

A study on: Impact of e-commerce on Indian service sector business organisations

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Abstract

The research study has featured the various components like Management Information System, Financial Accounting and Marketing Management of E-commerce on business organizations. E-commerce introduces a new technique of conducting business activities over the last decade through internet services. Through it is a relatively new concept; it can possibly replace the old customary type of economic activities.

It has effect on large sector such as Education, health and government. The biggest impact not is visible but it has potential more pervasive far routine business exercise. It has opportunities to get close to the customer. "E-commerce will change the way business is conducted: traditional intermediately functions will be replaced; new products and markets will be developed, new and for closer relationship will created between business and customer nationally and internationally". "E-commerce over the internet vastly increases interactivity in the economy. These linkages now extended down to small businesses and households and reach out to the world at large. People will have the ability to communicate and transact business anywhere, anytime."

"E-commerce is reducing the importance of time by speeding up production cycles, allowing firms to operate in close coordination and enabling consumers to conduct transaction around the clock. As the role of time changes, so will the structure of business and social activities, causing potentially large impacts". In this research paper, we will talk about E-Commerce is great platform not only to develop infrastructure but also increase employment rates, new working environment in India. Thus in this research paper we discuss the possible reasons for the gap research delivery and suggest new recommendations to enhance overall impact in increasing economic and social growth.

Keywords: electronic, digitalization, customary, environment, recommendation, economic and social growth

Introduction

E-commerce is buying and selling of goods and services over the internet. Before e-commerce buying and selling were done without internet physically in the markets but after the arrival of e-commerce in India our life has become more convenient because of its number of advantages. The advantages offered by e-commerce are online shopping of anything at any time and at any place, customers can find the products on e-commerce websites which is no available in physical markets, it reduces cost and time, without stepping out from home we can get our product at home. The process is as follows:

Definition

The World Trade Organization defines e-commerce as, "e-commerce is the production, distribution, marketing, sales or delivery of goods and services by electronic means."

The Organization for Economic Co-operation and Development (OECD) defines "E-commerce as commercial transactions, involving both organizations and individuals, that are based upon the processing and transmission of digitized data, including text, sound and visuals images and that are carried out over open networks (like, the internet) or closed networks (like, AOL or Mintel) that have gateway onto an open network."

An internationally agreed working definition of e-commerce is presented by the United Nations. "It describes an Internet transaction as 'the sale or purchase of goods or services, whether between businesses, households, individuals, Governments and other public or private organizations, conducted over the Internet. The goods and services are ordered over the Internet, but the payment and the ultimate delivery of the good or service may be conducted on- or offline.'" [Source: UN Conference on Trade and Development 2001. E-Commerce and Development Report. Page 80].

According to (C. Nisha and G. Sangeeta, 2012): "E-commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organizations, and between organizations and individuals" (C. Nisha and G. Sangeeta, 2012).

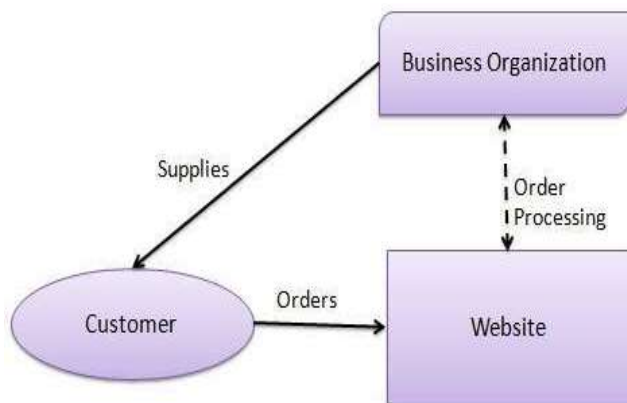


Fig 1

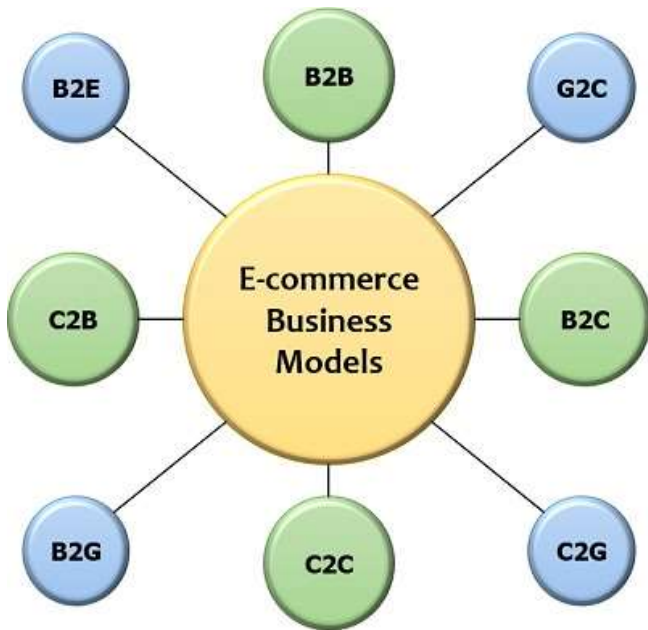


Fig 2

The meaning of electronic commerce has amended over the three decades. Originally, E-commerce means “The facilitation of commercial transactions electronically, using technology such as EDI and EFT”. “These were introduced in the late 1970s, allowing businesses to send commercial documents like purchase orders or invoices electronically. The growth and acceptance of credit cards, automated teller machines (ATM) and telephone banking in the 1980s were also forms of electronic commerce. From the 1990s onwards, electronic commerce would additionally include enterprise resource planning systems (ERP), data mining and data warehousing”.

“A wide variety of commerce is now conducted in this way, such as, Electronic funds transfer (EFT), supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems.”

E-commerce now a day’s operates in all four of the major market segments

- Business to business,
- Business to consumer,
- Consumer to consumer and
- Consumer to business.

“It is about a new business concept that incorporates all previous business management and economic concepts.”

As such, e-business and e-commerce impact on many areas of business and disciplines of business management studies:

1. Digital Marketing

Green marketing and e marketing are two important factors to generate efficient marketing. On line advertisement, B2B, C2C, strategic marketing, consumer buying process are some of the important techniques which take over the business to new heights. Internet services pre and post marketing, door to door services and tele marketing. Sales and distribution channels are direct and indirect term help the business through e-commerce. It gives new dimensions to the business marketing.

2. Cost and Financial Accounting

Human capital and assets are the complicated sources which have to be kept accurate and strong at all ends.

Tangible and non-tangible assets are to be seriously looked after, managing the accounts and generate the cost effective techniques are the major task to pursue.

3. Managerial Economics

E commerce change the business world at any extent to maximize profit and fuller utilization of resources, better understanding of skills in term of national and international economy. The micro and macro economy theory is very relevant for good business practices.

4. Management Information Systems

To analyze, and designing of proper information system to get the message clear, transparent, and on time is very beneficial to all level of workers to exceed good and satisfactory result.

5. Strategic Human Resource Management:

Effective and efficient use of human resource department for recruiting and hiring the manpower, different selection techniques, new edge of training and development techniques with right-sizing of placement, induction promotion and transfer of employees.

6. Mercantile law and business ethics

To run a successful business organization and to inculcate good result ethical standard is very useful at a glance for better survival and growth. Uniform standards and rule regulations are important to follow at all ends.

Thus, there are many logical and justifies reason to study E commerce. In the new era of globalization e commerce plays a very important role in the business world. Hence it is also have very significant role in business.

Merits of E Commerce

Better understanding and clarity of thought exactly done when research work support you leverage them to your benefits’:

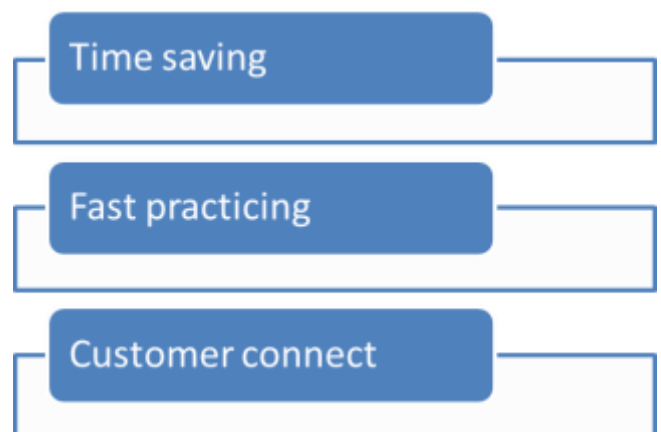


Fig 3

1. A Larger Market

E-Commerce “allows you to reach customers all over the country and around the world. Your customers can make a purchase anywhere and anytime, especially more people are getting used to shopping on their mobile devices”.

2. Customer Insights through Tracking and Analytics

Ecommerce website “through SEO, PPC ads or a good old postcard, there is a way to track your traffic and customers' entire user journey to get insights into keywords, user experience, marketing message, pricing strategy, and more”.

3. Fast Response to Consumer Trends and Market Demand

“The uniform supply and logistics management, especially for merchants who do "drop ship," allow businesses and other undertakings to respond to national and international market and ecommerce trends and consumer demands in a specific manner. Vendors and suppliers and intermediaries can also create sale promotions and deals on the fly to attract customers and generate more sales.”

4. Lowering the Cost

With the advancement in ecommerce platform technologies it has become very easy to understand and affordable to set up and maintained E-commerce store with a low overhead. “Merchants no longer have to spend a large budget on TV ads or billboard, nor worry about the expense for personnel and real estate”.

5. More Opportunities to "Sell"

“Merchants can only provide a limited amount of information on a product in a physical store. On the other hand, E-Commerce websites allow the space to include more information such as demo videos, reviews, and customer testimonials to help increase conversion”.

6. Personalized Messaging

E-Commerce “platforms give merchants the opportunity to serve up personalized content and product recommendations to registered customers. These targeted communications can help increase conversion by showing the most relevant content to each visitor”.

7. Increased Sales with Instant Gratification

For businesses that sell digital goods, E-Commerce “allows the delivery of products within seconds of making a purchase. This satisfies consumers' need for instant gratification and helps increase sales, especially for low-cost items that are often "impulse buys” is important to increase sales.”

8. Ability to Scale Up (Or Down) Quickly and Unlimited "Shelf Space"

The growth of an online business is not limited by the availability of physical space. Even though logistics can become an issue as one grows, it's less of a challenge compared to those for running a brick-and-mortar store. E-Commerce merchants can scale up or down their operation quickly, and take advantage of the unlimited "shelf space," as a response to market trend and consumer demands.

Demerits of E Commerce

Running an E-Commerce business are challenges unique to this business model - knowing them will help you navigate and avoid common pitfalls:

1. Lack of Personal Touch

Some consumers value the personal touch they get from visiting a physical store and interacting with sales associates.

Such personal touch is particularly important for businesses selling high-end products as customers not only want to buy the merchandise but also have a great experience during the process.

2. Lack of Tactile Experience

No matter how well a video is made, consumers still can't touch and feel a product. Not to mention, it's not an easy feat to deliver a brand experience, which could often include the sense of touch, smell, taste, and sound, through the two-dimensionality of a screen.

3. Price and Product Comparison

With online shopping, consumers can compare many products and find the lowest price. This forces many merchants to compete on price and reduce their profit margin.

4. Need for Internet Access

This is pretty obvious, but don't forget that your customers do need Internet access before they can purchase from you! Since many E-Commerce platforms have features and functionalities that require high-speed Internet access for an optimal customer experience, there's a chance you're excluding visitors who have slow connections.

5. Credit Card Fraud

Credit card fraud is a real and growing problem for online businesses. It can lead to charge backs that result in the loss of revenue, penalties, and bad reputation.

6. IT Security Issues

More and more businesses and organizations have fallen prey to malicious hackers who have stolen customer information from their database. Not only could this have legal and financial implications but also lessen the trust customers have in the company.

7. All the Eggs in One Basket

E-Commerce businesses rely heavily (or solely) on their websites. Even just a few minutes of downtime or technology hiccups can cause a substantial loss of revenue and customer dissatisfaction.

8. Complexity in Taxation, Regulations, and Compliance

If an online business sells to customers in different territories, they'll have to adhere to regulations not only in their own states/countries but also in their customers' place of residence. This could create a lot of complexities in accounting, compliance, and taxation.

Major Challenges Faced by E Commerce in India

- **Poor knowledge and awareness:** The challenges before service sector organization are to make aware the people of different class in the country.
- **Online transaction:** India is a developing country, have mixed culture and different segmentation of class due to which it is not easy to use all class of people plastic money, due to which the e commerce could not be able to achieve the basic target.
- **Online security:** Due to literacy rate of local people in the society, they are not aware of the basic benefit and functioning of the online security system. Methodology are mentioned but people are not aware to make benefit of same because of not have proper advertisement and

training.

- **Logistics and shipment services:** This function is quite important among all the other challenges for smooth practice and continuous practice of e commerce.
- **Tax security:** Government interference is the major hurdle in any type of business activity. And without proper tax system no organization with grow profit. Tax security is the component which has to be quite efficient to handle with intellectual skills.
- **Touch and feel factor:** E commerce business is quite intangible to serve the society, so loyalty factor takes place in long run. The psychology of the general human being is to get tangible touch and feel factor which is partially eliminated in the business style.
- **Fear factor:** Risk factor is at high side in this business sector, because almost all major activities are being handled and taking care off in hidden way, until the result get achieved.
- **Cash on delivery:** From the part of the seller, sometime it is quite difficult to get assure the product that has been shipped online has been accepted by the customer of not, at this point it is quite risky and uncertain.

Swot Analysis of E Commerce in India

Strength: Low cost leader and Strong relationship with suppliers

Weaknesses: Slow in response to consumer enquiries and Product qualities are not reliable

Oppurtunities: Central and state Government's interference and support in growing and retaining and sustaining local market and Consumers moving to online shopping.

Threat: Major risk and uncertainties are the major threat of other indirect competitors that entering the field to complete directly and indirectly business undertaking.

The Three S's components of Ecommerce

Storage space

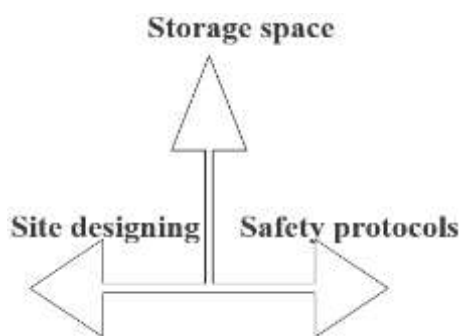


Fig 4

Site designing Safety protocols

1. **Storage space:** Some E-commerce site builders put a cap on your sales, so choose one offers you the inventory space and bandwidth to fit your needs. The best Ecommerce platform will let your online shop sell online without limitations.
2. **Safety protocols:** Choose a program that offers fraud protection and Secure Socket Layer (SSL) encryption. This is for the protection of you and your customers. SSL technology makes it possible to send online payments securely and is a must-have on all Ecommerce sites.
3. **Site designs:** Your Ecommerce solution should have a

user-friendly interface. The best Ecommerce sites and functions of each tool should be clear and it should be easy to select your desired options. A top-notch site builder will make it easy to build your online store. An extensive FAQ and customer support team can make a world of difference.

Literature Review

E-commerce industry in India is around Rs. 400 billion during 2013. "In that 17% and 18% approx. has the share from online retail and online market place respectively. 65% of the share goes to online ticketing". "India's online industry has grown at a faster pace in the last five years from around Rs. 15 billion revenues in 2007 – 08 to Rs. 139 billion in 2012- 13, having a CAGR of over 56%". "The nine fold growth came on the back of increasing internet penetration, changing lifestyles and was primarily driven by books, electronics and apparels. The research expects and estimates that the market will grow at a healthy 50-55 % CAGR to Rs.504 billion by 2015-16". "The beginning of new segment such as grocery, jewellery and furniture along with large investments by existing players in the apparel and electronics verticals" will be the drivers according to research of (CRISIL Research).

India's retail market is likely to touch a whopping Rs. 47 trillion (US\$ 738. 71 billion) by 20016- 17, expanding at a CAGR of 15%, a Yes Bank and ASSOCHAM study says. "Indian retail market (organized and unorganized) stood at Rs. 23 lakhs crore in 2011- 12. Favorable demographics, increasing urbanization, nuclearization of families, rising affluence amid consumers, growing preferences for branded products and higher aspirations are other factors which will drive retail consumption in India". According to research and consultancy firm RNCOS, "The online retail market is projected to grow at a CAGR of 40-45% during 2014-2018. With the trend of ecommerce picking up, many online retailers have launched their business in the country". "These online retailers have also started to use medium of online mobile apps to increase their reach to the customers".

Dr. Anukrati Sharma (2013) the article entitled "A study on E-commerce and Online Shopping: Issues and Influences". In this article "An attempt is made to study the recent trends, influences, preferences of customers towards E-commerce and online shopping and to give the suggestions for the improvement in online shopping websites". The study found that, "Most of the people who are engaged in making the decision of purchasing are in the age of 21-30 years". While making the websites for online shopping it must be designed in a very planned and strategic way.

Abhijit Mitra (2013) the article entitled "E-Commerce in India-A review". In this article "An attempt is made to study the present status and facilitators of E-Commerce in India, analyze the present trends of E-Commerce in India and examine the barriers of E-Commerce in India". The study found that, there has been a rise in the number of industries taking care of E-Commerce in the recent past. The study also found that "Major Indian portal sites have also shifted towards E-Commerce instead of depending on advertising revenue".

Objective of Stud

1. To understand the conceptual meaning of E-commerce.
2. To analyze and interpret the present trends of electronic commerce in India.

3. To study the various challenges faced by E-business players in India.
4. To study the prospects of E-commerce in India.

Research Methodology

There are two types of data:

1. Primary Data:

The data collected afresh & for the first time & thus happen to original in character. There are several methods of collecting primary data.

Some of them are as follows:

- Interview method
- Questionnaire

2. Secondary Data

The data which have already been collected by someone else & passed through the statistical process.

- Books, magazines & newspaper.
- Internet.
- Trade journals.

Findings of the Study

- To find that customer perception is quite a complex topic to measure exactly.
- To find that the manufacturing industry comes under various regulatory authorities.

- To find that e commerce has a quiet good image among its customers.

Limitation of the Study

- As the working time is rigid, we don't get enough time for the project work.
- Being a newly established company it was difficult to find a place for consultation of books and reference material.
- There were not many published materials to refer to for my study so most of the study was done from the internet.
- There might be some inaccurate findings because of the lack of references to refer to.

Conclusion

E-commerce is an essential part of an organization. E commerce contributes to the organizations overall improvement in sales capabilities which in turn increase the profit of the entire organization. Marketing enhances the overall performances of the company E commerce helps in improvement of customer satisfaction. It helps in knowing about the taste and buying behavior of the customer. Its helps to develop new product in the national and international market. It helps in exploring new market for new product.



These are the most renowned e commerce business organization who work for national and international level with high profit and growth ratio.

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