

Electronic Commerce: An Indian Business Review

Priyanka Madan

Assistant Professor of commerce KVA DAV College for Women Karnal

Abstract

This paper deals the conceptual knowledge of search engine marketing (SEM) or e-commerce, literature review, current and future aspects of e-commerce in Indian context. This paper discussed about the top motivator factors of shopping online. The present development would be a valuable addition to researcher and academicians; and useful theory for practitioners, advertisers, and entrepreneurs.

Keywords: SEM, Online Marketing or E-commerce, Pay-per-click (PPC)

Paper

Introduction

Khan and Mahapatra (2009) remarked that technology plays a vital role in improving the quality of services provided by the business units. One of the technologies which really brought information revolution in the society is Internet Technology and is rightly regarded as the third wave of revolution after agricultural and industrial revolution. The cutting edge for business today is e-Commerce. 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 etc. It can also reduce cost 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 [Rajiv Rastogi]. Businesses are increasingly using the Internet for commercial activities. The ubiquitous nature of the Internet and its wide global access has made it an extremely effective mode of communication between businesses and customers [Rowley (2001)]. Thompson (2005) introduced that the growth of Internet technology has enormous potential as it reduces the costs of product and service delivery and extends geographical boundaries in bringing buyers and sellers together.

Devendra *et. al.*, (2012) defined that electronic commerce, commonly known as e-commerce or E-Commerce, consists of the buying and selling of products or services over electronic system such as internet and other computer network. Intent is the technology for e-commerce as it offers easier ways to access companies and individuals at at very low cost n order to carry out day-to-day business transactions. Search engine marketing (SEM) is a form of web advertising that companies use to promote their products and services on search engine results pages (SERPs). SEM is focused on the effective use of search engine advertisements (a.k.a., sponsored results, sponsored links) that appear on the SERP. SEM which allows firms to target consumers by placing ads on search engines has proven to be an effective audience acquisition strategy. Unlike traditional online advertising, advertisers pay only when users actually click on an ad when successfully implemented, SEM can generate steady traffic levels and tremendous return on investment (ROI).

This paper deals the conceptual knowledge of search engine marketing or e-commerce, literature review, current and future aspects of e-commerce in Indian context. This paper discussed about the top motivator factors of shopping online. The present development would be a valuable addition to researcher and academicians; and useful theory for practitioners, advertisers, and entrepreneurs. The further research areas are; the quality of sponsored ad text, ad position, Search Engine Optimization (SEO), Page Rank, yellow pages, bid management *etc.*

2. Literature Review

Literature on web theory is scant because it is a relatively a new area and the technologists at the forefront of Web design are typically not sufficiently academically inclined to formulate the relevant theories (Day, 1997). While previous research has examined Internet usage (Teo, Lim, & Lai, 1999), commercial websites (Gonzalez and Palacios, 2004), website design (Kim, Shaw, & Schneider, 2003), website effectiveness from the consumers' perspective (Bell & Tang, 1998), pricing paid placements on search engine (Sen *et. al.*, 2008), and bidding (Bernard and Simone, 2011). This form of online advertising emerged in 1998 [Fain and Pedersen 2006], rapidly has become the central business model of the major search engines [Jansen and Mullen 2008], and is one of the most rapidly growing segments of the online marketing area [SEMPO Research 2009].

Search engine has become a necessity for people to surf the web [Hsien-Tsung Chang, 2011]. It is a simple user interface is designed. Any user simply fills in several fields and the

system makes the decision about what to find, where to search and how to look at. The threshold of search is lowered. SEM is an internet marketing model aiming at promoting the ranking of websites in the search engine's search results page which can make a web site introduce into more web users and website traffic [i Prospect 2008]. Li-Hsing HO *et. al.*, (2011) explained about exploration of SEO technology applied in internet marketing, Kesharwani and Tiwari (2011) studied the importance of website quality towards the success or failure of any e-vendor. Khan and Mahapatra ((2009) studied that the quality of internet banking (i-banking) services in India from customer's perspective.

3. Types of E-Commerce

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

(i) 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.

(ii) B2C E-Commerce: Businesses selling to the general public typically through catalogues 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.

(iii) 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. E Bay's auction service is a great example

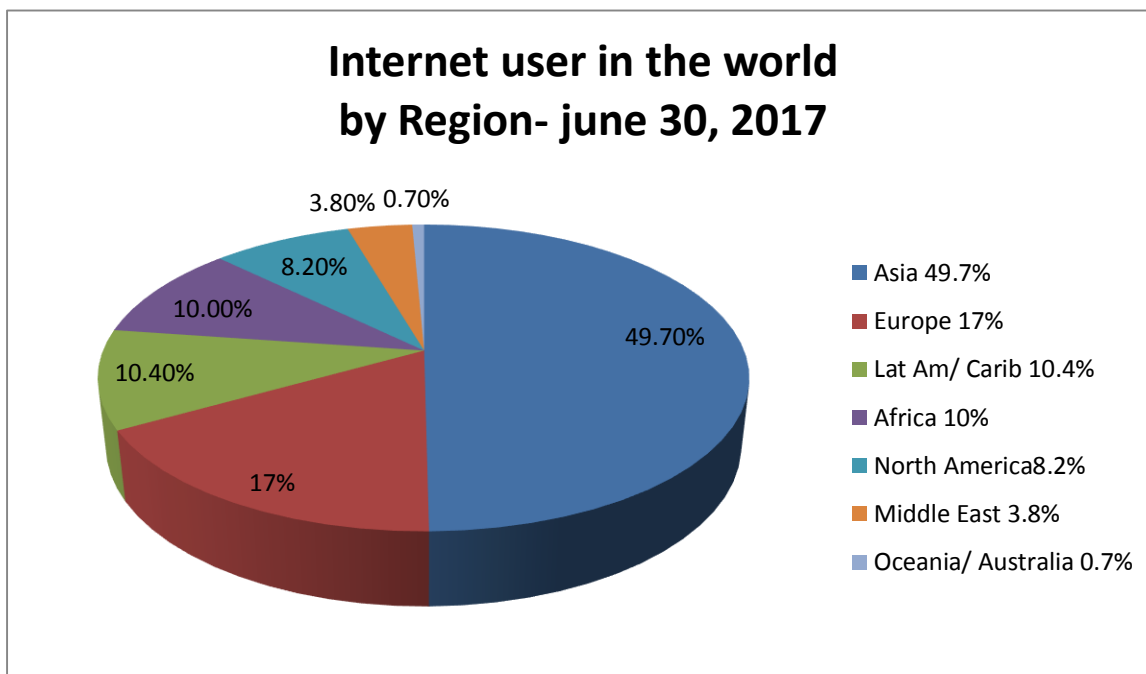
of where customer-to customer transactions take place every day.

(iv)Others: G2G (Government-to-Government), G2E (Government-to-Employee), G2B

(Government-to-Business), B2G (Business-to-Government).

E-Commerce in India

The internetworldstats.com shows that Asia has 47.9% internet users in the world distributed by world region 2017.



Source: Internet World Stats: www.internetworldstats.com/stats.htm

Waghmare (2012) pointed out that many countries in Asia are taking advantage of Ecommerce through opening of economies, which is essential for promoting competition and diffusion of Internet technologies. Large enough to have a critical mass of 10 to 20 million users to be able to make an impact on e-commerce and e-governance. In the next 3 to 5 years, India will have 30 to 70 million Internet users which will equal, if not surpass, many of the developed countries. Internet economy will

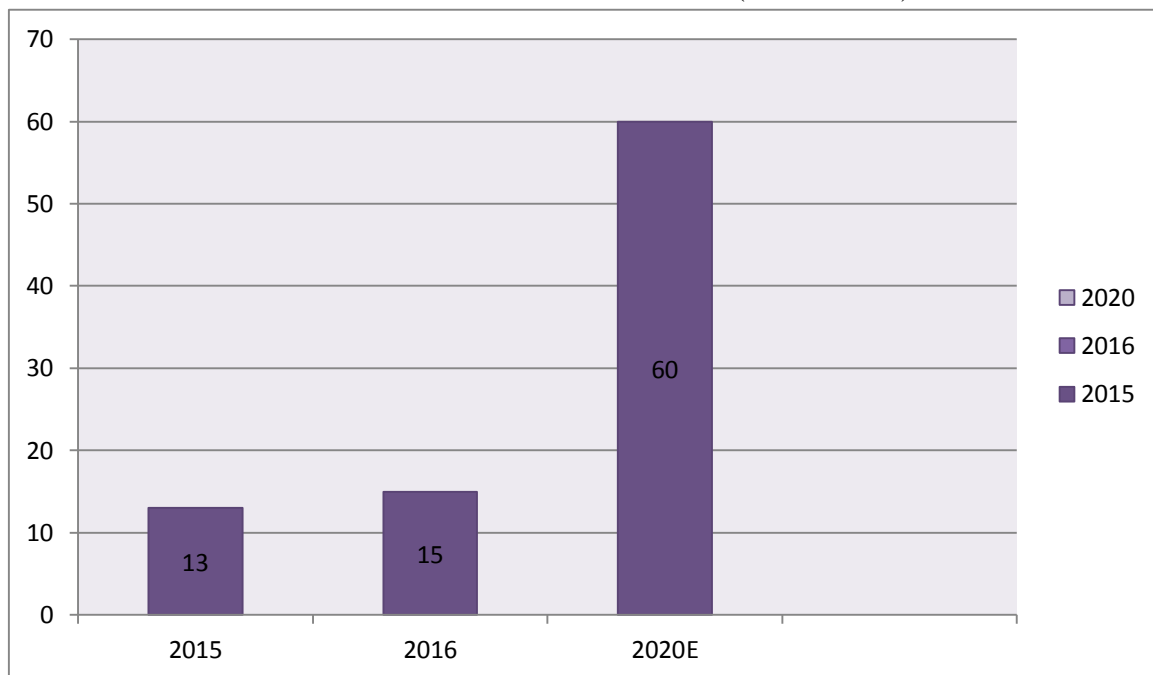
then become more meaningful in India. With the rapid expansion of internet, Ecommerce, is set to play a very important role in the 21st century, the new opportunities that will be thrown open, will be accessible to both large corporations and small companies. A recent report by the Internet and Mobile Association of India(IMAI) reveals that the India's e-commerce market is growing at an average rate of 70 percent annually and has grown over 500 percent in the past three years

alone(geocart.com).

Zia and Manish (2012) proposed that ecommerce revenues in india will increase by more than five times by 2016, juming from US\$1.6 billion in 2012 to US\$8.8 billion in 2016.

Actual revenues are US\$ 13 billion and 15 billion in 2015 and 2016 respectively. Revenue generated from online retail is projected to grow to US\$ 60 billion 2020. This is explained by the following chart which is taken from online retailing Indian data.

Revenue from Online Retail in India (US \$ billion)



Note: E-Estimate

Source: indiaretaling.com

Shoppers in Metropolitan India

Zia and Manish (2012) found that, currently, shoppers in metropolitan India are driving e-Commerce: These consumers are primarily buying travel, consumer electronics, and books online. And although spending per online buyer remains low, some 59% of online consumers in metropolitan India already make purchases online at least monthly.

Shoppers in non-metropolitan India

Consumers in nonmetropolitan areas will also help fuel growth; unlike online consumers in cities, they are more likely to shop online for goods that are unavailable at local stores. Zia and Manish (2012) estimated that e-commerce retailers in India are expanding their offerings to the online population outside metropolitan India and are investing heavily in the infrastructure to support these cities.10 Online apparel retailer Myntra.com is already seeing demand for its products outside metropolitan India: 50% of its sales are outside India's 10 biggest cities. To widen their reach, for

example, multiple retailers are building warehouses outside central locations; testing shipping options that work in rural areas; offering payment options like cash on delivery (COD) that provide options for the unbanked; and subsequently marketing these to semi-urban and rural consumers.

Moreover, Aditya Kulkarni, Product Manager at Google (Jan 15, 2013) pointed out that India maybe behind the curve on the numbers, but they are growing fast, and when they reach the 200-300 million online shoppers, you can safely assume that there will at least be as many e-Commerce players in India as there are in China. That is to say, there will be at least 10-20 successful, large and growing e-Commerce companies in India over the next few years. I think the successful companies of tomorrow are going to look different from the ones that are on the top now. There's going to be 100-200 million new e-Commerce customers that are going to be up for grabs in the next few years. Another way to look at it is that in 80% of the e-Commerce shoppers of 2016 still are available to be nabbed by e-Commerce sites. And they're going to come from predominantly two categories. First, from Tier-2 and Tier-3 cities as the logistics and connectivity there improve and second, young people that get jobs/pocket-money and start shopping online.

5. Major Search Engines in the Market

By distinct search engines, means that search engines, portals, and websites who have alliances and who solicit bids for paid placements from a single source are treated as one search engine. For instance, by successfully bidding for a paid link with Overture exposes a seller to traffic from several websites, including

MSN, Yahoo!, AltaVista, Info Space, Allthe Web and NetZero. There are various search engines by content/topic such as Baidu (Chinese, Japanese), Bing, Blekko, Google, Sogou (Chinese), Soso.com (Chinese), Volunia, WireDoo, Yahoo!, Yandex (Russian), Yebol, and Yodao (Chinese). Among PPC providers, Google AdWords, Yahoo! Search Marketing, and Microsoft adCenter are the three largest network operators, and all three operate under a bid-based model.

6. The Advantages and Disadvantages of Internet Marketing

Melody and Robert (2001) remarked that the Internet can provide timely information to customers because of its ability for instant communication, and its availability 24 hours a day, 7 days a week [Lane, 1996]. On-line marketing offers more choices and flexibility [Lamoureux, 1997] and, at the same time, eliminates huge inventories, storage costs, utilities, space rental, *etc.*, [Avery, 1997]. People tend to associate Internet marketing with direct marketing because companies participating in online marketing usually shortened the supply chain [Edwards, *et al.*, 1998] and reduced commission and operating costs. The ability to serve as both a transaction medium and a physical distribution medium for certain goods is a unique feature of Internet marketing. Such advantages can be best realized by companies that provide digital products/services such as music, news, consulting services, online ticketing and reservations, telemedicine, insurance, banking, stock brokerage, tax, and other financial service industries. Using the Internet as the distribution channel can reduce not only the delivery cost

substantially, but also ensures instant delivery of products/services.

Moreover, Ruckman (2012) suggested that Internet research becomes an increasingly important tool during the purchasing process; more marketers are seeing the advantages too. It's a win-win situation. Marketing departments are investing more into online marketing today because it's:

- Attractive to a significant segment of the demographics for most customer profiles. It can effectively reach the target customer.
- Faster and less expensive to conduct direct marketing campaigns
- Measurable, which means that successes are identifiable and repeatable
- Open 24-hours a day
- Cost-effective, in the long run.

Disadvantages:

There is no actual face-to-face contact involved in the Internet communication. For the types of products that rely heavily on building personal relationship between buyers and sellers such as the selling of life insurance, and the type of products that requires physical.

to explain Internet marketing maybe less appropriate. While internet marketing cannot allow prospective buyers to touch, or smell or taste or 'try on' the products, However a survey of consumers of cosmetics products shows that email marketing can be used to interest a consumer to visit a store to try a product or to speak with sales representatives [Martin at el (2003)]. Some of the disadvantages of e-Marketing are dependability on technology, Security, privacy issues, Maintenance costs due to a constantly evolving environment, Higher transparency of pricing and increased price

competitions and worldwide competition through globalizations.

5. Top Motivators for Shopping Online

Times of India (February 12, 2013) has published that top motivators for shopping online which include cash back guarantee, cash on delivery, fast delivery, substantial discounts compared to retail, and access to branded products, while barriers include inability to touch and try products before purchase, fear of faulty products, apprehension of posting personal and financial details online and inability to bargain.

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6. Conclusions and Recommendations

This paper deals the conceptual knowledge of search engine marketing or e-commerce, literature review, current and future aspects of e-commerce in Indian context.

This paper discussed about the top motivator factors of shopping online. The present development would be a valuable addition to researcher and academicians; and useful theory for practitioners, advertisers, and entrepreneurs. Some of the disadvantages of e-Marketing are dependability on technology, Security, privacy issues, Maintenance costs due to a constantly evolving environment, Higher transparency of pricing and increased price competition, and worldwide competition through globalization. While considering the aforesaid limitations; advertisers and end-users can effectively use this modern platform to make life easier and faster. In the next 3 to 5 years, India will have 30 to 70 million Internet users which will equal, if not surpass, many of the developed countries. Internet economy will then become more meaningful in India. With the rapid expansion of internet, Ecommerce, is set to play a very important role in the 21st century, the new opportunities that will be thrown open, will be accessible to both large corporations and small companies [Waghmare (2012)]. Karoor (2012) explained that Ecommerce encapsulates many of the dynamics of 21st century of India. The potential huge and wit and energy of the entrepreneurs in the sector is impressive. Online commerce in India is destined to grow both in revenue and geographic reach. The further

research areas in ecommerce are; the quality of sponsored ad text, ad position, Search Engine Optimization (SEO), PageRank, yellow pages, and bid management etc.

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