A Study on E-Commerce – Conceptual Framework & Future Potential in India

Deepa Verma¹ and Harita Mehla²

¹Assistant Professor, Department of Commerce, G.V.M Girls College (M.D. University, Rohtak) Sonepat (Haryana)
deeva.verma.147@gmail.com

²Assistant Professor, Department of Commerce, G.V.M. Girls College (M.D. University, Rohtak) Sonepat (Haryana) haritamehal@gmail.com

Abstract

In recent years Electronic Commerce has become quite popular and convenient for many people. Presently it is enjoying rapid growth. Electronic Commerce (E-Commerce) has become a Buzzword for business over the past few years, with increased awareness about the use of computer and communication technologies to simplify Business procedure & Increase efficiency. Electronic Commerce basically describes the process of buying & selling or exchanging of products, services and information via computer network including internet. The present paper makes an attempt to give conceptual framework of E-Commerce, benefits associated with it, services offered, challenges faced & its future potentials in India in very simple words. Further this paper highlights the importance of E-Commerce in modern business era. E-Commerce also provides an affordable platform which caters the needs of organizations, merchants and consumers to cut the costs while improving quality of goods & services and increasing the speed of service delivery. Keywords: Electronic Commerce, Internet, Transactions.

1. Introduction

Internet usage or internet users are increasingly growing up. According to International Telecommunication Union, there are 77% internet users in the developed world and 31% users in the developing world. In totality it constitute 39% people are using internet through out in the world out of 7.1 Billion World’s population in 2013. This year the number of Internet users worldwide reached 2.27 Billion almost exactly twice what it was in 5 years ago, 1.15 Billion in 2008. This tremendous growth created many openings in various spheres of life like electronic data interchange, electronic mail, World Wide Web, internet application, e-marketing-banking etc. In 2010, the United Kingdom had the biggest e-commerce market in the world when measured by the amount spent per capita. The Czech Republic is the European country where ecommerce delivers the biggest contribution to the enterprises’ total revenue. Almost a quarter (24%) of the country’s total turnover is generated via the online channel.

Among emerging economies, China’s e-commerce presence continues to expand. With 384 million internet users, China's online shopping sales rose to $36.6 billion in 2009 and one of the reasons behind the huge growth has been the improved trust level for shoppers. The Chinese retailers have been able to help consumers feel more comfortable shopping online. China's cross-border e-commerce is also growing rapidly. E-commerce transactions between China and other countries increased 32% to 2.3 trillion Yuan ($375.8 billion) in 2012 and accounted for 9.6% of China's total international trade.

Other BRIC countries are witnessing the accelerated growth of e-commerce as well. In Russia, the total e-commerce market is projected to total somewhere between 690 billion rubles ($23 billion) and 900 billion rubles ($30 billion) in 2015, at 2010 values. This will equal 5% of total retail volume in Russia. Longer-term, the market size of Russian e-commerce could reach $50 billion by 2020. E-commerce players need to understand unique insights about trust factor, online payments and language peculiarities to penetrate the Russian market. Brazil's e-commerce is growing quickly with retail e-commerce sales expected to grow at a healthy double-digit pace through 2014. By 2016, e-marketers expect retail ecommerce sales in Brazil to reach $17.3 billion.

India's e-commerce growth, on the other hand, has been slower although the country's potential remains solid considering its surging economy, the rapid growth of internet penetration, English language proficiency and a vast market of 1.2 billion consumers (although perhaps only 50 million access the internet through PCs and some estimate the most active group of e-commerce customers numbers only 2-3 million). E-commerce traffic grew about 50% from 2011 to 2012, from 26.1 million to 37.5 million, according to a report released by Com Score. Still much of the estimated 14 billion dollars in 2012 ecommerce was generated from travel sites.
E-Commerce is also expanding across the Middle East. Having recorded the world's fastest growth in internet usage between 2000 and 2009, the region is now home to more than 60 million internet users. Retail, travel and gaming are the region's top e-commerce segments, inspite of difficulties such as the lack of region-wide legal frameworks and logistical problems in cross-border transportation. E-Commerce has become an important tool for small and large businesses worldwide, not only to sell to customers, but also to engage them.

2. E-Commerce: - What Exactly It is?

Electronic commerce, commonly known as e-commerce, is a type of industry where the buying and selling of products or services is conducted over electronic systems such as the Internet and other computer networks. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web at least at one point in the transaction's life-cycle, although it may encompass a wider range of technologies such as e-mail, mobile devices, social media and telephones as well. Electronic commerce is generally considered to be the sales aspect of e-business. It also consists of the exchange of data to facilitate the financing and payment aspects of business transactions. This is an effective and efficient way of communicating within an organization and one of the most effective and useful ways of conducting business.

Simply e-commerce is the phrase is used to describe business that is conducted over the internet using any of the applications that rely on the Internet, such as e-mail, instant messaging, shopping cards, web services, UDDI, FTP, and EDI, among others. Electronic commerce can be between two businesses transmitting funds, goods, services & data between a business and a customer.

When the payee receives an e-check, the payee presents it to the accounting server for verification and payment. The accounting server verifies the digital signature on the check. When all is found correct the accounting server create an order to a bank computer that authorizes the funds transfer to the payee’s bank. That is instructions are send to the payee’s bank to debit money from the payer’s account.

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 the internet. Electronic commerce operates in all four of the major market segments: business to business, business to consumer, consumer to consumer and consumer to business. It can be thought of as a more advanced form of mail-order purchasing through a catalog. Almost any product or service can be offered via e-commerce. E-commerce has allowed firms to establish a market presence, or to enhance an existing market position, by providing a cheaper and more efficient distribution chain for their products or services. When you purchase goods or services online, you are participating in e-commerce.

3. Applications of E-Commerce:-

With the use of e-commerce, one can do online shopping. Unlike traditional model, customer need not to go to store, he or she can visit any website and find all the information regarding any product at screen of his computer and places the order. In the online model, the retailer seeks out the customer. With online shopping, constraints of time and space disappear. E-commerce facilitates home banking which means one can operate his or her account while sitting at their home. That is customer can manage their account from somewhere else. They need not to go to bank
to manage their account. Customers can deal with the bank from anywhere in online banking.

E-commerce also helps to manage the supply chain; Supply Chain Management is a term that encompasses the coordination of various department of a company. It includes order generation, order taking, order fulfillment and distribution of products or services or information.

4. Benefits Associated with E-Commerce: -

4.1 Benefits to the Organization

Electronic Commerce expands the market place to the national & International level where it can transact with customers globally. It also decreases the cost of creating, processing, distributing, storing & retrieving paper based information. Customer gets the “Self-Service”, controls the search process, the time spent on various sites, degree of price, product comparison, the people with whom he wants to interact and the decision to buy the product that’s why customer controls the interactions.

It is a technology based customer based interface. It has the power to provide the “Best of both the worlds”. One can directly approach the customers and suppliers, cutting down on the number of levels and in the process. Cost of acquiring, servicing & retaining customers is relatively cheaper to acquire the new customers over the net. E-commerce reduces the time between the outlay of capital and receipts of products and services & allows reduced inventories & overheads by facilitating “pull” type supply chain management.

4.2 Benefits to the Consumers

E-commerce helps the customers to do the transactions 24*7 hours a day. It provides the customers with more choices & helps the customers to interact with the other customers in electronics communities. While using the E-Commerce customers can participate in virtual auctions. E-Commerce facilitates competition which results in substantial discounts. It also allows the quick delivery of goods & services.

4.3 Benefits to the Society

E-Commerce allows to do the work at home and to do the less traveling for shopping resulting less in traffic and lower air pollution. It allows some merchandise to be sold at lower price & enables people in rural areas to enjoy products & services not available to them. E-Commerce facilitates delivery of public services. It is very much Network economical.

5. Major Problems Associated with E-Commerce: -

5.1 Technical Problems

E-commerce has lack of system security, reliability & standard. It is very much difficult to integrate the internet with E-Commerce Software with some existing applications & database. Electronic commerce requires of special Web-Servers & other Infrastructure Facilities Which makes it very difficult to implement it in the organization.

5.2 Non-Technical Problems

As E-Commerce is still evolving and changing rapidly, the cost of developing the E-commerce is very high and the accessibility to the Internet is also very expensive. It is also very much difficult to ensure the security & privacy also. E-Commerce could even result in a breakdown of human relations because of all the transactions being carried out through the internet.

6. Conceptual Framework of E-commerce

Framework tells about the detail of how ecommerce can take place. It defines actually how e-commerce implemented, how online trading or business can be done. It defines important components that should be present to do some transaction.
Network Infrastructure is called as “Information super highway” is the path through which actual information flows and moves between sender and receiver. The web allows small businesses and individuals to develop content in the form of Hypertext markup language and publish it on a web server. Web provides a means to create product information (content) and a means to publish it in a distribution center. Once contents has been created and stored on a server, messaging and information distribution methods carry that content across the network. Network Infrastructure includes the different methods for facilitating online buying and selling processes.

7. E-Commerce: - Potential in India

Economists have theorized that e-commerce ought to lead to intensified price competition as it increases consumers' ability to gather information about products and prices. Research by four economists at the University of Chicago has found that the growth of online shopping has also affected industry structure in two areas that have seen significant growth in e-commerce, bookshops and travel agencies. Generally, larger firms are able to use economies of scale and offer lower prices. The only exception to this pattern has been the very smallest category of bookseller, shops with between one and four employees, which appear to have withstood the trend.

Individual or business involved in e-commerce whether buyers or sellers rely on Internet-based technology in order to accomplish their transactions. Ecommerce is recognized for its ability to allow business to communicate and to form transaction anytime and anyplace. Whether an individual is in the US 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-bay is a good example of e-commerce business individuals and businesses are able to post their items and sell them around the Globe.

8. Conclusion

In today's world every enterprise wants to be a part of the “Connected Economy”. It wants to extend the enterprise all the way to the suppliers and business partners like distributors, retailers and ultimately to the end consumers. Every businessman wants to extend the enterprise beyond the narrow confines of its own organization. “E-Commerce is a worldwide opportunity which will be the major means of building business in the 21st century.” In Nutshell, we can conclude that e-commerce strategies can help just about any type of company users in new business that it never could have obtained without the existence of the Internet. E-commerce sales topped $1 trillion for the first time in history. Still It has a long way to go.

References