CHAPTER – I

I (A) E-COMMERCE IN INDIA: AN OVERVIEW

1.1. INTRODUCTION

The Electronic Commerce, or e-commerce, industry is one of the most progressive sectors of the economy.

Electronic commerce, commonly known as E-commerce or eCommerce, is trading in products or services using computer networks, such as the Internet. Electronic commerce draws on technologies such as mobile commerce electronic, supply chain management, internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web for at least one part of the transaction's life cycle, although it may also use other technologies such as e-mail.

E-commerce is the sale or purchase of goods or services conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders. Even though goods or services are ordered electronically, the payment and the ultimate delivery of the goods or services do not have to be conducted online. An e-commerce transaction can be between enterprises, households, individuals, governments, and other public or private organizations. Included in these electronic transactions are orders made over the web, extranet or electronic data interchange. The type of transaction made is defined by the method of placing the order. Normally excluded are orders made by telephone calls, fax or manually typed e-mails.

E-commerce businesses may employ some or all of the following:

• Online shopping web sites for retail sales direct to consumers
• Providing or participating in online market place, which process third-party business-to-consumer or consumer-to-consumer sales
• Business-to-business buying and selling
• Gathering and using demographic data through web contacts and social media
• Business-to-business electronic data interchange
• Marketing to prospective and established customers by e-mail or fax (for example, with newsletters)
Engaging in pre-tail for launching new products and services

The first wave of e-commerce in India witnessed a spurt in travel e-commerce. The segment alone recorded a 50 per cent growth in 2010. With the advent of the second wave of e-commerce in India during the previous decade, Indian e-commerce space saw emergence of newer formats of online shopping such as group buying sites, private sales clubs and comparison shopping platforms. This decade also witnessed considerable mergers and acquisitions with investment flowing in from some of the leading investment funds in India and abroad\(^3\).

The amount of investments this space has been able to generate in the last two-three years validates the growth potential that Indian e-commerce market holds. Online retail (excluding travel) is a Rs 800-900 crore market today and is growing at a rapid rate. Today there are 60-70 million internet users and the active buyers are close to 6-8 million only.

The e-commerce industry has been doing pretty well. This growth has largely been led by services over products retail in the non-travel e-commerce segment.

The growth recorded so far has been impressive, considering that broadband connectivity in India is still very low.

The world is witnessing an information and communication revolution. The internet has brought a fundamental change in the way people work, shop, communicate, learn and play. Businesses have also benefited significantly through the use of the Internet. The speed and efficiency of business transactions have improved drastically. Business deals that took months to finalize are now closed within hours. The Internet has also helped streamline the business processes of organizations\(^4\).

The internet has also had an impact on customers. Customers have become more demanding as they now, have more information about new products and services. The speed of the internet has changed every aspect of business, be it customer interaction, relations with partners or supply chain management.

1.2. EVOLUTION AND GROWTH
Organizations today have to constantly reduce costs, introduce new and innovative products, and satisfy increasing customer demands. Customers are demanding lower prices, more product options and customization, improved level of services and personalized treatment. To a great extent, the internet has helped organizations cope with these demands. The physical transfer of business documents and face-to-face interaction by the sales force with the clients has declined significantly due to the Internet thus helping organizations reduce costs and offer personalized services. Organizations are increasingly using e-mails, chat and other online tools as well as mobile devices like PDAs and mobile phones to conduct business.

The increasing use of the electronic medium, primarily the Internet, to conduct business and government transactions and the increasing popularity of the Internet among individual customers’ has led organizations into the digital era. Emerging e-business and mobile technologies, and the increasing availability of broadband telecommunications have all catalyzed the entry of organizations into the digital era.

Organizations are leveraging the Internet not only to reduce costs but also to improve logistics, inventory and supply chain management activities; plan production activities; and gain extended market reach. The Internet has enabled organizations to conduct business round the clock, compress business processes, and perform business activities quickly. The digital processing of orders for goods and services helps organizations save time, reduce cost and enhance customer convenience. Companies lacking online business capabilities will find it hard to survive in the digital era.

Internet and e-commerce had followed, inevitably, a similar road since these concepts cannot be mutually excluded one from the other one. Innovations in the field of Internet technologies have had instant repercussions in the online business world. From a simple usage having a regional origin located in the United States of America, the phenomenon of electronic commerce has seen a rapid spread globally, according to the innovations related to Internet technologies. The projection of electronic commerce is in perfect accordance with the development stage of the real economy. Due to the low level of development, some states have managed to create and maintain a solid base, especially the one related to IT infrastructure. Thus, due to lack of this essential element, electronic commerce has suffered. The real losers, however, are the consumers, who are
deprived of a more convenient way to purchase goods and services, since nowadays almost any product from any corner of the world it may be purchased without further difficulties.

Internet is one component which has recently become the key ingredient of quick and rapid lifestyle. Be it for communication or explorations, connecting with people or for official purposes, ‘internet’ has become the central-hub for all. Resultantly, Internet growth has led to a host of new developments, such as decreased margins for companies as consumers turn more and more to the internet to buy goods and demand the best prices. The internet means that traditional businesses will change because “incumbents (in markets) and large firms do not have the advantage just by virtue of being there first or by being of big, he said. The implication of perfectly competitive market as the world will observe is those markets will produce an efficient allocation of resources. Internet has truly been an effective agent in changing the fundamental ways of doing business. In any market with no entry barriers – the Net is biggest of them, the continuous influx of competition will, automatically, drive down the prices. In such a case, in long term all firms could only earn normal profits.\(^7\)

1.3. THE ROLE OF THE INTERNET IN E-COMMERCE

The Internet originated in the form of ARPANET, the original US government sponsored network in 1960s. Thereafter the hardware and the underlying network started to grow and hence the number of users of the Internet grows dramatically. As the bandwidth increases and higher speed network access reaches consumers, the adoption of e-commerce becomes a natural process. As the technology becomes easy to use, accessible and convenient, it is easier for people to jump into the bandwagon of e-commerce. Thus it becomes imperative to make the technologies accessible to people. As the research and development in e-commerce has brought a number of advancements in the quality of hardware and software, the process of reaching out to the people equally make rapid advancement.\(^8\)

The Web allows computer users to locate and view multimedia-based documents (i.e., documents with text, graphics, animations, audios and/or videos) on almost any subject today. The Internet and the Web will surely be listed among the most important and profound creations of human kind. In the past, most computer applications ran on stand-alone computers. Today's
applications can be written to communicate among the world's hundreds of millions of computers. The Internet mixes computing and communication technologies. It makes our work easier and allows information instantly and conveniently accessible worldwide. It makes it possible for individuals and small businesses to get worldwide exposure. It is changing the nature of the way business is being done. Researchers can be made instantly aware of the latest technological breakthroughs worldwide.

1.4. HISTORY OF E-COMMERCE

Shopping on the internet is certainly a popular past time, an efficient time-saver, and a great way to comparison shop on virtually any kind of item you’re interested in. The history of e-commerce as most people think of it has a short but interesting time line. Most people don’t realize that e-commerce and its underlying technology have been around for about forty years. The term e-commerce was originally conceived to describe the process of conducting business transactions electronically using technology from the Electronic Data Interchange (EDI) and Electronic Funds Transfer (EFT). These technologies, which first appeared in the late 1970’s, allowed for the exchange of information and the execution of electronic transactions between businesses, typically in the form of electronic purchase orders and invoices. EDI and EFT were the enabling technologies that laid the groundwork for what we now know as e-commerce. The Boston Computer Exchange, a marketplace for used computer equipment started in 1982, was one of the first known examples of e-commerce. Throughout the 1980’s, the proliferation of credit cards, ATM machines and telephone banking was the next step in the evolution of electronic commerce. Starting in the early 90’s, e-commerce would also include things such as Enterprise Resource Planning (ERP), data warehousing and data mining. It wasn’t until 1994 that e-commerce (as we know it today) really began to accelerate with the introduction of security protocols and high speed internet connections such as DSL, allowing for much faster connection speeds and faster online transaction capability. Industry “experts” predicted explosive growth in e-commerce related businesses. In response to these expert opinions, between 1998 and 2000, a substantial number of businesses in Western Europe and the United States built out their first rudimentary e-commerce websites. The definition of e-commerce began to change in 2000 though, the year of the dot-com collapse when thousands of internet businesses folded. Despite the epic collapse, many of the world’s most established traditional brick-and-mortar businesses
were emboldened with the promise of e-commerce and the prospect of serving a global customer base electronically. The very next year, business to business transactions online became one of the largest forms of e-commerce with over $700 billion dollars in sales\textsuperscript{10}.

India is developing rapidly through e-commerce. The internet user base in India might still be a mere 100 million which is much less when compared to its penetration in the US or UK but it's surely expanding at an alarming rate. The number of new entrants in this sphere is escalating daily and with growth rate reaching its zenith it can be presumed that in years to come, customary retailers will feel the need to switch to online business. Insights into increasing demand for broadband services, rising standards of living, availability of wider product ranges, reduced prices and busy lifestyles reveal this fact more prominently thereby giving way to online deals on gift vouchers. Going by the statistics, the E-commerce market in India was worth about $3.8 billion in 2009. It rose to $12.6 billion by 2013. Various industry estimates project that the sector will further growth five to seven times over the next four to five years. To understand this scenario, E-commerce can be divided into three broad categories which include physical services, physical goods and virtual goods. Another category that is gradually making its mark is the local commerce (couponing, yellow pages, classifieds etc.) which offers significant overlaps with E-commerce. The 1st category of physical services is definitely the major contributor which includes travel ticketing, jobs, matrimonial and event management websites with travel sites accounting for 75% of all E-commerce industries. It provides attractive deals too.

The 2nd category of physical goods is the one currently gaining considerable attention, thanks to the hype created by new startups/stores being launched daily. Leaders in this division are Flipkart, Infibeam, Homeshop18, Indiatimes, Naaptol, Letsbuy etc. each of which offers everything from mobile phones to pet food.

The 3rd and final category of virtual goods and gift vouchers like online music, software's, movies, games, Taj Hotel gift vouchers, Reebok gift vouchers, Pizza Hut gift vouchers etc. have been relatively lagging behind in India as compared to Europe and America, primarily due to piracy concerns and the social perspective of Indians. But the scenario is expected to change with the digital downloads segment expected to grow in the Indian E-commerce market due to the explosion of mobile devices and the services available over the Internet at special discounts\textsuperscript{11}.\textsuperscript{11}
Certain unique attributes of the E-commerce industry in India such as cash on delivery mode of payment and direct imports that lower costs considerably are probably going to bring about a speedy growth in this industry in years to come.

E-commerce can became an integral part of sales strategy while it is one of the cheapest medium to reach out the new markets, if implemented successfully, it offer a smart way of expansion and doing e-commerce attribute to the successful implementation to carefully understanding the products and services, customers and the business process, easy -to-use system to extend the business on the web.

A new report by the Boston Consulting Group says online retail in India could be a $84-billion industry by 2016 — more than 10 times its worth in 2010 — and will account for 4.5 per cent of total retail.

The e-commerce platforms maximize its reach to the potential customers and provide them with a convenient, satisfying and secure shopping experience.

Online channels are playing an important role of connecting with consumers of unexplored markets. The journey of online spending that started with an increasing number of buyers of travel and holiday plans in the last decade has now extended to an increase in spends on household appliances and luxury products. While segments like apparel and luxury products have registered unprecedented growth in 2013, jewellery, electronic appliances and hardware products have shown promising growth trends as well. “Indian consumers are showing greater appetite to transact online, fuelling the e-commerce boom,” said Anuj Kumar, CEO, Affle.

E-commerce not necessarily mean conducting commerce through the Internet alone, but also mean other forms of electronic communication. Actually, the roots of e-commerce lie not in the Internet, but in other forms of electronic communication. Technologies like Electronic Data Interchange (EDI) and Electronic Funds Transfer (EFT) predate the advent of e-commerce using the Internet and put the foundations for the growth of e-commerce we see today. The point here is that these older and high-powered technologies have been used to connect one business house to one another business. The protocols used for communication between the business houses were point-to-point. But the recent advances accomplished in e-commerce allows for a one-to
many or many-to-many approach and thus help to expand greatly any single business to any number of businesses throughout the world. What makes it interesting and exciting is that as the platforms, the medium, the technologies, and the bandwidth change, we will also see a dramatic change in the way in which we approach commerce and the expectations that we have about it.

E-commerce has grown rapidly since the first users started to browse the worldwide web in search of goods and services. Today, sales realized over the internet represent a significant proportion of overall commercial sales. In 1991, the internet had less than 3 million users around the world and its application to e-commerce was non-existent. Almost a decade later, by 1999, an estimated 300 million users accessed the internet and approximately one quarter of them made purchases online from electronic commerce sites, worth approximately US$ 110 billion. This year, global business-to-consumer e-commerce sales are set to pass the US$ 1.25 trillion mark.

Direct selling as a business model gives people a chance to retail products and earn incentives which are based on the turnover achieved in a particular tenure. Direct sales is usually preferred by companies whose products need to be demonstrated to the consumer. These products have certain unique features that distinguish them from other similar category products, which makes them more attractive option than the others.

These products are retailed by network distributors only and not available in the local markets. Majority of the products are first tried and tested by the network distributors themselves. The direct selling companies conduct product trainings for its network distributors to highlight the uniqueness of its products, instructions for use, cost per use, advantages over other similar products in the market, etc. The distributors then share the product with friends, relatives and acquaintances. Therefore, successful direct selling companies understand the need for their network distributors to have confidence in the products and embolden them by offering satisfaction guarantee on their product range.

During personalized interactions with prospective customers there are more chances of educating them about other available products in the convenience of their homes in the language they understand and addressing the queries they may have thereby increasing the chances of up-selling.
To become and remain effective, direct selling companies must match their great strength in developing relationships with new technologies. This combination will enhance the personal connections so critical to satisfaction, recruitment and retention of both the consumer and the seller.

The importance of ethics in the selling relationship, relative to a presentation of the business model and/or the product or service, has been a longstanding focus of the industry and may well become one of its most important and valued competitive advantages. A good web presence adds to the credibility of the company and products the distributor represents, assisting recruitment of customers and distributors.

If customers and distributors can find correct and detailed information about the product on the internet, then they need not learn every aspect of the product, company, compensation plan etc all at once. The brand is therefore promoted consistently and not misrepresented, whether due to ignorance or on purpose\textsuperscript{15}.

The internet also helps the company maintain regular, immediate and cost-effective communication with all the parties for product updates as well as train, inform, motivate and recognize the hundreds and thousands of distributors. Internet is a wonderful support system for the direct selling company and lightens the distributors’ logistical burden, leaving them with more time to invest in their business and family. E-commerce portals should seriously consider direct selling to approach majority of the population with limited or no access to the internet\textsuperscript{16}.

E-tailing, which borrows its name from e-commerce, is the new retail channel that is showing fast acceptability and growth. Retailing is an integral part of the value chain in any organization, whether they deal in products or services. It is a function that provides the ‘last mile connectivity’ between the organization and its customers; as the organization’s last ambassador in front of the consumers, it emerges as one of the most potent forces in influencing the performance of the value chain.
In Asia retailers face issues that are unique to the continent not only due to the presence of both traditional as well as new/modern format stores (commonly referred to as organized retailing) but also due to the introduction of digital marketing. The debate on ‘life or death’ of the traditional retailers or direct selling on the entry of e-commerce is always on but it is seen a trend of both formats growing together. Omni-channel retailing or multi-channel retailing is the name might be given to this emerging prominence.

Social media is on the rise as more people gain access to the internet, prompting more and more companies to take the e-commerce route. But there still exists heterogeneity across category growth. While e-commerce websites have mushroomed in India, internet penetration is still low. And that’s why a healthy mix of traditional mom-and-pop, direct selling and e-tailing is the way forward for companies that wish to address all sections of the consumers. The success rate will vary from category to category. At times, consumers behave differently within the same category. While men buy T-shirts online, women are averse to buying a sari through the same channel

E-commerce and direct selling are different channels targeting different segments and even the product categories differ widely. E-commerce also stabilizes the power of the different stakeholders in the value chain through information symmetry. Multi-channel retailing is sure to grow and competition among the channels, cannibalize sales to some extent. In fact, e-commerce has actually increased the reach, the potential and the service levels of the companies, while simultaneously improving the efficiency of the older retail channels. Competition improves efficiency, while monopoly makes a player lazy and inward looking.

Companies are giving more importance and getting involved in e-commerce as it promises cost reduction, wider access to clients, customers and partners. Then there is the issue of competitive pressures and maintaining a certain image for the company.

Every movement, especially a new one, faces some friction from the existing market forces. The single biggest issue with the Indian e-commerce business is that a majority of the ventures are yet to turn in profits.
Since the eCommerce industry is fast rising, changes can be seen over a year. The sector in India has grown by 34% (CAGR) since 2009 to touch 16.4 billion USD in 2014. The sector is expected to be in the range of 22 billion USD in 2015.

Currently, eTravel comprises 70% of the total eCommerce market. eTailing, which comprises of online retail and online marketplaces, has become the fastest-growing segment in the larger market having grown at a CAGR of around 56% over 2009-2014. The size of the eTail market is pegged at 6 billion USD in 2015. Books, apparel and accessories and electronics are the largest selling products through eTailing, constituting around 80% of product distribution. The increasing use of smart phones, tablets and internet broadband and 3G has led to developing a strong consumer base likely to increase further. This, combined with a larger number of homegrown eTail companies with their innovative business models has led to a robust eTail market in India rearing to expand at high speed.

It is evident that in absolute terms India’s internet users are short by only 36 million as compared with 279 million in the US and higher than that in Japan, Brazil and Russia. However, in relation with its population, only 19% Indians use the internet. This indicates the potential of internet use in India and as internet penetration increases, the potential of growth for the eCommerce industry will also increase.

The Indian e-commerce sector is estimated at $10 billion and is expected to grow four times by 2018, according to a Nomura study. Some other studies too give various estimates regarding the size of the Indian e-commerce sector, but they all agree that the sector is growing at a rapid pace. In fact, India is currently estimated to be one of the fastest growing e-commerce markets in the Asia-Pacific region.

The key macroeconomic drivers of this growth are a young demographic supported by rising income levels, internet penetration and smartphone sales. In addition, at an individual level, convenience and greater access to a wide range of products (especially beyond the major cities), supported by the emphasis on the cash-on-delivery payment model have been the key e-commerce adoption triggers.

On an average, more than 50% of e-commerce traffic for major players comes through mobiles and this proportion is growing rapidly, making India the largest m-commerce market in the
world, after China. Today, India has around 210 million wireless internet subscribers and only 20 million wired subscribers. As a result, while globally desktop access for e-commerce matured before mobile access, India leapfrogged the desktop evolution and is leveraging its large mobile telecom base to drive e-commerce\textsuperscript{19}.

A key e-commerce driver has been the evolution of online purchasing behaviour in the tier 2 and tier 3 cities due to access to products and services which were otherwise not available to these consumers. The share of traffic from tier 2 and tier 3 cities already averages over 50\% for major players and is rapidly growing. However, limited countrywide personal computer and broadband penetration has necessitated the use of mobile phones as the primary means of internet access for many consumers beyond the major cities of India. Growing Smartphone adoption has also supported this evolution. There are around 116 million Smartphone users in India, making the country the second-largest Smartphone market after China\textsuperscript{20}.

About a few years ago, it was only about price, but now it is about convenience. People are ready to buy products online because there is no one-stop shop for many categories.

1.5. ROLE OF E-COMMERCE IN INDIAN ECONOMY

Electronic commerce, or e-commerce, which literally means business trading through the Internet, has been around the globe since mid 90s. However, until the recent few years, e-commerce is getting more and more attention from entrepreneur and consumers, both local and international. One of the main reasons is due to the highly successful operations of some well known names on the Internet, such as eBay, Yahoo and Dell. The sales revenue these companies show in their annual reports are without doubt, one of the biggest factors why e-commerce is important in the commercial market nowadays. E-commerce proved its importance based on the fact where time is essence. In the commercial markets, time plays an important role to both the business and consumers. From the business perspective, with less time spent during each transaction, more transaction can be achieved on the same day. As for the consumer, they will save up more time during their transaction. Because of this, e-commerce steps in and replaced the traditional commerce method where a single transaction can cost both parties a lot of valuable time. With just a few clicks in minutes, a transaction or an order can be placed and completed via the internet with ease. From the business viewpoint, e-commerce is much more
cost effective compared to traditional commerce method. This is due to the fact where through e-commerce, the cost for the middleperson to sell their products can be saved and diverted to another aspect of their business. Aside from that, marketing for e-commerce can achieve a better customer to cost ratio as putting an advertisement on the internet is comparably much cheaper than putting up a roadside banner or filming a television commercial. For e-commerce, the total overheads needed to run the business is significantly much less compared to the traditional commerce method. The reason due to that is where most of the cost can be reduced in e-commerce. In running an e-commerce business, only a head office is needed rather than a head office with a few branches to run the business. In addition to that, most of the cost for staff, maintenance, communications and office rental can be substitute by a single cost, web hosting for the e-commerce business. To both the consumers and business, connectivity plays an important part as it is the key factor determining the whole business. From the business point of view, e-commerce provides better connectivity for its potential customer as their respective website can be accessed virtually from anywhere through Internet. This way, more potential customers can get in touch with the company's business and thus, eliminating the limits of geographical location. From the customer standpoint, e-commerce is much more convenient as they can browse through a whole directories of catalogues without any hassle, compare prices between products, buying from another country and on top of that, they can do it while at home or at work, without any necessity to move a single inch from their chair. Besides that, for both consumers and business, e-commerce proves to be more convenient as online trading has less red tape compared to traditional commerce method. In global market sense, the appearance of e-commerce as a pioneer has opened up various windows of opportunities for a variety of other companies and investors. Due to the booming of e-commerce, more and more resources are being directed into electronic securities, internet facilities, business plans and new technologies. In result of this phenomenon, a variety of new markets have emerged from e-commerce itself giving a boost to the global market\textsuperscript{21}.

1.6. BENEFITS OF E-COMMERCE

The impact of e-commerce to businesses can be huge. E-commerce can transform the way products and services are created, sold and delivered to the customer. It can also change the way in which a company works with its partners. Some benefits of e-commerce are as follows.
1.6.1. **Improve Productivity:** Using e-commerce, the time required to create, transfer and process a business transaction between trading partners is significantly reduced. Furthermore, human errors and other problems like duplications of records are largely eliminated with the reduction of data-entry and re-entry in the process. This improvement in speed and accuracy, plus the easier access to document and information, will result in increase in productivity.

1.6.2. **Better Customer Service:** With e-commerce, there is better and more efficient communication with customers. In addition, customers can also enjoy the convenience of shopping at any hour, anywhere in the world.

1.6.3. **Convenience:** E-commerce is very convenient to the consumers since the sites operates 24 hours a day 7 days a week, thus, allowing transaction to be done at any time.

1.6.4. **Reduced Errors:** The automated process tends to produce fewer errors than the traditional process since it is done electronically.

1.6.5. **Unlimited Shelf Space:** E-commerce companies can display/shelve an unlimited number of goods from which the consumers can choose whatever they want.

1.6.6. **Increased Global Presence:** E-commerce companies can be accessed by people from all over the world, that is, one can purchase from wherever he/she is.

1.7. **MOBILE COMMERCE (M-COMMERCE)**

Rarely has a new area of business been heralded with such enthusiasm as "mobile commerce", that is the conduct of business and services over portable, wireless devices. Due to the astronomical growth of the Internet users, maturation of the Internet technologies, realization of the Internet's capabilities, the power of electronic commerce, and the promising advancement of wireless communication technologies and devices, mobile commerce has rapidly attained the business forefront. An m-commerce application can be B2B, B2C or any other of the classifications available with e-commerce world. M-commerce, although not fully mature, has the potential to make it more convenient for consumers to spend money and purchase goods and services. Since wireless devices travel with the consumer, the ability or perhaps temptation to purchase goods and services is always present. This is clearly a technique that can be used to
raise revenue. Also, the successful future of m-commerce depends on the power of the underlying technology drivers and the attractiveness of m-commerce applications\textsuperscript{22}.

1.7.1. Motivating Factors for M-Commerce

Internet use has grown to such a level on the strength of PC networks. Due to the huge base of installed PCs, which is predicted to grow in a faster pace in the days to come, electronic commerce and other communication applications are bound to thrive further. Also, these computing systems will have greater power and storage capability, the best ever price-performance ratios, more powerful and sophisticated applications will likely emerge for desktop computing and the Internet. However, there are two major limitations on PCs. First, users have to sit in front of them, PCs, even portable-notebook computers, have to load software, dial into and connect with a network service provider and await for the initial process to be accomplished before launching an Internet application.

It is predicted that by 2004, the installed base of mobile phones worldwide will exceed 1 billion - more than twice the number of PCs at that time. In addition that, there will be a huge increase in other wireless portable devices, such as wireless PDA. The advantage with these wireless devices is they do not need no booting process and thus facilitating immediate usage of them. This makes them attractive for quick-hit applications.

1.7.2. Wireless Technologies

Just as the TCP/IP and the general purpose Web browsers are being the current principal drivers of Internet growth and this in turn makes disparate devices to connect themselves and communicate and interoperate. Similar protocols, technologies and software will play a very important role in heterogeneous wireless devices to interoperate without any complexity. In the recent past, a common communications technology and uniform interface standard for presenting and delivering several distinct wireless services on wireless devices - Wireless Application Protocol (WAP) have emerged. The WAP specifications include a micro-browser, scripting language just like JavaScript, access functions and layered communication specifications for sessions, transport and security. These specifications enable interface-independent and
interoperable applications. Many of the wireless device manufacturers, service and infrastructure providers have started to adopt the WAP standard\textsuperscript{23}.

The transmission rate of Current access technologies (2G), such as TDMA, CDMA and GSM, is dramatically slower (between 10 and 20 Kbps) than the dial-up rates of desktop PCs connected to the Internet. 2G technology has steadily improved, with increased bandwidth, packer routing and the introduction of multimedia. The present state of mobile wireless communications is often referred to as 2.5G. It is believed that by the year 2003, 3G wireless technology will be available for use. This, in addition to higher bandwidth rates, can take the transmission speed up to 2 Mbps. 3G is expected to facilitate: enhanced multimedia (voice, data, video, and remote control) transmission, usability on all popular modes (cellular telephone, e-mail, paging, fax, video-conferencing and Web browsing), routing flexibility (repeater, satellite, LAN) and operation at approximately 2 GHz transmit and receive frequencies.

1.7.3. M-Commerce Applications

The general m-commerce applications are categorized as transaction management, digital content delivery and telemetry services. The applications can be further subdivided into passive and active m-commerce applications. Active application relates with the applications in which the user has to take the initiative on his wireless device. In contrast, the passive applications themselves get activated towards accomplishing the assigned jobs or facilitate the users to carry forward.

1.7.4. Active Applications

M-commerce transactions point to online shopping Web sites tailored to mobile phones and PDAs which are being equipped with the capabilities of browsing, selection, purchase, payment and delivery. These sites also include all the necessary shopping features, such as online catalogs, shopping carts, and back office functions as currently available for desktop computers. Leading online booksellers already started the commercial activities for wireless devices. Another important m-commerce transaction is to initiate and pay for purchases and services in real time. The highest volume of m-commerce transactions using wireless devices in the days to come is bound to occur on the side of micro-transactions. When individuals reach for their e-
cash-equipped mobile phones or PDAs instead of coins to settle micro transactions, such as subway fees, widespread use of digital cash will become a reality.

The second important one is regarding digital content delivery. Wireless devices can retrieve status information, such as weather, transit schedules, flash news, sports scores, ticket availability and market prices, instantly from the providers of information and directory services. Digital products, such as MP3 music, software, high-resolution images and full-motion advertising messages, can be easily downloaded to and used in wireless devices when the 3G transmission technology becomes usable. The proposed arrival of better display screen and higher bandwidth will surely trigger the development of innovative video applications. This will help wireless users to access, retrieve, store and display high-resolution video content for a time of entertainment, product demonstration and e-learning\textsuperscript{24}.

The last major application of m-commerce is telemetry services, which include the monitoring of space flights, meteorological data transmission, video-conference, the Global Positioning System (Global Positioning System), wildlife tracking, camera control robotics, and oceanography. Thus in the near future, wireless phones and appliances can be used by people to contact and communicate with various devices from their homes, offices or anywhere at any time. For example, delivery drivers will ping intelligent dispensing machines or users can transmit messages to activate remote recording devices or service systems.

1.7.5. Passive Applications

This type of applications seems manifold and exciting. Instead of using dedicated cash cards for automatic collection of toll charges, digital cash can be used by integrating cash cards with mobile devices. Mobile users can easily pay and record payment of toll, mass-transit, fast-food, and other transactions.

Nowadays mobile users can send and receive short text messages up to 160 characters that show up on the user's display screen. As digital convergence becomes more commonplace, all kinds of mail, such as e-mail, fax documents and digitized voice mail, can be received passively. Thus it is felt that in near future there will be many novel services for mobile users for a fixed fee. Further on, users may be tempted for some services free of cost for viewing audio or video
advertisement delivered to their wireless devices. Any kind of security breach, illegal intrusion, unusual event or unacceptable condition will trigger automatic notification to users irrespective of location. Airline companies are testing this technology to alert frequent air passengers regarding seat availability and upgradation, to notify the changes made in the timings etc. through wireless devices.25.

Passive m-commerce telemetry is the foundation of still another form of interactive marketing. Stores will be able to market their products and services by constantly transmitting promotional and inducing messages and doling out something towards getting the attention of both passers-by and remote mobile users.

1.8. ROLE OF M-COMMERCE (MOBILE COMMERCE) IN INDIAN ECONOMY

Mobile commerce (M-commerce) is the buying and selling of goods and services through wireless technology. Hand held devices such as cellular telephones and personal digital assistants (PDAs) are the common means adopted. As content delivery over wireless devices becomes faster, more secure, and scalable, some believe that m-commerce will surpass wire based e-business as the method of choice for digital commerce transactions.

M-commerce is quite popular in financial services including mobile banking. Customers are using their mobile phones to access their accounts and pay their bills. The customer is also using this facility for utility services, information services and entertainment.

Mobile commerce (M-commerce) has picked up in the recent years with mobile penetration rate increasing manifold. Such penetration rate has happened because of availability of technology that provides for the faster transfer of data on mobile networks, standardization of protocols and the very personal nature of mobile telephone. M-commerce allows integration of the traditional e-business models on the mobile networks. Wireless network technology is used to enable the extension of existing e-business models to service the mobile work force and consumer of the future. Touted as the next generation of e-business, m-commerce enables users to access the Internet without needing to find a place to plug in. It is one of the fastest growing e-business markets and will involve the development and design of a host of new applications, services, business models and technological solutions. In fact, it is seen as a complementary service option to both B2B and B2C e-commerce. A according to market reports, the term m-commerce has
recently not only achieved widespread recognition but is also becoming a highly visible symbol in the contemporary language of the information technology culture that has brought significant changes in the consumer era, along with profound changes in the terminology and technology of e-business.\(^{26}\)

The major advantage of m-commerce is that it provides internet access to anyone, anytime, and anywhere, using wireless devices. The key technologies that are used in m-commerce are the mobile phone network, Wi-Fi and Bluetooth. The server-side hardware and software platform is nearly in place, and the basic bandwidth is ready. As with all areas of e-commerce, the challenge for businesses will be finding ways to use m-commerce to make money while serving customer needs. Currently, demand is highest for digital content such as downloads of ringtones, music, video content, television, news, listings, reviews, and notices. In many places around the world, mobile commerce is a viable part of e-business. Combining voice, data, images, audio, and video on a handheld wireless device in a high bandwidth network is becoming common with m-commerce. Search engine like Google has also started offering the search on cell phones to support its mobile users. Number of other players like advertisers, gaming and loyalty service providers has developed applications for the mobile users.

The main forces that will drive the m-commerce revolution include 3G technologies, wireless protocols and handset penetration. The current generation of wireless network and handsets support the very slow data rates. Mobile phones are currently the largest providers of wireless access to be internet today because it is the single most widely adopted electronic device. The success of the mobile industry is also dependent on the convergence of data, voice, and entertainment. The first generation mobile networks were analog-based. Second generation (2G) cellular networks are relatively slow circuit-switched digital networks that can transmit data at about 10Kbps – one fifth the speed of a home modem. In some of the countries, mobile companies have developed the 2.5G. A 2.5G network provides speeds of 60 to 144 Kbps using GPRS (General Packet Radio Services), a packet-switched technology that is much more efficient and hence faster than dedicated circuit-switched networks. As enhanced version of GPRS called EDGE can carry data up to 384 Kbps. Third generations (3G) mobile networks have speeds ranging from 384 Kbps to around 2 Mbps. The high speed at which Internet data can be downloaded is one of the important characteristics of new networks.\(^{27}\)
The availability of cheaper and affordable smartphones possibly increased the penetration while larger screens (phablets and tablets), bigger memory, better browsing capabilities and the evolution of the mobile app economy has made mobile transactions efficient and convenient.

In addition, mobile commerce provides certain other advantages such as greater convenience, higher user engagement and retention, increased impulse buying and targeted marketing. However, a critical determinant is the quality of user experience. While mobile user engagement is noted to be higher, conversely poor user experience has a much higher adverse effect on return traffic.

According to the Forrester global online population forecast for 2014 to 2019, of the total 206 million Indian online users in 2013, nearly half are mobile-only Internet users. This number will only increase in the future as more people in rural India experience Internet through their mobile devices first.

In our report on the India online retail forecast for 2013 to 2018, we noted that India eCommerce is still in a nascent stage. This is because online buyer penetration has yet to reach 25%. India’s online retail industry has lot of demand-side potential. India had a total population of 1.28 billion in 2013, nearly 16% (or one in six) of who are online. Of all Indian online users, just 14% currently purchase online. These numbers have lot of headroom for growth. Flipkart and Amazon realize this, and that’s why they are planning big investments for the future. The race to capture mind share and market share has begun.

Digital companies will expand investments in personalization, digital marketing, Web analytics and big data in order to stay competitive. India has approximately 200 million users on social networks, and it is an important channel to understand and engage with customers.

Digital business means "co-opetition"; reaching new markets that will require working with competitors that offer marketplace sites and access to new customers, payment services to acquire global reach, or hosting services to achieve scalability and availability.

No single deployment or licensing model will dominate the digital commerce market, and in Indian organizations will look at SaaS or open source platform- based digital commerce till the market matures and digital commerce revenue stabilize.
Limited internet penetration, low digital commerce volume, multiple payment models (e.g., cash on delivery, credit card and wire transfers), logistics and fulfillment challenges, higher return rates and low average order value is putting pressure on the profitability and viability of B2C eCommerce businesses. The B2B model is leveraged to drive efficiency in the supply chain. The biggest challenge is getting the business digital commerce strategy right and adequate investments in people, process and technology to engage with customers across channels, which has been ignored by Indian enterprises so far.

Indian eCommerce market, which is currently pegged at Rs 78,000 crore ($13 billion) is all set to cross Rs 5,40,000 crore ($90 billion) by 2019, an increase of 700% in 5 years. As per a research by eTailing India, such a huge jump in overall digital industry in India will lead to tectonic shift in the way advertisements are done, audiences are profiled and messages conveyed.

In India, the mobile internet traffic now outweighs personal computer traffic. With increasing penetration of smart phones, India is all set to be a massive market for m-commerce. The marketing strategies for e-commerce companies will increasingly be tailored to suit the rising adoption of Smartphone, social media and improving customer experience across touch points and platforms.

While smart phones are extremely convenient when on the move, tablets have several advantages of their own. In fact they are a boon to the e-commerce industry, since the larger screens offer better visibility of online stores and merchandise, thus facilitating purchases.

This is the reason that tablets remain the device of choice for making online purchases while smart phones are the preferred devices for store location, coupon redemption and such other on-the-go activities. Given the unique advantages of smart phones and tablets, it appears that they are working in conjunction to boost total online retail sales.

The digital consumption of books, music, video and games all over the world is extending the reach of these goods and thereby boosting sales. Therefore, previously unconnected electronic goods, such as TVs and game consoles are now being modified to enable connectivity. On the other side of the fence, online versions of books, music, video and games that can be...
downloaded and consumed on a traditional computer or any other connected device are becoming available.

Since the shift in consumption patterns is resulting in multi-functional electronic gadgets that are no longer optimized for a particular activity, there is a great drive to develop technologies that could improve the quality of each experience.

The explosion in the use of the Internet has paved the way for several path-breaking innovations. One of the most interesting and exciting aspects of this evolution is the emergence of electronic business (e-business) as a mainstream and viable alternative to more traditional methods of businesses being conducted today. E-business is defined as the process of using electronic technology to do business. It is the day and age of electronic business. Also the structure of the Web is rapidly evolving from a loose collection of Web sites into organized market places. The phenomena of aggregation, portals, large enterprise sites, and business-to-business applications are resulting in centralized, virtual places, through which millions of visitors pass daily.

E-business has become standard operating procedure for the vast majority of companies. Setting up and running an e-business, especially one that processes a large number of transactions, requires technical, marketing and advertising expertise. Consumers like to access to products and services on a 24-by-7 basis, and the easiest way to provide that is to move operations online. The businesses that provide the most reliable, most functional, most user-friendly and fastest services will be the ones that succeed.

E-commerce is the subset of e-business that focuses specifically on commerce. Commerce is the exchange of goods and services for other goods and services or for cash payment. E-commerce is all that a company conducts commerce through electronic technology. Since commerce is clearly a sort of business, all the keys to success for e-business automatically apply for e-commerce also.

E-commerce redefines the very foundations of competitiveness in terms of information content and information delivery mechanisms. Flows of information over international networks have created an electronic market-space of firms that are learning to exploit business opportunities.
A few years ago the only way of buying books is that one has to go to bookstores. Purchasing clothes meant a trip to the malls. Trading of stocks happened through brokers only. Not anymore! Today businesses are coming to our doorstep. A number of companies and large warehouses have successfully managed to put an electronic outlet to traditional businesses.

1.9. **RECENT TRENDS IN E-BUSINESS ACROSS THE GLOBE**

Industries are moving all of their operations online, as it becomes clear that the Web, not constrained by geographic boundaries, is a more efficient vehicle for their services and allows them to work on a truly global scale. People are currently able to pay their bills, write and cash checks, trade stocks, take out loans, mortgage their homes and manage their assets online. Money as we know it may cease to exist, replaced by more convenient technologies such as smart cards and digital cash. Intelligent programs will take care of the financial and logistical aspects of the interactions between both the individuals and the corporations who populate the Internet. All that a person needs to do shopping is a connection, a computer, and a digital form of payment.

Traditional "brick and mortar" stores are already being replaced by a multitude of electronic store-fronts populating the Web. No single brick-and-mortar store can offer 50,000 products, but an online store has the capability to offer a limitless number of them. There are services for finding the best deal on items for consumers. An increasing amount of consumer information, such as consumers testimonies, product overviews, comparison charts, is being made available, leading to better deals for customers.

In addition to business-to-consumer operations such as electronic stores, business-to-business (B2B) marketplaces and services are also taking their place on the Internet. A business which orders products from a supplier online not only completes the transaction with greater speed and convenience, but also can keep track of the shipment constantly. B2B e-commerce Web sites are also channels that permit operation between different business as well as the outsourcing services that are and will continue to be crucial to the Internet economy.

The transition from brick-and-mortar businesses to "clicks" business is happening in all sectors of the economy. It is now possible for a business to work without an office, because the
employees can conduct all communication via phone, voice mail, fax, e-mail and the emerging capabilities of the Internet. There are already Internet services that integrate phone, fax, voice and e-mail, and in the future, new technologies will further facilitate the virtual office.

Many e-businesses can personalize the user's experience, tailoring web pages to their individual preferences, searching using artificial intelligence techniques and letting them bypass irrelevant content. Personalization is making it easier and more pleasant for many people to surf the Internet and find what they want.

E-business occurs all time as a company uses electronic technology for conducting its business. Thus an e-business can be anything from a sales pitch on a web site to an electronic exchange of data. Many companies have chosen to embrace e-business as they have realized that it is a way to improve efficiency, offer new and innovative services, and increase the quality of their business. The important point to be taken into account here is that e-business carries a fundamentally different way of doing business, instead of being just a new tool to fit into old methods. E-business has a steep learning curve and companies venturing into e-business have to undergo the important exercise of re-evaluating their business first. A proper and successful strategy must be chalked out before embarking into this highly technology-oriented task.

The unprecedented information-transfer capabilities, unregulated nature, and break-neck growth of the Internet have fostered rampant copyright infringement and piracy of intellectual property. Innovative new technologies such as MP3 have been used in an illicit manner to transfer music over the Internet. Electronic piracy of books and printed material is also common nowadays. The demand for the security of intellectual property is helping drive the development of new technologies, such as digital signatures, digital certificates and digital steganography. The other major issue is privacy invasion. What if the e-business to whom we give our personal data sells or gives that data to another organization without our knowledge? Some unauthorized party can gain access to our private data, such as our credit card numbers?

Other critical components include intellectual services, systems integration, and consulting. Moreover, the industry requires mechanisms for managing the Internet and dealing with
overriding public policy concerns such as universal access, privacy, encryption, and information pricing. Finally, there are also issues of technical standards and compatibility across networks\textsuperscript{33}.

1.10. TYPES OF E-COMMERCE

\textit{The following are the various types of e-commerce.}

1.10.1. Business-to-business

Business-to-business (B2B) describes commerce transactions between businesses, such as between a manufacturer and a wholesaler, or between a wholesaler and a retailer. Contrasting terms are business-to-consumer (B2C) and business-to-government (B2G). The volume of B2B (Business-to-Business) transactions is much higher than the volume of B2C transactions. The primary reason for this is that in a typical supply chain there will be many B2B transactions involving sub components or raw materials, and only one B2C transaction, specifically sale of the finished product to the end customer. For example, an automobile manufacturer makes several B2B transactions such as buying tires, glass for windscreens, and rubber hoses for its vehicles. The final transaction, a finished vehicle sold to the consumer, is a single (B2C) transaction. B2B is also used in the context of communication and collaboration. Many businesses are now using social media to connect with their consumers (B2C); however, they are now using similar tools within the business so employees can connect with one another. When communication is taking place amongst employees, this can be referred to as "B2B" communication. The term "business-to-business" was originally coined to describe the electronic communications between businesses or enterprises in order to distinguish it from the communications between business and consumers (B2C). It eventually came to be used in marketing as well, initially describing only industrial or capital goods marketing. Today it is widely used to describe all products and services used by enterprises. Many professional institutions and the trade publications focus much more on B2C than B2B, although most sales and marketing personnel are in the B2B sector\textsuperscript{34}.

1.10.2. Business-to-consumer

Business-to-consumer (B2C, sometimes also called Business-to-Customer) describes activities of businesses serving end consumers with products and/or services. An example of a B2C
transaction would be a person buying a pair of shoes from a retailer. The transactions that led to the shoes being available for purchase, which is the purchase of the leather, laces, rubber, etc. However, the sale of the shoe from the shoemaker to the retailer would be considered a (B2B) transaction. While the term e-commerce refers to all online transactions, B2C stands for "business-to-consumer" and applies to any business or organization that sells its products or services to consumers over the Internet for its own use. When most people think of B2C e-commerce, they think of Amazon, the online bookseller that launched its site in 1995 and quickly took on the nation's major retailers. In addition to online retailers, B2C has grown to include services such as online banking, travel services, online auctions, health information and real estate sites. Peer-to-peer sites such as Craigslist also fall under the B2C category.

B2C e-commerce went through some tough times, particularly after the technology-heavy NASDAQ crumbled in 2000. In the ensuing dotcom carnage, hundreds of e-commerce sites shut their virtual doors and some experts predicted years of struggle for online retail ventures. Since then, however, shoppers have continued to flock to the web in increasing numbers.

With the globalization of major economies and the removal of trade barriers. Organizations can target customers globally and provide their services globally. In such a situation, e-business offers certain advantages over traditional businesses. Therefore, more and more organizations are adopting the electronic medium to provide their products and services.

In traditional business, if a person wants to compare various clothes or books, he has to visit several stores located at different places in the city/ town. This is time consuming, expensive and difficult. Therefore, people depend on retailers who do the search for them and suggest them reliable quality products. Suppliers influence retailers to a great extent by offering huge margins; and retailers influence customer choice by placing selected products at prominent positions in their stores. Traditional businesses derive competitive advantage from the consumer’s dependence on the sellers. Often, people select a brand that promises particular quality and nearby store to purchase their products. Hence, consumer businesses benefit by a strong brand, offering product variety and consistent quality, and providing convenience.
On the contrary, customers can conduct a comprehensive search in a short period of time without incurring significant costs in the cyberspace. They do not have to depend on retailers for finding the right product they can make an independent choice without being influenced by the retailers. In fact, customers may be able to buy products directly from the supplier at much lower price than they obtain them from physical stores. The internet provides search and navigation facilities to customers without incurring significant cost and time and independent of biases of traders and others.

Any business involves transactions. In traditional businesses, as the number of transactions increases, the likelihood of business committing mistake increases. They may make a wrong delivery or send a wrong bill to the customer. They can avoid wrong deliveries with the help of appropriate technology.

1.10.3. Business-to-employee

Business-to-employee (B2E) electronic commerce uses an intra-business network which allows companies to provide products and/or services to their employees. Typically, companies use B2E networks to automate employee-related corporate processes. Examples of B2E applications include:

- Online insurance policy management
- Corporate announcement dissemination
- Online supply requests
- Special employee offers
- Employee benefits reporting
- 401(k) Management

1.10.4. Business-to-government

Business-to-government (B2G) is a derivative of B2B marketing and often referred to as a market definition of "public sector marketing" which encompasses marketing products and services to various government levels - including federal, state and local - through integrated marketing communications techniques such as strategic public relations, branding, advertising, and web-based communications.
B2G networks provide a platform for businesses to bid on government opportunities which are presented as solicitations in the form of RFPs in a reverse auction fashion. Public sector organizations (PSO's) post tenders in the form of RFP's, RFI's, RFQ's, Sources Sought, etc. and suppliers respond to them. Government agencies typically have pre-negotiated standing contracts vetting the vendors/suppliers and their products and services for set prices. These can be state, local or federal contracts and some may be grandfathered in by other entities (i.e. California's MAS Multiple Award Schedule will recognize the federal government contract holder's prices on a GSA General Services Administration Schedule).

There are multiple social platforms dedicated to this vertical market and they have risen in popularity with the onset of the ARRA/Stimulus Program and increased government funds available to commercial entities for both grants and contracts.

1.10.5. Business-to-Manager

Business-to-Manager or B2M is a new mode of E-business. It refers to transaction between enterprises (product sellers or any other workers) and professional managers. B2M schema consists of finding out the information on the net and earning commission by providing services for enterprises.

1.10.6. Consumer-to-business

Consumer-to-business (C2B) is an electronic commerce business model in which consumers (individuals) offer products and services to companies and the companies pay them. This business model is a complete reversal of traditional business model where companies offer goods and services to consumers (business-to-consumer = B2C). We can see this example in blogs or internet forums where the author offers a link back to an online business facilitating the purchase of some product (like a book on Amazon.com), and the author might receive affiliate revenue from a successful sale. This kind of economic relationship is qualified as an inverted business type. The advent of the C2B scheme is due to major changes:
• Connecting a large group of people to a bidirectional network has made this sort of commercial relationship possible. The large traditional media outlets are one direction relationship whereas the internet is bidirectional one.

• Decreased cost of technology: Individuals now have access to technologies that were once only available to large companies (digital printing and acquisition technology, high performance computer, powerful software).

1.10.7. Consumer-to-consumer

Consumer-to-consumer (C2C) (or citizen-to-citizen) electronic commerce involves the electronically facilitated transactions between consumers through some third party. A common example is the online auction, in which a consumer posts an item for sale and other consumers bid to purchase it; the third party generally charges a flat fee or commission. The sites are only intermediaries, just there to match consumers. They do not have to check quality of the products being offered. Consumer-to-consumer (C2C) marketing is the creation of a product or service with the specific promotional strategy being for consumers to share that product or service with others as brand advocates based on the value of the product. The investment into concept and developing a top of the line product or service that consumers are actively looking for is equitable to a Business-to-consumer (B2C) pre launch product awareness marketing spend. This type of e-commerce is expected to increase in the future because it cuts out the costs of using another company. An example cited in Management Information Systems, is for someone having a garage sale to promote their sale via advertising transmitted to the GPS units of cars in the area. This would potentially reach a larger audience than just posting signs around the neighborhood. In the economic downturn which commenced in 2008 C2C commerce levels increased dramatically online\textsuperscript{36}.

1.10.8. Government-to-Business

Government-to-Business (abbreviated G2B) is the online non-commercial interaction between local and central government and the commercial business sector, rather than private individuals (G2C). For example http://www.dti.gov.uk is a government web site where businesses can get information and advice on e-business 'best practice'. http://g2b.perm.ru is another example.

1.10.9. Government-to-Citizen
Government-to-Citizen (abbreviated G2C) is the communication link between a government and private individuals or residents. Such G2C communication most often refers to that which takes place through Information and Communication Technologies (ICTs), but can also include direct mail and media campaigns. G2C can take place at the federal, state, and local levels. G2C stands in contrast to G2B, or Government-to-Business networks.

One such Federal G2C network is USA.gov: the United States' official web portal, though there are many other examples from governments around the world.

1.10.10. Government-to-employees

Government-to-employees (abbreviated G2E) is the online interactions through instantaneous communication tools between government units and their employees. G2E is one out of the four primary delivery models of e-Government.

G2E is an effective way to provide E-learning to the employees, bring them together and to promote knowledge sharing among them. It also gives employees the possibility of accessing information in regard to compensation and benefit policies, training and learning opportunities and civil rights laws. G2E services also include software for maintaining personnel information and records of employees. G2E is adopted in many countries including the United States, Hong Kong and New Zealand.

1.10.11. Government-to-Government

Government-to-Government (abbreviated G2G) is the online non-commercial interaction between Government organizations, departments, and authorities and other Government organizations, departments, and authorities. Its use is common in the UK, along with G2C, the online non-commercial interaction of local and central Government and private individuals, and G2B the online non-commercial interaction of local and central Government and the commercial business sector. G2G systems generally come in one of two types:

- Internal facing - joining up a single Governments departments, agencies, organizations and authorities - examples include the integration aspect of the Government Gateway, and the UKNHS Connecting for Health Data SPINE.
• External facing - joining up multiple Governments IS systems - an example would include the integration aspect of the Schengen Information System (SIS), developed to meet the requirements of the Schengen Agreement.

1.10.12. Peer-to-peer

Peer-to-peer (P2P) computing or networking is a distributed application architecture that partitions tasks or workloads between peers. Peers are equally privileged, equipotent participants in the application. They are said to form a peer-to-peer network of nodes. Peers make a portion of their resources, such as processing power, disk storage or network bandwidth, directly available to other network participants, without the need for central coordination by servers or stable hosts. Peers are both suppliers and consumers of resources, in contrast to the traditional client–server model where only servers supply, and clients consume. The peer-to-peer application structure was popularized by file sharing systems like Napster. The concept has inspired new structures and philosophies in many areas of human interaction. Peer-to-peer networking is not restricted to technology, but covers also social processes with a peer-to-peer dynamic. In such context, social peer-to-peer processes are currently emerging throughout society.

1.11. KEY FACTORS FOR GROWTH OF E-COMMERCE IN INDIA

The following are the key factors for growth e-commerce in India.

• Customer convenience: By providing Cash on delivery payment option service to customers.
• Replacement guarantee: Should be Offers 30 day replacement guarantee to their customers.
• Reach: Enabling mobile-capable sites and supporting M-Commerce services.
• Location based services: Since customers these days are always on the move, promoting the right product at the right time and location becomes an integral aspect
• Multiple payment option: standard credit cards, debit cards and bank payments option should be there.
• Right content: Getting the right content and targeting customers with crisp and relevant information is of utmost importance to users on the move.

• Price comparison: Providers offering instant price comparison are highly popular amongst the price conscious customers.

• Shipment option: Low cost shipment should be there. The convenience of collecting orders post work while returning home should be there.

• Logistical challenges: In India, the geographical spread throws logistical challenges. The kind of products being offered by providers should determine the logistics planning.

• Legal challenges: There should be legal requirement of generating invoices for online transactions.

• Quick Service: Timely service provided by the company.

• Terms and condition: T and C should be clear and realistic.

• Quality: The product quality should be same as shown on the portal.

• Customer care centre: A dedicated 24/7 customer care centre should be there.

1.12. E-COMMERCE IN OTHER COUNTRIES

E-commerce is rapidly growing in developed countries, given the availability of e-commerce infrastructure. Internet usage in developed countries has seriously grown compared to developing countries. There is growing awareness in of the benefits and opportunities offered by e-commerce amongst developed countries. Ecommerce activity in developed countries has steadily grown as a result of vast improvements in telecommunication services. Despite early experiments which were quite transformative, the development of ecommerce in the United States has been evolutionary rather than revolutionary, and its impacts have changed in degree of usage rather than in kind. Many key e-commerce technologies and business processes were developed in the United States within the Silicon Valley model. However, it is only one
dimension of e-commerce diffusion in the U.S. A much larger share of e-commerce activity is characterized by a pattern of “adaptive integration,” in which existing firms incorporate the new technologies and business models offered by the Internet to extend or revamp their existing strategies, operations, and supply and distribution channels. Increasingly, e-commerce is just part of the broader evolution of commerce. Slow to the Internet initially, Germany has become a fast follower in adopting Internet based e-commerce innovations. Though extensive use of established technologies such as EDI and EFT may have delayed adoption, Germany has since caught up on most measures of use. German firms choose applications carefully based on their proven track records of success in other countries. Two salient factors driving adoption of e-commerce in Germany are the international orientation of its economy and the dynamism of its small and medium-sized enterprises (SMEs).}

The adoption of business-to-business e-commerce in developing countries differs greatly from developed countries. Developing countries often lack the necessary financial, legal, and physical infrastructures for the development of e-commerce. In addition, developing countries often have different cultures and business philosophies, which limit the applicability and transferability of the e-commerce models designed by Western countries. Internet usage in Nigeria is still relatively low compared to developed countries and ecommerce is still in an elementary stage, notwithstanding there is growing awareness in of the benefits and opportunities offered by ecommerce amongst Nigerians (Bamodu, 2005). Ecommerce activity in Nigeria is steadily growing as a result of vast improvements in telecommunication services. The Telecommunications Industry has experienced exponential growth in the last four years with about 20 million telephone lines connected to date (Ndukwe, 2006). Alongside this growth, there has been an increase in the number of private telephone operators offering fixed wireless service with data transfer capabilities leading to an increasing number of people with internet access at home in the major cities and in some rural areas. Moreover, with the reduction in tariffs and further cuts expected, telecommunications service will become more affordable and essential to many Nigerians. The recent advances in the telecoms market, and the explosion in the number of subscribers, demonstrate the potential market for information communication technology services generally in Nigeria (Ndukwe, 2006). Given Nigeria’s sizable population it is a potentially lucrative market for electronic commerce services. According to the Economist Intelligence Unit (EIU, 2006), the stock of personal computers (PCs) per 1,000 persons grew
from 10.66 in 2004 to 11.09 in 2005. The greatest obstacle to the growth of e-commerce is low PC penetration. However affordable Asian technologies and falling microchip prices have fuelled a market in cloned as well as branded PCs. Electronic banking is one area of ecommerce that has proven successful in Nigeria (EIU, 2006). Nigerian banks are increasingly seeking to provide general banking facilities online. Internet banking is slowly and steadily gaining ground, banks have set up websites which publish corporate information and allow customers to carry out some form of transaction – limited in most cases. Despite the growing focus on internet banking not all banks are moving at the same pace, some still have only informational websites. Given that the banks exist in the same operational environments, some other factors other than the often cited country context must be responsible for the difference in attitude to electronic commerce among banks. The initial advances that have been made in electronic banking is a step in the right direction and could be a motivator in the adoption of ecommerce services amongst Nigerians (EIU, 2006).

REASONS FOR SLOW DEVELOPMENT OF E-COMMERCE IN DEVELOPING COUNTRIES: One key reason for the slow development of e-commerce in developing countries is that there is not an overall policy framework covering aspects such as technical, economic and political. Policy considerations when creating an enabling environment include: Encryption and Decryption techniques provide authentication, authorization, confidentiality and integrity to services, increasing the security of ecommerce transactions. They are necessary, for instance, for processing credit card information. Digital signatures and electronic contracts are relevant, for instance in cases of dispute between trading partners in an ecommerce transaction. Certification authorities secure electronic transactions and act as trusted third parties to verify information about parties. African certification authorities must take part in the international framework for supporting ways to link certification mechanisms and the mutual recognition of different certification authorities. Consumer protection: In an electronic market place it is not easy for consumers to identify and localize suppliers so it is necessary to promote protection mechanisms. Electronic payments: Online payment using credit cards is a missing component of the African business environment, which is often cash-based. Electronic payments will involve central banks and other trade and financial institutions. Copyright and intellectual property rights: Legislation on copyright and intellectual property rights on the Internet is still in its infancy, and uncertainty about such legislation contributes to inhibiting business investment.
The e-commerce has affected the global economy in many different ways. First of all, it has affected the information technology, and all the economic sectors, and above e-commerce has enhanced the productivity growth worldwide and they are able to identify the number of qualified people needed to advance their country’s information economy or to calculate the amount of investments needed to provide business with access to the internet. Some countries are already benefiting from the results, they are now in apposition to benchmark their economies with competitors internationally and there are many ways to accelerate the growth of productivity but the reason for this is rather controversial. Banks and financial services companies in the developing countries will need to adopt online payment system, to obtain e-trade finance and equity investment, tourism and its internet incarnation is regularly cited as one of the fastest growing ecommerce sectors E commerce is rising at 12% annually in the U.S, and EU. It is expected that in the few coming years the productivity gap between the European countries and the United states will close rapidly. Advancing the Internet revolution is more than ever a key public policy goal. The impact of e-commerce on developing countries could be even stronger than that on developed countries because the scope for reducing inefficiencies and increasing productivity is much larger in the developing countries

1.12.1. E-commerce in Egypt

E-commerce is one of the most important instruments of the economy. The government is keen to increase its usage and that appeared when the government decided to establish the law of electronic signature and activate it between its companies, institutes and the enterprises. In October 1997, the Internet Society of Egypt: E-commerce Committee (ISE/E2C) was established to catalyze and build awareness of e-commerce in Egypt. The government wants to raise its efficiency in order to accelerate the Egyptian economic growth. Egyptian International Trade Point (EITP) has adopted an ambitious plan in a serious bid to make the best use of e-commerce for boosting the country's exports to foreign markets. Ecommerce as a medium for foreign trade is also a catalyst for export - implying an increase in Egypt's exports and balance of trade. It may help create many high-paying jobs and new businesses: an Egyptian entrepreneur will have the opportunity to venture and establish a small, medium or even micro-size enterprise with global market access.

In market big and small, retail e-commerce is maintaining its impressive growth.
1.12.2. The 2015 Global Retail E-Commerce Index

The 2015 Global Retail E-Commerce Index highlights the big and the small: the countries that are always going to be e-commerce behemoths because of their size, and the smaller yet still-promising markets where potential matters more than size.

This dichotomy plays out in the results of this year's Index: The world's largest markets for e-commerce dominate the top half of the top 30, led by the United States, China, and the United Kingdom (see figure 1). In the bottom half are some smaller markets, such as Mexico, whose potential for growth is impossible to ignore.

Across the world, the past year brought a continuation of the impressive growth of retail e-commerce around the world. Sales increased more than 20 percent worldwide in 2014 to almost $840 billion, as online retailers continued expanding to new geographies and physical retailers entered new markets through e-commerce. Perhaps the biggest expression of this boom was in the stock markets, which gave e-commerce companies skyrocketing valuations. This was highlighted by Alibaba's record-setting $25 billion initial public offering in September, which valued the China-based company at about $170 billion.

### Table 1.1: The 2015 Global Retail E-Commerce Index

<table>
<thead>
<tr>
<th>Rank</th>
<th>Change in Rank</th>
<th>Country</th>
<th>Online market size (40%)</th>
<th>Consumer behavior (20%)</th>
<th>Growth potential (20%)</th>
<th>Infrastructure (20%)</th>
<th>Online market attractiveness score</th>
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<td>74.1</td>
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</tbody>
</table>

*Note: Scores are rounded. 100 is the highest and 0 is the lowest for each dimension.*

*Sources: Euro monitor, international Telecommunication Union, Planet Retail, World Bank, World Economic Forum, United Nations Department of Economic and Social Affairs: A.T. Kearney analysis*

The 2nd category of physical goods is the one currently gaining considerable attention, thanks to the hype created by new startups/stores being launched daily. Leaders in this division are Flipkart, Infibeam, Homeshop18, Indiatimes, Naaptol, Letsbuy etc. each of which offers everything from mobile phones to pet food.
The 3rd and final category of virtual goods and gift vouchers like online music, software's, movies, games, Taj Hotel gift vouchers, Reebok gift vouchers, Pizza Hut gift vouchers etc. have been relatively lagging behind in India as compared to Europe and America, primarily due to piracy concerns and the social perspective of Indians. But the scenario is expected to change with the digital downloads segment expected to grow in the Indian E-commerce market due to the explosion of mobile devices and the services available over the Internet at special discounts.

Certain unique attributes of the E-commerce industry in India such as cash on delivery mode of payment and direct imports that lower costs considerably are probably going to bring about a speedy growth in this industry in years to come.

E-commerce can became an integral part of sales strategy while it is one of the cheapest medium to reach out the new markets, if implemented successfully, it offer a smart way of expansion and doing e-commerce attribute to the successful implementation to carefully understanding the products and services, customers and the business process, easy -to-use system to extend the business on the web\textsuperscript{41}.

The e-commerce platforms maximize its reach to the potential customers and provide them with a convenient, satisfying and secure shopping experience.

E-Commerce players from the US, Europe and Japan are seeing slower growth in home markets. They are increasingly looking to enter developing economies of India, Brazil and China which have forecast growth rates of more than 20% over coming years. Most popular e-commerce categories are non-consumable durables and entertainment related products, highlighted the joint study.

Online travel accounts for nearly 61% of e-commerce business while e-tailing contributes about 29%. Visa India spend data showed 53% growth in the number of e-commerce transactions in 2014, adds the joint study.

The 'Future of e-Commerce: Uncovering Innovation' study reveals that the digital commerce market in India has grown steadily from $4.4 billion in 2010 to $13.6 billion in 2014 and likely to touch $16 billion by the end of 2015 on the back of growing Internet population and increased online shoppers.
Encompassing an increasing range of economic activities such as retail, travel, tourism, food and beverages, e-commerce has emerged as India's new sun-rise industry, set to cross in business worth $16 billion by the end of 2015, according to an ASSOCHAM- Deloitte joint study released on April 8.

2014 will go down as the year of e-commerce, firing aspiration of the Indian youth and middle class while the coming year will be even more promising both for consumers as also entrepreneurs, with average annual spending on online purchases projected to increase by 67% to Rs 10,000 from Rs 6,000 per person, according to an ASSOCHAM-PwC study.

The Flipkart incident resulting in inconvenience to enthusiastic customers on the Diwali offer should be taken at the most as one-off case and not be used as a ploy or an ammunition to subject the fledgling and a hugely promising e-commerce space to regulation over and above the rules of the game which are applicable to normal business, ASSOCHAM said.

There is vast opportunity for e-commerce in India which can have a couple of players like Chinese e-commerce giant Alibaba if the Government is successful in rollout of its Digital India project, union minister for communications and information technology, Ravi Shankar Prasad said at an ASSOCHAM event in New Delhi.

Arvind Limited will be launching online custom clothing brand Creyate. The brand will give unique fashion identity to a person through eCommerce. Creyate will offer more than a lakh unique products and targets to be Rs 100 crore plus brand by 2015. Your 2 hours a day, thrice a week for 100 days can change many lives. Apply now to volunteer with Teach India at www.teachindia.net for Delhi/NCR & Mumbai region only.

The industry is expected to spend an additional $500-$1000 million in the same period on logistics functions, leading to cumulative spend of $950-$1900 million till 2017-2020.

The total spend on warehousing and sortation centers could be as high as 3 to 6% of top-line revenues, which represents an cumulative spend of over $450-$900 million of spend in warehousing till 2017-2020.

Indian e-commerce industry is expected to spend an additional $500-$1,000 million on infrastructure, logistics and warehousing, leading to a cumulative spend of $950-$1900 million till 2017-2020, according to an ASSOCHAM-PWC joint study.
1.12.3. e-Commerce Globally

Table 1.2: The Internet and its influence on global commerce activities

<table>
<thead>
<tr>
<th>Table: The overall level of Internet use in 2010 Regions</th>
<th>Population 2010</th>
<th>Internet Users 2004</th>
<th>Internet Users 2014</th>
<th>Penetration percentage 2004-2014</th>
<th>Users of table 2014</th>
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</thead>
<tbody>
<tr>
<td>Africa</td>
<td>1,013,779,050</td>
<td>4,514,400</td>
<td>110,931,700</td>
<td>10.9%</td>
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<tr>
<td>Asia</td>
<td>3,834,792,852</td>
<td>114,304,000</td>
<td>825,094,396</td>
<td>21.5%</td>
<td>681.8</td>
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<tr>
<td>Europe</td>
<td>813,319,511</td>
<td>105,096,093</td>
<td>475,069,448</td>
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<tr>
<td>Middle East</td>
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<td>3,284,800</td>
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<tr>
<td>North America</td>
<td>344,124,450</td>
<td>108,096,800</td>
<td>266,224,500</td>
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<td>Latin-American/Caribbean zone</td>
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<td>204,689,836</td>
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<tr>
<td>Oceania and Australia</td>
<td>34,700,211</td>
<td>7,620,480</td>
<td>21,263,990</td>
<td>61.3%</td>
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<td>TOTAL</td>
<td>6,845,609,960</td>
<td>360,985,492</td>
<td>1,966,514,816</td>
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<td>444.8</td>
</tr>
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</table>

Source: Euromonitor

As shown in the above table, the Internet has experienced an accelerated spreading worldwide in the last ten years. Except the major areas around the globe that own a proper infrastructure and consequently a booming e-commerce activity, significant portions yet remain behind the general rate of advancement, especially in many developing countries, who have to fight against many obstacles, mainly related to poor development of means of telecommunications and IT not to mention the citizens’ low income which is well below the average incomes of developed countries. States like the majority from Africa, the Middle East or even South America haven’t developed a technological culture able to support at least the efforts of the small and medium companies to manage to enter into the online space. Activity and the evolution of e-commerce industry are different from case to case for each continent as follows:

Africa. Having just a small percentage of users and generally benefiting from a low level of development, African countries have some reduced connections with the B2B models (implemented mainly in South Africa) and B2C. One of the potential directions towards B2C assertion can represent the sale of artistic handicraft products.

South America. The main states connected to online trade are Brazil, Argentina, Chile and Mexico. B2C is continuously expanding, especially in the automobile e-retail industry.
Asia. This area has the highest number of Internet users worldwide and the largest potential for development and implementation of e-commerce. China has already surpassed the number of visitors compared with the United States, as well as showcasing a high e-commerce expansion rate. Only for the Chinese m-commerce market there have been analysts announcing total revenues of approximately one billion dollars in 2014.

Middle East. In this area the main interests towards the Internet technologies are limited to accessing the Internet and the e-mail, since access costs are still quite high, constituting a major obstacle. The rate of development of B2B and B2C are low - the fact that they prefer payment in cash at the expense of credit cards can be perceived as a barrier in the way of introducing the concepts of B2C.

Europe. E-commerce transactions vary from state to state, even within the European Union. If it was to summarize the situation, it can be said that the main countries interested in e-commerce are Great Britain, the Scandinavian states and Germany, where a high percentage of Internet users (up to 80%) are also frequently using the online platforms for commerce. The second echelon is represented by France, Italy and Spain, while Eastern Europe still has plenty to recover, in terms of such issues.

North America. As the country of origin and the global leader in e-commerce, the United States will receive in a special attention this article. As for Canada, it is quite remarkable that a country with a population so small in relation to its size is a world leader in terms of IT infrastructure and Internet technologies. Canadian Internet users have the habit to purchase goods and services in much greater numbers than their American counterparts.
# Table 1.3: Global Retail Ecommerce Index

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Online market size</th>
<th>Consumer behavior</th>
<th>Growth potential</th>
<th>Infrastructure</th>
<th>Online market attractiveness score</th>
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*Sources: Euro monitor, Planet retail, World Bank & World economic forum*
1.13. PROFILE OF E-COMMERCE COMPANIES IN INDIA

1. **Flipkart.com**

Flipkart.com is the most popular of all Indian online shopping companies, offering genuine products to people. They have huge stock of innumerable products like clothes, music, electronics, books, health products, kid’s toys and accessories, perfumes, games, movies, home appliances, shoes, stationeries and many more things.

The shopping website offers great advantage of faster product delivery and free shipping on ordered products for more than Rs.500. Customers also enjoy the privilege of exceptional services like payment on delivery or ‘cash on delivery’. They can also pay on a monthly basis, as EMI. In case any customer is not satisfied with the products, he or she can even return them and get entire payment back. As one of the notable online shopping companies in India, Flipkart also offers 30-day replacement policy. All types of Visa and Master Debit or Credit cards are accepted to initiate the online transaction system. Dedicated delivery partners of Flipkart take the responsibility for timely product delivery at mentioned addresses.

2. **Jabong.com**

Jabong.com is certainly in the acclaimed list of online shopping websites in India. One of the best customer support services I found in India. The online shopping website is highly popular in offering best quality products of reputed brands. Customers can cater to a wide variety of fashion apparel, footwear, accessories and even jewelries. They have huge collection of all mentioned items for women, kids and men.

The online shopping website strives best to offer highest shopping satisfaction over the internet to all customers from a wide region. They even use cutting-edge technology on their online shopping platform to make it swift for surfing through various product pages. In addition, highly experienced support team provides exclusive service for consumers and tries to solve almost all problems, if any situation demands.
Jabong.com is one of the fastest growing online shopping portals offering reliable, trendy and stylish products according to taste of reigning period and fashion concerns of people. They are highly popular as an online shopping portal offering best prices with exclusive discount offers.

3. **Myntra.com**

A one-stop online shopping portal, myntra.com caters to fulfill all requirements pertaining to lifestyle and fashion products. The company is counted in the list of online shopping sites raging the country recently. They even offer variety of branded products through the online shopping portal. They are primarily reasonable to make online consumers conscious about brand value of different products of daily utility.

From its introduction into the online business world, myntra is dealing in exclusive choices of accessories, footwear, cosmetics and apparel from more than 500 reputed international and Indian brands. Notable among them are Biba, Adidas, Inc5, Puma, Nike, United Colors of Benetton etc. The online shopping portal is reputed to offer more than 3000 styles of products, fitting requirements of all valued consumers.

The customer support service and process of home delivery are one of the swiftest in the business world. They are also one of the leading Indian online shopping companies offering guaranteed 30-day free return of goods from doorsteps of consumers in case of unsatisfactory service.

4. **Snapdeal.com**

Snapdeal.com started their online business platform in 2010 under the leadership of Rohit Bansal and KunalBahl. Presently, they are placed at favorable positions on the list of online shopping sites in India. They offer widest range of products – lifestyle, fashion apparel, accessories, electronics, games, eateries, chocolates, grooming, books etc., for both men and women. The online shopping platform has their service in more than 50 cities across India and also has a record 15 million registered users in the country. The website features more than 3000 brands – national, international and even less famous yet offering quality products. The online store has more than 200 categories featuring more than 250000 products listed with them. More than 25000 products are sold every day. Snap deal has close ties with reputed courier services that
help in faster home delivery process. They even offer free return policy of products, if they fail to meet the expectations of customers. Unlike other Indian online shopping companies, they initiate complete refund and even additional courier charges that the consumer bears, if any, while returning the products in an undamaged and unused condition\textsuperscript{45}.

5. **Amazon.in**

Amazon is one of the most reputed names in the world of online shopping for products like eBooks, electronics and others items. The Amazon India website and its services are being tweaked for India and its hugely growing online shoppers. Amazon.in is operated by Amazon Seller Services Private Ltd, an affiliate of Amazon.com, Inc. is a Fortune 500 company based in Seattle, which opened on the World Wide Web in July 1995; and today offers Earth’s Biggest Selection.

They are committed to ensure 100\% Purchase Protection for your shopping done on Amazon.in so that you can benefit from a safe and secure online ordering experience, convenient electronic payments and cash on delivery, easy returns, Amazon’s customer service with 24×7 support, and a globally recognized and comprehensive purchase protection provided by Amazon’s A-to-Z Guarantee.

You can find this Fulfilled by Amazon badge on many product pages. This specifies that the Orders are eligible for FREE Delivery and can be placed using Cash on Delivery. It is being mentioned by Amazon India that the orders which contains products worth Rs 499 or more are only eligible for FREE delivery. Amazon has introduced almost all the practical, useful and cool facilities and features on its Indian counterpart. If you have purchased from Amazon India, please share your experiences. You can also share your feedback on the website\textsuperscript{46}.

6. **eBay. In**

The world’s largest shopping mall on the Internet, eBay is an online marketplace, where individuals and businesses come together to buy and sell almost anything.

You can find everything on eBay. Mobile phones, digital cameras, iPods, t-shirts, shoes, candles, furniture, jewelers, watches, handicrafts, kurtas, laptops, perfumes, computers, microwave ovens,
toys, baby products, weighing scales, and much more. There are many ways to buy, so you can choose the format that is best for you. Make an instant purchase for products at a fixed price with Buy It Now button. Bid using the exciting auction-style format at the price you are willing to pay. If you are the highest bidder you get the item at your price. If you can’t find what you want, let sellers know – Post a Want It Now!

You can Buy and Sell with Confidence. EBay’s Feedback system is very popular. Members rate each other based on their experience during a transaction. This is the easiest way to check a member’s reputation before you trade with them. Using eBay’s Buyer Protection Program, eBay covers your purchases up to Rs. 50000* (for Paisa Pay transactions and up to Rs. 10,000 for non-Paisa Pay transactions. eBay’s Dispute Resolution Center is also very well known. They can help you resolve any issues with your trading partners.

7. **naaptol.com**

Naaptol.com is one of the fastest growing top ecommerce sites in India. The company was founded on 2008 under Manu Agarwal. Initially the company served as a search engine to provide comparison of product prices and offer services for product research. A year later, they emerged to be an online marketing platform and were able to create a furor in the market. With plenty of items in store, like cameras, tablets, home appliances, mobiles and others Naaptol saw a whopping turnover of more than Rs.10 crore in 2009-10.

One of the top ecommerce websites in India, Naaptol initiates faster delivery of all ordered products. However they charge a small amount of shipping charges, based on the distance the parcel is addressed. Naaptol also offers alluring points to online customers on ordering different products, which can also be utilized to get attractive discounts at a later stage. All products are genuine. Naaptol reserves the right to declare products eligible for return and refund in case a dissatisfied consumer takes up the case with customer representatives of the company over telephone within 2 days of receiving their orders.

8. **Yebhi.com**
Yebhi.com is a fast growing online shopping platform that started its business venture since 2010. They are considered to be a premium online lifestyle shopping website that powered sales of branded footwear over top online shopping sites in India. They attained highest success in sales of other product categories varying from accessories, jewellery, mobiles, bags and fashion apparels.

Yebhi.com runs their own operation of warehousing that helps in fulfilling orders completely through fastest shipping service. They are the best company to offer exclusive choices of products for a wide genre of consumers. They are an authentic company offering online marketing service and even deal in products from leading brands directly. They do not sell products that do not have brand authentication. Yebhi.com is presently one of the top ecommerce websites in India offering authentic and dedicated support service for valuable customers. They accept payment through online transaction mode and even initiate effective home delivery service.

9. **Yepme.com**

Yepme, one of the top ecommerce sites in India is popular for selling wide range of watches and shoes. At present, the site is dealing with brands that specialize in manufacturing accessories like sunglasses, leather belts, fashionable shoes, etc. Young customers are quite fond of this shopping site because the products available here are very trendy and attractive. Lifestyle products like designer costumes, jewelleries are also available here. Cutting edge templates are used in this site so that users can access the site from any gadget, be it a Smartphone or a desktop. Three alumni of IIT or Indian Institute of Technology – Sandeep Sharma, Anand Jadav and Vivek Gaur initiated this site in the year 2010 and from then it has been quite popular. The site mostly target customers of the tier 3 and tier 2 towns where the people can’t access products by the reputed apparel brands from the local stores. It is the only online retailing site that organized fashion show of online dealers first time in the year 2011.

10. **Infibeam.com**
Infibeam.com is a growing online ecommerce platform having headquartered at Ahmadabad in Gujarat. The online shopping website especially deals in automobiles, electronic goods, books and lifestyle products. They initiated online business since 2007 and have an employee base of more than 1300. The online retail store is highly popular among prominent list of online shopping websites in India due to their authentic products. The website also features images with higher resolution and functional zoom tool that eventually helps to visualize every product in minute details. They even offer in-depth information about the technical specifications of products making it easier for online consumers to choose their desired items easily.

Infibeam is highly popular due to an innovative scheme of Magic Box that offers enticing deals through the initiative of BuildBazar. BuildBazar is able to boast implementation of over 10,000 operative stores across internet platform. Magic Box is activated every midnight and offers two dreamy deals on products from Infibeam.com, one of the notable online shopping portals.

11. Homeshop18.com

Homeshop18.com is popular online merchandise catering to fulfil major electronics and household items for online consumers across major locations of the country. One of the most popular online shopping companies in India, Homeshop18 even offers wide collection of fashion apparel at high discounts. They showcase more than 1500 products under Indian and even international brands. The company has close contractual ties with major courier service providers to deliver ordered products across 3000 locations.

The online retail store has been a major attraction for consumers across the country due to authenticity of products. They even offer pleasant visuals of products – including detailed video graphic demonstrations and images from a wide range of angles.

The online shopping website even offers a wide range of payment option, including net banking, online credit or debit card transaction and facility of cash-on-delivery. Homeshop18.com, like most reputed Indian online shopping companies, even guarantee 100% money back offer, in case of consumer dissatisfaction and if the product is returned unused and undamaged within 2-days of delivery.
12. **Shopclues.com**

A reputed online shopping retail website having headquartered in Gurgaon, Shopclues.com maintains more than 12,000 merchants who are registered with the company. It is one of the top ecommerce websites in India, which deals in more than 2 million products. They guarantee authenticity of products, warranty and even ensure lowest price. They even have a record of catering to more than 42 million online visitors. The company has even more than 350 registered employees across the country. They offer wide range of branded products to consumers from every corner of the country.

Shopclues.com initiate free delivery services at the doorsteps of customers through reputed courier services to nearly 10,000 cities across the country. They even initiate a 30-day return guarantee if unable to meet customer satisfaction. One of the leading online shopping companies in India, Shopclues.com accepts online payment through major credit and debit cards, including net banking services. The online shopping website service employs more than 400 personnel for effective handling of the business and is even funded by national institutional investors.

13. **India Times shopping**

Shopping.Indiatimes.com now tops the list of online shopping websites in India. The site mostly deals in electronic gadgets. What is special about this online shopping site is that the owners offer discount on varied electronic gadgets on the eve of different festivals. The site is quite user friendly and can be accessed from hi-tech mobile phones easily. People can visit the site to purchase both new and used mobile phones of reputed brands at considerable price. Along with electronic gadgets, site owners are also now retailing fashion jewelleries, books, lifestyle products etc.

Shopping.indiatimes.com introduces special deals, coupons to help customers purchase attractive appliances within budget. As Diwali is approaching, it is the perfect time to visit the site to purchase expensive gadgets like laptops, computers, Smartphones within budget. Shipping
facilities and customer care service of the site is noticeably different. This is one of the online
gadget shopping sites that offer EMI facility to customers.\(^5\)

14. **Rediff shopping**

Shopping.rediff.com is among the top India online shopping companies where daily thousands of
customers visit to purchase different products. It is a one-stop solution that retails everything –
from daily-needed objects to exclusive apparels manufactured by top international brands. A
huge number of customers visit the site to purchase attractive gift hampers. The site is now
dealing with more than 250 brands, both national and international to provide customers wide
range of products from the house of top manufacturers.

The site owners follow only one mode of transaction- cash on delivery, in order to keep up good
relation with clients. The owners often to help customers in purchasing expensive articles at
considerable price introduce special deals or coupons. The site was introduced in the year 1999
and is operating quite successfully and creating loyal consumer base. Present visitor rate for the
site is 89.1%. Shopping.rediff.com is a competitor of flipcart.com and junglee.com.\(^5\)

15. **Inkfruit.com**

Inkfruit.com is among one of the top ecommerce websites in India. They offer a co-creation
platform to showcase exclusive products for online consumers. The store came into business in
2007 under the name Gnome. Presently, the company has over 400 retail outlets throughout
various cities of the country. They can certainly be considered as one of the largest online retail
platform dealing in the business of latest designer and casual clothing apparel and associated
accessories for men, women and kids.

Among major Indian online shopping companies, Inkfruit.com is highly sought after by online
shoppers who cater for branded clothing and accessories. The company offers special discount
offers on a number of branded products on various occasions. They even have additional
discounts for customers shopping through credit or debit cards of major banks.
Inkfruit.com is backed by strong source team to ensure highest class in maintaining standard in quality. They even ensure delivery of products within 2 to 5 business days, after any consumer places orders through online shopping\textsuperscript{56}.

16. **Pepperfry.com**

Pepperfry.com is one of the top online shopping websites in India. They have abundant stocks of various products associated to lifestyle enhancement, home care, appliances, home décor, furnishing, kitchen, dining and many more. All products are authentic and guaranteed. The online merchandize offers exclusive payment services like pre-payment, easy monthly installments and even cash on delivery.

The company offers fastest shipping and delivery of all products ordered. They even offer huge discount on various festive seasons throughout the year. New customers are also entitled to various shopping discount vouchers amounting to Rs.2000.

Pepperfry.com started operations since 2012 to deliver online shopping experience that customers are bereft of till now. They have even partnered with thousands of merchant partners who showcase their craftsmanship, service orientation and design skills across India.

Pepperfry.com is also one of the renowned online shopping companies that showcases a number of branded products and also offers them on special price that is otherwise not available at open market. The online marketing platform also offers favorable and dedicated customer care support service\textsuperscript{57}.

17. **Fashionara**

Fashionara.com is one of the emerging online shopping portals reputed to deal with exclusive fashion clothing, apparel and accessories. The online merchandise initiates fastest product delivery across 8 cities of India, with guaranteed shipping right on the next day of placing orders. They even gift wrap the products as a gesture of effective customer service, which is certainly exclusive.
The online merchandize portal deals with world reputed brands like Espirit, FCUK, Fossil, Calvin Klein, Adidas, Lee, Steve Madden, Wildcraft, Roxy, Van Heusen, Manchester United, Arrow, Gini and Jony and much more.

Fashionara.com also offers an effective service through which the customers can track their ordered products once those are shipped. As most reputed online shopping portals, Fashionara.com accepts financial transactions through online mode with the help of credit and debit cards. Payment through Net-banking service is also accepted. They offer exclusive customer support and look into every problem of customer related to online shopping experience over the portal. Customer queries are entertained from 6 am to 12 midnight.

18. Firstcry.com

Firstcry.com is one of the top ecommerce websites in India that especially deal with kids and baby care products. The site is mostly operating in Asia and deal with reputed Indian and international brands. Kids and baby care products manufactured by reputed companies like Hotwheels, Funskool, Ben10, and Pigeon are available here. Other brands that have already tied up with Firstcry.com are Barbie, MeeMee, Disney, Pampers etc. At present, the sourcing team of the site is working with more than 150 national and international vendors to provide customers with exclusive range of products.

Owners of firstcry.com have recently launched another online shopping site, goodlife.com to retail life care products manufactured by both national and international brands. Founders of this online trading site- Supam Maheswari and Amitave Saha have lately raised a fund of $4 million from an equity company named SAIF partners. At present, Firstcry is retailing more than 4000 items.


When it comes to top ecommerce shopping websites for new born babies and kids, BabyOye is one name not to forget. This website is a fairy tale dream for soon to be parents to new parents and all the baby stuffs are just a click away. They have vast inventory of baby products from
Diaper and bathing stuff to Clothes, Toys and Books and music. They have tie up with several multinational brands and bring home more than 200 international baby brands like Disney. Being a top ecommerce site in India, they promise bring wide range of Innovative products to every parents. They have exceptional customer care and after sales supports which makes them widely popular among the new parents. The company has been formed by Sanjay Nadkarni and ArunimaSinghdeo and is registered in the name of Moms Supplies Pvt. Ltd.

20. **Zovi.com**

Zovi.com is one of the recognized top ecommerce websites in India dealing in branded fashion apparel for women and men. They offer exclusive stock of premium apparel that is designed with classy components. The company is highly acclaimed to provide top class lifestyle apparel at extremely reasonable price. They are a traditional fashion retailer. They accept payments through major debit and credit cards.

Zovi.com, one of the notable online shopping companies in India, even offer a number of alluring offers with additional discount facilities through various discount coupons on a number of occasions. All products ordered online are delivered to desired destination within least possible time through dedicated courier services. The company even guarantees full refund in case there appears some defect in the products delivered or the customers are unsatisfied with them. In that case, consumers have to return the undamaged products to the company after contacting the customer service personnel over telephone. The return process should initiate within 48 hours of receipt of the products.

21. **Koovs.com**

Koovs.com is probably one of the renowned online shopping portals of fashion wear and associated accessories dedicated for women. The online shopping website has exclusive varieties of clothing, beauty whims, shoes, lingerie, bags and accessories. They have every item matching the requirements of almost all taste of women. They have exclusive collection of handbags, fragrances, jewelry, handbags, high-end clothing and even latest designer fashion accessories.
from more than 200 reputed brands. As one of the reputed Indian online shopping companies, Kooves.com is highly reputed to bring up fresh product lines exceeding 500 categories every day. The online shopping platform is also reputed to showcase high-street fashion products under the brand KOOVS. They are mostly visited by people having fascination for shimmering dresses, jumpsuits, workplace sleek attire like jeans, jackets, shirts, pants, floral print tops etc. Their exclusive customer support center is highly motivated to lend striking service in case any there is any issue of refunding, cancellation of order, shipment issues etc.62.

22. **Cromaretail.com**

CromaRetail.com is one of the recognized top e-commerce websites in India dealing in electronics and home appliances. This exclusive electronics mega online store include vast collection of products categorized under varied sections such as phones, computers, entertainment, home appliances, kitchen appliances, gaming, cameras and accessories. They include products from leading manufacturers of different domains in the electronics and appliance sectors.

CromaRetail.com, one of the notable online shopping companies in India even provide a number of alluring offers with attractive discounts and deals on numerous occasions. All products ordered online are delivered to desired destination within least possible time through dedicated courier services. Croma allows users to choose from more than six thousand products across diverse categories. All products purchased from the online store enjoy a return policy within 15 days of delivery. Moreover, well trained and knowledgeable advisors help users to make informed purchasing decisions.63.

23. **Fashionandyou.com**

Fashionandyou.com is an emerging leader of e-retailing industry in India. They are one of the fastest growing e-Commerce retailers with high membership base. The online retailer offers wide range of products of innumerable brands. They are highly popular due to enormous price cuts; almost up to 80% than existing retail price. The e-Commerce platform, among top online shopping sites in India, gets into partnership with a number of luxury and fashion brands to bring in variety of items at exclusively lowest prices for a limited period. The company even notifies
registered members about upcoming offers through emails, social networking pages and SMS. No membership charge is involved to register.

Fashion and you is a business venture under Smile Group and falls under the list of online shopping websites in India. They are also a part of reputed international organization, Brand Alliance. The sales offer on the online shopping website starts from 10 AM and continues for 3 days, subjected to availability of items. They even offer services of experienced customer support executives, in case of any problem regarding delay in shipment or refund issues.

24. **Shoppersstop.com**

Shoppers Stop brings limitless possibilities as an online store in India. Amid the presence of numerous online shopping portals, ShoppersStop.com has made a good mark with products from some of the best lifestyle brands. Various national and international brands in kid’s clothes, women apparel, men’s clothing, fashion accessories and gifts are available at the online store. Some of the leading brands associated with the store include Calvin Klein, Barbie, Being Human, Levis, L’Oreal, Ray Ban, Celio, Revlon, etc.

It is also a one-stop solution for fashion accessories such as men’s watches, ladies watches, cosmetics, fragrances, handbags, jewelers, footwear along with home furnishing and décor items. Offline stores of Shopper Stop is an established name in India and now its online option is also turning out as one of the top online shopping sites in India. ShoppersStop.com maintains 100% return policy where the dissatisfied customers can return the purchased items with 14 days of delivery.

25. **Grabmore.in**

Grabmore.in is one of the top online shopping websites in India acquiring great importance. They are perhaps one of the leading online shopping portals offering economic products across all categories. They offer exclusive items of reputed brands from the United States and India. The product range varies over all variants – baby clothing, mobile phones, jewelers, watches, office products, computers, home appliances, electronics, books, kitchenware, music players and others.
Grabmore.in is highly recognized for offering incredible deals every day. Among special deals, mention can be made of ‘weekly deals’, ‘whacko deals’, ‘super sale’ and ‘USA products on deals’. They offer cash-on-delivery service on a number of items. Customer satisfaction at every level of online shopping is always maintained. Apart from these, the online merchandize has various products over a range of brands like Morphy Richards, Samsung, Canon, Nikon, Panasonic, Toshiba, LG, Sony etc. Like all top online shopping sites in India all major credit and debit cards are accepted.

26. Shop.seventymm.com

Shop.seventymm.com is one of the acclaimed online Indian online shopping companies offering a range of products over several categories – jewelry, electronics, apparels, kid’s stuff, home décor etc. They are among the fastest growing Indian online marketing portals offering exclusive branded and non-branded products at huge rebated price. The headquarter of Shop.Seventymm.com is at Bangalore; they even have regional offices in Gurgaon, New Delhi and Mumbai.

The product list of the online shopping portal ranges from mobiles, tablets, women’s apparel, sunglasses, watches, footwear, home furnishing, jewelry, perfumes etc. They accept major cards and even net banking solution for online payment process. Apart from pre-paid payment process, cash-on-delivery option is also applicable for several regions. They even undertake clearance sales on various occasions at heavily discounted prices.

They are among the list of online shopping sites that initiate delivery process within 48 hours of registering the order and payment transaction. They even scrutinize quality check of the product before dispatch.

27. Tradus.in

Tradus.in is listed as one of the top Indian online shopping companies offering products at merely throw-away prices. The online company puts up plenty of products for deals that consumers can claim. The deals are opened for specific period. All products are delivered right at
the doorstep of consumers, mainly on free shipping charges. Very few items carry shipping costs along with them. Although they showcase almost all products on their online portal, yet the online company records in sales of clothing apparel for both men and women.

The online shopping website started business in 2009. They offer best price on various products like mobiles, pen drives, watches, cameras etc. They have vendors across major cities. Their major customers are from the metro cities. The company lists branded products, fulfilling expectations of the customers. Tradus, as one of the top ecommerce websites in India, has a stock of more than 10,000 products from over 500 brands. They initiate free home delivery through major courier services.

28. **Futurebazar.com**

Futurebazar.com is one of the fastest growing Indian online shopping companies, attracting various customers from almost every corner of the country. They are growing rapidly as an exclusive online shopping platform with a wide variety of products touching almost all categories. The list of products varies widely – lifestyle, toys, fashion apparel, kitchenware, cookware, food, beverages, electronics, furnishings etc. The online merchandise has collaboration with a number of companies. Their faster delivery process has also helped in acquiring much accolade than other online merchandises.

The online shopping company accepts payment through online transaction by credit and debit cards. The website has radically changed overall online shopping experience through credible customer service and faster delivery service. Expert customer care personnel also initiate process to resolve any matter related to delay in shipping orders. Futurebazaar.com is among the top online shopping sites in India that offer exclusive discount offers on all products throughout the year.

29. **Edabba.com**

Edabba.com is growing online merchandise. They are one of the evolving online merchandises that indulge in retail therapy and offers exclusive online shopping mantra of present times. The
online merchandise is a highly convenient platform for shopping, 24 hours a day. Delivery takes place in the fastest possible time. There is a wide range of payment options that make the online platform one of the favorable online shopping companies in India.

Presently, the online merchandize offers various products like electronics, consumer durable products, music, books, organic food and travel booking services. They also have ranking position in the list of online shopping websites in India. They have their exclusive service across Goa, Punjab, Rajasthan, Bihar, Uttarakhand, Madhya Pradesh, Haryana and Orissa. They strive best to create a perfect environment mixing traditional retail marketing and online shopping experiences.

Edabba.com has over 40000 SKU’s under their list. They deal in reputed brands and all their products are 100% authentic in nature. The merchandise also has various Trust Points that act as a bridge between the online marketing corporation and consumers.

30. **Govasool.com**

Govasool.com started their operations as dedicated online merchandise since 2008. They are recognized as the initial online group-shopping platform of India. As a pioneer of Indian online shopping companies, the merchandise started as local shopping, along with reverse auction marketing division. Presently, eMart Solutions India Private Limited owns the company.

The online portal involves one of the most secured online payment transaction methods that help to check frauds and double payments. Payments through online net banking or even through debit and credit cards are initiated. They even undertake safe shipping process and all products are efficiently packed so that they reach the doorsteps of consumers unscratched. Apart from this, the online merchandise also ensures top quality of every product. They deal with branded products.

Expert customer support personnel also lay immense importance for acceptance of the online merchandise among innumerable consumers. Being a reputed online shopping portal in India, refunding and replacement of products are also initiated under special circumstances.
31. **Jungle.com**

Jungle.com is one of the top ecommerce websites in India, which is run by Amazon. This site is mainly operated to help customers search and purchase products from both offline and online retailers who are operating in India and are attached to Amazon.Com as well. Jungle is mostly popular for organizing wide range of lifestyle products and accessories and for providing multiple buying options to customers. Amazon makes use of proven technologies to help customers purchase lots of products in hassle free manner.

This online shopping site is different from other online shopping portals because Jungle only provides customers with tools that help comparing prices being uploaded by both online and offline dealers. Here customers have the option to compare product prices following the dimensions of popularity of the product, its relevance, total market price etc. At present, 1.2 crores products are featured by more than 14,000 different brands to sell through this website.

1.14. **CHALLENGES OF E-COMMERCE IN INDIA**

_The following are the challenges faced by e-commerce companies:_

1.14.1. **Way too many players**

When any market develops, there is a fine balance between demand and supply. In India whenever a trend starts several people jump in and soon supply starts to exceed all kinds of issues in the market.

E-commerce is inherently a very capital intensive game and a winner takes all market-consolidation happens fast and the company that can build scale the fastest gets to destroy the rest of the players in the market. This is going to happen in India. We are already starting to see some of it in the daily deals space. Snapdeal has torn away from the rest of the market.
Most of the other players are trailing this market and some like Taggle closed shop.

1.14.2. Logistics and Supply Chain

India’s logistics sucks. India has 3rd world logistics. A large part of the ecommerce success in the developed nations was because they already had rock-solid logistics in place. In the US, fedex, ups and USPS were already around nationwide and goods could be moved within 24 hours between 5000 miles. In India trying to find an address or a location is a nightmare. Courier companies don't even have bar code readers to scan the packages in transit. In the US, the logistics companies use very sophisticated technology keep the customer informed of the transit of a package. All of this is important as it plays directly into the overall customer experience of ecommerce. Companies like Flipkart are doing a great job working around the issues in the logistics industry by setting up their own logistics but that just is really inefficient use of Flipkarts funding.

1.14.3. Payments

This is a major challenge and results in poor customer experience. The payment gateway vendors and banks suck at technology. Payment gateway error rates are high (>25% of transactions fail at the gateway). RBI has made it really hard for anyone to use virtual mediums of payments (credit/debit cards, cash transfers etc). Payment gateway's and banks also charge way too much commission on each transaction which is bad for the smaller players - which eats into their margins significantly.

1.14.4. Large volume of transactions in India are cash-based transactions

A small fraction of Indians have virtual payment instruments like credit cards or bank accounts. Largely India is cash driven economy. Almost everyone has started COD in India and for the right reasons. As humans are involved in the collection of cash etc, fraud rates will be very high which will dip into the margin levels of the ecommerce players.

1.14.5. Market Size / CLV / Margins

I believe that while India is indeed a large market, the Customer Lifecycle Value will be very low (similar to the mobile industry - India has the lowest levels of ARPU anywhere in the world). Ecommerce players will have to resort to deep discounting to build scale. Amazon had
to do this for 9 years. In India the margins will be extremely thin due to the inefficiencies in all the underlying infra for ecommerce like logistics, payments and cash collection. For Flipkart to be successful not only do they have to be an online retailer but they have to build a UPS and a paypal and a physical cash collection system that works (which doesn't exist in developed countries as ecomm players dont support COD ). That is a mammoth task to pull off for a small startup.

1.14.6. Ecommerce in India is not for startups

In India because of all the physical/infrastructure challenges that exist, a startup will need to raise huge amounts of capital if they attempt to solve all of these problems. Even if they raise capital and start to solve some of these problems, the Future Groups and Reliance Retails have a better shot at this market and they are just timing the market. They will wait for someone like Flipkart to create the momentum in the market and spend all the VC money to evangelize the market. Then they will jump in and use the billions of $$ in their coffers and existing infrastructure (physical stores, warehouses, people) in their brick and mortar business to build and scale out e-commerce. In India e-commerce is a game for the large players and not startups as there are significant infra challenges that exist and it will be impossible for startups to address the scale of these problems.

1.14.7. Amazon.com could play spoiler

The single biggest threat to the e-commerce play in India is from Amazon.com. Amazon has a lot of cash and can use it to out-run the e-commerce startups. They have plenty of technology that helps a lot in demand generation and sales which the e-commerce players in India have not even started to work on. They have a lot of experience in logistics and last mile issues of e-commerce.


E-commerce in spite of opportunities, hoopla and hype, also bears the connotations of challenges as well at the same time. The major challenges e-commerce in small enterprises is facing and also submit the remedial measures to meet these challenges.
1.14.8. Infrastructural Problems:

Internet is the backbone of e-commerce. Unfortunately, internet penetration in India is so far dismally low at 0.5 per cent of the population against 50 per cent in Singapore. Similarly, penetration of personal computer (PC) in India is as low as 3.5 per thousand of population compared to 6 per thousand in China and 500 per thousand in US. Internet is still accessible through PCs with the help of telephone lines.

Given the penetration of telephone only 2.1 per cent of population, e-commerce remains far away from the common man. It is difficult for e-commerce to reach to 1,000 million population spread over 37 million households in 6,04,374 odd villages and 5,000 towns and cities. Besides, both cost of PCs and internet access in India are quite high.

1.14.9. Absence of Cyber Laws:

Other big challenge associated with e-commerce market is the near absence of cyber laws to regulate transactions on the Net. WTO is expected to enact cyber laws soon. The India’s Information Technology (IT) Bill passed by the Indian Parliament on May 17, 2000 intends to tackle legislatively the growing areas in e-commerce.

The Bill also intends to facilitate e-commerce by removing legal uncertainties created by the new technology. As it stand today, the Bill deals with only commercial and criminal areas of law. However, it does not take care of issues such as individual property rights, content regulation to privacy and data protection specific legislation.

1.14.10. Privacy and Security Concern:

As of to-day, quite vulnerable issues related to e-commerce are privacy and security. So far, there is no protection offered either by Website or outside watchdogs against hazard created by exploiting one’s privacy.

1.14.11. Payment and Tax Related Issues:

Issues related to payment and tax is yet another problem continuously hinting e-traders. The electronic payment is made through credit card or plastic money which could, however, not
become popular so far in India mainly due to two reasons. First, the penetration of credit card in India is very low (2 per cent of the population).

Second, the Indian customers are quite skeptical of paying by credit card with the increasing threat of fraud played by hackers. Like elsewhere, credit card could not gain growth in India mainly because of authentification and recognition problems of electronic signatures (Dahiya and Singh 2000: 70).

Similarly, tax administration is yet another complex problem in this seamless worldwide e-commerce. As establishing incidence of tax in case of e-commerce transactions becomes difficult, this, thus, provides ample scope for tax evasion.

There are others who support zero duty on e-commerce to flourish it in the country. It has already been decided in US that there will be no tax on anything sold on the internet in digital form.


At present, digital illiteracy is one of the formidable problems e-commerce is facing in India. On the other hand, the continuous exodus of skilled computer engineers to other countries has denuded India of software engineers. This has posed a real threat to the Indian IT industry. Obviously, solution to this problem lies in curbing the computer brain – drain and uses the same in the country.

The Indian consumer is also characterized by his unique psyche. Usually, the Indian consumer does not go long distances for having any good of his choice when a neighborhood store provides him whatever he wants.

That is why the consumer does not browse the Net knowing the consequent hassles of connectivity and other botherations. Added to this is that building trust on the electronic media also takes long time more especially when the vendor is situated at a very far off place.
1.14.13. Virus Problem:

That computer virus is also a formidable problem in the execution of e-transactions is confirmed by the computer virus originated in Manila. A computer virus lagged’ I Love You’ originated in Manila, Philippines on May 5. 2000 rippling across world, inflected millions of computer files causing colossal loss of US $7 billion to the governments and the businesses. The offenders causing ‘virus’ must be awarded deterrent punishment, otherwise similar assaults in future can cause lasting blows to the quite young e-commerce in India as well.

1.14.14. English Specific:

Last but not the least, the software so far in the country is English specific. But, in order to make e-commerce reach to the small enterprises, it needs to be available in the languages (regional) of the owners of the small enterprises to enable them to adapt e-commerce processes in their operations. Sooner it is done, better will be it for small enterprises to adapt e-commerce.

Other challenges unique to e-marketing consist issues of audience control, information proliferation, share of voice, the ‘beta’ factor (incomplete offerings with the assurance that with time things will improve), novelty seeking and succumbing to social pressures. Companies need forward and backward integration for success and e-commerce is a step towards forward integration.

The eCommerce sector has seen unprecedented growth in recent years. The growth was driven by rapid technology adoption led by the increasing use of devices such as smartphones and tablets, and access to the internet through broadband, 3G, etc, which led to an increased online consumer base. Furthermore, favoured demographics and a growing internet user base helped aid this growth. In terms of highlights, the growth shown by homegrown players such as Flipkart and Snapdeal and the huge investor interest around these companies displayed the immense potential of the market. With the entry of eCommerce behemoths such as Amazon and Alibaba, the competition is expected to further intensify. Both these international players come with deep pockets and the patience to drive the Indian eCommerce market. Also, their strong domain knowledge and best practices from their international experience give them an additional edge. Additionally, these companies have been part of markets where they have seen the eCommerce market evolve and are aware of the challenges and strategies to address issues thereof.
companies realise this, and are therefore aiming to continue their focus on expanding sellers and selection on their platforms, innovating on multiple customer touch points, and providing seamless and rapid delivery services in order to compete with the international entities. Competition is expected to continue, with these eCommerce companies experimenting with different ways to attract customers and increase online traffic. The Indian government’s ambitious Digital India project and the modernisation of India Post will also affect the eCommerce sector. The Digital India project aims to offer a one-stop shop for government services that will have the mobile phone as the backbone of its delivery mechanism. The programme will give a strong boost to the eCommerce market as bringing the internet and broadband to remote corners of the country will give rise to an increase in trade and efficient warehousing and will also present a potentially huge market for goods to be sold. For India Post, the government is keen to develop its distribution channel and other eCommerce related services as a major revenue model going ahead, especially when India Post transacted business worth 280 crore INR in the cash-on-delivery (CoD) segment for firms such as Flipkart, Snapdeal and Amazon. Both these projects will have significant impact on increasing the reach of eCommerce players to generally non-serviceable areas, thereby boosting growth. India’s overall retail opportunity is substantial, and coupled with a demographic dividend (young population, rising standards of living and upwardly mobile middle class) and rising internet penetration; strong growth in eCommerce is expected. From an investment perspective, the market is a primarily minority stake market, with maximum traction in early-stage deals. Such early stage funding will help companies develop a strong foundation to start from. With such strong market prospects and an equally upbeat investor community, we look forward to many more eCommerce companies from India entering the coveted billion-dollar club.

1.15. FUTURE AND PROSPECTS OF E-COMMERCE IN INDIA

1.15.1. Opportunity for retailers: A retailer can save his existence by linking his business with the on-line distribution. By doing so, they can make available much additional information about various things to the consumers, meet electronic orders and be in touch with the consumers all the time. Therefore, E-Commerce is a good opportunity\textsuperscript{74}.\footnotetext[74]{\textsuperscript{74}}
1.15.2. Opportunity for whole sales/distributor: In the world of Ecommerce the existence of the wholesalers is at the greatest risk because the producer can easily ignore them and sell their goods to the retailers and the consumers. In such a situation those wholesalers can take advantage of E-Commerce who are capable of establishing contractors with reputed producers and linking their business with the on-line.

1.15.3. Opportunity for producers: Producers can take advantages of e-commerce by linking themselves with on-line, by giving better information about their products to the other links in the business chain and by a having a brand identity.

1.15.4. Opportunity for people: As more people are getting linked with E-commerce, the demand for centre providing internet facility or cyber cafe is also increasing. Hence, the people who wish to take advantage of it can establish cyber and have their benefits.

1.16. THE FUTURE OF E-COMMERCE

Today's users want multimedia and e-commerce in a package that is both powerful and user-friendly. Programmers want all these benefits in a truly portable manner so that applications will run without modification on a variety of platforms. E-commerce will go deeper through displacing traditional processes in manufacturing, go wider by encompassing products and services provided by different enterprises, and go higher by acquiring requirements intelligently and interactively so that enterprises can deliver customized products. The technologies for these developments including service composition and virtual markets are taking shape steadily. When business inter-operation has achieved a kind of equilibrium, the technologies will surely expand.

I (B) CONSUMER PERCEPTION, SATISFACTION AND SERVICE QUALITY

1.17. CONSUMER BEHAVIOUR
Customer is the central point and all the marketing activities revolve around him. Manufacturer makes what the customer wants. As the customer’s buying behaviour differs from person to person the manufacturer must understand it. Manufacturer should identify the motives which prompt consumers to purchase so that he can offer a complete product satisfying their needs. It is buying motive that prompts the purchaser to purchase. Such buying motives may be desire for money, vanity, pride, fashion, passion, romance, affection or comfort. Consumer behaves in a particular manner as directed by his inner motive. The marketer is to study and analyze the consumer’s behaviour in order to sell and improve the product.

Marketer must plan his production and distribution to suit the consumer’s convenience rather his own. A company ignorant of consumer preferences cannot possibly fulfil its obligations in a meaningful and responsible manner. This is exactly the reason why consumer behaviour is given importance in modern marketing.

**Consumer Behaviour** has been defined as actions of consumers in the market place and the underlying motives for those actions. Thus, it is a study of how individuals make decisions to spend their available resources on goods and services. It refers to the buying behaviour of ultimate consumers – individuals and households who buy goods and services for personal consumption. Consumer behavior is an integral part of human behaviour and cannot be separated from it. It may be defined as that behaviour exhibited by people in planning, purchasing and using economic goods and services. Thus, consumer behaviour is the process by which individuals decide whether, what, when, where, how and from whom to purchase goods and services.

In the past, marketers could understand consumer needs well by virtue of daily experience of selling to them. But, as firms and markets have grown in size, marketers have lost direct contact with their customers and now must turn to consumer research. Each consumer is unique and this uniqueness manifests itself in search, purchasing, consuming, reacting etc.

### 1.18. FACTORS INFLUENCING THE CONSUMER BEHAVIOR

Buying behaviors covers the underlying influences and motives for purchase. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and
society in general. The factors like economic, cultural, technological and political factors influence the consumer behaviour\textsuperscript{78}.

**Fig. 1.1: Factors influencing the consumer behavior**

![CONSUMER BEHAVIOUR Diagram](image)

### 1.19. CONSUMER PERCEPTION

Perception (from the Latin *perceptio, percipio*) is the process of attaining awareness or understanding of the environment by organizing and interpreting sensory information. All perception involves signals in the nervous system, which in turn result from physical stimulation of the sense organs. Perception is not the passive receipt of these signals, but can be shaped by learning, memory and expectation. Perception depends on complex functions of the nervous system, but subjectively seems mostly effortless because this processing happens outside conscious awareness\textsuperscript{79}.

Consumer perception is based on how consumers interpret information based on their own experiences, past exposure and motivation. Interpretation influences brands. The quality-price association is almost universal when applied to consumer behaviour.

An individual behavior is often connected to his to her perceptions and may not be based on the ‘actual’ or reality. For a marketer also, understanding of the consumer behavior is very important. The behavior of the consumer at the market place will depend on what he ‘thinks as a reality’ or on his perception and knowledge about the world around him. This perception may be
based on sensations from the outside world which in turn may be influenced by past experience or learning, expectations, fantasies beliefs, values, personality etc.

There is usually a tendency on the part of the people to view the same phenomenon/event/situation differently. Different persons may view the same event differently and thus respond in a different manner. An individual behaviour is often connected to his to her perceptions and may not be based on the ‘actual’ or reality. For a marketer also, understanding of the consumer behaviour is very important. The behaviour of the consumer at the market place will depend on what he ‘thinks as a reality’ or on his perception and knowledge about the world around him. This perception may be based on sensations from the outside world which in turn may be influenced by past experience or learning, expectations, fantasies beliefs, values, personality etc. Thus, for having a better understanding of the buying behaviour of individuals marketers must examine the importance of perception and its integration with the related concepts. This information will help to device marketing strategies and programmes, such as to help consumers to perceive their (firm’s) products or services positively.

1.20. CONSUMER SATISFACTION

In a competitive market place, consumer satisfaction is a key differentiator and therefore has increasingly become a key element of business strategy. Within organizations, consumer satisfaction ratings can have powerful effects. Furthermore, when a brand has loyal customers, it gains positive word-of-mouth marketing, which is both free and highly effective. Therefore, it is essential for business to effectively manage consumer satisfaction. To do this, firms need reliable and representative measures of satisfaction.

Consumer satisfaction is a measurement or indicator of the degree to which consumers or users of an organization’s products or services are pleased with those products or services. In short, consumer satisfaction is the level of satisfaction provided by the goods or services of a company to a customer as measured by the number of repeated consumers.

“Every consumer has a choice”. In India also the range of choice has gone much beyond only competing players in the same service category to new competitive services from different categories so as to satisfy the same need.
Of course, ‘changing consumer behavior by educating him’ may be a part of every service provider’s plan to differentiate in the competitive environment. But unless the customer is convinced about the benefits it will be a losing game. The customer spends more time deciding what is good for him.

The Indian customer can no longer be taken for granted. He/she will no longer be contented with average service. He is aware that he is being charged for every little odd job and thus expects top quality treatment. Thus if he/she feels their well being is not being taken care of, he may look out for other options.

Since the nature of customer needs is different, the service markets exhibit certain unique characteristics.

1. The nature of the product exhibits varying degrees of intangibility because unlike a product, services can be considered to be a deed, a performance or an effort.

2. The service may become perishable if remained unsold for a long time because unlike product it cannot be stored for later consumption.

3. Here the production and consumption go hand in hand and are often inseparable.

4. The firm or organization which provides the services retains ownership and the consumer only has temporary access to it (for instance, taking credit from Citi Bank or say renting a car from a “car rental agency”).

Going by the conventional wisdom – in the face of changes in the technology and capital movement, increasing competition, every brand (except for the name and packaging) will represent a product or service. Thus the only way a firm can differentiate its products or service is by offering added values of an emotional or symbolic nature.

Philip Kotler has given the definition of services. “Services can be defined as any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.”
1.21. SERVICE QUALITY

The intangibility of many services means that it can be very difficult for service quality to be measured and assessed. Inseparability of the service itself from the service provider highlights the role of people in the service transaction, and their influence on quality levels. The heterogeneous nature of service means that a service is never exactly repeated and will always be variable to some extent. The perishable nature of services can lead to customer dissatisfaction if demand cannot be met.

1.22. SERVICE QUALITY GAP

The gaps model positions the key concepts, strategies, and decisions in services marketing in a manner that begins with the customer and builds the organization's tasks around what is needed to close the gap between customer expectations and perceptions.

The central focus of the gaps models is the customer gap, the difference between customer expectations and perceptions. Firms need to close this gap – between what customers expect and receive – in order to satisfy their customers and build long-term relationships with them. To close this all-important customer gap, the model suggests that four other gaps – the provider gaps – need to be closed.

1.23. GAPS MODEL OF SERVICE QUALITY

Marketing and customer orientation throughout the organization can ensure that service providers get close to their customers, thus ensuring that service delivery meets customer expectations. Service quality is not easy to measure in a precise manner. The nature and characteristics of services can have an impact on quality issues. ISO 9000 series guarantee quality procedure in service too.

There are seven major gaps in the service quality concept, which are shown in Figure 1. The model is an extension of Parasuraman et al. (1985). According to the following explanation (ASI Quality Systems, 1992; Curry, 1999; Luk and Layton, 2002), the three important gaps, which are
more associated with the external customers, are Gap1, Gap5 and Gap6; since they have a direct relationship with customers.

1.23.1. Gap1: Customers’ expectations versus management perceptions

as a result of the lack of a marketing research orientation, inadequate upward communication and too many layers of management

1.23.2. Gap2: Management perceptions versus service specifications

as a result of inadequate commitment to service quality, a perception of unfeasibility, inadequate task standardization and an absence of goal setting.

1.23.3. Gap3: Service specifications versus service delivery

as a result of role ambiguity and conflict, poor employee-job fit and poor technology-job fit, inappropriate supervisory control systems, lack of perceived control and lack of teamwork.

1.23.4. Gap4: Service delivery versus external communication

as a result of inadequate horizontal communications and propensity to over-promise.

1.23.5. Gap5: The discrepancy between customer expectations and their perceptions of the service delivered

as a result of the influences exerted from the customer side and the shortfalls (gaps) on the part of the service provider. In this case, customer expectations are influenced by the extent of personal needs, word of mouth recommendation and past service experiences.

1.23.6. Gap6: The discrepancy between customer expectations and employees’ perceptions

as a result of the differences in the understanding of customer expectations by front-line service providers.

1.23.7. Gap7: The discrepancy between employee’s perceptions and management perceptions
as a result of the differences in the understanding of customer expectations between managers and service providers.
Fig 1.2: Model of Service Quality Gaps (Parasuraman et al., 1985; Curry, 1999; Luk and Layton, 2002)
According to Brown and Bond (1995), "the gap model is one of the best received and most heuristically valuable contributions to the services literature". The model identifies seven key discrepancies or gaps relating to managerial perceptions of service quality, and tasks associated with service delivery to customers. The first six gaps (Gap 1, Gap 2, Gap 3, Gap 4, Gap 6 and Gap 7) are identified as functions of the way in which service is delivered, whereas Gap 5 pertains to the customer and as such is considered to be the true measure of service quality. The Gap on which the SERVQUAL methodology has influence is Gap 5. In the following, the SERVQUAL approach is demonstrated.

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