Resent Trends and Growth of E-Commerce in India

Atul Abhishek

Research Scholar, Faculty of Commerce, B.R.A.B.U, Muzaffarpur

Prof. (Dr.) Premanand

(Supervisor)

University Department of Commerce and Management,

B. R. Ambedkar Bihar University, Muzaffarpur

Abstract

The world of e-commerce is changing, fast. With the advent of technology, businesses are engaging more and more in this lucrative market. The global e-commerce industry is expected to grow at a CAGR (2016-2020) of 18% and with sales going online by a minute growth of 3%, e-commerce is an enticing prefect market to reap the benefits. Firstly, the country has a large population that is eager to shop online. Secondly, India's huge population and growing economy make it an ideal market for ecommerce companies. There is no doubt that e-commerce is on the rise in India and its benefits are undeniable. But with such a massive market, there are also a number of drawbacks to consider. In this paper, we have outlined some of the emerging trends in e-commerce in India and their potential benefits and drawbacks.

Keywords: - E-commerce, internet, challenges, opportunities, Online Shopping, Evolution, Prosperity, Population, Finance, Impact, Economics, Electronic, Growth.

INTRODUCTION

There are a number of ways to buy and sell your goods and services online, with some methods being more efficient than others. Some push corporations to the digital marketplace while independent freelancers find it delivers the best results for them. E-commerce can be used to either make money or save it. For developing countries like India, e-commerce offers considerable opportunity. E-Commerce in India is still in its early stages and has modest initial volumes, but the most pessimistic estimates indicate the potential to see similar or even greater levels of growth over the next few years. It is believed that due to low cost of personal computers, a growing installed base for Internet use, and an increasingly competitive Internet Service Provider (ISP) market in India will help fuel e-commerce growth in Asia's second most populous nation. The first web-based provider for Indian goods was rediff.com. It became one of the most trafficked websites for both Indian people and nonresident Indians. It provided a wealth of business news related to India as well as a rich content engine and subscription solution service. The past two years have seen a marked increase in the number of companies enabling e-commerce technologies for India and more recently a shift towards online shopping from other major portal sites moving away from advertising revenue.

Service sites have been created for communities that have popped up around these portal sites, with the goal of selling merchandise ranging from event tickets to computers. The biggest take away from this phenomenon is that even though the internet features low PC penetration and credit card usage, e-commerce doesn't seem to be hampered by the lack of technology used by consumers.

India is a rapidly developing nation and India's E-commerce industry spans multiple industries such as travel, matrimonial services and jobs. With more users of the internet in India, more e-commerce websites are being created and this generates an enormous amount of revenue.

There are two main types of goods: physical products, and digital goods. Digital is where the money is in the modern ecommerce market because all costs such as manufacturing and delivery can be done online. Offering an unlimited inventory gives these types of retailers a competitive advantage. While the virtual goods and gift vouchers have been lagging behind in India, the situation is expected to change with the digital downloads segment expected to grow in India's e-commerce market as a result of increasing mobile devices and services available over the Internet. India's cash on delivery option and lower direct import prices will likely increase the speed of E- commerce growth in coming years.

According to research by Forrester, the e-commerce market in India is set to grow the fastest with a CAGR of 57% between 2012-16. The report, titled "Asia Pacific Online Retail 2011 To 2016", has been released by Forrester Research Inc. Analyst Zia Daniell Wigder, with Steven Noble, Vikram Sehgal and Lily Varon.

Table 1 E-Commerce trend in Asian country:

Country	Sales in $ billion	
	2012	2016
India	1.6	8.8
Australia	23.2	35.4
Japan	63.9	97.6
China	169.4	356.1

Figure 1: E-Commerce trend in Asian country
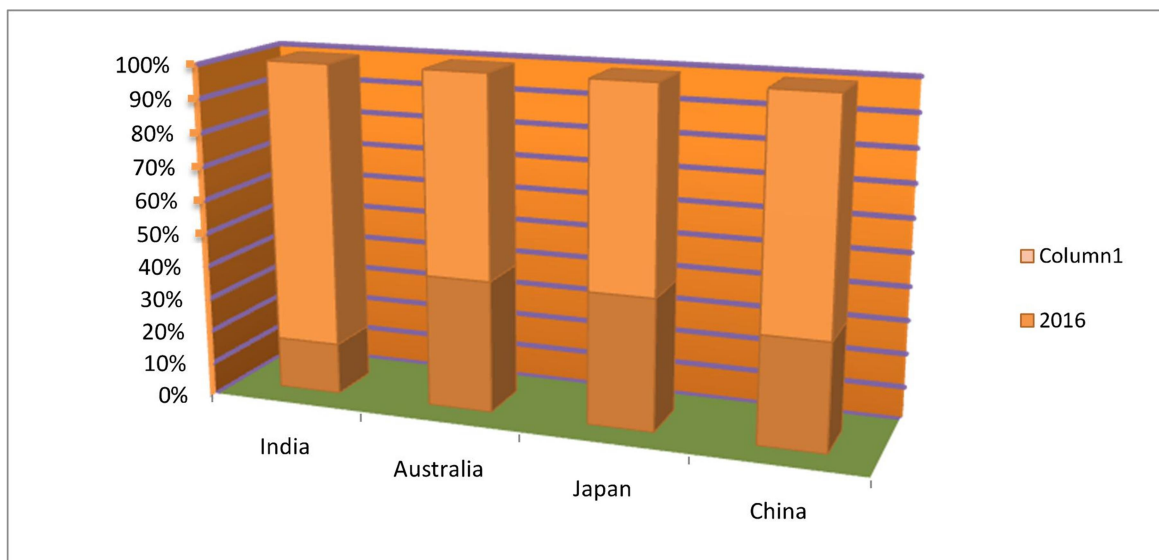
Source: global research and advisory firm:

Definition and Concept of E-commerce:-

E-commerce is widely considered the buying & selling of products over the internet, but any transaction that is completed solely through electronic measures can be considered e-commerce. Online services have enhanced their capabilities to buy and sell products and information. Kaur and Kaur (2015) say that with e-commerce there are all these entities involved, like manufacturers, government, marketers, and service providers. With that many players involved it is increasingly difficult to navigate customer feedback. Electronic commerce in India is growing year by year; the complexity of this process makes it easier for customer choice and convenient with the help of the internet.

REVIEW OF LITERATURE:

1. **Rahman, et.al.** observed that in India, people use e-commerce to purchase and sell products, an indication that now our society is becoming more modern. This is due to the reliable and convenient way e-commerce has been introduced by the digital generation of Indians. Online commerce takes place on the Internet and is used to exchange goods or services for money. It is known as electronic commerce, internet commerce, or e-commerce.

2. **According to Satya Prasad,** an advocate of e-commerce, the term "Electronic Commerce" references using computer networks to facilitate commercial transactions involving the production, sale, and distribution of goods and services and intangible property. For retailers, e-commerce refers to all forms of commercial transactions involving both organizations and individuals, that are based upon the electronic processing and transmission of data, including text, sound, and visual image. Diwan and Sharma define it as an umbrella term for various modern types of commerce.

3. **Dr. Anukrati Sharma (2013)** Analyzes themes of e-commerce research and recommends the necessary improvements that can be made to online shopping websites. In this 40 pages article, her findings show that customers normally begin their indecision-making process when they are about 21 years old and would like an online shopping website to be well-made, planned, and strategic.

4. **Kaur, H. and Kaur, D.** said that e-commerce is evolving in India with the help of the internet. This technology provides customers an avenue to choose what they want by providing convenient choices and vendors. With e-commerce growing year by year, it provides stakeholders with a soft way to link with buyers who trust Indian companies in their everyday lives, which makes them feel like part of this community. In an article entitled "E-Commerce in India -A review", Abhijit Mitra spends time learning the current situation with e-commerce assistants from India and analyzing the trends that are going on in E-commerce assistants. Abhijit Mitra also discusses how there has been a rise in Entrepreneurial Indian companies who now rely on a new form of income for sales - E-Commerce.

5. **Trivedi (2004)** indicated that Indians have a difficult time integrating e-commerce into their lives because shopping has often been considered to be social in nature and not business. However, there are many other barriers hindering the growth of e-commerce in India such as

lack of quality networks and limited access to the Internet. Indian companies are jumping on board the e-commerce trend in a big way, hoping to gain the same success that major companies have elsewhere. This growth has occurred rapidly in recent years.

6. **Kotler, P. (1999).** Internet being a World Wide Web (www) based communication system through computer networks, has given the birth to modem E-Commerce. E-Commerce is a term originally coined by IBM, which refers to all aspects of e-business. However, it is specialized subset with the focus on buying and selling goods. Online shopping has become a highly sought-after service, as it provides a personalised experience for many different types of consumer. Singh & Kaur, (2002).

OBJECTIVES OF THE STUDY

- Understanding e-commerce concepts
- How to use AI to optimize e-commerce
- To study the emerging trends in e-commerce.

EMERGING TREND OF E-COMMERCE IN INDIA

Emerging trends of ecommerce in India: its benefits and drawbacks:

The growing trend of ecommerce in India is prompting businesses large and small to take notice. Here are four reasons why small businesses should consider jumping on the ecommerce bandwagon:

1. **Time savings:** Ecommerce can save small businesses time and money on traditional advertising and marketing efforts. For example, if a business wants to launch a new product, they can use online marketing tools to drive traffic to their website. This way, they can measure how much web traffic is generated and what kind of conversion rates occur. However, it's important to note that not all marketing campaigns will work well on the internet - be sure to test different channels before committing resources.

2. **Increased reach:** A major advantage of ecommerce is its ability to reach a wide audience quickly. With online advertising, a small business can target a specific region or demographic with limited funds. Additionally, online branding allows businesses to build a more recognizable name in a short amount of time.

3. **Increased customer engagement:** Customer engagement through ecommerce continues to grow in importance for businesses of all sizes. Online chats and customer reviews provide small businesses with feedback that informs future product development

DATA ANALYSIS:

India's online market is just beginning to grow and looks set to continue. By 2024, the country's e-commerce market will reach US$ 99 billion and make up 25% of the global industry. India's e-

commerce industry sales are predicted to increase by nearly 18 percent from $58 billion in 2020 to $67.6 billion in 2021. GlobalData predicts that Indian retail e-commerce will reach $119 billion in 2024, growing at a 27 percent compound annual growth rate (CAGR) between 2019 and 2024. The country has seen an estimated online penetration of 10% in 2019 – with online shoppers expected to account for 230 million people by 2025. Online retailers are anticipated to have US$ 250 billion in 2022, with Amazon being the largest retailer, at US$ 2 trillion - outstripping competitors Walmart which is forecasted to have US$ 2 trillion in 2027.

E-commerce Market as concerns across the world:

Despite a declining economy and global uncertainty, e-commerce players are expecting strong sales growth in 2021. Much of the action in web retail is expected to happen with online grocery, e-pharmacy, and social commerce by the end of 2021.

Over the last quarter of 2020, India's e-commerce order volume increased by 36%. Over that period, personal care and beauty became more affordable India is a market where the beauty and personal care industry makes up $4-5 billion dollar in 2025.

As e-commerce rapidly increases over the next decade, warehouses and storage facilities will see a heightened demand in Indian cities. With e-commerce booming in India, the country has a reputation for hosting one of the fastest growing online communities.

Divesting

In October 2021, COBS24 LTD, India's front runner in the used car industry, raised US$ 450 million in funding. It raised US$ 340M in Series F equity and then provided US$ 110M in debt to various banks. Within the year 2021, Flipkart announced a monumental US$ 3.6 billion funding after strategic investors like sovereign funds and private equity sources like Walmart.

Indian E-commerce market (US$ billions)
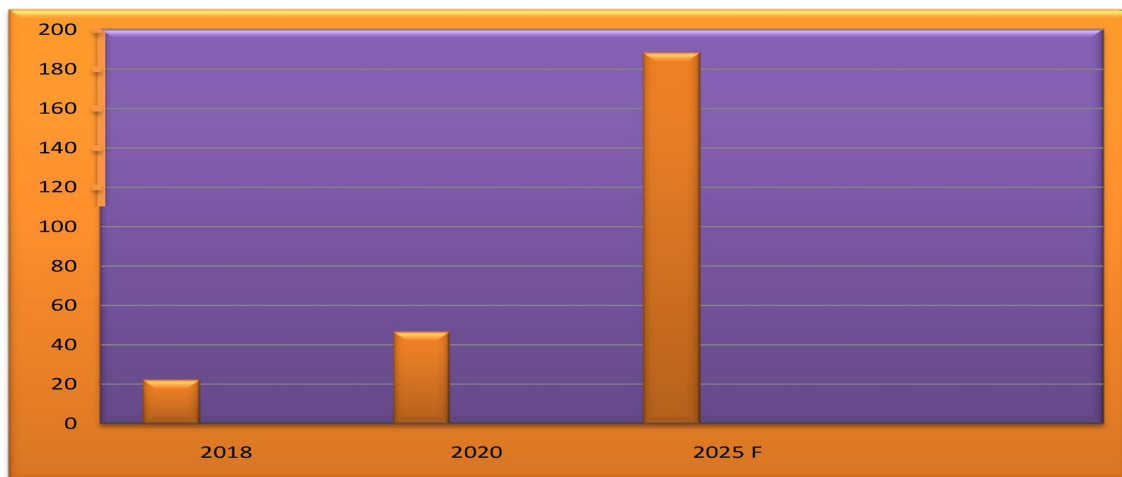
Source: Media sources

E-commerce in India has been revolutionized with the introduction of online marketplaces and FDI. With the new guidelines on Foreign Direct Investment (FDI) in E-commerce, companies can now invest up to 100% FDI in the marketplace model of E-commerce. The Government of India is working on 5G, which will help boost E-commerce in India.

Current status of e-commerce in India:

India's e-commerce orders increased by 36% in the last quarter of 2020, with the personal care, beauty and wellness (PC BM) segment benefiting the most. Over the Chinese New Year holiday, which takes place each year in late January, Indian e-commerce companies rake in billions of dollars. Payoneer reported that Indian e-commerce has grown more than many other countries, including the United States, Japan, and United Kingdom. Indian e-commerce is projected to increase from four percent of the total retail trade to eight percent by 2025.

On September 27, 2021, the Government e-Marketplace (GeM) portal gathered 7.65 million orders worth Rs. 140,648 crore (US$ 19.09 billion). The orders were received by 54,699 buyers from 2.8 million registered sellers and service providers. With a consumer digital economy driven by services like e-commerce and e-scraping, India will be worth 8 billion dollars by 2030.

The worldwide e-commerce market is expected to be worth $99.4 billion by 2024 with consumers showing a higher preference for online shopping as prices and mobile market penetration increases.

In 2021, e-commerce sales are projected to increase 18.2% annually to reach R8.8 billion ($120 billion). According to Grant Thornton, e-commerce in India is expected to be worth US$ 188 billion by 2025. This would represent a significant part of the Indian economy and be bigger than personal care or smart phones.

What India is doing with rising internet use?

In 2020, India had 747.41 million internet connections, with ~97% of those connections being wireless.

A study of internet penetration in India

Number of active internet users in the country is the second highest globally, as well as one of the largest data consumers globally. It has the highest data usage per Smartphone, averaging 10.40 GB per month.

The report predicts India's social commerce gross merchandise value (GMV) will reach US$ 20 billion by 2030, up from just US$ 2 billion in 2020. Bain & Company expects a huge increase in mobile usage by 2025.

According to a report published by the IAMAI and Kantar Research, India is expected to reach 900 million internet users within 10 years. It's CAGR will be 45% between now and 2025.

India's Online retail vs. Total Retail

There's a lot of opportunity for online retailers to cash in with the growing the internet filters in India. By 2024, online retail will reach 10.7% of total retail sales compared to 4.7% in 2019, and shoppers in India will reach 220 million by 2025.

A Comprehensive Analysis of Indian Private Equity and Venture Capital Sector
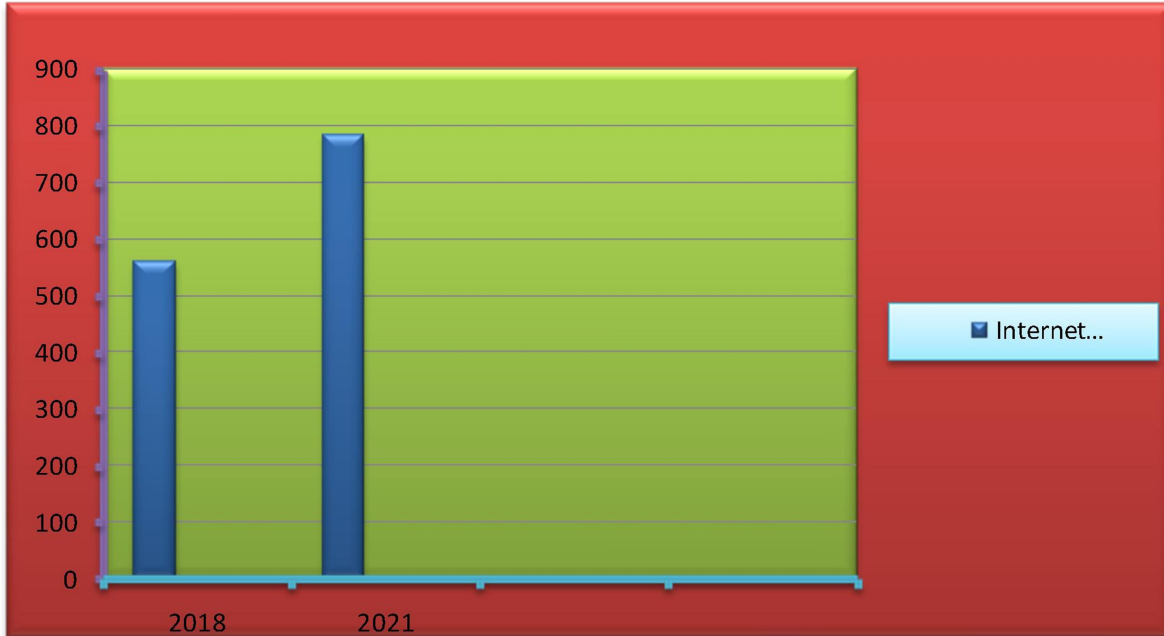
Sources, Global Internet: e-commerce's steepening curve' published by Goldman Sachs

Online retail out of total retail in India (2024F)

Offline Retail
Online Retail

Note: F- Forecasted
Source: Redseer, Crisil, Report by EY, Indian Private Equity and Venture Capital Association

India is one of the fastest-growing e-commerce markets in the world. In 2017, online retail sales were worth $27.5 billion in India, and are expected to reach $130 billion by 2021. Amazon, Flipkart, and Snapdeal are the leading online retailers in India. These companies can each claim to be the largest online retailer in India, but they also face significant challengers from Alibaba Group Holdings Ltd.

Alibaba is China's largest online and brick-and-mortar retailer. The company has a market share of around 33 percent in China's online retail market and 22 percent in India's online retail market. However, Alibaba faces significant competition from Amazon, Flipkart, and Snapdeal.

The three leading Indian e-commerce companies have different advantages that make them attractive to consumers and businesses. Amazon boasts high customer satisfaction ratings and offers a wide range of products at low prices. Flipkart is known for its curated selection of products from various brands and for its customer service that is among the best in the industry. Snapdeal is well known for its easy shopping experience and wide variety of products.

However, all three companies face challenges from Alibaba. For example, Alibaba manages inventory

Challenges and solutions

- The retailer can save his business (retailer's existence) by connecting with the online retail world. The retailer can provide extra information about products, fulfill orders electronically, and stay in touch with customers consistently. E-commerce is a great opportunity.

- People can take advantage of selling their products through the internet by using an online store and linking to the other businesses in their chain, as well as creating a brand identity.
- With more online shopping nodes, the demand for reputable companies has grown. So, people who wish to take advantage of this new trend can establish their own business and enjoy the benefits.
- "E-commerce provides the various types of opportunities to the Wholesalers, Retailers, Producers and the People." The retailers should be in touch with their consumers all the time.
- People are more aware of what products are available on the market, thanks to devices such as televisions and newspapers. If a new product is available, you'll know which products it matches and its price and features.
- With the large amount of new laws, regulations and unpredictable risks that come with being an E-commerce business, it has become logically necessary for online retailers to understand the legal process and take appropriate precautions for their safety and success.
- The number of issues surrounding IPR in e-commerce transactions has taken its toll with users being able to easily duplicate product material or mislead other users. Intellectual property needs to be more strictly regulated in order for these problems to stop.
- Compare to speech-based technologies that can't meet these demanding needs.
- Consumers are able to organize their favorite items and segment them into collections in social media tools such as Facebook.
- With economic growth and increased international trade, customers have been able to pay for products online more easily, leading to an upsurge in the number of jobs. Immigration has also taken its toll on job market which in turn supports global consumers.
- Online shopping website should be simple and easy to understand, with language easy to read. The website should use language that is simple and uncomplicated while using mixed media to show items in a visually appealing way.

What's next for E-Commerce?

It's difficult to predict as new segments and opportunities will be explored, like travel, electronic appliances, fashion products, hardware. There are also essential factors that come into play to influence the booming industry. These include replacement guarantee, M-Commerce services, location-based services, multiple payment options—including cash on delivery—right content/products as advertised online and shipments from authorized channels/besides providing an invoice to customers who do their business online. Moreover, quality of products should be equal or better than shown on the website by authorized retailers. The Web community should benefit from quick Service & Customer care 24/7 can offer. Various types of opportunities are available for e-commerce start-ups and businesses in India.

E-commerce has become an important part of our lives today, especially in urban areas where people rely on these platforms to access new ways of communication and buy things they want to use. The growth in technology has transformed the way people live, communicate, and purchase goods in new ways. With this rapid adoption by consumers, the demand for companies that can handle this explosive growth was impossible to ignore. E- Commerce volumes are rapidly increasing in India and attracting worldwide attention.

CONCLUSION:

The future of retail is difficult to predict, but there are several segments that it will boom in the coming years, like Travel and Tourism, electronic appliances, hardware products and apparel. There are some essential factors that are going to help E-Commerce grow significantly such as replacement guarantee, M-Commerce services; location based services, multiple payment option, right content and shipment option. In addition to these factors, retailers must make sure their T&Cs and price points are clear and realistic. They also need to have dedicated 24/7 customer care centers on hand at all times. They can also sign up with wholesalers or distributors to find more product options. Wholesalers meet orders from the producers which they then need to fulfill themselves. Producers can interact with consumers too by making their own T&C agreements and following a business model where they simply take some product offers to customer.

E-Commerce has become a growing trend around the world and is no longer a privilege. With the penetration of internet-enabled devices, people are buying more than ever before. New technologies such as smart phones, tablets and streaming have boosted movement of E-Commerce and changed how we live, communicate and shop. This has huge implications for consumers both domestically and internationally. In conclusion, creating a successful e-commerce business in India requires diligent planning and execution. By following these tips and guidelines, you can ensure your business thrives and achieves success.

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