

## EMERGING TRENDS OF E-COMMERCE IN INDIA

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### Abstract

The term "ecommerce" refers to businesses and individuals that purchase and sell products and services online. E-commerce may be done on computers, tablets, cell phones, and other smart devices, and it operates in a variety of market categories. E-commerce transactions make almost every good or service conceivable accessible, including books, music, airline tickets, and financial services like stock trading and online banking. It is seen as a particularly disruptive technology as a result. Ecommerce may be thought of like a digital version of mail-order catalog shopping. Also called online commerce, ecommerce is the transaction between a buyer and a seller that leverages technology. This paper study & analysis the recent trends in e commerce, opportunities and challenges in the field of ecommerce. The worldwide revenue of ecommerce amounted to more than 3.53 trillion USD. It is projected to grow all the way to 6.54 trillion by the end of 2023. These numbers speak for themselves about the growth of the global ecommerce.

**Keywords:** *E-commerce, Challenges, On Line Shopping, Opportunities*

### INTRODUCTION

Ecommerce actually goes back to the 1960s when companies used an electronic system called the Electronic Data Interchange to facilitate the transfer of documents. It wasn't until 1994 that the very first transaction took place. This involved the sale of a CD between friends through an

online retail website called Net Market. E-commerce is the process of purchasing and selling products or services online, as well as the data and money transfers required to execute the transactions. It is often referred to as online commerce or electronic commerce. Since its inception, online selling has seen a great deal of change. E-commerce has a

fascinating history and development, and it is currently developing at an even faster rate.

By 2034, it is anticipated that the Indian e-commerce market would overtake the US to overtake it as the second-largest e-commerce market in the world. The e-commerce market in India is predicted to develop at a 19.24% CAGR from US\$ 46.20 billion in 2020 to US\$ 111.40 billion by 2025, with groceries and clothing/apparel set to be the main drivers of additional expansion. From US\$ 3.95 billion in FY21 to US\$ 26.93 billion in 2027, the Indian online grocery industry is predicted to grow at a CAGR of 33%. From the US\$ 52.57 billion reported in 2020, overall e-commerce revenues are projected to reach US\$ 67-84 billion by 2021. For the 2021 festive season, Indian e-commerce platforms generated sales worth US\$ 9.2 billion gross GMV (Gross Merchandise Value), a 23% increase from last year's US\$ 7.4 billion.

The e-commerce sector has undergone many changes over the years, but 2020 and 2021 have so far been the most challenging. Due to COVID-19, practically all industries

have learned how to adopt e-workings commerce's and implementation methodologies and gone digital. UNCTAD researchers estimate that by 2020, the e-commerce sector's proportion of all retail sales will have increased significantly from 16% to 19%. In addition to aiding in the economic recovery from the pandemic, digitalization in e-commerce has also significantly contributed to satisfying customer requirements and desires and enhancing their experiences.

### **OBJECTIVES OF STUDY**

1. To analyse the recent trends of E-commerce in India.
2. To study the future perspective of E-commerce in India.
3. To study the opportunities and challenges of Ecommerce

### **REVIEW OF LITERATURE**

Abdul Gaffar Khan (2016) has conducted research to evaluate the advantages that e-commerce brings to our economy. The author also made an effort to research the difficulties that e-commerce faces in our economy. The expansion of the financial sectors has been greatly aided by the rise of IT. According to the author, there is a possibility of increased

security difficulties and fraudulent activities as smart mobile services and internet usage expand. Many big changes in our everyday lives have been brought about by the internet and network technology. According to the author, e-commerce offers several advantages that raise the value of customers' happiness. We can simply buy products and services online thanks to e-commerce.

Abhijit Mitra (2013) has carried out a study to Examine the current state and enablers of e-commerce in India, as well as the trends and roadblocks that it is now experiencing. According to the report, there has been an increase in the number of businesses using e-commerce recently. The survey also discovered that big Indian portal websites have switched from relying on advertising revenue to E-Commerce.

Sarbapriya Ray (2011) has conducted research to provide a historical overview of the development of e-commerce by describing the types of e-commerce businesses, their categories, and the Indian companies that participate in them. According to the study, the role of the government should be to establish a legal framework for e-commerce so that while

domestic and foreign trade are allowed to broaden their horizons, fundamental rights like privacy, intellectual property, fraud prevention, consumer protection, etc. are all taken care of.

### **RESEARCH METHODOLOGY**

This research paper is conceptual and it is based only on secondary data that was collected from books, national journals, international journals, publicly available government publications, and other websites.

### **PRESENT SCENARIO/EMERGING TRENDS OF E-COMMERCE – 2021**

The Indian e-commerce sector is ranked 9th in cross-border growth in the world, according to the Payoneer report. Indian e-commerce is projected to increase from 4% of the total food and grocery, apparel and consumer electronics retail trade in 2020 to 8% by 2025. As of June 8 2022, the Government e-Marketplace (GeM) portal served 10.35 million orders worth Rs. 258,359 crore (US\$ 33.07 billion) to 60,632 buyers from 4.56 million registered sellers and service providers. India's social commerce has the potential to expand to US\$ 16–20 billion in FY25, at a CAGR of 55-60% with a potentially monumental jump to US\$ 70

billion by 2030, owing to high mobile usage. India's e-commerce order volume increased by 36% in the last quarter of 2020, with the personal care, beauty & wellness (PCB&W) segment being the largest beneficiary. Driven by the beauty and personal care (BPC), India's live commerce market is expected to reach a gross merchandise value (GMV) of US\$ 4-5 billion by 2025.

Huge investments from global players—such as Facebook, which is investing in Reliance Jio—are being recorded in the e-commerce market. Google also reported its first investment worth US\$ 4.5 billion in Jio Platforms. This deal was followed by the purchase of Future Group by Reliance Retail, expanding the presence of the Ambani Group in the e-commerce space. Much of the growth for the industry has been triggered by an increase in internet and smartphone penetration. The number of internet connections in 2021 increased significantly to 830 million, driven by the 'Digital India' programme. Out of the total internet connections, ~55% of connections were in urban areas, of which 97% of connections were wireless.

Online penetration of retail is expected to reach 10.7% by 2024 compared with 4.7% in 2019. Moreover, online shoppers in India are expected to reach 220 million by 2025. According to a report published by IAMAI and Kantar Research, India's internet users are expected to reach 900 million by 2025 from ~622 million internet users in 2020, increasing at a CAGR of 45% until 2025. India's overall smartphone market grew by 7% in 2021 with Samsung capturing the top position with a market share of 17% 2021. The number of smartphone users in India is expected to reach 887.4 million by 2030. India has the highest data consumption rate worldwide at 14.1 GB of data per person a month. By 2025, India will be home to 650 million users who consume short-form videos

The Government of India's policies and regulatory frameworks such as 100% Foreign Direct Investment (FDI) in B2B E-commerce and 100% FDI under automatic route under the marketplace model of B2C E-commerce are expected to further propel growth in the sector. As per the new FDI policy, online entities through foreign investment cannot offer the products which are sold by retailers in which they hold an equity stake. Through its

Digital India campaign, the Government of India is aiming to create a trillion-dollar online economy by 2025. It has formed a new steering committee that will look after the development of a government-based e-commerce platform. The new committee, set up by the Commerce Ministry, will provide oversight on the policy for the Open Network for Digital Commerce (ONDC), which is an e-commerce platform that the government is backing for the development. The ONDC will serve as the infrastructure for setting up the final storefront, which will be similar to Flipkart and Amazon.

When it comes to e-commerce market share in India, fashion and apparel, and groceries are the top-performing sectors in the e-commerce sector in India. These sectors are closely followed by consumer electronics, which is projected to experience a growth of up to 8% by the year 2025.

### **Top 5 E-Commerce Trends in India**

Since the advent of e-Commerce, a huge number of individuals have shopped for goods over the internet. This is due to how quick and simple it is to buy products online. By 2026, the e-commerce sector in

India alone is projected to generate staggering \$200 billion in sales.

❖ **Drop shipping:** Drop shipping has grown to be a very successful concept in the e-commerce industry. In this case, the store only offers the buyer a platform to browse a range of items from various vendors. If a consumer decides to start a purchase, they are either sent to a wholesaler or the corporation directly. A large number of individuals in India now have a platform to purchase goods in large quantities thanks to this trend.

❖ **Chat bots** - The chatbots carry out excellent duties and are highly strategic. The time a consumer must wait for a response from an online website has been reduced. The fact that they are tagged to aid buyers in finding certain goods in a list of more than a thousand makes them even more crucial.

❖ **Mobile Commerce** - The use of mobile phones for transactions and for making purchases of things has greatly risen in recent years. The availability of mobile devices and PCs has increased the amount of shopping done over mobile networks. Since the invention of the smart phone, mobile payments have increased in popularity.

❖ **D2C model** - Most product manufacturers and customers alike prefer

dealing with one another instead of using a middle man. This is because the company ends up increasing the profit margin while the customer gets the product at a much better price. To ensure this in ecommerce, manufacturers are using Direct to client trend, also known as D2C.

❖ **Voice assisted search** - In India, earning money takes up too much of everyone's time. When they go on to the internet, they are either too drained or too lazy to use the search bar to try to discover a certain product. Because of this, voice search usage is predicted to rise by 50% in 2020. On e-commerce websites, voice search has made product searches easier.

### **Scope of E-commerce Boom in India**

According to NASSCOM, India's \$14 billion Indian e-commerce market which started as a niche industry a few years ago has been gaining momentum and shows more than 25 percent growth. With a market share of almost 70%, online travel is now the largest category and is projected to grow. On the strength of social media, which not only offers a mechanism for advertising but also for getting comments, developing brand image, and promoting new releases, e-

commerce is increasing its reach to the general public. Social networking is another tool used by online businesses to keep tabs on new and returning customers. Social media has evolved into a tool for researching customer buying habits and lifestyles.

Consumers have access to a wide range of options thanks to e-commerce, which is being pushed by digitalization and internet penetration in rural areas. The purchasing process has been fundamentally changed by competitive pricing, offers, and efficient delivery in addition to the ease of skipping huge lines. According to NASSCOM, India's e-commerce market is forecasted to cross a whopping \$200 billion by 2030 due to increased analytics, transactions, and internet penetration.

Consumer demand is being revived by e-commerce, which is also accelerating expansion in India's retail sector. A more value-added pricing approach is now the main focus. The most popular categories among the fastest expanding domestic segments are travel and lodging, airline and train tickets, and goods connected to leisure and entertainment. The "e-tail" market's cutting-edge business concepts draw more loyal customers. Even

though the e-commerce sector has grown significantly, a sizable section of the public is still unaware of its advantages. For e-tailers, this provides a significant untapped market.

### FUTURE PERSPECTIVE OF E-COMMERCE IN INDIA

India's Internet business sector is rapidly expanding. Indian online users may still number just 400 million, which is a small number compared to developed nations across the world, but they are steadily growing. Indian e-commerce is expanding quickly because to widespread internet use and the accessibility of smart phones. Furthermore, India's e-commerce industry is expanding due to favorable demographics and government efforts to digitize. One of India's fastest-growing industries at the

moment is retail, and this trend is predicted to continue.

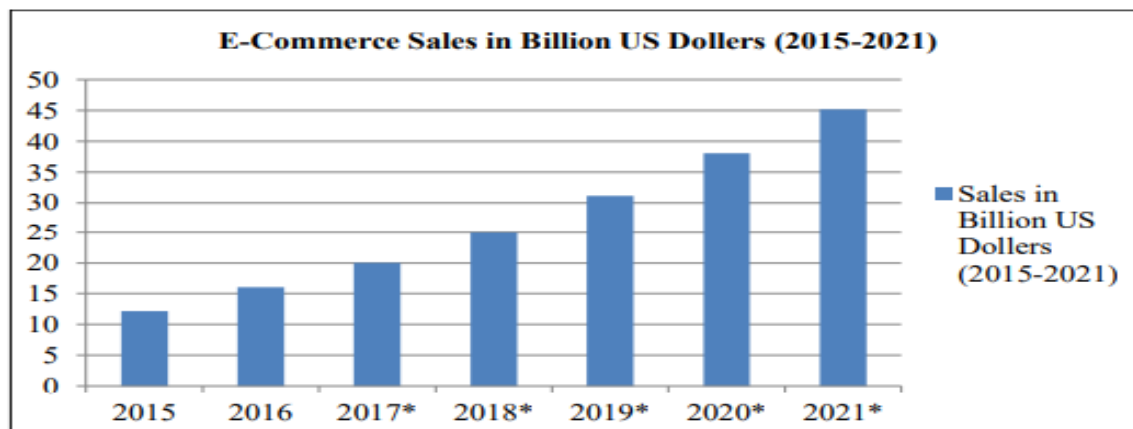
Table 1 and Graph 1 show the growth of ecommerce sales from 2015 to 2021.

Table 1

Years	E-Commerce Sales in Billion US Dollars (2015-2021)
2015	12.19
2016	16.08
2017*	20.01
2018*	24.94
2019*	31.19
2020*	38.09
2021*	45.17

Source: (Statista, 2017)

Graph 1



Source: (Statista, 2017)

According to estimates, the online grocery segment, which is currently hovering around just \$2 billion, is expected to rise to \$29 billion by the year 2024. This is due to more people opting to shop for groceries online, thanks to reputable companies entering the niche. It wouldn't be wrong to say that e-commerce has significantly impacted the Indian economy. This progress is owed to a noted increase in online sales which has played a significant role in fueling the economy that has been hit by COVID19.

The growth of e-business in India will also help the country become a major force in the e-business space with an estimated growth potential that will be just shy of \$100 billion by the year 2024.

### **CHALLENGES OF ECOMMERCE IN INDIA**

For developing nations like India to take advantage of rising incomes and trade flows in the e-commerce industry, they must overcome a number of obstacles. The reasons for this include the necessity to address a variety of legal, technological, and global governance issues.

❖ **Personalization** - When it comes to the country's expanding e-commerce industry and its fierce competition with traditional retail outlets, it is unquestionably one of the most significant issues for the suppliers. Many customers still like brick-and-mortar establishments where they can personally inspect the items before purchasing in developing nations like India.

❖ **Challenges of Shipping** - The difficulties of shipping continue to be a problem even when you have a fantastic e-commerce website design and a big number of consumers. Lack of supply chain integration, delivery delays, and improper courier services are all significant problems, particularly in rural regions. This results in the frustration of the customers and hence a major challenge.

❖ **Currency Challenge** - Another significant issue that e-commerce enterprises encounter is the currency dilemma. Different nations have unique export and import requirements. Thus, problems with credit card restrictions and currency exchange rates have a detrimental impact on the eCommerce industry and hamper the efficiency of all online buying.

❖ **Refund Issues** - One of the main challenges facing Indian e-commerce



companies is the refund issue. The scenario of return happens if the purchased item does not meet the specifications, is defective, or has any other problem. However, the reimbursement in these situations takes a long time, which puts the customers at a disadvantage.

❖ **Lack of Trust** - Another problem affecting Indian e-commerce companies is trust, which includes assurances of quality products, guarantees of refunds and returns for defective goods, and faith in the confidentiality of personal information.

## CONCLUSION

E-commerce is seeing a lot of new developments. Since e-commerce unifies everything, innovation and people are always evolving, thus we will always be looking toward the future. The ease of online buying has increased. India's e-commerce sector is expanding quickly despite several obstacles. The e-commerce sector is now one of India's fastest expanding businesses. By 2021, it's anticipated that ecommerce sales will increase by approximately four times what they did in 2015. The rise in smart phone and internet users, 3G/4G internet

connections, public awareness of digitalization initiatives, enhanced shipping and payment options, the arrival of international e-business operators, etc. are all contributing factors to this extraordinary expansion in e-commerce. Government should take action to provide a suitable legislative framework so that barriers to e-commerce growth are kept to a minimal.

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