

PROSPECTS OF E COMMERCE IN INDIAN BUSINESS CONTEXT

Amirthasweety¹, S.Sriram²

¹Assistant Professor, Dept of Management Studies, S.Veerassamy Chettiar College of Engineering and Technology, Puliangudi, India

²Assistant Professor, Dept of Management Studies, S.Veerassamy Chettiar College of Engineering and Technology, Puliangudi, India

ABSTRACT

One of the most profound changes currently transpiring in the world of business is the introduction of electronic commerce. The impact of electronic commerce (ecommerce, or EC) on procurement, shopping, business collaboration, and customer services as well as on delivery of various services is so dramatic that almost every organization is affected. E-commerce is changing all business functional areas and their important tasks, ranging from advertising to paying bills. The nature of competition is also drastically changing, due to new online companies, new business models, and the diversity of EC-related products and services. EC provides unparalleled opportunities for companies to expand worldwide at a small cost, to increase market share, and to reduce costs. In this chapter we will explain the major applications of EC, the issues related to its successful implementation and to its failures, and what services are necessary for its support.

Keywords: *E commerce, Indian Business*

1. INTRODUCTION

The cutting edge for business today is e-commerce. E-Commerce stands for electronic commerce. It means dealing in goods and services through the electronic media and internet. On the internet, it relates to a website of the vendor, who sells products or services directly to the customer from the portal using a digital shopping cart or digital shopping basket system and allows payment through credit card, debit card or EFT (Electronic fund transfer) payments. Ecommerce or E-business involves carrying on a business with the help of the internet and by using the information technology like Electronic Data Interchange (EDI). More simply put, ECommerce is the movement of business onto the World Wide Web. E-Commerce has almost overnight become the dominant online activity. There is no single definition of E-Commerce, it means only commercial activity which is performed or linked to or supported by Electronic Communication. The effects of e-commerce are already appearing in all areas of business, from customer service to new product design. It facilitates new types of information based business processes for reaching and interacting with customers like online advertising and marketing, online order taking and online customer service. In now days E-commerce uses the WWW at least some point in transaction lifecycle. It can also reduce costs in managing orders and interacting with a wide range of suppliers and trading partners, areas that typically add significant overheads to the cost of products and services. For developing countries like India, ecommerce offers considerable opportunity. In India it is still in nascent stage, but even the most pessimistic projections indicate a boom. There has been a rise in the number of companies taking up e-commerce in the recent past. Major Indian portal sites have also shifted towards ecommerce instead of depending on advertising revenue. Many sites are now selling a diverse range of products and services from flowers, greeting cards, and movie tickets to groceries, electronic gadgets, and computers, etc. With stock exchanges coming online the time for true ecommerce in India has finally arrived.

2. E-COMMERCE IN INDIA

For developing countries like India, e-commerce offers considerable opportunity. Ecommerce 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. The first e-commerce site in India was rediff.com. It was one of the most trafficked portals for both Indian and nonresidents Indians. It provided a wealth of Indian-related business news a reach engine, ecommerce and web solution services. The past 2 years have seen a rise in the number of companies enabling e-commerce technologies and the internet in India. Major Indian portal sites have also shifted towards e-commerce instead of depending on advertising revenues. The web communities built around these portal sites with content have been effectively targeted to sell everything from event and mouse tickets the grocery and computers. The major in this services being Rediff.com and the net and India plaza with started a shopping section after In spite of RBI regulation low internet usage e-commerce sites have popped up everywhere hawking things like groceries, bakery items, gifts, books, audio and video cassettes, computer etc. none of the major players have been deterred by the low PC penetration and credit card.

3. FUTURE OF E-COMMERCE IN INDIA

India is developing rapidly and if development is to be measured, how can we ignore the role of e commerce in it. The internet user base in India might still be a mere 100 million which is much less when compared to its penetration in the US or UK but it's surely expanding at an alarming rate. The number of new entrants in this sphere is escalating daily and with growth rate reaching its zenith it can be presumed that in years to come, customary retailers will feel the need to switch to online business. Insights into increasing demand for broadband services, rising standards of living, availability of wider product ranges, reduced prices and busy lifestyles reveal this fact more prominently thereby giving way to online deals on gift vouchers. Going by the statistics, the E commerce market in India was worth about \$2.5 billion in 2009. It rose to \$8.5 billion by 2011 thus depicting a definite surge in the last two years. According to a statement released by the Internet and Mobile Association of India (IAMAI), these figures would reach up to \$12 billion by 2012! To understand this scenario, we can divide E-commerce into three broad categories which include physical services, physical goods and virtual goods. Another category that is gradually making its mark is the local commerce (coupons, yellow pages, classifieds etc.) which offers significant overlaps with E-commerce. The 1st category of physical services is definitely the major contributor which includes travel ticketing, jobs, matrimonial and event management websites with travel sites accounting for 75% of all E-commerce industries! It provides attractive deals too. The 2nd category of physical goods is the one currently gaining considerable attention, thanks to the hype created by new startups/stores being launched daily. Leaders in this division are Flipkart, Infibeam, Homeshop18, Indiatimes, Naaptol, Letsbuy etc. each of which offers everything from mobile phones to pet food. The 3rd and final category of virtual goods and gift vouchers like online music, software's, movies, games, Taj Hotel gift vouchers, Reebok gift vouchers, Pizza Hut gift vouchers etc. have been relatively lagging behind in India as compared to Europe and America, primarily due to piracy concerns and the social perspective of Indians. But the scenario is expected to change with the digital downloads segment expected to grow in the Indian Ecommerce market due to the explosion of mobile devices and the services available over the Internet at special discounts. Certain unique attributes of the E-commerce industry in India such as cash on delivery mode of payment and direct imports that lower costs considerably are probably going to bring about a speedy growth in this industry in years to come.

4. STATUS OF E-COMMERCE IN INDIA

Today E-commerce is a byword in Indian society and it has become an integral part of our daily life. There are websites providing any number of goods and services. Then there are those, which provide a specific product along with its allied services Multi-product e-commerce- These Indian E-commerce portals provide goods and services in a variety of categories. To name a few: Apparel and accessories for men and women, Health and beauty products , Books and magazines, Computers and peripherals, Vehicles, Software, Consumer electronics, Household appliances, Jewelry, Audio/video, entertainment, goods, Gift articles, Real estate and services Single-product e-commerce Some Indian portals/websites deal in a specialized field, for example:

- 1) Automobiles- On these sites we can buy and sell fourwheelers and two-wheelers, new as well as used vehicles, online. Some of the services they provide are: Car research and reviews, Online evaluation, Technical specifications, Vehicle Insurance, Vehicle Finance.
- 2) Stocks and shares and e-commerce- In India today, we can even deal in stocks and shares through e-commerce. Some of the services offered to registered members are: Online buying/selling of stocks and shares, Market analysis and research, Company information, Comparison of companies, Research on Equity and Mutual Funds.

3) Real estate and e-commerce- They provide information on new properties as well as properties for resale. One can deal directly with developer through consultant. Allied services: Housing Finance, Insurance companies, Architects & Interior Designers, NRI services, Packers & Movers.

4) Travel & tourism and e-commerce- India has a rich history and heritage and e-commerce is instrumental, to a large extent, in selling India as a product, encouraging Indians as well as foreigners to see its multifaceted culture and beauty. The tourist destination sites are categorized according to themes like: Adventure - trekking, mountain climbing etc, Eco-Themes pertains to jungles, flora and fauna.

5) Gifts and e-commerce- In the bygone days, one had to plan what to gift a loved one, trudge across to your favorite shop, and browse for hours before purchasing a gift. The gifts are categorized as: Collectibles like paintings and sculptures, Luxury items like leather goods, perfumes, jewelry boxes, etc, household curios and carpets, etc, Toys & games, Chocolates, Flowers, Woodcraft & metal-craft.

5. CHRONOLOGICAL ORDER IN THE EVOLUTION OF E-COMMERCE

E-commerce can be traced back to the first electronic computers, which were built in the 1950s (Smith, K.T.2008). However, e-commerce did not gain extensive popularity until development of the World Wide Web in the 1990s. A chronological sequence of events concerning the Internet and e-commerce is provided below.

• Chronological order of events in the evolution of Web and E-Commerce:

1946: The first electronic computer, ENIAC, is constructed at the University of Pennsylvania.

1957: The Soviet Union launches Sputnik, the first artificial satellite.

1958: To counter Soviet technological advances, the U.S. forms the Advanced Research Projects Agency (ARPA), with the Department of Defense, to develop U.S. leadership in science and technology applicable to the military.

1969: ARPANET, the forerunner of the Internet, established with four nodes: UCLA, Stanford, UC-Santa Barbara, and University of Utah.

1970: First applications of electronic data interchange (EDI).

1973: First international connection to ARPANET, University College of London. Initial work on a transmission protocol (later to be called TCP/IP) that allows diverse computer networks to interconnect and communicate with each other.

1974:BBN opens Telnet, the first commercial version of ARPANET.

1982: Transmission Control Protocol (TCP) and Internet Protocol (IP) established by ARPA. This leads to a definition of an "internet" as a connected set of networks, specifically those using TCP/IP, and "Internet" as connected TCP/IP internets.

1983: Internet Activities Board (IAB) is created.

1984: Science fiction author William Gibson coins the term "cyberspace" in his novel, Neuromancer. Internet host computers (computers with registered IP address) exceed 1,000.

1987: Internet users exceed 10,000.

1988: Internet worm disables 6,000 of 60,000 Internet hosts. A Cornell University graduate student created the worm. Infected computers were connected through ARPANet and other E-mail networks in the Internet loop. Some of the US's top science and research centers were affected.

1989:Internet users exceed 100,000.

1990:The ARPANET is shut down.

1991: Sir Tim Berners-Lee, working at CERN in Geneva, develops a hypertext system to provide efficient information access. He posts the first computer code of the World Wide Web in a relatively innocuous newsgroup, "alt.hypertext." Later, people refer to the Internet itself as the Web.

1992: World Wide Web released by CERN.

1994: Pizza Hut sells pizza on its website. First Virtual, the first cyber bank, opens.

1997: Inception of business-to-business (B2B) e-commerce.

US Postal Service issues electronic postal stamps.

2000: Internet users exceed 360 million.

2011: Internet users tally almost 2 billion. Users in over 200 countries are connected. [Sources: Smith et al. (2010) and Internet World Stats (2011)].

6. BENEFITS OF E COMMERCE

To Organisation

• Expands a company's marketplace to national and international markets. With minimal capital outlay, a company can quickly locate more customers, the best suppliers, and the most suitable business partners worldwide.

- Enables companies to procure material and services from other companies, rapidly and at less cost.
- Shortens or even eliminates marketing distribution channels, making products cheaper and vendors' profits higher.
- Decreases (by as much as 90 percent) the cost of creating, processing, distributing, storing, and retrieving information by digitizing the process.
- Allows lower inventories by facilitating pull-type supply chain management. This allows product customization and reduces inventory costs.
- Lowers telecommunications costs because the Internet is much cheaper than value-added networks (VANs).
- Helps small businesses compete against large companies.
- Enables a very specialized niche market.

To Customers

- Frequently provides less expensive products and services by allowing consumers to conduct quick online comparisons.
- Gives consumers more choices than they could easily locate otherwise.
- Enables customers to shop or make other transactions 24 hours a day, from almost any location.
- Delivers relevant and detailed information in seconds.
- Enables consumers to get customized products, from PCs to cars, at competitive prices.
- Makes it possible for people to work and study at home.
- Makes possible electronic auctions.
- Allows consumers to interact in electronic communities and to exchange ideas and compare experiences.

To Society

- Enables individuals to work at home and to do less traveling, resulting in less road traffic and lower air pollution.
- Allows some merchandise to be sold at lower prices, thereby increasing people's standard of living.
- Enables people in developing countries and rural areas to enjoy products and services that are otherwise are not available. This includes opportunities to learn professions and earn college degrees, or to receive better medical care.
- Facilitates delivery of public services, such as government entitlements, reducing the cost of distribution and chance of fraud, and increasing the quality of social services, police work, health care, and education to Organizations.

7. LIMITATIONS OF E-COMMERCE

Technical Limitation

- Lack of universally accepted standards for quality, security, and reliability.
- Insufficient telecommunications bandwidth.
- Still-evolving software development tools.
- Difficulties in integrating the Internet and EC software with some existing (especially legacy) applications and databases.
- Need for special Web servers in addition to the network servers.
- Expensive and/or inconvenient Internet accessibility for many would-be users

Nontechnical Limitations

- Unresolved legal issues (see Section 9.7 and Chapter 15).
- Lack of national and international government regulations and industry standards.
- Lack of mature methodologies for measuring benefits of and justifying EC.
- Many sellers and buyers waiting for EC to stabilize before they take part.
- Customer resistance to changing from a real to a virtual store. People do not yet sufficiently trust paperless, faceless transactions.
- Perception that EC is expensive and unsecured.
- An insufficient number (critical mass) of sellers and buyers exists for profitable EC operations.

8. DRIVERS OF GROWTH

The impressive facility of huge variety of products and services which can be purchased on Internet is making the buying more lucrative and convenient with increasing incomes of the customers. We believe it is the simplicity of

the transaction processes to facilitate and encourage the adoption of electronic commerce. Thus there is immense work going on continually redesigning and review the process to make it as simple and easier as possible for the clients. For instance, with the overall experience of First Data we are able to offer multiple payment channels to our merchant's interactive voice response, ranging from e-commerce, POS terminals, e-POS and batch processing. Building consumer confidence is key and prevail over concerns about the peril of deception is vital. The enhanced security measures introduced by the RBI through the second authentication factor were an important event, so safer to reduce fraud and risk transactions. With comprehensive safety standards in place, traders still have to be careful to choose a purchaser with proven service reliability and speed of transaction to guarantee a highest grade of customer service is accomplished record. Besides ensuring greater safety, consumers are also likely to be tempted in line with innovative and highly suitable methods to pay. First Data and ICICI Merchant Services are fine located to distribute these new payment instruments and will work intimately with the supervisory body to organize worldwide resolutions locally.

9. CONCLUSION

The future of E-Commerce is difficult to predict. There are various segments that would grow in the future like: Travel and Tourism, electronic appliances, hardware products and apparel. There are also some essential factors which will significantly contribute to the boom of the ECommerce industry in India i.e. replacement guarantee, M-Commerce services, location based services, multiple payment option, right content, shipment option, legal requirement of generating invoices for online transactions, quick Service, T & C should be clear & realistic, the product quality should be same as shown on the portal, dedicated 24/7 customer care Centre should be there. We found various types of opportunities for retailers, wholesalers/distributors, producers and also for people. Retailers meet electronic orders and should be in touch with the consumers all the time. Wholesalers can take advantage of ECommerce who are capable of establishing contractors with reputed producers and linking their business with the on-line. Producers can also 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. As more people are getting linked with E-commerce, the demand for Centre 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. People could found various opportunities of employment. On the behalf of above said reports and experts view showed that the future of e-commerce in India would be bright in the upcoming years if all essential factors would be implemented.

10. REFERENCES

- Sinha (April 2009), "E-commerce in India - Real Challenges".
- Chaudhury, Abijit; Kuilboer Jean-Pierre (2002). E Infrastructure Business and e-Commerce. McGraw-Hill.
- Frieden, Jonathan D.; Roche, Sean Patrick (2006), "Electronic Commerce: Legal Issues of online retailer in Virginia," Richmond Journal of Law and Technology.
- Miller, Roger (2002), "The Legal Environment Today and Electronic Commerce", Thomson Learning.
- Turban E, D and J King Lee Chung HM (1999), "Electronic Commerce: a management perspective", Prentice Hall.
- Ubois, Jeff (1995), "Wheels of Trade- an interview with the trade".
- Megna, Michelle (2008); "The trends of e-commerce for 2008 and 2009".

Web Sites

- www.kau.edu.sa
- www.wiley.com
- citeseerx.ist.psu.edu
- www.prologis.com