Emerging Challenges of Global E-Commerce

Tapan Kaushal[1], Dr. J. K. Jain[2]

Research Scholar, Department of Commerce, Dr. H. S. Gour University Sagar, (M. P.) [1]

Professor, Department of Commerce, Dr. H. S. Gour University Sagar, (M. P.) [2]

tkaushal83@gmail.com1, drjinendrakumarjain@gmail.com[2]

Abstract – **Connectivity is the driving force behind the growth of global E-Commerce. Customers have firm access to the internet and can be connected to any business of any country through a website, they are able to look, compare, and buy products in just a few seconds. To reach this growing pool of potential customers, online sellers are localizing their digital content for international markets and various stores are exploring their E-Commerce potential by creating user friendly websites with opportunities for online transactions. Many global e-commerce companies are entering India, as India is the most growing E-Commerce market in the world. High numbers of internet user's penetration has been seen in the recent past, which is leading towards the growth of e-commerce market significantly. Many global e-commerce countries are ruling in India like Amazon, eBay, Alibaba etc. This paper is an attempt to throw some light on the challenges faced by global E-commerce companies in India.**

Keywords – E-Commerce, Challenges to E-Commerce, Globalization.

I INTRODUCTION

Globalization in India

India had the distinction of being the world's largest economy in the beginning of Christian era, it has accounted about 32.9% share of world GDP and about 17% of the world population. The goods produced/manufactured in India had been exported across the world. Therefore, the concept of globalization is hardly new in India.

According to WTO, India accounted 1.2% of world trade in 2006, which has grown to 2.7% in 2015. Before 1991, India deliberately isolated itself from the world markets, to protect its fledgling economy and to achieve self-reliance. Foreign trade was subject to import tariffs, export taxes and quantitative restrictions, while foreign direct investment was restricted by upper-limit equity participation, restrictions on technology transfer, export obligations and government approvals; these approvals were needed for nearly 60% of new FDI in the industrial sector. The restrictions ensured that FDI averaged only around $200 million annually between 1985 and 1991; a large percentage of the capital flows consisted of foreign aid, commercial borrowing and deposits of non-resident Indians.

Since liberalization, the value of India's international trade has become more broad-based and has risen to 63, 0801 billion in 2003-04 from 12.50 billion in 1950-51. India's major trading partners are China, US, UAE, UK, Japan and EU. The exports during April 2014 were $477.1 billion and imports were $609.9 billion.

E-commerce in India

The first E-Commerce website was started in India in 1996. But due to lack of internet connectivity and low users the growth was very slow. After 2011, there was a boom as the internet and mobile users increased. Sites like Flipkart, eBay, Myntra, Snapdeal had already entered the market and focus on the consumers has grown. In the year 2013, amazon.com also entered the market by making a local portal of amazon.in and shown a rapid increase. Internet users in 2010 were below 50 million but now it's increased to about 8 times.

The changing consumer's lifestyle and preferences, increased standard of living, supported by the youth population of the country, had driven the e-commerce business. More than 50% of the total 1.252 billion population of India falls under the 'below 25 years of age'. Also, 67.0 per cent of India's population, represent the working age group of 15 to 64 years, they would contribute the further growth of e-commerce, driven by their rising disposable income. The growing inclination towards purchasing online is reflected in a trend for higher value online transactions. Shoppers are ready to shop for values exceeding INR 25000, which earlier hovered in the range of INR 3000-10000.

India's E-commerce revenue jumped from $3.9 billion in 2009 to about $16.8 billion in 2015. It was expected that the revenue will cross $70 billion by 2020. While in terms of internet base, India is behind China and other giants like Japan, but rate of growth is way far better from others. As India's annual growth stand at 51%, China's e-commerce is growing at a steady rate of 18%, Japan 11% and South Korea 10%, according to a joint study.

It has been derived that Indian consumers have matured over the periods and increased their acceptance for various payment methods such as net banking and prepaid wallets. Cash on delivery is one of the most preferred methods of payment in the country .Out of the total credit and debit card holders, just about 20% people transact online, indicating a huge untapped market. A study showed that there are many users willing to shop online.

Globalised E-commerce in India

The growth of ecommerce volumes in India is attracting the attention of players around the globe. India, the second most populous country in the world, is home to 1.2

billion people. To put that number into consideration, consider this: the combined populations of Germany, UK, France, Italy, Netherlands, and Greece not even equal one-fourth the population of India alone. Instead of lower per-capita purchasing power, still it makes India one of the most attractive and emerging markets for ecommerce in the global level.

There are various companies which are ruling Indian ecommerce market like amazon.in, ebay.in, flipkart.com and upcoming giant alibaba.com. These companies are holding more than 60% of market share of e-commerce. They are utilizing their access funds for ruling the Indian e-commerce market, the e-commerce segment is growing rapidly in India and these companies are playing a vital role in growth of the market.

As compare to local ecommerce companies these companies are having advantage of high working capital, better technology, proper connectivity, consumer oriented policy and extra beneficiary services for the customer. That's the reason why they are ruling the ecommerce market.

II REVIEW OF LITERATURE

(Manshady, 2012), they focus on the relationship between globalization and the adoption of a particular set of ICTs, namely the Internet and electronic commerce, at the firm level. They concluded that ecommerce will reinforce existing international competitive advantages rather than levelling the playing field and enabling local firms to compete with global firms in international markets. Doing business across national borders involves more than simply setting up a web site and offering products or services to the world. The virtual world of commerce must be supported with physical, financial and information processes that global firms are more likely to already have in place, and which local firms cannot duplicate easily or cheaply.

(Ningombam, 2007)They focused upon the emerging trend and issues in the ecommerce sector in the wake of new knowledge economy. They determined that the overall impact of ecommerce will be positive for Indian market if it opens new opportunities properly in all sectors such as small,medium

and large and to remove all IT hurdles and making it work smooth and fast. In order to compete globally, entrepreneurs will have to make use of ecommerce to the maximum extent.

(Malhotr), has thrown light on the role of Information Technology in making the Indian economy globalised and analysing the emerging trends and issues in IT particularly ecommerce sector in India in the wake of globalised economy, she concluded that ecommerce market has provided abundant options for buyers as well as for sellers to exchange goods and services. There has been a tremendous growth in ecommerce industry in India, but the ecommerce companies will have to adapt their strategies in accordance with the challenges emerging out of the market such as security issues, payments, supply chain, delivery experiences, govt. rules and regulation.

(Kaur, 2015), focused on various challenges faced by E-commerce in India and to study the India's prospects in ecommerce, she derived that E-commerce provides various services to wholesalers who can take advantage of E-commerce and capable of establishing contractors with reputed producers and linking their business with the on-line. Also Retailers meet electronic orders and should be in touch with consumers all the time with Ecommerce. Essential factors like Customer Convenience, Adoption of Multi-Channel Investments, Unique or Transparent etc. must be consider for rolling E-Commerce in a right path.

Objectives

1. To overview the basic challenges faced by some of the global E-Commerce companies in Indian Marketing Environment.

2. To study of the techno challenges regarding E-Commerce companies.

3. To provide the suggestion to remove the barriers of E-commerce.

III METHODOLOGY

This study is descriptive and analytical in nature and based on secondary data collected from various websites, published journals and magazines. Simple statistical tools are used to analyse the data.

India Digital Buyer Penetration Forecast (% Of Internet Users)

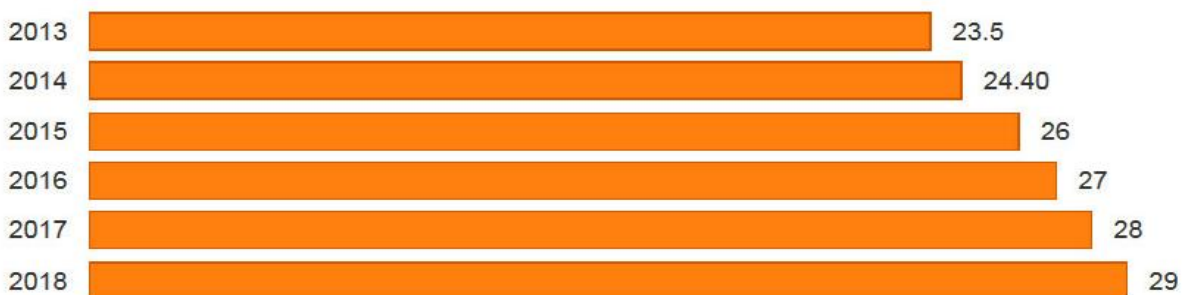| Year	Value
2013	23.5
2014	24.40
2015	26
2016	27
2017	28
2018	29

Figure 1 Digital Buyer Penetration

Figure 1 shows that the numbers of users performing online transaction are still fall on a lower side. Internet penetration in India is far better about 34% of India population use internet out of them only about 1/4th are performing online transaction , which is very low as compare to other country like US, Japan, China etc. The reason behind this is lack of knowledge and trust among the user.
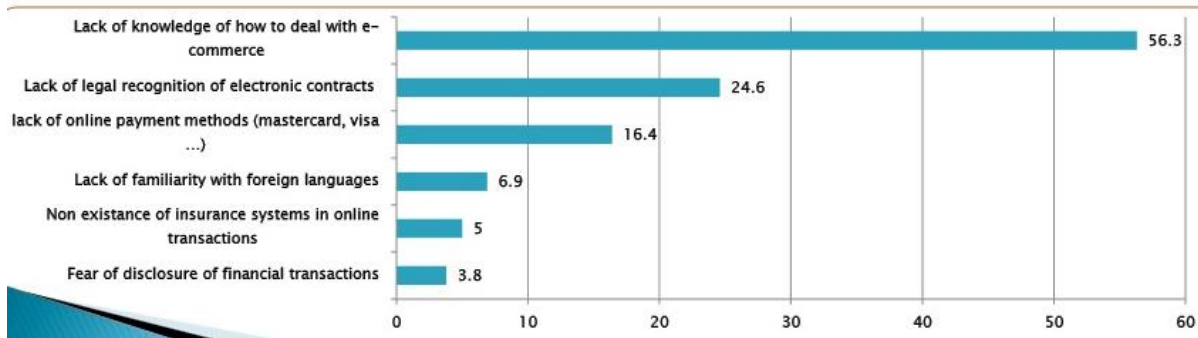

Figure 2 Reason of non-users of E-Commerce

From the figure 2 we can derive that more than half of people are not using e-commerce due to lack of knowledge about how to deal online, next about 1/4th of people are not using it due to lack of legal recognition of electronic contracts which lead them to fear of fraud, fake product selling, cross warranty and guarantee services etc.

Figure 3 Payment failure Rate in online transaction

From figure 3 shown that percentage of failure transaction through debit and credit card is far more than the percentage of fail transaction through net banking. Due to this Cash on delivery is preferred more by the users.

Basic Emerging Challenges Faced by Global E-Commerce Companies

E-Commerce in India is shifting the market from physical market to digital market, huge numbers of users are performing online transaction by purchasing or selling products online. But still majority of users are not using online source of market due to fear, lack of knowledge, fraud chances etc. Companies coming through the global market and entering the Indian market sector are enjoying a lot of profitability but they are also facing a lot of challenges. The global e-commerce companies are facing the following basic challenges in Indian market environment

1. Indian customers return most of the merchandise which they purchase online:

Ecommerce in India is on growing mode and it has many first time buyers. This means that they are not in clear mind about what to expect from an ecommerce websites. As a result, buyers sometimes fall prey to hard sell. But by the time the product is delivered, many of them rejected to take delivery of the same. Though consumer remorse is a global problem, it is all the more prevalent in a country like India, where much of the growth comes from new buyers. Returns become more expensive for ecommerce companies, as reverse logistics presents unique challenges.

2. Cash on delivery is the preferred payment mode:

Low credit card users and low trust in online transactions through debit card or net banking has led to cash on delivery being the most popular payment option in India. Unlike electronic payments, manual cash collection is more risky and expensive, as many banks provide offers and discount by paying online through debit or credit card, even EMI option is also available for the convenient of the buyer.

3. Postal addresses are not standardized:

If you place an online order in India, you are mostly expected to receive a call from the logistics company to confirm you about your exact location. Clearly the address is not enough to reach. This is because there is low standardization in the way postal addresses are written and posted.

4. Logistics is a problem in thousands of Indian towns:

The logistics challenge in India is not only about the low standardization in postal addresses. Given the huge size of the country, there are thousands of towns and villages that are not easily accessible by the logistics partner. Metropolitan cities and other major urban cities are through well connected. But since the real worth of the Indian market lies in its large population, absence of easy access to a significant proportion of prospective customers is a major problem. The problem with logistics is included with the fact that cash on delivery is the preferred payment option in India. International logistics providers, various Indian companies, and the government-owned postal services are making their effort to solve the logistics problem in the country. If someone could convert the giant size of the problem into an opportunity, we would soon hear about a great success story coming out of the Indian logistics industry.

5. Overfunded competitors are driving up cost of customer acquisition:

The vibrancy in the Indian start up system over the past couple of years has mobilized a lot of investment into the ecommerce sector. The long-term prospectus of ecommerce companies is so bright that many investors are willing to invest high amounts of money to acquire market share today. However, investment by global investor is far more than of the local investor.

6. Fake product selling:

There are many sellers which get register on e-commerce sites and sell duplicate or fake product by establish brand name which lead to create distrust in the seller. Most of these types of sellers are register in eBay which is leading to create a negative image of the global e-commerce company.

Techno Challenges Faced by Global E-Commerce Company

E-Commerce companies are widely dependant on latest technology adaption; India is a growing techno hub and still facing various problems in getting things at the right point. Improvement in the technology is creating a soft path for the emergence of E-Commerce companies. But still many major problems are faced by the companies, some of them are:

1. Payment gateways have a high failure rate:

As if the preference for cash on delivery was not bad enough, Indian payment gateways have an unusually high failure rate by global standards. Low internet speed, various payment gateway etc. are creating problem in this section.

2. Internet penetration is low:

Internet penetration in India is still a small numbers as compare to several western countries. Even high speed connectivity is still a dream in every part of the country. But both these problems are disappearing in a rapid speed. The day is not far when connectivity issues would not be a feature in the list of challenges to ecommerce in India. Recent launch of 4G connectivity is one of the major step towards removing this problem.

3. Feature phones still rule the roost:

Though the total number of mobile phone users in India is very high, India having highest number of Smartphone user but a significant majority still use feature phones, not Smartphone. So these consumer groups are unable to make ecommerce purchases on the move. The rapid downward shift in the price of entry-level Smartphone is an encouraging sign for the future development. It was expected that the next few quarters will witness entrants of new Smartphone in India at the 5-7K price point. That should promote the growth in Smartphone ownership.

4. Customer care:

For resolving the problem of the customer, customer care has been establish by site only, any problem of the buyer is register with the site customer care section only. Time taken for solving problem is very high most of time which lead to create frustration among the buyer. There is no any particular option available for the buyer instead of calling or mailing the customer care and wait for their turn to come.

5. Tough to understand UI:

The user interface of sites and mobile app of various E-Commerce sites are difficult to understand for the new users, even due to regular update sometime it become confusing for existing users too. There is always missing a proper tutorial for the navigation throughout the website or app.

IV CONCLUSION

India is leading towards the global digitalization. The e-commerce segment is growing faster than the wind in India. Global E-commerce companies are ruling the market easily but problems they are facing cannot be avoided. E-Commerce market is the future of India, shifting from physical to digital market in a good speed is creating opportunities for new entrants to join and enjoy the market participation and for existing companies they have their best opportunities to rule the market and earn as much they can. The future of Indian ecommerce market is very bright that's why they have to focus

on removing the threats they are facing while establishing a proper platform.

SUGGESTIONS

There are many barriers which are creating hurdle in the proper growth of e-commerce companies. Following measures must be adopted for

1. A particular payment gateway needs to be established.

2. Cash on delivery is most prefer method of payment in India but most of cities and villages still not provide option of cash on delivery, improvement is needed to eligible all cities and villages under cash on delivery mode.

3. Logistical improvement is needed for connecting every part of country through e-commerce sites.

4. Registration of local unrecognized seller must be checked as fake product selling, duplicate products etc. are sold by these sellers which lead to create trust doubt among the seller.

5. Government has to create a cyber-cell to control the online shopping fraud.

6. EMI option is not available in every sites even it's available but the knowledge among the people is very low about this option.

7. Return and Refund policy need to be shifted towards easier side.

8. High speed internet connectivity should be available in every part of country.

9. Easy mobile UI need to be created, by this non user can also learn easily and can transact online.

10. A proper tutorial must be shown to the new sign up buyer by this they can smoothly perform transactions.

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