

E-Commerce in India

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Abstract: The E-Commerce market is thriving and poised for robust growth in Asia. There are players who made a good beginning. Their success depends on their understanding of the market and offering various types of features. This paper gives an overview of the future of E-Commerce in India and discusses the future growth segments in India's E-Commerce. Also find out various factors that would essential for future growth of Indian E-Commerce. And represent the various opportunities for retailers, wholesalers, producers and for people. In this paper we found that the Overall E-Commerce will increase exponentially in coming years in the emerging market of India.

Keywords: E-Commerce, E-Tail, E-Travel, Future in India, Growth factor, Online retail, Types of E-Commerce.

1. INTRODUCTION

The E-Commerce Industry in India has come a long way since its early days. The market has matured and new players have entered the market space. In the present dynamic scenario, E-Commerce market in the B2C space is growing in demand as well as in the array of services. The transition to online purchasing from traditional purchasing is taking a long time in the Indian market. E-Commerce includes not only buying and selling goods over Internet, but also various business processes within individual organizations that support the goal. As with E-Commerce, E-Business (electronic business) also has a number of different definitions and is used in a number of different contexts.

2. DEFINITION & PROCESS

Electronic commerce or E-Commerce refers to a wide range of online business activities for products and services. It also pertains to "any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact."

A more complete definition is: E-Commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organizations, and between organizations and individuals.



Fig.1: Process of E-Commerce

3. TYPES OF E-COMMERCE

Wag mare G.T. (2012) has defined the following types of e-commerce:

- A. 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.
- B. B2C E-Commerce: Businesses selling to the general public typically through catalogs 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 E-Commerce as a whole. For example indiatimes.com.
- C. 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.
- D. Others: G2G (Government-to-Government), G2E (Government-to-Employee), G2B (Government-to-Business), B2G (Business-to-Government).

4. E-COMMERCE IN INDIA

For developing countries like India, E-Commerce offers considerable opportunity. E-Commerce in India is still in growing stage, but even the most-pessimistic projections indicate a boom. It is believed that low cost of personal computers, a growing installed base for Internet use and an increasingly competitive Internet Service Provider (ISP) market will help fuel E-Commerce growth in Asia's second most populous nation.

According to Forrester Research, an independent technology and market research firm, only 16% of India's total population was online in 2013 and of the online users only 14% or 28 million were online buyers. India had an internet user base of about 354 million as of June 2015 and is expected to cross 500 million in 2016. Despite being the second-largest user base in world, only behind China (650 million, 48% of population), the penetration of e-commerce is low compared to markets like the United States (266 million, 84%), or France (54 M, 81%), but is growing at an unprecedented rate, adding around 6 million new entrants every month.

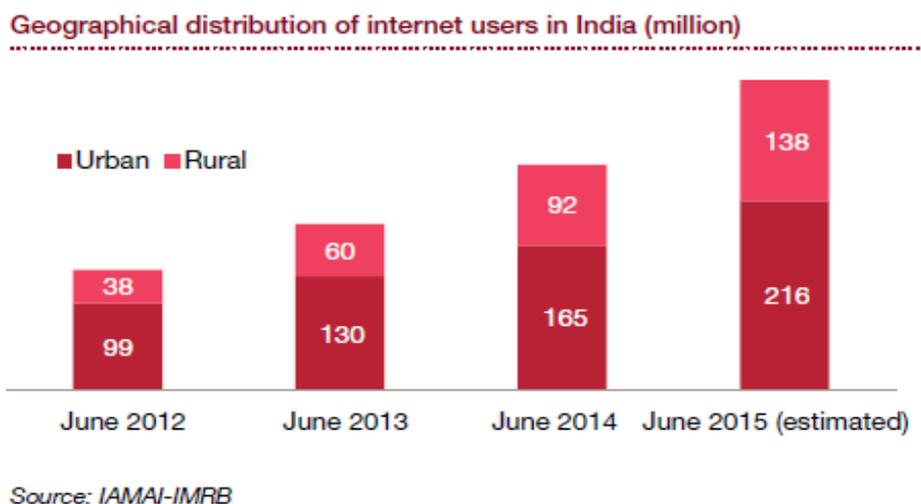


Fig.2

Currently, E-Travel comprises 70% of the total E-Commerce market. E-Tailing, which comprises of online retail and online marketplaces, has become the fastest-growing segment in the larger market having grown at a CAGR of around 56% over 2009-2014. The size of the E-Tail market is pegged at 6 billion USD in 2015. Books, apparel and accessories and electronics are the largest selling products through E-Tailing, constituting around 80% of product distribution. The increasing use of smartphones, tablets and internet broadband and 3G has led to developing a strong consumer base likely to increase further.

5. FUTURE OF E-COMMERCE IN INDIA

Emerging markets in Asia-Pacific have fueled China’s business-to-consumer E-Commerce markets. In 2014, Chinese consumers are to spend more on online purchases than in the U.S. market. China is dominating worldwide E-Commerce sales growth by a remarkable 63.8%. India comes in second with a distant 31.5%.

By 2020, E-Tail in India is expected to account for 3% of total retail. Further, orders per million are expected to more than double from five million in 2013 to 12 million by 2016, which will mean more opportunities for both consumers and E-Tail companies. While the share of online shopping in total retail has increased at a fast pace in the last few years, it is still miniscule compared to the figure in China, where the share is 8-10%.

Share of eTail in Indian retail

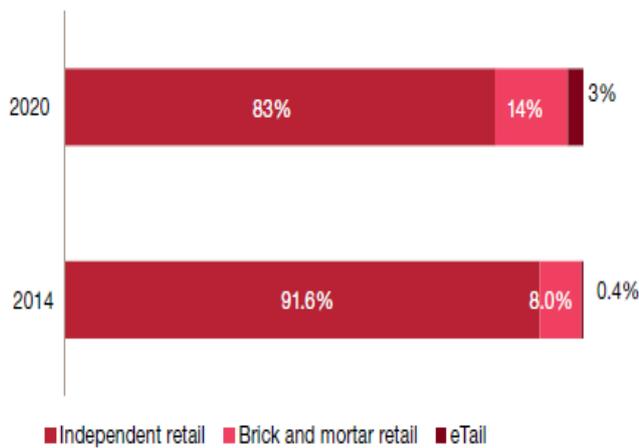


Fig.3

Orders per month (in million)

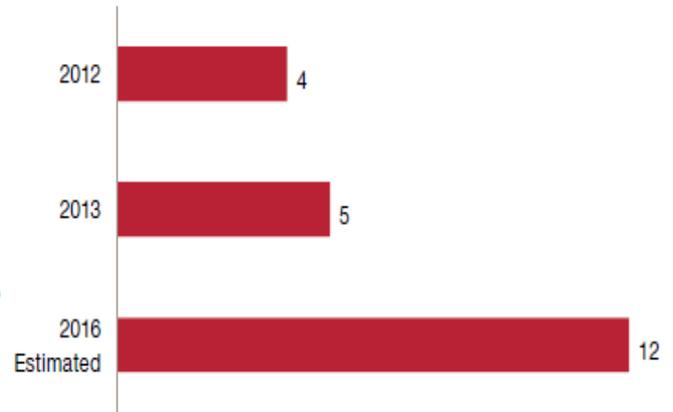


Fig.4

Source: Technopak; Accel Partners

This statistic.com gives information on retail E-Commerce sales in India between 2012 and 2015 and provides a forecast until 2019. In 2015, retail E-Commerce sales amounted to 14 billion US dollars and are projected to grow to 55.26 billion US dollars in 2018.

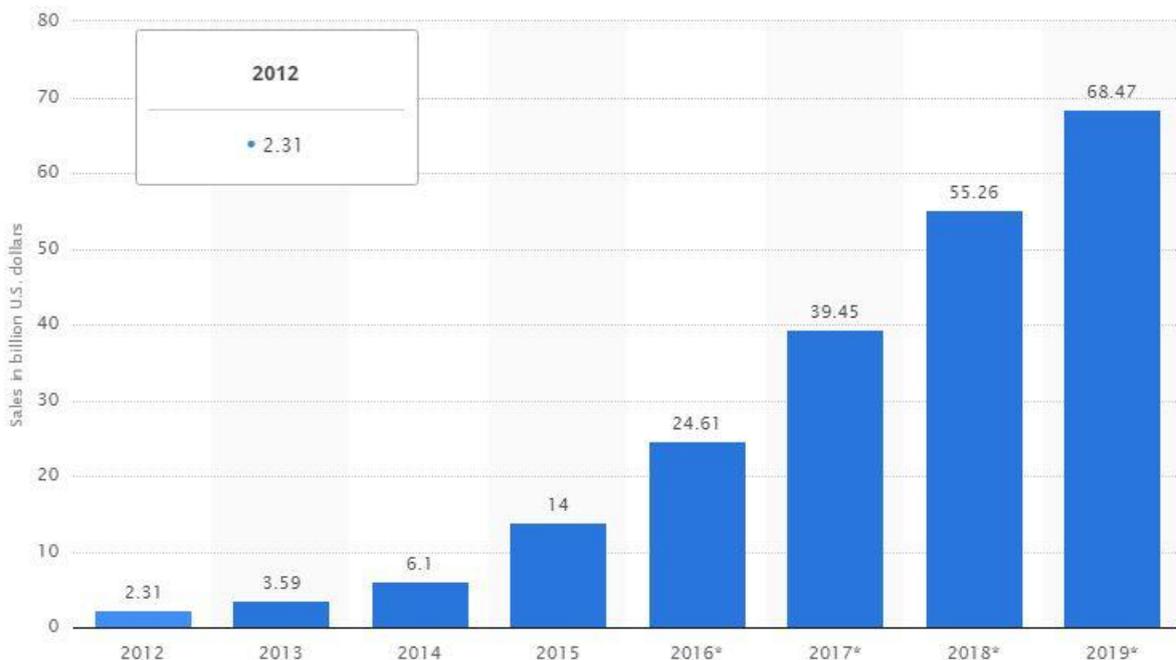


Fig.5

6. INDIA'S PROSPECTUS IN E-COMMERCE

1. Opportunity for Retailers:

A retailer can save his existence by linking his business with the on-line distribution. By doing so, they can make available much additional information about various things to the consumers, meet electronic orders and be in touch with the consumers all the time. Therefore, E-Commerce is a good opportunity.

2. Opportunity for Wholesaler /Distributor:

In the world of E-Commerce the existence of the wholesalers is at the greatest risk because the producer can easily ignore them and sell their goods to the retailers and the consumers. In such a situation those wholesalers can take advantage of E-Commerce who are capable of establishing contractors with reputed producers and linking their business with the on- line.

3. Opportunity for Producers:

Producers can take advantages of E-Commerce by linking themselves with on-line, by giving better information about their products to the other links in the business chain and by a having a brand identity.

4. Opportunity for People:

As more people are getting linked with E-commerce, the demand for center providing internet facility or cyber cafe is also increasing. Hence, the people who wish to take advantage of it can establish cyber and have their benefits.

7. GROWTH FACTOR OF E-COMMERCE IN INDIA

- **Customer convenience:** By providing Cash on delivery payment option service to customers.
- **Replacement guarantee:** Should be Offers 30 day replacement guarantee to their customers.
- **Reach:** Enabling mobile-capable sites and supporting M-Commerce services.
- **Location based services:** Since customers these days are always on the move, promoting the right product at the right time and location becomes an integral aspect.
- **Multiple payment option:** standard credit cards, debit cards and bank payments option should be there.
- **Right content:** Getting the right content and targeting customers with crisp and relevant information is of utmost importance to users on the move.
- **Price comparison:** Providers offering instant price comparison are highly popular amongst the price conscious customers.
- **Shipment option:** Low cost shipment should be there. The convenience of collecting orders post work while returning home should be there.
- **Legal challenges:** There should be legal requirement of generating invoices for online transactions.
- **Quick Service:** Timely service provided by the company.
- **Terms and condition:** T & C should be clear & realistic.
- **Quality:** The product quality should be same as shown on the portal.
- **Customer care center:** A dedicated 24/7 customer care center should be there.



Fig.6

8. CONCLUSION

The future of E-Commerce is difficult to predict. 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

New technologies such as virtual walls and virtual mirrors will further help improve the retail customer experience, thereby encouraging greater consumption. Virtual mirrors let shoppers 'try on' clothes and accessories virtually before making buying decisions. Virtual walls help customers scan barcodes for items on an electronic wall using their mobile phones and place orders with retailers. Tesco in South Korea was an early adopter of this technology. In India, HomeShop18 has launched India's first virtual-shopping wall. Scan N Shop at New Delhi's international airport uses a similar technological interface.

A key outcome of the technology revolution in India has been connectivity, which has fuelled unprecedented access to information. Millions of people who had little means to join the national discourse can now gain new insights into the world around them. Farmers know crop prices. Consumers understand global standards of product and service quality. Rural Indians recognize the differences between the opportunities available to them and those available to their urban counterparts. And citizens have a mass forum for expressing their political opinions. The upshot of this connectivity revolution has been empowerment of Indians.

The number of mobile subscribers in India jumped from 261 million in 2007-2008 to 910 million in 2013-2014. Along with telephony, internet penetration is soaring in rural and urban India. Moreover, the number of rural internet users is growing by 58% annually. Increases in the number of smartphones and 3G subscriptions are further driving this growth. Indeed, the number of smartphone users is expected to grow at a CAGR 91% from 2012 through 2016, jumping from 29 million to 382 million. Similarly, the number of 3G subscribers could expand at a CAGR of 84%—from 23 million to 266 million—during the same period.

The E-Commerce industry in India may currently be behind its counterparts in a number of developed countries and even some emerging markets. However, with India's GDP growth pegged at 6.4% by the International Monetary Fund and the World Bank, it is expected to grow rapidly. Moreover, the Indian E-Commerce industry has access to funds from within the country and international investors. Overall, the E-Commerce sector is maturing and a number of serious players are entering the market.

In our view, there is humongous potential for E-Commerce companies owing to the growing internet user base and advancements in technology. However, this will not be without its share of challenges, be it operational, regulatory, or digital. How a company prepares itself to meet these challenges will decide whether or not it succeeds.

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