



SIGNIFICANCE OF E-COMMERCE IN RECENT YEARS

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ABSTRACT

The study presents various types of e-commerce, its impact, pros & cons of ecommerce industry and its impact on Indian economy. The data is analysed and interpreted on whether ecommerce is beneficial and has room for potential growth and opportunities.

Introduction

Electronic commerce plays an essential role in advancing the economy. In the age of globalizing economics, many markets have become progressively international and competitive. Even as the covid-19 pandemic further leads industries in heavily impacted areas to in source towards local production e-commerce can aid the economy on a local scale. Most businesses with an online presence use an online store and/or platform to conduct ecommerce marketing and sales activities and to oversee logistics and fulfillment.

According to e Marketer, in 2022, global retail ecommerce sales will surpass \$5 trillion for the first time, accounting for more than a fifth of overall retail sales. And by 2025, total spending will exceed \$7 trillion, despite slowing growth.

Methodology

1. This paper presents the empirical data that is collected on the e-commerce industry.
2. The study of this research is to know the significance of the ecommerce over the recent years in particularly in India.

3. The data employed in this research is fully secondary data and are used to analyse for drawing conclusions.
4. As the data is secondary and derived from various source, the study focuses on national level.

Review of Literature

The term was coined and first employed by Robert Jacobson, Principal Consultant to the California State Assembly's Utilities & Commerce Committee, in the title and text of California's Electronic Commerce Act, carried by the late Committee Chairwoman Gwen Moore (D-L.A.) and enacted in 1984. [2]

According to Jamsheer (2019), e-commerce is the usage of telecommunication networks to automate business relations and workflow. On the other hand, (Bristol, 2001) strongly claims that e-commerce is the conduction of trade in products and anemities, under the assistance of telecommunication and telecommunication centered instruments. Moreover, (Rose et al., 2019) contends that e-commerce refers to the exchanging organization data, preserving business relations, and conducting operational transactions via telecommunication systems. Ultimately, (Kalakota & Whinston, 1997; Abdullah et al. ,2021) characterizes e-commerce as utilizing computer, internet, and shared software technology to exchange merchandise descriptions and illustrations; offers and procurement details; as well as other information needed to be conversed to consumers, providers, staffs, or the community.[3]

Types of E-commerce

There are 6 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 encompasses all electronic transactions of goods or services conducted between companies. Producers and traditional commerce wholesalers typically operate with this type of electronic commerce.

2. Business-to-Consumer (B2C)

The Business-to-Consumer type of e-commerce is distinguished by the establishment of electronic business relationships between businesses and final consumers. It corresponds to the retail section of e-commerce, where traditional retail trade normally operates.

These types of relationships can be easier and more dynamic, but also more sporadic or discontinued. This type of commerce has developed greatly, due to the advent of the web, and there are already many virtual stores and malls on the Internet, which sell all kinds of consumer goods, such as computers, software, books, shoes, cars, food, financial products, digital publications, etc.

When compared to buying retail in traditional commerce, the consumer usually has more information available in terms of informative content and there is also a widespread idea that you'll be buying cheaper, without jeopardizing an equally personalized customer service, as well as ensuring quick processing and delivery of your order.

3. Consumer-to-Consumer (C2C)

Consumer-to-Consumer (C2C) type e-commerce encompasses all electronic transactions of goods or services conducted between consumers. Generally, these transactions are conducted through a third party, which provides the online platform where the transactions are actually carried out.

4. Consumer-to-Business (C2B)

In C2B there is a complete reversal of the traditional sense of exchanging goods. This type of e-commerce is very common in crowdsourcing based projects. A large number of individuals make their services or products available for purchase for companies seeking precisely these types of services or products.

Examples of such practices are the sites where designers present several proposals for a company logo and where only one of them is selected and effectively purchased. Another platform that is very

common in this type of commerce are the markets that sell royalty-free photographs, images, media and design elements, such as iStockphoto.

5. Business-to-Administration (B2A)

This part of e-commerce encompasses all transactions conducted online between companies and public administration. This is an area that involves a large amount and a variety of services, particularly in areas such as fiscal, social security, employment, legal documents and registers, etc. These types of services have increased considerably in recent years with investments made in e-government.

6. Consumer-to-Administration (C2A)

The Consumer-to-Administration model encompasses all electronic transactions conducted between individuals and public administration.

Examples of applications include:

- Education – disseminating information, distance learning, etc.
- Social Security – through the distribution of information, making payments, etc.
- Taxes – filing tax returns, payments, etc.
- Health – appointments, information about illnesses, payment of health services, etc.

Both models involving Public Administration (B2A and C2A) are strongly for efficiency and easy usability of the services provided to citizens by the government, with the support of information and communication technologies.

Advantages of E-commerce

Recently, there has been a noticeable rise in the percentage of online shopping. With more customers, this percentage has been increasing as time goes by. Customers, organizations, as well as the society are getting great benefits from E-Commerce.

The main classifications for the benefits of e-commerce

- Advantage to the customer
- Advantage to the organization

- Advantage to the society

Advantages to the customer

Buying 24/7 all year long

E-commerce stores are available at all times. Customers can shop at all hours of any day during the year. In this case, customers, especially those who do not usually have time on their hands to do conventional shopping, can do any purchase anytime through visiting the website. Such websites facilitate shopping due to their convenient design. For example, products are classified into categories which help customers have fast orders. Moreover, this kind of shopping is perfect for people who work long hours and are unable to find time to go to retail shops.

Convenience

Being a very convenient way to do shopping, E-commerce has become the easiest and most popular way for shopping. Products can be ordered anywhere on the planet with just a simple tap on the mobile device connected to the Internet. With such an easy way, consumers effortlessly pick merchandise from various sources with no physical constraint.

Time Saving

Time is money! With the benefit of being fast, E-commerce has facilitated the buying/selling procedures. A key advantage of cyber shops is saving time. In other words, while shopping online, customers would not need more than 15 minutes to perform their purchase. Add to that, providers are so careful as to deliver the products to customers' doorsteps within a week.

Comparison in prices

With E-commerce platforms, consumers are provided with more opportunities to see different price points and features and thus pick less expensive and superior options (Clarke, 1999). Comparing choices in a conventional or physical marketing system can be very difficult, since visiting all the stores and asking for prices can be exhausting to the customers. The issue of asking about prices can be a little embarrassing for some customers, and some others do not even dare to ask about the price of a certain item. However, with online shopping, everything is tool to hand and clear in front of users.

Adequate information

E-Commerce provides a history of customers' purchases available whenever needed with a huge amount of data. A customer does not only see the relevant detailed information within seconds, but is also able to review his/her previous purchases (Clarke, 1999). Therefore, it permits clients to search for merchandise info, compare the costs and benefits and eventually evaluate its value before performing the purchase. This is very difficult to be seen in a conventional shop since such a vast amount of data is difficult and sometimes impossible, to be displayed to customers.

Many options and range (options & options)

E-commerce has a broad array of merchandises and amenities, consumers can get to see a varied choice of products and services to choose the best of them, unlike traditional marketing system, one can see only a limited stock McKinsey & Company, (2019).

Accessible

In a normal conventional store, customers might get lost while wandering from aisle to other browsing for merchandise. However, with e-commerce services, clients can search the merchandise categories, or they take advantage of the webpage's search tool and can, in no time, find the desired product.

Advantage to the organization

No Geographical Limitations

Conventional shops impose limitations on providers which are always costly and inaccessible. Similarly, if merchants want to display their products in another city, they will have to open new branches and pay extra money and exert extra efforts. With the electronic commerce these kinds of limitations have no place to be found. By utilizing e-commerce, businesses can magnify their marketplace to countrywide and world-wide marketplaces with least money investing. In other words, a company can effortlessly find additional clientele, top dealers, and appropriate corporate associates throughout the world.

Money Saving

E-Commerce businesses have significantly lower operational costs and better quality of services, in comparison to the actual stores. There is no staff to employ and recompense, no rent and has a reduced fixed operating expenditure.

Increasing efficiency of companies

E-commerce benefits from the “pull” type supply administration. In this type of management, a business procedure begins at the moment a demand originates from a client and utilizes a ‘just in time manufacturing’ method. This makes the company conduct business transactions faster and at lower operational costs, increasing company efficiency.

Laser targeting market

Targeting the right people is a key factor in promoting e-commerce services. Online providers collect a great amount of consumers’ data to ensure they are targeting the right audience to their products. For instance, if they are promoting a male-oriented product, they are capable of targeting one sex and getting more engagements, and as results gaining more purchases. Same is the case with promoting other customized services for different age groups.

Easy to initiate and administer a company

Location is an issue which an e-commerce business owner never worries about in running a business. All is required are electronic devices such as laptops or mobile phones and Internet connection. Therefore, e-commerce simplifies the business processes with more speed and efficiency.

Higher Ad returns

It helps organizations gain higher return on advertisements, if managed properly.

Advantages for the Society

- Customers do not need to move from one place to another to do their shopping. This process results in less transportation on streets and reduced air pollution.
- It reduces the pricepoint range of items due to less fixed expenditures, so consumers with lower incomes are also able to buy items.



- It has allowed remote zones in the countryside to contact items and amenities that were not accessible previously.
- It aids governments in delivering communal services. For example, medical charges, schooling fees and communal service industries can be obtainable to citizens with less cost and more developed method.

Disadvantages of E-commerce

Like any other business where there are always ups and downs, E-commerce has benefits and drawbacks. Running this kind of business has its own challenges. However, being aware of such challenges will help people in charge of this business avoid common consequences.

The e-commerce downsides can be classified into two main categories: **technical and non-technical**.

Non-technical disadvantage

Inability to test items first-hand before buying

It is one of the most common problems faced while shopping online. With this kind of shopping, customers are unable to try the item before getting it. In another sense, e-commerce takes away a crucial part of the purchase process which is testing the product. Videos promoting the products might have been made in a very professional and convincing way, but still many customers are hesitant to buy any item they have not tested or seen before. This is so due to the fact that many customers do not see a real guarantee of product quality.

Lack of the personal touch

E-commerce is missing one of the factors that many customers consider to be essential, which is the personal touch. In other words, some consumers need to feel the intimate experience from physically going to the store and interrelating with sales assistants. So, with online shopping there is no place for new relationships to be born.

Delay in delivery

Waiting is one of the online shopping features, which turns into a problem if customers are not patient enough. To shop online means to wait up to one week, or sometimes more, to have your order in your hands. The gratification anyone gets while doing actual shopping is always delayed while shopping online where customers do not hold the physical item in their hands for a while after the procurement.

Cost and product feature comparison

Through cyber shopping, buyers can liken several items and catch the cheapest cost. While shoppers love being able to compare prices, providers find it too restrictive as numerous prices are eliminated from suggested or recommended items based on the price range the customer sets.

Damage during Transportation and Delivery

The product bought online can be damaged or spoiled during delivery.

Restricted Consumer Services

In the case that a consumer has any enquiries about a certain item in a physical shop, the assistant, the cashier or even the store manager all are ready for help. In contrast, the customer service on e-commerce websites can be restricted: the site may only offer services at a specific work schedule, and sometimes a call to the consumer services division may place the consumer on call hold for a long time.

Technical Disadvantages

Security issue

Cyber security is a worldwide issue which needs to be resolved. Eventually, the lack of reliable security systems creates a risky experience for customers shopping online. In recent years, the world has witnessed a number of reputable organizations and international businesses falling targets of scammers which steal consumer data from their databank. This could result in lawful and monetary

allegations. Likewise, it also deforms the confidence which took years to be built between the customers and their providers.

Need for Internet Connection

Connectivity to the web or online access is required for the partaking of customers in online shopping. They also require devices that connect to the Net.

Credit card Fraud

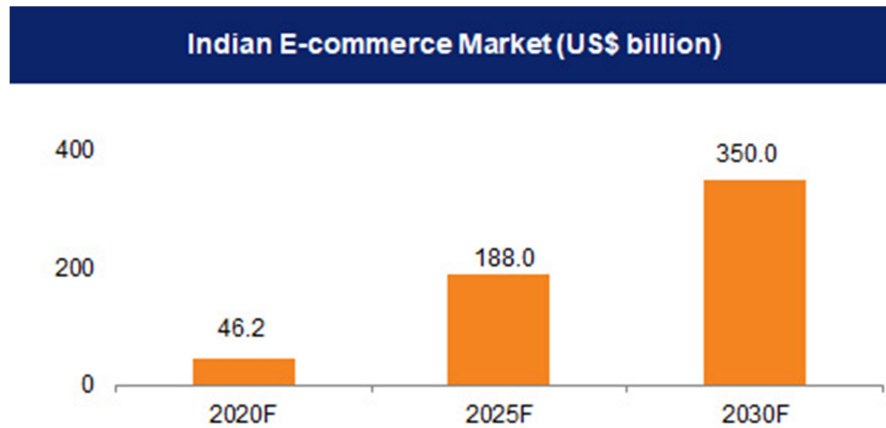
One of the real and growing problems in the world of online businesses is credit card fraud. It can consequence in the forfeiture of profits, fines, and bad repute. Both customer and the business are easy preys to credit card deception. Some pessimists even to claim that scams will eventually result in the vanishing of e-commerce.

Software development

Software is constantly being developed and modified. This poses limitations on online companies. For example, it requires companies to constantly update software as well as hardware required to support the development of software.

E-Commerce in India

In recent years India has experienced a boom in internet and smartphone penetration. The number of internet connections in 2021 increased significantly to 830 million, driven by the 'Digital India' programme. Out of the total internet connections, ~55% of connections were in urban areas, of which 97% of connections were wireless. The smartphone base has also increased significantly and is expected to reach 1 billion by 2026. This has helped India's digital sector and it is expected to reach US\$ 1 trillion by 2030. This rapid rise in internet users and smartphone penetration coupled with rising incomes has assisted the growth of India's e-commerce sector.



India has gained 125 million online shoppers in the past three years, with another 80 million expected to join by 2025, according to a report by Kantar. The Indian e-commerce sector is likely to expand in different markets. India’s e-retail market is expected to continue its strong growth - it registered a CAGR of over 35% to reach Rs. 1.8 trillion (US\$ 25.75 billion) in FY20. Over the next five years, the Indian e-retail industry is projected to exceed ~300-350 million shoppers, propelling the online Gross Merchandise Value (GMV) to US\$ 100-120 billion by 2025.

The Indian online grocery market is estimated to reach US\$ 26.93 billion in 2027 from US\$ 3.95 billion in FY21, expanding at a CAGR of 33%. India's consumer digital economy is expected to become a US\$ 1 trillion market by 2030, growing from US\$ 537.5 billion in 2020, driven by the strong adoption of online services such as e-commerce and edtech in the country. Indian e-commerce is expected to grow at a compound annual growth rate (CAGR) of 27% to reach US\$ 163 billion by 2026. In FY23, the Gross Merchandise Value (GMV) of e-commerce reached US\$ 60 billion, increasing 22% over the previous year. In FY22, the GMV of e-commerce stood at US\$ 49 billion.

Major Hubs for E-commerce

- Karnataka
- Delhi
- Maharashtra
- Tamil Nadu
- Andhra Pradesh

Since 2014, the Government of India has announced various initiatives, namely Digital India, Make in India, Start-up India, Skill India and Innovation Fund. The timely and effective implementation of

such programs will likely support growth of E-commerce in the country. Major initiatives are taken by the Government to promote E-commerce in India.

Impact of E-commerce in India

Growing Demand

- India's social commerce has the potential to expand to US\$ 16-20 billion in FY25, growing at a CAGR of 55-60%.
- India's e-commerce market is expected to reach US\$ 111 billion by 2024 and US\$ 200 billion by 2026.
- India has gained 125 million online shoppers in the past three years, with another 80 million expected by 2025.
- India's Business-to-Business (B2B) online marketplace would be a US\$ 200 billion opportunity by 2030.

Attractive Opportunities

- In 2022, the Indian ecommerce market is predicted to increase by 21.5%, reaching US\$ 74.8 billion.
- India's e-commerce market is expected to reach US\$ 350 billion by 2030.
- Indian e-commerce is expected to grow at a compound annual growth rate (CAGR) of 27% to reach US\$ 163 billion by 2026.

Policy support

- 100% FDI is allowed in B2B e-commerce.
- 100% FDI under the automatic route is permitted in the marketplace model of E-commerce.

Increasing Investments

- The recent rise in digital literacy has led to an influx of investment in E-commerce firms, leveling the market for new players to set up their base, while churning out innovative patterns to disrupt old functioning.

Conclusion

A significant amount of studies and analysis have been conducted on the topic of e-commerce. Electronic commerce has extended quickly throughout the decade and is expected to further expand at this speed or faster. In the forthcoming period, the limits amid "conventional" and "electronic" trade will become progressively distorted as more and more companies transfer segments of their operations online. Electronic trade will undoubtedly increase significantly in the coming years (Sharp, 1998). Despite what was mentioned earlier in this paper about the technical and non-technical disadvantages of e-commerce, the numerous advantages of this business manage to successfully attract the attention of both companies and customers. As we have already mentioned technology is evolving tremendously and quickly, so it is possible to witness the prevention of technological defects in particular in the near future.

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