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## A REVIEW PAPER ON E-COMMERCE

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### **Abstract:**

E-commerce (Electronic commerce) is a paradigm shift influencing both marketers and the customers. Rather e-commerce is more than just another way to boost the existing business practices. It is leading a complete change in traditional way of doing business. This significant change in business model is witnessing a tremendous growth around the globe and India is not an exception. A massive internet penetration has added to growth of E-commerce and more particularly start-ups have been increasingly using this option as a differentiating business model. The current research has been undertaken to describe the scenario of E-Commerce, analyse the trends of E-Commerce. The study further examines the key variables imperative for the success of E-commerce business models.

**Objective:** The objectives of present study are:

1. To understand the present status and trends of E-Commerce; and
2. To reveal the key variables influencing the increased usage of E-Commerce.

**Key Words:** E-Commerce, Internet banking, Internet, Self-service technology, Technology.

### **I. WHAT IS E-COMMERCE?**

E-commerce means electronic commerce. It means dealing in goods and services through the electronic media and internet. E-commerce involves carrying on a business with the help of the internet and by using the information technology like Electronic Data Interchange (EDI). E-Commerce relates to a website of the vendor on the Internet, who trades products or services directly to the customer from the portal. The portal uses a digital shopping cart or digital shopping basket system and allows payment through credit card, debit card or EFT (Electronic fund transfer) payments.

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 (C. Nisha and G. Sangeeta, 2012).

The main types of electronic commerce are: business-to-business (B2B); business to-consumer (B2C); business-to-government (B2G); consumer-to-consumer (C2C); and mobile commerce (m-commerce).

### **II. E-COMMERCE FACILITATORS:**

#### **(1) Internet:**

A massive internet penetration has added to growth of E-commerce. Internet and smart phones are becoming an integral part of every life. Internet is no more a source of information



but has become an important tool for shopping, learning, communicating and even getting service from plumbers, carpenters, doctors etc. Supply chain is also becoming leaner and smarter as digital platforms are helping to better connect with the customers who significantly reduces the waste and supporting to green businesses. Over the past 15 years the ICT revolution has driven global development in an unprecedented way. With an immense progress in technology, internet and its services have led to creation of new markets (D'silva et al., 2010).

The internet user population was small during the 1980s, experiencing a slow but steady growth until 1994 due to an increasing number of text-based users (e.g., those using email and file transfer functions). Then, with the introduction of the World Wide Web and subsequent multimedia content expansion, the number of net users exploded. In fact, the internet has grown much more quickly than any other medium in history (Strauss et al., 2007).

The International Telecommunication Union (ITU), a United Nations body, recently predicted in 2015 that 3.2 billion people will be online. The population in May 2015 stood at 7.2 billion. In the year 2000 there were just 400 million internet users worldwide. Internet in India took more than a decade to move from 10 million to 100 million and 3 years from 100 to 200 million, it took only a year to move from 300 to 400 million users. Clearly, Internet is mainstream in India today. This number is expected to further surge to 462 million by June this year as more people come online, especially through their mobile devices. The total Internet user base stood at over 300 million in December 2014, which grew to 375 million by October last year. Currently, India has the second largest Internet user base in the world recently overtaking the US (now the third largest user base). China currently leads with more than 600 million Internet users.

Mobile Internet user base in 2015 in urban India has grown 65 per cent over 2014 to reach 197 million, while the rural user base surged 99 per cent to 80 million by October 2015. This is expected to grow to 219 million (urban) and 87 million (rural), respectively (IAMAI and IMRB, 2015).

### **(2) Payment Gateways:**

A payment gateway is an e-commerce application service provider service that permits credit card payments for e-businesses, online retailers, bricks and clicks, or traditional brick and mortar. The important variable of online business is the payment routes which comprises credit card, debit card, online banking payments, electronic funds transfer. The world is changing from cash to digital money and thus there is a must of payment gateways for sustainable future ecommerce.

### **(3) Analytics:**

Analytics is the scientific process of converting data into insight for making superior decisions. Analytics helps businesses to collect, organize, examine, and report on all their customers do. The immense increase in the volume of data has mandated the businesses to focus on analytics to know the behaviour of the customer. Retailors must have real time access to information to measure return on online investments and optimize the channel mix. There are basic analytics capabilities readily available with the E-commerce players like average order value, basket size analysis, conversion ratio but deeper analytics solution for actionable insights of the consumer is required.



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#### (4) Social Media

Businesses are increasingly using social media in order to market their products. Social media comprises of websites and computer programs that enable people to communicate and share information on the internet using a computer or mobile phone. Social media plays a greater role in brand building and informing various offers to the customers. It is also helpful in getting the feedback about the goods or service. It offers a platform for brand building, developing a community of trusted users, advertisements, spreading word of mouth etc.

#### (5) Autonomous Vehicles

Autonomous vehicles are motor vehicles that use artificial intelligence, sensors and global positioning system, manages to drive itself without the active interference of a human operator. The age of the autonomous car is coming fast. Buyers of autonomous vehicles will have more time to search the web, view emails, buy new products, and see advertisements all around. With autonomous cars, vast digital marketing experience will present itself. These purchases and search patterns can be traced to help companies tailor their marketing campaign to arrest this new segment.

The scope of big data is now much bigger, but will be so tailored and predictive in the coming years that we may never have to manually adjust anything again.

#### (6) 3D Printing

A 3D printer is a device that is capable of creating a three-dimensional object from a digital design. It uses "additive manufacturing" -- a layered process that has some similarity to the way an ink-jet printer successively layers its colors on a flat piece of paper. It is believed that 3D printing, might one day blow away manufacturing of the kind we are using since the Industrial Revolution shook up agrarian life in the early 19th century. 3D printing is producing a market in designs that are meant to be printed by the buyer -- or a third-party manufacturer unrelated to the designer. The end product is not sold -- it is the design that is sold, along with a permit for it to be printed. Buried in corners of the Internet are marketplaces where promising designers are offering their plans for printing at home or in the workplace.

### III. E-COMMERCE TRENDS - A NEW BUSINESS REVOLUTION IN INDIA

Buying goods and services via E-Commerce allows consumers the freedom to choose when and where to shop and the opportunity to research the product, the seller, and any other available options. Shopping has been revolutionized through the availability of online information. Just about anything that can be bought in merchandise store can be bought via E-commerce, even perishables like groceries. And consumers have embraced these possibilities around the globe. 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. In now days E-commerce uses the WWW at least some point in transaction lifecycle. It can also reduce costs 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. For developing countries like India, e-commerce offers considerable opportunity. In India it is still in nascent stage, but even the most- pessimistic projections indicate a boom. There has been a rise in the number of companies' taking up e-commerce in the recent past. Major Indian portal sites have also



shifted towards e-commerce instead of depending on advertising revenue. Many sites are now selling a diverse range of products and services from flowers, greeting cards, and movie tickets to groceries, electronic gadgets, and computers, etc. (Mitra Abhijit, 2013). E-commerce has reached to an extent that the cow dung patties are also selling like hot cakes online in India. India's e-commerce market is likely to touch \$38 billion mark in 2016, a massive jump over the \$23 billion revenues clocked by the industry in 2015, according to an ASSOCHAM study. Increasing internet and mobile penetration, growing acceptability of online payments and favorable demographics have provided the unique opportunity to companies to connect with their customers. On the other hand, mobile commerce (m-commerce) is growing rapidly as a stable and secure supplement to the e-commerce industry. Shopping online through smart phones is proving to be a game changer. It is believed that m-commerce could contribute up to 70 per cent of their total revenues.

#### IV. UNDERLYING FACTORS IN E-COMMERCE

ASSOCHAM Study (2015) found the highest growth rate in the apparel segment, almost 69.5 per cent over 2014, followed by electronic items, up 62 per cent, baby care products, up 53 per cent, beauty and personal care products at 52 per cent and home furnishings at 49 per cent. Rapid growth of digital commerce in India is mainly due to increased use of smart phones. Mobiles and mobile accessories have taken up the maximum share of the digital commerce market in India, noted the study. Moreover, almost 45 per cent online shoppers reportedly preferred cash on delivery over credit cards (16 per cent) and debit cards (21 per cent). Only 10 per cent opted for internet banking and a scanty 7 per cent preferred cash cards, mobile wallets, and other such modes of payment. The 18-25 years of age group has been the fastest growing age segment online with user growth being contributed by both male and female segments. The survey highlights that 38 per cent of regular shoppers are in 18-25 age group, 52 per cent in 26-35, 8 per cent in 36-45 and 2 per cent in the age group of 45- 60. Nearly 65 per cent online shoppers are male and 35 per cent female. Mitra Abhijit (2013) suggests E-Commerce has unleashed yet another revolution, which is changing the way businesses buy and sell products and services. New methodologies have evolved. The role of geographic distances in forming business relationships is reduced. E-Commerce is the future of shopping. With the deployment of 3G and 4G wireless communication technologies, the internet economy will continue to grow robustly. 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, E-commerce 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. The role of government is to provide a legal framework for E-Commerce so that while domestic and international trade are allowed to expand their horizons, basic rights such as privacy, intellectual property, prevention of fraud, consumer protection etc are all taken care of. Chanana Nisha and Goele Sangeeta (2012) propose that 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. Awais Muhammad and Samin Tanzila (2012) indicate that use of internet has made the world a global village. The use of Internet has reduced the distances and brought the people together. A nation's back bone is commerce and it will be strengthened if backed by electronic tools in which e-commerce plays a vital role. Dutta and Dutta, (2009) found tangibles have the highest impact on overall customer satisfaction. The largest discrepancy between the customer expectations and perceptions is in terms of empathy which includes Bank locations and ATM machines in convenient places and tele-banking and internet banking facility. The study regards a major source of concern for Indian banking industry as a huge service quality gap exists for all the banks in this category.

## V. CONCLUSIONS

A developing country may well attempt to be modernized if it introduces e-commerce effectively and efficiently. It will improve its output and lead to its competitive advantage. Information Technology (IT) has uplifted ecommerce worldwide. Now it's at ease to enter to a new market and marketers' can easily evaluate their product and company's performance. A growing number of firms in various industries, such as banking, education, commerce, and tourism, etc. have improved their services by both incorporating technologies into their service delivery process. Integration of technology in services is becoming very common; however, very little academic research has been conducted to examine its influence. The issues related to E-commerce are also on the rise which is posing serious threat to its tall future and hence demands right strategies on part of marketers. The research works on E-commerce propose good number of variables to be taken care of if marketers need to be successful in this newly business model. The factors which will significantly contribute to the success of the E-Commerce industry and focused upon should be consistency of transaction steps, consistency of Web site design, replacement guarantee, M-Commerce services, consistency of promotions, consistency of in-stock indications, consistency of product variety, 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. The important feature in ecommerce is privacy which not only increases competitive advantage but confidence level of the customers. The researches also suggest 18-35 as the good customer age to be promising and to be targeted irrespective of gender for better results. The governments should offer a level field to its E-commerce firms to allow the country's significant development. The thrust on E-Commerce should be to offer a legal framework so that while domestic and international trade are allowed to expand their horizons, basic rights such as consumer protection, privacy, intellectual property, prevention of fraud, etc are highly protected. The banks also need to select suitable security tools and policy to protect itself and its customers. E-Commerce is a boon for any country- if given right impetus and good environmental framework to prosper can significantly lead to country's progress and development.

## VI. IMPLICATIONS FOR RESEARCHERS

Our study, being conceptual in nature, raises a number of opportunities for future research, both in terms of theory development and concept validation. More empirical



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research will in fact be necessary to refine and further elaborate findings in the area of e-commerce. The study is an eye opener for the researchers who have ample interest in E-commerce. This review paper will offer them the leads towards the better understanding of the key variables of the recent E-commerce platform that is revolutionizing the business.

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