

## EMERGING TRENDS OF E-COMMERCE IN INDIA:AN EMPIRICAL STUDY

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### ABSTRACT

E-commerce stands for electronic commerce. E-commerce is doing business online and electronically. The E-commerce has completely changed the conventional concept of business. E-commerce deals with selling and purchasing of goods and services through internet and computer networks. E-Commerce facilitates new types of information based business processes for reaching and interacting with customers. It can also decrease the costs of managing orders and interacting with a wide range of suppliers and trading partners. For developing countries like India, E-Commerce offers various opportunities. This research attempts to highlight the different challenges faced by the E-commerce in India, understand the essential growth factors required for E-commerce. The study found that in India, the existence of the wholesalers and retailers are at the greatest risk because the producer can easily ignore them and sell their products to the retailers and the customers directly. Wholesalers and retailers can take the advantage of e-commerce in establishing contracts with reputed producers and linking their business with the online. This research also found that, E-commerce provides the various types of trends and challenges to the producers, e-commerce companies and the customers.

**Keywords:** E-commerce, Trends, Challenges

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## INTRODUCTION

E-Commerce stands for electronic commerce. Dealing in goods and services through the electronic media and internet is called as E-commerce. E-Commerce or E-business involves carrying out a business with the help of the internet. Online shopping is a form of electronic commerce which allows customers to directly buy services or goods from a seller over the net using a browser. Customers find a product by visiting the website of different e-retailer directly or by searching among alternative retailers using a shopping search engine, which shows the same product's pricing and availability at different e-retailers. As of 2016, customers can shop online using a range of different devices and computers, including smartphones, laptop computer, tablets, desktop computers.

E-Commerce relates to the website of the vendor, who sells products or services directly to the customer from the portal using a digital shopping cart or digital shopping basket system and allows payment through credit card, debit card or electronic fund transfer payments. E-Commerce facilitates new types of information based business processes for reaching and interacting with customers. It can also reduce costs in managing orders and interacting with a wide range of suppliers and trading partners. For developing countries like India, E-Commerce offers considerable opportunities.

Today E-commerce in Indian society has become an integral part of everyday life. Accessibility to E-commerce platforms is not a privilege but rather a necessity for most people, particularly in the urban areas. This penetration of internet coupled with the increasing confidence of the internet users to purchase on line. This leads to an enormous growth in the E-commerce space, with an increasing number of customers registering on E-commerce websites and purchasing products through the use of mobile phones. India is in a prime position for the growth and development of the E-commerce sector. Through E-Commerce, customers can purchase almost anything and anytime online 24x7 a day and get an ultimate shopping experience.

## OBJECTIVES OF THE STUDY

1. To analyze the recent trends of E-commerce in India.
2. To study the various challenges faced by E-business players in India.
3. To study the prospects of E-commerce in India.

## REVIEW OF LITERATURE

Dr. Anukrati Sharma (2013)

The article entitled “A study on E-commerce and Online Shopping: Issues and Influences”. In this article an attempt is made to study the recent trends, influences, preferences of customers towards E-commerce and online shopping and to give the suggestions for the improvement in online shopping websites. The study found that, most of the people who are engaged in making the decision of purchasing are in the age of 21-30 years. While making the websites for online shopping it must be designed in a very planned and strategic way.

Abhijit Mitra(2013)

The article entitled “E-Commerce in India-A review”. In this article an attempt is made to study the present status and facilitators of E-Commerce in India, analyze the present trends of E-Commerce in India and examine the barriers of E-Commerce in India. The study found that, there has been a rise in the number of companies taking up E-Commerce in the recent past. The study also found that, major Indian portal sites have also shifted towards E-Commerce instead of depending on advertising revenue.

Nisha Chanana and Sangeeta Goele(2012)

The article entitled “Future of E-commerce in India”. In this article an attempt is made to study the overview of the future of E-commerce in India and discusses the future growth segments in India's of E-commerce. The study found that, various factors that were essential for future growth of Indian E-commerce. The study also found that, the overall E-commerce will increase exponentially in coming years in the emerging market of India.

## Sarbapriya Ray(2011)

The article entitled “Emerging Trends of E-commerce in India: Some Crucial Issues Prospects and Challenges”. In this article an attempt is made to present a snapshot of the evolution of E-commerce business indicating the chronological order, category of E-commerce business, description of organizations involved in E-business in India. The study found that, the role of government should be 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.

## CONCEPT OF E-COMMERCE IN INDIA

### Multi Product E-Commerce

Some internet gateways provide almost all categories of services and goods at a single site; they are directing customers of every possible product or service. Indian E-Commerce gateways provide goods and services in a variety of categories like clothes and accessories for men as well as for women, health and beauty products, books and magazines, software, computers and peripherals, vehicles, consumer electronics, household appliances, jewelry, audio/video entertainment goods, gift articles, real estate and services, business and opportunities, travel tickets, matrimony etc.

### Single Product E-Commerce

- In automobiles, various portals are there where we can buy and sell four wheelers and two wheelers new as well as old vehicles online. Some of the services which they provide are car research and reviews, online evaluation, technical specifications, vehicle insurance, vehicle finance, dealer locator etc.
- In stock and shares markets certain of the services offered to listed members are online buying or dealing of stocks and share, market analysis and research, company information, comparison of companies, research on equity and mutual funds, tracking market trend etc.

- In real estate various website enable online dealing in real estate, they offer absolute purchase or lease of a property through their portals or websites. They also provide information on new properties as well as for resale. Some of the associated services which they offer are housing finance, insurance companies, architects and interior designers, property management consultant services etc.
- In travel and tourism industry, various sites highlight the tourist destinations of a specific region in India. On the other hand tourist destination sites are classified according to the themes like eco-themes belong to jungles, flora and fauna, beaches, architectural attractions, forts and places, hill & resorts, adventure & trekking, mountain & climbing etc. Other services which offered are passport and visa, travel and accommodation information, weather information, festival and fair dates, shopping, tour operators etc.
- In case of hobbies, the most popular hobbies from ancient time are reading books, listening music and watching films. Online one can buy books, cassettes, VCDs and DVDs etc. The books cover a wide range of topics such as business, art, cookery, engineering, children's stories, health, medicines etc. For music and videos, they are available in English and other Indian languages to gratify to the desires of public and the topics range from devotional songs, old time favorites and pop etc.
- In case of matrimony, there is a saying, marriages are made in heaven, but in the world of E-commerce, they are made on marriage portals. On matrimony websites one can search for appropriate match by region of residence, religion or caste. Once registered with matrimony portals, they have e-mail facility and chat rooms, so that the people gets to know more about each other before making any decision of their lives. Other services for registered persons are astrological services, information on customs and rituals, legal issues, health and beauty etc.
- In case of employment, major portals are instrumental in providing job to job seekers with suitable employment facility. The service for job seekers is free and for employment they charge a nominal fee. Jobs are available online in fields, ranging from secretarial to software development and from real estate to education.

## TYPES OF E-COMMERCE

Electronic commerce can be classified into four main categories. The basis for this simple classification is the parties that are involved in the transactions. So the four basic electronic commerce models are as follows:-

### 1. Business to Business

This is Business to Business transactions. Here the companies are doing business with another companies. The final consumers are not involved here. So the online transactions only involve the manufacturers, wholesalers, retailers etc.

### 2. Business to Consumer

Business to Consumer. Here the company will sell their goods and/or services directly to the consumer. The consumer can browse various websites and look at products, pictures, read reviews. Then they place their order and the company ships the goods directly to them. Popular examples are Amazon, Flipkart, Jabong etc.

### 3. Consumer to Consumer

Consumer to consumer, where the consumers are in direct contact with another consumer. No company is involved here. It helps people to sell their personal goods and assets directly to the interested party. Usually, goods traded are cars, bikes, electronics etc. OLX, Quikr etc follow these types of models.

### 4. Consumer to Business

This is the reverse of B2C, it is a consumer to business. So here the consumer provides a good or some service to the company. Say for example an IT freelancer who demos and sells his software to a company. This would be a C2B transaction.

## FUNCTIONS OF E-COMMERCE

1. **Change prices quickly** – When you have a promotion or institute seasonal discounts, plan those better and set prices seamlessly.

2. **Track location and status of all merchandise** – Know where your merchandise is at all time. Is it at the warehouse? In transit? At one store location? Between stores? Just sold? You can know in real-time.
3. **Manage order fulfillment better** – Increase shipping speed and fulfill orders without delay.
4. **Third-party interface** – Log into eBay, Amazon, and other third-party sites where your products are sold and manage your inventory and prices better.

## **RECENT TRENDS OF E-COMMERCE**

### **1. Artificial Intelligence**

Customer segmentation and identification of patterns based on customer's browsing history are massive challenges for e-commerce stores in terms of automation and storepersonalization. According to Business Insider, retailers that have implemented personalization strategies see sales gains of 6% to 10% intelligent algorithms are now hailed as the key to deal with such challenges. The accuracy of data is greatly influenced by the quality and size of the data. This creates challenges for small e-commerce businesses if you do not have a large volume of data. However, these businesses can partner with third party providers to workaround this restriction. It indicates that more companies will tap into AI powered tools.

### **2. Enhanced Shipping Options**

Shipping and logistics is one area that stagnated in the past years. Some improvements like free shipping did occur. But nothing extraordinary until 2013 when the idea of same-day delivery became mainstream. However, things started to look up in this area. Amazon started testing drone deliveries in USA. With the help of Google Maps integration, these drones are able to discover the shortest route to the destination. This trend will grow as the technology improves. Believe it or not, delivery drones will become an important business component.

### **3. Mobile Commerce**

Online retailers from around the world confirm that mobile transactions is increasing year by year. Especially during the holiday sales season. If you don't have a website which is mobile responsive – 'Now is the Time to Make it Responsive' People are now more dependent on their mobile devices than they are to their computers.

#### **4. Subscription Based Models Will Rise**

Digital payments are becoming convenient. We will see a rise of subscription-based business models in 2020. Companies like Loot Crate and BirchBox will see a surge in orders because of their personalized offerings. The new e-commerce stores can also tap into this market by replicating the same subscription-based model. They can get recurring sales on a monthly or a yearly basis.'

#### **5. More Payment Options Will Pop up**

We now have multiple payment options available including digital payment methods and cryptocurrencies. More of the latter will pop-up to cater each segment. Such as musicoin for musicians and Kodak coin for photographers. Ecommerce stores are now accepting crypto-currencies. Whereas Smartphone manufacturers are coming up with digital wallets. This makes payment processes simple for ecommerce. Moreover, mobile commerce is taking surge. We will see a rise in the adoption of such alternate payment methods for mobile-based payments.

### **CHALLENGES OF E-COMMERCE**

#### **1. Absence of Cyber Laws**

Other big challenge associated with e-commerce market is the near absence of cyber laws to regulate transactions on the Net. WTO is expected to enact cyber laws soon. The India's Information Technology (IT) Bill passed by the Indian Parliament on May 17, 2000 intends to tackle legislatively the growing areas in e-commerce. The Bill also intends to facilitate e-commerce by removing legal uncertainties created by the new technology. As it stand today, the Bill deals with only commercial and criminal areas of law. However, it does not take care of issues such as individual property rights, content regulation to privacy and data protection specific legislation.

#### **2. Privacy and Security Concern**

As of to-day, quite vulnerable issues related to e-commerce are privacy and security. So far, there is no protection offered either by website or outside watchdogs against hazard created by exploiting one's privacy.

#### **3. Payment and Tax Related Issues**

Issues related to payment and tax is yet another problem continuously hinting e-traders. 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 skeptical of paying by credit card with the increasing threat of fraud played by hackers. Like elsewhere, credit and debit cards could not gain growth in India mainly because of authentication and recognition problems of electronic signatures.

#### **4.Virus Problem**

The computer virus is also a formidable problem in the execution of e-transactions is confirmed by the computer virus originated in Manila. A computer virus lagged 'I Love You' originated in Manila, Philippines on May 5, 2000 rippling across world, inflicted millions of computer files causing colossal loss of US \$7 billion to the governments and the businesses. The offenders causing 'virus' must be awarded deterrent punishment, otherwise similar assaults in future can cause lasting blows to the quite young e-commerce in India as well.

### **PROSPERITY OF E-COMMERCE IN INDIA**

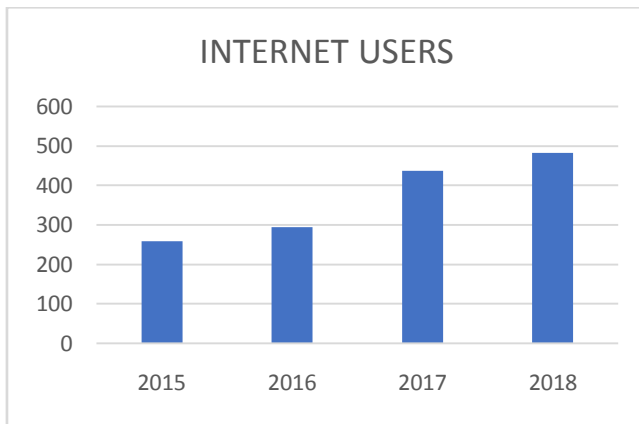
According to the survey by the Associated Chambers of Commerce and Industry of India, India's E-commerce market, which stood at 259.90 million in 2015, reached 437.40 million in 2017 and reach to \$ 483.00 million in 2018. India is gradually becoming the country with highest number of literate population in the world and the internet penetration is largely driven by mobile phones, with some of the cheapest and most basic hand-sets currently offering access to the internet.

59.028% Internet Users in India has been expended from 2015 to 2018.

Table 1 - Internet Users in India

Year	Internet Population in India (in Million)
2015	259.90
2016	295.40
2017	437.40
2018	483.00

Source: Statista



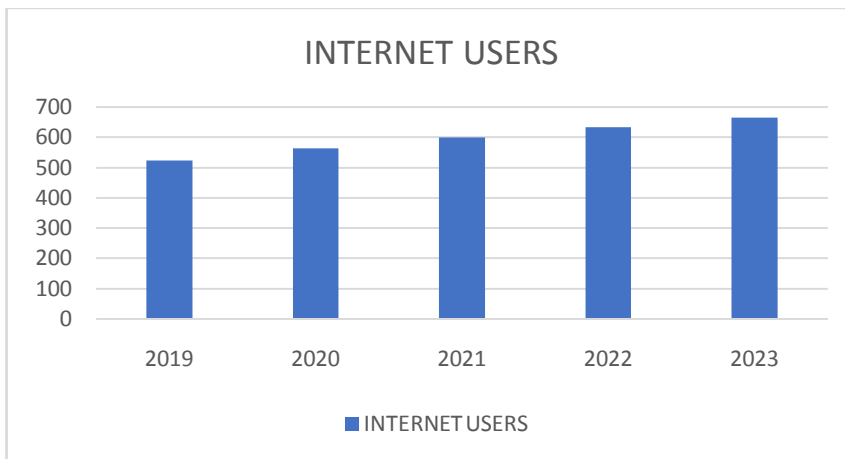
Estimated Increment in Internet Users in India from 2019 to 2023 – 26.86%

Table 2 –Estimated Internet Users in India

Year	Internet User in India (in Million)
2019	525.30
2020	564.50
2021	601.00
2022	634.90
2023	666.40

Source: Statista

Table 2 reveals that in the year 2019 Internet user in India will be 525.30 million, which is expected to rise by 666.40 million in 2023. Due to high internet penetration in India, the adaptability of online shopping and better shopping experiences offering by the E-commerce websites among Indians will increase rapidly.



### FEWE-COMMERCE COMPANIES / WEBSITES

1. Amazon.in	12. Jabong.com
2. eBay.in	13. Ajo.com
3. Flipkart.com	14. Myntra.com
4. Paytm.com	15. Provogue.com
5. SnapDeal.com	16. Yepme.com
6. Naaptol.com	17. Bluestone.com
7. Limeroad.com	18. Fashionandyou.com
8. Fabindia.com	19. Shoppersstop.com
9. HomeShop18.com	20. Voonik.com
10. Zookr.com	21. Mirraw.com
11. Zopper.com	22. Caratlane.com

## FINDINGS OF THE STUDY

1. Customer segmentation and identification of patterns based on customer's browsing history are massive challenges for e-commerce stores in terms of automation and store personalization.
2. Digital payments are becoming convenient. We now have multiple payment options available including digital payment methods and crypto-currencies and will rise in the adoption of such alternate payment methods for mobile-based payments.
3. Customer segmentation and identification of patterns based on customer's browsing history are massive challenges for e-commerce stores in terms of automation and store personalization.
4. Online retailers from around the world confirm that mobile transactions is increasing year by year.
5. Producers can take the advantages of E-commerce by linking themselves with the online, by giving information about their products to the other links in the business chain and by having a brand identity.
6. People are adopting of such alternate payment methods for mobile-based payments.
7. E-commerce does not take care of issues such as individual property rights, content regulation to privacy and data protection specific legislation.
8. Credit/ Debit cards could not gain growth in India mainly because of authentication and recognition problems of electronic signatures.
9. The computer virus is also a formidable problem in the execution of e-transactions
10. According to the survey by the Associated Chambers of Commerce and Industry of India, India's E-commerce market, which stood at 259.90 million in 2015, reached 483.00 million in 2018 and which is expected to rise by 666.40 million in 2023.

## SUGGESTIONS

1. An in-depth understanding of the legal regime and the possible issues that an E-commerce business would face coupled with effective risk management strategies has been the need of the hour for of E-commerce businesses to thrive in this industry.
2. The development of educational standards has enabled a great demand in the market.
3. The powerful influence of various social media tools like social networking websites allows customers to organize their favorite items and segment it into them and collections to share with others.
4. The website for online shopping should be in understandable language. The language should be kept simple while making the websites.

## CONCLUSION

Due to high internet penetration in India, the adaptability of online shopping and better shopping experiences offering by the E-commerce websites among Indians will increase rapidly. Today E-commerce has become an integral part of everyday life. Accessibility to E-commerce websites is not a privilege but rather a necessity for people, particularly people who are staying in urban areas. Due to fast adoption of internet enabled devices like Smartphone and Tablets, we have seen an unparalleled growth in E-commerce. The telecommunication technology has completely changed the way of our living, communication methods, shopping etc. It has a huge impact on how we communicate with friends and relatives how we travel, how we access the information and the way we buy or sell products and services. The growth of E-commerce volumes in India is attracting the attention of players around the globe. E-commerce creates new opportunities for business. Internet users are increasing rapidly in India and online shopping through various e-commerce platforms is also increasing day by day. Some portals and websites deal in a specialized field.

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