



International Journal of Advanced Academic Studies

E-ISSN: 2706-8927

P-ISSN: 2706-8919

www.allstudyjournal.com

IJAAS 2022; 4(1): 251-254

Received: 13-11-2021

Accepted: 16-12-2021

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E-commerce: Analysis of emerged challenges and opportunities at the time of the pandemic

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Abstract

E-Commerce has seen remarkable growth in the last few years. From being a buzzword to the current day reality it has crossed the miles to achieve. E-Commerce has become a key driver for economic growth in this pandemic time not only for the developed country but also for the underdeveloped country. It has covered the phenomenal rise by taking into account the win-win situation for buyers as well as sellers. Our study attempts to analyse the emerged challenges and opportunities at the time of the pandemic. The E-commerce industry is the collection of numerous elements i.e. technologies, infrastructure, key business operations, policy etc. that work together as smooth as possible to provide the maximum benefits to customers and stakeholders. E-Commerce needs new skills to improve the quality in this dynamic environment so is the new and better technology coming each passing day. Survey has been conducted on 100 respondents to analyze their experiences, opportunities and challenges across the various dimension of E-commerce. Also, secondary data is used to analyze the concept deeply. E-commerce has emerged as an important part of the far-reaching changes that are taking place in the spheres of Information and communication technology (ICT). The paper also highlights key issues. The paper concludes that in years to come e-commerce will not only be an acceptable mode of commerce but also a preferred mode of commerce subject to the condition that government make strict laws to secure e-commerce transactions. E-commerce is discovered in the pandemic by its full potential. A phenomenon like E-commerce needs to be understood since with such unique features it can take various shapes but will not die down which was observed in the last few years trend. The effort in this paper is to analyze the drivers and challenges being faced by e-commerce in India and analyze the emerged challenges and opportunities based on primary and secondary data.

Keywords: E-commerce. pandemic, opportunities, challenges

Introductions

In the modern era of ICT (Information and Communication Technology), it is the necessity of any business to use telecommunication networks, particularly the Internet in their business activities. This emerging business sector is called 'E- Commerce'. E-commerce is a Business of clicks with no bricks. According to Vladimir Zwass, Electronic commerce is sharing business information, maintaining business relationships and conducting business transactions employing telecommunications networks. E-commerce sales have seen fluctuations in this pandemic at its highest point. According to Census India the total of 402 million workers, 275 million are males and 127 million females. This would mean that 51.7 per cent of the total males and 25.6 per cent of the total females are workers. This directly acts as a push for the E-commerce market in India as a large population is working for the population. According to India Times, 61 per cent of households in India used the internet in 2021, compared to just 21 per cent in 2017. Over 130 million users came online in 2020 and 2021 from which nearly 80 million came online in 2020 and 43 per cent of them (around 34 million) came online due to the COVID-19 crisis.

The coronavirus (COVID-19) pandemic have a significant influence on e-commerce and online consumer behaviour around the world. As millions of people stayed home in early 2020 to contain the spread of the coronavirus. Digital channels have become the most popular alternative to crowded stores and in-person shopping at the pandemic time and continue. In June 2020, global retail e-commerce traffic stood at a record with demand being exceptionally high for everyday items such as groceries, clothing, and retail items.

The first wave of E-commerce in India was in 1995 when the internet was launched in India. The second wave started in 2006 with online booking, e-retailing and social networking marketing coming are still on the forefront.

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






As the space and scope of the internet are growing up rapidly, it would be correct to say that, we are living in two worlds simultaneously – one is physical or regular and the second is virtual space.

E-commerce stands for electronic commerce which means dealing in goods and services through electronic media. It has been made possible by globalization and evolving technology, e-commerce represents the edge of heightened business activity. In general, Electronic commerce is the activity of buying and selling goods and services across electronic platforms. Electronic commerce draws on many technologies such as mobile commerce, electronic funds transfer, supply, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems.

E-commerce is the broad term used for the process of buying and selling physical goods over the internet. The visible segments of the e-commerce market are business-to-business (B2B) and business-to-consumer (B2C). When goods are purchased and sold online between two businesses, it is called B2B commerce. When online transactions take place between a business and consumer, B2C commerce is the term that best describes the process.

E-commerce at present is heavily leaning on the internet and mobile phone. It has especially increased in the last years when there was a complete lockdown in parts of the country.




Table 1: Internet users of top 10 countries in the year 2021

Country or area	Subregion	Region	Internet users	Year
 China	Eastern Asia	Asia	1,010,740,000	2021
 India	Southern Asia	Asia	833,710,000	2021
 United States	Northern America	Americas	312,320,000	2021
 Indonesia	South-eastern Asia	Asia	212,354,070	2020
 Brazil	South America	Americas	160,010,801	2021
 Nigeria	Western Africa	Africa	136,203,231	2020
 Bangladesh	Southern Asia	Asia	129,180,000	2021
 Russia	Eastern Europe	Europe	124,000,000	2021
 Pakistan	Southern Asia	Asia	118,800,000	2021
 Japan	Eastern Asia	Asia	117,400,000	2021

Source: Internet Live Stats website

As per the above estimates, it is evident that in absolute terms India's internet users are short by only 170 million as compared with 1010 million in China and higher than that in the US, Indonesia and Brazil.

Table 2: Internet users of top 3 countries in the year 2019

Country or area	Subregion	Region	Internet users	Year
 China	Eastern Asia	Asia	854000000.	2019
 India	Southern Asia	Asia	560000000.	2019
 United States	Northern America	Americas	313320000.	2019

Source: Internet Statista website

Comparing data from both the table it is being observed that Internet users from 2019 to 2021 is increased in the

countries. China's internet users are increased by 84.94% where Indian users are increased by 67.16% and the US increased internet users are 100.32%.

Literature Review

Devendra *et al.*, (2012) defined the term electronic commerce which is buying and selling of products or services over electronic systems such as the internet and other computer networks. Khan and Mahapatra (2009) remarked that technology plays a very vital role in improving the quality of services provided by the business organisation. One of the technologies which brought information revolution in the society is Internet Technology which is rightly termed as the third wave of revolution after the agricultural revolution and industrial revolution. The effects of E-commerce are already appeared in all areas of business, from customer service to new product design. Melody and Robert (2001) also remarked that Internet Technology can provide timely information to customers because of its ability for instant communication. Ahmed (2001) reported that the high flexibility of the internet has made what is popularly called E-commerce which has given a flip in the traditional methods of business. Kaur (2012) observed that E-Commerce is the future of any business or shopping. These technologies will prove to be a catalyst in the growth of E-commerce in upcoming years and internet users would buy more products and buy more frequently online than offline. According to Kulkarni (2013), there's going to be 100-200 million new E-Commerce customers that are going to come to grab in the next few years. Chau (2010) analyzed that some of the potential benefits of adopting E-commerce include more direct and indirect cost savings in communications and marketing greater business exposure and more access to new customers and trading partners.

According to Tran, Lobel Trong Thuy (2021) Lack of trust in goods and their suppliers was one of the primary reasons for people not buying online. The widespread internet penetration and the growing use of computers/tablets/smartphones in the environment have pushed e-commerce growth across countries, including India. E-Commerce has provided new opportunities for consumers, forcing consumers vulnerable to new forms of unfair trade and unethical business. The government's measures to protect consumer rights particularly online consumers are inadequate. Hence, the government enacted the Consumer Protection Act, 2019 and the Consumer Protection (E-commerce) Rules, 2020 and made them effective from July 2020.

Objective of the Study

- To examine the barriers or challenges faced by E-commerce players and perils associated with it after entry of coronavirus in India.
- To examine the opportunities enjoyed by E-commerce players after the entry of covid 19 in India.
- To study customers' behavioural beliefs towards E-commerce.
- To study the future perspective in E-commerce.

Research Methodology

- Our study is descriptive as well as analytical in nature
- We have gone for primary as well as secondary data for concluding the result.

- Survey has been conducted in various dimensions for primary data which are as follows.
- Efficiency
- Security concerns and trust factor
- Responsiveness
- Demographic Profile of respondents

Sample profile (Age-group)

Age	No. of respondents
15-24	100
25-34	
35-45	
Others	

- Data is collected using a structured questionnaire which has 10 questions based on the above-mentioned dimensions. Respondents had to choose any one of the five-point scales which are strongly agree=1, agree=2, neutral=3, disagree=4, strongly disagree=5.
- Secondary data sources like websites, books, articles, journals and company databases have been used.

Analysis of Survey

The Government can do only so much in promoting things, if its people or environment is not conducive. According to E&Y report 2014, the scenario is quite promising, from the viewpoint of the Indian consumers.

- In 2000, the internet user base was 5.5 million, which is expected to increase to 300 million by 2015.
- For online payments, the promising stats is that in 1999, when E-commerce entered India, the number of credit and debit cards was reported to be 4.2 million and 3 million respectively, which is expected to reach 73.7 million and 350.4 million respectively, by 2015.
- Number of online transactions is expected to reach 38 million by 2015 from 3 million in 2007.

And all this when internet penetration in India is as low as 11% as compared to Germany and US where it's 83% and 78% respectively. As internet penetration grows, so will the scope of E-commerce. Some reasons for favourable customer position in the Indian scenario are as follows:

- India's online population is the youngest (39% is in the age group of 25-34 years).
- Annual disposable income per household is expected to grow steadily.
- Increase in the number of payment options, led by Cash on delivery.
- Declining broadband subscription rate, making it affordable for all.
- 3G services that has made internet much faster and likely move towards 4G soon.
- Ever increasing number of "netizens"

Upgraded logistics and payment with increasing focus of the present government to give thrust to the improvement of infrastructure

Challenges Faced

While growth in this sector is still attracting many businesses around the world but some challenges are faced by the E-Commerce industry in the current scenario.

- High rate of return of goods: Online platforms make attractive to their products which increase the expectation of customer and if not satisfied by the product it is returned. The Challenge faced by the e-commerce industry at the time of the pandemic was to deliver the product on or before time so that the mind of the customer does not change in this period.
- The first-time buyer: Large no of the customer was first time user of online purchase product. To retain these first-time buyers was a tough task to achieve. The competition was with offline retailers.
- Security and Legal issues: While doing transactions threats of privacy breach occur for several reasons and cross border tax, the regulatory issue with backend service tax and withholding can have a serious unpleasant effect. Also, various fraud that happened at the time of the pandemic was for online transactions. Example: On the name of the PM CARES fund new account was opened by the name PM CARE. Many people fell victim to it.
- Product and market strategy: E-commerce companies have to focus on expanding new geographies, brands and products, access information on market size and share to remain ahead of their competitors.
- Re-Organizational opportunities: With the growth in this sector, E-commerce companies faced a sudden challenge for which companies keep an eye on identifying acquisition opportunities, fundraising and IPO readiness. Also, address the lack of synergy between business, technology and operational functions of the enterprise.
- Compliance Framework: Many of the laws relating to compliance frameworks are still evolving to which E-commerce companies must comply.
- Lack of smooth Internet connectivity and low internet penetration: In India, the connectivity issue is a major problem due to missing links in supply chain infrastructure and also limiting access to a broader segment of the population today.
- Low trust: People who are categorised in Laggard still find low trust levels on the online platform. The consumer trust deficit is compelling E-commerce companies to rely on Cash on delivery. High dropout rates are on payment gateways and slow adoption of online payments are still in the scenario.
- Learning new skills: Learning new skills in a very short period was the biggest challenge for the organization. The biggest example is in Education Sector which shifted from brick to click. Retaining students for the full class was a task that is still not accomplished.
- Working Capital: Because preferred cash on the delivery amount received by manufacturers gets late so is the problem in working capital is seen in the company.
- Payment gateways have a high failure rate: Because of a huge transaction occurring at the same time payment transaction, fails which make the customer think once again before purchasing and sometimes second thought makes the purchase cancel from the customer side.
- The problem of Internet Access: Many areas in India have slow or no internet transactions which make E-commerce fail.

- Resources: Resources required for E-commerce was required by a large no of people and a large percentage of people were not able to have those resources to go for E-commerce.
- Competition: Due to a variety of benefits offered by the e-commerce industry such as global reach, high profitability, zero initial costs, etc. Many firms are encouraged to undertake e-commerce business. Competition is leading to a decrease in profitability.
- Poor logistics and supply chain: Underdeveloped logistics or complete lockdown was the main hurdle in the development of e-commerce.
- License: Having a license or certificate was made mandatory in corona guidelines for people to transfer goods or services.

Opportunities Enjoyed

- Consumers makeshift to online shopping: The majority proportion makeshift to online shopping because of complete or partial lockdown which increases the market share for e-commerce giants.
- A meaty opportunity for the e-commerce industry: Online meat and fish delivery companies see big potential in the growing consumer appetite for hygienic, home-delivered fresh produce.
- Digital Payment system: Digital payment system has a seamless experience they provide to customers. It has reduced the dependency on cash, fast transfer speed, and the ease of transacting making online payments a preferred option for an individual, group or organization.
- Reduced Currency Maintenance: E-commerce has reduced currency maintenance which leads to saving time as well. People are no more required to stand in a queue to get their money from ATMs.
- Increase in Transport Industries: E-commerce has given a boom to the Transport industry as it was the main source to deliver the product.
- Corruption: In recent years, the governments in India have made efforts to increase their openness and transparency. E-commerce has made it possible. It is being considered an efficient and effective means to improve public transparency and reduce corruption.

Conclusion

The government has proposed changes to the e-commerce rules under Consumer Protection Act to make the framework under which firms operate more precise. While several new provisions are similar to what the Centre searched for social media companies through the IT intermediary rules 2021. Social Commerce is the new future of India in E-commerce. Social Commerce is the subset of E-commerce that involves social media and online media that supports social interaction and users contribute to assist online buying and selling of products and services. It is the use of social networks in the context of e-commerce transactions. Various models Of S-commerce one being video commerce eg Bulbul and Simsim and the second is social network platforms such as Facebook and Instagram. Besides this, there is the concept of social reselling used by Meesho and Shop101. E-commerce has a wide scope in India as many resellers are still unaware of the opportunities by E-commerce. Many small traders are crossing their boundaries and trying to expand their limits. As the cases of

fraud are still a concern for the people there is a need for a body to look upon these cases. Platform available or the better platform should get advertise just like the people are aware of Police and Ambulance number. This way people can get assurance faster.

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