

E-Commerce – A Study of Benefits and Challenges

Nisha Mittal^{1*} Pooja Malik²

¹ Research Scholar, M.D.U., Rohtak

² M.Com Net

Abstract – E-commerce is a boom in the modern business. E-commerce means electronic commerce. E-commerce (Electronic commerce) involves buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, predominantly the Internet.

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.

Moreover E-Commerce has significant influences on the environment. Although the model is highly used in current business scenario but the option has not been explored at its fullest.

The current research has been undertaken to describe the scenario of E-Commerce, analyze 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.**

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1. INTRODUCTION

Now-a-days e-commerce is growing popular in an emerging economy. E-commerce began in 1995. It requires the digital goods for carrying out their transactions. Digital goods are goods that can be delivered over a digital network (Laudon and Laudon, 2013). E-commerce is rapidly transforming the way in which enterprises are interacting among each other as well as with consumers and Governments. As a result of changes in the landscape of ICTs, e-commerce is now growing rapidly in several emerging markets and developing economies (UNCTAD/IER/2015). The technologies designed to improve commercial transactions using the Internet have evolved as quickly. However, we have not yet achieved an ideal world of painless and secure transactions utilizing the Internet, as unresolved

privacy issues of the purchaser have impeded the further development of the technologies (Alberto, Avila and violeta-2007). E-commerce has been hailed by many as an opportunity for developing countries to gain a stronger foothold in the multilateral trading system. E-commerce has the ability to play an instrumental role in helping developing economies benefit more from trade (WTO-2013). The growing use of the Internet, tablet devices, and smart phones coupled with larger consumer confidence will see that e-commerce will continue to evolve and expand. With social media growing exponentially in recent years, the conversation between businesses and consumers has become more engaging, making it easier for transactional exchanges to happen online. Internet retailers continue to strive to create better content and a realistic shopping experience

with technologies like augmented reality. With mobile commerce gaining speed, more users are purchasing from the palm of their hand (Miva-2011). E-commerce could deliver a significant benefit to businesses in developing countries by increasing their control over its place in the supply chain, thus improving its market efficiency (Molla & Heeks, 2007).

a) **What is E-commerce?** Electronic commerce, or e-commerce, is the buying and selling of goods and services on the Internet. Other than buying and selling, many people use Internet as a source of information to compare prices or look at the latest products on offer before making a purchase online or at a traditional store. E Business is sometimes used as another term for the same process. More often, though, it is used to define a broader process of how the Internet is changing the way companies do business, of the way they relate to their customers and suppliers, and of the way they think about such functions as marketing and logistics. For the purpose of this study e-commerce is taken to mean doing business electronically. (Lindsay P., 2002)

b) **Why E-commerce?** With the increasing diffusion of ICTs, more specifically the Internet, the global business community is rapidly moving towards Business-to-Business (B2B) e-Commerce. The buyers gain a clear advantage when the Internet gives them access to the global market, by which they can compare prices across regions, find out whether prices vary by order fragmentation and get awareness about substitute products. Due to transparency of the market, customer can compare the services of various e-commerce sites easily. For instant, in case of e-commerce the competitors are one click away from customer. If clients are not happy with the products, prices or services offered by a particular ecommerce site, they are able to change much more easily than in the physical. From the Sellers' point of view, they don't need to have physical existence of shop.

2. BENEFITS OF E-COMMERCE

The main benefit from the customer's point of view is significant increase and saves of time and eases access from anywhere in the globe. Customer can place a purchase order at any time. The main benefits of ecommerce for customers are as follows:

- Reduced transaction costs for participating exchange in a market.

- Increased comfort - transactions can be made 24 hours a day, without requiring the physical interaction with the business organization
- Time saving- Customer can buy or sell any product at any time with the help of internet.
- Quick and continuous access to information- Customer will have easier to access information check on different websites at the click of a button.
- Convenience-All the purchases and sales can be performed from the comfort sitting a home or working place or from the place a customer wants to.
- Switch to others companies-Customer can easily change the company at any time if the service of a company is not satisfactory.
- Customer can buy a product which is not available in the local or national market, which gives customer a wider range of access to product than before.
- A customer can put review comments about a product and can see what others are buying or see the review comments of other customers before making a final buy.

The main benefits of e-commerce from sellers' point of view is increasing revenue and reducing operation and maintenance costs through internet.

These include as follows:

- Increases revenue.
- Reduces operation and maintenance costs.
- Reduces purchase and procurement costs.
- Raises customer loyalty and retention.
- Reduces transportation costs.
- Develops customer and supplier relationships.
- Improves speed of the process of selling.
- Improves internal and external communication. And
- Develops the company image and brand.

3. CHALLENGES IN E-COMMERCE

The major challenges faced by the sellers and the buyer which carrying out business transactions through internet are as follows.

- Private and public corporation is not involved jointly to grow the business of e-commerce. Private and public joint initiative is needed to develop the ecommerce business. Joint initiatives bring credibility inside people, which is needed for flourishing the ecommerce business.
- There is a lack of system security, reliability, standards, and some communication protocol.

Customer loses their money if the website of ecommerce site is hacked. Most common problem of e-commerce website is not having enough cyber security.

- Financial institutions and intermediaries: Thus far, financial institutions and banks in developing countries are hesitant to take an active role in promoting e-commerce. However, merchants need the involvement of banks to broaden the reach and appeal of ecommerce and to help prevent fraud and potential losses attributable to credit card fraud. But beyond the credit card approach, banks and other financial service intermediaries are challenged to develop alternative modalities for secure and reliable online transactions in environments where credit cards are not commonplace (Anupam-2011).
- In developing countries there is a culture of buying product by negotiating price with seller, which is not easily possible in case of e-commerce in developing countries because of lack of infrastructure facility.
- One of the biggest challenges is the cutting down the price of internet. Authorities are trying to keep low the price of bandwidth low. But the high cost of spreading networks and operating expenses hinder to keep price low for internet.
- Trust is the most important factor for the use of the electronic settlements. Traditional paper about based rules and regulations may create uncertainties the validity and legality of e-commerce transactions. Modern laws adopted and impartiality implemented in the electronic transactions form the basis of trust in the developed world. Where legal and judicial systems are not developed ecommerce based transactions are at a

disadvantage because of lack of security whether real or perceived. In many developing countries even today cash on delivery is the most accepted system, even cheques and credit cards are not readily accepted (Roni Bhowmik-2012).

- New methods for conducting transactions, new instruments, and new service providers will require legal definition, recognition, and permission. For example, it will be essential to define an electronic signature and give it the same legal status as the handwritten signature. Existing legal definitions and permissions such as the legal definition of a bank and the concept of a national border—will also need to be rethought (chavan-2013). Besides the above challenges, the emerging economy like India also faced the following challenges:

- Lack of education
- Cultural tradition
- Poor concept of online marketing
- Less marketing or promote
- Political problem
- High cost of products/services comparing traditional market
- Internet coverage arena is limited
- Communication is haphazard over the country
- Lack of trustable business and enterprise and
- Lack of experience of meeting directly with merchant and customer.

4. E-COMMERCE TRENDS -A NEW BUSINESS REVOLUTION IN INDIA:

E-commerce is a boom in the modern business. It 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. Moreover, E-Commerce has every potential to curb the pollution and thus producing significant influences on the environment.

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 favourable 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 smartphones is proving to be a game changer. It is believed that m-commerce could contribute up to 70 per cent of their total revenues.

5. CONCLUSIONS

The e-commerce industry will be a leader with popularity in electronic business world in the upcoming years. The e-commerce revolution has fundamentally changed the business of transaction by giving new opportunities and breaking borders easily. In India, it has strongly impacted the traditional business system and changing the life of people by making it easier. While it gives benefits to customer and seller, e-commerce gives challenges

to traditional business for competitive position. Developing countries face many obstacles that affect the successful implementation of e-commerce with the help of comparing with developed country. When the internet cost will be low then the e-commerce will flourish easily and will make many of traditional business to run out of their business. Convenience is one of the benefits that customer gets from the e-commerce and thus increasing customer satisfaction. This is due to customer can place a purchase an order from anywhere with internet connection. E-commerce business provider should give importance on every customer by giving smooth service and many options for payment and have more functions available online. Other benefits are expanded product offerings and expanded geographic reach. But e-commerce business faces a lot of challenges in flourishing their business.

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 research will in fact be necessary to refine and further elaborate findings in the area of ecommerce. 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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Corresponding Author

Nisha Mittal*

Research Scholar, M.D.U., Rohtak