e- Commerce in India – An Overview

Arun Kumar Dogra

AISECT University, Bhopal (M.P.) India.

ABSTRACT

E-Commerce is a medium of buying and selling of goods remotely i.e. using Internet as a mode of purchase.Internet now has become the key component of our fast moving lifestyles as e-commerce. This had resulted in many outcomes such as numerous choice of single product, retailing even without distribution network, reducing grey sales of product and decreasing marginsof sellers by the concept of direct sales from producer. As a consumers alsothis change had resulted in more and more use of internet to buy goods and demand the competitive pricing. I have also covered journey of ecommerce in last decade, key factors that influencing Ecommerce in India and outcomes of increasing penetration of Ecommerce. Expected market size from Ecommerce, upcoming changes which ecommerce market will witness and competition across banking and online retail segments.

I INTRODUCTION

Electronic commerce (or e-commerce) covers businesses that are conducted by using computer as a mode of transaction. Advancements in internet exposure and telecommunications in recent years have made e-commerce astrongestpillar of the economic groundwork. More and more companies are able to facilitate transactions through internet. Tremendous competition has been arisen to target each and every internet user who is connected either by computer or mobile phone

There is a complete race to increase consumer transactions as E-commerce revenues is generated through number of consumer transactions consumers are performing online E-commerce provides wide range of benefits to end consumers like goods at lowest possibleprice, selection from widestvariety and saves time etc. With e-commerce revolution people can purchase with a click of a button even without moving out of their home or office. Online services such as banking, airlinesticketing, busticketing, railwaysticketing, bill payments, hotel booking etc. are offeringconvenient ways to consumers. This is believed that e-commerce will increase many folds in upcoming years. Not only business to business transactions whichhave the largest revenue but also online retailing will take a drastic growth.

II COMPONENTS OF E-COMMERCE
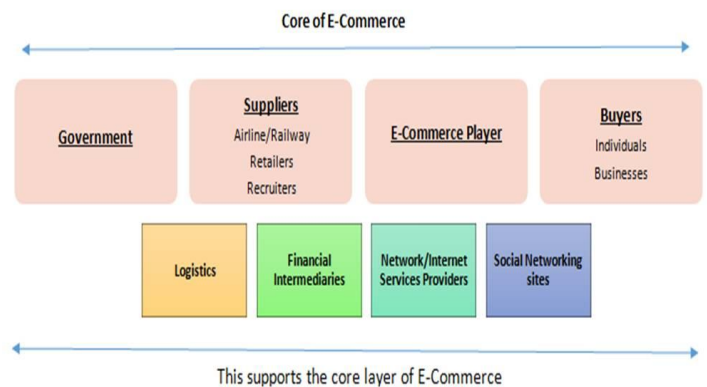
There are 3 type of transactions take place in an E-Commerce:

(a) Product flow: Goods moves from suppliers to end consumers via E-Commerce and logistics partners here retail distribution is not involved.

(b) Information flow: Transmission related confirmation of orders flow from customers and successive information flow of order status flow through value chain.

(c) Monetary flow: This involves money exchange from consumers to e-Commerce providers and suppliers and vice-versa this happen viabanking or financial mediators.

III E-COMMERCE JOURNEY IN INDIA

Indian e-commerce begun in 1996 with introduction of B2B (business to business) portals, with the need of computerized operations where they wanted to link their customers and vendors for example ERP applications. Now E-Commerce ready to become only successful medium for business and household transactions in fact for few selected transations it has completely removed the middle man for business ease and end user comfort for example internet banking.

(a) BeginingPhase (2000 – 2005): Initial wave of E-Commerce in India took a very long time due to limited resources like small base of online shoppers, limited internet exposure, slow internet throughput, fear of security by consumer and unavailability logistics infrastructure. Post, IT slowdown in the year 2000 this actually led to the shutdown of more than 1,000 E-Commerce companies across India. After this, ecommerce activities were muted in this space till 2005.

(b) Growth Phase (2005 – 2010): Post 2005 with IT setor reform, increasing telecom penetration, awareness on online banking strory of Indian E-Commerce was shaped in highly postive manner. Two sectors were on boom within this period and these were:

(i) **Online Travel**: Indian Railways implemented the e-ticket booking initiative and started their online ticket booking schemes which was massive success followed by Airlines sector. Low Cost airline in the aviation in Indian context started raising up in 2005 this was the initiation of second e-Commerce wave in India. For saving overheads low cost, aviation companies took a decision to sell their tickets online and which was a step to save cost which aviation sector was sharing with third parties this also encouraged concept of Online Travel Agents. Going forward aviation companies' also developed their own websites and current model of partners with OTAs to distribute came in existence.

(ii) **Online Retail**: In the year 2007 with changing lifestyle of urban consumer and the need for convenient way of shopping at home concept of online shopping got introduced. Going forward this segment developed with the launch of numerous online websites. New businesses were not only enhanced customer experience but also act as differentiator for investors by and establishing a strong market visibility

(c) Maturing Phase (2010 onwards): This was a period when consumers are exposed to this technology at its peak. Introducing of high speed intrenet, low cost computes, increasing Smart phone were few key factors which resulted into this massive change.

(i) **Group buying**: 2010 onwards, the group buying behavior and offering via deals daily models became a necessity after a successful entry of many entrepreneurs into India, reflecting the global trends. Bulk buying sites raised to seen a significant level and this has increased unique visitors numbers and number of memberships.

(ii) **Social Commerce**: A new avenue for E-Commerce providers started with social commerce this has also led to reach out more and target customers. Companies then got into social media advertisement or digital marketing phase for branding activities, making direct connect with customers for taking feedback and introducing new products and schemes.

(d) Present Scenario: E-Commerce market in India grew at an astonishing rate of 88% in 2013 and reached $16 billion. This was riding on the boom of online retailing trends which challenged the era of slower economic growth and led to raise inflation. E-Commerce market in India was approximately $2.5 billion in 2009, it raised to $6.3 billion in the year 2011 and to finally touched $16 billion last year i.e. 2013. Going with the trends further this is expected to grow up-to $56 billion by 2023 which in fact will be 6.5% of retail market

IV FACTORS DRIVING E-COMMERCE IN INDIA

(a) Increasing penetration of internet
(b) Reducing internet cost
(c) Mobile penetration
(d) Changes in mobile handset industry
(e) Technology changes in desktop to laptop to tablets
(f) Introduction of service 2G, 3G, 4G, LTE
(g) Urbannistion
(h) Govt regulations related encouraging technology providers
(i) Hypercompetetion in service providers
(j) Increasing exposure to social networking
(k) Evolution in banking sector (increasing credit card penetration)

V E-COMMERCE OUTCOMES

(a) Reduced search and transaction cost
(b) Reduced process lead-time and faster time to market
(c) Increased customer service
(d) Improved convenience and shopping experience
(e) Increased information transparency
(f) Knowledge generation
(g) Novel products and services

VI TOP 10 ACTIVITIES ON E-COMMERCE

(a) Flipkart
(b) eBay India
(c) Snapdeal
(d) Amazon India
(e) Myntra

(f) Shopclues
(g) Dominos
(h) freecharge
(i) Jabong
(j) Tradus

VII WHAT IS NEXT?

Internet is the key to success this has now evolved as a significantly from the level it was 10 years ago. Consumer's dependency on internet has increased significantly for different activities like banking, social networking, emailing, shopping, and searching for information

(a) Internet Penetration:
The adoption of high speed internet including broadband, 3G and most awaited 4G which offers high speed internet on move, along with introduction of low cost PCs, smartphones, all this will lead to raise internet penetration and usage in India. Introduction of most trusted payment gateways also led to increased use of plastic money by Indian customers. Introduction of multiple levels of authentication via one-time passwords Payment gateways has made mobile banking more and more secure than earlier. This has boosted user's confidence in doing more online transactions.

(b) M-Commerce:
With lowest mobile tariffs across globe India now has more than 900 million mobile users, and of which approximately 300 million use internet services. Mobile users will further expected to grow till 1200 million by 2015 and hence increase in internet using futurity. Experts says that more than 100 million mobile users will be on high speed internet service i.e. 3G and 4G in the coming few years.

VIII CONCLUSION

Concluding, we are in a time where E-Commerce Industry expanding in all horizons. Indian internet growth story will shape up the future of E-Commerce companies. As consumers increasing the average time spent being online e-commerce companies getting more and attention through innovative marketing strategies which mostly revolve revolving around social media. Further to utilize this opportunity of increasing capable devices in network ecommerce companies should focus on developing easy to use mobile-compatible websites and mobile apps. This would enable customers use easy-to-access platforms and browse e-Commerce websites with handy mobile devices.

Taking study from developed countries in coming time E-commerce should become a platform for the anti-competitive agreements between the companies. There are few cases of anti-trust issues which may Impcat E-commerce as a platform.

Credit cards being key element of E-commerce, some international case studies are done where anti-competitive agreements and anti-trust issues between the credit cards companies may come up. Also credit cards market in India is growing at a very faster pace. These issues may also creep up in India in the near future

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