A Review on E-Commerce Problems And Prospects

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Abstract- *Over last few decades the popularity of e-commerce has tremendously increased due to its quick and convenient way of exchanging goods and regional and global services. India will be booming ground for e-commerce business models; the country already reported various trends in e-commerce and challenges before e-commerce. It concludes that e-commerce offers several benefits to the various stakeholders. However, at present juncture it has several limitations, legal and technical barriers in the development of e-commerce in India which could fade away in years to come. Hence we should equip ourselves to give worm welcome to e-commerce which is an obvious outcome of globalization and technological revolution around the globe.*

Keywords- *E-business, E-commerce, Market middlemen, Supply chain, Transaction costs, M-commerce*

I. INTRODUCTION

As a result of globalization and revolutionized technology and in many ways its feature, the term e-commerce represents the edge of success in this modern age computers and technology. E-commerce stands for electronic commerce. It means dealing in goods and services through the electronic media and internet. On the Internet, it relates to a website of the vendor, who sell products or services directly to the customer from the portal using a digital shopping cart or digital shopping basket system and allows payment through credit card, debit card or EFT payments. E-commerce involves carrying on a business with the help of the internet and by using the information technology like Electronic Data Interchange. In general words, Electronic commerce is the activity of buying and selling of the goods and services across the world through the World Wide Web. The Customers having interest in the products and services of particular website and vendor can get information about products and can purchase anything ranging from household product like sofa set to computer and so on, comfortably by sitting one's in room and just by one click of the mouse.

II. NEED OF STUDY

Growth of E-Business in India is tremendous but still has lot of barriers which are the obstacles in the way of E business. It needs a focus and should be prioritize to make the country in the lines of E-Business. We should look into these barriers and steps should be taken to address them. In this paper I describe the definitions and understanding of E-business, the differences between E-Commerce and EBusiness, its advantages over traditional commerce, types, E-Business in India. In this paper I present you list of the factors and the reasons behind these factors which affect the growth of E-business, proposed solutions for some of these factors. Proposed model address some of the problems faced by enabling the traders, farmers and buyers can sell and purchase their products respectively like fruits, vegetables in quantities of metric tonnes regularly which is not possible in existing B2B, B2C, C2C websites. These programs must be conducted by government organizations which eliminates the need of brokers, commission agents, and intermediaries and infuses trust in the participants get into Ebusiness.

III. INTRODUCTION

A. B2B E-Commerce

Companies doing business with each other such as manufacturers selling to distributors and wholesalers selling to retailers. Pricing is based on quantity of order and is often negotiable.

B. B2C E-Commerce

Businesses selling to the general public typically through cataloes utilizing shopping cart software. By dollar volume, B2B takes the prize, however B2C is really what the average Joe has in mind with regards to ecommerce as a whole. for example indiatimes.com
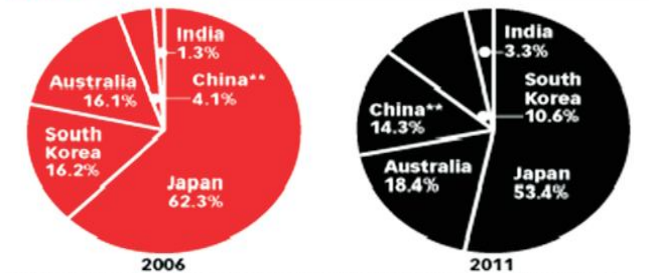
C. C2C E-Commerce

There are many sites offering free classifieds, auctions, and forums where individuals can buy and sell thanks to online payment systems like PayPal where people can send and receive money online with ease. eBay's auction service is a great example of where customer-tocustomer transactions take place every day.

G2G (Government-to-Government), G2E (Government-to-Employee), G2B (Government-to-Business),

B2G (Business-to-Government), G2C (Government-to-Citizen), C2G (Citizen-to-Government) this all are forms of ecommerce that involve transactions with the government—from procurement to filing taxes to business registrations to renewing licenses.

Distribution of B2C E-Commerce Sales* in Select Countries in the Asia-Pacific Region, 2006 & 2011 (% of total)

Note: converted at average annual exchange rates (projected for future years); total B2C e-commerce sales include all purchases made on a retail Web site, regardless of device used to complete the transaction; *includes online travel, event ticket and digital download sales; **excludes Hong Kong
Source: eMarketer, January 2008

IV. PROSPECTS

A. Global Trends

Amongst emerging economies, China's ecommerce presence continues to expand. With 384 million internet users, China's online shopping sales rose to $36.6 billion in 2009 and one of the reasons behind the huge growth has been the improved trust level for shoppers. Business models across the world also continue to change drastically with the advent of ecommerce and this change is not just restricted to USA. Other countries are also contributing to the growth of ecommerce. For example, the United Kingdom has the biggest e-commerce market in the world when measured by the amount spent per capita, even higher than the USA. The internet economy in UK is likely to grow by 10% between 2010-2015.

B. Status of E-Commerce

Today E-commerce is a backbone in Indian society and it has become an integral part of our daily life. There are websites providing any number of goods and services. Then there are those, which provide a specific productalong with its allied services Multi-product e-commerce- These Indian E-commerce portals provide goods and services in a variety of categories, for example:

1. Automobiles- On these sites we can buy and sell four wheelers and two-wheelers, new as well as used vehicles, online. Some of the services they provide are: Car research and reviews, Online evaluation, Technical specifications, Vehicle Insurance, Vehicle Finance.

2. Stocks and shares and e-commerce- In India today, we can even deal in stocks and shares through ecommerce. Some of the services offered to registered members are: Online buying/selling of stocks and shares, Market analysis and research, Company information, Comparison of companies, Research on Equity and Mutual Funds.

3. Real estate and e-commerce- They provide information on new properties as well as properties for resale. One can deal directly with developer through consultant. Allied services: Housing Finance, Insurance companies, Architects & Interior Designers, NRI services, Packers &Movers.

4. Travel & tourism and e-commerce- India has a rich history and heritage and e-commerce is instrumental, to a large extent, in selling India as a product, encouraging Indians as well as foreigners to see its multifacetedculture and beauty. The tourist destination sites are categorized according to themes like: Adventure - trekking, mountain climbing etc, Eco-Themes pertains to jungles, flora and fauna.

5. Hobbies and e-commerce- The most popular hobbies from time immemorial are reading, music and films. The books cover a wide range of topics like Business, Art, Cookery, Engineering, Children's Stories, Health, Medicine, Biographies, Horror, Home & Garden, etc.

6. Employment and e-commerce- Two major portals like www.Monsterindia.com and www.naukri.com (meaning job.com in Hindi) are instrumental in providing job seekers with suitable employment at the click of a mouse. The service for job seekers is free and for Employers they charge a nominal fee. Jobs are available online in fields ranging from secretarial to software development, and from real estate to education.

C. Government Regulation

There is also Asia Pacific Economic Cooperation (APEC) was established in 1989 with the vision of achieving stability, security and prosperity for the region through free and open trade and investment. APEC has an Electronic Commerce Staring Group as well as working on common privacy regulations throughout the APEC region. Internationally there is the International Consumer Protection and Enforcement Network (ICPEN), which was formed in

1991 from an informal network of government customer fair trade organisations. The purpose was stated as being to find ways of cooperating on tackling consumer problems connected with cross-border transactions in both goods and services, and to help ensure exchanges of information among the participants for mutual benefit and understanding.

D. Benefits of E-Commerce to Businesses

There is a growing awareness among the business community in India about the opportunities offered by e-Commerce. Safe and secure payment modes are crucial too along with the need to invent and popularize innovations such as Mobile Commerce. The other reports available on India Reports are on retail, outsourcing, tourism, food and other emerging sectors in India. Rapidly increasing Internet user base Technology advancements such as VOIP have bridged the gap between buyers and sellers online. The emergence of blogs as an avenue for information dissemination and two-way communication for online retailers and E-commerce vendors Improved fraud prevention technologies that offer a safe and secure business environment and help prevent credit card frauds, identity thefts and phishing Bigger web presence of SME's and Corporate because of lower marketing and infrastructure costs. The young population find online transactions much easier Easy reach to a fast growing online community Unlimited shelf place for products and services Fuse the global geographical and time zone boundaries.
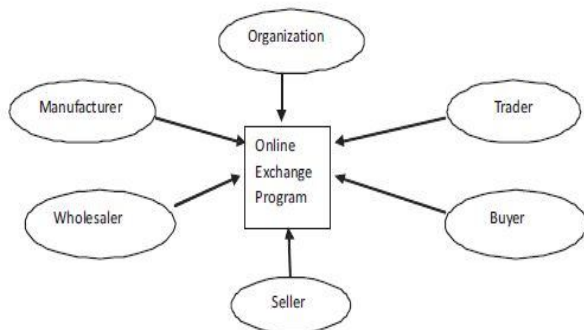
There are various user of E-Commerce in Businesses.

V. PROBLEMS

A. Barriers in India

Some of the infrastructural barriers responsible for slow growth of ecommerce in India are as follows. Some of these even present new business opportunities.

i. Payment Collection

When get paid by net banking one has to end up giving a significant share of revenue (4% or more) even with a business of thin margin. This effectively means y parting away with almost half of profits. Fraudulent charges, charge backs etc. all become merchant's responsibility and hence to be accounted for in the business model.

ii. Logistics

You have to deliver the product, safe and secure, in the hands of the right guy in right time frame. Regular post doesn't offer an acceptable service level; couriers have high charges and limited reach. Initially, you might have to take insurance for high value shipped articles increasing the cost.

iii. Vendor Management

However advanced system may be, vendor will have to come down and deal in an inefficient system for inventory management. This will slow down drastically. Most of them won't carry anydigital data for their products. No nice looking photographs, no digital data sheet, no mechanism to check for daily prices, availability to keep your site updated.

iv. Taxation

Octroi, entry tax, VAT and lots of state specific forms which accompany them. This can be confusing at times with lots of exceptions and special rules.

E. Limited Internet access among customers and SMEs.
F. Poor telecom and infrastructure for reliable connectivity.
G. Multiple gaps in the current legal and regulatory framework.
H. Multiple issues of trust and lack of payment gateways: privacy of personal and business data connected over the Internet not assured; security and confidentiality of data not in place.

B. Limitations

Though India represents vast unexplored market for ecommerce the current share of ecommerce in India is marginal restricted to less than 2 percent. According to reasonable estimated it is not going to exceed even 5 percent in the next two decades because of several limitations of ecommerce narrated below:

i. Security

Security continues to be a problem for online businesses. Customers have to feel confident about the

integrity of e-dealers and the payment process before they commit to the purchase. There are risks of hackings and cybercrimes too.

ii. System and Data Integrity

Data protection and the integrity of the system that handles the data are serious concerns. Computer viruses are rampant, with new viruses discovered every day. Viruses cause unnecessary delays, file backups, storage problems, and other similar difficulties. The danger of hackers accessing files and corrupting accounts adds more stress to an already complex operation.

iii. System Scalability

A business develops an interactive interface with customers via a website. After a while, statistical analysis determines whether visitors to the site are one–time or recurring customers. If the company expects 2 million customers and 6 million shows up, website performance is bound to experience degradation, slowdown, and eventually loss of customers. To stop this problem from happening, a website must be scalable, or upgradable on a regular basis.

iv. Cost Effective

So far, success stories in e–commerce have forced large business with deep pockets and good funding. According to a report, small retailers that go head–to–head with e–commerce giants are fighting losing battle. As in the brick–and–mortar environment, they simply cannot compete on price or product offering. Brand loyalty is related to this issue, which is supposed to be less important for online firms. Brands are expected to lower search costs, build trust, and communicate quality. A search engine can come up with the best music deals, for example, yet consumers continue to flock to trusted entities such as HMV.

v. Customer Relation Problem

Not many businesses realize that even e–business cannot survive over the long term without loyal customers. E-commerce does not have human face. It is an impersonal way of dealing with the people. Moreover customers have wide choice every time they are in the market. Hence it is uphill task to maintain the brand loyalty with the customers. Cost of obtaining a new customer is always higher than the cost of maintaining the existing customer. Therefore the e-business has work out the strategies of maintaining the customer loyalty.

vi. Corporate Vulnerability

The availability of product details, catalogs, and other information about a business through its website makes it vulnerable to access by the competition. The idea of extracting business intelligence from the website is called web framing.

vii. High Risk

Many stories unfolded in recent years about successful executives in established firms leaving for Internet start–ups, only to find out that their get–rich dream with a dot.com was just that – a dream.

C. Challenges before E-Commerce

i. Initial Investment:

To start a web shop requires personal computer, modem and a subscription to a Value Added Network (VAN). It also requires updating of current technology and networks. These are costly affairs.

ii. Costly Consumer Search:

Search for complete database on a web incurs some amount of cost to consumer. Time required for search is more and it is costly too. Many sellers do not provide all necessary or required information.

iii. Computer Illiteracy:

In India only 60 million (or 5.2%) of total 1.20 billion person population currentlyhave access to the internet. Corresponding proportion in China is 29%.

iv. Legal Hassels:

While marketing on web, some legal hassles arises such as validity of an electronic signature, non-reputability of some shops on the web, legal aspect of electronic contract, copyright violations etc.

v. Mindset Of Consumers:

Majority of customers do not know how to use internet so they prefer traditional approach of buying and selling.

vi. Privacy and Security Problems:

60% of the users do not trust the web as a payment channel. Web transaction takes place with credit card, but

credit card itself is not safe. Anyone who transfers the data of the credit card on the web is not sure about the salesman identity. Buyer is also not sure that his credit card is not used for some malicious purposes.

VI. PRECAUTIONS

Here are a few tips to keep you, your computer and your bank account protected while you shop online.

1.Do not give your personal information

Legitimate online retailers will never ask for your social security number at any time. Don't give it to retailers. If someone requests it, contact the company.

2.Arm your computer:

You can protect yourself as you shop online simply by installing some basic security programs on your computer, including anti-spyware, anti-virus and pop-up blocker programs. These software will keep your financial information and passwords safe and out of the site of cyber thieves and hackers.

3.Use credit card:

Credit cards are easy to use online. Just enter the credit card name, number and expiry date. There is another important reason to use a credit card; if fraud occurs or if you do not get the product that you purchased, you can dispute thecharges. However, if you use a money order or debit card, the money is usually gone without dispute.

4.Read the fine print:

Whenever you shop online, read the fine print carefully; so there are no surprises. Make sure you are aware of shipping charges, delivery time, and cancellation and return policies, as well as the seller's privacy policy.

5.Do not respond to unsolicited e-mail:

Never buy things or confirm your billing information through an unsolicited email, especially, if you do not recognize the source. Legitimate online retailers will never ask for your credit card number through an E-Mail. If you receive an E-Mail of this type, contact the company immediately.

6.Ensure the connection is secure:

When you click to purchase an item online, your browser connection should become secure. Look for two signs – the site address should read https or shttp instead of http, indicating a secure connection, and small lock should appear in the browser toolbar.

7.Research unknown retailer:

If you are not familiar with the retailer, do some research before entrusting them with your credit card. Make sure they have a phone number and a mailing address. You may want to call them before making a purchase. You can also research the company on TRUSTe, Verisign and BBBOnline (Better Business Bureau).

VII. FUTURE OF E-COMMERCE

Today, we are talking about e-commerce progress level of India, the seventh-largest by geographical area, the second-most populous country, and the most populous democracy in the world. Indian E-commerce space percentage is getting higher as more and more online retailers enter the market. Although this level of entry in the e-commerce market is good from a long term perspective, the challenge is that most entrepreneurs don't have the resources or capital to wait for years before they can get profits. The past 3 years have seen a rise in the number of companies' embracing e-commerce technologies and the Internet in India. Most E-commerce sites have been targeted towards the NRI's with Gift delivery services, books, Audio and videocassettes. Major Indian portal sites have also shifted towards E-commerce instead of depending on advertising revenue. The web communities built around these portal sites with content have been effectively targeted to sell everything from event and movie tickets the grocery and computers. This is not to say that the E-commerce scenario has been bad in India as highly successful E-business like baba bazaar and India mart have proved. Indian Banks too have been very successful in adapting EC and EDI Technologies to provide customers with real time account status, transfer of funds between current and checking accounts, stop payment facilities. ICICI Bank, AND UTI-Bank also have put their electronic banking over the internet facilities in place for the upcoming e-commerce market speed post also plain to clone the federal express story with online package status at any moment in time.The day cannot be far when with RBI regulations will able to see stock transfer and sale over the Net with specialized services.

VIII. CONCLUSION

E-commerce is an emerging trend in Indian economy in the post economic reforms era. The revolution in the IT

sector in the recent past has been instrumental in development of e-commerce. E-commerce offers many benefits to the various stakeholders. These benefits are cost effectiveness, quick comparison shopping, better customer service, higher business margins resulting form economy in business operations, information saving and knowledge market development etc. At present there are several stumbling blocks in the development of e-commerce such as computer initial investment, technological issues, computer ill-literacy, legal hassles, and adverse mindset of consumers, privacy and security issues.

However, these barriers to e-commerce shall be taken care of in due course and hence e-commerce has bright prospects in India. We need to update ourselves to greet e-commerce and reap its benefits.

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