

# E-Commerce in India: A Review

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## Abstract

Commerce is a communicative transaction between two parties playing very familiar roles: buyer and seller. For commerce to occur, somebody must do the selling, and somebody must do the buying, and these two some bodies must share a basic understanding of how the transaction is generally supposed to flow. Electronic commerce, commonly known as e-commerce or E-commerce, consists of the buying and selling of products or services over electronic systems such as the Internet and other computer networks. The amount of trade conducted electronically has grown dramatically since the spread of the Internet. A wide variety of commerce is conducted in this way, spurring and drawing on innovations in electronic funds transfer, supply chain management, Internet marketing, online transaction processing, Electronic Data Interchange (EDI), automated inventory management systems, and automated data collection systems. In this paper, we have discussed the structure of E-Commerce along with its advantages and challenges.

## Keywords

E-commerce, E-Tailing, EDI, E-Business

## I. Introduction

E-Commerce is buying and selling goods and products over internet. 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. Specifically, the use of ICT in business has enhanced productivity, encouraged greater customer participation, and enabled mass customization, besides reducing costs [1]. One of the first to use the term was IBM, in October 1997, when it launched a campaign built around e-business. Today, major corporations are rethinking their businesses in terms of the Internet and its new culture and capabilities. In practice, this term and a newer term, e-business, are often used interchangeably. For online retail selling, the term e-tailing is sometimes used. Modern electronic commerce typically uses the World Wide Web at least at some point in the transaction's lifecycle, although it can encompass a wider range of technologies such as e-mail as well. A small percentage of electronic commerce is conducted entirely electronically for "virtual" items such as access to premium content on a website, but most electronic commerce involves the transportation of physical items in some way. Online retailers are sometimes known as e-tailors and online retail is known as e-tail. E-commerce or electronic commerce is generally considered to be the sales aspect of e-business. E-business is the transformation of key business processes through the use of Internet technologies. An e-business is a company that can adapt to constant and continual change [2]. The nature of retailing is changing. Years of fierce competition on the high street mean that to be successful, retailers has to examine every aspect of their business to ensure a profitable return on investment. The new battleground is electronic retailing. New technology means that unified, online supply chains are becoming the norm, together with home shopping either on the Internet or Digital TV [3].

## II. Structure

E-Commerce can be divided into E-tailing or "virtual storefronts" on Web sites with online catalogs, sometimes gathered into a "virtual mall". The gathering and use of demographic data through Web contacts Electronic Data Interchange (EDI), the business-to-business exchange of data e-mail and fax and their use as media for reaching prospects and established customers (for example, with newsletters) Business-to-business buying and selling The security of business transactions E-Tailing or the virtual storefront and the virtual mall. As a place for direct retail shopping, with its 24-hour availability, a global reach, the ability to interact and provide custom information and ordering, and multimedia prospects, the Web is rapidly becoming a multibillion dollar source of revenue for the world's businesses. A number of businesses already report considerable success. As early as the middle of 1997, Dell computers reported orders of a million dollars a day. By early 1999, projected E-commerce revenues for business were in the billions of dollars and the stocks of companies deemed most adept at E-commerce were skyrocketing. Although many so-called dotcom retailers disappeared in the economic shakeout of 2000, Web retailing at sites such as Amazon.com, CDNow.com, and Compudata online.com continues to grow. International Data Corp (IDC) estimates the value of global E-commerce in 2000 at US\$350.38 billion. This is projected to climb to as high as US\$7.14 trillion by 2007. IDC also predicts an increase in Asia's percentage share in worldwide e-commerce revenue from 5% in 2000 to 18% in 2007. Asia-Pacific e-commerce revenues are projected to increase from \$76.8 billion at year-end of 2001 to \$438.5 billion by the end of 2007. Fig. 1, shows the growth of E-commerce in India over last few years.

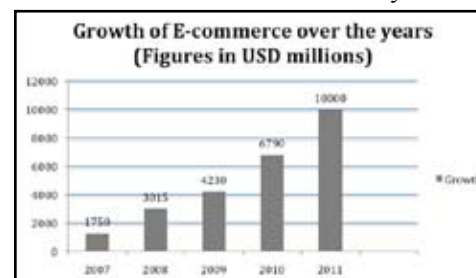


Fig. 1: Growth of E-Commerce in India Over Last Few Years [6]

## III. E-Commerce vs. E-Business

While some use e-commerce and e-business interchangeably, they are distinct concepts. In e-commerce, Information and Communications Technology (ICT) is used in inter-business or inter-organizational transactions (transactions between and among firms/organizations) and in business-to-consumer transactions (transactions between firms/organizations and individuals). In e-business, on the other hand, ICT is used to enhance one's business. It includes any process that a business organization (either a for-profit, governmental or non-profit entity) conducts over a computer-mediated network. A more comprehensive definition of e-business is: "The transformation of an organization's processes to deliver additional customer value through the application of technologies, philosophies and computing paradigm of the new economy."

#### IV. Advantages

Three Primary processes are enhanced in E-business:

- A. Production processes, which include procurement, ordering and replenishment of stocks; processing of payments; electronic links with suppliers; and production control processes, among others.
- B. Customer-focused processes, which include promotional and marketing efforts, selling over the Internet, processing of customers' purchase orders and payments, and customer support, among others.
- C. Internal management processes, which include employee services, training, Internal Information-sharing, video-conferencing, and recruiting. Electronic applications enhance information flow between production and sales forces to improve sales force productivity. Workgroup communications and electronic publishing of internal business information are likewise made more efficient.

#### V. E-Commerce in India

With the e-commerce trend in India growing exponentially; there was never a better time for small businesses to set shop online. The cutting edge for business today is e-commerce. Most people think e-commerce means online shopping. But web shopping is only a small part of the picture. The term also refers to online stock, bond transactions, buying and downloading software without ever going to a store. In addition, e-commerce includes business to business connections that make purchasing easier for big corporations. 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-online advertising and marketing, online, order taking and online customer service etc. It can also reduce costs in managing orders and interacting with a wide range of suppliers and trading and trading partners, areas that typically add significant overheads to the cost of products and services. NASSCOM (National Association of Software and Service Companies) had recently released findings of its survey to evaluate the e-commerce scenario in India. As per preliminary findings of the survey, the total volume of e-commerce transactions in India was about Rs 450 Crores in the year 1999-2000. Out of this volume, about Rs 50 Crores was contributed by retail Internet or business-to consumer transactions and about Rs 400 Crores was contributed by business-to-business transactions [3]. After a slight decline last year, customer satisfaction with the e-commerce sector has begun to rebound, with a year-over-year increase of nearly 2%. This increase brings the aggregate score for the sector to 81.4, nearly matching its 2007 pre-recession high of 81.6. All scores are reported using the 100-point scale of the American Customer Satisfaction Index (ACSI) [4].

E-commerce companies in India offers the most tangible and finest e-commerce solutions, provide high end e-commerce solution taking utmost care of the privacy and security of the e-commerce website. E-Commerce service includes shopping carts, database programmers, graphic design services, graphics, e-business, Flash designs [5].

As of 2011 the total value of this industry stood at a whopping INR 47000 crores. Analysts predict that this upward swing will continue over the next few years too. If you are a small business operator who wants to jump aboard the e-commerce bandwagon, this might just be the best time to do so. With consumers becoming more internet savvy by the day, it is sensible and also cost effective to make a foray into digital commerce [6].

#### VI. Challenges

While we have a lot of advantages of E-commerce, we have a major disadvantage of reduced privacy. In order to better understand the impact of data mining on privacy, consider the following example of its potential application in the telecommunication industry. A cellular phone service provider has the technological ability to determine the location of any switched on cell phone in its coverage area. The cell phone service provider collects information about all its subscribers during the sale of a contract. Typical subscriber information that would be collected may include the following:

- Age
- Occupation.
- Income
- Banking Details

The ability of the cell phone service provider to track the location of the cell phone, and therefore its owner, might yield the following information:

- The route typically traveled to and from work by the subscriber.
- Whether the subscriber travels during business hours, or spends most of the day in the office.
- Which shopping centers the subscriber visits over weekends or after hours.

The cell phone service provider could make use of the collected information to position its own advertising billboards more strategically, or to situate its different branches at the correct shopping centers. At the same time however, the organization might decide to benefit from this knowledge by selling it off to other organizations. The information could for instance be sold to other organizations who also want to be able to position their billboard more effectively, or a fast food chain could send out advertising messages to subscribers as soon as they come into close proximity of one of their outlets. One potential application of the above information could be the use of the information by marketers selling billboard advertising on the side of the road. Knowing the age, income and occupation of the people who travel a specific route could improve the effectiveness of such marketing campaigns even further. This example highlights an interesting application of data mining, but it also shows the potential threats that data mining pose to privacy. The main areas of concern with regard to data mining and privacy are therefore found in the followings:

- What kind of information do you collect about your customer?
- Who is ultimately in control of that information?

It is up to the organization employing data mining to ensure that their actions result in neither of the negative effects, namely, incurring legal liability or obtaining bad press as a result of privacy violations associated with their data mining effort. Awareness project aimed at applying data mining to commercial databases for information on potential terrorists, due to a lack of consideration that was shown for privacy issues. The consumers might for instance be aware of the fact that collected information about them is used for billing purposes, but that they did not necessarily implicitly agree to allow the organization to use the data in a data mining scenario, thereby exceeding the original intent of the data collection. To this end it is important to pay particular attention to how the data used in data mining was obtained in the first place, and whether it's used could result in a violation of privacy.

## VII. Conclusion

E-Commerce has unleashed yet another revolution, which is changing the way businesses buy and sell products and services. 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. With the deployment of 3G and 4G wireless communication technologies, the Internet economy will continue to grow robustly. These technologies will prove to be a catalyst in the growth of E-commerce and internet users would buy more products and buy more frequently online; both new and established companies will reap profits online.

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