



## E-COMMERCE IN INDIA: CHALLENGES AND OPPORTUNITIES

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### ABSTRACT :

Nowadays peoples of India are most likely to buy and sell products and services over the electronic system, or in other words, we can say that now in Indian society, people are modernized using reliable and comfortable that using of e-commerce. Uses of e-commerce directly link to the customer with manufacturer, stakeholders, marketers, government, and service providers. That is called Electronic commerce (e-commerce). e-commerce in India is growing year by year, it's very soft and reliable junction for customer choice and convenient with the help of internet. The vendor or merchant who sells or buy products or services directly connect with the customer and allows payment through bank debit/credit cards or direct payment through online banking payment system. For the buyer, it is a new and friendly channel to buy and sell products through online. However, an e-commerce portal having the most freedom, and as well as privacy for customers to use the internet and do the window shopping for products, make reconciliation of different models, evaluate their prices and customer satisfactory comments comparison. As well as in India most of the government organization is using electronic communications technologies to connect with the customer, to fulfill their need and for solving the raising problems day by day. In this paper there is a modest attempt to study the opportunities and challenges of e-commerce.



**KEYWORDS :** Customer Satisfaction, e.commerce, EDI, EFT.

### INTRODUCTION :

WE are living in e-century. The Internet and information and communications technologies (ICT) are central to economic growth and productivity. Internet-based technologies and networks can increase productivity, decrease costs and open new market opportunities. E-Commerce or Electronics Commerce is a methodology of modern business which addresses the need of business organizations, vendors and customers to reduce cost and improve the quality of goods and services while increasing the speed of delivery. E-commerce refers to paperless exchange of business information using following ways.

- Electronic Data Exchange (EDI)
- Electronic Mail (e-mail)
- Electronic Bulletin Boards
- Electronic Fund Transfer (EFT)
- Other Network-based technologies

The concept of e-commerce is all about using the internet to do business better and faster. E-commerce is the process of buying and selling over the Internet, or conducting any transaction involving the transfer of ownership or rights to use goods or services through a computer-mediated network without using any paper document. 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.” Business transacted through the use of computers, telephones, fax machines, barcode readers, credit cards, automated teller machines (ATM) or other electronic appliances without the exchange of paper-based documents. It includes procurement, order entry, transaction processing, payment authentication, inventory control, and customer support.

According to Rawat, ASSOCHAM Secretary General as per the survey in India 75% youth, in the age of 15-34 years, using online services or user in India, and India is an example of the youngest demography globally [10]. As per given age distribution, this may expect to be a continuing tendency in coming years. The growth among categories focused on younger generations in last one year, it is not very surprising to see [13]. It is observed that maximum online shoppers in India are youth, and their age is between 15-24 years including females and males both. Recently in India, increasing of internet subscribers is beneficial for e-commerce growth in India. According to the study, India's e-commerce market value was about \$3.8 billion in 2009, and it's increased to \$12.6 billion in 2013. As per a report in 2013, India's e-retail segment value was US\$2.3 billion. We can say that about 70% of India's e-commerce market is related to the travel. According to the statistical data said by 2022 online shoppers' growth rate expected to touch 329 million, instead of 130.4 million in the year 2016.

### Key Drivers in Indian e-Commerce

The main drivers of e-commerce in India are as follows:

- A large percentage of population subscribed to broadband Internet, burgeoning 3G internet users, and a recent introduction of 4G across the country.
- The explosive growth of Smartphone users, soon to be world's second largest Smartphone user base.
- Rising standards of living as result of a fast decline in the 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.

### Functions of E-Commerce

The following are five functions you should be doing daily in your e-commerce business.

#### a) Search Engine Optimization (SEO)

- Generate unique relevant content. Google loves unique content that is related to what your site is all about. Ensure you are using good keywords you want to focus on.
- Every page should have an H1 tag around what is the focus of the page, such as a product name, category name, or static content title. Use H2 tags as well for other important page sections.
- Keywords in optimized page titles.
- Internal linking. Link keywords in your unique content to pages related to that keyword. This is huge!!!
- Friendly URLs with related phrases. E.g. When talking about Zobrist's e-commerce solution, the URL looks like this: [http://www.zobristinc.com/our\\_solutions/eZ\\_Commerce/](http://www.zobristinc.com/our_solutions/eZ_Commerce/)

**b) Selecting New Products**

- Sell what the customer wants to buy, not what you want to sell! This is a common mistake, especially when merchandisers are given a great price to sell a particular product. If nobody wants to buy that product, it doesn't matter what price you set it at.
- Find out what customers want. What is your value proposition on products you sell? Capitalize on your niche!

**c) Merchandising New Productions**

- Pictures, pictures, pictures! It is very important to have high quality images of the products.
- Hero photos: if you have a big seller, feature it on a category page with a hero image of the product.
- Promote latest releases in your newsletters and feature them in categories or on your homepage. Market to customers who have purchased related items in the past.

**d) Customer Service**

- Make your customers happy.
- Delivery orders on time.
- Ensure order accuracy.
- Reship promptly if a package was failed to be delivered to the customer, if it came damaged, or if it was missing parts.
- Don't try to save every penny on an order. You may need to take a loss to make a customer happy in order to retain their loyalty to you, and therefore be very valuable for many orders to come.

**e) Monitoring your KPIs / Analytics**

- Monitor your analytics reports. View what items are selling and bubble them to the top of product listings so customers can find them easier. A great tool for this, if you are on IBM WebSphere Commerce, is our Smart Merchandiser product. With it, you can see analytic overlays on each product in each category to help you make smart merchandising decisions.
- Tackle cart abandonment. Remarket those products to the customers if you have their email addresses. Incentivize them to complete their checkout within 10 days.

**Challenges Faced by E-Commerce in India**

E-commerce in spite of opportunities and hype also bears the connotations of challenges as well. There are different challenges that e-Commerce businesses are facing in Indian market. Day-by-day, the growth of e-Commerce market in India is expanding. It is true that India's percapita purchasing power is low, but still the country is the most attractive emerging market for eCommerce industry. The major problem is that e-Commerce businesses are facing various challenges in the Indian market and it is not easily possible for them to stud their legs in the market and do business. Below are the challenges that faced by e-Commerce businesses in India:

**Cash on delivery**

It is the preferred payment mode In India, most of the people prefer to pay cash on delivery due to the low credit card circulation and less trust in online transactions. Unlike electronic payments, manual cash collection is laborious, risky, and expensive. 2

**Indian customers return much of the commodities they purchase online**

E business in India has many first time buyers. This means that they have not yet made up their mind about what to expect from e-business websites. As a result, buyers sometimes fall prey to hard sell. But by the time the product is actually delivered, they started feeling regret and return the goods. Though consumer regret is a global problem, it is all the more prevalent in a country like India, where much of the growth comes from new buyers. Therefore, customers' regret is the biggest problem in

India. For e-Commerce retailers, returns are extremely expensive as it shows some unique challenges and it becomes more difficult in cross-border e-Commerce.

### **Internet Penetration is Low In India,**

Internet penetration is quite low as compare to several western countries. Still, the country is a small fraction of what other countries are getting. Further, the quality of connectivity is poor in several regions. But both these problems are on their last legs. The day is not far when connectivity issues would not be a challenges to ecommerce in India.

### **Feature phones still rule the roost.**

Though the total number of mobile phone users in India is very high, a significant majority still use feature phones, not smart phones. With increasing number of smart-phone users, the demand of online shopping also goes up automatically. The consumer group is still unable to make e-Commerce purchase on the move while the country is still away from the scales tipping in favour of smart-phones. The rapid downward spiral in the price of entry-level smart phones is an encouraging indication.

### **Postal Addresses are not consistent**

Once if you place an online order, you will get a call from the company, asking about your exact location. The given address is not enough because there is always a little standardization while writing post addresses. Clearly your address is not enough.

### **Payment gateways have a high failure rate.**

Indian payment gateways have an unusually high failure rate by global standards. Ecommerce companies using Indian payment gateways are losing out on business, as several customers do not reattempt payment after a transaction fails.

### **Logistics is a problem in thousands of Indian towns**

The logistics challenge in India is not just about the lack of standardization in postal addresses. There are thousands of towns that are not easily accessible. Metropolitan cities and other major urban centers have a fairly robust logistics infrastructure. But since the real charm of the Indian market lies in its large population, absence of seamless access to a significant proportion of prospective customers is a dampener. The problem with logistics is compounded by the fact that cash on delivery is the preferred payment option in India. International logistics providers, private Indian companies, and the government-owned postal services are making a valiant effort to solve the logistics problem.

### **Overfunded competitors are driving up cost of customer acquisition**

It is important to note that ecommerce giants are increasingly attracted to India. The long term prospects for ecommerce companies are so exciting that some investors are willing to spend irrationally high amounts of money to acquire market share today. Naturally, the Indian consumer is spoiled for choice. Cross-border ecommerce to India is growing, and many large international players are also making a significant investment in setting up shop in India.

### **Absence of Cyber Laws**

Another challenge associated with e-commerce market is the near absence of cyber laws to regulate transactions on the Net. WTO is expected to enact cyber laws soon. The India's Information Technology Act 2000 intends to tackle legislatively the growing areas in ecommerce. It also intends to facilitate e-commerce by removing legal uncertainties created by the new technology. However, it does not take care of issues such as individual property rights, content regulation to privacy and data protection specific legislation.

### Privacy and Security Concern

To-day, vulnerable issues related to e-commerce are privacy and security. So far, there is no protection offered either by Website or outside watchdogs against hazard created by exploiting one's privacy. Even more than with Internet-based e-commerce, ordinary users worries about the safety and reliability of conducting business over a wireless connection. Users will engage in e-commerce only if they trust that the transactions made through their devices are secure."

### Payment and Tax Related Issues

The electronic payment is made through credit card or plastic money which could, however, not become popular so far in India mainly due to two reasons. First, the penetration of credit card in India is very low. Second, the Indian customers are quite sceptical of paying by credit card with the increasing threat of fraud played by hackers. Credit card could not gain growth in India mainly because of authentication and recognition problems of electronic signatures. Establishing tax incidence in case of e-commerce transactions becomes difficult. Thus, it provides ample scope for tax evasion.

### Opportunities of E-commerce

At present e-commerce is the most preferred sector in India and it's moving towards the No. 1 destination. Due to the rising of e-commerce sector, and due to rising business, sometime customer going to disappear with the service, and as well as e-commerce sector become the highly employable sector. Through the e-commerce platform, the customer can get our daily needs solution under one roof. It's maybe domestic or global product.

### Strategies for growth

The growth rate of e-commerce in India is mentionable and higher than other countries. In terms of e-commerce it places the third position in the world but due to lack of proper IT infrastructure, logistic support and financial infrastructure it faces challenges for its development. The smartphone user and internet subscriber in India are growing rapidly which stimulates the e-commerce growth in India. Now e-commerce traders provide a wide range of services from daily necessities to logistics which help them to spread the e-commerce business all over in India.

### Low inventory cost

Inventory cost is an important element for maintain business. E-commerce traders are getting benefit for reducing their inventory cost due to living as a big country like India. It helps them to minimize the cost by storing the product at any places in India. It also provides a big opportunity for e-commerce traders to provide justin-time (JIT) services and forecast the demand of the product more accurately.

### Better customer service

E-commerce is a best approach to provide maximum level customer services in terms of low cost, quality products, and just in time. Customer satisfaction is an asset for businessman to increase their business growth. Best level customer satisfaction can be given by e-commerce business. In this business, both traders and customers get benefit from it. It is an alternative system of traditional business which provides an opportunity to deal their business from distant places and without physical interaction by saving money, cost and minimizing risk.

### Reducing distribution costs

Since e-commerce is based on virtual market i.e. internet, so it reduces distribution cost and time by providing justin-time (JIT) services. It is a great opportunity for buyer and sellers to deal their business by sitting their own places. It helps to avoid all kinds of risk. Generally traditional business requires a mentionable amount for its distribution cost but e-commerce is an alternative system of

traditional business which helps to reduce distribution cost and easily spread the business all over the country and sometimes out of the boundary of the country.

### Globalizing business

E-commerce is a business platform which can provide the same kind of services to its customer crossing the country's boundary [7]. The people can easily buy products from an online shop which is situated within the country or from abroad by online payment through debit or credit card, m-cash and other related methods. It also helps to market the products easily to mass people to the world within a short time. India is a country which is favorable for globalizing the e-commerce business as well as crores of Indian people.

### Quick marketing of products

Since e-commerce is mainly based on internet and connected with the virtual arena, so it is a big opportunity for e-commerce trader to do marketing to a large number of people through various social networking site and websites. It is a platform to explain all details about the product to its consumers [37]. E-commerce is providing a complete solution for purchasing the products from online and pay online by avoiding so many types of hassle and risk. It provides an opportunity to reach the product information to people of the domestic country as well as abroad within a short time.

### Integration of E-commerce

Integration among various stakeholders is an essential tool for making the business easily. E-commerce business is usually connected to the other service providers like internet service provider, government agency, commercial bank, the central bank, payment gateway, businessman, and business cooperative society for maintaining the smooth running of e-commerce business. Coordination is necessary among all stakeholders. Integration should be done by including e-commerce in the academic syllabus, including latest business-related technology to e-commerce, coordination among ecommerce businessman, university professors, expert, IT experts and government agency for proper implementation and enhancement of e-commerce in India.

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