CHAPTER-6

SUMMARY AND CONCLUSIONS
CHAPTER VI

SUMMARY AND CONCLUSIONS

Electronic Commerce (EC) is the most important phenomenon of this century. It is becoming crucial to the effective functioning of organizations, especially in a world where companies need to deal with suppliers, customers, partners and their own units across the world. The internet is already started playing a significant role in determining corporate strategy and in creating values. The growth of EC is not of course uniform around the world. While organizations and consumers in countries with mature and widespread technological infrastructure are gaining access to and benefiting from electronic marketplaces, the economic prospects in countries with an underdeveloped ICT infrastructure are uncertain. The adoption of EC by people in any country of the world depends upon the ability to use the technology. The opportunities for economic growth exist but it is hoped that the pitfalls got to be taken into consideration.

The EC in India has progressed at annual growth rate of 103.18 per cent ever since it started in the year 1998-1999 with a meager value of Rs. 12 crore to Rs. 7,080 crore in the year 2006-2007. Also internet users also grown by 103.09 per cent (from 0.01 million in 1995 to 38.5 million in 2007). But the same is not true with respect to PC (39.50 per cent CAGR) and telephone penetration (30.55 per cent CAGR) rates. It is important to note that the low growth rates with respect to PC and telephone penetration reflect in terms of problems for the growth of EC in India. It is also observed from the literature review (KPMG study) that Indian corporates are not prepared for EC in terms of leveraging the benefits of EC. The government and the corporates in India are not fully geared up to reap the benefits of EC in full extent. By analyzing the primary data, it is observed that EC in India has number of problems (both technical and non-technical) and also presents numerous opportunities
(prospects) due to the changing socio-economic aspects of India. The following are the findings of the study based on analysis of the primary data by covering all the objectives namely socio-economic aspects of Indian internet users, identifying the problems (both technical and non-technical) associated with EC, bringing out the prospects of EC and the aspects that fuel the growth of EC in India. All these findings have enabled the researcher to offer the suggestions for both EC organizations and the government in making EC as a successful business model in India.

- 70.4 per cent of the respondents belong to male gender while the remaining respondents are female gender. Mostly male: female ratio of net buyers is approximately 3:1. If the EC organizations are able to increase the number of female users, they can increase the business volumes for their products/services.

- 55.6 per cent of the respondents are in the age group of 20-30 and 30.0 per cent of them are in the age group of 30-40. Internet access continues to be most widespread amongst the 20-40 years age group. This age group people are generally technology savvy (for net surfing/purchasing) and are willing to experiment with new types of products and services. 20-40 year age group generally consists of students and professionals who are educated (fluency in English) and either employed/self-employed with new generation business entities.

- 66.4 per cent of the respondents are either working with public sector units or with private sector organizations and 11.2 per cent of the respondents are professionals. 18.4 per cent of the respondents are students, who always look for innovative type of products and services. 4.0 per cent of the respondents are either business people/housewife. These results indicate the wide spread of internet consumer profile in India.
Only 3.6 per cent of the respondents are residing in semi-urban areas and the remaining of them are residing either in metropolitan / urban places. So, we can infer from the study results that, internet access is more among the people living in the cities. The gap between the metro/urban and semi-urban over internet connectivity may go down with the programs like Dept. of IT, Government of India’s National E-Governance Plan (NEGP) to bringing down the digital divide gap and other private initiatives.

52.4 per cent of the respondents have informed that they still live as single, and get married very late i.e., only when they are well settled in their life.

78.0 per cent of the respondents are able to earn more than Rs. 10,000 per month. A sizable number of students were also respondents to the study. Many students in urban India are pursuing their studies by performing some of the jobs like call center or BPO. It indicates another important change with respect to changing Indian economic composition. This is a great opportunity for the EC corporates to offer products and services particularly for this segment of the market. For example, on-line job sites like naukri.com, jobsahead.com have created great value for the student segment.

42.0 per cent of the respondents are having less than Rs. 2,00,000 as their annual family income; whereas the remaining 58.0 per cent of the respondents are able to earn more than Rs. 2,00,000 as their annual family income. It highlights another important change with respect to socio-economic aspect of many Indians who are in high levels of disposable income which enable them to maintain better standards of living. It offer a great potential for the B2C EC organizations to offer innovative products and services and there by increase the volume of business.
It is observed that 69.6 per cent of the respondents are accessing the internet through dial-up type of connectivity and the remaining (30.4 per cent) are wired through broad-band. It indicates that still a lot of net users in India adopt age old pattern of connectivity, which is an area of problem for the development of EC. To enhance the standards of EC transactions, it is advisable to have broad-band connection. The same is realized and advocated by the Govt. of India through its policy guideline on broad-band type of internet connection in the year 2007 by declaring it as the year of broad-band connection.

It is observed from the study that 20.8 per cent of the respondents access internet from their work place, 44.0 per cent from browsing center/ net cafes, and 15.6 per cent from their homes. 19.6 per cent of the respondent access the net through kiosks set by the organizations in the important / business locations of the city, where they live. It is interesting to observe that the Indian consumer prefer to access the net from their work place, where he does not incur any connectivity expenditure. It was observed that, the transaction cost (connectivity cost) in India varies in the range of Rs. 10-15 in many cities. As the connectivity charges and the cost of personal computers (PCs) are falling down year after year and the number of net users (38.5 million) are increasing, it offers more prospective clients to EC in the days to come.

Only 8.0 per cent of the respondents access the internet daily, whereas 33.6 per cent of them access the net once in 3 days and the rest access the net once in a week. Daily access to the net is possible for many customers either due to the access from their work place or browsing centers. This represents both the problems and prospects for EC. Majority of the Indians access net either from their offices / net cafes, so they cannot access net during the week ends and holidays. If the
internet service providers (ISPs) and the government are in a position to increase the access of net to every household in India through broadband and cable networks, it will enhance the reach thereby provide great opportunity for the development of EC in India.

- 91.6 per cent respondents are just one year old customers of EC. It is only 8.4 per cent of the respondents who are more than one year old customers. If the EC organizations are able to retain at least the customers who bought a product/service in the last one year by offering the innovative products/services from their on-line stores, it will be a big boom to the e-commerce in India.

- It is observed that more than 47.6 respondents purchased their products through on-line due to the varieties/range, which is followed by the price option, and the remaining 27.6 per cent of the respondents are buying the products through on-line mode mainly due to the innovative offers/fast delivery of the products, blogs and referrals. It is to be highlighted that the purchase of products by the respondents through on-line due to the recommendation they receive through blogs and referrals is a new sign of maturity of internet users in India. This result indicates the opportunity for the growth of EC in India in the future.

- It is observed that 16.43 per cent of the respondents prefer to buy travel services and 15.26 per cent of the respondents prefer to buy books, followed by cameras/accessories, gift items and entertainment products like music, movies, etc. So it is evident that the respondents in India prefer to buy a wide variety of products/services through net.

- Another interesting observation is that 74.4 per cent of the respondents have bought products/services by using credit cards for making their payments. Remaining 25.6 per cent of the respondents have made immediate cash payments. It is an interesting phenomenon to observe from the data about the Indian consumers attitude on payment option.
This is an indication of a growing breed of Indian consumers who are not only better equipped but also more confident of on-line transactions. This observation presents both the problems and prospects of EC in India. The main problem is due to the low penetration of credit/debit cards in India. Lack of supportive infrastructure with many banks is also an issue of concern to the growth of EC. From the perspective of opportunity, Indian customers are always looking for various payment options not just the credit/debit card payments, so the EC organizations should be able to offer innovative payment options for the customers.

- 33.98 per cent of the respondents were able to receive the products/services within 30 minutes of placing an order in case of digital products from the EC organizations. Whereas in the case of physical products, it took about 1 to 10 days or even more number of days for receiving the same from the EC organizations. It is also observed that 64.24 per cent of the respondents were able to receive the ordered products at their doorsteps. The delays in delivering the products may be attributed to many factors. For example, in the case of products like kitchen items, computers, etc. the delay may be mainly due to the clearances from customs authorities.

- 43.2 per cent of the respondents intend to buy products/services in the price range of Rs. 500-1000; 22.8 per cent of the respondents intend to buy items less than Rs. 500 worth of items and 23.6 percent of the respondents have expressed their intention to buy products in the range of Rs. 1,000 - Rs. 10,000. It is interesting to observe that 10.4 percent of the respondents are willing to buy products priced above Rs. 10,000 also. So it is evident that the respondents in India prefer to buy the products/services in various price ranges through on-line stores.
48.4 per cent of the respondents preferred google search engine, 30.0 per cent of the respondents prefer yahoo and 15.2 per cent respondents prefer msn. The rest of the respondents (6.4 per cent) have expressed that they prefers to use the popular Indian search engine Khoj. The Indian EC organizations need to observe this phenomenon that the EC customers mostly prefer the international search engines like google, yahoo and msn.

60.0 per cent of the respondents came to know about the on-line stores through the search engines and 32.8 per cent through advertisements in the print and broadcast media. 7.2 per cent of the respondents came to know about the on-line stores through other sources like trade channels, referrals, etc. So, it can be concluded that the EC customers in India uses many sources of information for deciding about the on-line stores. Hence, the EC organizations in India should use all the sources of information search for promoting their products and services.

It is observed that 35.2 per cent of the respondents have indicated that the on-line stores have the flexibility with respect to price and place. Whereas 30.4 per cent have opined that the site has the flexibility with respect to product and only 1.2 per cent of the respondents opined that the site allows flexibility on payment. This indicates that the Indian on-line stores offer very little flexibility with respect to payment. So the Indian EC corporates need to offer innovative payment options like cash on delivery (COD) coined by rediff.com for inducing many more net users.

It is observed from the study that the respondents prefer to choose EC due to the reasons like easy to buy from home, reduced hassles of travelling, possibility to buy from any where, quick / convenient and possible to buy any time. So the EC firms need to design their offers based on the convenient or motivating factors for enhancing their business.
Occupation of the respondents and the factors of motivation to buy online are associated. In other words, the purchase behaviour of on-line customers are influenced by their occupation.

Occupation of the respondents and the problem faced by them while using internet for buying the products are associated. That is, the problems of the customers have different relationship with the occupation.

Occupation of the respondents and the problem faced due to systems related aspects are also associated. This result indicates that people from different occupational backgrounds may face different kinds of systems related problems regarding legal / payment aspects.

Monthly income of the respondents and the factors of motivation to buy are associated. This result indicates that the on-line purchase decisions for various income groups in India are influenced by very specific motives. Most of the high income respondents in India prefer to buy products / services on-line due to the referrals they receive from their friends or blogs.

Monthly income of the respondents and the price range of the products to buy on-line are associated. This result indicates that the price range of the products to buy on-line is influenced by their monthly income.

Monthly income of the respondents and the options for internet access are associated. From this result it is clear that the type of internet access is mostly based on the income segment of the customer.

Monthly income of the respondents and the length & frequency of internet access are associated. This indicates that the number of hours and the frequency of internet access are influenced by income.
Monthly income of the respondents and the problems faced while using internet are associated. Thus the problems faced by the customers depend on their income levels.

Monthly income of the respondents and the systems related problems for buying the products through on-line are associated. Thus the problems faced by the customers with respect to systems are dependent on their income levels.

Gender of the respondent and the problems faced while using internet are associated. Particularly it may be true to women in India, when they share their date of birth/address while filling the respondent details while buying the product/services through on-line stores.

Gender of the respondent and the systems related problems for buying the products through on-line are associated. Thus the problems faced by the customers with respect to systems are dependent on their gender.

Place of residence of the respondents and the factors of motivation to buy are associated. This result supports the general phenomena that people living in major cities will adopt on-line transactions due to easy access/knowledge about various innovative offers, etc.

Place of residence of the respondents and problems faced while using internet are associated. Thus the problems faced by the customers are dependent on their place of residence.

Place of residence of the respondents and the systems related problems while buying the products through on-line are associated. Thus the problems faced by the customers with respect to systems are dependent on their place of residence.
o Educational qualification of the respondents and the sources of information for making on-line purchases are associated. Thus the sources of information for making EC purchases are dependent on their educational qualifications.

o Educational qualification of the respondents and the flexibility of the site for making on-line purchases are associated. In general highly qualified people may use the EC site much better way than the people with low level of education. For example, many qualified people in India are using internet for booking train / air tickets, accessing their bank accounts frequently, etc. Tapping all the educational background people, EC companies can improve their business volumes.

o Educational qualification of the respondents and problems faced while using internet are associated. EC companies need to focus on this aspect for improving their business prospects.

o Educational qualification of the respondents and the systems related problems for buying the products through on-line are associated. So EC companies need to educate the various segments of the market for building the confidence and thereby improving their business.

o It is observed that there is no agreement among the respondents with respect to the preferred mode of payment. Different customer segments use different types of payment options based on the situations.

o Further there is no agreement among the respondents with respect to the reason for opting on-line purchase. Thus the reasons for opting on-line purchase differ by age, education, etc.

o Analysis of the data with the help of factor analysis technique revealed the various factors that motivate the customers to choose EC.
6.1 SUGGESTIONS

In the light of the findings and conclusions as stated earlier, the following suggestions are made. Hopefully, the implementation of the suggestions would go a long way in strengthening EC business in India.

1. EC firms may use convergence of technologies like through mobile, cable TV, etc. for enhancing the prospects of their business.

2. Improved bandwidth availability will definitely enhance the prospects of EC in India. To enhance the bandwidth in India, the Government of India is expected to speed up the reforms in this segment.

3. It is suggested that the EC firms need to develop more innovative and easy redressal systems for resolving the problems relating to excess billing, delivery of damaged goods, etc.

4. Improvements in internet connectivity options, the speed of internet and development of supportive services like access to use of credit / debit cards, net banking facility and improved logistics support will spur the prospects of EC in India.

5. It is suggested that the EC firms in India need to develop more gender specific strategies for improving their business opportunities. For example, women in India can be the customers of EC, by providing high speed internet access to them at their homes.

6. The EC firms are suggested to create and offer more innovative payment options based on the type of customer / place of residence, etc. for tapping the true potential of B 2 C EC in India.

7. The EC firms may develop specific models of solutions based on the place of residence like it is done by banks in India. To day people living in cities can undertake almost all the banking transaction 24 x 7 with A T Ms for improving the prospects of their business in India.
8. The EC firm may create trust & confidence in the customers so that the customers will increase their purchases through on-line.

9. The content of the EC web pages may be presented in different vernacular options, as many Indians mostly prefer to read things in their own native language. This will increase the reach and the prospects of EC in India.

10. The EC firms need to develop more innovative market offers. For example the on-line recruiters do not charge the candidates, but charge the company which offers the job. Such acts will improve their business prospects in India.

6.2 SCOPE FOR FURTHER RESEARCH

The following areas may be considered for further study:

- The business models adopted by B 2 C EC companies in India.
- The technical problems of EC in India.
- Comparison of B 2 C EC consumer behaviour between India and other countries.
- Sector wise study of B 2 C EC in India.