TRENDS AND IMPORTANCE OF ELECTRONIC COMMERCE: OPPORTUNITIES & CHALLENGES

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ABSTRACT

A developing country may well attempt to be modernized if it introduces e-commerce effectively and efficiently. It will improve its output and lead to its competitive advantage. Information Technology (IT) has uplifted e-commerce worldwide. Now it's at ease to enter to a new market and marketers' can easily evaluate their product and company's performance.E-Commerce is a very important and new tool of the electronic business. In E-commerce purchase of goods and services are done through internet. The electronic business are done in various ways such as business to business, business to customer etc. E commerce provide the various opportunities for buyer as well as seller but also provide the challenges.

INTRODUCTION

E-commerce means electronic commerce. It means dealing in goods and services through the

electronic media and internet. E-commerce involves carrying on a business with the help of the internet and by using the information technology like Electronic Data Interchange (EDI). E-Commerce relates to a website of the vendor on the Internet, who trades products or services directly to the customer from the portal. The portal uses a digital shopping cart or digital shopping basket system and allows payment through credit card, debit card or EFT (Electronic fund transfer) payments.

Electronic commerce is an emerging model of new selling and merchandising tools in which buyers are able to participate in all phases of a purchase decision, while stepping through those processes electronically rather than in a physical store or by phone (with a physical catalogue). The processes in electronic commerce include enabling a customer to access product information, select items to purchase, purchase items securely, and have the purchase settled financially. It is an emerging concept that describes the process of buying and selling or exchanging of products, services; and information via computer networks including the Internet.

REVIEW OF LITERATURE

ASSOCHAM Study (2012) found the highest growth rate in the apparel segment, almost 69.5 per cent over 2014, followed by electronic items, up 62 per cent, baby care products, up 53 per cent, beauty and personal care products at 52 per cent and home furnishings at 49 per cent. Rapid growth of digital commerce in India is mainly due to increased use of smartphones.

Chanana Nisha and Goele Sangeeta (2015) proposed that the future of E-Commerce is difficult to predict. There are various segments that would grow in the future like: Travel and

Tourism, electronic appliances, hardware products and apparel. There are also some essential factors which will significantly contribute to the boom of the E-Commerce industry in India i.e. replacement guarantee, M-Commerce services, location based services, multiple payment option, right content, shipment option, legal requirement of generating invoices for online transactions, quick Service, T & C should be clear & realistic, the product quality should be same as shown on the portal, dedicated 24/7 customer care centre should be there.

Awais Muhammad and Samin Tanzila (2017) indicatedthat use of internet has made the world a global village. The use of Internet has reduced the distances and brought the people together. A nation's back bone

is commerce and it will be strengthened if backed by electronic tools in which e-commerce plays a vital role. The important feature in ecommerce is privacy which not only increases competitive advantage but confidence level also. E-commerce brings sellers and potential buyers at the distance of one click and it saves time as it is cost effective, as E-commerce is becoming key to success Internet banking, one among the innovative and significant internet based services has experienced explosive growth and led to transformation of traditional banking practice.

OBJECTIVES OF THE STUDY

1. To study the e- commerce opportunities and challenges.

2. To study the recent trend of e commerce business.

3. To study the importanceof Online Shopping and Online Selling.

RESEARCH METHODOLOGY

For this paper, the information gathered through secondary data whichinclude Journals & Periodicals, research papers and Websites.

DEFINITIONs OF ELECTRONIC COMMERCE IN DIFFERENT PERSPECTIVES:

Electronic Commerce (EC) is defined under different perspective is as follow:

1. Communications Perspective: EC is the delivery of information, products /services, or payments over the telephone lines, computer networks or any other electronic means.

2. Business Process Perspective: EC is the application of technology toward the automation of business transactions and work flow.

3. Service Perspective: EC is a tool that addresses the desire of firms, consumers, and management to cut service costs while improving the quality of goods and increasing the speed of service delivery.

4. Online Perspective: EC provides the capability of buying and selling products and information on the internet and other online services.

TYPES OF E-COMMERCE:

B2B - Business to Business:E-commerce has been in use for quite a few years and is more commonly known as EDI (electronic data interchange). In the past EDI was conducted on a direct link of some form between the two businesses where as today the most popular connection is the internet. The two businesses pass information electronically to each other. B2B e-commerce currently makes up about 94% of all e-commerce transactions.

B2C - Business to Consumer: Business to Consumer e-commerce is relatively new. This is where the consumer accesses the system of the supplier. It is still a two way function but is usually done solely through the Internet.B2C can also relate to receiving information such as share prices, insurance quotes, on-line newspapers, or weather forecasts. The supplier may be an existing retail outlet such as a high street store; it has been this type of business that has been successful in using E-Commerce to deliver services to customers. These businesses may have been slow in gearing-up for E-Commerce compared to the innovative dot.com start ups, but they usually have a sound commercial structure as well as in-depth experience of running a business - something which many dotcoms lacked, causing many to fail.

C2B - Consumer to Business: Consumer to Business is a growing arena where the consumer requests a specific service from the business. *Example*: Harry is planning a holiday in Darwin. He requires a flight in the first week of December and is only willing to pay Rs. 250. Harry places a submission with in a web based C2B

facility. Dodgy Brothers Airways accesses the facility and sees Harry's submission. Due to it being a slow period, the airline offers Harry a return fare for Rs. 250.

B2E - Business to Employee: Business to Employee e-commerce is growing in use. This form of E-commerce is more commonly known as an 'Intranet'. An intranet is a web site developed to provide employees of an organisation with information. The intranet is usually access through the organisations network, it can and is often extended to an Entrant which uses the Internet but restricts uses by sign on and password.

C2C - Consumer to Consumer: These sites are usually some form of an auction site. The   consumer lists items for sale with a commercial auction site. Other consumers access the site   and place bids on the items. The site then provides a connection between the seller and buyer to complete the transaction. The site provider usually charges a transaction cost. In reality this   site should be call C2B2C.

OVERVIEW OF E-COMMERCE FULFILMENT MODELS:

There are three main fulfilment models associated with e-commerce that dictate the role of the retailer as well as the way in which a product is stored and distributed to the end user. These models have asignificant impact on the operational characteristics of the **business** and its day-to-day running as well as the overall operating margin. The three main models are:

Dropshipping Model: In a dropshipping model, the e-commerce business takes no physical possession of the items on sale. The store owner does not keep products in stock and there is no inventory held. Instead, orders are sent directly to the manufacturer, who is responsible for storing the items and shipping them to the customer. In this sense, the merchant never sees or touches the products, which has some unique advantages over adopting a more traditional order fulfilment model.

Traditional Order Fulfilment Model:

Buying wholesale is arguably closest to the traditional offline retail model. In effect, the business owner (retailer) **acquires stock directly from a wholesaler** at a discounted rate, applies a margin onto each product and decides to deliver to consumers directly.

E-COMMERCE OPPORTUNITIES AND CHALLENGE

Opportunities for e-commerce:

E-business:E-business affects the whole business and the value chains in which it operates. It enables a much more integrated level of collaboration between the different components of a value chain than ever before. Adopting e-Business also allows companies to reduce costs and improve customer response time. Organizations that transform their business practices stand to benefit immensely from innumerable new possibilities brought about by technology.E-commerce as anything that involves an online transaction. This can range from ordering online, through online delivery of paid content, to financial transactions such as movement of money between bank accounts. One area where there are some positive indications of e-commerce is financial services. Online stock trading saw sustained growth throughout the period of broadband diffusion. E-shopping is available to all these who use a computer. Over the past year Amazon.Com, ebay India, Indiatimes have seen a rapid growth in categories such as mobile handsets, jewellery, fashion apparel, books, gift items and other items.

✧ Naukri.com – India's premier recruitment site has captured around 50% of the recruitment market.

✧ ICICIDIRECT.com - Stock trading simplified, Icicidirect.com is today the country's premier trading portal.

✧ Baaze.com the country's premier shopping site started as an auction site and graduated to be the most popular platform-shopping site.

✧ Irctc.com - One of the best things about this site is that a credit card is not an essential requirement for buying tickets here. Instead the site offers a direct debit facility having tied with most of the popular banks (www.rajindraflorist.com).

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➢ E-commerce integration: The rationale for infusion of e-commerce education into all business courses is that technological developments are significantly affecting all aspects of today's business. An e-commerce dimension can be added to the business curriculum by integrating e-commerce topics into existing upper-level business courses. Students would be introduced to e-commerce education and topics covered in a variety of business courses in different disciplines e.g. accounting, economics, finance, marketing, management, management information systems. To help assure that all related business courses in all disciplines such as e.g., accounting, finance, economics, marketing, management, information systems pay proper attention to the critical aspects of e-commerce, certain e-commerce topics should be integrated into existing business courses.

➢ Open and distance learning

Education and continuous learning have become so vital in all societies that the demand for distance and open learning will increase. As the availability of the Internet expands, as computing devices become more affordable, and as energy requirements and form factors shrink, e-learning will become more popular. In addition to the importance of lifelong learning, distance education and e-learning will grow in popularity because convenience and flexibility are more important decision criteria than ever before. E learning will become widely accepted because exposure to the Internet and e-learning often begins in the primary grades, thus making more students familiar and comfortable with online learning. In fact, for many countries, distance education has been the most viable solution for providing education to hundreds of thousands of students.

➢ E-commerce and E-insurance

Traditional insurance requires a certificate for every policy issued by the insurance company. However, paper certificates encumber problems including loss, duplication and forging of the certificate. The conventional certificate is now replaced with an electronic certificate that can be digitally signed by both the insurer and the insurance company and verified by a certifying authority.Online policy purchase is faster, more user-friendly and definitely more secure than the traditional processes. Therefore it is more attractive to the insurer. At the same time it incurs less cost and requires fewer resources than traditional insurance and is therefore more profitable for the insurance company.E-insurance also makes the insurance procedure more secure since the policy details are stored digitally and all transactions are made over secure channels. These channels provide additional market penetration that is absent in traditional channels and help in earning more revenue than traditional insurance processes.

➢ Future media of e-commerce:

There will be wider range of relevant media, including interactive digital TV, and a range of mobile and wireless services.There will be huge difference between different consumers' ownership of equipment and access technology. Some will have broad band access and others have no digital communication at all.Digital media able to support consumer e-commerce can be grouped under five main headings, with in the home PCS, IDTV and with in next five years a range of other online device such as games, computers, utility meters etc. In summary, the online PC is well established while the other B2C digital media are still emerging.

Challenges for e-commerce:

Internet based e-commerce has besides, great advantages, posed many threats because of its being what is popularly called faceless and borderless.Some examples of ethical issues that have emerged as a result of electronic commerce. All of the following examples are both ethical issues and issues that are uniquely related to electronic commerce.

➢ Ethical issues:

Jackie Gilbert Bette Ann Stead (2001),reported the following ethical issues related to e-commerce.

- Privacy

- Security concerns
- Other ethical issues

➢ Perceptions of risk in e-service encounters

Mauricio S. Featherman, Joseph S. Valacich & John D. Wells(2006) reported that as companies race to digitize physical-based service processes repackaging them as online e-services, it becomes increasingly important to understand how consumers perceive the digitized e-service alternative. E-service replacements may seem unfamiliar, artificial and non-authentic in comparison to traditional service processing methods. Consumers may believe that new internet-based processing methods expose them to new potential risks the dangers of online fraud , identity theft and phishing swindles means schemes to steal confidential information using spoofed web sites, have become commonplace, and are likely to cause alarm and fear within consumers.

➢ E-commerce Integration

Beside many an advantages offered by the education a no. of challenges have been posed to the recent education system.Zabihollah Rezaee, Kenneth R. Lambert and W. Ken Harmon(2006) reported that E-commerce Integration assures coverage of all critical aspects of e-commerce, but it also has several obstacles. First, adding e-commerce materials to existing business courses can overburden faculty and students alike trying to cope with additional subject matter in courses already saturated with required information. Second, many business faculty members may not wish to add e-commerce topics to their courses primarily because of their own lack of comfort with technology-related subjects. Third and finally, this approach requires a great deal of coordination among faculty and disciplines in business schools to ensure proper coverage of e-commerce education.

➢ ITAct 2000 and legal system

Beside many an advantages offered by the IT a no. of challenges have been posed to the legal system. The information transferred by electronic means which culminates into a contract raises many legal issues which cannot be answered within the existing provisions of the contract act. The IT act does not form a complete code for the electronic contracts.Farooq Ahmed(2001) reported that Some of the multifaceted issues raised are summarized in following manner.

- Validity of e-transactions.
- formation of ecommerce:
  ✧ contract by EDI
  ✧ Cyber contract
- Dichotomy of offer and invitation to treat.
- Communication of offer and acceptance
- Jurisdiction: cyber space transactions know no national and international boundaries and are not analogous to 3- dimensional world in which common law principles involved.
- Identity of parties

The issues of jurisdiction, applicable law and enforcement of the judgments are not confined to only national boundaries. The problems raised are global in nature and need global resolution.

➢ Human skills required for E-Commerce:

It's not just about E-commerce;

It's about redefining business models, reinventing business processes, changing corporate cultures, and raising relationships with customers and suppliers to unprecedented levels of intimacy.Internet-enabled Electronic Commerce:

✧ Web site development
✧ Web Server technologies
✧ Security
✧ Integration with existing applications and processes

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 a 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.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.

Importance of 'Online'Shopping

People buy online the products because it provides the configuration to the people from which they can buy according to their preferences by comparing various sellers product for this some parameters are:

✧ Lower Prices:Managing an online storefront is far cheaper than an offline, brick and mortar store. Typically less staff are required to manage an online shop as web-based management systems enable owners to automate inventory management and warehousing is not necessarily required (as we discuss later). As such, e-commerce business owners can afford to pass operational cost savings on to consumers (in the form of product or service discounts) whilst protecting their overall margin. Furthermore, with the rise of price comparison websites, consumers have more transparency with regard to prices and are able to shop around, typically purchasing from online outlets instead.

✧ Accessibility and Convenience: Unlike many offline stores, consumers can access e-commerce websites 24 hours a day. Customers can read about services, browse products and place orders whenever they wish.

In that sense, online shopping is extremely convenient and gives the consumer more control. Furthermore, those living in more remote areas are able to order from their home at a touch of a button, saving them time travelling to a shopping centre.

◇ <u>Wider Choice:</u>For the past twenty years, the growth of online shopping has to a large extent been based around increased choice. With an almost endless choice of brands and products to choose from, consumers are not limited by the availability of specific products in their local town, city or country. Items can be sourced and shipped globally. Interestingly, one recent study found that consumers are actually starting to become frustrated by e-commerce sites that offer too much choice. Whichever way you look at it though, more choice has likely been a good thing over the long term.

Importance of Online Selling

It's time to turn attention towards thedifferent types of e-commerce businesses available. To study the concept of online business its important to understand the various parameters of every business which are followed for earning the profits.

◇ <u>Higher Margins:</u>Setup costs and ongoing operational costs such as rent, heating,electricity, warehousing (if operating a drop-ship model) and inventory management are often significantly reduced or otherwise eliminated. Further, customer service and other administrative tasks can be automated or outsourced at a relatively low-cost. As such, higher margins can usually be achieved when selling via an online store compared to operating an offline business.

◇ <u>Scalability:</u>With a brick and mortar business, the owner is often limited by the amount of people who can physically be in the store at any one time. There is no limit when trading online. Running an e-commerce business means tapping into a truly global market. Furthermore, online platforms enable rapid scaling. With the emergence of social media and content marketing as well as the option of generating traffic and conversions through pay-per-click (PPC), expanding into new regions or markets can happen quickly. A great example of this in practice is Choxi, a business that experienced 1,023% growth in revenue in just one year.

◇ <u>Consumer Insight/Technology:</u> E-commerce businesses typically collate a tremendous amount of customer data. With every element of consumer behaviour being tracked, e-commerce business owners are able to understand, tweak and improve the customer shopping experience for customers – making data-led decisions to increase conversion rates and sales. With technology rapidly evolving, it is important that online retailers use tools such as Google Analytics correctly to understand their customers' buying habits, unlocking insight from this data presents a unique advantage, not available to offline stores. Those who leverage the right systems and technology can see their businesses grow extremely quickly.

CONCLUSION:

As I conclude the study, A developing country may well attempt to be modernized if it introduces e-commerce effectively and efficiently. It will improve its output and lead to its competitive advantage. Information Technology (IT) has uplifted ecommerce worldwide. Now it's at ease to enter to a new market and marketers' can easily evaluate their product and company's performance. A growing number of firms in various industries, such as banking, education, commerce, and tourism, etc. have improved their services by both incorporating technologies into their service delivery process.

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