# Opportunities and Challenges of E- Commerce in India

Reni Royson;

*Ph.D. Scholar, Research and Post Graduate Department of Commerce, Mar Ivanios College, Trivandrum, Kerala.*

**ABSTRACT;** Electronic Commerce is the business environment in which information for the buying, selling and transportation of goods and services go electronically. E-Commerce allows business as to remain open for 24 hours a day, 7 days a week, giving customers and partner's access at any time of the day or night. E-Commerce is less expensive E-Commerce reduces errors by minimizing the handling of data and provides more results from limited resources using electronic commerce, businesses can share information and automatic many of the activities that are currently implemented by manual processes. E-commerce is being recognized as a cost- effective tool for managing critical transactions such as ordering, information sharing, payment processing, inventory control, and other business activities with their partners and suppliers. E-Commerce is a business online. It is about using the power of digital information to understand the needs and preferences of each customer and each partner to customize products & services for them, and then deliver the products & services as quickly as possible. Many companies today engage in electronic commerce for direct marketing, selling and customer service, online banking and billing, secure distribution of information, value chain trading and corporate purchasing. Types of E-Commerce: - Business to Business (B2B) (2) Business to consumer (B2C) (3) Consumer to Consumer (C2C) (4) Government to citizen (G2C) (5) Government to citizen (G2C) (6) Government to Government (G to G) (7) Consumer to Government (C2G) (8) Business to Government (B2G).The objective of the study is to identify and solve a customer pain point. Lack of knowledge and information about rights that provides legal uncertainty. Consumer awareness of the offers and competitive prices from burden retailers. Online customer market place to improve risk skill in fraud and cyber security cashless transmit to attract customers and increase online traffic decreasing documentation and reducing paper work.
**KEYWORDS**: Online, Information, digital, security, awareness.

## I. INTRODUCTION

Commerce refers to the paperless exchange of business information using EDI, email, electronic bulletin boards and other network-based technologies. Electronic commerce includes electronic trading of goods, services and electronic material. E-Commerce has included the handling of purchase transitions and funds transactions and transfer over computer networks. The e commerce sector has seen unprecedented growth in 2014. The growth was driven by rapid technology adoption led by the increasing use of devices such as smartphones and tablets, and access to the internet through broadband, 3G, etc. which led to an increased online consumer base. The growth shown by home grown players such as Flip kart and Snap deal and the huge investor interest around these companies displayed the immense potential of the market.

With the entry of e-commerce behemoths such as Amazon and Alibaba, the competition is expected to further intensify. Both these international players come with deep pockets and the patience to drive the Indian ecommerce market. Also, their strong domain knowledge and best practices from their international experience give them an additional edge. Indian companies realize this, and are therefore aiming to continue their focus on expanding sellers and selection on their platforms, innovating on multiple customer touch points, and providing seamless and rapid delivery services in order to compete with the international entities. Competition is expected to continue, with these e-Commerce companies experimenting with different ways to attract customers and increase online traffic.

The Indian government's ambitious Digital India project and the modernization of India Post will also affect the e-commerce sector. The Digital India project aims to offer a one-stop shop for government services that will have the mobile phone as the backbone of its delivery mechanism. The programme will give a strong boost to the e-commerce market as bringing the internet and broadband to remote corners of the country will

give rise to an increase in trade and efficient warehousing and will also present a potentially huge market for goods to be sold.

India's overall retail opportunity is substantial, and coupled with a demographic dividend i.e. young population, rising standards of living and upwardly mobile middle class and rising internet penetration, strong growth in e-commerce is expected. E-commerce processes are conducted using applications, such as email, fax, online catalogues and shopping cards, electronic data interchange (EDI), file transfer protocol and web services and e-newsletters to subscribers. E-Travel is the most popular form of e- commerce.

The e-commerce business will continue to attract investor interest. With mobile apps being developed by most ecommerce websites, smartphone is increasingly replacing PCs for online shopping. In 2013, only 10% of the mobile users used smartphones, and only 5% of the e-commerce transactions were made through a mobile device. Most mobile transactions so far are for entertainment, such as booking movie tickets and music downloads.

E-commerce is increasingly attracting customers from Tier 2 and 3 cities, where people have limited access to brands but have high aspirations. According to e-commerce companies, these cities have seen a 30% to 50% rise in transactions. Online Shopping, customers are also shopping online for weddings and festivals, thanks to wider range of products being offered and aggressive advertisements. The free and quick shipment and wider choice of products, along with the ease of shopping online as compared to in-store shopping, is also helping e-commerce gather momentum.

There is a recent trend of relatively newer products such as grocery, hygiene, and healthcare products being purchased online. Indian jewellery has also been in great demand among customers outside India. Export comprises 95% of cross-border e-commerce, with the US, UK, Australia, Canada and Germany being the major markets.

**Types of E-commerce**
- **B2C (Business-to-Consumer)**
      E-commerce the online selling of goods and services to final consumers. Online consumer buying continues to grow at a healthy rate. Consumer online spending include travel services, clothing, computer hardware and software, consumer electronics, books, music and video, health and beauty, home and garden, flowers and gifts, sports and fitness equipment, and toys. The internet provides e-marketers with access to a broad range of demographic segments.

- **B2B (Business-to-Business)**
      Business-to-consumer (B2C) Web sites, consumer goods sales via the Web are dwarfed by B2B (Business-to-business) e-commerce. In 2003, just $282 billion in 2000. One study estimates that as much as one-third of all U.S. B2B spending will occur online by 2006. These firms are using B2B trading networks, auction sites, spot exchanges, online product catalogues, barter sites, and other online resources to reach new customers, serve current customers more effectively, and obtain buying efficiencies and better prices. B2B marketers now offer product information customer purchasing, and customer support services online. B2B e-commerce takes place in open trading exchanges-huge e-marketplaces in which buyers and sellers find each other online, share information, and complete transactions efficiently.

- **C2C (Consumer-to- Consumer)**
      The Internet provides an excellent means by which consumers can buy or exchange goods or information directly with one another. E.g. eBay, Amazon.com. Growing Internet diversity continues to open new e-commerce targeting opportunities for marketers. Web now reaches consumers in all age groups. C2C involves interchanges of information through Internet forums that appeal to specific special-interest groups. C2C means that online visitors don't just consume product information- increasingly, they create it. They join Internet interest groups to share information, with the result that "word of Web" is joining "word of mouth" as an important buying influence. Word about good companies and products travels fast.

- **C2B (Consumer-to-Business)**
      Today's consumers are finding easier to communicate with companies. Most companies now invited prospects and customers to send in suggestions and questions via company Web sites. Consumers can search out sellers on the Web, learn about their offers, initiate purchases, and give feedback. For example, using Priceline.com, would-be buyers bid for airline tickets, hotel rooms, rental cars, and even home mortgages, leaving the sellers to decide whether to accept their offers.

- **B2B (Business to Business)**
      Businesses sell to other businesses. For example, Intel sells its chips to other businesses who make computers. Many companies like Tata, IBM, Bajaj Auto, Samsung Electronics and TVS

Electronics are using e-commerce in some way or the other.

**E-Commerce Companies Need to Do to Accelerate Growth**

➢ **Customer experience**

Easy transitions between ordering on tablets, mobile phones or PCs will have to be facilitated. They should also ensure sufficient after sales service and support. Online product reviews and rating, video more advanced sizing and fitting tools should be provided.

➢ **Technological advancements**

E-commerce companies constantly have to upgrade their offerings with changing technology. Shopping through mobiles have truly arrived, they need to devise easy to use mobile apps for their websites. They need to ensure that their websites have the required speed to do fast business, especially during sale, deals and discounts, Solution enabling seamless integration of back end and front end infrastructure.

➢ **Delivery experience**

With lack of integrated end to end logistics platform, the ecommerce industry is facing issues related to procurement operations and transportation. Online purchases from Tier – 2 and Tier- 3 cities are expected to significantly increase, thanks to the emergence of low cost smartphones.

➢ **Payments and transactions**

India continues to be a cash-based society due to limited banking and credit card penetration. This, combined with a lack of consumer trust in online merchants, has forced companies to offer Cod services, which imposes significant financial cost for firms in the form of labour, cash handling and higher returns of purchased items. Data protection and the integrity of the system that handles the data and transactions are serious concerns.

➢ **Tax and regulatory environment**

Laws regulating ecommerce in India are still evolving and lack clarity. Favourable regulatory environment would be key towards unleashing the potential of ecommerce and help in efficiency in operation, creation of jobs, growth of the industry, and investments in back-end infrastructure.

➢ **Operational Framework**

Companies in e-commerce will need to adapt and innovate constantly to sustain their business. Companies entered into the ecommerce industry as start-ups and have grown to a huge size aided by the continuous growth in the market but lack well defined capabilities and organizational structure.

➢ **Digital infrastructure**

Digital disruption has driven change in the e-commerce industry with shoppers embracing multiple touch points in their purchase journeys. Companies should spend enough resources on technology development as also advertising and branding.

➢ **Customer Acquisition**

The customer acquisition costs in Indian e-commerce have been climbing rapidly due to intense competition between multiple well-funded players. Only 2% of website visits currently result into transaction. Thus, there is a gap between potential and actual buyers. Coupled with high transaction costs, this area could pose serious problems.

➢ **Addressable markets**

To grow their businesses, the Indian e-commerce sector needs to closely watch the growth of their markets in the Tier 2 and 3 cities. They need to improve their logistics and supply chain management in these cities. E-commerce players in India need to address key aspects of their business, both internal and external.

## II. REVIEW OF LITERATURE

Ronald E Rice & James E-Katz (2000): With the popularity of the internet, more and more people are turning to their computers for health information advice, support and services. With its information based firmly on research, the internet and Health communication provides an in-depth analysis of the changes in human communication and health care resulting from the internet revolution.

Elizabeth Glod smith & Sue L.T. M.G. Gregor (2000) He analysed the impact of e-commerce on consumers public policy, business & education.

Arvind Panagariya(2000) He reported that access to internet services and access to services that can be traded electronically. The former deals with to access to Internet infrastructure while the latter relates to specific commitments in electronically tradable services. E-Commerce offers unprecedented opportunities to both developing and developed countries.

Diana Oblinger (2001) Reported that one is that education and continuous learning have become so vital in all societies that the demands for distance and open learning will increase. As the availability of the Internet expands as computing devices become more affordable and an energy requirement and form factors shrink, e-learning will become more popular.

Jackie Gilbert Bette Ann Stead (2001): Reviewed the incredible growth of electronic 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 internet, manufactures competing with intermediaries online and 'dinosaur' were discussed.

Andrew D. Mitchell (2001): Examined the key issues that electronic commerce poses for global trade, using as a starting point the General Agreement on trade in services (GATS), World Trade Organization (WTO) agreement most relevant to e-commerce.

Nir B Kshetri (2001): The analysis indicated that the twin forces of globalization and major revolutions in ICP are falling the rapid growth of global e-commerce.

Prithviraj Das Gupta & Kasturi Sengupta (2002) Reported that the recent growth & Internet Infrastructure and introduction of economic reforms in the insurance sector have opened up the mono politic India income market to competition from foreign alliances although the focus of e-commerce has been mainly on business to consumer (B2C) applications. The Insurance Industry provides an appropriate model that combines both B2C and B2B applications.

James Christopher (2004): Examined all the best elements of e-commerce does not guarantee consumers will visit or remain loyal. But looking at what they wand and their satisfaction levels of other well-established e-tailors such as Amazon and e-bay who have already invested significant recourse to understand what consumer's needs, wants and desires.

Werther H and Ricci F (2004): Reported that e-commerce in travel and tourism industries are continuously increasing despite of tough economic problems. This industry is adopting application of B2B and B2C. This industry has changed the ways of do business for traditional ways to modern way i.e. e-commerce via. Web and another online transection software. Web is changing the behaviour of consumers are well as they are becoming less loyal, take less time for choosing and consuming the tourism products. Due to adoption of e-commerce in travel and tourism industry consumers are becoming more powerful player as they can choose their destination and sites in few minutes.

Kim (2004) Examined there are main two factors for conducting successful e-commerce strategy which are security of the e-commerce system and user-friendly web interface. Security means not only security of own system but also providing security assurance to users who are using the sites or online software user friendly web interface give consumer trust and it is easy to convenience for customers.

Zabihollah Rezaee, Kenneth R. Lambert and W.Ken Harmon (2006), Reported that the rationale for infusion of e-commerce education into all business courses in that technological development are significantly affecting all aspects of today's business. An e-commerce dimension can be added to the business curriculum by integrating e-commerce topics into existing upper level business courses. Students would be introduced to e-commerce education.

Mauricio S. Featherman, Joseph S Valacich & John D. Wells (2006) Reported that as companies' oracle to digitize physical based service processes repack aging them as online e-services, it becomes increasingly important to understand low consumers perceive the digitized e-service alternative. E-service replacements may seem unfamiliar artificial and non-authentic in comparison to traditional service processing methods.

Law and Bai (2008): On their research paper there are two types of customers who use travel companies' websites, those are buyers and borrowers. Buyers are those people who actually intend to buy the services whereas browsers are those who internal to surf and get information only. Those browsers can be converted to buyers by improving the website contents making it attractive, provided very rich in contents and very user friendly to use.

Jonathan Denner (2008): The recent studies of mobile (cellular) phone use in the developing world, and identifies major concentrations of research. It studies along two dimensions. One-dimension distinguished studies of the determinants of mobile adoption from those that assess the impacts of mobile use, and from those focused on the interrelationships between mobile technologies and users. A secondary dimension identifies a subset of studies with a strong economic development perspective.

David Blumenthal, Mathew F. Burke, Michael C Hoaglin, Melinda Beeuwkes Buntin

(2011): An unprecedented federal effort is under way to boost the adoption of electronic health records and spur innovation in health care delivery. We reviewed the recent literature on health information technology to determine its effect on outcomes, including quantity, efficiency and provider satisfaction.

Ray (2011): As a symbol of globalization, E-Commerce represents the cutting edge of success in this digital age and it has changed and is arround the world. (Development in internets and web-based technologies have borrowed down that difference between traditional and e-marketplace leading to e-commerce fast becoming the new convention.)

Chanana & Goele (2012) E-commerce is the use of electronic communication and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or many organisation and between organizations and individuals.

Mishra & Lotkar (2015): Trace the timeline and development of B2C e-commerce in "A study on current status of E-commerce in India." A comparative Analysis of Flipkart& Amazon with its inception in the mid 1990's through the advent of matrimonial and job portals. However, due to limited internet accessibility, weak online payment systems and lack of awareness, the programs were very slow. The Indian B2C e-commerce industry got a major boost in mid-2000 with the expansion of online services to travel and hotel booking which continue to be major boost in mid-2000 with the expansion of online services to travel and hotel bookings which continue to be major contributors even today.

Rina (2016) The utility of E-commerce is not limited to just sale and purchase of goods and services over computer networks but entail the entire online process of developing, marketing selling, delivering, servicing and paying for products &services.

Khosla (2017) Explains why E-commerce boom in India. Why online shopping in here to stay. The study conducted on the retail market in India suggested that the growing popularity of online shopping is affecting offline retailers since online companies are offering better prices and have attractive promotional strategies. It is also easy to reach the consumers online. The Online channel gives consumers the opportunity to shop anytime anywhere with the help of the internet this is the motivating the retail chains to get into the online business.

Ka Math (2017) GST to benefit e-commerce the most as he believes Goods and Services Tax (GST) will eliminate supply chain issues which are important from E- Commerce perspective. There will be less documentation in case of shipment and return of goods. Efficiency in supply chain is the key to quicker deliveries and GST is expected to play a role. Goods can be priced and margins can be calculated properly.

## OBJECTIVES OF THE STUDY
1. To study the problems and prospects of customers in the process of E- Commerce.
2. To attract customers and increase online business.
3. To study the decreasing documentation & reducing paper work.
4. To create a culture of electronic payments and e-commerce usage that will support economic growth.
5. To study the real involvement of customers and businessman in the process of E-Commerce.

## SCOPE OF THE STUDY
1. **Financial Services**: Banking clients no longer need to stand in queues at the banks for any transaction. They can just do it comfortably from their home, office, or even from a remote location across the world. New deposit combinations, 24 hours ATM centres, 20 second electronic fund transfer, online application submission, online investment & fund information, interactive banking, including access to accounts and details of transactions, are among the services already available.
2. **Advertising**: A type of marketing that hopefully leads to new customers: Through advertising is a costly affair on any conventional or traditional media, especially a global advertisement. However, without advertising, it is hard to sell products. Now take advantage of cheaper online advertisements over Internet/Intranet.
3. **Reservation**: Transaction of products and services as ticket reservations can be sold as easily as normal products. Reservation of hotels, tickets, transports, movie etc. are also possible.
4. **Product demonstration**: Showing demo version of the products, which have to be custom designed and which are still in the development phase including global collaborative product design.
5. **Entertainment**: Movies on demand, video cataloguing, interactive advertisements,

multiuser games, online discussions etc. are feasible.

6. **Education and Training**: Interactive education, video conferencing, online data bases, Internet purchasing, digital library access and search services, CAD-CAM, etc. can be provided easily at lower costs.

7. **Bill Payment**: Bill payment is a big application. Services based on bill presentment and payment have the potential to grow into the single largest source of revenue from internet services.

8. **Direct selling or selling of real products**: It includes all the essential services products such as, home shopping products, electronic catalogues, tele-medicine etc.

9. **Content selling including the selling of information**: This is a new growing area of doing business. By putting the information on the web, one can provide simultaneous access to thousands of people for which a fee may be charged. The content may be for new knowledge and information based products, tourism, health care, Internet publishing, digital libraries with access and search services on any subject including arts, literature, entertainment etc.

10. **Stock exchange**: The placing of purchase and sale orders for securities, auctioning of liabilities, issuances of notices to brokers etc. all can be done in electronic form. The National Stock exchange (NSE) is an electronic stock exchange system that legally recognizes a range of electronic transactions.

## RESEARCH METHODOLOGY OF THE STUDY

Research methodology of the study is based on the secondary data in journals, books, various articles, websites and research papers have been used to study the eruption, conceptual frame work, key players, present trends, growth prospects, modes of payments, future prospects and challenges of E-Commerce.

## SWOT ANALYSIS

❖ **Strength:**
(1) Changing environment (2) Time saving (3) user friendly (4) Low operating cost (5) Intent Transactions (6) Expand business (7) Increasing customer base tracts.

❖ **Weakness:**
(1) Privacy and security (2) Extra expense (3) Inadequate facilities for electronic payment.

(4)Lack of personal interactions (5) Hidden cost (6) Delay to receiving goods.

❖ **Opportunities:**
(1)Online business (2) Online shopping (3) Cash on delivery (4) Electronic cash (5) Location based services (6) Customer relationship management (6) Customer relationship management (7) Social customer Acquisition (8) Improving customer experience (9) Care and regulatory environment online Retail education (10) Payment of Transaction. (11) Opportunities new Businesses.

❖ **Threats:**
(1)Customer and digital experience (2) Product & market Strategy (3) Risk, fraud and cyber security (4) Compliance framework (5) Tax and Regulatory structure. (6) Payments and Transactions.

## FACT FINDING OF THE STUDY
- Lack of knowledge and information about rights that provides legal a certainty.
- Lack of consumers' confidence in E-commerce while shopping cross border online.
- To create a culture of electronic payments and e-commerce usage that will support economic growth.
- Identify and solve a customer pain point.
- The E-commerce sector is maturity and number of serious players are entering the market.
- Payments and delivery systems are the vital ingredients that determine the ultimate success of e-commerce.

## III. CONCLUSION
Emergence of new technologies especially mobile, in India has sparked a social change that's difficult to quantify. While mobile, internet, and social media penetration and growth can be quantified, describing the changes in social values and lifestyles that have accompanied those trends is far more challenging. Virtual walls help customers scan barcodes for items on an electronic wall using their mobile phones and place orders with retailers. Thanks to rising internet penetration, the gross number of online users in India now exceeds the number of people who have compiled primary education. This shift emphasis the increasing relevance of India's digital economy. With India's GDP growth pegged at 6.4% by the International Monetary fund and the World Bank, it is expected to grow rapidly. The India e-Commerce industry has access to funds from within the country and

international investors. The e-commerce sector is maturing and a number of serious players are entering the market. This will not be without its share of challenges, be it operational, regulatory, or digital.

## IV. SUGGESTION & RECOMMENDATION

- To define cybercrimes and suggest penalties and punishments.
- We need multi-channel shopping platform.
- Cash on delivery is the preferred payment mode.
- Online customer market place.
- Beware our website will be hacked.
- E-commerce has reshaped the entertainment industry and it will continue to do so.
- The e-commerce business will continue to attract investor interest.
- Coordinating public and private sector electronic commerce facilities.
- Awareness education & skills to the consumer and students.
- Ensuring flexibility in public/private sector relationship.

## REFERENCE

[1]. Andrew D. Mitchell (2001): Towards Capability: The Future of e-commerce within the global trading system: Journal of International Economic Law: 2001 PP 683-723.

[2]. Diana Oblinger (2001): Will E-business Shape the Future of Open and Distance Learning: Open Learning. Vol 16, No. 2001 PP 9-25.

[3]. E-commerce- The cutting edge of business second edition (2012) Kamlesh K Bajaj & Debjani Nag Tata MC Graw Hill Ed. Private Ltd. - New Delhi.

[4]. Elizebeth Goldsmith and sue Lt. Mc Gregor (2000: E-commerce consumer protection issues and implications for research and education. J. Consumer studies & Home Economics Vol 24 No. 2 June 2000

[5]. Jackie Gilbert Bette Ann Stead (2001) Ethical Issue in electronic Commerce: Journal of Business Ethics: Vol 34 2001 PP 75-85.

[6]. James Christopher. November (2004): E-commerce: Comparison of Online Shopping Trends, Patterns and Preferences against a selected Survey of Women.

[7]. Kim, C. (2004) "E-Tourism: An Innovative Approach for the Small and Medium – Sized Tourism Enterprises (SMTES) in Korea" OECD publishing.

[8]. Law R. Bai B. (2008), "How do the Preferences of online buyers and browsers differ on the design and content of travel websites?" International Journal of Contemporary Hospitality Management, V. 20 (4) 388-400.

[9]. Mauricio S. Featherman, Joseph S. Valacich & John D well (2006); is that authentic or artificial? Understanding consumer perceptions of risk in e-services encounters: information system journal: vol 16, 2006; pp 107-134.

[10]. Nir B. Kshetri (2001) Determinants of the locus of E-commerce; Electronic market; Vol 11 no. 4, 2001 PP 250-260.

[11]. Prithvirajj Dasgupta and Kasturi Sengupta (2002): E-commerce in the Indian Insurance Industry; electronic commerce Research vol- 2, 2002, P.No.-43-60.

[12]. Young Jun Choi 1, Chung Suk Suh (2005): The death of Physical distance: An economic analysis of the emergence of electronic marketplaces: PP 597-614.

[13]. Zabihollah Rezaee Kenneth R. Lambert and W. Ken Harmon (2006) Electronic commerce Education: Analysis of existing courses: Accounting Education: An InternationalJournal: Vol – 15 No. 1, March 2006: PP 73-88.