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## **E-Commerce Opportunities and Challenges in India - Customer Perspective**

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### **ABSTRACT**

E-Commerce refers to use of internet for commercial and/or business transactions. This articles focus on digitally enabled commercial and/or business transactions. Electronic commerce is a business model which allows an individuals and firms to buy and sell products over the web. E-commerce includes four main market segments like Business to Consumer, Business to Business, Consumer to Consumer and Consumer to Business. The purposes of the study are to identify the perspective of customers on opportunities and challenges in the e-commerce, to identify performance of e-commerce and also to address the challenges in the e-commerce market in India. Researcher has adopted descriptive research and presented the research work with the support of descriptive statistics and weighted average ranking score method. 42% of respondents said that Business to Consumer (B2C) and 38% of the respondents said that Consumer to Consumer (C2C) are the major business models that customer use in the e-commerce platform. No respondent said that they use the Government to Business (G2B) ecommerce model. It is suggested that e-commerce companies have to leverage their business transaction through the more added features like online payment, service availability of 24\*7, faster transaction and timeliness of the transaction.

**Keywords: E-Commerce; Innovation; Business Transactions; Entrepreneurship.**

### **INTRODUCTION**

E-commerce refers to use of internet for commercial and/or business transactions. This articles focus on digitally enabled commercial and/or business transactions. Ecommerce has transformed the way business is done in India. The Indian E-commerce market is predicted to

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grow to US\$ 200 billion by 2026 from US\$ 38.5 billion during the year 2017. Anticipated growth of the industry has been triggered by an increase in internet and smartphone penetration in the recent years. The number of internet connections in India has significantly increased to 760 million users and it has been motivated by the programme 'Digital India'. By considering the overall internet connections, urban area account for 61% of the internet connections and of which 97% connections were wireless. Gautam pointed out in order to boost their competitive advantage through stabilised economy, developing countries like India are adopting the best practices from the developed nations to achieve the wider markets through the low cost accessibility [1].

Vaithianathan said that adoption level of e-commerce by developing nations are comparatively low due to the challenges in the respective nations but still it is growing progressively in our country and it is creating a biggest revolution in retail industry [2]. Uwemi et al said that creation of opportunities in national and international markets through e-commerce will results positive effect on economic growth. Hence, the developing nations should pay required attention to e-commerce which will bring the potential growth for developing nations [3]. Retailers have to leverage digital retail channels which would enable them to spend less money on real estate while reaching out to more customers in tier II and tier III cities. It is projected that by 2021, e-commerce retail share will reach 7% of the total retail market. Nevertheless, long-term outlook for the industry looks positive supported by favorable demographics, rising income, entry of foreign players, and increasing urbanization.

#### 1.1. An Overview on Major Players in E-Commerce Industry

Major players in e-commerce industry includes brands like Amazon, Flipkart, Snap deal, Alibaba, Myntra, India MART, Ajo, Zomato, Swiggy, Make my trip, Big Basket, Pizza hut.

#### 1.2. Overview of E-Commerce

E-commerce or electronic commerce is most useful within the modern business, which addresses the necessity of business organizations, sellers and buyers to scale back cost and increasing the speed of delivery. E-commerce refers to the paperless exchange of business information using the subsequent ways. It involves 1. Electronic Data Interchange, 2. (EDI) Electronic Mail (e-mail), 3. Electronic Bulletin Boards, 4. Electronic Fund Transfer (EFT), 5. Other Network-based technologies.

E-commerce provides the following services

1. Non-Cash Payment: It provides non-cash payment service like debit card, credit card.
2. 24\*7 Service availability: It provides 24\*7 service to their customers.
3. Advertising / Marketing: E-commerce enhances the spread of advertising and marketing of products and services of various firms.
4. Improved Sales: E-commerce gives a massive improvement to existing sales volumes.

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5. Inventory Management: E-commerce systematizes inventory management.

### 1.3. Market Size of E-Commerce Industry

According to Consumer Leads report by FICCI and Deloitte, 2019, Internet penetration in India grew from just 4% in 2007 to 52.08% in 2019, registering a CAGR of 24% between 2007 and 2019. The amount of internet users in India is predicted to extend from 687.62 million as of September 2019 to 829 million by 2021 [4].

Investments/ Developments Some of the main development within the Indian e-commerce sector are as follows:

- 1) In January 2020, Divine Solitaires launched its Ecommerce platform.
- 2) In February 2020, Flipkart found out a 'Furniture Experience Center' in Kolkata, its first offline presence in eastern India.
- 3) Reliance Industries bought 60% stake in Net meds, a web pharmacy for the worth of Rs.620 crore. This procurement provides entry into a vertical e-commerce space for Reliance Retail.

Electronic trade incorporates any kind of monetary movement directed through electronic associations. The market coordination component is their normal trademark. Administrations with inside the travel industry, money, or protection enterprises, Electronic information exchange (EDI) and electronic message, for example, are focal business devices basic the activity of electronic trade yet it's difficult to exchange over EDI without a legally binding understanding. It assists the public authority with conveying public help like Healthcare, training, and social help at least expense and better way.

### 1.4. E-Commerce Business Models

- i. B2B-Business to Business: A business to plan of action centers on giving items starting with one business then onto the next.
- ii. B2C-Business to Consumer E-Commerce: B2C are the regular retail model where a business offers to individuals yet business is driven online as opposed to in a genuine store.
- iii. C2C-Consumer to Consumer:
- iv. C2B-Consumer to Business E-Commerce: C2B or customer to business is another model that greater part don't immediately consider.
- v. B2G-Business to Government: It is an exchange between the business organisation as a provider and an administration body as a client.
- vi. G2B-Government to Business: It refers to the trade associations between Government and Business Organisation.
- vii. G2C-Government to Citizen: It is a term that alludes to the trade associations between Government and resident.

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1.5. Forms of E-Commerce Business Revenue Models 1. Private labelling and manufacturing. 2. White Labelling. 3. Subscription. 4. Drop Shipping.

1.6. Customer Buying Behaviour in Digital Environment Customers' purchasing behaviour could not be only persuaded and controlled by the brand and the company in the digital environment. Customers take a purchasing decision based on information from search engine, online reviews, feedbacks and influence of digital marketing tools. Mohammed A. Alqahtani et al said that e-Commerce adoption from a consumer's perspective depends on customers' awareness level and perceived usefulness, the presence of commercial electronic websites, fraud and hacking, postal services, resistance to change, the presence of commercial electronic websites, government e-readiness, trial and experience, security, trust, tangibility, cyber-law, cost, warranty. High user-friendly platforms will easily enables users who are not expertise in internet [5]. Santhosh Capagai said that customers are expecting for personalized customer services with advanced technology and can experience a highly competitive environment in the future [6]. Gunasekaran et al provided a broad outlook of electronic commerce within organizational systems and identified the revolutionary role played by internet applications like email and electronic data interchange and highlighted about the revolutionary changes brought by the internet technologies in manufacturing, marketing, purchasing, design, production, selling and distribution, warehousing and human resource management. The paper studies in depth, the significance of web-based technologies in different business operations, thus, improving their efficiency through effective B2B e-commerce [7]. Deshmukh et al recognize another important development: m-commerce, which they identify as a subset of e-commerce. "Transformation from e-commerce to M-commerce in Indian Context" reviews the current and potential status of ecommerce and m-commerce in the Indian market, while projecting the latter as the potential future [8]. Khan, H. U et al said that Correlational study proved that e-commerce challenges has an significant impact on economy of the developing countries [9]. Gupta studied in a paper titled "E-Commerce: Role of ecommerce in today's business", presents a comprehensive definition of e-commerce while isolating it from e-business. The paper enlists the different e-commerce models like B2B, B2C, B2G and C2C narratively analyzing the pros and cons of each [10]. Rina elaborates the different applications of e-commerce in "Challenges and Future scope of E-commerce in India", at the same time, defining the degree to which they are operational in the country. Rina further said that the utility of e-commerce is not limited to just sale and purchase of goods and services over computer networks but entail the entire online process of developing, marketing selling, delivering, servicing and paying for products & services [11]. R Kavitha said that technology has superficially made our lives easier. It provides more noticeable chance to individuals in pay their charges, expenses, fines, and procure from anywhere and at convenient time [12].

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Mayank Yadav found that the web has changed the idea of shopping in the two decades and it supported the growth of online business transactions and consequently shopping has moved to e-shopping [13]. It has been found from the various review of literature that there are diverse perspective and opinions on opportunities and challenges of E-Commerce in India. Hence, the researcher has made an attempt to study the customers' perspective on prospects and challenges of ECommerce in India. Objectives of the Study To identify the customers perspective on opportunities and challenges of the e-commerce platform. To identify the performance of e-commerce companies in India.

## RESEARCH METHOD

Kumar et al has clearly followed research methodology as applicable to the research like types of research design, sampling method & size, source of data, instruments for data collection and tools for data analysis. The same order of research methodology has been followed here [14]. Type of Research Design Researcher has adopted descriptive research and presented the research work in a descriptive manner. Convenient sampling method has been used by researcher to collect the responses from the target respondent. Watson Jeff in his article titled how to determine sample size, has given procedure to select the sample size, accordingly the researcher has taken 101 online buyers/customers as a sample size for study purpose assuming 95% confidence level with a three percent margin of error and 100000 as the estimated population size [15]. Sources of data for the present research has been collected from both primary and as well as secondary source. Researcher has collected information from respondent using the Google form based structured questionnaire. Tools for data analysis are descriptive analysis and weighted average ranking score method.

## RESULTS AND DISCUSSIONS

Table 1. Motivation for Buying Through Internet

| Motivation for Buying Through Internet                             | Respondents | Percentage |
|--|-------------|------------|
| Reduction in cost on process creation                              | 18          | 18         |
| Distribute & manage the paper information                          | 8           | 8          |
| Improving the brand image of the company                           | 14          | 14         |
| Better customer service & simplified the business proces           | 32          | 32         |
| Automation of the deliveries & reduction in other unnecessary work | 29          | 29         |
| Total  | 101         | 100        |

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It is observed that 32% of respondents said that better customer service & simplified the business process and 29% of respondents said that automation of the deliveries & reduction in other unnecessary work are the motivation for buying through internet.

Table 2. Use of Business Model

| Use of Business Model        | Frequency | Percentage |
|------------------------------|-----------|------------|
| Business to Business (B2B)   | 10        | 10         |
| Business to Consumer (B2C)   | 42        | 42         |
| Consumer to Consumer (C2C)   | 38        | 38         |
| Consumer to Business (C2B)   | 8         | 8          |
| Business to Government (B2G) | 0         | 0          |
| Government to Business (G2B) | 0         | 0          |
| Government to Citizen (G2C)  | 3         | 3          |
| Total                        | 101       | 100        |

From the above table, it is observed that 42% of respondents said that Business to Consumer (B2C) and 38% of the respondents said that Consumer to Consumer (C2C) are the major business model that customer use in the e-commerce platform. No respondent said that they use the Government to Business (G2B) e-commerce model..

Table 3. Satisfaction Level with E-Commerce

| Satisfaction Level with E-Commerce | Frequency | Percentage |
|------------------------------------|-----------|------------|
| Highly satisfied                   | 12        | 12         |
| Satisfied                          | 62        | 62         |
| Not satisfied and nor dissatisfied | 27        | 26         |
| Highly Dissatisfied                | 0         | 0          |
| Dissatisfied                       | 0         | 0          |
| Total                              | 101       | 100        |

It is observed that 62% of the respondent said that they are satisfied with e-commerce and 26% of the respondent said that they have neutral level of satisfaction (Not satisfied and nor dissatisfied) with e-commerce platform.

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Table 4. Respondents Opinion on Whether They Are Likely to Buy Again from Same E-Commerce Platform

| Like to buy again from same e-commerce platform | Frequency | Percentage |
|---|-----------|------------|
| Very likely                                     | 8         | 8          |
| Likely  | 68        | 68         |
| Occasionally                                    | 16        | 16         |
| Not likely                                      | 9         | 9          |
| Not very likely                                 | 0         | 0          |
| Total   | 101       | 100        |

It is found that 68% of the respondents are likely to buy from e-commerce platform and 16% of the respondents said that they occasionally buy from e-commerce platform and 8% of the respondents are not likely to buy from e-commerce platform.

Table 5. Major Disadvantage of E-Commerce.

| Major Disadvantage of E-Commerce | Frequency | Percentage |
|----------------------------------|-----------|------------|
| Lack of Privacy                  | 16        | 16         |
| Tax issues                       | 40        | 40         |
| Technical issues                 | 30        | 30         |
| High labour cost                 | 5         | 4          |
| Security                         | 10        | 10         |
| Total                            | 101       | 100        |

It is evident that 40% of the respondent said that tax issues and 30% of the respondent said that technical issues are the major disadvantage of E-commerce and 4% of the respondent said that high labour cost are the major drawback of Ecommerce.

Table 6. Future of E-Commerce in India

| Future of E-Commerce in India | Frequency | Percentage |
|-------------------------------|-----------|------------|
| Very good                     | 24        | 24         |
| Good                          | 68        | 68         |
| Fair                          | 6         | 6          |
| Poor                          | 3         | 2          |
| Very poor                     | 0         | 0          |
| Total                         | 101       | 100        |



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It is found that 68% of the respondents said that they feel good and 24% of the respondents said that they feel very good about future of E-Commerce in India. 2% of the respondents said that they feel poor about future of E-Commerce in India.

## CONCLUSIONS

It is suggested that e-commerce companies can improve the customer's likeliness to buy from the e-commerce platform by focusing more on motivational factors such as better customer service, simplified business process, automation of the deliveries. It is suggested that e-commerce companies have to eliminate technical issues related to online business transaction. It is concluded from study that it is very important to understand and appreciate the customers' perception on opportunities and challenges of e-commerce because it play a major role in our day today activity such as payments through online, product purchase and service consumption through e-commerce platform, track of goods in transit and deliveries etc. It make all the customers life more convenient and save time.

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