



Trends of E-Commerce In India – Problems and Prospects

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Abstract

Over last few decades the popularity of e-commerce has tremendously increased due to its quick and convenient way of exchanging goods and regional and global services. India will be booming ground for e-commerce business models; the country already reported 12% growth in e-commerce retail business year in 2011-2015. The present study is conceptual survey with exploratory cum descriptive nature. It attempts to explain the concept of e-commerce, business models for e-commerce, differences between traditional commerce and electronic commerce, merits and limitations of e-commerce, various trends in e-commerce and challenges before e-commerce. It concludes that e-commerce offers several benefits to the various stakeholders. However, at present juncture it has several limitations, legal and technical barriers in the development of e-commerce in India which could fade away in years to come. Hence we should equip ourselves to give warm welcome to e-commerce which is an obvious outcome of globalization and technological revolution around the globe.

Key words: e-tailing, intranets, extranets, online, brick-and-mortar.

Introduction

In its simplest form e-commerce is the buying and selling of products and services by businesses and consumers over the Internet. Internet sales are increasing rapidly as consumers take advantage of lower prices offer by wholesalers retailing their products. This trend is set to strengthen as web sites address consumer security and privacy concerns. Since last decade the popularity of e-commerce is tremendously increased due to quick and convenient way of exchanging goods and services both regionally and globally. Now-a-days it has become the virtual main street of the world. Today, e-commerce has grown into a huge industry. The total

value of E-commerce activities within India has exceeded Rs 5.7 billion during 2004-05, according to a research conducted by Internet & Online Association of India (IOAI). Currently, more than 30.2% of the world has access to the internet and hence, e-commerce. India will be a booming ground for e-commerce business models; the country already reported 12% growth in e-commerce retail business year in 2010-2011.

Objectives of Study

The paper has following objectives:

- 1) To explain the concept of e-Commerce.
- 2) To study the difference between Traditional Commerce and Electronic Commerce.
- 3) To study the merits and limitations of e-commerce.
- 4) To study the various trends in e-commerce.
- 5) To study the challenges before recent trends of e-commerce.

Methodology

The present study is conceptual survey with exploratory cum descriptive in nature. It is based on the analysis of secondary data. The secondary data is availed from various journals, internet, and books.

Meaning of E-Commerce

Some of the definitions of e-commerce are as under:

“E-Commerce deals with the buying and selling of information, products and services through computer networks.”

“E-Commerce can also be defined as a new way of conducting managing and executing business transactions using computer and telecommunication networks.”

“E-Commerce is a concept covering any form of business transactions or information exchange executed using information and communication technology between companies and public administration.”

In simple words, E-commerce just means taking things that your company is already doing in person, through the mail, or over the telephone, and doing those things in a new place on the Internet. It also refers to all forms of business activities conducted across the Internet. This can be e-tailing, B2B, intranets and extranets, online advertising, and simply online presences of any form that are used for some type of communication (e.g. customer service). Currently, more than 30.2% of the world has an access to the internet, and hence e-commerce. Reduced internet surfing charges, internet technology development covering expanded bandwidth, and increased speeds and reliability has made e-commerce available to a large pool of emerging market consumers. India's leading e-commerce consulting company chitrangana.com is assuming double digit growth in Asian countries including India in 2012-13.

Types of E-Commerce

The following types of e-commerce:

- (i) B2B E-Commerce: Companies doing business with each other such as manufacturers selling to distributors and wholesalers selling to retailers. Pricing is based on quantity of order and is often negotiable.
- (ii) B2C E-Commerce: Businesses selling to the general public typically through catalogues utilizing shopping cart software. By dollar volume, B2B takes the prize, however B2C is really what the average Joe has in mind with regards to ecommerce as a whole. for example indiatimes.com.
- (iii) C2C E-Commerce: There are many sites offering free classifieds, auctions, and forums where individuals can buy and sell thanks to online payment systems like PayPal where people can send and receive money online with ease. eBay's auction service is a great example of where customer-to customer transactions take place every day.
- (iv) Others: G2G (Government-to-Government), G2E (Government-to-Employee), G2B (Government-to-Business), B2G (Business-to-Government).

Advantages of E-Commerce:

Lower Cost

Doing e-business is cost effective; it reduces logistical problems and puts a small business on a par with giants such as Amazon.com or General Motors.

Economy

Unlike the brick-and-mortar environment, in e-commerce there is no physical store space, insurance, or infrastructure investment. All you need is an idea, a unique product, and a well-designed web storefront to reach your customers, plus a partner to do fulfillment. This makes e-commerce a lot more economical.

Higher Margins

E-commerce means higher margins. For example, the cost of processing an airline ticket is Rs. 5. According to one travel agency, processing the same ticket online costs Re. 1. Along with higher margins, businesses can gain more control and flexibility and are able to save time when manual transactions are done electronically.

Better Customer Service

E-commerce means better and quicker customer service. Online customer service makes customers happier. Instead of calling your company on the phone, the web merchant gives customers direct to their personal account online. This saves time and money. For companies that do business with other companies, adding customer service online is a competitive advantage. The overnight package delivery service, where tracking numbers allow customers to check the whereabouts of a package online, is one good example.

Quick Comparison Shopping

E-commerce helps consumers to comparison shop. Automated online shopping assistants called hop bots scour online stores and find deals on everything from apples to printer ribbons.

Team Work

E-mail is one example of how people collaborate to exchange information and work on solutions. It has transformed the way organizations interact with suppliers, vendors, business partners, and customers. More interactions mean better results.

Security

Security continues to be a problem for online businesses. Customers have to feel confident about the integrity of e-dealers and the payment process before they commit to the purchase. There are risks of hackings and cybercrimes too.

Customer Relation Problems

Not many businesses realize that even e-business cannot survive over the long term without loyal customers. E-commerce does not have human face. It is an impersonal way of dealing with the people. Moreover customers have wide choice every time they are in the market. Hence it is uphill task to maintain the brand loyalty with the customers. Cost of obtaining a new customer is always higher than the cost of maintaining the existing customer. Therefore the e-business has work out the strategies of maintaining the customer loyalty.

Precautions While Using E-Commerce

Here are a few tips to keep you, your computer and your bank account protected while you shop online.

- ❖ **DONOT GIVE YOUR PERSONAL INFORMATION:** Legitimate online retailers will never ask for your social security number at any time. Don't give it to retailers. If someone requests it, contact the company.
- ❖ **ARM YOUR COMPUTER:** You can protect yourself as you shop online simply by installing some basic security programs on your computer, including anti-spyware, anti-virus and pop-up blocker programs. These software will keep your financial information and passwords safe and out of the site of cyber thieves and hackers.
- ❖ **USE CREDIT CARD:** Credit cards are easy to use online. Just enter the credit card name, number and expiry date. There is another important reason to use a credit card; if fraud occurs or if you do not get the product that you purchased, you can dispute the charges. However, if you use a money order or debit card, the money is usually gone without dispute.
- ❖ **DO NOT RESPOND TO UNSOLICITED E-MAIL:** Never buy things or confirm your billing information through an unsolicited email, especially, if you do not recognize the source. Legitimate online retailers will never ask for your credit card number through an E-Mail. If you receive an E-Mail of this type, contact the company immediately.
- ❖ **·ENSURE THE CONNECTION IS SECURE:** When you click to purchase an item online, your browser connection should become secure. Look for two signs – the site address should read https or shttp instead of http, indicating a secure connection, and small lock should appear in the browser toolbar.

Challenges before E-Commerce

Initial Investments and Technological Issues

To start a web shop requires personal computer, modem and a subscription to a Value Added Network (VAN). It also requires updating of current technology and networks. These are costly affairs.

Costly Consumer Search

Search for complete database on a web incurs some amount of cost to consumer. Time required for search is more and it is costly too. Many sellers do not provide all necessary or required information.

More Computer Illiteracy

In India only 60 million (or 5.2%) of total 1.20 billion person population currently have access to the internet. Corresponding proportion in China is 29%.

Legal Hassels

While marketing on web, some legal hassles arises such as validity of an electronic signature, non-reputability of some shops on the web, legal aspect of electronic contract, copyright violations etc.

Mindset of Consumers

Majority of customers do not know how to use internet so they prefer traditional approach of buying and selling.

Privacy and Security Problems

60% of the users do not trust the web as a payment channel. Web transaction takes place with credit card, but credit card itself is not safe. Anyone who transfers the data of the credit card on the web is not sure about the salesman identity. Buyer is also not sure that his credit card is not used for some malicious purposes.

Conclusion

E-commerce is an emerging trend in Indian economy in the post economic reforms era. The revolution in the IT sector in the recent past has been instrumental in development of e-commerce. E-commerce offers many benefits to the various stakeholders. These benefits are cost effectiveness, quick comparison shopping, better customer service, higher business margins

resulting form economy in business operations, information saving and knowledge market development etc. At present there are several stumbling blocks in the development of e-commerce such as computer initial investment, technological issues, computer ill-literacy, legal hassles, and adverse mindset of consumers, privacy and security issues. However, these barriers to e-commerce shall be taken care of in due course and hence e-commerce has bright prospects in India. We need to update ourselves to greet e-commerce and reap its benefits.

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