

Growth and Prospective of E-Commerce in India: A Study in Context to Current Economic Scenario

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ABSTRACT

Due to emerging global economy, e-commerce has increasingly become a necessary component of business strategy and a strong catalyst for economic development. With consolidation of information and communications technology (ICT) in business has revolutionised relationships within organizations and between and among organization and individuals. Specifically, the use of ITC in business organization has enhanced productivity, back up greater customer participation, and increased mass customization, besides reducing costs. With the increase use of the internet web-based technologies, difference between traditional markets and worldwide electronic marketplace such as business capital size, among other-are gradually being narrow down. In the game of strategic positioning the ability of a company to determine emergent opportunities and employ the necessary human capital skills to make the most of these opportunities with e-business strategy that is simple, workable and practicable within the context of a worldwide information surroundings and new economic environment. Due to its effect of leveling the playing field, e-commerce linked with the appropriate strategy and policy approach enable small and medium size enterprises to compete with large and capital-rich enterprises. The purpose of this paper is to understand the various Emerging issues of E-commerce and Current situation and trends of e-commerce in India in term of e-retailing.

Keywords: E-Commerce, internet, ICT, Web, e-business, technologies.

INTRODUCTION:

Electronic commerce is a revolution in modern business practices. If businesses are going to take advantage of Internet technologies, then they must assure a strategic perspective. That mean, care must be taken to make a close link among corporate strategy and e- commerce strategy. (Richard T. Watson, Pierre Berthon, Leyland F. Pitt, and George M. Zinkhan,2008). The fast advancing worldwide information infrastructure (information technology such as the Internet and telecommunications systems) enable the development of e- commerce at a worldwide level. The Internet offers nearly universal connectivity which has made e-commerce an invaluable business tool. Information infrastructure developments have created a new type of e-economy, which many call the 'digital economy'. This fast rising economy is bringing with it speedily changing technologies, new types of businesses forms and e-banking as service delivery channels. As direct effects of the rising of the 'digital economy', the balance of power seems to be shifting to the customers. Customers are continuously demanding more value, with goods customized to their exact needs, at less cost, and as quickly as possible. In order to meet these demands, businesses enterprises need to develop modern ways of creating value by different enterprise structure, different IT infrastructures and different way of doing business. (Shah, Clarke, 2009).

The cutting edge for business today is e-commerce. Most populace thinks E-Commerce means on line shopping. But web shopping is only a small picture. The term also refers to on line purchases and sales of shares, bonds and buying and downloading different software without ever going to retail store. In addition, E-commerce also includes business to business transactions that make purchasing and sales easier for big

corporations. The magic of E-Commerce are appearing in each and every one area of business, from consumer service to new product design. It provides new types of information based business processes for interacting, and reaching with consumers-on line publicity, on line advertising, on line marketing, online order taking and on line consumer service etc. It can also reduces costs in managing order and transacting with a wide range of suppliers and trading partners, areas that typically add significant overheads to the cost and goods and services (Vachhani, 2016). The number of businesses devoted to promoting commerce on the internet has been growing exponentially since the end of 1994, but they all share the goal of making commercial transactions over the internet safe, simple, and secure—and earning profit in the process(Loshin, Murphy 2002)

Electronic commerce defined

Electronic Commerce means commercial activities over internet. E-commerce provides a structure that involved not only transactions of selling and buying goods and services, but also include all those transaction that increase revenue generation such as bring forth demand for goods and services, providing sales support and customer services and also provides a structure for communications between business partners. E-commerce is the one of the part of e-business and developed on traditional commerce. The main vehicle of E-Commerce remains the electronic network, internet and the World Wide Web, but use of fax, e-mail and telephone orders is also prevalent.

E-Commerce is generally described as a way of buying and selling goods and services electronically.

REVIEW OF LITERATURE:

The literature review section historically significant for research studies, company data or Industry reports and various research that act as a basis for the projected study. It may also explain the need for the proposed work to appraise the shortcomings and informing and information gaps in secondary data sources.

Gerrard and Cunningham (2006), who conducted a study among Singapore bank customers, identified eight characteristics relating to the adoption of internet banking such as social desirability, compatibility, convenience, complexity, confidentiality, accessibility, economic benefits and PC proficiency as eight influential factors of adoption.

Dhoppil (2015), according his article on “India Is One of the Least E-commerce Friendly Markets says U.N. Body”, observed that India is one of the fastest growing economy and e-commerce markets in the world, but the online retailing infrastructure is struggling to keep up in the country. According to a new index provided by the United Nations, India lags way behind many other country’s economies of the world, including China, Brazil and Sri Lanka, in terms of its power to serve online customers.

Prasad and shridhar (2015), have concluded in their study that the uproar over net neutrality ignores the fact that the net has not been neutral for many years. It is not net neutrality that is needed now; it is digital dynamism that should be the priority.

Wonglimpiyarat (2015), this paper is related with the new Darwinism of the payment system. The analyst highlights the payment system to understand as e-commerce replaces our cash-based society

Anasari, (2016), concluded that as India is a known powerhouse of software. Its share in global IT services outsourcing is 56 per cent and growing every year. But availability of e-governance services to citizens is still comparatively low. The national e-Governance plan in 2006, made stabilize progress but it has been slow and grater thrust was required.

OBJECTIVE OF THE STUDY:

The main objectives of the study are as follows:-

1. To study the current situation and trends in the field of e-commerce in India.
2. To study the growth and prospective of e-commerce in India.

RESEARCH METHODOLOGY:

In a view to precede the research in a systematic way the following research methodology has been used. By mean of concerning human behaviour carried on with a view to make generalisations about human behaviour, this research falls under the category of fundamental research. The secondary data is collected from magazines, journals, books and websites. The data are analysis by using appropriate statistical technique such as percentage analysis, trend analysis technique. Different diagrams' and charts are used to present the data analyzed.

LIMITATION OF STUDY:

The present study is not without its limitations. The following are the limitations of the study

1. The major limitation of the present study is that it is based on secondary data.
2. Because of paucity of time and resources, an in-depth study of different aspects of e-commerce could not be made in the desired manner.

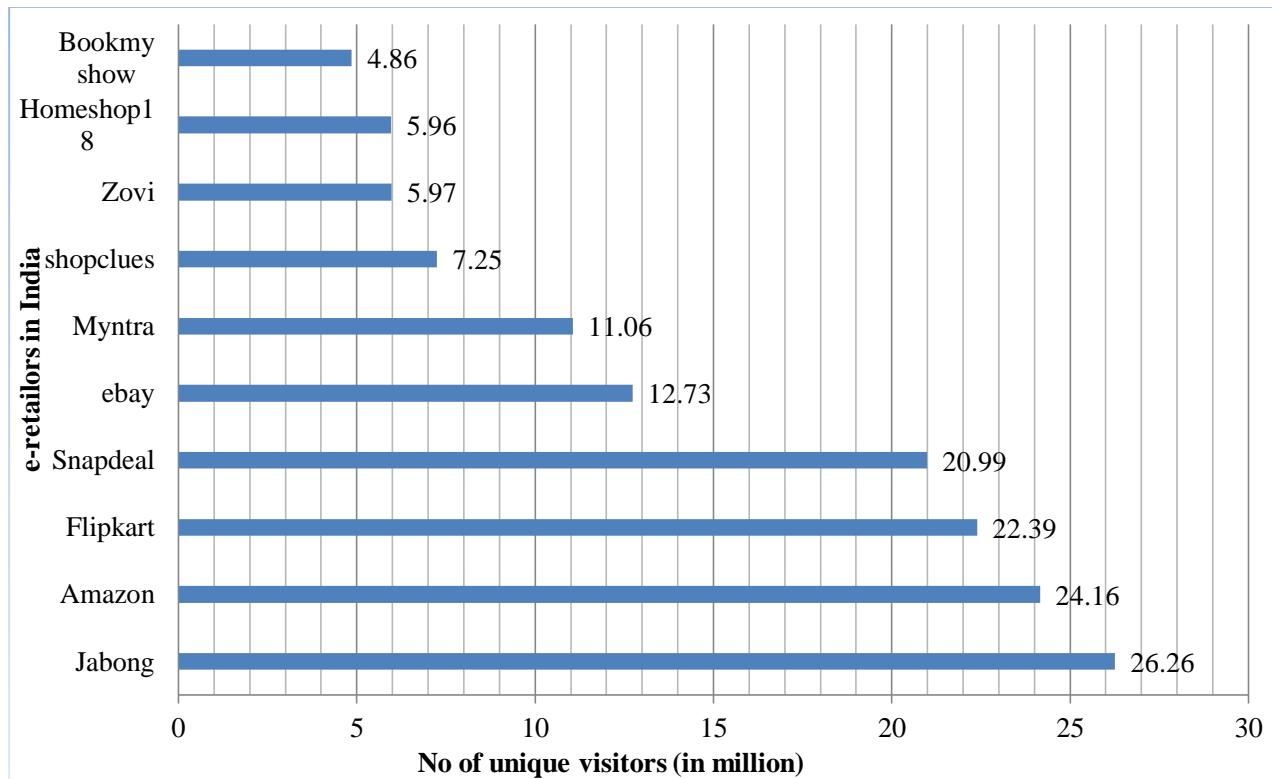
However, despite of all these limitations, efforts have been made to make study in detail and useful manner.

Current situation and trends of e-commerce in India:

Most popular online retailers in India in 2014, based on number of unique visitors (in millions):- The chart no-1 shows the most popular online retailers in India during 2014, which was based on their number of unique visitors. In the same year, Jabong was visited by 26.26 million unique visitors. Followed by Amazon was 24.16 million unique visitors. flipcart 22.39 million, snapdeal 20.99 million, ebay 12.73 million, Myntra 11.06 million, shopclues 7.25 million, Zovi 5.97 million, Homeshop18 5.96 million, Bookmy show 4.86 million unique visitors.

It is further concluded that Jonbong was most popular on line retailer and Bookmy show was least popular on line retailer among ten above e retailers during the year 2014.

Chart No 1: Most Popular Online Retailers in India In 2014



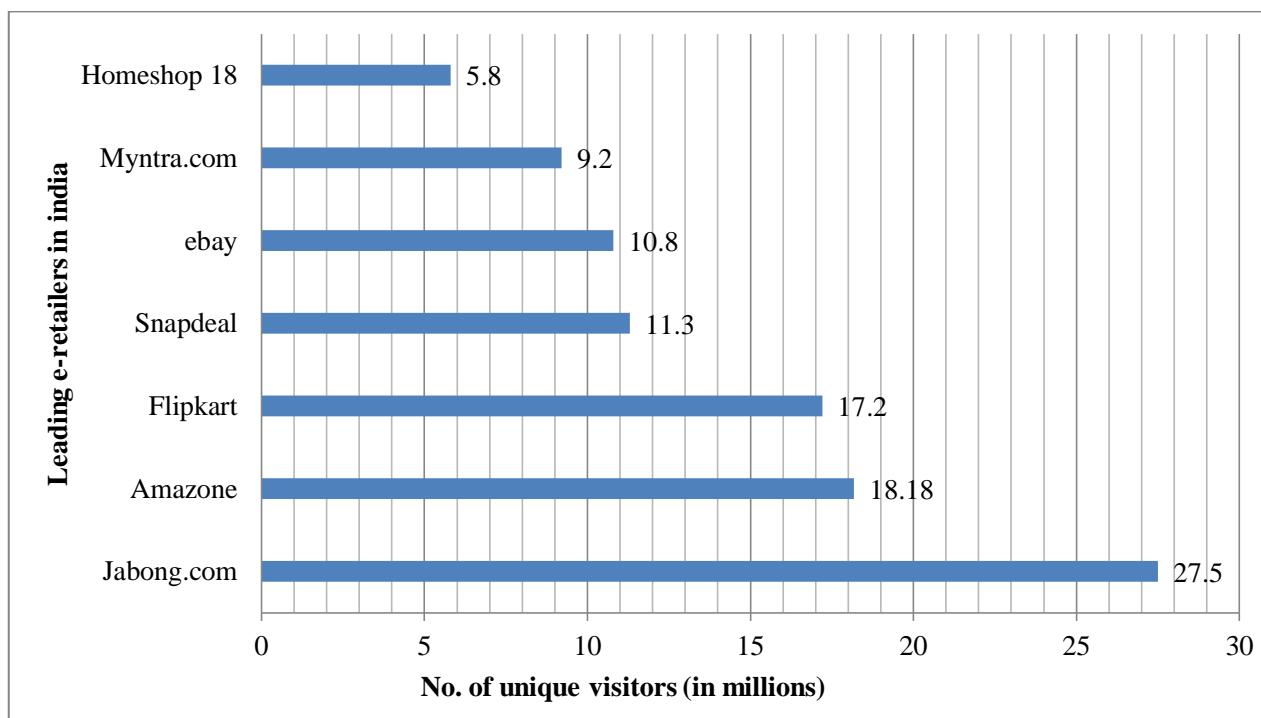
Sources: <https://www.statista.com/statistics>

Leading E-retailer in India in 2015, ranked by unique visitors (in millions)

The exhibit no -2 reveals the leading e-retailers in India in 2014, by the number of unique visitors. In this year, the fashion focused website Jabong.com was ranked first as it attracted the highest number of unique visitors again this year with 27.6 million. Followed by Amazon sites visited by 18.8 million unique visitors in second position and Flipkart.com with 17.2 million unique visitors occupied third position. Snapdeal.com with 11.3 million, ebay.com with 10.8 million, Myntra.com with 9.2 million, Homeshop18 with 5.8 million unique visitors occupied fourth, fifth, sixth, and seventh position respectively.

It is observed that Jabong was again most popular on line retailers in India in 2015 and Homeshop18 was least popular online retailer among eight e-retailers during the year 2015.

Chart 2: Leading E-retailer in India in 2015



Sources: <https://www.statista.com/statistics>

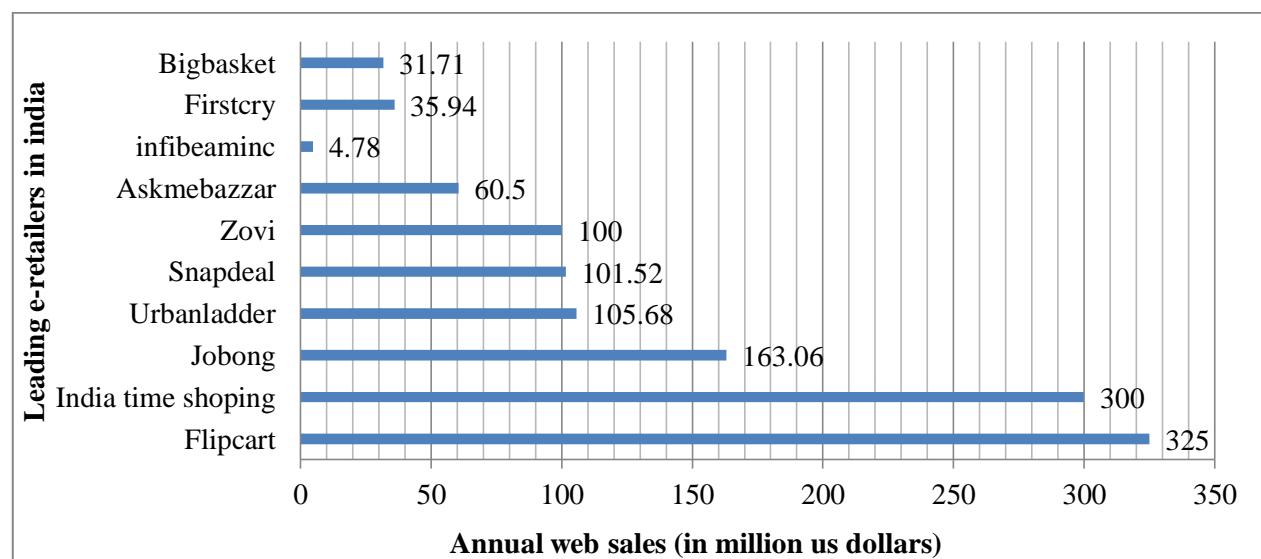
Leading e-retailers in India in 2015, ranked by e-commerce sales (in million U.S. dollars):

This statistic no-3 exhibits the web sales of the leading e-retailers in India in 2015. That year, FlipKart was ranked first with 325.96 million U.S. dollars in web sales and

India TimesShopping was ranked second with 300 million U.S. dollars in Indian e-commerce revenues. Jabong with 163.06 million U.S. dollars, Urballadder with105.68 million U.S. dollars, Snapdeal with101.52 million U.S. dollars, Zovi.com with100 million U.S. dollars , AskMebazzar.com with 60.5 million U.S. dollars, InfibeamInc.Pvt.Ltd.com with4.78million U.S. dollars, Firstcry.com with35.94 million U.S. dollars , and BigBasket.com with31.71 million U.S. dollars.

It is concluded that flipkart.com was ranked first and Bigbasket .com was ranked last according to e-commerce sales in millions U.S. dollars in India during the year 2015.

Chart No 3: Leading e-retailers in India in 2015



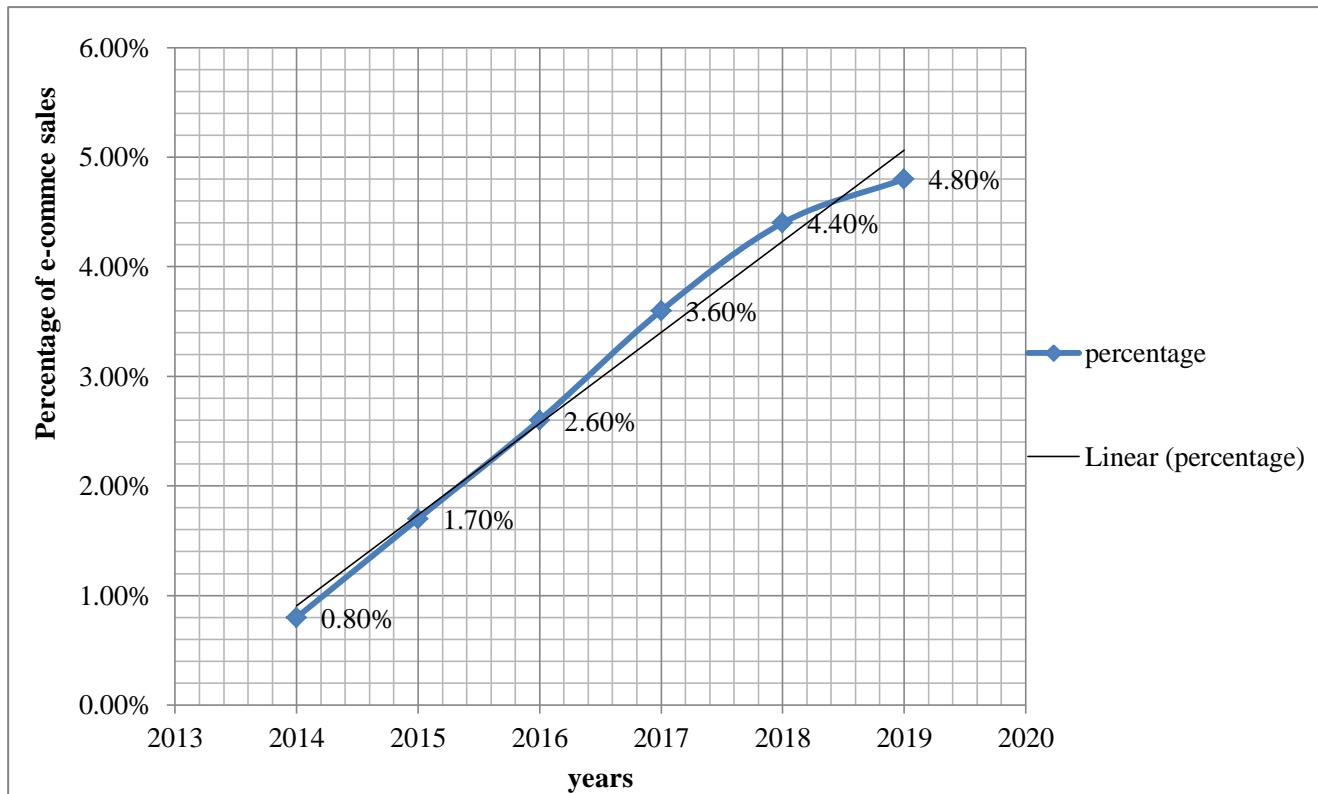
Sources: <https://www.statista.com/statistics>

Growth and prospective of e-commerce in India:

E-commerce share of total retail sales in India from 2014 to 2019

Chart no-4 exhibits retail e-commerce sales as a percent of total retail sales in India from 2014 to 2015, and a forecast until 2019 by statista.com. In 2014, e-retail sales accounted for 0.8 percent of overall retail sales in India and in 2015, e-retail sales accounted for 1.7 percent of overall retail sales in India, this figure was expected to reach 2.6 percent in 2016, 3.6 percent during 2017, and 4.4 percent during 2018, 4.8 percent in 2019, of all retail sales in India. It is observed that the trend e-commerce sale percentage in total retail sales is increasing year to year.

Chart No 4: E-commerce share of total retail sales in India from 2014 to 2019

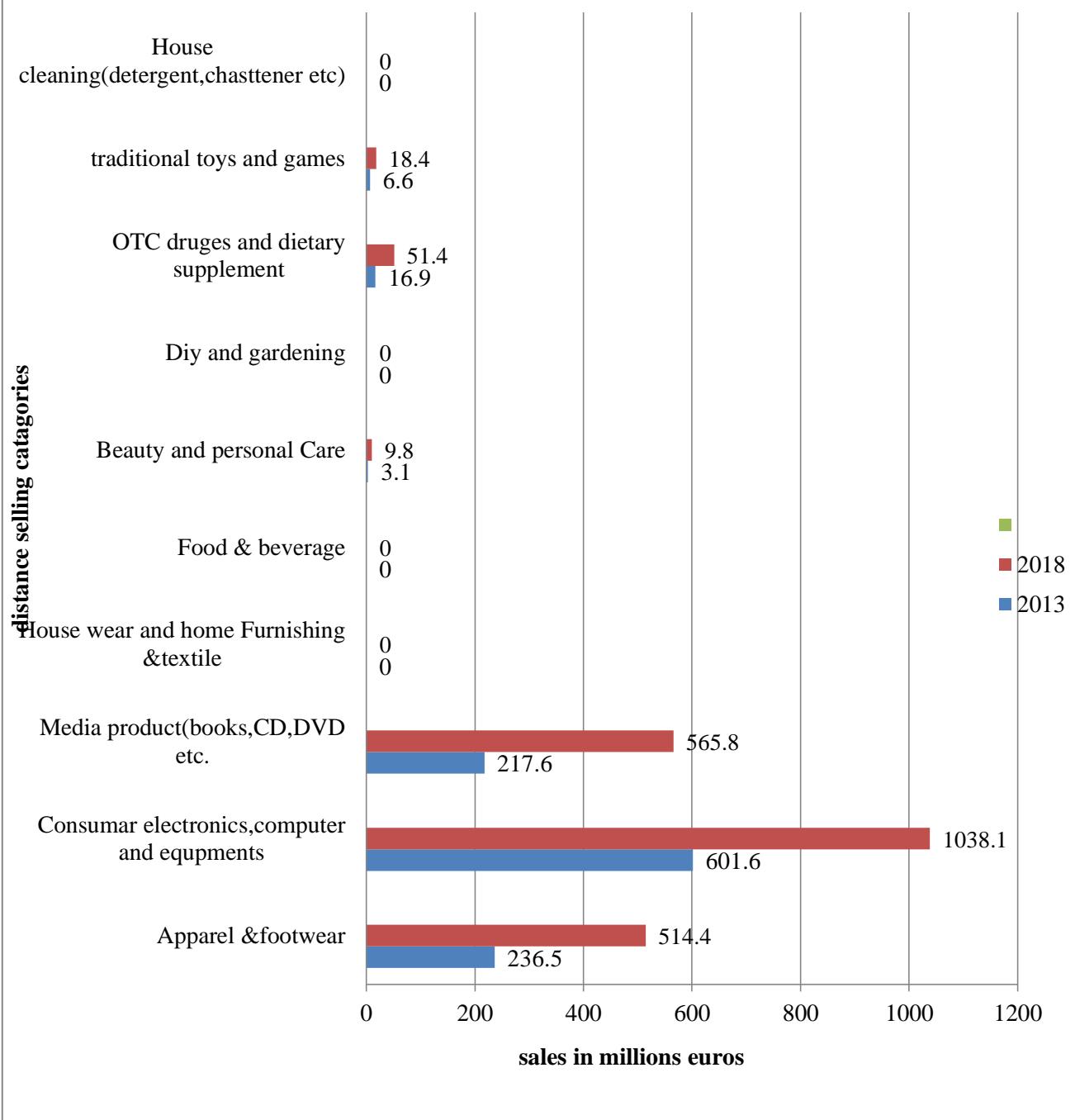


Sources: <https://www.statista.com/statistics>

The statistic chart no-5 presents the sales volume of the most popular distance selling items in India during the year 2013 with projections regarding 2018 by statista.com during 2013, Indian distance selling users spent more than 236 million euro on apparel and footwear purchases and it is expected to be raised to 514.4 million in 2018 which shows raise of 117.51 percent. On Consumer electronics, computer and equipments, users spent 601.6 million euro and it is expected to be raised 1038.1 million in 2018 which shows raise of 436.5% percent. On the same way Users spent on Media product (books, CD, DVD etc) 217.6 million euro, on Beauty and personal Care 3.1 million euro, on OTC drugs and dietary supplement 16.9 million euro, on traditional toys and games 6.6 million euro, which will be increased 565.8, 3.9, 51.4, 18.4 million euro respectively during the year 2018. On House wear and home Furnishing & textile, Food & beverage, Diy and gardening, House cleaning (detergent, chastener etc) was not ordered and demanded by distance users and not any amount spent by distance user on it. There is no expectation to be spent by distance users any amount on it in the near future.

It is evident from the chart that Consumer electronics, computer and equipments are demanded and ordered by distance users more as compare to other items shown in the chart and it is expected to be demanded more in the near future. It is concluded that on Consumer electronics, computer and equipments, Media product (books, CD, DVD etc), Beauty and personal Care, OTC drugs and dietary supplement, traditional toys and games, the distance users spent more amount and also expected to be spent more amount on it in near future.

Chart No 5: Sale volume of the most distance selling categories in India in 2013 to2018 (in millions euros)

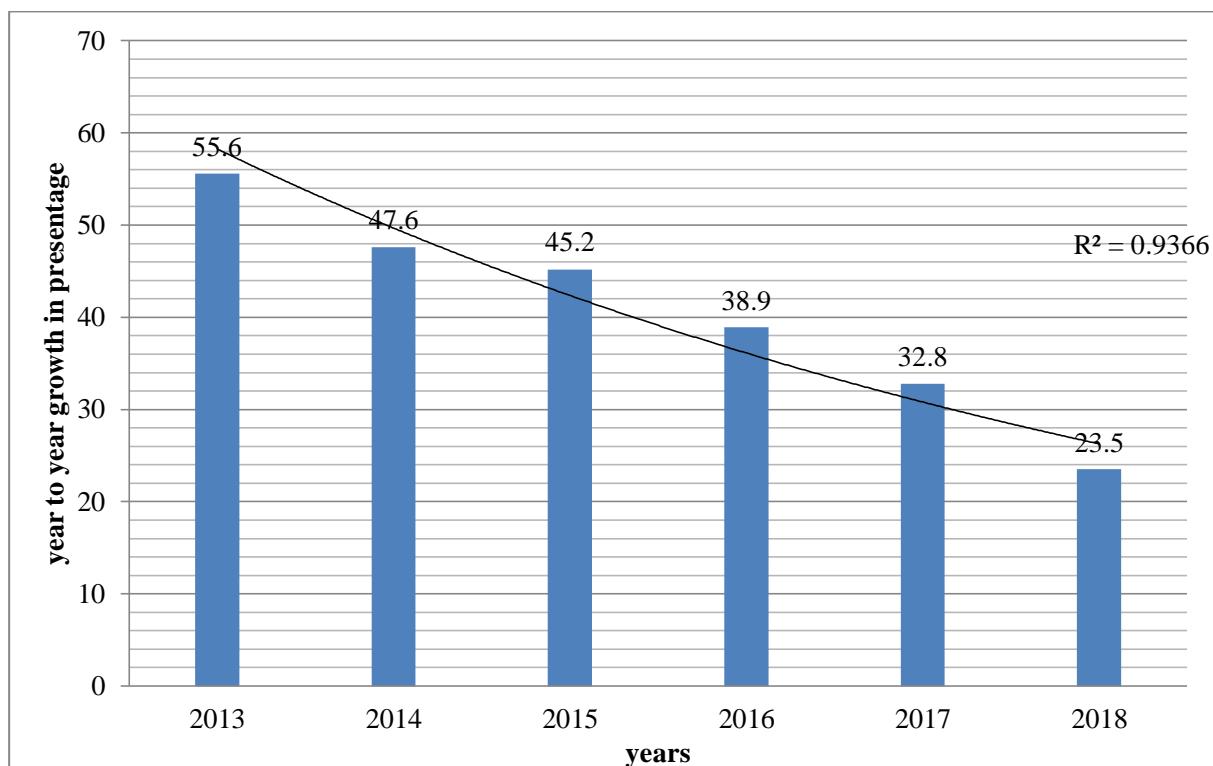


Sources: <https://www.statista.com/statistics>

Year-on-year retail e-commerce revenue development in India from 2013 to 2018

The chart no-6 provides a projection of the B2C e-commerce market development in India from 2013 to 2018, based on year-on-year revenue growth. In 2013, online shopping revenues in India had grown 55.6 percent compared to the previous year. In 2014, 2015, 2016 online shopping revenues in India had grown 47.6 percent, 45.2 percent, 38.9 percent respectively. It is expected to be grown 32.9 percent in 2017 and 23.5 percent in 2018. It is evident that there is increasing trends of e-commerce revenue development in India but in decreasing rate.

Chart 6: Year-on-year retail e-commerce revenue development in India from 2013 to 2018



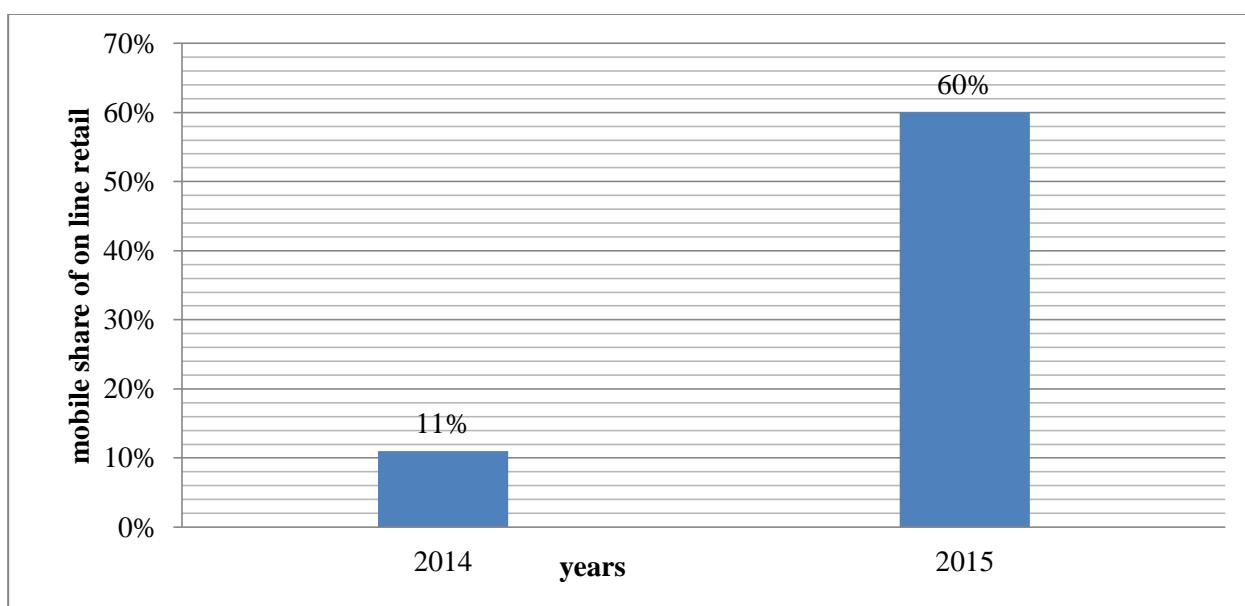
Sources: <https://www.statista.com/statistics>

Mobile share of online retail sales in India in 2014 and 2015

The exhibit no 7 shows the share of mobile e-commerce sales in India during 2014, the mobile commerce percentage to 11 percent of total retail sales. In the next year 2015, mobile commerce increased to 60 percent of online shopping sales.

It is observed that due to increase internet connectivity and increase in mobile users, mobile e share of online retail sales in India is increasing year to year.

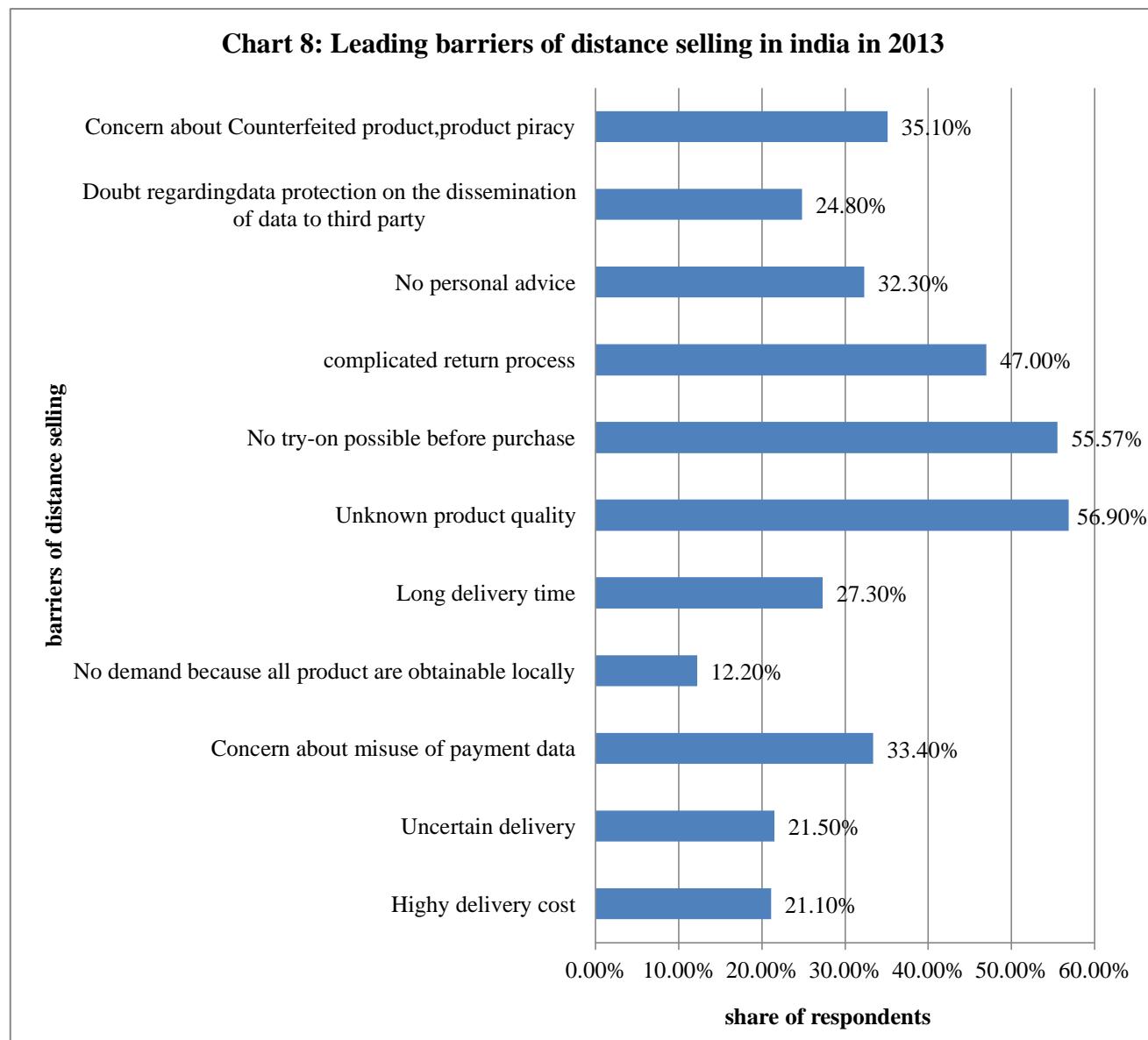
Chart 7: Mobile share of online retail sales in India in 2014 and 2015



Sources: <https://www.statista.com/statistics>

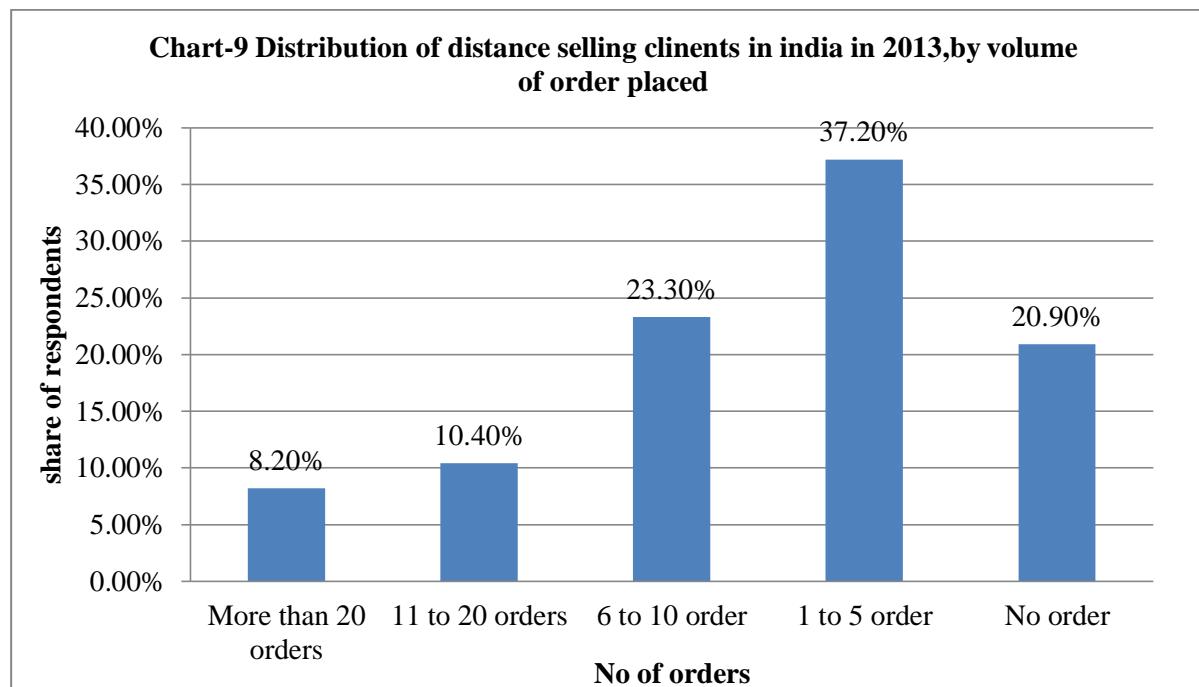
Leading barriers for distance selling in India 2013:

It is evident from the chart-8 that exhibits information on the leading obstacles for distance selling customers in India during the year 2013. It was found that unknown product quality was the main obstacles for distance selling i.e. 56.9 percent of respondents. Followed by no try possible before purchase is the second main barrier for distance selling for 55.57 percent and complicated return process is 47 percent, Concern about Counterfeited product, product piracy is 35.1 percent, Long delivery time is 27.3 percent, Doubt regarding data protection on the dissemination of data to third party is 24.8percent, Uncertain delivery is 21.50 percent, High delivery cost is 21.1 percent and No personal advice is 32.3 percent are the barriers for distance selling in India during 2013



Sources: <https://www.statista.com/statistics>

The chart no-9 displays information on the distribution of distance selling clients in India during the year 2013, by volume of orders placed. During the study period, it was found that 37.2 percent of clients placed between 1 and 5 orders during the year. It was also found that 23.3 percent placed 6 to 10 order, 20.9 percent placed no order, 10.4 percent placed 11 to 20 orders and 8.2 percent placed more than 20 orders during the year 2013. It is concluded that majority of the order is placed by 8.2 percent only where as 20.9 percent of client placed no order during the year.

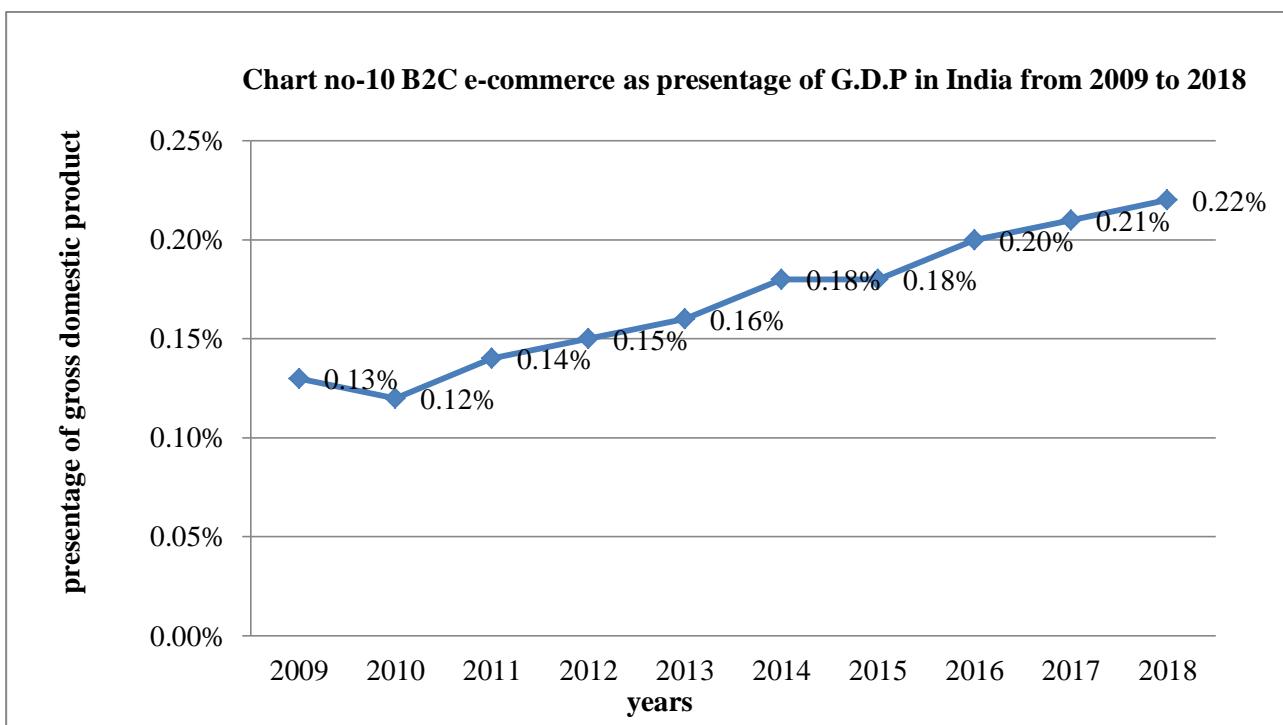


Sources: <https://www.statista.com/statistics>

B2C electronic-commerce as percentage of GDP in India from year 2009 to 2018

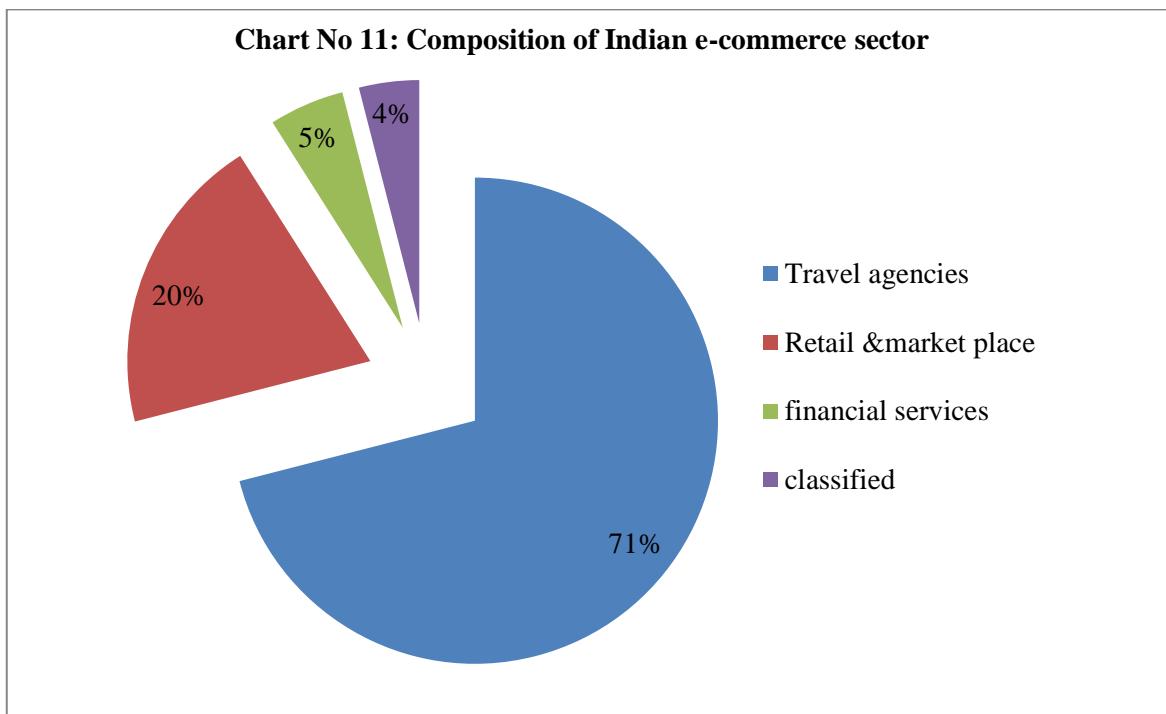
The chart no-10 gives information on B2C e-commerce sales as percentage of the gross domestic product in India from the year 2009 to 2018. In 2009, B2C e-commerce valued for 0.13 percent of the GDP in India. whereas 2010 it is 12 percent, 2011 it is increased to 0.14 percent, again in 2012 it is increase to 0.15 percent, 2013 it is increase to 0.16 percent, 2014 it is increase to 0.18 percent, 2015- it remain constant to 0.18 percent, 2016 it is increase to 0.20 percent, and 2017 it is expected to be 21 percent, and in 2018 it is expected to be 22 percent of the GDP in India.

It is concluded that in 2009 there is decreasing by 12 percent over the previous year again in the next year to year e-commerce as percentage of GDP in India shows increasing trends.



Sources: <https://www.statista.com/statistics>

Composition of Indian e-commerce market:



Source : Dinodia capital advisors

The chart no-11 exhibits the Composition of Indian e-commerce market whereby 71% of e-commerce customers are attracted by Travel agencies and followed by retail and market place is 20%, 4% by financial Services and 4% by classified. It can be concluded from the chart that maximum e-commerce customer visit online travel agencies and minimum e-commerce customer visit classified in India.

Chart no-11growth forecast on line retailing and market place in India.



The chart no-11 exhibits the increasing trends of e-commerce sales and forecasted for 2017 and 2018 on the basis of previous years trends, total retail and retail e-commerce sales in India. Whereby in 2013 e-commerce sales was 0.60% which will be increased 1.40% during the year's 2018 of total retail sales.

CONCLUSION:

Developing country like India is given enhanced access to the global marketplace, where compete with the more developed countries. Most, if not all, India is playing important role as well as participating in e-commerce, either as sellers or buyers. It is evident during the study that e-retailing is continuously showing rising trends year to year and mostly electronics items are demanded followed by media product such as books, CD, DVD etc. ,other items are apparel, footwear etc. composition of e-commerce market are attracted by travel agencies, followed by retail and market place Maximum items are orders or booked through mobile phone (including smart phone).But study also shows long delivery time, unknown product quality, no try on possible before purchase are the main barriers of e-commerce in India However, to provide more e-commerce facilities to grow in the country ,information infrastructure must be improved.

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