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A STUDY ON IMPACT OF E-COMMERCE

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Abstract: *E-commerce also known as e-business or electronic business, is simply the sale and purchase of services and goods over an electronic medium, like the internet. It also involves electronically transferring data and funds between two or more parties. E-commerce started way back in the year 1960s when organizations began to use electronic data interchange. 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 growth of e-commerce volumes in India is attracting the attention of players around the globe. The present study is descriptive in nature and is based on secondary data. The study found that, e-commerce sites run quickly, which is determined by computer and bandwidth considerations on both consumer device and e-commerce site. The study also found that, an e-commerce transaction can comprise a few clicks and take less than few minutes.*

Key words: *E-Commerce, Impact.*

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I. INTRODUCTION

E-commerce is the buying and selling of goods and services or the transmitting of funds or data over an electronic network, primarily the internet. Other than buying and selling, many people collect the information to compare prices or look at the latest products on offer before making online shopping or traditional method of purchasing. The global business community is rapidly moving towards electronic commerce because of information technology.

E-commerce has already reached enormous sales volumes. E-commerce statistics shows that the total amount of worldwide retail e-commerce sales will likely reach $3.5 trillion in 2019. This represents nearly 14% of all worldwide retail sales for this year. Predictions are that, by 2040 nearly all retail purchases will be made online. If these predictions come true, the global retail e-commerce level will reach $ 24 trillion. A big part of the benefits of e-commerce for retailers will come from the online sales and purchases of commerce financial services. The fin tech applications for e-commerce will allow retailers to capture a big share of fin tech products sales.

E-commerce is an emerging concept that describes the process of marketing or exchanging of products, services and information through internet. E-commerce has made the shopping easy. The e-commerce industry in India is growing rapidly despites many challenge. At present, e-commerce industry is one of the largest growing industries in India. The sale of e-commerce industry is expected to grow by almost 4 times by 2021 than the sales of 2015. This unprecedented growth in e-commerce is due to increase in smart phones and internet users, 3G/4G internet services, awareness in public, government initiative of digitalization, entry of foreign e-business players etc.

E-commerce refers to any sort of business transaction that involves the transfer of information through the internet. Originally, electronic commerce meant the facilitation of commercial transactions electronically, using technology such as Electronic Data Interchange (EDI) and Electronic Fund Transfer (EFT). These were both introduced in the late 1970s, allowing businesses to send commercial documents like purchase orders or invoices electronically. The growth and acceptance of credit cards, automated teller machines (ATM) and telephone banking in the 1980s were also forms of electronic commerce. Online shopping, an important component of electronic commerce was invented by Michael Aldrich in UK in 1979. The world's first recorded business to business was Thomson Holidays in 1981. The first recorded business to consumer was Gateshead SIS /Tesco in 1984.

II. OBJECTIVES OF THE STUDY

1. To study the various models of e-commerce.
2. To study the impact of e-commerce.

3. To analyze the total retail and retail e-commerce sales in India.
4. To study the top e-commerce drivers and services.

III. RESEARCH METHODOLOGY

The present study is descriptive in nature and is based on secondary data. The data has been extracted from various sources like research articles, publications from Government of India and authenticated websites.

IV. REVIEW OF LITERATURE

- **Madhurima Khosla and Harish Kumar (2017)** the article entitled “Growth of E-Commerce in India: An Analytical Review of Literature”. This study attempts to explore the evolution of e-commerce in India and identifies various challenges to as well as the factors responsible for the future growth and development of e-commerce. The study found that, a sustainable business practice would be to promote e-commerce and m-commerce as complements rather than substitutes to traditional business.
- **Nazmun Nessa Moon, Shaheena Sultana Fernaz Narin Nur and Mohd Saifuzzaman (2017)** the article entitled “A Literature Review of the Trend of Electronic Commerce in Bangladesh Perspective”. This paper contains a brief discussion of search engine marketing or e-commerce, literature survey, current and future prospect, comparative study of e-commerce in Bangladesh perspective on online shopping. The study found that, e-commerce has changed the business strategy and making life easier for the people of Bangladesh as well as other countries.
- **Abdul Gaffar Khan (2016)** the article entitled “Electronic Commerce: A Study on Benefits and Challenges in an Emerging Economy”. This study predicts some challenges in an emerging economy. In this paper an attempt is made to study the e-commerce situation in Bangladesh. The study found that, the e-commerce industry will be a leader with popularity in electronic business world in the upcoming years. The study also found that, in Bangladesh e-commerce has strongly impacted the traditional business and changing the life of people by making it easier.
- **Rajneesh Shahjee (2016)** the article entitled “The Impact of Electronic Commerce on Business Organization”. The said research paper involves a study of the impact of electronic commerce on Business. The research study has highlighted the management information systems. The study found that, majority of the customers live in rural areas do not sufficient knowledge about computer and internet. Some of the customers in urban areas do not have credit facilities and therefore online marketing is limited to upper class having knowledge of computer.

V. MODELS OF E-COMMERCE

- **Business to Business (B2B):** Business to business e-commerce refers to the electronic exchange of products, services or information between businesses. B2B e-commerce includes online directories and product and supply exchange websites that allow businesses to search for products, services and information and to initiate transactions through e-procurement interfaces. In 2017, Forrester Research predicted that the B2B e-commerce market will top $1.1 trillion in the U.S. by 2021, accounting for 13% of all B2B sales in the nation. A few B2B pioneers are Chemdex (www.chemdex.com), Fastparts (www.fastparts.com) and Free Markets (www.freemarkets.com).
- **Business to Consumer (B2C):** Business to consumer refers to exchanges between business and consumer. This is the retail part of e-commerce on the internet. It is when businesses sell products, services or information directly to consumers. Today, there are innumerable virtual stores and malls on the internet selling all types of consumer goods. The most recognized example of these sites is Amazon which dominates the B2C market.
- **Consumer to Consumer (C2C):** Consumer to consumers involves transactions between and among consumers. Here, consumers trade products, services and information with each other online. These transactions are generally conducted through a third party that provides a online platform on which the transactions are carried out. Online auctions and classified advertisements are two examples of C2C platforms with eBuy and Craogslist being two of the most popular of these platforms.
- **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 make their products and services available online for companies to bid on and purchase. This is opposite of the traditional e-commerce model of B2C. A popular example of this C2B platform is a market that sells royalty free photographs, such as iStock. Another example is a job board.
- **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. 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 CDs.

- ★ **Business to Administration (B2A):** Refers to transactions conducted online between companies and public administration or government bodies. Many branches of government are dependent on e-services or products in one way or another, especially when it comes to legal documents, registers social security, fiscals and employment. Businesses can supply these electronically. B2A services have grown considerably in recent years as investments have been made in e-government capabilities.
- ★ **Consumer to Administration (C2A):** Refers to transactions conducted online between individual consumers and public administration or government bodies. The government rarely buys products or services from citizens, but individuals frequently use electronic means in the following areas:

1. **Education:** Disseminating information, distance learning/ online lectures etc.
2. **Social security:** Distributing information, making payments etc.
3. **Taxes:** Filing tax returns, making payments etc.
4. **Health:** Making appointments, heath services payments, information about illnesses etc.

VI. IMPACT OF E-COMMERCE

- **Digital Currency and Crypto Currency:** Physical currency is being retired in many nations to be replaced by digital versions of currency. This may shift to crypto currency eventually for its added security protections and usefulness.
- **Services for the Unbanked:** In developing countries, billions of people do not have a bank account. Moreover, a significant portion of people in developed countries, such as 25% in the U.S. as reported by CNBC are unbanked or under banked as well. By creating e-commerce / fin tech hybrid services, online retailers may sell products and offer financial services to their customers, thereby substituting for a bank.
- **Permanent Digital Archive Records:** Blockchain technology, which derives from crypto currency applications, is now used to make permanent encrypted records of financial transactions that are public. There will be no need for individuals to keep any records/receipts when they can access these permanent records online. The use of blockchain technology can reduce fraud.
- **Artificial Intelligence and Big Data Mining:** Artificial intelligence is already being applied to analyze big data and look for patterns. Online retailers can cross reference purchasing activity with other big data metrics to predict behaviors. Behavioral analysis of customer patterns improves the impact of marketing. This allows an online retailer to present products and service offerings at the most appropriate moment when they have the greatest relevance for a person. Moreover, fraud can also be reduced by artificial intelligence mining of big data to gain insights about patterns of criminal behavior to help prevent it.
- **Peer to Peer Transactions:** Peer to peer systems has already evolved that disinter mediate the traditional fin tech structures. When a direct person to person connection is easily made there is no need for intermediaries.
- **Mobility:** Most online purchasers regularly use a smart phone for e-commerce. Small business owners can use a smart phone for bank card purchase with the help of a simple attachment that is used to read a bank card. The system sends the transaction over the mobile network for authorization. This service is very convenient the transaction fees are highly competitive and there are no monthly fees. It is easy to sign up for this type of service for those with a merchant account on PayPal and other financial system.
- **Personalization:** Using artificial intelligence chat bots for customer service and sophisticated data analytics created by applying artificial intelligence algorithms to big data, it is possible to personalize every customer's experience. Through machine learning, these artificial intelligence based systems learn more over time about a person's needs. This makes it easier to be able to better address these needs in the future and anticipate a person's concerns.

Table 1: Total Retail and Retail E-Commerce Sales in India

(Figures in USD Billions)

Year	Total Retail Sales	Retail E-Commerce Sales	% of Total Retail Sales
2013	635.25	3.59	0.60 %
2014	717.83	5.30	0.70 %
2015	818.33	7.69	0.90 %
2016	941.08	10.68	1.10 %
2017	1082.24	14.18	1.30 %
2018	1244.58	17.52	1.40 %

Source: eMarket, Dec. 2014

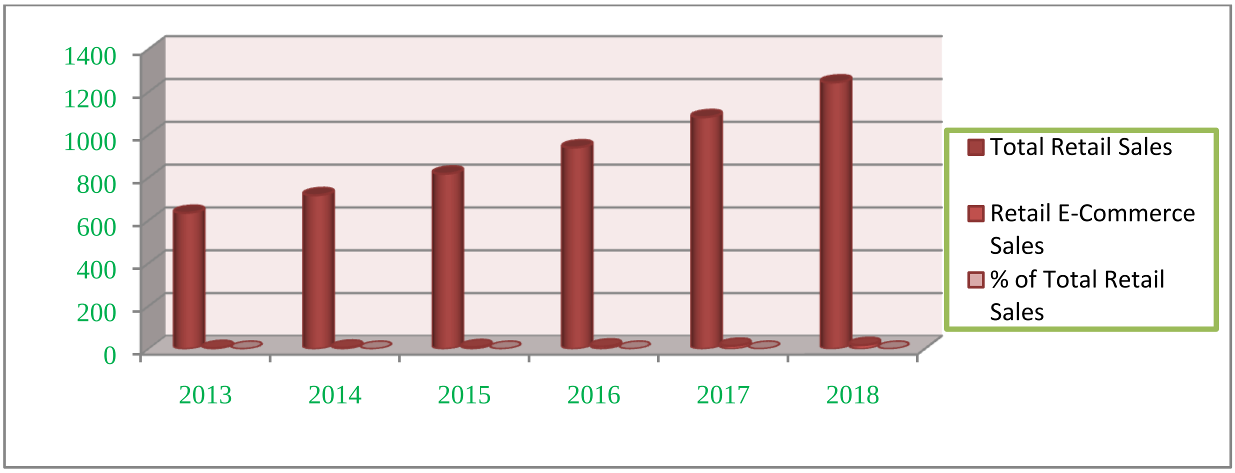


Table 2: Top 10 Countries Retail E-Commerce Sales as Percentage of Total Retail Sales

Sl. No.	COUNTRIES	2015	2016	2017	2018
1	UK	14.4 %	15.6 %	16.9 %	18.0 %
2	China	12.0 %	13.8 %	15.5 %	16.6 %
3	Norway	10.7 %	11.5 %	12.1 %	12.7 %
4	Finland	10.4 %	10.8 %	11.2 %	11.5 %
5	South Korea	9.8 %	10.5 %	11.3 %	12.0 %
6	Denmark	9.3 %	9.9 %	10.4 %	10.8 %
7	Germany	8.4 %	9.4 %	10.4 %	11.2 %
8	US	7.1 %	7.7 %	8.3 %	8.9 %
9	Canada	5.9 %	6.6 %	7.4 %	8.2 %
10	Japan	5.4 %	5.8 %	6.2 %	6.7 %

Source: eMarketer

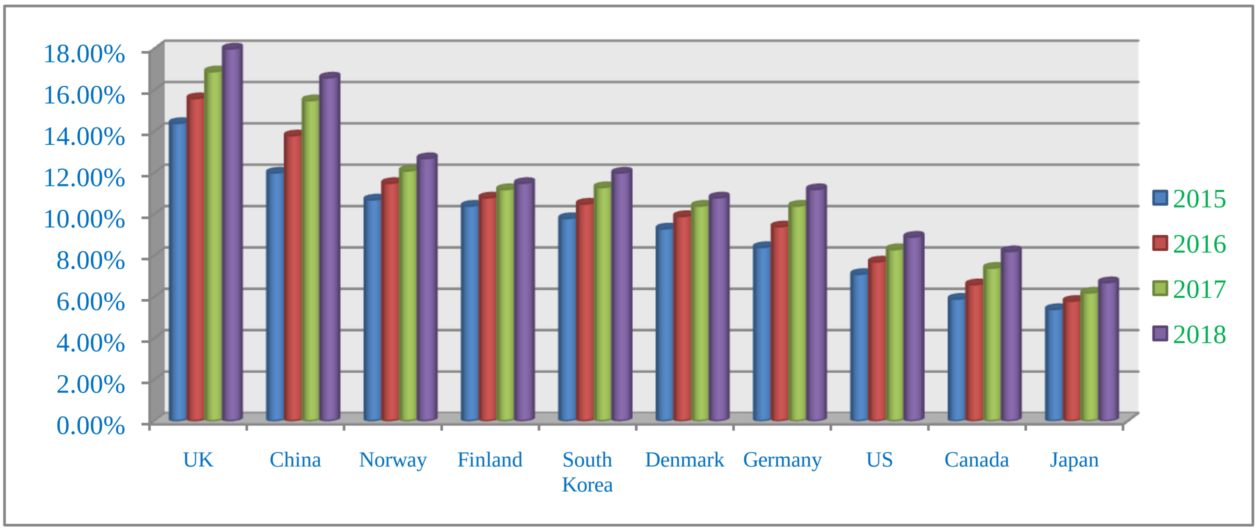


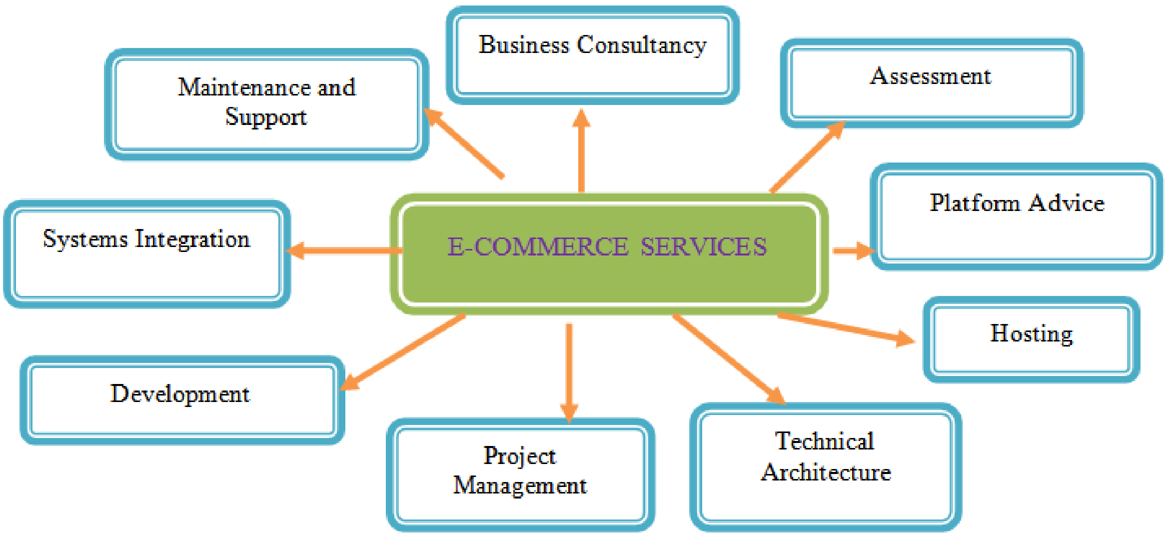
Figure 1: E-Commerce Drivers

Table 3: Growth of E-Commerce Industry in India

Year	Growth of E-Commerce Industry
2010	$ 4.4 billion.
2014	$ 13.6 billion
2016	$ 38 billion
2020	$ 120 billion

Source: eMarketer

Figure 2: E-Commerce Services



VII. FINDINGS OF THE STUDY

1. E-commerce sites run quickly, which is determined by computer and bandwidth considerations on both consumer device and e-commerce site. An e-commerce transaction can comprise a few clicks and take less than few minutes.
2. E-commerce services avoid the cost associated with physical stores, such as rent, inventory, shipping and warehouse costs.
3. E-commerce sites are available 24X7, allowing visitors to browse and shop at any time.
4. E-commerce services enable brands to make a wide array of products available, which are then shipped from a warehouse after a purchase is mane.
5. In e-commerce, visitors can browse product category pages and use the site search feature and find the product immediately.

VIII. SUGGESTIONS

1. Management has to develop e-commerce strategy based on the analysis of industry and competition. Many companies like IBM created independent division for formation and implementation of e-commerce in the organization.
2. The management needs to view e-commerce potential in the light of the competition and not just as technological advancement.
3. Organizations are to be restructured and re-engineered in to a network based organization. Therefore, building and integrating infrastructure is a big challenge faced by company management.
4. Company management has to make decision regarding in sourcing or outsourcing. Big companies go for in-house development of website. It means company's own staff build e-commerce enabled website.
5. Company management has to make cost benefit analysis of implementing e-commerce venture.
6. Company management has to make agreement with acquiring bank, Credit Card Company and payment gateway to ensure that it is able to receive and make payments electronically through modes like credit cards, smart cards, e-cash etc. The management has to devise ways and means of integrating internet based payment system with offline system.

IX. CONCLUSION

E-commerce is the activity of electronically buying or selling of products on online services or over the internet. E-commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems and automated data collection systems. E-commerce is continuously progressing and is becoming more and more important to business as technology continues to advance. E-commerce businesses have significantly lower operating costs compared to traditional way of doing business. There is no rent, no staff to hire and pay. This makes e-commerce stores extremely competitive on price, which usually increases the market share.

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