ROLE OF INTERNET IN E-COMMERCE: ISSUES & CHALLENGES

Divya Misra

Lecturer, Faculty of Commerce & Management, Rama University, Kanpur

Abstract:
The E-commerce has completely revolutionized the conventional concept of business. E-Commerce deals with selling and purchasing of goods and services through internet and computer networks. E-commerce stands for electronic commerce. E-commerce is doing business online and electronically. This paper attempts to highlight the different challenges faced by the E-commerce in India, understand the essential growth factors required for E-commerce, describes the prosperity of E-Commerce in India and retail E-Commerce sales in India. The study found that, in the world of E-commerce, the existence of the wholesalers is at the greatest risk because the producer can easily ignore them and sell their products to the retailers and the consumers. Wholesalers can take the advantage of E-commerce in establishing contracts with reputed producers and linking their business with the online. The study also found that, E-commerce provides the various types of opportunities to the wholesalers, retailers, producers and the People.

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 on a business with the help of the internet and by using the information technology like Electronic Data Interchange (EDI). 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 is the movement of business onto the World Wide Web (WWW). 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.

Electronic commerce or E-Commerce refers to a wide range of online business activities for products and services. It also pertains to "any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact." E-Commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform and redefine relationships for value creation between or among organizations and between organizations and individuals.

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. Today the number of internet users in the world is close to 3 billion, out of this; India has a total of 349.14 million internet and broadband subscribers. 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.

The rapid growth of e-commerce in India

Over the last two decades, with the rise of internet and mobile phone has changed the way we communicate and do business. E-commerce is relatively a novel concept. It is, at present, heavily leaning on the internet and mobile phone revolution it alter the way of businesses to reach change customers.

While in countries such as the US and China, e-commerce has taken significant target to achieve sales of over 150 billion US Dollar in revenue, the industry in India is, still at its prime stage.

Industry studies by IAMA I indicate that online retailing dominates the e-commerce industry with an estimated 70% of the market share. However, e-retail in both its forms; online retail and market place, has become the fastest-growing segment, increasing its share from 10% in 2009 to an estimated 18% in 2013. If this increased growth continues over the next few years, the size of the e-retail industry is to be 10 to 20 billion USD by 2017-2020. This growth is expected to be led by increased consumer-led purchases in durables and electronics, apparels and accessories, besides traditional products such as books and audio-visuals.

Electronic shopping in its early stage was a simple medium for shopping with fewer options. The users can just place an order and pay cash on delivery. But, in last few years this field has been renovated to a high extent and hence fascinated many customers. Today, the online shopping has become a trend in India and the reason behind the adoption of this technique lies in the attractive online websites, user friendly interface, bulky online stores with new fashion, easy payment methods, no bound on quantity &quality, one can choose the items based on size, color, price, etc. Despite being a developing country, India has shown a commendable increase in the ecommerce industry in the last couple of years, thereby hitting the market with a boom. Though the Indian online market is far behind the US and the UK, it has been growing at a fast page. Further, the addition of discounts, coupons, offers, referral systems, 30 days return guarantee, 1-7 days delivery time, etc. to the online shopping and the E-Market have added new flavors to the industry.

Importance Of e-commerce:--

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online websites, user friendly interface, bulky online stores with new fashion, easy payment methods, no bound on quantity &quality, one can choose the items based on size, color, price, etc.Despite being a developing country, India has shown a commendable increase in the ecommerce industry in the last couple of years, thereby hitting the market with a boom. Though the Indian online market is far behind the US and the UK, it has been growing at a fast page.Further, the addition of discounts, coupons, offers, referral systems, 30 days return guarantee, 1-7 days delivery time, etc. to the online shopping and the E-Market have added new flavors to the industry. The Key drivers of in Indian ecommerce have been:

• Increasing broadband Internet and 3G penetration.

• Growing Living standards

• Availability of much wider product range

• Busy lifestyles and lack of time for offline shopping

• Increased usage of online categorized sites• Evolution of the online marketplace model with websites

Mobile commerce:--

The latest trend in e-commerce it to focus on mobile based shopping. Snapdeal now getting half of its traffic from mobile, up from 5% around a year back and flipkartgets 40% traffic from mobile up from 15%. As price of smart phone reduce, these figures will only increase. For this reason, the larger ecommerce firm has started focusing on mobile commerce. It is speculated that the next wave of digital commerce consumer will come thru the mobile.

CONCEPT OF E-COMMERCE IN INDIA

1.   Multi Product E-Commerce:

Some internet portals provide almost all categories of goods and services in a single site; they are targeting customers of every possible product or service. Indian E-Commerce portals provide goods and services in a variety of categories like apparel and accessories for men and women, health and beauty products, books and magazines, computers and peripherals, vehicles, collectibles, software, consumer electronics, household appliances, jewelry, audio/video entertainment goods, gift articles, real estate and services, business and opportunities, employment, travel tickets, matrimony etc. Examples: www.indiayplaza.com, www.thebestofindia.com, www.khoj.com, www.sify.com, www.rediff.com, www.indiatimes.com etc.

2.   Single Product E-Commerce:

Some Indian portals / websites deal in a specialized field. Examples:

   a) In automobiles, the portals are http://www.indiacar.com and http://www.automatindia.com, on these sites we can buy and sell four wheelers and two wheelers new as well as old vehicles online. Some of the services they provide are car research and reviews, online evaluation, technical specifications, vehicle insurance, vehicle finance, dealer locator etc.

b) In stock and shares markets some of the sites are http://www.equitymaster.com, http://www.5paisa.com. Some of the services offered to registered 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 trends etc.

c) In real estate, the portals like http://www.indiaproperties.com. This website facilitate online dealing in real estate, they offer outright purchase or lease of a property through their portal. They also provide information on new properties as well as for resale. Some of the allied services are housing finance, insurance companies' architects and interior designers, property management consultant services etc.

d) In travel and tourism industry a major government of India portal is http://www.tourismindia.com. The tourist destination sites are categorized according to the themes like eco-themes pertains to jungles, flora and fauna, beaches of India, architectural attractions, forts and places, hill resorts, adventure-trekking, mountain climbing etc. Other services offered are passport and visa, travel and accommodation information, weather information, festival and fair dates, shopping, tour operators etc. There are other sites like http://www.incredibleindia.org, it highlight the tourist destinations of a specific region in India, which covers North East India.

e) In gift items, there are specific Indian websites making the act of gifting quick and easy to suit ones lifestyle. One such site is http://www.indiangiftsportal.com. The gifts are categorized as collectibles like paintings and sculptures, toys and games, chocolates, flowers, wood-craft and metal craft, luxury items like leather goods perfumes, jeweler boxes etc.

f) In case of hobbies, the most popular hobbies from time immemorial are reading books, listing music and watching films. On the Indian website http://www.firstandsecond.com, one can buy more than 3,00,000 titles of books, cassettes, VCDs and DVDs. 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

g) English and other Indian languages to cater to the needs of public and the topics range from devotional songs, old time favorites and pop etc.

h) In case of matrimony, marriage portal like http://www.jeevansathi.com and http://www.saadi.com. There is a saying, marriages are made in heaven, but in the world of E-commerce, they are made on marriage portals.

TYPES OF E-COMMERCE

The major different types of E-commerce are as follows;

1.   Business to Business (B2B): Business to Business E-commerce refers to the full spectrum of E- commerce that can occur between two organizations B2B E-commerce includes purchasing and procurement, supplier management, inventory management, channel management, sales activities, payment management, and service and support. A few B2B

pioneers are Chemdex (www.chemdex.com), Fastparts (www.fastparts.com) and Free Markets (www.freemarkets.com)

2.   Business to Consumer (B2C): Business to Consumer E-commerce refers to exchanges between Business and Consumer. Direct dealing between Business and Consumer has always existed, but with the E-commerce such transactions have gained further momentum.

a.   **Traditional B2C model:** Manufacturer $\Longrightarrow$ Retailer $\Longrightarrow$ Consumer

b.   **On line B2C model:** Manufacturer / Retailer $\Longrightarrow$ Consumer

Examples: Amazon.com, Yahoo.com and Schwab.com. Similar activities transactions that occur in business to business, E-commerce also take place in the business to consumer context. However, all customer facing activities are typically tracked. These include sales activities, consumer search, service and support.

3.   Consumer to Consumer (C2C): Consumer to Consumers involves transactions between and among consumers. These exchanges may or may not include third party involvement. Traditionally consumers have had dealings with other consumers, but only few of those activities were in a commercial sense. E-commerce has made it possible to bring together strangers and providing a platform for them to trade on.

4.   Consumer to Business (C2B): Consumer to Business is relatively a new model of commerce and is a reverse of the traditional commerce models. Here, consumers provide services or goods to businesses and create value for the business. Consumers can band together to form and present themselves as a buyer group to businesses in a consumer to business relationship. These groups may be economically motivated as with the demand aggregator. This type of transaction can be seen in internet forums where consumers provide product development ideas and product review; these are used for product advertisement.

5.   Business to Business to Consumer (B2B2C): A variant of the B2B2C model wherein there is an additional intermediary business to assist the first business transact with the end consumer. Here, it is poised to much better in a web based commerce with reduced costs of having an intermediary. *Example:* Flipkart is one of the most successful E-commerce portals which provide a platform for consumers to purchase a different variety of products like electronic goods, apparels, books and music CDs.

FUNCTIONS OF E-COMMERCE

1. **Communication function** Aimed at the delivery of information and/or documents to facilitate business transactions. *Example: E-Mail*.
2. **Process management function** Covers the automation and improvements of business processes. *Example:* networking two computers together.
3. **Service management function** Application of technology to improve the quality of service. *Example:* Federal Express website to track shipments and schedule.
4. **Transaction capabilities** Provides the ability to buy/sell on the internet or some other online services. *Example:* Amazon.com.

CHALLENGES OF E-COMMERCE

I.   EXTERNAL CHALLENGES:

External forces impact how E-commerce companies plan their growth strategy and provide seamless customer experience onsite and post transaction

1.   Product and Market Strategy:

E-commerce companies have to address issues pertaining to rapidly evolving customer segments and product portfolios access information on market intelligence on growth, size and share manage multiple customer engagement platforms focus on expansion into new geographies, brands and products and simultaneously tackle a hypercompetitive pricing environment.

2.   Customer and Digital Experience:
Companies have to provide a rich, fresh and simple customer experience not geared towards discovery, manage inconsistent brand experience across platforms; manage proliferation of technologies; and handle time to market pressure for new applications. In the recent past, social media has become more influential than paid marketing.

3.   Payments and Transactions:
E-commerce companies may face issues around security and privacy breach and controlling fictitious transactions. Further, RBI restrictions for prepaid instruments or E-Wallets act as impediments. From a transactions perspective cross border tax and regulatory issues and backend service tax and withholding tax can have serious implications.

4.   Fulfillment:
Companies will need to check if the physical infrastructure gets affected by the internet speed. Also the lack of an integrated end to end logistics platform and innovation focused fulfillment option could cause delivery issues. Challenges around reverse logistics management and third party logistics interactions could also act as barriers to growth.

II.   INTERNAL CHALLENGES: commerce companies
Internal forces impact how E- can organize to drive and sustain growth.

1. Organization Scaling:

E-commerce companies will have to make sure organization design keeps pace with the rapidly evolving business strategy, along with fluid governance, strong leadership and management development. From a growth perspective, indentifying acquisition opportunities, fund raising and IPO readiness becomes necessary. From a technology perspective, it is important to transform IT as an innovation hub and address the lack of synergy between business, technology and operations functions of the enterprise.

2. Tax and Regulatory Structuring:

Companies will need to address issues around sub optimal warehouse tax planning imbalance between FDI norms vis-à-vis adequate entity controls, inefficient holding IPR or entity structure and international tax inefficiencies. Future challenges include the new companies act, policy on related party transaction pricing and the uncertainty around GST roadmap.

3. Risk Fraud and Cyber Security

From a risk perspective E-commerce companies could face issues around brand risk, insider threats and website uptime. Issues around employee vendor nexus, bribery and corruption make companies vulnerable to fines. Cyber security also raises some concerns around website exploitation by external entities.

4. Compliance Framework:

E-commerce companies have to comply with several laws, many of which are still evolving. Potential issues around cyber law compliance, inefficient anti corruption framework, legal exposure in agreements or arrangements, indirect and direct tax compliance framework and rules and regulations could pose problems. Uncertainty around VAT implications in different states due to peculiar business modes could cause issues.
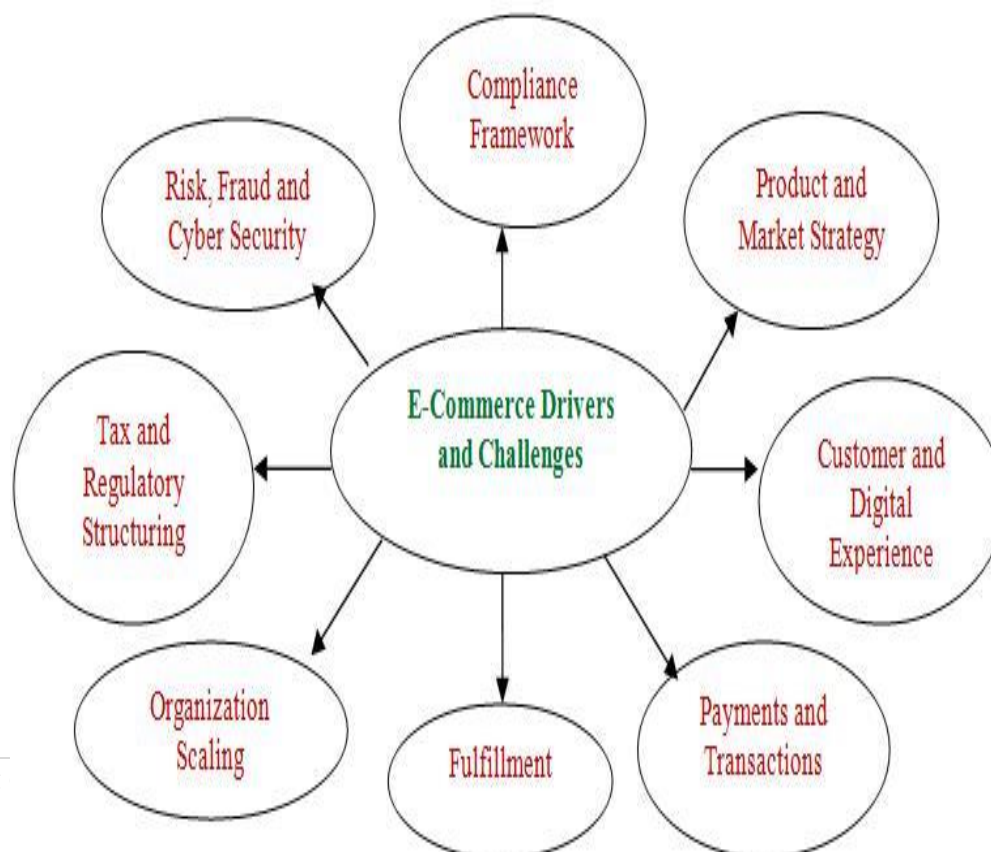
Advantages and Disadvantages of E-commerce

Advantage to Customer

• **Convenience**- Every product is at the tip of your fingers on the internet, literally. Type in the product you are looking for into your favorite search engine and every option will appear in a well organized list in a matter of seconds.

• **Time saving**:-With e-commerce there is no driving in circles while looking and digging in hopes of finding what you need. Stores online offer their full line as well as use warehouses instead of store fronts—products are easy to locate and can be delivered to your door in just days.

• **Easy to compare**:-Side by side comparisons are readily available and easy to do. When products are placed online, they come with all the specifics, and they want you to compare them with others, know they have the best options and come back for more!

• **Easy to find reviews**: - Because the competition is high, companies online want you to look at other consumer reviews. Good and bad reviews are on every site, not only can you see if the product is liked, you can also see the reasons behind the thumbs up or down.

• **Coupons and deals**: - With every online business wanting you, more and more coupons and deals can't be avoided, which are totally great for customers. With major sites that act as department store, you may find items up to 80% off! Take advantage of the competition and find the best price available.

• **Increasing customer base**:- The customer base is every business's main concern, online or off. When online, business doesn't have to worry about getting the best property in town, people from around the world have access to their products and can come back at anytime.

• **Rise in sales**: - By not managing a storefront, any business will have more sales online with a higher profit margin.
They can redistribute money to make the consumer shopping experience faster and more efficient. While being available to international markets, more products will sell.

• **24/7, 365 days:-** If it's snowing and the roads are closed, or it's too hot and humid to even step outside in the summer, or a holiday that every store in town closes, your online business is open for consumers 24/7 every day of the year. The doors never close and profits will keep rising.

• **Expand business reach**: - A great tool on the internet is…translation! A business online does not have to make a site for every language. With the right marketing, every consumer around the globe can find the business site, products and information without leaving home.

• **Instant transactions**:- With e-commerce there is no more waiting for the check to clear, or a 30-day wait for certain other types of payment. Transactions are cleared immediately or at most two to three days for the money to clear through the banking system.

Disadvantage to Customer:--

• **Quality**:- While e-commerce makes everything easily accessible, a consumer cannot actually touch products until they are delivered to the door. It is important to view the return policy before buying. Always make sure returning goods is an option.

• **Hidden costs**:- When making purchases, the consumer is aware of the product cost, shipping, handling and possible taxes. Be advised: there may be hidden fees that won't show up on your purchasing bill but will show up on your form of payment. Extra handling fees may occur, especially with international purchases.

• **Delay in receiving goods**:-Although delivery of products is often quicker than expected, be prepared for delays. A snow storm in one place may throw off the shipping system across the board. There is also a chance that your product may be lost or delivered to the wrong address.

• **Need access to internet**: - Internet access is not free, and if you are using free wifi, there is the chance of information theft over an unsecure site. If you are wearing of your public library, or cannot afford the internet or computer at home, it may be best to shop locally.

• **Lack of personal interaction**:- While the rules and regulations of each e-commerce business is laid out for you to read, there is a lot to read and it may be confusing when it comes to the legalities. With large or important orders, there is no one you can talk to face to face when you have questions and concerns.

Disadvantage for Business:--

• **Security issues**: While businesses make great efforts to keep themselves and the consumer safe, there are people out there that will break every firewall possible to get the information they want. We have all seen recently how the biggest and most renown business can be hacked online.

• **Extra expense** and expertise for e-commerce infrastructure:--To be sure an online business is running correctly, money

will have to be invested. As an owner, you need to know transactions are being handled properly and products are represented in the most truthful way. To make sure you get what you need, you will have to hire a professional to tie up any loose ends.

• **Needs for expanded reverse logistics**:--The infrastructure of an online business must be on point. This will be another

cost to the business because money will need to be invested to ensure proper handling of all aspects of buying and selling, especially with disgruntled consumers that want more than a refund.

• **Sufficient internet services**: -- Although it seems that everyone is now on the internet all the time, there are still areas in which network bandwidth can cause issues. Before setting up an e-commerce business, be sure your area can handle the telecommunication bandwidth you will need to run effectively.

• **Constant upkeep**:--When a business has started as ecommerce, they must be ready to make changes to stay compatible. While technology grows, the systems that support your business must be kept up to date or replaced if needed. There may be additional overhead in order to keep data bases and applications running.

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 $ 2.5 billion in 2009, reached $8.5 billion in 2012 and rose 88% to touch $ 16 billion in

2013. 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 handsets currently offering access to the internet.

CONCLUSION

Today E commerce has become an integral part of everyday life. Accessibility to E-commerce platform is not a privilege but rather a necessity for people, particularly peoples 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 it also creates new opportunities for education and academics. It appears that there is tremendous potential for providing E-business education.

The study concluded that E-commerce is the Future of India because of rapidly increasing investment in this sector. In upcoming days-commerce become a very big online market for fulfillment of day to day needs of various users because of dependency of major proportion of population on this online technology. Various new e-commerce companies will take birth in coming days. Various innovations in logistics will also be made for easy transportation of goods directly at the door of customer. In this study we find one major issues i.e. reduction of sales of physical market due to coming of e-market .Now it has been very challenging to retailers to survive in this e-market. Therefore it is suggested that to give more importance to security issues to save the e-market from hacking of information for encouraging the trust of customers and consumers.

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