



INNOVATION AND TECHNOLOGY ADAPTIONS : GROWTH AND CHALLENGES OF E – COMMERCE IN INDIA

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Abstract

Electronic commerce is generally considered to be the sales aspect of e-business , with the changing market scenario and economic growth the demand for online shopping has increased .E- Commerce is a paradigm shift influencing both market and the customers. It is leading a complete change in traditional way of doing business. This growth has been fueled by advances in digital technologies, increasing internet penetration , and shifts in consumer preference towards online shopping . E- Commerce has significantly contribute to economic development fostering entrepreneurship, job creation, and innovation across various sectors . Despite its advantages, this rapid growth also introduces significant challenges. These include Cyber security risk, data privacy concerns , Logistical complexities , Regulatory hurdles and digital divided issues .Additionally Traditional retail sectors face disruption , promoting the need for adoption and innovation . This paper explores various opportunities of E commerce. It raises the key challenges that are being faced by business and consumers relating to E- commerce .

Key words: E-commerce, Growth factors, Challenges

Introduction

Before e-commerce buying and selling were done without internet physically in the markets but after the arrival of e-commerce in India our life has become more convenient because of its number of advantages. E-Commerce means electronic commerce which alludes to an extensive variety of online business exercises for various products and services. The E-commerce business in India has seen exponential growth over the last decade. In India the growth of E-commerce is being driven by greater customer choice and improved convenience. The growth of E-commerce is due to many contributory factors like rapid adoption of technology by Indian consumers, large increase in internet users, new enabling technologies, innovative business models and too many alternative payment options offered by E-commerce companies. E-commerce gives a lot of advantages to the firms to



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establish a market presence, or to enhance an existing market position, by providing a cheaper and more efficient distribution chain for their products or services. Basically, E-Commerce is the development of business on the internet. E-Commerce has overnight turned into the prevailing online activity.

Literature Review

James Christopher (2004) Examined all the best elements of e-commerce does not guarantee consumers will visit or remain loyal. But looking at what they want and their satisfaction levels of other well-established e-tailors such as Amazon and e-bay who have already invested significant recourse to understand what consumer's needs, wants and desires.

Gangeshwer (2013), put light on some of the barriers of e-marketing. Acc. To him dependability on technology, maintenance cost and increased price competition are some barriers in e-commerce. But despite these barriers end-user can effectively use this modern platform to make life easier & faster.

Kim (2004) Examined there are main two factors for conducting successful e-commerce strategy which are security of the e-commerce system and user-friendly web interface. Security means not only security of own system but also providing security assurance to users who are using the sites or online software user friendly web interface give consumer trust and it is easy to convenience for customers.

Hariharputhiran(2012) states that security and privacy always remains the main concern issue for customer while internet shopping. While Rashad & et.al in their research states security will not be an issue as software companies and banks are working to improve internet security. They also find that convenience and comfort ability are most important advantages that are attracting more and more people towards e-commerce. A continuous positive growth of internet also helps in bringing e-commerce boom in country.

Andrew D. Mitchell (2001), Examined the key issues that electronic commerce poses for global trade, using as a starting point the General Agreement on trade in services (GATS), World Trade Organization (WTO) agreement most relevant to e-commerce.

Rina, (April 2016) has examine the "Challenge and future of E-commerce in India." She told that the applications and future of e-commerce and discusses the various factors that are important for the growth of E-commerce in India. She examines the Drone Delivery method; which is very unique in all paper's on E-commerce. She stated



that if everything goes as per the plan, then India might become the first country in the world to allow the use of drones for civil purposes. She argued that the future of e-commerce would be very bright in India if implanted with the all essential factors.

Rajendra Madhukar Sarode, (2015) has undertaken a study on "Future of E-commerce in India Challenge and Opportunities". This study has been undertaken to describe the present status and future growth of e-commerce in India. This paper analyzes the present trends of e-commerce in India and examines the challenges and opportunities of e-commerce in India. He observe that in India the price has been the dominating factor in the Indian market and the customer is not hesitant in changing brand's frequently to avail the lucrative offers gives by producers. He also observe that there is a lot of e-commerce player's in India would have to do to make their customer's fell special to retain them, as the loyalty erodes fast when the shopper is confronted with promotions and deal's. He argued that the weak cyber law is the main challenge in the growth of e-commerce in India

Research Methodology of the Study

Research methodology of the study is based on the secondary data collected from various articles, journals, publications from various websites which focused on e-commerce and various aspects related to it.

Objective of the study

1. To examine the key factors contributing to the rapid growth of E-Commerce
2. To identify challenges faced by business and consumers in adapting to E commerce platforms
3. To examine the barriers of E commerce in India

SWOT Analysis

Strength

- user friendly
- Time saving
- low operating cost
- Expand business

Opportunities

- Online shopping
- customer Acquisition
- Location based services
- Customer relationship management



Weakness

- Privacy and security
- Lack of personal interactions
- Delay to receiving goods

Threats

- Risk, fraud and cyber security
- Product & market Strategy
- Compliance framework
- Customer and digital experience

Growth of Ecommerce

1. Global Trade

E-business is one of the major factors in the globalization of business. E-retailer can reach global customer more easily than compare to traditional one, as one need not to present or open physical store to serve their customers. Internet has vanished the geographical distance that provide huge market opportunity for e-retailer. 100% FDI allowed in B2B e commerce and marketplace models. Digital India and open Network for Digital commerce aim to democratize online retail.

2. Internet and Smartphone penetration

India has one of the world's largest internet user bases , with over 900 million internet users . Affordable data plans and smart phones have made digital access widespread , even in rural and semi –urban areas , creating a massive potential customer base.

3. Growth of B2B and D2C Models

Platforms like Amazon Business and udaan are fueling B2B growth .Direct – to – consumer brands are leveraging social media and e commerce to reach niche markets.

4. Growth of Niche Markets

There is rising demand for niche products such as eco friendly goods , regional handicrafts , organic products , and customized services. E – commerce enables small sellers and startups to reach their target audience more effectively. services like Zepto, Blinkit and swiggy instamart deliver essentials in 30 minutes . Quick commerce expected to be a \$20 billion industry by 2027.



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5. Rise in online payments

The increasing adoption of digital payments systems like UPI , mobile wallets (paytm ,phonepe) and net banking has made online transaction safer, encouraging more people to shop online . More than 80% of digital payments now happen via UPI.

6. Lower search costs

The Internet brings low search costs and high price lucidity. E-business has proved to be highly cost effective for business concerns as it cuts down the cost of marketing, processing, inventory management, customer care, etc.

7. Remain open all the time

Customers can do transactions for the product or enquiry about any product/services provided by a company anytime, anywhere from any location. Young , tech –savvy consumers are more open to digital experiences.

8. New Untapped Market

E- commerce is no longer limited to major metropolitan areas . Smaller cities are emerging as new markets due to improved logistics and internet access . Companies are customizing services for regional languages and preference . 56% of e commerce shoppers are from non metro areas , expected to grow to 64% by 2030.

9. Employment and Entrepreneurship

E commerce creates job opportunities in logistic , IT , Marketing , customer service, and supply chain management . It also empowers entrepreneurs and MSMEs to launch online business with minimal investment.

Essential factors for growth of E-Commerce in India (Raghunath & Panga, 2013):

1. **Customer convenience:** By providing Cash on delivery payment option service to customers.
2. **Replacement guarantee:** Should be Offers 30 day replacement guarantee to their customers.
3. **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.
4. **Multiple payment option:** standard credit cards, debit cards and bank payments option should be there.
5. **Price comparison:** Providers offering instant price comparison are highly popular amongst the price conscious customers.



6. **Shipment option:** Low cost shipment should be there. The convenience of collecting orders post work while returning home should be there.
7. **Logistical challenges:** In India, the geographical spread throws logistical challenges. The kind of products being offered by providers should determine the logistics planning.
8. **Legal challenges:** There should be legal requirement of generating invoices for online transactions.
9. **Quick Service:** Timely service provided by the company.
10. **Terms and condition:** Terms & Conditions should be clear & realistic.

Challenges in the E-Commerce Sectors

1. **Payment mode :** People fear to operate in a paperless and faceless electronic world. In India People prefer cash on delivery payment mode. Most of the people prefer to pay cash on delivery due to low trust in online transaction, which is a significant barrier for E-Commerce.
2. **Lacks of privacy :** Many websites do not have high encryption for secure online transaction or to protect online identity.
3. **Infrastructure Problems:** Infrastructure poor roads, traffic congestion and an overall weak transportation infrastructure coupled with India's vast size barricades e-commerce pace in India. To get rid from it e-retailer has to set up their own warehouses & delivery centers to expand their reach and streamline operations.
4. **No Ability to Touch and see a product :** Indian customers are more comfortable in buying products direct from market. They tend to choose the product by touching and feeling the product directly. Majority of Indian Rural people still not aware about the use of internet and E-Commerce.
5. **Absence of Cyber Laws:** Other big challenge associated with E-Commerce is the absence of cyber laws to regulate transactions on the internet.
6. **Shipping Challenge:** Issues related to lack of supply chain integration, high delivery charges for products, delay in delivery and lack of proper courier facilities in some areas also make customers frustrated.
7. **Product Return and Refund:** Products which are not satisfactory for the customers tends to get replaced or returned. This is another significant issue which leads into overall lose in revenue, loss of shipping cost and loss of reputation.
8. **After Sale Service:** After sale services are mostly ignored in E-Commerce



9. **Technical limitations-** Some protocol is not standardized around the world. Certain software used by vendor to show electronic images may not be a common one. It may not be possible to browse through a particular page due to lack of standardized software.
10. **Other ethical issues:** Manufacturers compete with Intermediaries Online have given rise to a new practice that is "Disintermediation" .It is a method of wiping out the mediator. Disintermediation incorporates.
11. **Consumer psyche :**If the consumer is able to find the desired product in the nearest store then he will not find the product over internet due to poor connectivity, risky transactions and etc. which is not faced by them in nearest store.

BARRIERS OF E-COMMERCE IN INDIA

➤ Payment Collection

The first challenge for e-commerce retailers in India is collecting payment. Less than 2% of Indian consumers own credit cards and 90% of all retail transaction are conducted in cash. As a result most e-commerce sites are forced to offer a Cash-on-Delivery (COD) option. Eight out of ten online transactions are conducted on a COD basis. However, as per one estimate 45% of all COD orders are rejected at the point of delivery by the customer. This is clearly expensive and not a very sustainable business model.

➤ Logistics

You need to deliver the item safely in the hands of the right person in opportune time period. Customary post doesn't offer a satisfactory service whereas couriers charge high and have restricted span of working. At first, you may need to insure for high value delivered articles expanding the expense even further.

➤ Vendor Management

In this advanced form of business (e-business) one has to keep a efficient system for inventory management. One has to keep a digital database for their products. Daily check for prices and availability of product has to be done for smooth running of business



Conclusion

E commerce in India has witnessed rapid growth , transforming the way businesses operate and consumers shop . Electronic commerce opens new doors for business , past decade , driven by increasing internet penetration , Smartphone usage , digital payment adoption and a young tech – savvy population however , government initiatives have contributed significantly to this expansion .This growth also accompanied by several challenges . Issues such as inadequate rural connectivity , data privacy concerns , intense market completion , regulatory uncertainties and the dominance of few larger players continue to pose significant hurdles . Despite these challenges , the Indian e –commerce industry holds immense potential , People play a vital role in development of e-commerce. Technology literacy in India is in its nascent stage, so awareness about it can increase pace of e-commerce in India. India is the second largest nation in the world in terms of mobile user. M-commerce can act as a facilitator to E-commerce. M-commerce become an efficient tool to penetrate rural market segment. On the 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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