

# E-Commerce Trade Practices in Changing Paradigms

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**Abstract**— E-commerce plays a very important role in 21st century. E-commerce in recent times has been growing rapidly across the world. The cutting edge for business today is e-commerce. The effects of e-commerce are already appearing in all business, customer to new service product design. Businesses are increasingly using the Internet for commercial activities. E-commerce transaction can be between businesses, households, individuals, governments and other public or private organizations. Intent is the technology for e-commerce as it offers easier ways to access companies and individuals at very low cost in order to carry out day-to-day business transactions. E-commerce has an impact on three major stakeholders, namely society, organizations and customers. Because of this trend, it is necessary when undertaking any electronic commerce. This paper deals the conceptual knowledge of e-commerce, literature review, stages and impacts of E-Commerce, current and future aspects of e-commerce in Indian context.

**Keywords:** E-commerce, Internet, Businesses, Technology, Stakeholders, Customers

## I. INTRODUCTION

E-commerce in recent times has been growing rapidly across the world. Industry sources indicate that this growth can be sustained over a longer period of time as e-commerce will continue to reach new geographies and encompass new markets. 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.

## II. DEFINITION

A type of business model, or segment of a larger business model, that enables a firm or individual to conduct business over an electronic network, typically the internet. Electronic commerce operates in all four of the major market segments: business to business, business to consumer, consumer to consumer and consumer to business. It can be thought of as a more advanced form of mail-order purchasing through a catalog. Almost any product or service can be offered via e-commerce, from books and music to financial services and plane tickets’.

Ecommerce (e-commerce) or electronic commerce, a subset of e-business, is the purchasing, selling, and

exchanging of goods and services over computer networks (such as the Internet) through which transactions or terms of sale are performed electronically. Contrary to popular belief, e-commerce is not just on the Web. In fact, e-commerce was alive and well in business to business transactions before the Web back in the 70s via EDI (Electronic Data Interchange) through VANs (Value-Added Networks).

## III. NEED OF STUDY

Electronic Commerce (E-commerce) seems to be everywhere these days. It’s nearly impossible to read a magazine or newspaper without coming across an article about how e-commerce is going to change and affect our lives. It is widely accepted that e-commerce and Internet technologies can benefit an organization but still there are very few studies about e-commerce adoption in India. In addition to that, there isn’t any detailed recent study about of e-commerce in India incorporating latest factual data and trends relating to its various aspects at all.

## IV. OBJECTIVE OF STUDY

- 1) To understand the main categories of E-Commerce.
- 2) To understand the status of E-Commerce sector in India and Global.
- 3) To analyse the present trends of E-Commerce in India.
- 4) To examine the impact of E-Commerce in India.
- 5) To predict future of E-commerce.

## V. REVIEW OF LITERATURE

According to Significant Success factors for E-Commerce companies which recognized by Sung, there are customer relationship and privacy of information, low cost operation, ease of use, E-Commerce strategy, methodological E-Commerce expertise, immovability of systems, security of systems, prosperity of information, variety of goods/services, speed of systems, payment process, services, delivery of goods/services, low price of goods and services, and assessment of E-Commerce operations. It’s based on the theoretical model of consumer acceptance of the virtual stores proposed by Chen et al. the Significant Success factors are product offerings, the usability of store front, the perceived service quality, and the perceived trust. For E-Commerce success, Turban et allotted the CAFs which are the user-friendly of Web interface, delivery of specific and high-value services or products, its support of top management and technical infrastructure, level of trust between buyers and sellers, security and control of the E-Commerce system, the customer acceptance, the mass customization, competition and the market situation, the optimization of scope of business, and creating new partnerships and alliance. According to Dubelar declared that the CAFs presented by the companies succeed in B2C e-business adoption is the

combination of strong customer attention, it's clearly distinct the performance measures, a clear link between value intention and measures, and the incremental development process.

Most of the existing studies mentioned about the Web site related factors technology and infrastructure factors and business related factor Even though there are some customer related factors, yet some factors are not considered.

#### VI. ECOMMERCE CAN BE BROKEN INTO FOUR MAIN CATEGORIES:

##### A. Business-to-Consumer (B2C)

In a Business-to-Consumer E-commerce environment, companies sell their online goods to consumers who are the end users of their products or services. Usually, B2C E-commerce web shops have an open access for any visitor, meaning that there is no need for a person to login in order to make any product related inquiry.

##### B. Business-to-Business (B2B)

In a Business-to-Business E-commerce environment, companies sell their online goods to other companies without being engaged in sales to consumers. In most B2B E-commerce environments entering the web shop will require a log in. B2B web shop usually contains customer-specific pricing, customer-specific assortments and customer-specific discounts.

##### C. Consumer-to-Business (C2B)

In a Consumer-to-Business E-commerce environment, consumers usually post their products or services online on which companies can post their bids. A consumer reviews the bids and selects the company that meets his price expectations.

##### D. Consumer-to-Consumer (C2C)

In a Consumer-to-Consumer E-commerce environment consumers sell their online goods to other consumers. A well-known example is eBay.

Companies using internal networks to offer their employees products and services online--not necessarily online on the Web--are engaging in B2E (Business-to-Employee) ecommerce.

#### VII. STATUS OF THE GLOBAL E-COMMERCE INDUSTRY:

- According to a report by the Interactive Media in Retail Group (IMRG), a U.K. online retail trade organization, Global business-to-consumer e-commerce sales will pass the US\$ 1,250 billion mark by 2013, and the total number of Internet users will increase to approximately 3.5 billion. Around 90% of the global e-commerce transactions are in the nature of B2B, leaving meager 10% as B2C e-commerce.
- The biggest e-commerce markets are U.S.A. followed by U.K. and Japan. In Asia, China, India and Indonesia are the fastest growing e-commerce markets. Major global e-Commerce companies are Alibaba.com, Amazon.com, Walmart, Apple, Dell, e-bay, Mercadolibre Inc., Rakuten Inc., Crate & Barrel, Symantec, Autozone, Microsoft,

Gap, Nike, Disney stores, HP, ASOS PLC, Blue Nile Inc.etc.

#### VIII. STATUS OF E-COMMERCE SECTOR IN INDIA

- As already mentioned above, growth of e-commerce industry has been phenomenally high. However, its growth is dependent on a number of factors and most important of them is internet connectivity. As per Forrester McKinsey report of 2013, India has 137 million internet users with penetration of 11%. Total percentage of online buyers to internet users is 18%. Compared to India, China, Brazil, Sri Lanka and Pakistan have internet population of 538 (40%), 79 (40%), 3.2 (15%) and 29 (15%) millions respectively. Therefore, lower internet density continues to remain a challenge for e-commerce.
- According to Report of Digital-Commerce, IAMAI-IMRB (2013), e-commerce is growing at the CAGR of 34% and is expected to touch US\$ 13 billion by end of 2013. However, travel segment constitutes nearly 71% of the transactions of consumer e-commerce industry, meaning thereby that e-tailing has not taken off in India in any meaningful way. Share of e-tail has grown at the rate of 10% in 2011 to 16% in 2012.
- Industry surveys suggest that e-commerce industry is expected to contribute around 4 percent to the GDP by 2020. In comparison, according to a NASSCOM report, by 2020, the IT-BPO industry is expected to account for 10% of India's GDP, while the share of telecommunication services in India's GDP is expected to increase to 15 percent by 2015. With enabling support, the e-commerce industry too can contribute much more to the GDP.
- Around 90% of the global e-commerce transactions are stated to be in the nature of B2B, leaving meagre 10% as B2C e-commerce. Case of India is no different where most of such transactions are in the nature of B2B. Moreover Indian e-commerce industry is characterized by „Market Place“ model. It allows large number of manufacturers/traders especially MSMEs to advertise their products on the „Market Place“ and benefit from increased turnover.
- The growing e-commerce industry can have a positive spillover effect on associated industries such as logistics, online advertising, media and IT/ITES. Currently e-commerce accounts for 15-20 percent of the total for some of the big logistics companies. The revenue for logistics industry from inventory based consumer e-commerce alone may grow by 70 times to USD 2.6 Billion (INR 14,300 crores) by 2020. Currently, the inventory based consumer e-commerce model alone provides direct employment to approximately 40,000 people and is estimated to create 1 million direct and another 0.5 million indirect jobs by 2020. Low entry barriers have attracted many young and enterprising individuals to try their hand at entrepreneurship. A significant 63% of e-commerce ventures have been started by first time entrepreneurs. Indian e-commerce industry is in nascent stage and is nowhere in the league of big global players. Major domestic e-commerce

companies are Flipkart, Snapdeal, Fashion and you, Mynt, Fruitchain, Deals and you, Homeshop18 etc.

- Although many factors support the growth of e-commerce in India, the fledgling industry is faced with significant hurdles with respect to infrastructure, governance and regulation. Low internet penetration of 11 percent impedes the growth of e-commerce by limiting the internet access to a broader segment of the population. Poor last mile connectivity due to missing links in supply chain infrastructure is limiting the access to far flung areas where a significant portion of the population resides. High dropout rates of 25-30 percent on payment gateways, consumer trust deficit and slow adoption of online payments are compelling e-commerce companies to rely on costlier payment methods such as Cash on Delivery (COD).
- As stated earlier, over 70% of all consumer e-commerce transactions in India are travel related, comprising mainly of online booking of airline tickets, railway tickets and hotel bookings. The biggest players in the travel category are Makemytrip.com, Yatra.com and the IRCTC website for railway bookings. Non-travel related online commerce comprises 25-30 percent of the B2C e-Commerce market. The unfettered growth of online travel category has been possible because the regulatory and infrastructure issues do not impede its growth. Also, it does not face the infrastructure challenges since the goods need not be transferred physically.

#### IX. STAGES OF E-COMMERCE

According to Tornatsky and Fleischer [53], the level of E-commerce innovations can be illustrated as three-stage processes: initiation, adoption, and implementation.

- Initiation stage is a stage concerning gathering and evaluating information about technological innovation in question [51, 53]. Most SMEs in this stage are not having basic understanding of strategic goal in E-commerce and also lack of initiative. SMEs also prefer to explore new technologies before any integration into their business [53, 54].
- Adoption stage is a stage where SMEs adopt E-commerce but not a concrete E-commerce strategy [53]. In other word, it is defined as having at least an Internet connection and being capable of conducting basic operations e.g. sending and receiving emails [51]. According to Tornatsky [53], most SMEs in this stage have not thought about the evaluation tools in their E-commerce strategy and furthermore are not yet linked to SMEs' business strategies [53, 54].
- The implementation stage involves the level of IT and E-commerce integration into SMEs' business strategy. This is also a stage where SMEs realise the importance of E-commerce that can have on its businesses and therefore apply E-commerce as competitive advantage. Hence, SMEs on this stage would need to be at the business process redesign stage or higher in order to be deriving the full competitive advantage benefits from their E-commerce usage.

#### X. IMPACT OF E-COMMERCE

E-commerce and e-business are not solely the Internet, websites or dot com companies. It is about a new business concept that incorporates all previous business management and economic concepts. As such, e-business and e-commerce impact on many areas of business and disciplines of business management studies. For example:

- Marketing – issues of on-line advertising, marketing strategies and consumer behavior and cultures. One of the areas in which it impacts particularly is direct marketing. In the past this was mainly door-to-door, home parties (like the Tupperware parties) and mail order using catalogues or leaflets. This moved to telemarketing and TV selling with the advances in telephone and television technology and finally developed into e-marketing spawning 'eCRM' (customer relationship management) data mining and the like by creating new channels for direct sales and promotion.
- Computer Sciences – development of different network and computing technologies and languages to support e-commerce and e-business, for example linking front and back office legacy systems with the 'web-based' technology.
- Finance and Accounting– on-line banking; issues of transaction costs; accounting and auditing implications where 'intangible' assets and human capital must be tangibly valued in an increasingly knowledge based economy.
- Economics– the impact of e-commerce on local and global economies; understanding the concepts of a digital and knowledge-based economy and how this fits into economic theory.
- Production and Operations Management– the impact of on-line processing has led to reduced cycle times. It takes seconds to deliver digitized products and services electronically; similarly the time for processing orders can be reduced by more than 90 per cent from days to minutes. Production systems are integrated with finance marketing and other functional systems as well as with business partners and customers.
- Management Information Systems – analysis, design and implementation of e-business systems within an organisation; issues of integration of front-end and back-end systems.
- Human Resource Management– issues of on-line recruiting, home working and 'intrapreneurs' working on a project by project basis replacing permanent employees.
- Business law and Ethics – the different legal and ethical issues that have arisen as a result of a global 'virtual' market. Issues such as copyright laws, privacy of customer information, legality of electronic contracts, etc

#### XI. BENEFITS OF E-COMMERCE

##### A. Cost Effective

The entire financial transactions will eventually become electronic, so sooner conversion is going to be lower on cost.

It makes every transaction through e-commerce payment a lot cheaper.

#### B. Higher Margin

E-commerce also enables us to move better with higher margin for more business safety. Higher margin also means business with more control as well as flexibility. You can also save time from the e-commerce.

#### C. Better Productivity

Productivity here means productivity for both companies and customers. People like to find answers online because it is faster and cheaper, and it costs a lot cheaper expense as well for the company.

#### D. Quick Comparison

E-commerce also enables you to compare price among several providers. In the end, it leads you to smart shopping. People can save more money while they shop.

#### E. Economy Benefit

E-commerce allows us to make transaction without any needs on stores, infrastructure investment, and other common things we find. Companies only need well-built website and customer service.

## XII. LIMITATIONS OF E-COMMERCE

### A. Security

Customers need to be confident and trust the provider of payment method. Sometimes, we can be tricked. Examine on integrity and reputation of the web stores before you decide to buy.

### B. Scalability of System

A company definitely needs a well-developed website to support numbers of customers at a time. If your web destination is not well enough, you better forget it.

### C. Integrity on Data and System

Customers need secure access all the time. In addition to it, protection to data is also essential. Unless the transaction can provide it, we should refuse for e-commerce.

### D. Products People

People who prefer and focus on product will not buy online. They will want to feel, try, and sit on their new couch and bed.

### E. Customer Service and Relation Problem

They sometimes forget how essential to build loyal relationship with customers. Without loyalty from customers, they will not survive the business. The disadvantages are not impossible to avoid. If we have enough management on risks, we may really get a lot more advantages from e-commerce.

## XIII. THE FUTURE OF E-COMMERCE

E-Commerce is the future of shopping. Thus, it would be apt to quote "The future is here. It's just not widely distributed yet"- William Gibson The Internet economy will continue to grow robustly; Internet users would buy more product and

buy more frequently online; both new and established companies will reap profits online; and...

- Safer Online Payment Systems: As the Internet becomes a safer place to transact, the amount spent by the Internet Users online is bound to increase. Those apprehensive of divulging their credit card and bank details would be active online shoppers. The Internet users are expected to buy high-end products like automobile, property, home durables online.
- Customization of content and offerings: As the internet users mature, the demand for customization will increase. The content would adopt the regional flavours. More niches will be formed, seeking for offerings made for them and content that meets their requirements.
- More number of shoppers from Non-Metros: Currently, following the spread of users coming from Metros and Non-Metros. This change would be bought by higher penetration of Internet in the small towns and limited reach of physical distribution channels of the established sellers to these towns. These factors coupled with higher disposable income would compel the Internet users in these towns to buy online.

## XIV. CONCLUSION

Several important phenomena are associated with e-commerce. 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 300 to 400 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.

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