



E-COMMERCE: THE FUTURE OF BUSINESS IN INDIA

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Abstract

Practically e-commerce in India started becoming popular when the internet users and smart phone sales was gaining prominence. But over the years there is no doubt the e-commerce has become popular among roughly 30% of the population living in the cities but due to limited scope of product variety and standardization the sale through e-commerce is not increasing at faster pace. Only limited but branded items are on sale because of the limitations of selection and reassurance to customers that their buying is cost saving with a priory condition that after sale service and product quality is guaranteed by e-commerce. The issue of online shopping behavior is gaining importance with the continued development of e-commerce. E-commerce businesses that aim to be successful in the online market in the long run must consider the factors of online shopping behavior when creating and implementing their e-commerce strategy. This paper reviews the aspects of e-commerce in India and also the benefit it can provide to the Indian economy.

Keywords: e-commerce, business, benefits, models.

1. Introduction

Over the last decade, the Internet has changed the way people buy and sell goods and services. Online retail or e-commerce is transforming the shopping experience of customers. The sector has seen unprecedented growth especially in the last two years. The adoption of technology is enabling the e-commerce sector to be more reachable and efficient. Devices like smartphones, tablets and technologies like 3G, 4G, Wi-Fi and high speed broadband is helping to increase the number of online customers. Banks and other players in e-commerce ecosystem are providing a secured online platform to pay effortlessly via payments gateways. The homegrown players have shown tremendous growth and attracted some big investors. The entry of global biggies like Amazon has taken the competition to a new level. E-tailers are differentiating themselves by providing innovative service offerings like one-day delivery, 30-day replacement warranty, cash on delivery (CoD), cashback offers, mobile wallets, etc. The supply chain has improved significantly and e-tailers are even leveraging on the services of

Indian Post for greater reach across the country. In 2014, Indian Post collected 2.8 billion through CoD option of payment. [1]



Fig: E-commerce business

Ecommerce, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions. Ecommerce is often used to refer to the sale of physical products online, but it can also describe any kind of commercial transaction that is facilitated through the internet.

2. History of E-commerce

The history of ecommerce started over 40 years ago, when the introduction of early technology like Electronic Data Interchange (EDI) and teleshopping in the 1970s paved the way for the modern-day ecommerce store as we know it today.

The history of ecommerce is closely intertwined with the history of the internet. Online shopping became possible when the internet was opened to the public in 1991. Amazon was one of the first ecommerce sites in the US to start selling products online and thousands of businesses have followed since.

By the late '90s, people became aware of this thing called the internet, but for a majority of them, it remained a luxury they did not particularly need. In a truly Indian manner, it was only in 2002, when the IRCTC introduced an online reservation system that the public widely accepted the internet as something fruitful, by which time a company named Amazon, was already beginning to create a few murmurs in the US. [2]



The first real stepping stone towards setting off the e-commerce juggernaut, was perhaps the creation of Flipkart, when two engineers from IIT Delhi decided to sell books online from an apartment in Koramangala area of Bengaluru. A business idea not too dissimilar to that of Amazon. Little did they know that a decade later, US retail giants, Walmart, would acquire their business in a US\$ 16 billion-dollar deal, after a fierce bidding war with none other than Amazon.

3. Types of e-commerce models

There are four main types of ecommerce models that can describe almost every transaction that takes place between consumers and businesses. [3]

Business to Consumer (B2C)

The term business-to-consumer (B2C) refers to the process of selling products and services directly between a business and consumers who are the end-users of its products or services. Most companies that sell directly to consumers can be referred to as B2C companies.

B2C became immensely popular during the dotcom boom of the late 1990s when it was mainly used to refer to online retailers who sold products and services to consumers through the Internet.

Business to Business (B2B)

Business-to-business (B2B), also called B-to-B, is a form of transaction between businesses, such as one involving a manufacturer and wholesaler, or a wholesaler and a retailer. Business-to-business refers to business that is conducted between companies, rather than between a company and individual consumer. Business-to-business stands in contrast to business-to-consumer (B2C) and business-to-government (B2G) transactions.

Consumer to Consumer (C2C)

Customer to customer (C2C) is a business model whereby customers can trade with each other, typically in an online environment. Two implementations of C2C markets are auctions and classified advertisements. C2C marketing has soared in popularity with the arrival of the Internet and companies such as eBay, Etsy, and Craigslist.

4. Benefits of E-commerce

1. Faster buying process
2. Store and product listing creation
3. Cost reduction
4. Affordable advertising and marketing
5. Flexibility for customers



6. No reach limitations
7. Product and price comparison
8. Faster response to buyer/market demands
9. Several payment modes

5. Literature review

[3] E-commerce is one of the fastest growing segments in the Indian Economy. Though marked by high growth rate, the Indian e-commerce industry has been behind its counterparts in many developed and emerging economies, primarily due to a relatively low internet user base. In a study conducted by global management consultancy firm AT Kearney in 2015, there were only 39 million online buyers in India; a tiny fraction of the 1.2 billion who live in the country. However, increased technological proliferation combined with internet and mobile penetration, presents a favorable eco-system for the development of e-commerce in India. The country is currently at the cusp of a digital revolution. Launch of 4G services and decline in the tariffs of data plans and prices of data cards/USB dongles have reduced the cost of ownership of an effective internet connection. Availability of low cost smart phones and the extension of internet and broadband to the remotest corners will boost the augmentation of the internet user base, effectively bridging the gap between potential online buyers and actual buyers. The demographic dividend of the country also seems to encourage and favor the growth of e-commerce. The survival of the e-commerce firms in a highly dynamic environment becomes a challenging task when coupled with the cutthroat competition prevailing in the sector. The onus then lies on the firms to constantly adapt and innovate while providing an information rich and seamless experience to ensure customer loyalty. This study attempts to explore the evolution of e-commerce in India and identifies various challenges to as well the factors responsible for the future growth and development of e-commerce.

[4] E-commerce (Electronic commerce) is a paradigm shift influencing both marketers and the customers. Rather e-commerce is more than just another way to boost the existing business practices. It is leading a complete change in traditional way of doing business. This significant change in business model is witnessing a tremendous growth around the globe and India is not an exception. A massive internet penetration has added to growth of E-commerce and more particularly start-ups have been increasingly using this option as a differentiating business model. The current research has been undertaken to describe the scenario of E-Commerce, analyze the trends of E-Commerce. The study further examines the key variables imperative for the success of E-commerce business models.



[5] Organizations around the world have become increasingly reliant on electronic commerce systems. Each of the e-commerce systems are involved in various activities where they are gradually playing a major role. However, the resistance and negligence of organizations to implement e-commerce effectively often impact such leverage. The principles of this study are mainly to identify the key enablers that are common for a successful implementation of e-commerce systems. From the literature, it was found that IT Infrastructure, Enterprise Integration, Compatibility, Security, Convenient Website, IT Agility, Omni-Channel and Innovation Adoption consider essential enablers. The findings of this study will be examined in a future research.

[6] There has been an increasing emphasis on big data analytics (BDA) in e-commerce in recent years. However, it remains poorly-explored as a concept, which obstructs its theoretical and practical development. This position paper explores BDA in e-commerce by drawing on a systematic re- view of the literature. The paper presents an interpretive framework that explores the definitional aspects, distinctive characteristics, types, business value and challenges of BDA in the e-commerce landscape. The paper also triggers broader discussions regarding future research challenges and opportunities in theory and practice. Overall, the findings of the study synthesize diverse BDA concepts (e.g., definition of big data, types, nature, business value and relevant theories) that provide deeper insights along the cross-cutting analytics applications in e-commerce.

6. Conclusion

The paper provides insight into the evolution of e-commerce in India, while understanding the factors of its different aspects. The objective was to review the literature available on e-commerce, so as to trace its development in the Indian Economy while isolating its relevant advantages and limitations. The study has also produced certain trends and factors which shall propel further growth in the e-commerce market in India. A sustainable business practice would be to promote e-commerce and m-commerce as complements rather than substitutes to traditional business. The future also entails a scenario which shall witness a rise in niche businesses, as well as, mergers and acquisitions to enable firms to grow inorganically. Firms need to commit themselves to the provision of services and application of internet marketing, to generate and retain larger audience.



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