

# Influence of E-commerce on Stakeholders of India and Its Limitations

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**Abstract-** In the past few years, significant growth has been realized in the field of e-commerce. There are good companies who made beginning like Amazon, e-bay are among those. The main goal of the paper is to obtain the various factors that influencing the growth of e-commerce in India and its limitations. It also describes the various opportunities for consumers, producers, retailers and wholesalers of Indian market and its technical and non-technical limitations. In this paper both motivating and hindering factors are discussed and concluded that by overcoming the limitation e-commerce will increase exponentially in future in the emerging market of India.

**Index Terms:** E-commerce, online shopping, eTailing, Demography, privacy, consumer trust.

## I. Introduction

Electronic commerce or e-commerce refers to a wide range of online business activities for products and services. The e-commerce in India has been emerging since from the beginning. E-commerce has made its place in Indian market with its gradual maturation. It took time for stakeholders to migrate from traditional purchasing to online shopping by overcoming its demerits. For developing country like India e-commerce offers considerable opportunity. E-commerce in India is still in a growing stage. The past few years have seen a rise in the number of companies enabling e-commerce technologies. New technologies have been developed and used for web development with the help of high speed internet connection so that organization can promote and enhance images of their product and services through website. Hence the new technology which provides the detail information and improved service attracts consumers.

According to stakeholders participate in ecommerce it is categorized into three types namely business-to-business (B2B), business-to-consumers (B2C), consumer-to-consumer (C2C). Most of ecommerce today is of B2B electronic transaction between two organizations [1]. This is the type of e-commerce that deals with relationship between and among businesses. About 80% of e-commerce is of this type and most experts predict that B2B ecommerce will continue to grow faster than the b2c segment.

B2C are the retail transactions with individual organization or commerce between companies and consumers which involves customers gathering information, purchasing goods etc. It is the second largest and earliest form of e-commerce. For example amazon.com, flipkart.com etc are providing marketing for the consumers.

In C2C consumers sell directly to consumers or it is a simple commerce between private individuals or consumers. It has the greatest potential for developing new market. For example advertising personal services, selling knowledge, and selling used goods on internet. This type of e-commerce comes in three forms. Auction facilitated at a portal which allows online real-time bidding on items being sold in the web. Second form is peer-to-peer system such as the Napster model and other file exchange.

Even though e-commerce is having upper hand over traditional commerce, in many cases business process use traditional commerce activities very effectively, and these cannot be improved upon through technology. Products that buyers prefer to touch, smell, or examine closely are difficult to sell using e-commerce [2].

The advantage of electronic commerce, namely ability of one site to offer a wider selection of titles than even the largest physical bookstore, can outweigh the advantage of a traditional bookstore, namely the facility to browse.

## II. Influence of ecommerce on stakeholders

A stakeholder is a person or group that has interest in organization's activity. There are many stakeholders in e-commerce. Some of the main stakeholders are customers, businesses, and last but not the least Indian economy.

### **Impact of ecommerce on customers**

Cost of products is reduced since intermediaries can be eliminated by the company directly selling to the consumer instead of distributing through a retail store. Customers can shop anywhere in world. Online business never sleeps as opposed to brick and mortar business. It allows customer to carry out businesses without the barriers of time or distance [3].

Ecommerce provides consumers with more choices. It also provides consumers with less expensive products and services by allowing them to shop in many places and conduct quick comparisons. E-commerce allows quick delivery of products and services especially with digitized products. Consumers can receive relevant and detailed information in seconds, rather than in days or weeks. It makes possible to participate in virtual auctions. Allows consumers to interact with other consumers and electronic communities and exchange ideas as well as compare experiences.

### **Impact of ecommerce on Businesses**

The internet enables businesses to have access to international markets thereby increasing market share. So that companies can also achieve greater economies of scale. Advertising on the internet costs less than advertising on print or television depending on

intricacies and extent of the advertisement. Anyone can start up a company on the internet. Start-up costs are lower for companies since there is less need for money for capital.

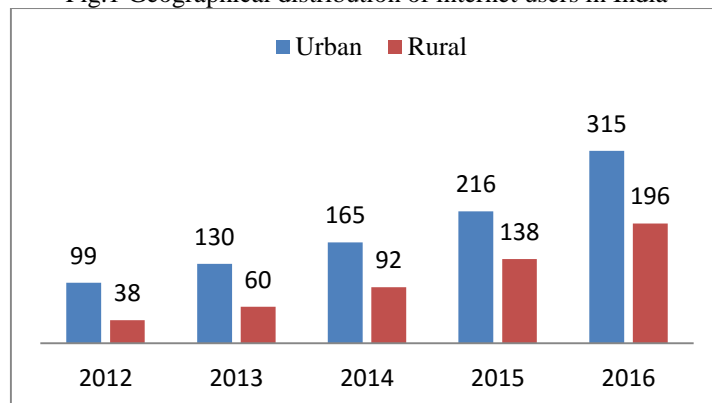
The strategic benefit of making a business 'e-commerce enabled' is that it helps to reduce the cost incurred in the areas like document preparation, error detection and correction, reconciliation, mail preparation, telephone calling,, data entry, overtime, supervision expenses.

#### **Impact of ecommerce on Indian economy**

The ecommerce sector has seen unprecedented growth in 2014. The growth was driven by rapid technology adoption led by the increasing use of devices such as smart phones and tablets, and access to the internet through broadband, 3G, 4G etc, which led to an increased online consumer base. The increased use of Smartphone, tablets and internet broadband has led to developing a strong consumer base [5].

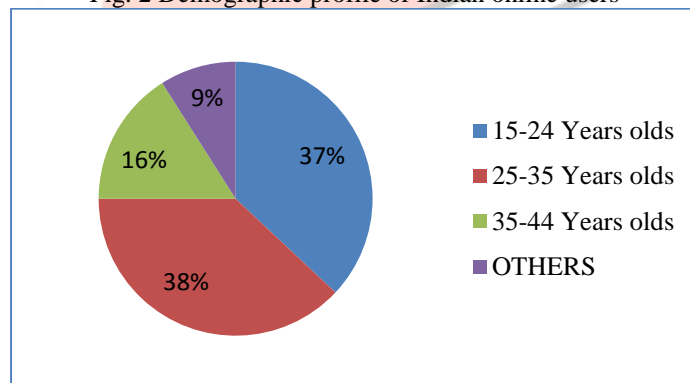
An analysis of Indian demographic profile of internet users further testifies that ecommerce will rise rapidly in India coming years as shown in the figure 1. In India 99 million users were from urban and 39 million were from rural area in 2012. With the increasing growth of ecommerce there were 315 million and 212 millions from urban and rural area of India respectively IN 2016 [6].

Fig.1 Geographical distribution of internet users in India



An analysis that carried out on e-commerce users for different age categories in India as shown in figure 2. Youth consider for the major share of online consumers. Around 75% of Indian e-commerce consumers are in the age group of 15 to 35. Peer pressure, raising aspiration with the carrier growth, fashion and trends encourage this segment to shop more. Remaining 25% of e-commerce will be done by 35 years and more. Studies also states that even income level and educational qualification are also influence the adoption of technology.

Fig. 2 Demographic profile of Indian online users



Since the ecommerce is fast rising, charges can be seen over a year. The sector in India has grown by 34% since 2009 to touch 16.4 billion USD in 2014. The sector is expected to be in the range of 22 billion USD in 2015. eTraveling comprises 70% of the total ecommerce market which comprises of online retail and online marketplaces, has become fastest growing segment in the largest marketplaces. Books, apparels and accessories and electronics are the largest selling product through etailing, consists of 80% of product distribution. The forecast of ecommerce is estimated that it will touch 68 billion USD by 2019 [7].

### **III Limitations of Ecommerce**

Although the list of ecommerce advantages is long, yet the ecommerce is far from perfection. Some of the limitations cause both consumers and business to suffer considerable misfortune. The following are the limitation of Ecommerce:

#### **Hidden cost**

The cost of buying on-line is not always clear at the front end. Purchases are mostly accompanied by the high shipping cost, a lack of warranty coverage and unacceptable delivery times.

#### **Network Unreliability**

With the number of users in India the internet is a very busy information highway. If network failure occurs e-commerce websites cannot serve its customer loses sales, credibility. The network failure may be due to network traffic or inadequate bandwidth, accidental problems caused by nature or by human error.

#### ***The cost of staying in business***

Even though the cost of starting the business in ecommerce is of easy, the cost of staying in business is more. Due to increased competition the operator of business is getting very thin margins. Attracting customers and transforming them to repeat the buyers is the key to profitability. To survive and remain competitive, businesses must invest heavily in technology.

#### ***Lack of security***

There is lack of security in on-line transaction. There are reports about hackers breaking into websites and stealing credit card information. Securing on-line transaction data during its generation and then safeguarding it after it has been stored in the database. The problem caused by a coding error in web page allowed unauthorized access to stored order and credit card information for thousands of customers, dating as far back as one year.

#### ***Low service levels***

The ecommerce websites are lacking easy web interface designs, access to user feedback, contact information of customer services, complaint resolution, timely and low-cost shipping and prompt delivery of merchandise to customers.

## **IV Conclusion**

E-commerce in India developing with rapid growth which propelled by dynamic demographics, increasing in internet penetration, changing lifestyle, banking and payment options like e-wallet etc. But the problems like IT infrastructure, its security, low service levels by the organization yet to be resolved. Despite of challenges, the e-commerce industry in India offers great scope due to the huge support in the market and the customer. There are various segments that are contributing to the e-commerce market namely travel, tourism, electronic appliances, hardware products and apparel. People could find various opportunities of employment. By overcoming security and service level issues future of e-commerce in India would be even brighter in upcoming years.

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