

E-commerce – Promising business model in Indian context

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Abstract—This research paper explores the scope of e-Commerce in India and its reach, the intention of this submission is to understand the challenges (whether internal or external) faced by any organizations (New Startups or the ones that have already established in tradition Business models) while entering to this Business Zone. It also discusses how these challenges hamper the decision regarding entry and sustainability of such aspirants and how they can force them to drop the idea of entering in this space and grow / sustain in Business and why is it important to face the same and adopt to this Model as soon as possible as, this is the future.this research will help us understand the challenges that are faced by industry while adopting to the e-Commerce Scenario .How one can attain the sustainability in the Business while adopting this model.The Finding of this study addresses the challenges that are currently the focus of the Government of India to attain the global growth in this sector and encourage more and more industries/ seller to explore this option.

Index Terms—Digital India, eCommerce, eCommerce startups, Emerging markets

INTRODUCTION

Online business is the latest trend which is expanding in India in a massive way, we may name it as digital, online, virtual market, e-Retail etc. Its easy access, around the clock availability and anytime-anywhere approach has made it even more popular not only in the developed countries but in the developing countries like India. eCommerce is the face of today's Digital India.

India's first taste to eCommerce scenario came in the year 2002 almost a decade late from rest of the world. IRCTC was the first eCommerce portal which was a Government initiative to make booking of train tickets easier and feasible to its public. Seeing the unpredictable boom Airlines industries got into this model by the end of 2003.Sooner major players like Flipkart, Amazon started hunting for online business in India.

Despite being amongst the developing counties, India has shown an unbelievable and commendable increase in eCommerce, making it an obvious target for prospective Business Model.

Fastest adaption of latest technology, user friendly interface and easy payment modes are the key areas which have made India stand out in this Business Model and create its unique space.

REVIEW OF LITERATURE

"Impact of eCommerce on Indian Market: Social and Economic Impact" a research paper by "Shebazbano Salim Khan , S. N. Borhade , and Mainuddin S. Shaikh" explains how eCommerce played an important role in Digital revolution worldwide. This paper explores the impact of online shopping and its contribution to economic growth. Some of the trending items include apparel, technology products.

"Growth of E-Commerce in India" by Dr Kishore Kumar Das and Affreenara explains how eCommerce has become one of the highest growing businesses. It also explores the growth drivers, infrastructure, challenges and future.

"E-Commerce in India- Legal, Tax and Regulatory Analysis" by Nishith Desai & Associates reviews the payment mechanism, intellectual property issue, liabilities and taxations issues related to E Commerce.

"E-Commerce- True Indian Picture" by Devendera Agarwal explains about the present scenario, surfing pattern and reviews on the reports published regarding E Commerce. Special focus on travel industry has been given in this study.

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“Website characteristics, Trust and purchase intention in online stores: - An Empirical study in the Indian context” – Research Thesis by Boudhayan Ganguly and Satyabhusha Dash discuss about the trust factor that lacks on online transactions. They highlight the factors that ensure the safety in online shopping. It also explains, how Indian customers are different from US and Canada.

OBJECTIVES OF THE STUDY

The Main objective of this study is to:

- I. To analyse the present trends of e-commerce in India
- II. To explore Government initiatives and different scheme in growth of e-commerce in India
- III. To identify and evaluate major challenges in adopting eCommerce business Model from the marketer and customer perspective.
- IV. To explore resources and suggestive measures to overcome the challenges.

RESEARCH METHODOLOGY

This research is based on the secondary data, which has been collected from books, Journals, already published paper related to this topic.

The Data and Statistics shared are also from some of the authentic sources doing constant review and analysis on this topic, some Government portals etc.

This study is basically qualitative in nature and has a further scope of research and review option.

DISCUSSION

I. TRENDS IN ECOMMERCE

E-commerce is a Digital platform that helps one to sell the goods, services and information to the target audience online. It can also be termed as exchange of information, virtual monetary transactions. eCommerce and digital presence has become essence of successful business today.

In a simplest and easiest way it is said to be digital exchange of business information in the following ways:

- Electronic mails – popularly known as emails
- Electronic data exchange – EDI
- Electronic fund transfer.

As per a study done by Indian Institute of eCommerce, by 2025-26 India is expected to generate USD 200 billion online retail (B2C) revenue and around USD 300 billion though (B2B).

(Foundation, <https://www.ibef.org/archives/industry/e-commerce-reports/>, 2019) Online apparel sales are set to grow four times in coming years. Despite of such a massive growth rate this will be still only 3% of the estimated world’s retail market growth.

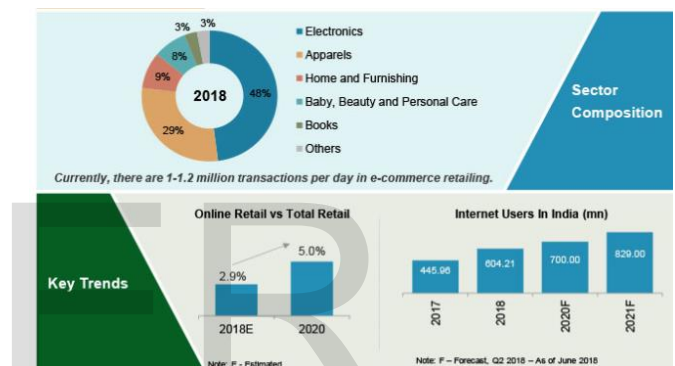


Fig:1 Source: India Brand Equity Foundation

Figure 1 shows the sector composition of e-commerce retailing. The above picture summarises the magnitude of benefit a company would receive if it switches to e-commerce.

Some of the main benefits that pull customers and ensures the sustainability of this Business Model are:

- Convenience to shop: 24X7 open shops online that can be accessed at the convenience of the customer.
- Across the globe presence: by exploring the options online, the user does not have to go across the borders, travel, not necessarily need to interact personally.
- Fastest mode of transferring information: Interactive websites have made it easier to handle queries effectively and efficiently.

- **Competitive pricing:** It ensures better bargain for the consumer. Product comparison and discounts are easy and attracts users online.
- **As Digital platform is data driven platform** therefore every transaction or interaction ensures authentic data which can be further used in CRM processes.

eCommerce, a technology driven tool has turned out to be a source of employment generation and has also opened a gateway of opportunities in almost all traditional sectors like logistics, software development, banking, customer support, manufacturing etc. The eCommerce metrics has also contributed to its success thereby reducing various overhead cost for the sellers.

II. GROWTH DRIVERS

a. Government support

Morgan Stanley 2019 report states India is adding one Internet user every three seconds and the eCommerce sector in India is estimated to reach USD 230 billion by 2028, holding 10 per cent of India's retail. Current growth has surpassed all past predictions and reported an accelerated growth in the past few years. This market is majorly backed by eCommerce and online activities.

Digital transaction is also reported to be growing strongly and steadily as the government takes a tough stand on data handling and security. The legislation governing and regulating the use of the internet in India covers online conduct and related aspects of e-commerce and recognises electronically concluded contracts, cybercrimes, internet surveillance and intermediary liability.

The GOVERNMENT OF INDIA's initiative of going paperless and becoming Digital India ensures information security, infrastructure development, better connectivity, efficient data storage techniques. Increased fund inflow in the form of private equity and venture capital not only from major players in India but also from the other part of the world in the recent years.

Make in India : another initiative by GOVERNMENT OF INDIA is to promote entrepreneurship in India with a motto of "ease of doing Business". The aim is to de-license and de-regulate the industry during the entire life cycle of a business. With a concept of New Infrastructure, New

Sectors and New Mindset. This collaborative model includes India's global partners. The indicator of the progress is the unprecedented opening up of key sectors – that includes Railways, Insurance and Medical and higher levels of Foreign Direct Investment. IT-driven application and tracking processes are replacing files and going paperless.

Startup India: is one more such Government of India initiative, intended to build a strong eco-system for nurturing innovation and Startups in the country and generate large scale employment opportunities. From digital/ technology sector to a wide array of other sectors

Skill India: categorised under MSDE, NSDC and SSC government has introduced this to enhance the skills of India

E-Governance is another important scheme or initiative taken by government of India . It will also boost the e-commerce growth and thus will also bring transparency among the citizens of India.

Government of India also to set up apex cyber crime coordination centre. – After having tremendous cyber security attacks in India during 2014-16 there is plan to set up cybercrime coordination centre which will help in resolving the issues of cybercrime.

b. Market Growth

Potential of market is estimated to be 350 billion by 2025 from existing 90 billion users and the revenue is projected increase is forecasted to be more than tenfold to USD 550 billion & account for 35% of all retail sales by 2025. The GOVERNMENT OF INDIA website on invest India estimates that rural per capita consumption will grow 4.3 times by 2030, compared to 3.5 times in urban areas.

c. Young millennial households

Population studies indicate that by the year 2025 in India 90 million new households will be added comprising of millennial who were born into liberalized India. It is also indicated that the India will add more than 600 million to the pool of skilled manpower by 2025 with an average age of 29 years.

III. MAJOR CHALLENGES:

The major challenges identified in this business models are:

- a. **Insufficient prior market knowledge or market research: Statistics** say out of 100 startups more than 90% fails due to lack of novelty. The focus is on to replicate any successful, already available business, intensifying competition. Market intelligence and appropriation of trend is a constraint due to the changing market dynamics.
- b. **Large potential market:** The huge market is essentially a boon but at the same time poses a challenge identifying the market requirements. The market being technology driven, open competition and with ease of entry and exit leads to a greater chaos which can only be addressed through in-depth knowledge and market intelligence.
- c. **Customer retention :**A large number of sellers providing customized customer centric options has led to change in choice variables. Customer choice is no longer the availability, brand loyalty , word of mouth but rather a price deal, faster delivery, ease of cancellation and efficient and prompt customer care.
- d. **Logistics and other infrastructural support:** Properly coordinated logistics is the key of success of any eCommerce business. Hence it is extremely critical to have a foolproof plan for the same. Lack of integration of activities like order management, customer support, order delivery can ruin the customers experience.
- e. **Legal awareness and Cyber Safety:** eCommerce is an evolving technology thus posing challenges in cyber safety and legality. As the eCommerce is increasing manifolds, so is the cyber crime. Therefore the Laws pertaining to online transaction, legal awareness, cyber safety are crucial and a customer is expected to be aware when he transacts across nations.
- f. **Coping with Market trend:** eCommerce is a very dynamic as well as volatile setup, the trend changes so fast that anything which is new today will be an history by next two years. Thus it is challenging and really difficult for the small starters to match up to the technology.

IV. MEASURES TO OVERCOME CHALLENGES

- a. **Use of appropriate metrics:** Appropriate metrics are to be essentially devised and used for market research and market intelligence in order to ensure authentic and valuable market information.
- b. **Efficient use of CRM and customer retention techniques:** Use of multimedia integration and customer nurturing technology can improve customer retention. One-time purchasers thus can become brand advocates.
- c. **Use of Customer service solutions:** This would ensure integrating logistic activities as discussed in III (d.) so as to synchronise available information in a single interface thereby resolving a critical issue.
- d. **Cyber Safety:** It is not only a concern of customers but also of a online marketer to protect itself from fake customers. Use of Interactive Voice Response (IVR) to validate delivery address, banking information etc can to some extent ensure safety in eCommerce.

STATEMENT OF LIMITATIONS:

1. This study was based on Desk Research and has used secondary data. This study doesn't use the primary data to understand this aspect.
2. Time constraint couldn't be avoided as the research would lose its relevance if stretched for longer duration
3. The variables affecting eCommerce like likes and preference of online customers, Technology, ease of entry in this market, etc are dynamic in nature, which would become outdated or irrelevant in next couple of years.

FINDING AND CONCLUSIONS:

E-Commerce in India is yet to tap the markets full potential. Its use in all the areas is to exploited and takes control on all sectors in a massive way seeing its future prospect and trend and thereby capturing the market.

The Government's Support is indeed a driver for consumer adoption. But still the major focus for the next few years shall be to stabilise digital infrastructure in order to ensure high quality and uninterrupted network connectivity. Digital literacy and robust data storage facilities, Domestic alternative for the cloud storage options etc. the entry / exit policies that needs to be followed to attract foreign investments and venture capitalists.

The trend is not of isolation but strategic integration to get the maximum output. Interdependency of each sector on each other needs to be taken as an option to create connectivity amongst them rather than creating competition. E-Commerce is incomplete without monetary transaction; hence robust data security measures would trigger digital transactions than any other transactions.

Anytime, anywhere, any device accessibility also termed as ubiquity in nature make it more convenient to adopt as it ensures maximum reach with minimum cost and time. But in coming future with such a large pull of online population, more awareness about the system, Government support the completion will increase tremendously making the entry and sustainability major concerns.

The suggestive measures to face the challenges and to approach this market model needs to be crucially examined to have a better understanding of this business model.

The true potential of this Model needs to be penetrated among the young India at a very initial stage and urge them to peruse this along with other marketing tools to attain the maximum benefit and growth.

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