

# Future Prospects of E-Commerce in India: A Review

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## ABSTRACT

Buying, selling of products, services by businesses & customers through on electronic medium, without using any paper documents. E-commerce is widely considered the buying & selling of products over the internet, but any transaction that is completed solely through electronic measures can be considered e-commerce. 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.

## 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.

## Concepts and Definitions

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.

**Types of E-Commerce:** The major different types of e-commerce are: business-to-business (B2B); business to- consumer

(B2C); business-to-government (B2G); consumer-to-consumer (C2C); and mobile

### **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. The first e-commerce site in India was rediff.com. It was one of the most trafficked portals for both Indian and non-residents Indians. It provided a wealth of Indian-related business news a reach engine, e-commerce 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,

commerce (m-commerce).

computer etc. none of the major players have been deterred by the low PC penetration and credit card.

### **Future Prospects**

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 (couponing, 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 E-commerce 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.

E-commerce in India to explode in 2012, Indian e-shoppers will have a good time getting great deals and services online. A recent pan-India report released by Com Score Inc reveals that online shopping in India has touched a growth rate of 18 per cent and is only likely to grow further. The report found that nearly 60 per cent of citizens in India visited a retail site in November 2011, with the number of online shoppers increasing by 18 per cent in the past year. E-commerce can become an integral part of sales strategy while it is one of the cheapest medium to reach out the new markets, if implemented successfully, it offer a smart way of expansion & doing e-commerce attribute to the successful implementation to carefully understanding the products & services, customers and the business process, easy -to-use system to extend the business on the web.

The e-commerce platforms maximize its reach to the potential customers and provide them with a convenient, satisfying & secure shopping experience.

### **Scope / Benefits of E-Commerce:**

**1. 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.

**2. Seller /Distributor:** In the world of Ecommerce 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. 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.

**4. General Public:** 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.

#### **Essential factors for growth 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.
- Logistical challenges: In India, the geographical spread throws logistical challenges. The kind of products being offered by providers should determine the logistics planning.
- 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 centre: A dedicated 24/7 customer care centre should be there.

"e-commerce space is a booming space as Internet audience are likely to double in the next two-three years and this industry will require talent from various sectors like technology, product, analytics, sourcing, general management talent, merchandising and marketing," online retailer Fashionandyou.com co-founder and CEO Pearl Uppal said.

Another e-commerce player HomeShop18.com has grown by over 70 per cent in headcount terms in 2011 over the last year and is further poised to grow by a similar percentage this year, including an augmentation of the technology team.

Meanwhile, the e-commerce sector is fast hiring the best talent available in the country and this placement season saw e-commerce companies recruiting big numbers at premier institutions like the Indian Institutes of Management (IIMs) and Indian Institute of Technology (IITs).

According to a report by industry body Assocham, online retail segment is likely to be worth Rs 7,000 crore by 2013 due to rising broadband availability and increasing Internet penetration, from the Rs 2,000 crore at present. It is growing at an annual rate of 35 per cent.

### **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 E-Commerce 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 E-Commerce 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.

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