last few years, and it also hits the

market with a boom. It has been noted that Indian market is very much far-off from China, but still it is growing at a faster rate.

A new division in an e-commerce is online medicine, online food service including fruits and vegetable and to increase the sale of products now Baba Ramdev-led Patanjali Ayurved declared its partnership with the eight e-commerce companies. Because of this all the scale of Patanjali products are now easily available in online.

According to Google India, it says that by the year 2014 more than 35 million big and small online shoppers will be there and it was expected to cross 100 million by the end of the year 2016. In the year 2009, India's ecommerce market was worth about 3.9\$ billion. And it has been observed that the worth went upto \$12.6 billion in 2013 and the e-retail segment was worth \$2.3 billion. According to the study done by Indian Institute of e-commerce, they say that India is expected to generate \$100 billion online retail revenue by 2020 and put of which 35 billion will be from fashion e-commerce. In the coming years it has been estimated that online apparel sales are set to grow for times than the current year.

The Trends and opportunities in Indian E-commerce

To a layman, E-commerce is buying and selling goods online whereas statistics and current fashion suggest that with the increasing in per capita incomes and the undergo a change in urban landscape, the e-commerce in India is expanding at a rocket pace. ASSOCHAM reports specify that by 2016 the industry in India would be worth US\$38 billion, posting a 67 percent will rise over US\$23 billion revenue in 2015. With such a growth rate, Indian e-commerce award abundance of opportunities too. Below this we look at some trends and opportunities in the current industry.

- With the increasing prominence on social media piercing, many of the marketers have realized the likely consumer base in Tier 2 and Tier 3 cities. Social media consultation leaves a strong impression on the customer base which leads to healthy conversion. According to Nielsen survey, it has been observed that there are more than 50 million active users on websites such as Twitter, YouTube and Facebook and out of this Indians spend more time on social media than any other activity on the internet. Thus expectation for a career in digital marketing are highly gainful and present matchless opportunities for growth and revolution.
- According to US based research firm, they say that by the end of 2016 India will have 204.1 million active smartphone users, remarking the numbers of US, Japan and Russia. Many of the smartphone users do shopping online and while browsing the internet it clearly shows the shift of desktop to mobile, thereby a demand for convenient mobile applications has been increased. With a continuous development of app-based products and because of this the demand for adroit app developers is all time high. It has been estimated to grow at an average rate of 22 percent from 2012 to 2022.

- In the ecommerce, cloud computing is the fast emerging trend. According to a report by Gartner, Cloud computing is expected to rise up to US\$3 billion by the end of this year. For e-commerce business, it has abundance of benefits. It saves cost on infrastructure and administration Professionals such as Business Analysts, Operations Manager, IT Managers, etc. these are some who are connected with the business as well as IT domains in e-commerce.
- Brand Management and Public relations are one of the powerful aspects of successful business. For e-commerce surrounded by high competition, a strong communications programme can work wonders. B2B and B2C bloom on delivering the right information to its audience. And with the change in channel of communication, there is a shift in brand marketing and PR strategy follows. Delivery of suitable content and structuring of brand status is done mainly by Brand Managers and Public Relation experts. Career building for creative individuals who have a good amount of understanding of ecommerce market, they can sense easily about consumer wants and providing quality service have excellent prospect in this area.

Therefore in the trends in Indian ecommerce industry there is a requirement of proper skills, education and innovative to reap benefits of opportunities which are presented across several dimensions.

Challenges for E-commerce in India

India is the second most populated country in the world consisting of 1.2 billion people. Considering the combined populations of Germany, UK, France, Italy, Netherlands, Belgium and Greece equals one-fourth the population of India alone. The Challenges that ecommerce businesses faces in India are as follows-

1. Indian customers return much of the merchandise they purchase online.

In e-commerce many of the buyers buy the goods for first time. This means that they don't have any idea about what to expect from ecommerce websites. By the time the product is delivered they return the goods back to the company saying that the product is not as per their requirement or else the product is not matching to what they have expected. And this returning of goods back to the company is very expensive for ecommerce players as reverse logistics becomes more challenging for them. All this becomes more complex in cross border ecommerce

2. Cash on delivery is the preferred payment mode.

In India many customers mostly preferred to make payment by cash mode. This is only because of less credit card penetration and low trust in online transactions which led to make payment through cash mode. Despite of electronic payment, collection of cash physically is very risky, more expensive and laborious.

3. Internet penetration is low.

Compared to foreign countries, Internet connectivity in India is still very less. Apart from this in many of the regions the quality of internet connectivity is still very poor .but in the coming years both these problem will soon get disappear. And that day is not far where India will not face the challenges of internet connection.

4. Feature phones still rule the roost.

In India though the usage of mobile phones is very high but still many of the people still use feature phones only and not smart phones. This is the reason why consumers are not able to make online purchases. It is expected that the price of the smart phone will soon get reduce and this results into rise in smart phone users. It is expected that in the coming years India will soon witness an announcement of new smartphones at the price point \$30-\$40. And this will move rise into smartphone ownership.

5. Postal addresses are not standardized.

It has been observed that if we place an online order then it is often that we get a call from the logistic company to tell them the exact location as our address are not clearly mentioned and not standardized. So these are the problems which are faced by the ecommerce logistics.

Conclusion

Due to the emerging of E-commerce the gap between the manufacturer and consumer has been reduced. Day by day people are getting connected to the Internet and they do their shopping online which reduces their time, and also they find variety of product of their choices which makes consumer to make the transaction digitally. It has been estimated that within 3 years the total transactions over the internet will increase to nearly 2000 billion and over 3500 billion within 5 years. The companies which takes ecommerce seriously and dedicating sufficient resources to its development will soon become the successful company in the coming years. Government should provide a legal framework for ecommerce this will boost both domestic as well as international trade and also it allows them to expand their horizon, basic rights such as to protect consumer, prevention from fraud, intellectual property etc.

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