E-Commerce-An Evaluation of Evolution

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Abstract:
This paper examines the growth and different segments of electronic commerce (e - commerce) in India. As e-commerce is one of the top growing businesses in India and provides a great market potential for investments, foreign Investors are funding e-commerce sector.

The drivers for electronic commerce are both technological (under the tremendous pressure of innovation) and business oriented. This paper will highlight the rapid growth of E-commerce business with its pros and cons. And thus, it may prove to create useful guidelines for companies and individuals who are entering into E-commerce to create an E-commerce strategy or who already have an E-commerce presence to revise their existing strategy.

E-Commerce is now seen as a reality for many businesses and a normal part of a business plan. The immediate benefits, in terms of cost savings, efficiencies and enhanced profitability are clear at every stage in the supply chain. Adopting e-business is no longer a competitive advantage, but a normal business process, without which an enterprise or an individual is unlikely to survive in the new economy.

As of now, e-commerce is one of the fastest growing industries in the global economy. As per one estimate, it grows nearly 23% every year. And it is projected to be a $27 trillion industry by the end of this decade.

Keywords: *Online buying-selling, Online Travelling, E-Tailing, Growth, B2B, C2C, C2B, B2C, Open access, Market Share, Segment*

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1. Introduction

E-commerce is a popular term for electronic commerce or even internet commerce. This involves the transaction of goods and services, the transfer of funds and the exchange of data. E-commerce or Electronic Commerce means buying and selling of goods, products, or services over the internet. These services provided online over the internet network. Transaction of money, funds, and data are also considered as E-commerce. These business transactions can be done in four ways: Business to Business (B2B), Business to Customer (B2C), Customer to Customer (C2C), and Customer to Business (C2B). The standard definition of E-commerce is a commercial transaction which is happened over the internet. Online stores like Amazon, Paytm, Flipkart, Shopify, Myntra, Ebay, Quikr, Olx are examples of E-commerce websites. By 2020, global retail e-commerce can reach up to $27 Trillion.

E-commerce is often used to refer to the sale of physical products online, but it can also describe any kind of commercial transaction that is facilitated through the internet. The history of ecommerce begins with the first ever online sale: on the August 11, 1994 a man sold a CD by the band Sting to his friend through his website Net Market, an American retail platform. This is the first example of a consumer purchasing a product from a business through the World Wide Web—or "ecommerce" as we commonly know it today. The introduction of internet in India in 1995 marked the beginning of the first wave of e-commerce in the country. Moreover, the economic liberalization after the launch of reforms in 1991 attracted Multi-National Corporations (MNCs) and caused for a significant growth in Information Technology (IT) industry.

Since then, E-commerce has evolved to make products easier to discover and purchase through online retailers and marketplaces. Independent freelancers, small businesses, and large corporations have all benefited from ecommerce, which enables them to sell their goods and services at a scale that was not possible with traditional offline retail.

2. Types of E-Commerce Models

Electronic commerce can be classified into four main categories. The basis for this simple classification is the parties that are involved in the transactions. So, the four basic electronic commerce models are as follows:

1. Business to Business (B2B)

These are Business to Business transactions. Here the companies are doing business with each other. The final consumer is not involved. So, the online transactions only involve the manufacturers, wholesalers, retailers etc. (e.g., A business sells software-as-a-service for other businesses to use)

2. Business to Consumer (B2C)

These are Business to Consumer transactions. Here the company will sell their goods and/or services directly to the consumer. The consumer can browse their websites and look at products, pictures, read reviews. Then they place their order and the company ships the goods directly to them. Popular examples are Amazon, Flipkart, Jabong etc. (e.g., you buy a pair of shoes from an online retailer).

3. Consumer to Consumer (C2C)

These are Consumer to Consumer transactions. Here the consumers are in direct contact with each other. No company is involved. It helps people sell their personal goods and assets directly to an interested party. Usually, goods traded are cars, bikes, electronics etc. OLX, Quikr etc follow this model. (e.g., You sell your old mobile/bike on eBay/OLX to another consumer).

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4. Consumer to Business (C2B)

This is the reverse of B2C. It is a consumer to business. So, the consumer provides a good or some service to the company. Say for example an IT freelancer who demos and sells his software to a company. This would be a C2B transaction. (e.g., An influencer offers exposure to their online audience in exchange for a fee, or a photographer licenses their photo for a business to use).

3. Examples of E-Commerce

E-commerce can take on a variety of forms involving different transactional relationships between businesses and consumers, as well as different objects being exchanged as part of these transactions.

1. Retail: The sale of a product by a business directly to a customer without any intermediary.

2.Wholesale: The sale of products in bulk, often to a retailer that then sells them directly to consumers.

3. Drop shipping: The sale of a product, which is manufactured and shipped to the consumer by a third party.

4. Crowd funding: The collection of money from consumers in advance of a product being available in order to raise the startup capital necessary to bring it to market.

5. Subscription: The automatic recurring purchase of a product or service on a regular basis until the subscriber chooses to cancel.

6. Physical products: Any tangible good that requires inventory to be replenished and orders to be physically shipped to customers as sales are made.

7. Digital products: Downloadable digital goods, templates, and courses, or media that must be purchased for consumption or licensed for use.
8. Services: A skill or set of skills provided in exchange for compensation. The service provider's time can be purchased for a fee.
9. E-Tailing: It includes purchases of various consumer products/services such as books, apparels, footwear, jewellery and other such as home and kitchen appliances, consumer durables, electronics (mobile phones / computers / laptops), home furnishings, etc. In India there are many e-tailers as, Flipkart, Amazon, Snap deal, Shop clues, etc.
10. Financial Service Market: Includes, transactions like mobile/data card recharges, post-paid mobile/data card bill payments and utility bill payments transacted from third party websites. The most popular examples of financial service websites are Paytm, Mobikwik, Free charge, etc.
11. Online Matrimony and Classified Market: It includes transactions like matrimony, car, real estate, etc. In India there are many classified marketers as, Uber, Ola cabs.com, etc.
12. Other Online Services Market: It includes transactions like online entertainment ticketing, online commuting, online food and grocery delivery, online tickets for movies, sports, show/concerts, etc. Some of the popular online service websites are Swiggy, Foodpanda and Bookmyshow.com, etc.
13. Online Travel: Some of the prominent online travelling web sites in India are Make my trip, Yatra.com, Cleartrip, Expedia.co.in, Travelguru, Musfir.com, Booking.com, Redbus.com, Goibibo, Abhibus.com, Ticketgoose, Thomas cook, Ayo, etc., covering booking rail, air, bus tickets, hotel accommodations, tour packages and travel insurance etc.,

4. Advantages & Disadvantages of E-Commerce

There's no doubt that the ability to sell online has made many businesses viable and profitable. Like all business models, E-Commerce has its advantages and disadvantages. It's important to get a good idea on the pros and cons so strategic decisions can be easily taken by Company or Individual:

4.1 Advantages

There are many obvious and not-so-obvious pros of doing business online. Understanding exactly what they are can help you manipulate them to your advantage:
1. A Larger Market: E-commerce allows you to reach customers all over the country and around the ~~world. Your customers can make a purchase anywhere and anytime, especially more people are getting~~ used to shopping on their mobile devices.
2. Customer Insights through Tracking & Analysis: Whether you're sending visitors to your E-Commerce website through SEO, PPC ads or a good old postcard, there is a way to track your traffic and customers' entire user journey to get insights into keywords, user experience, marketing message, pricing strategy, and more.
3. Fast Response to Consumer Trends & Market Demand: The streamlined logistics, especially for merchants who do "drop ship," allow businesses to respond to market and E-Commerce trends and consumer demands in a nimble manner. Merchants can also create promotions and deals on the fly to attract customers and generate more sales.
4. Lower Cost: With the advance in E-commerce platform technologies, it has become very easy and affordable to set up and maintain an E-commerce store with a low overhead. Merchants no longer have to spend a large budget on TV ads or billboard, nor worry about the expense for personnel and real estate.
5. More Opportunities to "Sell": Merchants can only provide a limited amount of information on a product in a physical store. On the other hand, E-commerce websites allow the space to include more information such as demo videos, reviews, and customer testimonials to help increase conversion.
6. Personalized Messaging: E-commerce platforms give merchants the opportunity to serve up personalized content and product recommendations to registered customers. These targeted communications can help increase conversion by showing the most relevant content to each visitor.

7. Increased Sales with Instant Gratification: For businesses that sell digital goods, E-commerce allows the delivery of products within seconds of making a purchase. This satisfies consumers' need for instant gratification and helps increase sales, especially for low-cost items that are often "impulse buys."

8. Ability to Scale Up (Or Down) Quickly & Unlimited "Shelf Space": The growth of an online business is not limited by the availability of physical space. Even though logistics can become an issue as one grows, it's less of a challenge compared to those for running a brick-and-mortar store. E-commerce merchants can scale up or down their operation quickly, and take advantage of the unlimited "shelf space," as a response to market trend and consumer demands.

4.2 Disadvantages

Running an E-commerce business is not all rainbows and unicorns. There are challenges unique to this business model -- knowing them will help you navigate the choppy waters and avoid common pitfalls:

1. Lack of Personal Touch: Some consumers value the personal touch they get from visiting a physical store and interacting with sales associates. Such personal touch is particularly important for businesses selling high-end products as customers not only want to buy the merchandise but also have a great experience during the process.

2. Lack of Tactile Experience: No matter how well a video is made, consumers still can't touch and feel a product. Not to mention, it's not an easy feat to deliver a brand experience, through the two-dimensionality of a screen.

3. Price & Product Comparison: With online shopping, consumers can compare many products and find the lowest price. This forces many merchants to compete on price and reduce their profit margin.

4. Need for Internet Access: This is pretty obvious, but don't forget that your customers do need Internet access before they can purchase from you! Since many E-commerce platforms have features and functionalities that require high-speed Internet access for an optimal customer experience, there's a chance you're excluding visitors who have slow connections.

5. Credit Card Fraud: Credit card fraud is a real and growing problem for online businesses. It can lead to charge backs that result in the loss of revenue, penalties, and bad reputation.

6. IT Security Issues: More and more businesses and organizations have fallen prey to malicious hackers who have stolen customer information from their database. Not only could this have legal and financial implications but also lessen the trust customers have in the company.

7. All the Eggs in One Basket: E-commerce businesses rely heavily (or solely) on their websites. Even just a few minutes of downtime or technology hiccups can cause a substantial loss of revenue and customer dissatisfaction.

8. Complexity in Taxation, Regulations, and Compliance: If an online business sells to customers in different territories, they'll have to adhere to regulations not only in their own states/countries but also in their customers' place of residence. This could create a lot of complexities in accounting, compliance, and taxation.

5. Conclusion

In general, today’s businesses must always strive to create the next best thing that consumers will want because consumers continue to desire their products, services etc. to continuously be better, faster, and cheaper. In this world of new technology, businesses need to accommodate to the new types of consumer needs and trends because it will prove to be vital to their business’ success and survival. E-commerce is continuously progressing and is becoming more and more important to businesses as technology continues to advance and is something that should be taken advantage of and implemented.
From the inception of the Internet and e-commerce, the possibilities have become endless for both businesses and consumers. Speaking in layman's terms, **E-Commerce** refers to the entire process of marketing, selling, delivering goods and servicing customers over the Internet. It has revolutionized the way companies do business. Consumers can buy almost anything online 24 hours a day

Further, the study concludes that there will be a prospective growth of electronic commerce in India if the government provide a legal security and framework for e-commerce so that while Domestic and International trade are allowed to expand their basic rights such as intellectual property, privacy, prevention of fraud, consumer protection, etc.

There are several factors and variables that need to be considered and decided upon when starting an e-commerce business. Some of these include: types of e-commerce, marketing strategies, and countless more. If the correct methods and practices are followed, a business will prosper in an e-commerce setting with much success and profitability.

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