## Shrinkhla Ek Shodhparak Vaicharik Patrika

# E-Commerce: Industry's Growth and Development in India

### Abstract

The term electronic commerce or "e-commerce" refers to the practice of conducting business through the internet with the help of electronic means. As e-commerce has grown, it has altered the traditional image of business in profound ways. This study has focused on the present developments in e-commerce as they pertain to India. E-commerce in India is exploding, and this study uses qualitative research methodologies to analyze the reasons for the industry's explosive growth and development. E-commerce is predicted to develop at a fast and steady rate in India, according to this study's results. For merchants, consumers, and wholesalers, e-commerce offers a wide range of alternatives.

**Keyword:** E-commerce, Business, Industry, Key Factor, Trends, Future of Commerce, Digital India.

### Introduction

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When the internet was first introduced to India in 1995, e-commerce took off like wildfire. B2B (Business to business) customer service and business management web portals were the most common early e-commerce offerings. B2C (Business to customer), matrimonial, and recruitment portals were added online in the late 1990s as well.

An e-commerce relationship between a business and its customers is known as B2C. E-commerce is very different from an e-commerce interaction between a business and its suppliers. First came IRCTC's ticketing service in 2002, which ushered in the e-commerce revolution in India. As a result, travel-related trade has taken over the Indian e-commerce business. In the years 2011 and 2013, it accounted for 87% and 79% of the total e-commerce income earned, respectively (PwC, 2014). To a large extent, this trend has reversed since the establishment of online retail markets in 2013. By the end of 2015, e-tailing, or online electronic retailing, have equaled online travel in terms of e-commerce market share in the United States (PwC, 2014). Mobile/DTH recharges, online sales of luxury products, and fashion e-commerce all became part of the Indian E-commerce market later on. Retail brands have embraced e-commerce and expect a large amount of their business to be conducted online. It is projected that the e-commerce market will continue to grow, regardless of whether it is in e-tail, travel and consumer services, or online financial services. Most of the next generation online buyers will come from Tier II or higher cities, and PwC predicts that they will be less tech-savvy, want companies to be more open, and will prefer to read content in their native languages (PwC, 2018).

In 2017, India's e-commerce market was estimated to be worth $38.5 billion, making it the fastest-growing industry in the country. According to current trends, India is predicted to overtake the United States as the world's second largest e-commerce industry by 2034. Fig. 1 depicts the projected growth of the global e-commerce market from a 2017 value of US $38.5 billion to a 2026 value of USD $200 billion.

E-commerce will be the engine of the next level of Indian consumer growth in 2019, stated a Deloitte India and Retailers Association of India (RAI) report. The report has valued India's ecommerce marketplace at $200 Billion and predicted its growth to $1.2 Trillion by 2021. Interestingly, according to a 2018 IBEF (India Brand Equity Foundation) report, the ecommerce market was estimated to reach $200 Billion by 2026 from $38.5 Billion in 2017. However, the e-commerce market has reached the value of $200 Billion in 2019 itself.

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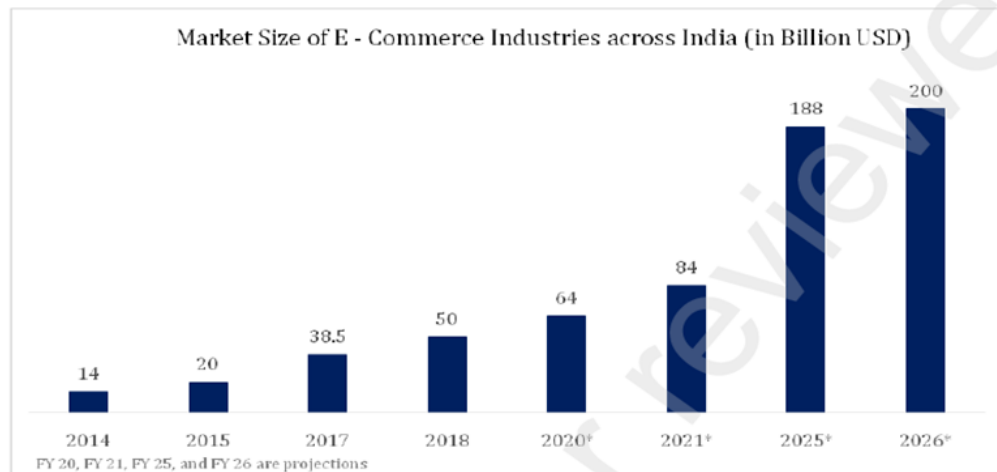


**Figure 1:** The Indian E-Commerce Industry's Market Size (in Billion USD).
Source: https://www.statista.com/statistics/792047/india-E - commerce-market-size

**Review of Literature**

Several ventures such as tourism, electrical equipment, and apparel will benefit from an increase in web-based company, say Goele, S. and Chanana, N. (2012). Variables such as M-trade, substitution assurances and a variety of payment methods, as well as item quality standards and customer service administrations, will all play a role in this trend.

Mitra (2013) underlines the importance of online business, arguing that it is the future of shopping and purchasing. In addition to existing exchanges, the government must provide support with legal structure so that enterprises can extend their viewpoints and collaborate on new trend-setting inventions and strategic initiatives.

New digital business era necessitates that retailers go beyond their borders, say Seth A. and Wadhawan N. (2016). Digitalization is no longer an option; it is a need for all shops. Changing plans of action, solidifying novel guesses, and keeping up with new advancements could all be examples of this.

Today's organisations must have an in-depth grasp of the legal system, including how it works and any potential pitfalls or concerns. International companies are taking notice of India's burgeoning e-commerce sector.. Growing numbers of SMEs, foreign direct investment (FDI), and multinational corporations (MNCs) provide clients with greater employment options, increasing their spending power.

For businesses, the internet has created a forum for them to exhibit their products and make it easier for customers to rapidly get results for their premium, which was previously difficult to do through traditional advertising. Customers, particularly those from outside the United States, have difficulty accessing PCs and the internet because of infrastructure limitations and a lack of familiarity with the Internet and PCs.

Mahipal (2018) examines the internet's development since its inception, which he dates back to 1995. Legal and electronic commerce security must be assured to allow domestic and international trade to grow, according to a study published in the Journal of International Business Research (JIBR).

E-commerce is anticipated to grow fourfold by 2021, according to Kumar, N., (2018), a researcher who wrote the report. Increased internet users and smartphones; better internet services; greater public awareness; digitization of most government-supported activities; the entry of commercial players and foreign investors; and enhanced payment alternatives available to consumers are the most significant contributors. However, the government must take steps to provide an appropriate legal framework and minimize development concerns.

**Key Factors of E-Commerce Success In India**

In this section, we looked at some of the most important things that are causing India's e-commerce market to grow quickly.
**Improved Digital Literacy**

Several significant international investors have come to the Indian e-commerce business because of India's recent rise in digital literacy. It is estimated that more than 120 million people will shop online in 2018, which will increase by 175 million by 2020. A sizable proportion of older adults shopped online in 2018, despite the fact that the millennial generation

dominates the e-commerce industry. We can see that Indians are becoming increasingly active online by the sheer volume of new content being created, posted, and revised every single day.

**Initiations from the Executive Branch**

If you want a trillion-dollar online economy by 2025, then the Indian government is working hard to make it happen. The following is a list of some of the most important government initiatives that are boosting e-commerce in the country.

**Government Electronic Marketplace (GeM)**

In October 2019, the Indian government signed a Memorandum of Understanding (MoU) with the Union Bank of India to promote a cashless, paperless, and transparent payment system for different services.

**Digital India and the Internet of Things (IoT)**

Bharat Net program was launched to provide broadband services to various gram panchayats. The project's goal is to reach 2,50,000 gram panchayats by March 2020. An additional 500,000 Wi-Fi hotspots were planned to be installed to provide internet access to rural communities. Many government programmes, like Udaan, Umang, and the Start-up India Portal, were also launched during the Digital India campaign. The Bharat Interface for Money (BHIM), a basic framework for making digital payments using a mobile phone, was also launched by the government.

**E-Commerce Policy and Foreign Direct Investment Laws in Draft**

The Indian government's draught national e-commerce policy supports foreign direct investment in the e-marketplace concept. E-commerce marketplaces can now accept 100% FDI via an automated approach, according to new FDI standards (Department of Industrial Policy and Promotion, 2018).

**India's E-Commerce Future**

In India, the Internet business sector is rapidly expanding. Even though India's web user base is only 400 million, it is rapidly growing in comparison to developed countries around the world. E-commerce is exploding in India, thanks in large part to the widespread use of smartphones and the Internet. Indian e-commerce is also expanding because of favourable demographics and government initiatives to go digital. In India, the retail sector is one of the most rapidly expanding, and this trend is expected to continue. Table 1.1 shows the rise in online sales from 2015 to 2019.

**Table No: 1.1**

| Years | E-commerce revenue (2015-2019) in billions dollars |
|-------|----------------------------------------------------|
| 2015  | 12.19 |
| 2016  | 16.08 |
| 2017  | 20.01 |
| 2018  | 24.94 |
| 2019  | 31.19 |

The Internet-based business sector is quickly increasing in the country of India itself. Even though India's online user population is barely 400 million, the country's growth is outpacing that of wealthy nations across the world. E-commerce is booming in India because of the country's high internet penetration and the widespread availability of smartphones. In addition, India's e-commerce business is rising as a result of favourable demographics and government initiatives to digitalize. To put it another way, it's safe to say that retail will remain one of India's fastest-growing businesses for some time to come. Table 1.1 depicts the increase in online sales from 2015 to 2019.

As seen in the Table 1.1, it depicts the growth in e-commerce sales from 2015 to 2019. Clearly, it depicts that e-commerce sales are on the rise, Amounts of 12.19 billion dollars were spent in 2015, while 16.08 billion dollars were spent in 2016. From 2015 to 2019 it becomes almost three fold.

Predicted growth rates are expected to accelerate in the coming years. It is expected to be more than four times in 2021 what it made in 2015.

More than 475 million Indians, or nearly 45% of the population, shop online as of July 2019. Internet businesses like Flipkart, Amazon, Myntra, and Paytm were the most popular in

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India in 2016. When it comes to online profits, Amazon has surpassed Flipkart this year for the first time in India.

Traditionally conducted business has given way to electronic commerce in the modern world. In today's world of commerce, web-based business is a major development. Because of this, it's giving rise to a brand-new economy that has limitless potential. On the topic of online commerce, we're going to look at some of the most recent trends. A look at the most recent e-commerce trends is attempted here.

**Trends In E-Commerce**

Here are a few e-commerce trends in 2019.
1. There's no stopping the growth of online sales.
2. Shops on the Internet
3. The popularity of mobile purchasing is increasing.
4. The evolution of voice commerce
5. The use of mobile payments is increasing.
6. Environmental concerns have an impact on buyers.
7. Because of environmental concerns, buyers are more inclined to purchase online.
8. E-commerce business fundamentals should be studied in depth.
9. Localized Commerce
10. Streaming live online shopping.
11. The Advantages of Buying in Large Quantities
12. Non-Contact Shipping
13. Use AR Shopping-PWA to scan and go with AR shopping.
14. Public-Private Partnerships

The truth is that by 2021, the number of web-based businesses will be much larger, and the world's business models will include a mix of traditional brick-and-mortar and e-commerce operations. In addition, a web-based business store will have a lot of potential customers with over 1.92 billion individuals purchasing products on the internet. So it's a worthwhile endeavour for those who are looking for a consistent income.

"Wireless E-commerce" means buying goods or services using a mobile device.

Artificial intelligence in e-commerce: Using AI in e-commerce can help to develop an experience that is more relevant to the customer and hence improve sales. A computer's artificial intelligence (AI) may improve and personalise any type of specialised or client-specific data. Stock management and customer service can be improved by computerization.

Internet stores of the present day must be reachable at all hours of the day and night and on several platforms. Web-based firms can automate customer support to save time, money, and human resources. Freeing up staff to focus on more complicated requests is another benefit of delegating mundane tasks. Individual assistants or conversational bots driven by artificial intelligence should certainly be concerned about capturing all of the queries they get.

In layman's words, it's called "Hyperlocal On-Demand Delivery Service" because it connects customers with nearby shops.

We've all lately witnessed a coronavirus pandemic unfold. Many sections of the world were experiencing crisis lockdowns, which left residents stranded in their houses with no way to get relief. Under these conditions, hyperlocal administrations accelerated and served a large number of customers around the globe. In times of crisis, hyperlocal governments could meet their demands. Zomato, for example, is a food delivery software that allows those who can cook to order food online. If a user runs out of an item, they may order it from a nearby merchant and have it delivered right to their door using the app.

According to the study, the value of the Hyperlocal Marketplace services market will grow at a compound annual growth rate (CAGR) of 17.9 percent between 2021 and 2027.

In order to make Magento PWA Studio's products easier to use, the PWA Scan & Go feature was added. Scanners can be used to acquire and pay for goods and services in a matter of seconds. The barcode will be scanned using the Progressive Web App built on top of the Magento store.

It allows a group of clients to purchase the same item at the same time. This component's primary function is to allow users to recommend items and services to their family, friends, acquaintances, and so on. That's not all; they can also make money by promoting and purchasing products at appealing prices.

So, we can call it social business or social commerce. The term means that web-based media platforms are used by online businesses to provide clients with personalised in-app purchasing experiences. Using simple language, it explains how online businesses can benefit from web-based media stages. Your use of the internet to promote and share your ideas and administrations is a no-brainer. Additionally, your public image becomes more accessible due to the nature of web-based media.

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**The Leading E-Commerce Trends**

Current and future e-commerce trends-

1. Augmented reality enhances the online purchasing experience.
2. The use of voice search will increase.
3. Artificial intelligence (AI) aids retailers in better understanding their clients.
4. On-site customisation uses data to create customised experiences on the spot.
5. As a result of big data, personalised experiences are possible.
6. Shoppers benefit from the use of chat box.
7. It's still possible to shop while on the go.
8. A broader range of payment options
9. E-commerce that is API-driven and headless allows for constant improvement.
10. A video's impact on a customer is undeniable.
11. Subscriptions keep customers coming back.
12. The significance of long-term viability is rising.
13. Conversion-optimized digital approaches should be used.
14. Business-to-business is changing.

The e-commerce sector is being revolutionised by augmented reality (AR), which enhances the experience of online shopping. Using this technology, customers can get a closer look at the product they're interested in purchasing, which can influence their buying decision. In some industries, such as fashion and interior design, augmented reality (AR) has the potential to revolutionise the purchasing process by allowing customers to virtually try on clothing or home décor items before making a purchase. Gartner says that 100 million people will use augmented reality when they go shopping in 2020.

The use of voice search will increase in popularity. Voice assistants are becoming more and more important to people's daily lives, even if they have smart speakers. According to Circle Adventures, smart speakers will be in 75% of American homes by 2025. More and more individuals will use voice search to perform activities like online shopping, restaurant ordering, and life planning as more families receive smart speakers. When it comes to keywords and content, the rise of voice search presents new opportunities for web-based enterprises.

Artificial intelligence helps retailers understand customers: Customers can now have automated, personalised purchase experiences thanks to artificial intelligence (AI) and machine learning. Using computer simulations, businesses can learn more about their customers' shopping habits, purchase dates, and the kinds of things they're looking for while they're making purchases. You won't find anything like it anywhere else.

Personalized experiences are made possible through the use of data collected on-site. Customers in both the B2C and B2B markets are looking for personalised and bespoke online shopping experiences. Using simulated intelligence, a buyer is able to receive personalized product proposals and customer assistance according to their needs. Personalized experiences near or in their marketing activities have resulted in a 25% increase in revenue for shops with extensive personalization capabilities.

Many customers now know that business sites on the internet collect personal information about them, which puts their privacy at risk. To put it another way, experts are divided on whether or not big data would improve the personalized shopping experience.

In the same way a human salesperson would, chat box make online shopping more pleasant for clients. If a consumer can't find and buy an item in a few clicks, they're upset, and they're not happy about it. This is where a chat box can save the day and help close the deal.

In today's environment, customers need to be able to shop from wherever they are, which is why mobile shopping continues to grow. Statista says that by 2021, 73% of all business transactions on the internet will be done on a mobile phone.

Increase cell phone switching rates by providing a range of payment methods. To speed up the checkout process, make it possible for clients to store their credit card information on your site.

It's possible to decouple an online store's web-based business stage from the front-end display layer using a headless and API-driven ecommerce solution. Headless is being adopted by more web-based commercial businesses because of its adaptability on the backend, as well as additional website optimization, content advertising, and customer experience features.

Video is a great way to connect with customers in 2019, and it's not going anywhere anytime soon. You should think about putting videos on your website to connect with your customers and teach them about your product or service.

Customers return because of the variety of memberships available now and the price at which they may be purchased. Membership administrations are used by organisations to set up stock and transactions that have already been agreed upon.

Consumers and businesses alike are becoming more ecologically sensitive, and this trend will only continue. As a result, customers are becoming more aware of the environmental impact of where they shop and how it affects other aspects of their lives. The majority of

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respondents in a survey said that the design industry needed to be more manageable, and 75 percent said that they wanted to see less packaging. The use of biodegradable packaging and recycling of materials are just a few of the ways that many companies are trying to reduce their impact on the environment.

The digital conversion strategy of companies should be improved. It's one thing to attract potential customers to your website; it's quite another to persuade them to make the switch. Businesses hope to improve their product pages and increase their conversion rates by 2020. Multi-channel selling, such as Facebook advertising or Google Shopping Ads, is another way to make changes.

The business-to-business model is changing. Don't worry about B2B falling out of vogue. Statista predicts that by 2021, global B2B sales on the internet will be worth more than $1.1 trillion.

**Conclusion**

There is a lot going on in the world of e-commerce. As e-commerce connects everything, we'll constantly be eager to see what's next in the evolution of individuals and innovation. E-commerce has made shopping a lot more convenient.India's e-commerce sector is growing rapidly despite several obstacles. One of India's most rapidly increasing sectors right now is e-commerce. Online sales are expected to nearly quadruple by the year 2021, compared to 2015. The increase in smart phone and internet users; 3G/4G internet; public awareness; government digitization programs; advanced shipping and payment choices; and the advent of foreign e-business operators are all contributing to this remarkable rise in e-commerce. The government should take the necessary steps to ensure that e-rapid commerce's expansion is not held down in any way.

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