

Research Article

ANALYSIS OF E-COMMERCE IN INDIA ADVANCEMENT-A SURVEY ON OPPORTUNITIES, CHALLENGES AND SOLUTIONS

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ABSTRACT

E-commerce is anything that involves an online transaction. E-commerce makes consumers to get the goods at lower cost, wider choice and saves time. Electronic commerce is more than just another way to enhance existing business practices. E-commerce is showing excellent business growth in our country. Increasing internet and online users have added to its growth. E-commerce has helped online industry in many ways and added a new sales avenue through online retail industry in our country. The present study has been undertaken to describe the present status & future growth of e-commerce in India. Analyze the present trends of e-commerce in India & examine the challenges & opportunities of e-commerce in India.

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INTRODUCTION

E-Commerce in India

India will likely see the golden period of the Internet sector between 2013 to 2018 with incredible growth opportunities and secular growth adoption for E-Commerce, Internet Advertising, Social Media, Search, Online Content, and Services relating to E-Commerce and Internet Advertising. As we all know, India has a long way to go in the world of Digital Marketing as more and more Indians are spending time on the internet as compared to China and US.

India had an internet user base of about 354 million as of June 2015 and is expected to cross 500 million in 2016. Despite being the second-largest user base in world, only behind China (650 million, 48% of population), the penetration of e-commerce is low compared to markets like the United States (266 million, 84%), or France (54 M, 81%), but is growing at an unprecedented rate, adding around 6 million new entrants every month. The industry consensus is that growth is at an inflection point. In India, cash on delivery is the most preferred payment method, accumulating 75% of the retail activities. According to a study conducted by the Internet and Mobile Association of India, the e-commerce sector is estimated to reach Rs. 211,005 cr. by December 2016. The study also stated that online travel accounts for 61% of the e-commerce market.

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By 2020, India is expected to generate \$100 billion online retail revenue out of which \$35 billion will be through fashion e-commerce. Online apparel sales are set to grow four times in coming years.

Scope

Electronic Commerce is more than just buying and selling products online. It also includes the entire online process of developing, marketing, selling, delivering, servicing and paying for products and services. India has shown tremendous growth in the E-commerce segment. With an internet user base of over 300 million, India has third largest internet population after US & China.

Here are some reasons for becoming an ecommerce world

Critical mass of Internet users: With more than 100 million Internet users, the country is beginning to achieve a critical mass of users who are familiar with web services. In addition, over the past few years, relatively sophisticated online travel agents (“OTAs”), such as MakeMyTrip - which started turning these initial Web users into Web consumers - have dominated Indian e-commerce.

Rising middle class with disposable income: Throughout India’s short history, the country has been a land of “haves” and “have-nots”. However, with the rise of small and medium enterprises, foreign direct investment, and India’s own powerful multinational corporations creating millions of new jobs, a new generation of globally-minded Indian consumers has been created.

Payment gateways & logistics: One of the largest challenges to e-commerce in India is the lack of infrastructure to support new businesses. Logistics companies have been notoriously unreliable, and complex interstate regulations mean that interstate logistics and paperwork is more like international customs. Additionally, Indians have an aversion to credit cards-only an estimated 2 percent of the nation has a credit card.

User Experience: The number of e-commerce companies has grown; companies have started to place more emphasis on investing in the user experience. Best practices that have driven e-commerce globally are now a key focus of successful Internet companies, including merchandising, customer service, user interface design, and guaranteed delivery and return policy. In this competitive drive to differentiate via user experience, the ultimate winner is the Indian online consumer.

It's easy to get up and running:- The most challenging aspect of getting set up is product, but if you are passionate about a specific line of products-especially if they have helped you personally-it makes it much easier to walk through the process of building relationships with distributors or product sourcing. Additionally, it's that passion that's going to drive you to do the work you need to do to build a successful business.

Future

E-Commerce is here to stay!!

Social Media: Majority of online buying decisions are made on Social Media. Social network like Facebook, LinkedIn, Twitter, Google+, Pinterest etc. have become a medium for easy log-in and purchase. Moreover, the clients can stay updated via the posts published on this media. Further, the advertising & promotions on these social sites has increased the chances of success of generating transactions to many folds.

Drone Delivery: Companies have been working their way around to innovate the delivery process to shorten human effort as well as time. The answer to these problems is Delivery by Drones. DGCA is now fast tracking the process of issuing guidelines for the use of drones for civil purposes in India. 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.

App only Approach: Statistics suggest the future of internet lies in mobiles. Experts say more than 580 million people in India will use the Internet by 2018, and 70-80% of them will access the Web on mobile phones. This will cause all major players to switch to app only model. About two-thirds of its online traffic of Flipkart comes from users in small cities and towns. Flipkart's app-only approach assumes larger significance in these places where most people don't own desktop computers and have limited access to broadband.

Google's Buy Now Button: Google is reportedly working on its own "Buy Now" style button that would allow e-shoppers search for products on Google and purchase them with a single click, right through Google's own search results page. The button will be displayed near sponsored search results beneath a "Shop on Google" heading at the top of the page. When users click on the Google's "Buy Now" button, they will be re-directed to another Google page that will allow

them to choose specific item details, such as color and size, and then select a shipping route. Google would then pass on order information, including the customer's name and shipping address, to the retailer.

Artificial Intelligence: As the ecommerce space gets saturated, investors looking for innovative use of technology are zeroing in on companies developing artificial intelligence (AI) solutions. Jet Airways is experimenting with one such solution devised by Vizury.

Major Challenges for e-Commerce in India

E-Commerce, in spite of the opportunities, presents also has poses certain challenges which are sometimes too much to handle for start-ups:

The Most challenges faced by Ecommerce Industry in India:-

- Internet Issues
- Poor knowledge and awareness
- Online Transactions
- Online Security
- Tax Structure
- Touch and Feel Factors
- Cash On Delivery

Details of Challenges

Internet Issues

The Internet is mandatory is the foundation of ecommerce. However, in India internet penetration is still low at 34.8 percent of the population. However, due to the growth of mobile internet, India is witnessing exception increase in the year 2015 and 2016, allowing ecommerce businesses to reach to masses easily.

Table 1 India Internet users

Year	Internet Users**	Penetration (%)
2016	462,124,989	34.8
2015	354,114,747	27
2014	233,152,478	18
2013	193,204,330	15.1

Solution: Customers should use well network connectivity with proper network devices or make sure that network is not poor during the purchasing.

Payment Issues: The electronic payment is made through credit card or plastic money which could, however, not become popular so far in India mainly due to two reasons. First, the penetration of credit card in India is very low (2 per cent of the population).

Second, the Indian customers are quite sceptical of paying by credit card with the increasing threat of fraud played by hackers. Like elsewhere, credit card could not gain growth in India mainly because of authentication and recognition problems of electronic signatures.

Solution: Make sure and mention the proper purchasing instructions clearly on your e-commerce website. You should also send a confirmation message after payment, like "your payment has done". Customers should also take care during payment. They must be confident about the store and should familiar about online purchasing processes. They should use well networks and devices for payment. Slow networks or bad devices give negative results.

E-Infrastructural Issues: Internet is the backbone of e-commerce. Unfortunately, in India internet penetration is so far dismally low at 0.5 per cent of the population, penetration of personal computer (PC) as low as 3.5 per thousand of population and penetration of telephone only 2.1 per cent of population, e-commerce remains far away from the common man.

Branding & Marketing: To get people to come on an e-Commerce site and make a purchase involves heavy cost due to branding and marketing. This cost is significant and can be brought down to cost per customer, if the volumes permit to do so. Experts say that the average figure for this metric in the current e-Commerce ecosystem is between INR 500 - 1000 customer, which isn't sustainable for even medium sized companies, let alone early stage ones.

Tax related issues: Tax rate system of Indian market is another factor for lesser growth rate of ecommerce in India in comparison to other developed countries like USA and UK. In those countries, tax rate is uniform for all sectors, whereas tax structure of India varies from sector to sector. This factor creates accounting problems for the Indian online business companies.

Security and Privacy issues: Now a day there are so many cases of accounts hacking and illegal withdraws. People not take chance another issue is the quality of products and services which they want to purchase online.

Solution: Try to take customers in confidence that payment to your store through card is secure. Shows some branded products. Provide consumer service through phone or internet. Try to take some positive feedbacks of old and recent customers.

Touch and Feel: Indian customers are more comfortable in buying products physically. Companies dealing with products like apparel, handicrafts, jewellery have to face challenges to sell their products as the buyers want to see and touch before they buy these stuffs.

Compression of top E-commerce sites in India with statistical method

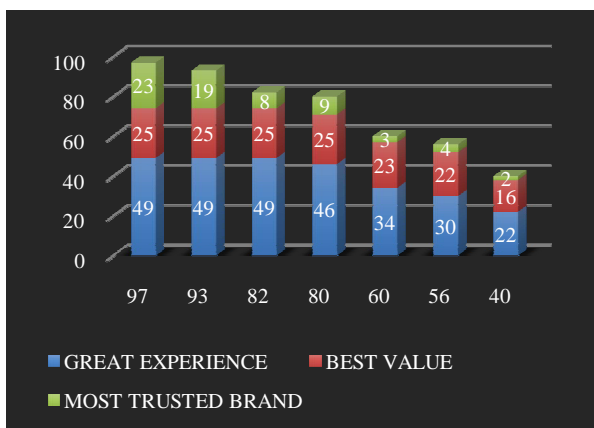


Fig 1 Comparison (financial year 2016-17)

METHODOLOGY

The result of the study is based on the following research objectives:

1. The objective of this study is to narrow down the research in a specific industry work.
2. 4-6 companies about online marketing are used for the study with survey in year 2016-17.
3. The data can be collect using Questionnaires.
4. Primary data collect by my side and Secondary can be collected by already running web sites.
5. Results will be concern using statistically methods.

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