

E-Commerce in India: Growth and Trends

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Abstract

E-commerce one of the highest growing business, with India having great market potential for investments. There has been huge surge in investment since last year and more is accepted in coming years. The rapid growth of mobile and internet users has facilitated e-commerce business in both urban and rural cities. With an online population of 500 million in 2017, India has one of the fastest growing internet populations in the world. A compound annual growth rate (CAGR) of 13 percent will take the number of online users to 720 million, close to where China is currently. The CAGR of the Indian online user growth is nearly four times that of global rate. The Indian e-commerce has seen a steady growth over the years from 2014 and is currently pegged at \$53 billion. With a growth of 25 percent, the Indian e-commerce industry is expected to cross the \$100 billion mark by 2020. India has an internet users base of about 475 million as of July 2018, about 40% of the population. Despite being the second largest user base in world, only behind China (650million, 48% of population), the penetration of ecommerce is low compared to markets like the United states (266 million, 84%), or France (54 M, 81%), but is growing at an unprecedented rate, adding around 6 million new entrants every month. The industry consensus is that growth is at an inflection point. In India, cash on delivery is the most preferred payment method, accumulating 75% of the e-retail activities. Demand for international consumer products is growing much faster than in-country supply from authorised distributors and e-commerce offerings. The present study makes use of secondary data. The methodology used is collection of data from various journals, published books, and research studies, research articles, magazines and newspapers along with internet. Finally, it has been concluded that ecommerce will result in high economic development and there will be an emergence of a more innovative and advanced technology.

Keywords: e-commerce, e-retailers, B2B, B2C, internet users.

INTRODUCTION

E-commerce is the process of buying and selling of produce and products by electronic means such as by mobile applications and the internet .e-commerce refers to both online retail as well as electronic transactions. In the last decades, e-commerce has increased in popularity enormously and replacing traditional brick and motor stores as it allows to buy and sell products and a global scale , twenty-four hours a day ,As the internet becomes ingrained in our daily lives and routines, acceptance of ecommerce continue to grow, and businesses are taking advantages of e-commerce and it has seen explosive growth over the past decades. People are reaping all the benefits that an e-commerce store has to offer.

There is potential for tremendous expansion ahead. Ecommerce sales worldwide amounted to 2.3 trillion dollars in 2017 and revenues are projected to more than double to nearly 5 trillion dollars in 2021. Amazon has been around for almost 25 years and like an insatiable black hole, continues to devour every retail sector there is. Therefore, in the decades to come, e-commerce may gain a sizeable share of overall commerce

Figure: 1



Figure: 2

TYPES OF E-COMMERCE



There are 6 basic types of e-commerce:

1. Business-to-Business (B2B)
2. Business-to-Consumer (B2C)
3. Business-to-Administration (B2A)
4. Consumer-to-Consumer (C2C)
5. Consumer-to-Business (C2B).
6. Consumer-to-Administration (C2A)



Based on the type of application, Ecommerce generally covers six main types of transaction:

1. BUSINESS –TO-BUSINESS (B2B)

Business-to-Business e-commerce encompasses all electronic transactions of goods or services, conducted between companies, i.e. companies sell their goods online to other companies and not engaged in sales to the consumer public.

2. BUSINESS –TO-CONSUMER (B2C)

Business-to-Consumer e-commerce means companies sell their online goods to consumer who is the end-users of their products or services. Usually, B2C e-commerce web shops have an open access for any visitor and user.

There are already many virtual stores and malls on the internet , which sell all kinds of consumer goods , such as ; computers , software , books , shoes , cars , food , financial products , digital publications , etc.

3. CONSUMER –TO-CONSUMER (C2C)

Consumer –to-consumer (C2C) type e-commerce encompasses all electronic transactions of goods or services conducted between consumers .Generally , these transactions are conducted through a third party , which provides the online platform where the transactions are actually

carried out. eBay.com is a very good example . It is the most popular platform that enables consumers to sell to other consumers.

4. CONSUMER-TO-BUSSINESS (C2B)

In C2B, consumers offer their products or services online and companies post their bids. Then consumers review the bids and choose companies that meet their price expectations. In this type of commerce markets sell royalty –free photographs , images , and media and design elements , such as ; iStockphoto .

5. BUSINESS-TO-ADMINISTRATION (B2A)

This part of e-commerce encompasses all transactions conducted online between companies and public administration. This is an area that involves a large amount and a variety of services , particularly in areas such as fiscal , social security , employment , legal documents , and registers , etc . These types of services have increased considerably in recent years with investments made in e-government.

6. CONSUMER-TO-ADMINISTRATION (C2A)

The Consumer-to-Administration model encompasses all electronic transactions conducted between individuals and public administration.

Examples of applications include:

Education – disseminating information, making payments , etc.

Health-appointments, information about illness, and payments of health , services , etc.

Taxes-filling tax returns, payments, etc

Social security – through the distribution of information, making payments , etc.

Both models involving public administration (B2A and C2A) are strongly associated to the idea of efficiently and easy usability of the services provided to citizens by the government, with the support of information and communication technologies.

BENIFITS OF E-COMMERCE

E-commerce benefited many organisations by reducing supplier cost and increasing profit. Ecommerce is used to describe transactions that take place on-line where the buyer and seller are remote from each other (Andrews, 2001).

Figure:3



- (a) **Global reach-** E-commerce business the benefits of global reach. Anyone can sell to anyone, anywhere in the world via an online e-commerce business.
- (b) **Always open-** An online e-commerce shop remains “open” 24 hours a day, seven day a week, 365 days a year. This is extremely convenient for customer and a great opportunity for merchants.
- (c) **Cost saving-** E-commerce business is extremely competitive on price as these have lowered operating cost significantly. There is no rent , no staff to hire and pay and very little fixed operating costs.
- (d) **Automated inventory management** – E-commerce business have managed inventory effectively across multiple channels. Automated inventory management is for easier through the use of electronic online tools and third party vendors and thus saving billions of dollars in inventory and operating cost.

- (e) **Laser Targeted Marketing** – Ecommerce business have lowered the cost of customer acquisition, and allows online business to remain extremely agile. Online merchants have the ability to collect an amazing amount of consumer data to ensure they are targeting the right people for their products.
- (f) **Niche Market Dominance** –Low operating costs, the ability to target exact type of customers well as the benefit of global reach, an ecommerce ensures that a company could be very profitable.
- (g) **Location Independence** – An ecommerce business is able to run a business as long as it has a laptop and an internet connection .A business owner is not tied to any one location when running their business.

E-commerce in India Economy

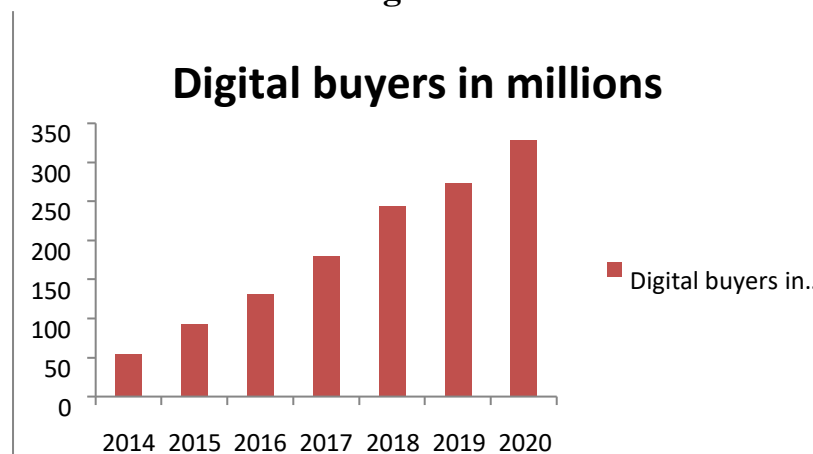
In the upcoming years, E-commerce is expected to boom in the Asian region. It is projected that the number of digital buyers in Asia Pacific will pass the one billion mark for the first time in 2018, which will account for 60 percent of all internet users in the region. The economy of India has been consistently showing good signs of growth. Our average GDP growth rate was 7.5% in 2015-16. The retail sector stood at 11% CAGR, growing from an estimated size of USD 600 billion to USD 1 trillion in 2020. India, a fast-growing emerging Asian market, shows optimistic projections for the e-commerce industry. In India, consumers are rapidly advancing towards adopting technology. Although , currently the total e-commerce spend in India accounts for less than 2% of the total retail spending , e-commerce has become a key driver to create new markets in erstwhile unreachable geographies. While the overall tele-density is also high at 79.8% as of November, 2015. During the safina time , India became the 2nd largest market after China , for smartphones with 220 Million as of September , 2015. There is a shift in mobile usage from voice to data with the availability of high speed 3G and 4G internet connectivity at affordable prices , mobile internet spend has risen from 54% to 64% from 2014 to 2015 and this has led to an increase in transaction done via mobile. Improved regularly framework has pushed India's rank of ease of doing business and it went up by twelve in just one year. Private Equity and venture capital Investments have been Positively impacted by all these factors and India touched USD 20 Billion in 2015 . Current active e-commerce

penetration in India stands only 28 percent, with lots of room for improvement - India's retail e-commerce CAGR is projected to reach 23 percent from 2016 to 2021.

Number of digital buyers in India from 2014 to 2020 (in millions)

In India about 329.1 million people are projected to buy goods and services online by 2020. About 70.7 percent of internet users will have purchased products online by then and majority of digital shoppers in India are male. This growth in volume of digital buyers has a reflection on revenue as well. In India Retail e-commerce sales are forecast to grow tremendously and is projected to jump from around 16 billion U.S. dollars in 2016 to just over 45 billion U.S. dollars in 2021. In 2016, Amazon. in was the leading online store with net e-commerce sales of 437.7 billion U.S. dollars in India, followed by local competitors Flipcart and Snapdeal. In India, mobile is also a promising and profitable platform for the retail industry. The following statistics displays a forecast of the number of digital buyers in India up to 2020, based on factual numbers from 2014 to 2016. In 2020, over 329 million people in India are expected to buy goods and services online, up from 130.4 million in 2016.

Figure:4



Source:statista

MARKET GROWTH AND SIZE IN INDIA

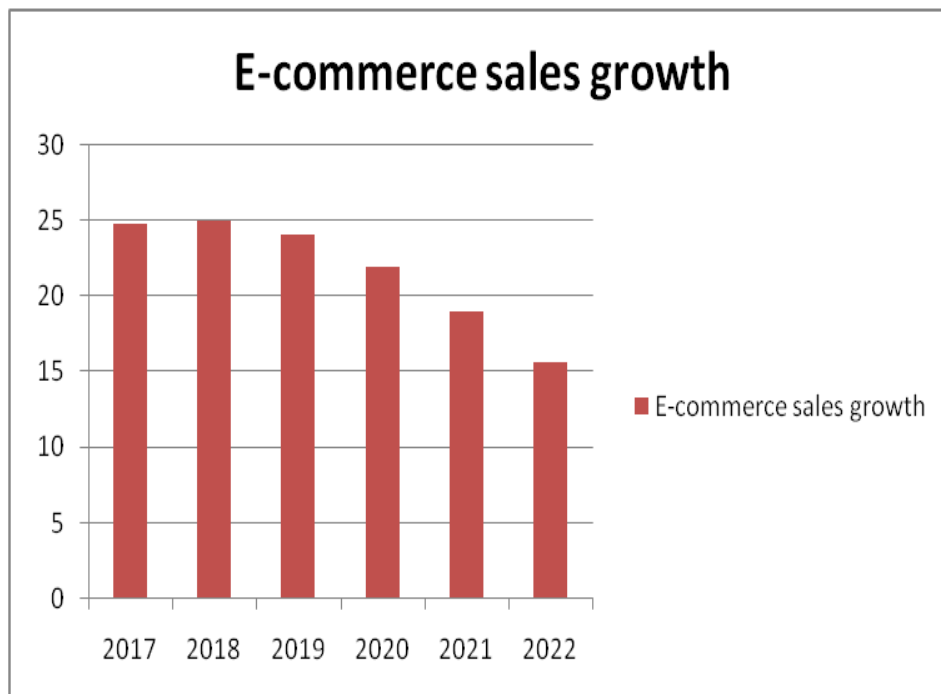
Propelled by rising smartphone penetration, the launch of 4G networks and increasing consumer wealth, the Indian e-commerce market is expected to grow to US\$ 200 billion by 2026 from US\$ 38.5 billion in 2017 Online retail sales in India are expected to grow by 31 per

cent to touch US\$ 32.70 billion in 2018, led by Flipkart, Amazon India and Paytm Mall. During 2018, electronics is currently the biggest contributor to online retail sales in India with a share of 48 per cent, followed closely by apparel at 29 per cent.

Annual retail e-commerce sales growth in India from 2017 to 2022

This following shows the projected year-on-year retail e-commerce sales growth in India from 2017 to 2022. In 2017, retail e-commerce sales revenues in India increased 24.8 percent compared to the previous year.

Figure:5

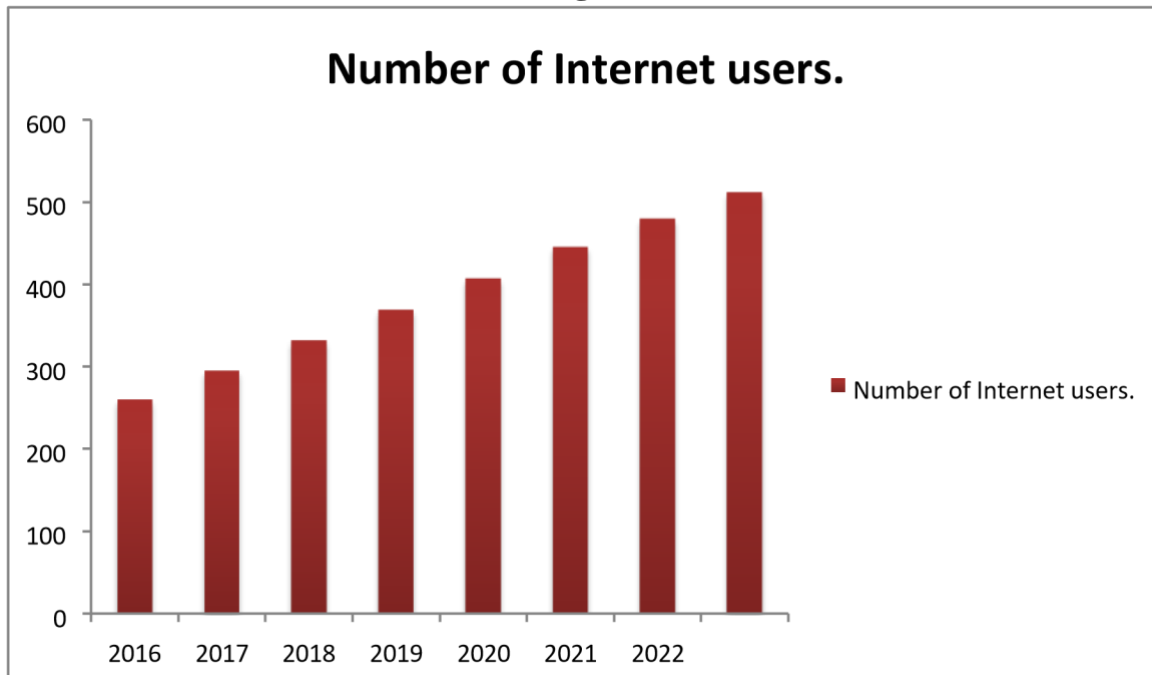


Source:statista

Number of Internet users in India from 2016 to 2022

This statistic provides information on the number of Internet users in India from 2016 to 2022. As of 2016, India had 320.57 million mobile phone internet users and forecasts estimate 492.68 million Indian mobile phone internet users by 2022.

Figure:6



Source:statista

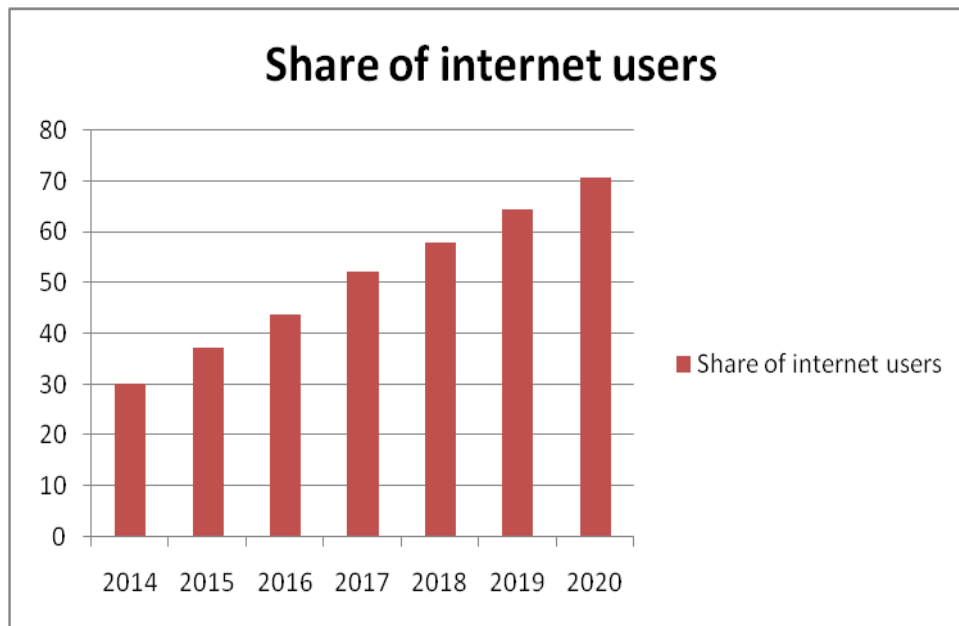
In India, about 23 percent of internet users used a mobile phone for making a purchase in 2016. This places India as one of the leading digital markets for mobile e-commerce penetration. About 27 percent of digital buyers in the country made an online purchase via their smartphones/mobile on a monthly basis, and 24 percent stated purchasing online goods and services weekly. According to 71 percent of consumers in India mobile wallet is the preferred method of digital payment. In terms of value, sales from mobile retail e-commerce are projected to generate 63.5 billion U.S. dollars in revenue by 2020.

Digital buyers penetration in India from 2014 to 2020.

As of 2015, only 26 percent of the total population only was using the internet; almost ten times the audience size from a decade prior. According to recent market research, mobile phone internet user penetration in India is projected to reach 37.36 percent of the population in 2021, representing a huge potential in terms of digital and mobile buyer audience. Total internet audiences in India estimated to surpass 635 million online users in 2021.

This statistics gives information on the digital buyer penetration in india from 2014 to 2020. In 2016, 43.8 percent of internet users in India had purchased products online. In 2019, this figure is expected to grow to 64.4 percent.

Figure:7

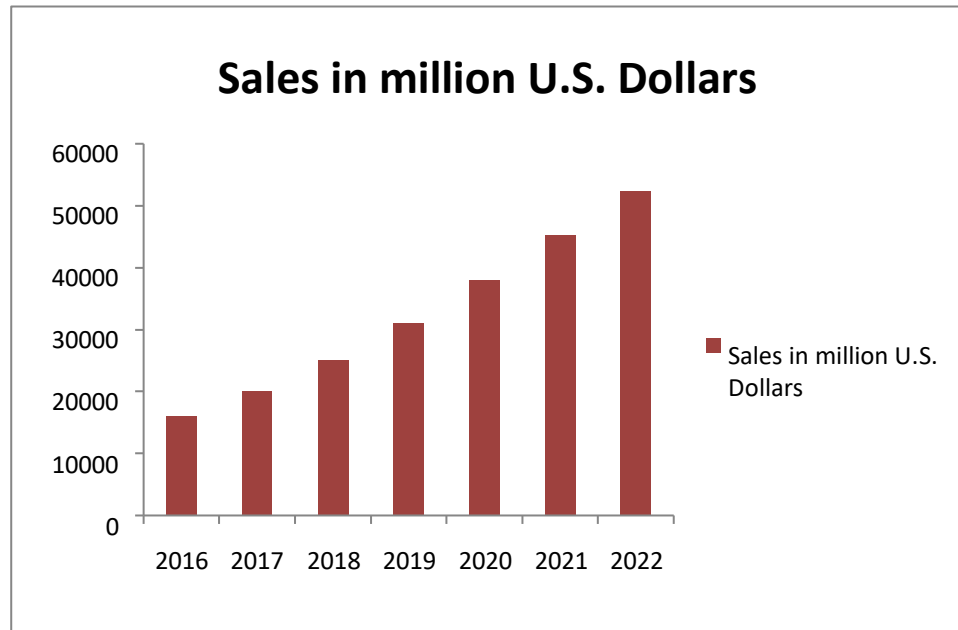


Source:statista

Retail e-commerce sales in India from 2016 to 2022 (in million U.S.Dollars)

The following figure shows the retail e-commerce volume in India from 2016 to 2022. In 2016, the sale of physical goods via digital channels in India amounted to 16.07 billion U.S. dollars in revenues to reach at and is projected to reach at 52.30 billion U.S. dollars

Figure:8

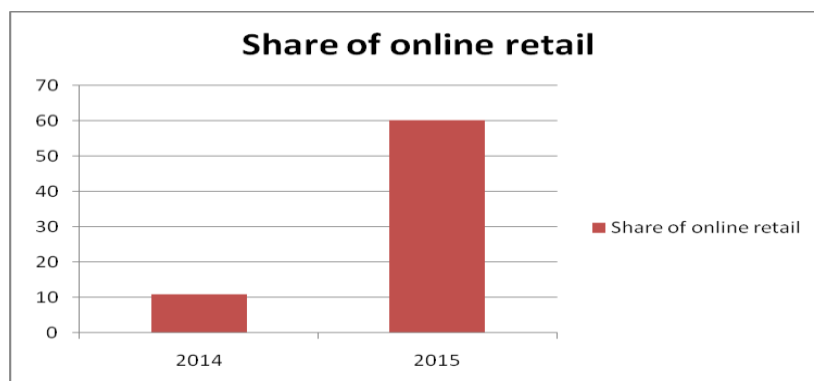


Source: statista

Mobile share of online retail sales in India in 2014 and 2015

This statistic presents the share of mobile e-commerce sales in India. In 2014, m-commerce percentage amounted to 11 percent of total retail sales. In the following year, mobile accounted for at least 60 percent of online shopping sales.

Figure:9

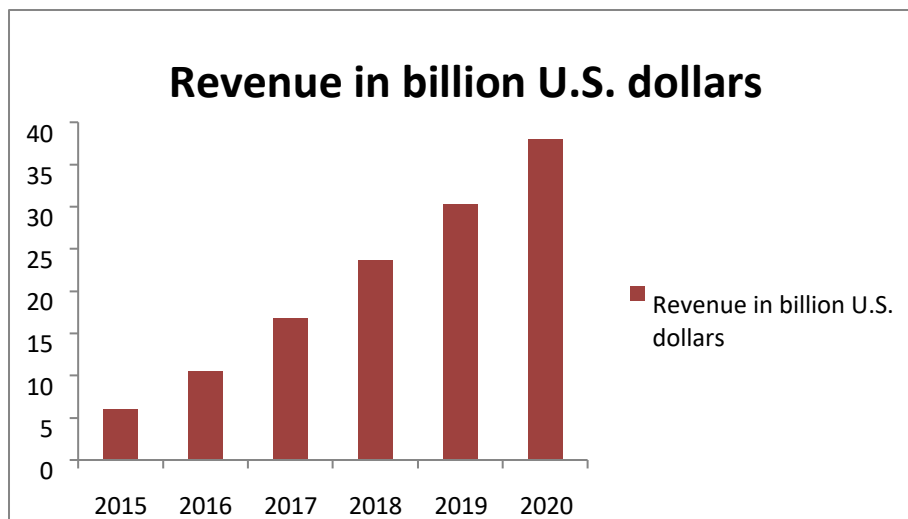


Source:statista

Retail m-commerce sales in India from 2015 to 2020 (in billion U.S. dollars)

The following statistic gives information on the on the retail m-commerce revenue in India from 2015 to 2020. In 2015, mobile retail e-commerce sales in India amounted to 6.02 billion U.S. dollars and are projected to reach 37.96 billion U.S. dollars in 2020. That year, total retail e-commerce are set to generate 79.41 billion U.S. dollars in revenues.

Figure:10



Source:statista

REVIEW OF LITERATURE

Chen et. Al,(2011) investigated that according to significant success factors for e-commerce companies which recognised by sung there are customer relationship and privacy of information, low cost operation, ease of use, e-commerce strategy, methodological ecommerce expertise, immovability of systems, security of systems, prosperity of information, variety of goods/services, speed of systems, payment process, services, delivery of goods/services, low price of goods and services , and assessment of e-commerce operations. It's based on the theoretical model of consumer acceptance of the virtual stores proposed by Chen et al. The

significant success factors are product offering, the usability of storefront, the perceived service , and the perceived trust.

Dubelaar et al, (2012) reported that for e-commerce success, turban et allotted the CAF's which are the user-friendly of web interface, delivery of specific and high-value services or products, its support top management and technical infrastructure, level of trust between buyers and sellers, security and control of the e-commerce system, the customer acceptance, the mass customization, competition and the market situation, the optimization of scope of business, and creating new partnerships and alliance. According to Dubelaar declared that the CAF's presented by the companies succeed in B2C e-business adoption is the combination of strong customer attention, it's clearly distinct the performance measures, a clear link between value intention and measures, and the incremental development process.

Viehland D.W., (2012) identified the six factors significant to the success of the e-business strategy to create a consumer-centric strategy, to accept outsourcing to improve business performance, to act like a new entrant, to the utilize information management to differentiate company's product, to be part of an e-business community and to require executive leadership. According to Eid grouped the CAFs for business-to-business international Internet marketing Successful implementation into five related factors, which are marketing strategy related factors, web site related factors, global related factors, internal related factors, and external related factors. Each group comprised of several factors.

Yan G. And Paradi J.C., (1999) identified the five significant success factors for the financial institutions to compete in th e-commerce market. They involve e-commerce strategy of the innovation, risk tolerance, the communication network and size of company assets. They investigated the web characteristics as significant success factors for web sites. Their investigation found that interactivity and immediacy are success factors for B2B web sites. Further, for B2C web sites, there are four success factors including media richness and –variety , available and ease of use.

Jennex M.E. et. Al, (2009) discussed the key infrastructure factors for setting up B2B ecommerce enterprise in developing countries. They are people factors and technical infrastructure factors , the client interface factors , the business infrastructure factors, and regulatory environment factors. Each factor consist of several attributes. The knowledge of
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workers and the worker technical skills, faith in the relationship between client and provider, knowledgeable client contacts, the client contacts that can speak with the provider's language, and client methods are considered significant. Moreover, client interface factors are considered the most significant among these five factors.

Liu and Arnett, (2009) obtained four major factors that are significant to the web site success in the e-commerce from a research model derived from applying both the information system and marketing literature. The variables were defined to measure each factor. After the factor analysis, the significant factors include information and service quality, system use, playfulness and system design quality.

Chih Chien Wang and Chien Chang Chen ,(2010) identifies the potential benefits and drivers of adopting e-commerce includes more direct and indirect cost savings in communications and marketing greater business exposure and more access to new customers and trading partners. In the business environment e-commerce has made considerable not only into large organizations but also the SMEs.

According to Laosethakul K. And Boulton W., (2007) e-commerce consists of transaction oriented internet base functions (e.g. on-line catalogs, purchasing and payments.). In particular, Electronic Commerce provides a new means of creating sustaining and escalating competitive advantage by driving down the cost of transacting business, deepening customer relationships and creating new markets in the market space through virtualization.

Zhang, (2003)., defined M-commerce as similar to e-commerce, but the term is usually applied to the emerging transaction activity in mobile network. However, MC is not an extension of ecommerce and has a different infrastructure, equipment, and application than e-commerce (EC). The key differences between MC and EC are the technology they use, the nature of service they provide , and the business model they represent

For e-commerce success, Turban et al. (2002) listed CSFs which are user-friendly web interface, delivery of specific and high-value services or products, supports of top management, technical infrastructure, level of trust between buyers and sellers, security and control of ecommerce system, customer acceptance, mass customization, competition, and market situation, optimization of scope of business, and creating new partnerships and alliances.

Madeja N and Arneet K.P.(2000) investigated the web characteristics as significant success factors for web sites. Their investigation found that interactivity and immediacy are success factors for B2B web sites. Further, for B2C web sites, there are four success factors including media richness and variety, availability and ease of use.

OBJECTIVES

1. To analyse the trend of the growth and performance of e-commerce in India.
2. To explain how e-commerce has created opportunities both for the Indian marketers and customers.
3. To evaluate the impact of e-commerce on buyers and sellers.

RESEARCH DESIGN AND METHODOLOGY

Research design and methodology form an integral part of any research study. The successful completion of any research work is dependent on the right selection of research methods and techniques to collect all necessary facts, figures and data information. For this researcher has to rely on the field survey technique as well as on published and unpublished reports, records, journals, periodicals, newspapers and magazines. The present study is concerned with the evaluation of growth and performance of e-commerce in India abetting Indian business, growth and economic development. The present study makes use of secondary data. This data has been empirically studied and presented through graphs and charts to understand the trend in the growth and functioning of e-commerce and also the reason behind such trends. The methodology used is collection of data from various journals, published book, research studies, research articles, magazines and newspapers along with internet. The study is qualitative and unique in nature.

CONCLUSION

. Ecommerce is set to play a very important role in the 21st century, the new opportunities that will be thrown open, will be accessible to both large corporations and small companies. 2019 is going to be a big year for E-commerce. Thanks to the massive rise in the technology available at everyone's fingertips. The successful ones will be measured by their willingness to adopt new technologies and keep an open mind to new strategies. With machine learning and artificial intelligence available in abundance, there is no excuse left to not make data-driven decisions that lead to measurable results- Ecommerce gives us the opportunity to ignore national boundary gap in new business models A report by the Internet and Mobile Association of India (IMAI) reveals that India's e-commerce market is growing constantly **Waghmare G.T. (2012)**. The new age of Global e-commerce is creating entirely new economy and that will tremendously change our lives, will reshape the competition in various industries, and alter the Indian economy. It can be concluded that ecommerce will result in high economic development and there will be an emergence of a more innovative and advanced technology.

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