India’s Introduction to Electronic Business  
(E-Business)

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Abstract: This paper recognizes the unlimited rising possibilities of growth in India’s economy, knowledge transfers and social connectivity sectors in terms of Digital mediums. The Smart-City program is a big step taken to empower citizens from all corners of India and connect them together to provide a platform to educate, train and incorporate a much broader thinking capabilities in them for a better living, under the Digital India campaign. With close speculations on some of the economically gigantic countries, it’s a very much evident that to build any robust economic structure a uniformly well distributed economical standard for every citizen is needed. Nowadays, Electronic trading and marketplaces look extremely promising in terms of generating huge market revenue in the coming years with the fastest growing rate in the globe. The paper analyzes the step-by-step business share structure that online retailers following and the impact of evolving online marketplaces on the domestic offline markets. Critical analysis of the policies owned by e-commerce companies is discussed including the marketing strategies, revenue models and the return policies. This socio-economic structure is closely emphasized, researched in terms of essential market dependent parameters and some revised business models has also been introduced to this paper.

Keywords: E-commerce, online marketplaces, Customers, products, companies, digital business

1. Introduction

India is the fastest emerging economies in the world right now. The digital India Brand is literally working as a catalyst for this magnificent growth rate of India. In order to empower the people from all the standards from any of the locations even for the most remote ones, Digital Innovations are the only feasible solution available in this era.

Internet has been the major digital revolution that has ever happened to the human race. This globally available digital platform has made people to redefine the definition of digital accessibility and marketing with respect to the point-to-points active human brain connectivity exactly at one place.

Marketplaces are showcased online due to the innovation of Internet services. In India today Electronic commerce (e-commerce) is one of the most emerging marketplaces of the 21st century. It is a way of direct interactions and transactions between the sellers and its customers. This commercial transaction basically follows the socio-economic structure defining a more informed and polished way to distribute products and services to the customers with a hint of sophistication. The social impact of the growing e-commerce world has been socially huge influencing Digital India Venture of Governmental body of India which is directly enabling India to be more exposed to global market with its huge customer following (R.BANSAL,2011). India being the largest smartphone selling country, more online market customers are evolving day by day. Online marketplaces completely changed the views of the people who used to shop in offline retail stores doing hours of bargain to avail a particular product whereas several sellers are available for a certain product with their respective price tags and the customers have the full authority to choose the right seller according to their budget plans.

Electronic commerce is portrayed as a digital library of professional services and products.

1.1 Digitally Assured Payment Mode (Cash On Delivery)

Transparent Payment modes were needed to compliment the participation of the huge mass of India. Eventually, they came up with the revolutionary idea that has totally clicked the market scenario up for the entire section of online retailers is the introduction of the Cash On Delivery(COD) payments on their products. The impact of this has been huge as all their customers has the liberty to ask for a product to deliver at their doorsteps without any advance money paid by them. The price is to be paid while it reaches the customers’ delivery address. The main target of this agenda is to get the trust of the customers who don’t have a bank account or Credit/Debit card for online transactions. Indirectly It helps the customers to believe that they can avail a certain product just few clicks away. The maximum price limit of ordering a product through Cash On Delivery is generally below 49K. COD payments curbs the 45% of the electronic payments done over internet on e-commerce websites.

1.2 Sophistication in Shopping: Virtual Cart Technology

Transactions against products and services available online is evolved in terms of sophistication. Today every e-commerce user has an option to create a profile of his/her own on the e-commerce website platform provided by the online company. He/she can easily add in stock products to their Virtual Carts and order the goodies according to their wish anytime as long as it is available on the website. These ecommerce websites have bundled up with the popular social networking sites (like Facebook, Google+) to make the user login experience more convenient. Full access has been given to the customer or user to share his/her shortlisted product details on social
networks, friends and family. Therefore, it has become a symbol of social status for the customers. On the other hand, offering the users their own profiles have given them a more personalized way of shopping (Ainin, S., Jaffar, N., 2003).

The online retailers have taken the marketing technology to a new height by introducing smartphone applications of their company keeping in mind the theory of both urban and rural exposure of their business. People who don’t possess laptops or desktops or can’t access both the machines all day long, have the opportunity to launch the app on their smartphones and avail the service instantly. These apps are available in leading smartphone operating system manufactures Google android and Apple IOS devices.

1.3 Primary Target Customers:

The essential part of a business is basically located around its customers that the vendors target for their particular business outputs. For electronic commerce companies, the primary target has been the educated Corporate World Customers who run short in giving time to shopping. It is the most convenient way of shopping for them in terms of saving time and get a proper deal against their needful products (Arie, S., Dadong W., & Caroline, B., 1995).

Over the years, these e-commerce companies felt the urge of getting their business into the lives of both the upper and lower middle class people of the society. So the exposure of online market has touched the them through some extraordinary offers these online retailers put for some products on their respective websites (Fahri, K., & Omar, K. 2001). The easy access of the service through mobile applications and COD payments has given it a more possible outlook.

1.4 Online vs Offline retail stores:

It is evident that e-commerce companies give a tough competition to the offline market in terms of branded products. But for the average brand value products the customers’ demand for variety is fulfilled by the offline retailers. They offer more options and range of prices in the market of 3rd party or average brand value products.

But these days the online retailers helping the average brand value companies to promote their products on their webpages by giving full detailed specifications and service center lists to attract the customers. The domestic offline market is being more competitive day by day due the introductions of new startups and average brand value companies who try to get more exposure through these e-commerce platforms (Block, M., Yves, P. & Arie, S. 1996; K Pradeep, Dr. J Mukesh, 2012).

2. Categories of E-commerce Business

E-commerce business is largely classified into B2B (Business to Business), B2C (Business to Consumer), C2C (Consumer to Consumer) and C2B (Consumer to Business).

2.1 Business to Business (B2B)

B2B transactions are broadly amongst industrial manufacturers, partners, and retailers or between companies. Business-to-Business specifically refers to the full spectrum of e-commerce that can occur between any of the two organizations. Among other activities, B2B e-commerce also includes purchasing and procurement, supplier management, inventory management, channel management, sales activities, payment management, and service and support. According to Outlook Business magazine (May 20, 2008), the total amount of B2B transactions in India in the year 2008 are likely to be 100 billion USD and B2B marketplaces could account for 15 to 20 billion USD out of that. India’s largest B2B portal named Tradeindia, which is actively maintained by Infocom Network Ltd, also phrased that e-commerce transactions in India show a growth rate of 30%to 40% and will soon reach the 100 billion USD mark.

2.2 Business to Consumer(B2C)

B2C transactions generally happens directly between business organizations and the consumers. Although business-to-business transactions play an important part in e-commerce market, a share of e-commerce revenues in developing countries like India is generated from business to consumer transactions. Business-to-Consumer e-commerce refers to exchanges between businesses and consumers, e.g., Amazon.com, Yahoo.com etc. Similar transactions that occur in business-to-business e-commerce also take place in the business-to-consumer context. For instance, as with smaller business-to-business, transactions that relate to the “back office” of the customer (i.e., inventory management at the home) are often not tracked electronically. However, all customer-facing, or “front office” activities are typically tracked. These include sales activities, consumer search, frequently asked questions and service and support. Railway and Airlines have played a vital role in e-commerce transactions in India.

2.3 Consumer to Consumer(C2C)

C2C sites don't form a very high portion of web-based commerce. Most prominent examples are the auction sites. Basically, if someone has something to sell, then he gets it listed at an auction sites and so that others can bid for it. Consumer-to-Consumer (C2C) exchanges involve transactions between and among consumers. These exchanges may or may not include third-party involvement as in the case of the auction-exchange eBay. Other activities include: classified ads (e.g., www.numberoneclassifieds.com), games (www.heat.net), jobs (www.monster.com), Web-based communication (www.icq.com), and personal services (e.g., Yahoo! Personals, webpersonals.com) (Johnson, C. 2003 ; Lawal, A. S., 2010)

2.4 Consumer to Business(C2B)

Consumers can bundle up together to form and introduce themselves as a buyer group to businesses in a consumer-to-business relationship. These groups might be independent and economically motivated as with the demand aggregator.

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3. Internet User Base in both Rural and Urban Areas

India’s growth as a superpower is a most acclaimed fact now. In these process, the economical significance has played a major role. As a result, the wealth of this country is uniformly distributed amongst its citizens. As a matter of this fact, there is a huge rural market opening possible for the e-commerce companies.

So they are slowly elaborating the reach of their logistics department to deliver its products at the highest urgency and accuracy.

4. Digital Product Marketing Strategies

E-commerce companies have come up with absolute new type of marketing strategies for products ever implemented in the mass market of electronic-transactions. The diagram below shows the different key aspects in product marketing strategies. The prime components of the marketing strategies include widespread advertisements of products and services on Televisions and social networking sites which also prove to be an essential component.

5. Digitally Dependent Revenue Model

Talking about the Revenue model, an e-commerce company has a pretty extensive and significant one. The major revenue maker of an e-commerce company is direct selling to the customers through their own retail company on the e-commerce websites. They import products from the...
manufacturer ends and sell them on their websites thoroughly backed up the global investors. The products imported by them are ordered in lot basis so that the delivery, custom and other governmental charges are saved apart from the profit margin they get after selling. These ways they are able enough to sell the imported branded products at exceptionally low cost keeping a decent profit margin.

Online advertisements are another major revenue generator for e-commerce websites. Third-party e-retailers have to pay to advertise their products on the e-commerce websites.

'Pay per click’ is a popular method of money making, the e-commerce websites charge the clients for each click on their advertisements on their websites.

![Figure 4: Major Revenue model components of E-commerce companies](image)

During a new seller registration on an e-commerce website, it charges the seller a one-time fee for registration. They also get paid for the delivery of the products using their logistics department. On every transaction on the website the e-commerce companies charge a little buck from the total amount being transacted.

The e-commerce companies pay for the affiliation they get from shopping enthusiasts and technology reviewers. This way they make their products popular very quickly.

6. Digitally Powered Innovative Return Policies:

The e-commerce companies have built up a win-win marketing strategy for both the customers and the sellers in their product return policies. They strived to make a suitable business policy in which the customers can have their full trust on. The policy backs the customers without compromising the advantages of the sellers on the e-commerce websites. The flowchart shows the return policy of e-commerce companies.

After the product being delivered through the courier service, the product is promptly entitled to a general return policy of 10-30 days. If any problem occurs regarding the product, there is possibly two issues that the e-commerce companies phrase. The first one is if the product is defected, i.e., the product is not in working state and another is the the wrong phrase. The first one is if the product is defected, i.e., there is possibly two issues that the e-commerce companies have to deal with. These ways they are able to sell the imported branded products at exceptionally low cost keeping a decent profit margin.

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![Figure 5: Return Policy of E-commerce Products](image)

This well arranged return policy grabbed the eye of customers as well as their full trust and nowadays the return policy of e-commerce companies is considered to be one of the major milestones for spectacular growth rate e-business in India.

7. India’s Growth in E-commerce:

India’s growth in e-commerce has been uprising over the last couple of years. This sector has flourished by 34%(CAGR) since 2009 to touch a sum of 16.4 Billion USD IN 2014. According to IAMAI, CRISIL, Gartner, Pwc analysis and industry experts, the e-commerce sector is likely to be in the massive range of 22 billion USD in 2015.

The 70% of the total e-commerce market is totally based on eTravel. eTailing is comprised of the online retailing and online marketplaces, demands to be the fastest growing segment in the huge market having grown 56%(CAGR) over 2009-2014. The size of eTail market is approaching at 6 billion USD in 2015. The easy availability of internet and low priced smartphones pushing up the customer base. This made many homegrown eTail or merchants companies evolved with some innovative business models to set a robust eTail market in India.
8. Online Playground for 3rd Party Sellers:

With the successful progressive report of e-commerce business nowadays, they allow third-party merchants to use their platforms to sell their respective products. These merchants or store owners simply sign up to the commerce website and follow few formalities to setup their account. They are given full authority to customize their profile as per their choice in terms of asking price and availability of their offered products.

In order to set up a working seller profile they need to register with, I. VAT ID, II. PAN CARD and most importantly III. Bank a/c details. Some of e-commerce websites charges few token bucks to make the seller’s profile live (Oakes, C. 2002; Chakraborty, K. D. and Chatterjee 2011). On the other hand, they provide the third-party merchants with supreme advertisement of their products, complete seller’s financial protection or compensation for losses and easy pickup, packaging and payment modes to bring in more smooth experience in transactions.

9. Essential Role of Supply Chain and Logistics

The part played by the supply chain department directly forces the market growth of the e-commerce companies to sky high. Supply chain Management responds to the huge demand-supply business policies encountered. The prime motto of a consistent logistics management is to determine how to develop and efficiently execute any supply chain transformation plan which can easily move multiple, i.e. both the external and internal complex operating entities in the same direction and the segmentation of customers, dependent on the service required by distinct groups. The customization of the logistics network to the service needs and profitability of customer segments is mandatory to cope up with extremely competitive supply chain market.

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**Figure 6:** India’s growth in e-commerce
*Source: pwc*

**Figure 7:** Policies for 3rd Party Sellers on E-commerce websites

**Figure 8:** Supply chain Management
*Source: Anderson Consulting*
products are absorbed into Indian market due to the high
demand from Indian citizens and stable economical growth in
India these years (Kaur, P. and Joshi, 2012). The trend of
using Branded products in India has significantly risen up
over the last five years due to the presence of e-commerce
companies. The presence of numerous service centers of the
branded products in different cities and towns across India,
making the impact of its marketing more prominent. The
Overseas Branded products gets ordered by lot basis which
reduces its price close to the local average branded products
(Jain, S. and Kapoor, 2012). The customers choosing the
overseas manufactured branded products over the local
products because of its extreme performance, high market
value and availability of service centers in India. It indirectly
says for the social status that is one of the major issues
nowadays.

11. Revised Revenue Model Components

The e-commerce companies can make easy bucks by simply
making their lighting fast logistics department open to
general people to deliver packages to different areas all over
India. Different corporate deliveries require fast actions from
the courier services, in that case they can tie up with some
corporate giants in order to serve them for their confidential
and important package delivery issues. The easy availability
of online pickup process and dedicated customer service, it
might be a huge hit.

During the sell days, the product and its price might be useful
to flashed in alternate basis. The theory works like a
customer who visits the e-commerce websites on the sell days
gets to see the offers on first come first serve basis. The very
low price for sale products gets absorbed very quickly in this
first come first serve basis, so the majority of the customers
will lose hope in getting a low price deal for a certain product of their choice. If the estimated
stocks for low price sell are flashed in in alternative basis,
i.e., after a time period the same low price gets highlighted as
during the first approach of that product on e-commerce
website, the interest in buying amongst the customers might
be huge. A greater number of customers might be visiting the
site due to this. So e-commerce companies can attract more
third-party merchants to sell their products on their online
platform.

Introducing e-wallet with free amount of money for the first
time registered customers might be of great advantage.
Several customers would be willing to register on e-
commerce websites and try ordering a product. This way e-
commerce companies might make the offline shoppers get
accustomed to the online transaction process. These are the
additional components needed to keep the growth rate high in
the near future.

12. Challenges of E-Commerce in India

It is evident that the e-commerce industry evolving
thoroughly in India but still it is at its very initial stage selling
less than one percent of the total retail sales in India. According to Gartner, a research firm reported India to be the

![Figure 9: Relation between Supply chain principles and Financial Outcomes](image-url)
managements are storing business outputs of these companies gettable all over the internet. So the profit margin they ask for, is not their products through this foreign investors and companies are needed to invest and service. Investment (FDI) is not permitted directly within the Government Policy. According to which Foreign Direct commerce from growing at a superfast speed is the Government of India. Offerings in Big Billion Day, Festive seasons are engulfing huge offline shoppers in online marketplaces. Online Marketing is directly encouraging the Digital India program owned by Government of India. Offerings in Big Billion Day, Festive seasons are engulfing huge offline shoppers in online marketplaces. More convenient payment modes are expected to be implemented in e-commerce. The strong standpoint of online business in terms of offerings, services and revenue growth over the last couple of years totally secured the bright future.

13. Conclusions

The extraordinary growth rate of 40% per year e-commerce companies has been a major issue of talk amongst the market experts. These companies have made India more globalized and influenced the Digital Indian Brand. Increasing number of Internet users and its understandings have made people relying on online transactions and business culture. Cyber crime is closely related to online trading, so enough amount of security is required in the websites and transactions being executed and most importantly the consumers’ database must strictly be monitored. Less amount of personal data of the user should be encouraged in future. Dedicated customer care service 24/7 and the buyer’s protection terms making people more inclined to online marketing. Cash On Delivery (CoD) is undoubtedly one of the major pillars for the growth of online marketplaces. Online Marketing is directly encouraging the Digital India program owned by Government of India. Offerings in Big Billion Day, Festive seasons are engulfing huge offline shoppers in online marketplaces. More convenient payment modes are expected to be implemented in e-commerce. The strong standpoint of online business in terms of offerings, services and revenue growth over the last couple of years totally secured the bright future.

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Esha Nandy is currently working with Ericsson India, B.Tech in Information Technology from CIEM Kolkata. She is keen observer of latest trends in electronic business and buyer-seller relationships. Aspiring management student and shopping enthusiast she is. Organized several fests and blood-donation camps to help the people around for their healthy living.