

Growth of E-Commerce in India: A Literature Review

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Abstract – Commerce has transformed the way business is done in India. Much of the growth for the industry has been triggered by an increase in internet and smartphone penetration. Since 2014, the Government of India has announced various initiatives. The timely and effective implementation of such programs will likely support growth of E-commerce in the country.

Keywords - Digital India, Digital Literacy, E-Commerce, Online Consumers, Online Market, Smartphone Users

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1. INTRODUCTION

20 years back, innovative minds gave World-wide-web to the mankind. The people experienced wonders of Internet. It has changed the perception of people as to how businesses are done and how news opportunities are offered [1].

2. EVOLUTION OF INTERNET

The internet and World-Wide-Web (www) have dramatically changed the way consumers seek information and utilize it. It may be for different purposes like for goods, services or information, the important point is to know to manage for own benefits as per Jimenez et al. [2]. It is found that in December 2018 it reached to 604.21 million. The way market is expanding of Internet, the users will touch 829 billion by 2012. Wikipedia (2018) opined that the industry consensus is that growth is at an inflection point [3].

3. GROWTH OF E-COMMERCE IN INDIA

The e-commerce growth has been accelerated by tremendous technology developments and increasing use of smart gadgets. The digital transformation is being constantly boosted in India for good of Indian economy. IBEF and Mint (2016) studies expects that revenue to reach US \$ 120 billion (51% annual growth) by end of 2020 [4].

Google research estimates that by 2021 in India that Out of E-Commerce retail segment expected

revenue of US \$ 100 billion online fashion industry contributes to US \$ 35 billion with world's highest 51% annual rate. By observing the trend, online commerce activities are expected to reach by 2022 to US \$ 150 billion [5]. It is further expected that by 2016, it would expand to US \$ 200 billion. E-commerce is changing the way of doing business.

Sagi et al (2004) observed that the globalization is having an important impact in the business world and it is successful due to continuous technology advances. Large number of companies are born based on innovative e-commerce-based business models and there is rumors that traditional retail stores will disappear someday [6]. Rajasekar et al (2016) noted that India has emerged as one of the major players in global business arena. Reform took place in 1991 and from there on growth of internet-based business has grabbed management attention [7]. Electronic commerce is gaining ground with upward rise and very lucrative channel for business dealings.

Looking back in 2009, Electronic commerce amounted to US \$ 3.9 billion in Indian market. It was then moved to US \$ 6.9 in 2011 and further in 2013 to US \$ 12.6 billion. Retail business in electronic commerce contributed to US \$ 2.3 billion. The travel business was major stake holder with 79% pie at this point. Year 2014, a study of Google India was published those online shoppers were crossing a whopping figure of US \$ 100 million. Here major share in sales was from apparel and electronics businesses. While next year it was US \$ 24 billion business equally by

retails and travel E-commerce in India. Mobiles and Direct to home services did exceedingly well at this point to reach a million bench mark level followed by online selling of many brands in luxury jewelry and retail segment. As per Wikipedia (2018) there are positive sales expectations in next 2-3 years [3]. It is also opinioned that Indian internet economy is likely to be double as US \$250 Billion in 2020 from US \$ 125 Billion of April 2017.

It is observed that The Indian E-Commerce industry has been on an upward growth trajectory and is expected to surpass the US by 2034. It destined to become world's second largest market. India has seen whopping tally of 120 million mark of online customers by 2018 and expecting Indian E-commerce to garner 20 million online shoppers by coming 2025. Ever increasing internet user base and standard of living of India masses are the primary factors. Innovative business ideas with online marketing, advertising are implemented to reach to online customers with numerous facilities and very smooth transactional shopping experience making India.

India is the speedy growth for the E-commerce business and attracting a large number of Indian blue-chip companies going online. As far as B2B Electronic Commerce is concerned Govt. has permitted marketplace model of e-commerce with 100% FDI [7]. In year 2018, E-Commerce in consumer internet companies in India received more than US \$ 7 billion in private equity and venture capital. In India, as per a report found for 2017 Major E-commerce companies were Flipkart, Amazon, Myntra, Paytm, and Snapdeal. Next year in 2018, Amazon revenue exceeded that of Flipkart and recorded biggest online company in India.

Today internet has become an inseparable part of our daily life. Internet economy is booming and e-commerce sales are expanding by leaps and bounds at a whopping rate, indicating a momentous shift in customer spending habits of human beings. Economist has theorized that e-com ought to lead to intensified price competition, as it increases consumers' ability to gather information about products and prices [8]. Individual or business involved in e-commerce whether buyers or sellers rely on internet-based technology in order to accomplish their transactions. E-Commerce is recognized for its ability to allow business to communicate and to form transactions any time and any place. Whether an individual is in their own country or overseas, business can be conducted through the internet. The power of e-commerce allows geophysical barriers to disappear, making all consumers and businesses on earth, potential customers and suppliers. E-Commerce has so many advantages in our daily life because it makes convenient in daily life of the people. E-Commerce has an impact on three major stakeholders, namely the society, organizations and customers. There are

a number of advantages which include cost savings, increase efficiency, customization and global marketplaces. There are also limitations arising from E-Commerce which apply to each of the stakeholders. In order to understand economics of E-commerce it is important to identify the different terms that are used, and to assess their origin and uses. These include information overload, reliability and security issues and cost of access social divisions and difficulties in policing the internet [8]. The use of persuasive strategies has been identified as one means through which businesses can engage their existing clients and make new ones. Bearing in mind the many persuasive strategies that exist, identifying what strategies work best in a given context is important in order for them to be effective. In other words, the persuasive strategies have to be tailored to the individual. Adaji & Vassileva (2016) and also Montgomery & Smith (2009) research has shown that the demographics of customers can be used in creating a personalized experience for shoppers [9][10].

As understood by Rajasekar & Agrawal (2016) the E-commerce is a paradigm shift. It is a "disruptive" innovation that is radically changing the traditional way of doing business. Electronic commerce is 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 internet. E-Commerce is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet. These business transactions are business to business, business to consumers, consumer to consumer or consumer to business. The term e-tail is used in reference to transaction processes around online retail. E-Commerce is conducted using a variety of applications such as email, fax, online catalogs and shopping carts, electronic data interchange [EDI], file transfer protocol and Web services. It can be thought of as a more advanced form of mail order purchasing through a catalog. E-Commerce is the movement of business onto the world-wide-web. The effects of e-commerce are appearing in all areas of business, from customer service to new product design [7].

4. VARIOUS SECTORS IN E-COMMERCE

As per latest study conducted, the sector composition as on 2018 is found as under:

- Electronics – 48%
- Apparels – 29%
- Home and Furnishing - 9%
- Baby, Beauty and Personal care – 8%

- Books – 3%
- Others - 3%.

Currently, there are 1-1.2 million transactions per day in e-commerce retailing. The output of the survey has shown that most of the people have now started using online shopping websites frequently and they are now more keenly interested in buying products through internet. First the people were scared buying online because of the unreliable payment procedures. Price and trust have now become most important factors for the development of online shopping. Discounts and safe delivery systems have also fascinated the customers towards the online shopping more and more in buying online products. Most of the customers are now not hesitant in buying online products.

E-Commerce has made it easier for top American brands to reach Indian customers and has emerged as one of the fast-growing trade channels available for the cross-border trade of goods and services. There is a growing appetite for international brands and better-quality foreign products amongst digitally connected Indian shoppers due to rising income levels and increased awareness. Several categories including lifestyle products, consumer electronics, clothing, footwear, jewelry and accessories, health and beauty, household goods, art and collectibles, event tickets and online music are doing well for online sales. E-Commerce in India can be broadly categorized as domestic and cross border, B2B and B2C marketplace and inventory based. Technology such as digital payments, hyper local logistics, analytics driven customer engagement and digital advertisements have enabled the E-Commerce industry in India to grow at a much faster rate as per government export agency study for 'Helping U.S. Companies Export.

5. ADVANTAGE INDIA

- Growing demand
- Attractive opportunities
- Policy support
- Increasing investment.

The utility of e-commerce is not limited to just sale and purchase of goods and services over computer networks but entail the entire online process of developing, marketing, selling, delivering, servicing and paying for products and services. The study conducted on the retail market in India suggest that the growing popularity of online shopping is affecting offline retailers since offline companies are offering better prices and have attractive promotional strategies. It is also easy to reach the consumers online. The online channel gives consumers the opportunity to shop anytime anywhere with the help

of the internet. This is motivating the retailers' chains to get into the online business [10].

6. CRM ISSUES IN E-COMMERCE

As per Gendall (2008) Behavior of human being keep changing constantly and it's hard for anyone to always remain in the same mood. It is commonly known remedy that people who are sad and getting bored usually go for shopping. So, shopping is greatly considered a good idea for changing moods. Kumar (2014) observed that Now a days with a rapid increase in E-commerce, people do not need to go somewhere for shopping. A person usually at home is spending hours and hours on just checking out the stuff for sale over the internet, even on which he/she is not interested to buy. Such shopping habits of the customer are fabulously taking the online shopping industry to much higher profitable place [11].

IBEF observed that e-com industry is growing consistently and expected that e-com market here will become second largest in the world by 2034 surpassing US behind. The primary factors are raising income and the ever-increasing internet user base. The numbers of e-Com customers are increasing at faster pace. It was estimated at 120 million in 2018 and expected to achieve to a level of 220 million by 2025. 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. India is the fastest growing market for the e-commerce sector as per opinion of Rajasekar (2016) [7]. Rajasekar et al (2016) noted that India has emerged as one of the major players on the new international business scene. Its unstoppable growth since reforms in 1991 has become the focus of attention of the management. The research explains that the utility of e-commerce is not limited to just sale and purchase of goods and services over computer networks but entail the entire online process of developing, marketing, selling, delivering, servicing and paying for products and services. The study conducted on the retail market in India suggest that the growing popularity of online shopping is affecting offline retailers since offline companies are offering better prices and have attractive promotional strategies. It is also easy to reach the consumers online. The online channel gives consumers the opportunity to shop anytime anywhere with the help of the internet. This is motivating the retailers' chains to get into the online business [7].

Research study conducted by Upadhyay et al., (2017) show that most of the people have now started using online shopping websites frequently and they are now keen and interested in buying products through internet. In this study researcher aimed to study consumer's behavior towards buying pattern while doing online shopping in

Mumbai city to know the evolution of online shopping. The author has discussed some of the important factors such as reliable payment procedures, price, trust, discounts and safe delivery systems and with elementary level graphics they could evolve few attributes of the customers of Mumbai city [12].

Kaur (2016) has conducted research work on "Customer relationship management. Her focus was to study CRM policies of different companies. She advocated that the biggest challenge the management has to face in today globalized world is to serve and maintain good relationship with the king-the customer. Today there is radical transformation. These changes has shifted the producer's from the traditional marketing approach to modern marketing which involves much more than only developing a product, pricing it, promoting it and making it accessible to the customer. The author has analyzed CRM policies being adopted by three companies namely Apple Inc., Amazon and BMW. Some of the important recommendation is to reengineer marketing department to develop close relationship with customer through people, equipment and procedures. Companies should continuously search for value building approaches[13].

7. CONCLUSION

Doubling the online sales in the last five years, the e-commerce sector in India has started to take shape and is expected to continue the phenomenal growth. The speed of the growth in E-commerce in India is remarkable. Factors such as increased smartphone usage, convenient and economic internet access, and busy schedules of working professionals etc., have led to the growth of E-commerce.

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