

Future perspectives of E-Commerce: A conceptual Study

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Abstract

Over the years the Electronic commerce has gained a significant name and is an easy way of business among many people. Internet is now not only source of information but it is a powerful medium of shopping, communication, being connected and etc. E-commerce is a Buzzword for the business-world over past decade. The present paper is an attempt to study the trends and current scenario of E-Commerce around. The study further studies the E-commerce benefits and the future potential of E-commerce as the changing dynamics of business gives huge scope of E-Commerce to cater the needs and demands of customers in much convenient and easy way. The research paper also examines the problems and challenges faced by the e-commerce

Keywords: E-Commerce, business, future scope, internet, marketing.

1. Introduction

Electronic commerce abbreviated as e commerce is the buying and selling of goods on the internet. Electronic 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. The concept of E-Commerce is a necessary tool for the business ventures across the world. There has been a tremendous growth in the usage of internet over the past decade. The number of internet users throughout the world has increased from 1.15 billion in 2008 to 3.27 billion in 2018. Out of the total users, 77% users belong to the developed countries whereas 33% belong to the emerging countries. The remarkable rise in the usage of internet has led to the opening of multiple opportunities in the field of electronic data interchange, world wide web, electronic mail, e marketing banking, internet application etc. This year once again the United Kingdom has the biggest e commerce market in the world of about \$99 billion followed by Japan and Germany at \$79 and \$73 billion respectively. E-commerce has abundant benefits that creates a zone of comfort for the shoppers in buying and selling of things.

Moreover, in Asia, China continues to expand its ecommerce presence at an increasing rate. Because of the improved trust level with buyers, China's online shopping sales witnessed an incredible increase from \$36.6 billion to \$1 trillion in almost over a decade. In order to enter the Russian market, ecommerce participants need to understand the peculiarities about trust factor, online payments and language. Brazil's ecommerce is growing swiftly with retail ecommerce sales and is expected to grow more by the end of 2022. While as the ecommerce growth in India has comparatively been slower. According to a report released by ComScore, As of December 2012, India had 44 million online retail visitors which is only 62% reach of e-commerce among online users. As of now, the Indian e-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second largest e-commerce market in the world by 2034.

In recent years the Middle Eastern countries have also shown a rapid increase in the area of e-commerce. In fact, the sales volume here has increased 1500% over the past decade. Ken Research, publisher of market intelligence reports in its latest study titled "Saudi Arabia Online Fashion Industry Outlook to 2022 – By Apparel, Footwear and Fashion Accessories, By Menswear, Women wear, Kids wear, by Footwear (Sneakers, Flip-Flops, Sandals, Boots), by Apparel (Top, Dresses and Bottom, Jackets, Shirts and Shorts)" mentioned that apparel segment dominates the kingdom's online fashion market. There are many international brands present in the online space such as Mango, Nike, QUIZ, H&M, Lacoste, Hugo Boss and other premium brands.

2. Review of Literature

The UK has the largest E-Commerce market as 24% of the countries turnover comprises of online market. The E-Commerce of china is expanding every year as there are 384 million internet users which gave significant rise to sales. ASSOCHAM Study (2015) reveals the growth rate in the apparel segment is almost 69.5 % over 2014, which is followed by electronic items, up to 62 %, baby care goods, followed by 53 % beauty and personal care products at 52 % and home furnishings at about 49 %. Significant growth of digital commerce in India is mainly due to increased use of smartphones. Mobiles and mobile accessories have taken up the maximum share of the digital commerce market in India, noted the study. Moreover, almost 45 per cent online shoppers reportedly preferred cash on delivery over credit cards (16 per cent) and debit cards (21 per cent). Only 10 per cent opted for internet banking and a scanty 7 per cent preferred cash cards, mobile wallets, and other such modes of payment. The 18-25 years of age group has been the fastest growing age segment online with user growth being contributed by both male and female segments. The survey highlights that 38 per cent of regular shoppers are in 18-25 age group, 52 per cent in 26-35, 8 per cent in 36-45 and 2 per cent in the age group of 45-60. Nearly 65 per cent online shoppers are male and 35 per cent female. Mitra Abhijit (2013) suggests E-Commerce has unleashed yet another revolution, which is changing the way businesses buy and sell products and services. New methodologies have evolved. The role of

geographic distances in forming business relationships is reduced. E-Commerce is the future of shopping. With the deployment of 3G and 4G wireless communication technologies, the internet economy will continue to grow robustly. In the next 3-5 years, India will have 30-70 million internet users which will equal, if not surpass, many of the developed countries. Internet economy will then become more meaningful in India. With the rapid expansion of internet, 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. The role of government is to provide a legal framework for E-Commerce so that while domestic and international trade are allowed to expand their horizons, basic rights such as privacy, intellectual property, prevention of fraud, consumer protection etc are all taken care of. Chanana Nisha and Goele Sangeeta (2012) propose that the future of E-Commerce is difficult to predict. There are various segments that would grow in the future like: Travel and Tourism, electronic appliances, hardware products and apparel. There are also some essential factors which will significantly contribute to the boom of the E-Commerce industry in India i.e. replacement guarantee, M-Commerce services, location-based services, multiple payment option, right content, shipment option, legal requirement of generating invoices for online transactions, quick Service, T & C should be clear & realistic, the product quality should be same as shown on the portal, dedicated 24/7 customer care centre should be there. Awais Muhammad and SaminTanzila (2012) indicate that use of internet has made the world a global village. The use of Internet has reduced the distances and brought the people together. A nation's back bone is commerce and it will be strengthened if backed by electronic tools in which e-commerce plays a vital role. The important feature in e-commerce is privacy which not only increases competitive advantage but confidence level also. E-commerce brings sellers and potential buyers at the distance of one click and it saves time as it is cost effective, as E-commerce is becoming a key to success. Internet banking, one among the innovative and significant internet-based services has experienced explosive growth and led to transformation of traditional banking practices. Online banking or net banking in today's dynamic age of banking has made things much easier for the people and saves a lot of time for its customers. The traditional way of standing in the queues and filling up all the forms are well solved and now it is no hassle for making any transaction with the banks by virtue of internet banking. The financial institutions which operated traditionally are now able to lower their operational costs and increase the consumer retention by virtue of technology. Internet banking as a latest and potential means for banking now holds a similar importance as that of ATM's, phone banking and traditional bank branches. The works by ABA, 2004; Fox, 2005 suggest that an internet banking strategy may be effective, with reports of more profitable, loyal and committed consumers compared with traditional banking consumers (D'silva et al., 2010). Dutta and Dutta, (2009) found tangibles have the highest impact on overall customer satisfaction. The largest discrepancy between the customer expectations and perceptions is in terms of empathy which includes Bank locations and ATM machines in

convenient places and telebanking and internet banking facility. The study regards this major source of concern for Indian banking industry as a huge service quality gap exists for all the banks in this category. Kumar and Rajesh (2009) suggest that the facilities of the banks should be made more convenient for customer comforts. The ATM services should be extended with few more cabins. 8 The work also concludes that with sincere efforts and positive attitude, the needs of many customers can be satisfied when banks aim at 'customer delight'. Blasio (2008), in his study does not find the support for the argument that the Internet reduces the role of distance. Internet usage is much more frequent among urban consumers than among their non-urban counterparts. The use of e-commerce is basically unaffected by the size of the city where the household lives. Geographically remote consumers are discouraged from purchasing goods by the fact that they cannot inspect them beforehand. Leisure activities and cultural items (i.e., books, CDs, and tickets for museums and theaters) are the only goods and services for which e-commerce is used more in isolated areas. Finally, e-banking bears no relationship to city size. In choosing a bank, non-urban customers give more importance to personal acquaintance than do urban clients, partly because bank account holders in remote areas are more likely to have taken out a loan from their bank. Ozok et al (2007) identified ten items contributing to overall consistency in e-commerce customer relationship management. These items are consistency of transaction steps, consistency of Web site design, consistency of navigation, consistency of promotions, consistency of in-stock indications, consistency of product variety, consistency of fraud protection, consistency of product guarantees, consistency of overall site fairness, and consistency of return policies. This list of consistency items includes three usability items. It can be concluded that sites with good usability have a better chance of having successful CRM implementation in their business. Consistency of promotions, in-stock indications, product variety, fraud protection, guarantees, fairness, and return policies indicate mainly that customers in fact demand a high level of security-related information as well as trustworthiness and high ethics on the shopping site to become regular customers of vendors. Customers demand equal and consistent treatment concerning products and product related services. The findings indicate that the level of security and guarantees presented to customers has a significant positive effect on customer retention and customer acquisition. Singh and Lalwani (2007) in their work on internet banking suggest that internet banking has facilitated the banking relationships with the customers . It is now widely accepted in the country because of the fact that it is the cheapest source of providing banking services. As more and more banks will succeed in online banking, a day will come when it will reach a common place as ATM's. It has not only increased the banking transactions but also has reduced the time and cost factor. It has brought revolution in the banking industry. 9 Rust and Chung, (2006) suggests to know not just what customers do in any particular ecommerce contact but also what they do (and how they perceive and feel) across multiple contacts. The work also suggests to investigate the kinds of online services that promote growth of the customer relationship, and the most effective

ways to combine the online relationship with the offline relationship, with the idea that the full relationship with the customer is not complete without considering both online and offline, as well as how they interact. Hsieh (2005) examined what a firm should consider in order to encourage customers to at least try, and eventually adopt, the SST offered by a firm into the customer's regular routine. The result suggests that before a firm makes the leap into adding SST to their product/service line, they need to invest the time in seeing if they are ready themselves. Customers want what they have always wanted. They want reliable, affordable, quality service that is convenient and easy to acquire. If firm can't provide an SST that is at least as reliable, if not more so, than no-technology customer service, then firms isn't prepared to properly implement SST. Devashish Pujari, (2004) explored the issues relating to service recovery in case of SST failure and effects of favorable/unfavorable SST encounters on business relationships. The key findings of the study show that key sources of satisfaction are different for B2B clients than for end consumers, as evidenced in previous studies by Meuter et al. (2000) and Srijumba et al. (2002). The study shows that in the event of SST failures, service recovery is very critical to clients. In a situation where service personnel are not involved in the service encounter, clients' needs a quick and complete recovery after reporting the failure. Clients may also expect that SST delivery should have the capability to transmit the failure to their service provider on a real time basis. The results of this study also echo that satisfying SST incidents will lead to future behaviors such as word of mouth and repurchase intentions. Snellman and Vihtkari, (2003) in their study reveal that, in general, failures are very common in both, interpersonal service encounters and technology-based service encounters. In interpersonal service encounters, unfriendly or impolite service and time-related aspects are the most common causes for dissatisfaction. On the other hand, dissatisfaction in technology-based encounters is often related to failures in technology, service design or in the service process. Chou and Chou (2000) reveal that with the astonishing growth of electronic commerce, banks around the world now see a huge potential market for internet banking. In order to provide efficient services to its customers, a bank needs to design and implement a robust internet system. Several technological issues must be considered before adapting to a specific internet environment, 10 including network technologies, platform and standards, scalability, security and intelligent software agents. In order to meet the needs of global business communities, the banking industry needs to carefully select suitable networking technologies to serve the internet market. As banks select electronic commerce as one of their mission-critical business processes, managing risk and liability become important. Internet security is always a major concern in a digital economy; it involves the application of both technical and nontechnical practices. The non-technical ways of pursuing security on the internet include formulating a corporate security policy and educating and training users about that policy. On the other hand, major technical measures consist of access controls, authentication, encryption, firewalls, audit, antivirus tools, and self-

assessment tools. The bank needs to select suitable security tools and policy to protect itself and its customers. Specific security policy can be posted on the website for user's reference.

3. Research Methodology

This paper attempts to theoretically review studies conducted by researchers and practices followed by organizations. Secondary data was the main source for data collection. The secondary data was collected from reports, journals and magazines. Data was also collected by surfing the net and the relevant websites.

Objectives of the study

The study has been conducted to achieve the following objectives:

1. To study the global scenario and trends of E-Commerce trading.
2. To examine the future potential of E-Commerce.
3. To study the problems and challenges faced by the e-commerce.

4. Discussions

Future perspectives of E-Commerce

The E-commerce has brought the dynamic changes in the selling and buying and has also created the huge opportunities in the market. The study by 4 economists at University of Chicago has found that most affected segment of market by the influence of e-commerce is the bookshops and the travel businesses. The added features and innovations of e-commerce have been revolutionary to Indian market and are changing the game globally and the cash on delivery (COD) option is one of the prime examples.

The markets beyond the metros are significantly into the limelight as almost 50-55% business transaction are from 2 and 3 tier cities and the ratio is somehow similar and these developing cities are largest drivers for e-commerce in India.

The concept of E-commerce is acknowledged for its potential to let businesses to communicate and go for business deal at any place and anytime. Further the potential of e-commerce allows putting an end to the barriers of geography. E-commerce gives a scope of setting up a business venture with very less or low investment that allows the people to start the business quite easily. The markets can expand from regional to domestic and to international level. There are many examples of businesses that started small online business and later on turned into successful ventures like e-bay, flip kart and etc.

The e-commerce gives a scope of exploiting the new business opportunities in any sector as the online businesses has wide reach to markets. This also gives the customers a good say to what the products must be, the customized products are tailored on the preferences of customers. Online business transactions add to customer satisfaction, equal attention is paid to all the customers and business transactions are more safe and secure. Not only business development e-commerce gives benefits like less travelling for shopping, saves time, lessens the air pollution and etc.

Problems and challenges faced by E-commerce

With endless benefits there are many problems, disadvantages and challenges associated to the e-commerce.

- The e-commerce system to some extent lacks safety and security system as it gets difficult to integrate the internet with the trading software's and database.
- The technology keeps on changing dynamically so there is a need of regularly updating and upgrading of portals.
- Quality issues.
- Over dependence on internet.
- Hacking issues.
- No physical examination of product before purchasing it.
- Competition
- Easy entry for new players.
- No bargaining power for customers.

5. Conclusion

The development of computer is a growing pace all over the world, the WWW has become the best medium of communication and people are more inclined towards the internet and online world. The business players are taking the advantage of internet in selling of the products as internet helps to reach all the markets of the world. The e-market provides a platform for buying and selling rather than going to traditional markets. E-commerce opens up the opportunities for new businesses, not only business, it has been created as a separated field of studies with giving significant scope of research in academics. The field is vast with full of opportunities but requires an efficient management system for tackling the ethical and technical issues of e-commerce.

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