Constraints of E-Commerce Growth

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ABSTRACT
This paper deals with the constraints of e-Commerce and its growth. Author has describe the advantages key drivers, and major constraints of the e-commerce and has cleared its groth through it.

Key words: constraints of e-Commerce.

INTRODUCTION:
The term E-Commerce can be a nebulous one, and can possess different meanings to people and businesses. For example, to some entities, E-Commerce can mean simply having a video conference over the Internet; conducting an online chat session with a customer; simply putting up a website where your products and services are displayed; or just e-mailing a price quote to a potential customer. “The conducting of business communication and transactions over networks and through computers is e business. As most restrictively defined, electronic commerce is the buying and selling of goods and services, and the transfer of funds, through digital communications. Electronic commerce also includes buying and selling over the World-Wide Web and the Internet, electronic funds transfer, smart cards, digital cash, and all other ways of doing business over digital network”

As a symbol of globalization, e-business represents the cutting edge of success in this digital age and it has changed and is still changing the way business is conducted around the world. The commercialization of the Internet has driven electronic commerce to become one of the most capable channels for inter-organizational business processes.

ADVANTAGES OF E-COMMERCE BUSINESS IN INDIA:
There is a rising awareness among the businesses in India about the opportunities offered by e-commerce. Ease of Internet access is the critical factor that will result in rapid adoption of Net commerce. Safe and secure payment modes are fundamental along with the need to invent and popularize innovations such as Mobile Commerce. E-commerce provides a new place for connecting with consumers and conducting transactions. Virtual stores operate 24 hours a day, 7 days a week. Many virtual retailers represent a single company while others, such as Top Online Shopping. E-business is one of the major factors in the globalization of business. Other factors include decreases in trade barriers, globalization of capital markets. Indian e-business has grown at a compounded annual growth rate of 30% since FY09, and is expected to be $18 billion (around Rs 1,116,00 crore) opportunity by FY15.

Customers can do transactions for the product or enquiry about any product/services provided by a company anytime, anywhere from any location.

Key drivers in Indian e-commerce are:
1. Increasing broadband Internet (growing at 20%) and 3G penetration.
2. Rising living standards and a growing, upwardly mobile middle class with high disposable incomes.
3. Availability of much wider product range compared to what is available at brick and mortar retailers.
4. Busy lifestyles, urban traffic congestion and lack of time for offline shopping.
5. Lower prices compared to brick and mortar retail driven by disintermediation and reduced inventory and real estate costs.

6. Increased usage of online classified sites, with more consumers buying and selling second-hand goods.
7. Evolution of the online marketplace model with sites like EBay, Flipkart, Snapdeal, Infibeam, Qnetindia.in and Tradus. The evolution of e-business has come to a full circle with marketplace models taking center stage again.

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**MAJOR CONSTRAINTS OF E–BUSINESS:**

1. **CUSTOMER RETURNS**

Indian customers return much of the commodities they purchase online. E-business in India has many first time buyers. This means that they have not yet made up their mind about what to expect from e-business websites. As a result, buyers sometimes fall prey to hard sell. But by the time the product is actually delivered, they reveal remorse and return the goods. Though consumer remorse is a global problem, but it is all the more prevalent in a country like India, where much of the growth comes from new buyers. Returns are expensive for e-business companies, as reverse logistics presents unique challenges. This becomes all the more complex in crossborder e-business.

2. **CASH ON DELIVERY**

Low credit card access and low trust in online transactions has led to cash on delivery being the preferred payment choice in India. Unlike electronic payments, manual cash collection is painstaking, risky, and expensive.

3. **E–PAYMENT FEAR**

As if the preference for cash on delivery was not bad enough, Indian payment gateways have an unusually high failure rate by global standards. E-business companies using Indian payment gateways are losing out on business, as several customers do not attempt making payment again after a transaction fails.

4. **POOR INTERNET CONNECTIVITY**

Internet penetration in India is still a small fraction of what is there in a number of western countries. On top of that, the quality of connectivity is poor in several regions. But both these problems are on their last legs. The day is not far when connectivity issues would not feature in a list of challenges to e-business in India.
5. SMART PHONE AND APP USAGE
Though the total number of mobile phone users in India is very high, a significant majority still use feature phones, and not smartphones. As a result this consumer group is unable to make e-business purchases on the move. Though India is still a couple of years away from the scales tipping in favor of smartphones, the rapid downward spiral in the price of entry-level smartphones is an encouraging indication. That should stimulate growth in smartphone ownership. As a result E-Business market will also rise further.

6. SECURITY
Security continues to be a problem for online businesses. Customers have to feel confident about the integrity of e-dealers and the payment process before they commit to the purchase. There are risks of hackings and cybercrimes too. Fake websites and online frauds are the worst thing that a customer fears of while making online purchase.

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

8. SYSTEM SCALABILITY:
A business develops an interactive interface with customers via a website. After a while, statistical analysis determines whether visitors to the site are one-time or recurring customers. If the company's website is overflown with the customer, website performance is bound to experience degradation, slow down, and eventually loss of customers. To stop this problem from happening, a website must be scalable, or upgradable on a regular basis.

9. E-BRAND LOYALTY
So far, success stories in e-commerce have forced large business with deep pockets and good funding. According to a report, small retailers that go head-to-head with e-commerce giants are fighting losing battle. As in the brick-and-mortar environment, they simply cannot compete on price or product offering. Brand loyalty is related to this issue, which is supposed to be less important for online firms. Brands are expected to lower search costs, build trust, and communicate quality. However, consolidation of meaningful exchanges with integration of law, system management, data security, quality product and reasonable price offerings can help in generating e-brand loyalty. For example a search engine can come up with the best music deals, yet consumers continue to flock to trusted entities such as HMV, same way huge discount offerings on branded products arises a doubt about the product integrity because IF IT APPEARS TOO GOOD TO BE TRUE, IT PROBABLY IS DOUBTABLE AND QUESTIONABLE.

10. INCREASED TRANSACTIONAL COST
On the surface, the electronic marketplace seems to be a perfect market, where worldwidesellers and buyers share and trade without intermediaries. However, a closer look indicates that new types of intermediaries are essential to e-commerce. They include electronic malls that guarantee legitimacy of transactions. All these intermediaries add to transaction costs.

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

12. FEEL AND BUY MENTALITY
E-commerce has limited range of products and services to deal with like electronic gadgets or banking services etc. While
purchasing many products the customer wants to feel the touch of the products. Hence he prefers the traditional commerce to purchase such products. Imagine a website called furniture.com or living.com, where venture capitalists are investing millions in selling home furnishings online. In the case of a sofa, you would want to sit on it, feel the texture of the fabric etc. Beside the sofa test, online furniture stores face costly returns which make the product harder to sell online.

13. CORPORATE VULNERABILITY
The availability of product details, catalogs, and other information about a business through its website makes it vulnerable to access by the competition. The idea of extracting business intelligence from the website is called web framing. Copying of Corporate ideas, promotional schemes etc reduces the profitability arising out of such promotional offers.

14. DIGITAL INFRASTRUCTURE
Many stories unfolded in recent years about successful executives in established firms leaving for Internet start-ups, only to find out that their get-rich dream with a dot.com was just that – a dream. Companies have to pay a huge amount on building and maintenance of websites and hire technical staff for its constant service providing that increases the cost of service deliverance notably.

15. PROXIMITY OF TRADITIONAL DEALERS
In India vast population lives in the metros, cities, towns and nearly 60,000 villages that are densely populated, they do not live in deeps as in western countries where people have to travel a lot to do the shopping in malls. Majority of the goods and services they need are at their door steps. Hence they don’t feel it necessary to purchase them through internet.

CONCLUSION:
A developing country can be rationalized and mechanized if it introduces e-commerce effectively and efficiently. It will enhance its output and gives competitive advantage. Information Technology (IT) has boosted e-commerce worldwide. India possesses a high potential and growth for the ever developing and fast growing e-business environment, just because Indian customers sometimes blindly believe the foreign brands and makes it does not mean that they have to be taken for granted. If a company wants to survive for a long term in e-business in India they must consider the following points:

1. The company should to maintain quality and need to offer good quality product.
2. After sale services should be improved
3. Return and replacement policy of the company should be made more easy and customer friendly
4. Technical update of website should be done with lowered cost so that on the times of high inflow of customers on specific dates business should not be lost on account of site crashing and hang up
5. Delivery and Logistics should be improved
6. Apps should be in localized languages so that it’s easy to understand by a vernacular person
7. Customers should be made aware of Cyber Laws and Identity theft
8. Fake websites and emails being received in the name of companies to ignorant customers should be controlled and seriously dealt with.

References: