



Opportunities and challenges in E-commerce in India

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Abstract

E-commerce is certainly one of the business options that will bring paradigm shift in the world for trading. E-commerce is showing tremendous business growth in our country. Increased online user base and mobile phone presentation, has seen impressive growth of e-commerce in the last few years. India's demographic dividend & rising internet accessibility give rise to this sector to scale greater heights. But this sector is also facing some serious challenges. The present study has been undertaken to depict the present status & future growth of e-commerce in India. Explore the present trends of e-commerce and study the challenges and opportunities of e-commerce in India.

Keywords: E-commerce, retail, internet users, Electronic fund transfer

Introduction

E-commerce stands for electronic commerce. It means dealing in goods & services through the electronic media & internet. The rapid growth of e-commerce in India is being driven by greater customer choice and improved convenience with the help of internet. In the present situation e-commerce market is increasing in demand. E-commerce is appearing in all areas of big business, customer services, new product development and design. In this modern era every business units want to join online business because increasing ratio of internet users in India. E-commerce in India is still in budding stage but it offers considerable opportunity. Any transaction that is completed only through electronic measures can be considered e-commerce^[1].

E-commerce is divided into three categories: business to business or B 2 B (Cisco), business to consumer or B 2 C (Amazon) & Consumer to consumer C 2 C (eBay).

Objectives of Study

The objectives of present study are:

1. To evaluate the present trends and opportunities of e-commerce in India.
2. To observe the barriers of e-commerce in India.
3. To discover the growth factors of e-commerce in India.

Methodology

Only secondary data that has been collected from various articles, journals, books, websites etc has been used. The researcher also used quantitative research that is the systematic empirical investigation of variables phenomena via statistical & mathematical, theories pertaining to phenomena^[2]. All the data included is the secondary base & proper references have been given wherever necessary.

Input in Indian e-commerce are

Large percentage of population subscribed to broadband Internet, growing 3G internet users, and a recent introduction

of 4G across the country. Explosive growth of Smartphone users, soon to be world's second largest Smartphone user base. Rising standards of living as result of fast decline in poverty rate. Availability of much wider product range (including long tail and Direct Imports) compared to what is available at brick and mortar retailers. Competitive prices compared to brick and mortar retail driven by disintermediation and reduced inventory and real estate costs. Increased usage of online classified sites, with more consumers buying and selling second-hand goods^[3].

India's retail market is estimated at \$ 470 billion in 2011 and is expected to grow to \$850 billion by 2020, – estimated CAGR of 10%. New sector in e-commerce is online medicine. Company like Reckwing-India, Buyonkart, Healthkart already selling complementary and alternative medicine whereas Net Med has started selling prescription medicine online after raising fund from General Insurance Corporation and Stead view capital citing there are no dedicated online pharmacy laws in India and it is permissible to sell prescription medicine online with a legitimate license^[4].

Indian E-commerce – trends and opportunities

E-commerce has come a long way since its inception and is only getting bigger. As technology continues to grow rapidly, e-commerce retailers are adopting newer techniques to facilitate sellers and buyers to sell and buy online more efficiently, thanks to ever dropping rates of internet surfing – both for web and mobile interfaces – which is complimenting to the soaring population of internet users. It has hence become the key force behind driving the trend for e-commerce. The rise of social networks and mass adoption of mobile devices^[5] is acting as a catalyst to accelerate this drive further, shaping the e-commerce trends for the Indian market. The proliferation of this digital activity and resulting data is a stimulating factor for devising e-commerce strategies, thus affecting the business model and driving growth for e-commerce players in the Indian market.

Key trends that will define e-commerce in near future

There is a lot that e-commerce players in India would have to do to make their customers feel special to retain them, as the loyalty erodes fast when the shopper is confronted with promotions and deals. Knowing what your customers want and offering them accordingly can possibly drive this, which is possible by using big data techniques to predict consumer preference and behaviour.

Retailer's logistics service

Logistics have been a major issue for online retailers in India, which leads them to build their own strategies in the absence of established systems to handle cash-on-delivery (CoD) [6] and same day shipments. Online market leaders are choosing to build their own logistics such as Flipkart, who has launched eKart that is open to its rivals as well.

Cod rules in India

The Indian market is yet not comfortable to adopt payments through credit or debit cards. Cash-on-delivery (CoD) accounts for up to 60 per cent of transactions, according to Internet and Mobile Association of India and audit firm KPMG. Overdependence on cash-on-delivery mode of payment remains worrisome as the transactions add about 3 per cent additional costs. Also, the additional processes required for cash-on-delivery [7] orders, longer payment cycle, higher instances of returns and associated costs are hurting margins.

Big data

To gain, retain and attain more customers, online retailers would have to leverage technology to the fullest, and by developing strategies through analytics produced using big data will help in making customers feel special and increase brand loyalty. With the increasing adoption and use of Smartphone's, businesses are able to collect large amount of data on consumers, which can be further utilized to do target-based marketing and advertising [8].

Mobile

Brands have taken the mobile advertising route and are gradually picking up. Online retailers have realized the potential increase of online shoppers through their mobile phones in future. And as consumers grow more comfortable with using mobile devices for browsing and shopping, they are now more open to getting messages from brands via their mobiles.

Advantages of e-commerce to consumers

The distinct advantages e-commerce can offer to the consumers include but are not confined to the following only:

1. Consumers have a much wider choice available on the cyber market.
2. They bear lower costs for products due to increased on-line competition among sellers.
3. Because of wide-scale information dissemination, consumers can compare products, features, prices and even look up reviews before they select what they want.
4. They enjoy wider access to assistance and to advice from experts and peers.

5. They enjoy saving in shopping time and money.
6. Consumers also avail of fast services and delivery of products and services.
7. They also have the convenience of having their orders delivered right to the door step.
8. Finally, consumers are driven to e-shopping in hordes as even branded goods cost less on the Net.

Challenges in the e-commerce sector

While the growth in this sector excited entrepreneurs [9] & financial investors alike, some serious challenges are beginning to weight down on the sector. E-commerce players in India need address eight key aspects of their business, both internal & external [10].



Fig 1

Conclusion

E-commerce is changing the way of buying & selling of product & services in India. E-commerce is future of shopping. Due to E-commerce the gap has been reduced between manufacturer & consumer. According to Indian population their vast scope for e-commerce because currently in India only 19% people using internet for selling & buying goods & services so remaining percentage we can considered that we having scope in Indian Market. There is weak Cyber security Law in India that is why Indian People are facing challenges toward e-commerce. The future of e-commerce in India would be bright in the upcoming years if all essential factors would be implemented, by establishing cyber & have their benefits as per people wish. The role of government is to provide a legal framework for e-commerce so that while domestic & international trade are allowed to expand their horizons, basic right such as privacy, intellectual property, prevention of fraud, consumer protection etc. are all taken care of.

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