

FUTURE PROSPECTS OF E-COMMERCE IN INDIA**Ms. Sapna Kumari Assistant Professor****Department of Management****Subharti Institute of Management and Commerce****Meerut,U.P.****ABSTRACT**

E-Commerce is fastest growing sector over the last decade. Firms across the globe adopted E-commerce in their operations for sure profit. E- Commerce stands for electronic commerce, buying and selling through electronic channels like internet, mobiles, tablets, etc. E Commerce just not includes buying and selling via networks but it also includes pre and post sale activities. The success of E- Commerce is totally depends upon strategies made by sellers. This paper gives an overview of future prospects of E-Commerce in India and builds a vision of future. It also deals with the Future challenges and opportunities prevailing in India and how rapidly e commerce sector is growing.

Key words: E- commerce, presales, hankering, Gadgets, pester free, postsales.

INTRODUCTION

Over the last decade, the way people buy and sell goods and services has been changed. Online retail or e-commerce is new ways to enjoy shopping at home. E- Commerce just not includes transactions related to goods and services via electronic channels but it also includes variety of presale and post sale activities. E-Commerce was first introduced in 1960s via an electronic data interchange (EDI) on value added networks (VANs). E commerce increased with the increased availability of internet access and online sellers in the 1990s and early 2000s.

E- Commerce sector has seen unparalleled growth especially in the last three years. With the help of technology e-commerce sector become more reachable and efficient for customers. Gadgets like smart phones, tablets and technologies like 3G, 4G, Wi-Fi and high speed broadband is promoting the number of online customers. Banks and other players in e-commerce ecosystem are ensuring customers that they are using secured online platform to pay effortlessly via payments gateways.

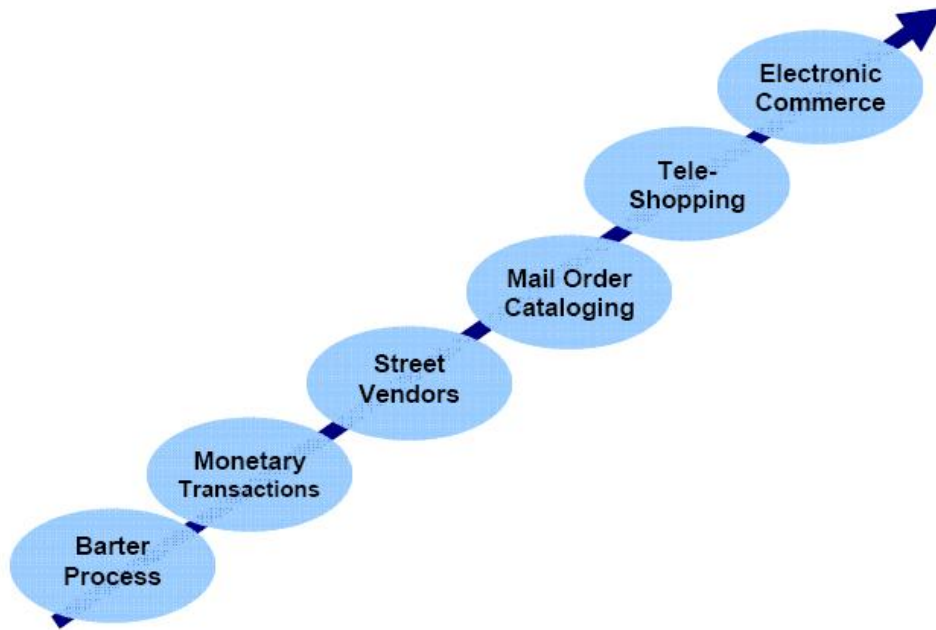


Figure 1. Evolution of E-Commerce

Definitions of E Commerce

E Commerce considers any kind of business activities in which parties interact electronically rather than physically. Some of the best definitions of e Commerce are as follows:

According to **Roger Clarke**

Electronic commerce is usefully defined as:

“the conduct of commerce in goods and services, with the assistance of telecommunications and telecommunications-based tools”

. EC comprises many segments, some of which have their own names. For example:

- 'electronic catalogues' refers to means whereby sellers can communicate their offerings to potential buyers;
- 'electronic data interchange (EDI)' refers to a particular family of standards for expressing the structured data that represent EC transactions; and
- 'electronic auctions' for a particular set of mechanisms for setting prices.

According to **World Trade Organization**

“E- Commerce is the production, distribution, marketing, selling and distribution of goods and services by electronic means.”

According to **Zwass**,

“E Commerce means Sharing of business information, maintaining business relations, and the conducting business transactions by means of telecommunications networks.”

According to **Frederick J. Riggins and Hyeun SukRhee**,

“E- Commerce means buying and selling goods and products over internet”

Types of E Commerce

When we analysis e-commerce concept, we find that it is an online commercial transaction between a supplier and a client. With the help of this view, we can divide e-commerce into SIX major types, all with different characteristics. Figure 1, shows types of e commerce .



Figure 2

There are SIX basic types of e-commerce:

1. Business-to-Business (B2B)
2. Business-to-Consumer (B2C)
3. Consumer-to-Consumer (C2C)
4. Consumer-to-Business (C2B).
5. Business-to-Administration (B2A)
6. Consumer-to-Administration (C2A)

1. Business-to-Business (B2B)

Business-to-Business (B2B) e-commerce means all electronic transactions of goods or services conducted between companies. For example: Paypal and Alibaba group

2. Business-to-Consumer (B2C)

Business-to-Consumer (B2C) e-commerce encompasses electronic business relationships between businesses and final consumers. For example: Amazon and Freshdirect.

3. Consumer-to-Consumer (C2C)

Consumer-to-Consumer (C2C) e-commerce encompasses all electronic transactions of goods or services conducted between consumers. For example: ebay

4. Consumer-to-Business (C2B)

Consumer to Business (C2B) is very crowd sourcing based projects. C2B is completely traditional sense of exchange of goods and services, where a large no. of individuals make their goods and services available for consumption of companies. For example: Zonzoo and Google Adsense

5. Business-to-Administration (B2A)

Business to Administration (B2A) e-commerce includes all online transactions between companies and public administration. B2A have increased with increase in investment in e government. For example: E-procurement

6. Consumer-to-Administration (C2A)

The Consumer-to-Administration model includes all electronic transactions between individuals and public administration. For example: Agencia tributaria

Objectives of the Study: The objectives of present study are:

1. To understand the origin of E-Commerce
2. To analyse the present trends of E-Commerce in India;
3. To examine the Challenges of E-Commerce in India.
4. To predict future of E-commerce

Review of Literature:

Raven et al. compared India and China's approaches in adoption of e-business. Based on the literature survey and secondary data, the study analysed various factors influencing the growth of e-businesses in the two countries. The factors examined include government policy and focus, existing technology infrastructure regulatory environment, experience and understanding of business operations, and culture, among others. The study concludes that China appears to be ahead of India in the infrastructure, but India is ahead in e-readiness. Further, it states that both countries are poised for rapidly increasing e-business, however, problems of poverty and inequality between urban and rural connectivity must be resolved to really take advantage of e-business in both the countries.

Malhotra and Singh studied the determinants of Internet banking adoption by banks in India. Panel data of 88 banks in India covering the financial years 1997–1998 to 2004–2005 was collected through CMIE (Centre for Monitoring Indian Economy) database. Logistic regression analysis was used, the dependent variable is categorical with a value of 1 if a bank adopted Internet banking during the study period and 0 otherwise. Independent variables included in the study are firm size, firm age, bank deposits ratio,

average wages, expenses (fixed assets & premises), ROA (ratio of average net profits to average assets), market share, average number of branches, percentage of banks adopted Internet banking. The results of the study prove that Bank type (Private), firm size, bank deposits ratio, firm age, market share, average number of branches, percentage of banks adopted Internet banking and expenses, are found to be significant in adoption decision. Wage and ROA are found to be insignificant. This study contributes to the empirical literature on diffusion of financial innovations, particularly Internet banking in Indian context. Most of the study on adoption of technology was related to developed markets like US and Europe, this study is an important contribution to evolving literature as it dealt the problem of technology adoption in developing country context.

Study by **Tarafdar and Vaidya** examined the factors that determine the organizational inclination to adopt E-Commerce (EC). The study proposes a framework based on the qualitative data on four financial firms in India collected through multiple case study design. Face to face interview was used to collect primary data and existing database, company documents, press reports and websites are used to collect secondary data. The framework describes two broad factors—leadership characteristics and organizational characteristics—to explain the influence of organizational factors on the propensity to employ EC technologies. The study found that both leadership and organizational characteristic influence EC adoption. It establishes that leadership characteristics influence adoption of EC technologies in centralized organization and organizational characteristics influence EC adoption in decentralized organization. The study also found that characteristics of Information Systems professional and organization structure influence EC adoption..

Dasgupta and Sengupta paper on e-commerce in Indian insurance industry discusses the features of e-insurance in comparison with the traditional offline insurance service. The authors put forth that e-insurance offers benefits such as reduction in search cost and hidden cost, price comparison for customers, and benefits such as opportunity to have niche market, first mover advantage and product bundling for insurance companies going online. Further, it discusses that status of e-insurance in India is still formative stage, but stands to gain particularly from the rural markets since the availability of insurance agent is very less compared to urban markets. The study is conceptual in nature and offers insights based on market reports and data from secondary sources.

Vishwasrao and Bosshardt used a theoretical framework developed by Katz and Shapiro (1987) to examine the ongoing technology adoption behavior of foreign owned and domestic firms. Firm level data on 1400 medium to large Indian firms from 1989 to 1993 was used to test the model. Probit and Poisson estimation was used to analyze the data and model. Variables included in the study are no. of collaboration, nature of collaboration—foreign or otherwise, firm age, total assets, total sales, net profit, herfindhal index, R&D expenditures by industry as percentage of sales. Results of the study throw some interesting light on technology adoption behavior of foreign firms. In general, it shows that liberalization happened in India after 1991 has positive impact on technology adoption, but it is found that foreign firms are quick to take advantage than domestic firms. R&D expenditure is found to be not significant for technology adoption, firm size (large firms are more likely to adopt) and age of firm are found to be significant. Also it is found that foreign firms adopt new technology when profits are down, and doesn't adopt technology in competitive markets.

Future of E Commerce

Experts forecast a glorious future of ecommerce in the 21st century. In the foreseeable future e-commerce will further assure itself a major tool of sale. Successful of e-commerce is inseparable from the web, because e-shopping is becoming more and more popular and natural. Considering the glorious future of e commerce, these are the future trends of e-commerce:

1. Mobile is most influential aspect of e commerce

Number of mobile users is growing day by day. Mobile phones are not recommended but it is essential for survival. In future e commerce site which is mobile friendly will only remain competitive. Figure 2 shows that how no. of mobile users increased year by year in comparisons to desktop and tablet users .

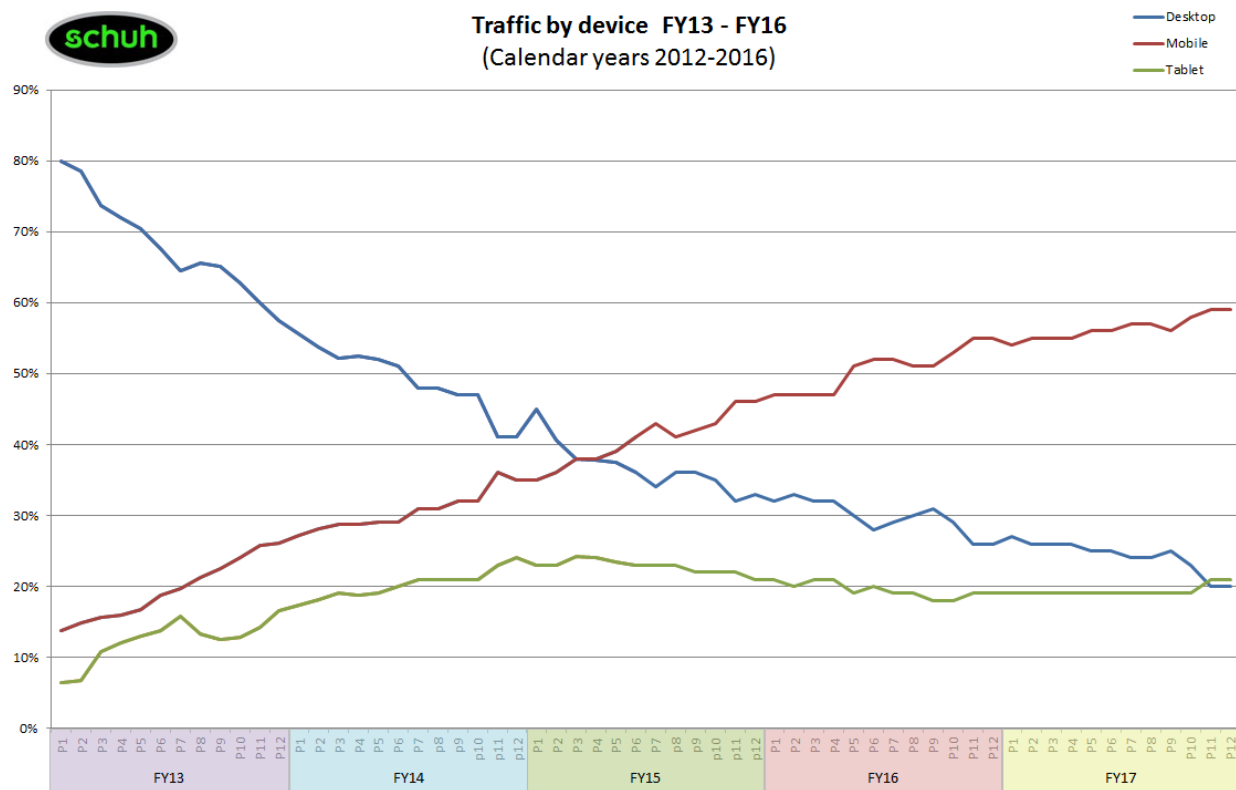


Figure:3

2. Personalization: A key to success

Personalization plays a vital role in successful marketing. It is very pleasant for a consumer to get a message that includes your name and what you like. According to the **DigitalTrends** report, **73% of consumers prefer to do business with brands that personalize their shopping** experiences. Moreover, 86% said personalization plays an important role in their buying decisions.

3. Amazon will grow beyond expectation

In future Amazon will grow more than the expectation. The commerce community has wondered surprised whether an entity would be able to top the status that is retained by Walmart. But, it has been done by Amazon. According to **Business Insider**, **Amazon is now bigger than Walmart**. In the end, the small business ultimately defeated Walmart in the future of e-commerce.



Figure:4

4. Ecommerce will capture 10% in overall retail share Ecommerce is in its growth stage, it grows at the rate of 17% year over year. Figure 3 shows that, in US how retail sales via internet will increase day by day. With increase in number of internet and mobile users the same trend will all followed in India. Some experts says that it will reach at 18% by the year 2018

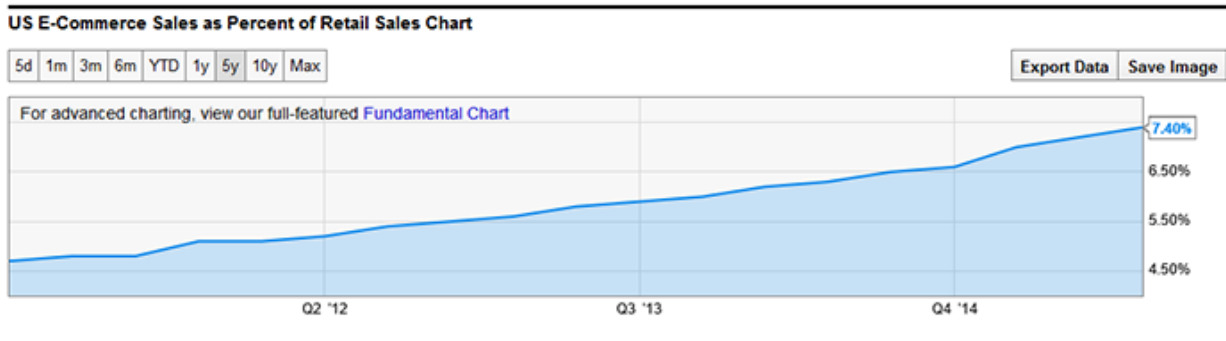


Figure: 5

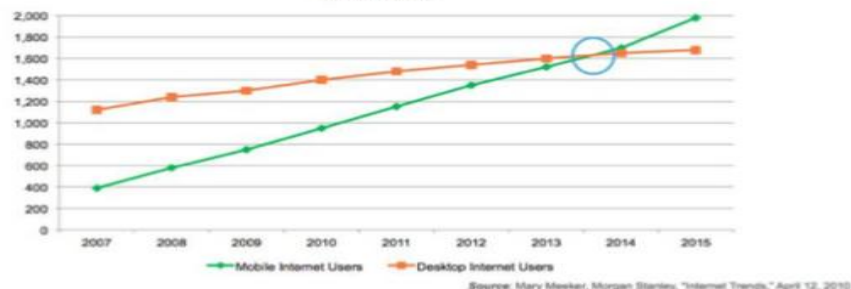
5. Mobile shopping over desktop shopping:

As we all know that smartphones and tablets are in trend. Nowadays, Shopping through mobile and tablets are more popular than desktop shopping (See the chart below). Over the past holiday shopping season, the [Associated Press](#) reported that smartphone shopping overtook desktop shopping during the holiday season. By the end of 2016, it will reach at 60% of total e-shopping.

Mobile vs Desktop Browsing

Mobile Web Usage Growing

Forward Projection: Mobile Web Browsing vs. Desktop Web Browsing (2007-2015)



nGage Labs

Figure:6

6. Struggle Free Returns: Expectation of Consumers

Returns have been a lengthy process for retailers, but for consumers it is pester-free returns as seen in the future of ecommerce. One reason is because, it was found in a study that 23% of returns are due to the wrong item being shipping, 22% of returns are due to the product difference at time of order and at delivery, 20% of returns are due to damaged. Some experts says that retailers can improve their profit margins by providing hassles free returns to consumers

7. Drones will start delivering packages

Deliverery time is very important for any industry, If delivery time is less, then the customer will be more happy. So, in future companies like Amazon will start delivering packages through drones. Amazon has these small gyrocopter drones that cost afew thousands and required minimal maintenance and are capable of delivering packages upto 80 pounds to metropolitan cities within hours.

8. Small town will capture more share in e commerce

E-Commerce is raising attracting customers from small towns, where people have limited access to internet but have high hankering. According to E-Commerce players, these cities have seen a 30% to 50% rise in transactions

E-Commerce challenges

With the growth in this sector, it is very important to prepare for challenges which are faced by the entrepreneur and financial investors. In India, e commerce is growing year by year and there are huge opportunities needs to cater.

External challenges

- **Marketing Strategies:** E –commerce players have to cater all customer segments and products portfolios. To cater them they need to access information related to market growth, size and focus on expansion of their business with facing competitive pricing environment.
- **Customers experience:** Companies dealing in e commerce have to provide a great, first and simple customer experience, instead of discovery and inconveniency experience. Now a day, Social media is used instead of paid marketing. Social media is most effective tool to influence customers and beat their competitors.
- **Payments modes:** Mode of payment is important part of e-commerce. Customers want secured and privacy benchmarks in payment gateway. Nowadays various type of payment modes are available for customers for their convenience such as ewallets. When payment modes are easily available, customers feel easy to buy and sell through online mode.

Internal challenges

Internal forces are very important for sustainable growth and organized functioning.

- **Organized Functioning:** For sustainable growth and development , e commerce played have to make sure that they have better organizational structure and business strategies that are more than enough to cater market rising competition. E commerce companies also have good governance, strong leadership and sufficient management. For growth it is important to identify acquisition opportunities, sources of fund raising and upgraded technologies should be used for production process. .
- **Cyber security and privacy:** Security is very important part of e commerce. Cyber security is also raising issue for customers and as well as for e commerce players. Approximately 50% of customers are not willing to buy and sell due to cyber security and privacy reasons.
- **Acquiescence framework:** E-Commerce companies have to follow all the laws and act while delivering their goods and services to customers through network. There are various issues in which e commerce players are not satisfied with these laws and acts but they have to follows these rules and regulations without protesting them. So, acquiescence framework is another challenge faced by e commerce players.

SOME IMPORTANT FACTS (What shoppers want in future)

- 50% of shoppers think that returns can be easier to make online. If, no shipping charges are charged then approximately 81% of shoppers are likely to make a future purchase.
- 58% of shoppers are not satisfied with the process of returns. It will be decreased with change in return policies.
- 81% of consumers want a convenient returns policy that is pester-free with no extra cost. According to CNBC ,if free return is offered , purchases can be increased by upto 357%.
- About one-third of all products ordered online are returned by consumers. So, return is also a part of buying process.

CONCLUSION

In market nothing is constant, only change that is constant. In 2016, mobiles are most preferred way or tool for e commerce. The future of ED commerce is difficult to predict. There are various segments that would grow in future like: travel and tourism, electronic appliances, hardware products and apparel. There are some important factors that provide boom to e commerce sector like replacement guarantee, mobile commerce, service for all locations, multi and secured payment system, quick service and terms and conditions should be clear and realistic. There are various types of opportunities available for retailers, producers and wholesalers. The digital commerce market in India has grown steadily from \$4.4 billion in 2010 to \$13.6 billion in 2014. As per industry estimates, the digital commerce market in India is expected to reach \$18 billion by the end of 2016 with the help of increasing internet population and increased online shoppers.

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