THE FUTURE AND SCOPE OF E-COMMERCE IN INDIA

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Abstract

The emergence of electronic commerce technologies has positively affected many industries and organizations. Internet and mobile technologies have led the increased usage of e-commerce and online shopping. This study reviews the currents state of e-commerce in India with respect to the usage of internet and mobile technologies. The paper also reviews various new technologies which are being used in e-commerce, along with the scope and challenges in adoption of such technologies in various businesses. Growing awareness about online platform, easier internet access, fostering mobile technologies and changing lifestyles are the key growth drivers for the development of e-commerce in consumer market.

Keywords: *E-commerce, internet, mobile technologies, India*

Introduction

E-commerce is changing all business functional areas and their important tasks, ranging from advertising to paying bills (Turban, King, Lee, Liang, & Turban, 2015). The nature of competition is also drastically changing, due to new online companies, new business models and the diversity of products and services which are offered in e-commerce space. E-commerce provides unparalleled opportunities for companies to expand worldwide at a small cost, to increase market share and also to reduce costs (Zheng, 2015). Electronic commerce is described

as the buying, selling and exchanging of products, services and information via computer networks, primarily the internet. E-commerce is an electronic business application which involves electronic fund transfer, supply chain management, online transaction processing, e-marketing, corporate purchasing, value chain integrations and others related business activities. E-commerce creates new opportunities for profitable activities online (Sattar, 2013; Zheng, 2015).

However, over the years there have been changes in technology like the introduction of Smartphone which is increasing rapidly allowing e-commerce to reach more shoppers and impacting consumer behaviour as well (Hajli & Featherman, 2017). Furthermore, developing user-friendly apps too play an important role in securing e-commerce growth (Turban et al., 2015). Social networks have played a huge role in retail over the years with consumers becoming increasingly engaged with a number of platforms and using them to communicate with retailers and brands (Stoica & Brote, 2015.

Literature review

E-commerce Industry of India

The Indian e-commerce market is expected to grow to US$ 200 billion by 2026 from US$ 38.5 billion as of 2017. Much growth of the industry has been triggered by increasing internet and smartphone penetration. The ongoing digital transformation in the country is expected to increase India's total internet user base to 829 million by 2021 from 445.96 million in 2017. (IBEF, 2018).

Technologies in E-Commerce

1. **Adaptive software**: Over the recent years, user-adaptive software systems have come up which are not only effective but are also personalized depending on needs of consumers (Akiki, Bandara, & Yu, 2014). Such personalized systems have also proven to improve customer relationship management, customer life cycle, customer retention rate and brand loyalty.

2. **Mobile Technology**: Mobile Internet technology has enabled enhanced communications, financial transactions, payment systems, online shopping and entertainment, via wireless internet access (Herro, Kiger, & Owens, 2016). Mobile technologies are easier to use and operate.

3. **Electronic storefronts**: These are new form of e-commerce websites at which orders can be placed (Mudambi & Schuff, 2010). They may be specialised or general stores. Specialised stores sell one or two products whilst general stores sell many products. These virtual stores have helped improving the efficiency of services which are often bought online like travel services, stocks and bonds trading, electronic banking, insurance and job matching.

4. **Electronic Malls**: These are collection of many individual shops/storefronts under one Internet address (Mudambi & Schuff, 2010). In this type of technology, the application or website contains a directory of services and product categories along with the vendors in each category. The consumer is transferred to appropriate independent web store when a consumer indicates the category interested. This type of application only acts as a directory thereby providing link to various storefronts decreasing the time to search over thousands of storefronts.

5. **Web (Information) Portals**: A portal is an information gateway which is used in e-marketplaces, web stores and other types of e-commerce (Nasir, Hapiza, Ariffin, & Shuib, 2010). A Web portal is a single point of access, through a Web browser, to critical business information located inside and outside of organizations. This information is aggregated and is accessed and presented in a consistent way and also making it personalized for user interface.

6. **Chatbots**: Chatbot are basically services which allow consumers to interact via an automated chat interface (Dahiya, 2017). They are products of artificial intelligence which allow interactive communication with customers for services and queries.

7. **ERP system**: It helps manage inventory system, keep track of stock records, manage multiple orders, accounting transactions, control multiple distribution channels, supply chain management, workflow management, Logistics management, MIS reporting (Buonanno et al., 2005).

Scope of E-Commerce

India is the second largest online market after China with over 460 million internet users. In addition, it has also been found that mobile internet is used in majority by Indians. About 323 million people in India accessed the internet through their mobile phones in 2016, which corresponds to about 24.3% of the country's population (Statista, 2016). It is forecasted that internet users will be increased to 524.5 million in 2021(Menon, Narayanan, & Taha Kahwaji, 2018). As of 2016, India had an estimate of 262 million mobile internet users living in urban communities, and 109 million living in rural areas. With the advent of mobile internet, Indian population is gaining accessibility to social networks which is expected to jump from around

16.3% in 2016 to just over 25% in 2017 (Menon et al., 2018; Statista, 2016). Internet has also helped with an estimate of 43.8% digital buyer penetration in 2016, with largely online shopping amongst the Indian internet users.

Companies can resort to integrated multi-channel solutions to ease up customer interactions. They can map customer journeys right from product search to discovery and further making them brand loyalist. Moreover, businesses can create brand buzz using social media for cheaper operations to maintain customer relations (Walker, Saffu, & Mazurek, 2016). It also builds new avenues to explore the potential market. More and more users are using internet to voice out their views, thus the need to be virtually available by companies has increased. Companies may also use mobile applications in promoting direct-to-consumer sales, set up its offerings, services and support using the applications (Olatokun & Kebonye, 2010). They may also undertake latest technologies such as IoT (Internet of Things), 3D printers, sensors and product manufacturing devices for effortless automation and business effectiveness (Prabaharan, 2016). Lastly, they may also use centralised and organised data to reveal consumer preferences, latent problems and future success parameters so that the operations are adept and efficient.

Challenges
The challenges of adopting internet and mobile technology include (Olatokun & Kebonye, 2010; Wahid, 2007; Walker et al., 2016):

- Creating customer satisfaction from virtual experience.
- Adhering to the costs for new technologies and devices along with maintenance and updating over period.

- Vulnerability to security risks is another challenge in adopting various internet and mobile technologies.

- Weak internet and IT infrastructure such as underdeveloped payment systems, legal enforcement mechanisms for payment obligations, power shortage, poor internet coverage also pose a challenge in adoption of trading through internet and mobile technology.

- Technological change is rapid in information technology and this pose a challenge for companies to keep up with the pace of innovation while controlling costs.

- Laws and regulations concerning privacy, internet taxation, reuse of information, access of objectionable content to children and other aspects continue to affect information sharing practices.

Conclusion

The current dynamic and turbulent business environment has forced companies which are competing in global markets to change their traditional methods of conducting business to online or virtual methods. Mobile penetration in many parts of the world has reached a plateau. New growth depends to a large extent on generating revenue from new services. As an increasing number of consumers are dependent on mobile technologies to perform their tasks, various mobile applications must be introduced for use in client company communications, payment systems, information retrieval, online shopping. Internet and mobile technology are the main reasons which have led to the adoption and growth of e-commerce and online operations by businesses. Although there are challenges of adopting technologies but the benefits achieved from them can generate higher degree of successiveness. Companies may therefore consider

adopting new technologies in e-Commerce for better operations and performance which aim towards customer retention and services.

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