

Growing inclination towards online transaction-A quantitative methodology

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ABSTRACT: E-Commerce is also named as electronic commerce. It mainly deals with selling and buying services and products via electronic channels. Now-a-days e-shopping is increasing rapidly. It is very easy to use for customer with exciting benefits. It becomes essential for all the countries of the world. Many opportunities are discovered by e-business and education also. From the last few years, E-commerce has tremendously grown in national and international aspect. It gives fast services in suitable way of exchanging goods and services as compared to traditional enterprises. It benefits the customer of lower prices with quality services. Along with lot of benefits, there are some challenges also that are faced by both customer and companies. This paper includes the study of e-commerce statistical analysis towards online transaction and its challenges with their proposed solutions.

Key Words: E-commerce; trust; customer loyalty; e-commerce security; retailing; digital penetration.

1. INTRODUCTION

Yoon & Ocea (2015) with the introduction of internet in commercial activities has made the performance of such activities extremely effective. E-commerce has transformed the way of communication between enterprise, consumers and governments with the smooth flow of information between stakeholders with high level security; it has been feasible for stakeholders to improve the performance of small as well as large business. UNCTAD (2015) e-commerce offers up-to-date progress report of flow of physical products but it also offers immediate delivery of digital products like e-books, data transfer etc. It has also reduced the cost of dealing. In addition to product delivery process, it also had added the value by providing different types of skill based services.

E-commerce offers employment opportunities. E-commerce offers jobs like delivery requirement, traffic handling in web etc. Although e-commerce offers job in large and medium level cities but still it is offering a good number of jobs. Ray (2011) in the era of globalization, e-commerce has changed the way of dealing around the world. With the development of internet and easy access to internet services around the world it had brought a major difference between the traditional business and e-business. Rina (2016) E-commerce does not mean only buying and selling of products. Using internet, it has become much wider by including marketing, process development, delivering, making and receiving payments of goods and services.

Ka Math (2017) GST will also benefit e-commerce. Researchers believe GST will eliminate issues in supply chain. It will minimize the documentation required in shipment and return of goods. It will reduce black marketing as all online transactions are easy to monitor. Efficiency in supply chain is must for fast delivery and role of GST would be beneficial. The development of cashless transaction culture and e-commerce usage that will support development of the economy and the study of involvement of different stakeholders in the process of e-commerce.

2. RESEARCH METHODOLOGY

This research study focuses mainly secondary data, which are journals and formal reports. Recent academic journals were selected, ranging from the year 2002 to 2018. The databases used are from IEEE and ScienceDirect. In this research, relevant articles are referred from Google Scholar. The contents of these papers were browsed and then gathered. No new framework or model was composed from this study.

3. DIGITAL PENETRATION IN INDIA

In India, mobile phone penetration rate is expanding over years, with the expanding use of internet and digitalization; it is therefore expected to have smart phones with good internet connection. With the increment of role of digitization in India and its high contribution make incredible growth in e-commerce share in retail sale. With the increment of mobile phones and great connectivity of internet, expansion of online business had a great impact on the Indian economy. Availability of huge number of smartphones, electrical

appliances and its positive impacts have guided towards such an expanding trend. The increment in digital penetration increases the growth of e-commerce market in India.

4. RETAIL SALES WORLDWIDE

Global retail market from 2017 to 2023 is forecasted in the figure below. This analysis on spending of consumers over the period reflects the uncertainty in economic growth and on economic slowdown across many parts of the world. China’s economy, which has been performing very well in the past decade, has seen downfall in GDP growth. Europe has faced hamper in several areas in GDP growth and even consumer economy of USA is not progressive in this period.

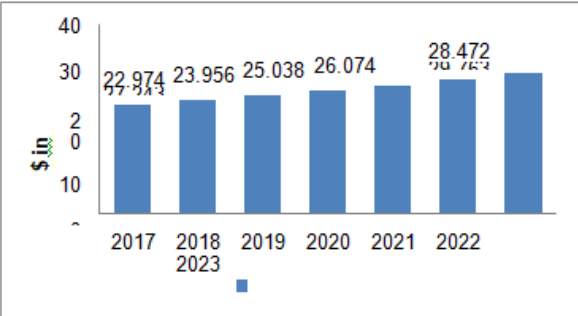


Figure1. TOTAL RETAIL SALES WORLD WIDE

5. GLOBAL ECOMMERCE FORECAST

In the middle of declining momentum, it is determined that global ecommerce will gain 22.9% in 2018 to \$2.928 trillion. Even with strong growth rate, it is declining from the previous year’s where growth rates were 28.0% in 2017. By 2021, it is expected that global ecommerce will touch \$5 trillion, though growth rate will be less than 20% in the starting of 2020.

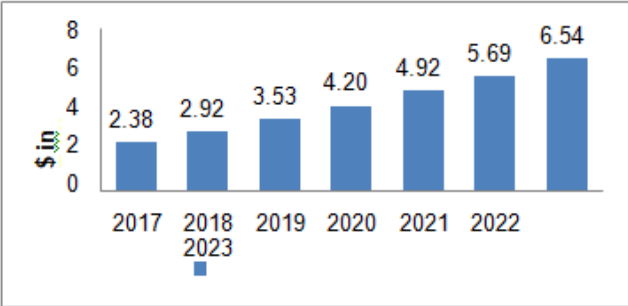


Figure2. RETAIL ECOMMERCE SALES WORLD WIDE

Even the hot consumer economy of China faces slowdown; Asia will still be the leader of global ecommerce in 2019. It is expected that this region will have the growth rate of 25.0% with \$2.271 trillion, which is 64.3% of global ecommerce spending. Middle East/Africa and Latin America will experience slightly above global average with 21.3% growth rate while North America and Western Europe will have slow progress and will fall behind others.

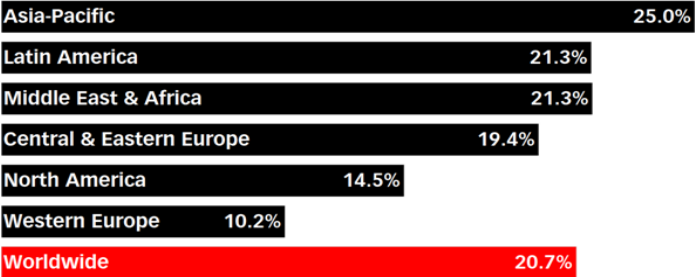


Figure3. RETAIL ECOMMERCE SALES GROWTH WORLDWIDE BY REGION 2018 (%CHANGE)

Among the top-most growing e-commerce countries in 2018, six come from the Asia Pacific region led by the India and the Philippines with growth rate of more than 30%, leaving behind China, Malaysia, Indonesia and South Korea. Latin America is on top among the fast growing overall e-commerce market with Mexico at 35.0% and includes Argentina at No. 8 spot. Even mature region like North America (Canada with growth rate of 21.1 %) and Europe (Russia with growth rate of 18.7%) get spot in top 10 e-commerce countries.

6. E-COMMERCE TOP GLOBAL MARKETS

In 2019, China would be leader of e-commerce market with \$1.935 trillion sales, more than 3 times greater than US, which is at no. 2 having \$586.92 billion. One thing is important here that China surpassed USA in 2013 in e-commerce sales first time. After that China has widened its share quickly. China occupies 54.7% global e-commerce market share, which is nearly twice of combined share of next 5 countries. As China widened its market, global e-commerce market also widened.

Canada which has advanced internet market will have strong growth rates. Although Canada has mature digital market, e-commerce lagged traditionally market because of logistical inefficiencies. E-commerce distribution centers and deliveries are cost prohibitive because of geographically dispersed population from Eastern border to western border. Recent improvement has accelerated, which helps in shifting of spending online.

India is growing faster in e-commerce market among top 10, which will grow by 31.9% to reach \$46.05 billion in sales in coming year. India is top most economies in the world, still e-commerce market is in development stage because large proportion of India's population is among low income group and India is still in the development stage of infrastructure which is required for delivery and payments support.

7. CHALLENGES

Absence of identification of genuine customer Whenever, a visitor visits an e-commerce portal and signs up. The portal is not aware whether the information provided by visitor is genuine or not. Cash on delivery by using fake addresses and phone number can lead to loss to the website companies.

Offering Omni channel customer options

With the huge competition, competitors use Omni channels to access the customers. Customers may visit your official website, contact, leave a note on social media page, shop from online store or contact the company through IVR or live chat. Any business that is not opting Omni channel can leave behind from its competitors. Always being active in Omni channel is very challenging.

Return or Replacement

Most of the products sold by e-commerce companies are offered with return or replacement policy with full refund. E-commerce companies put the condition of being un-tempered and un-used but many products lose its true value as soon as it is opened e.g. mobile phones. E-commerce has suffered losses in case such products are replaced or returned.

Trust

Zhang (2012) one of the biggest challenges in e-commerce is lack of trust. Buyers and sellers are unknown to each other. Goods and services cannot be verified immediately. In traditional methods of selling, customers buy the product because of trust upon known seller or immediate solution of problem by the seller. In case of un-verified products, it will waste lots of time and money involved in shipment of products.

Maintaining Customer loyalty

Gefen (2002) The biggest issue in e-commerce is that customer and seller do not know each other. So customer is always suspicious whether he will be provided genuine product or not as well as he will get his product or not. Such issues are not faced in offline business as buyer and seller are known to each other. Many cases have been there when the customer gets fake product, or products are missing. E-commerce companies have to accept these challenges and get ready to maintain its loyalty.

E-commerce Security

Chatterjee (2015) in online transactions both the buyer and the seller share a lot of important information like details of bank, details of products and usage etc. By using such information, a person can easily access to the financial data of buyer and sellers. If such information is leaked, it can create disaster to buyer as well as seller. In addition to this, Matbouli & Gao (2012) making sure that only authorized person is allowed to login in the system. The information shared by parties is confidential. Software system and hardware equipment's should be working properly. Break-down of software and hardware system is one of the biggest challenges for e-commerce.

8. PROPOSED SOLUTIONS Verifying customer's information

In case of non-genuine/fake customers, problem can be solved by multi step verifications of customer information. Identifying fake numbers by OTP, checking of city with zip code in state, verifications calls to verify address, KYC are measures to check the fake address.

Identifying key Omni channels to reach customers

Finding out which channels are most important to the customer, support staff should contact customers via their preferred channels, phone, e-mails at the preferred time. Identifying which class of customers prefers which channel can help to identify the key channels to approach customers.

Accepting Return and Replace

Return and Replace policy causes loss to the company, but company should happily accept as customers always check return policy for costly and durable products. By accepting returns, customer base is made strong. Return should be hassle-free and in addition to minimize the returns, shipping should be made with safe package and shipment.

Trust Solutions

Noor et al. (2014) biggest issue that e-commerce faces, is the issue of trust. Big populations, who like to buy offline, avoid online purchasing because of trust issue. Whether, the product is genuine or not, whether product value is genuine or not, whether information shared by buyer is confidential or not, such queries force to avoid online purchasing. Even, person buying through e-commerce trusts upon limited products.

Meskaran & Ismail (2012) Companies should build the trust. Companies should be transparent. Through transparency, companies can create trust among buyers, who are selling products, how quickly can they cancel the order, how long does it take for a refund. Company should show that it is trustworthy. Show the genuineness of product with authorized dealer seal. Be easily reachable to the customers. Prefer products those are easy to return and get refunds.

Loyalty Solution

Customer loyalty depends upon the better quality and services. Company should maintain the consumer's trust for maintaining their e-business. Online service should be tangible. It should have responsiveness, assurance and reliability along with empathy to increase the customer trust.

Security Solution

Ladan (2014) security measures are most important characteristics of e-commerce. If dealing on an e-commerce portal is secured, only then customers will buy through them. There should be security measures at every level. Application of high level security in e-commerce is must. Consumers should be educated about e-commerce security steps. Use of Secure Socket Layer (SSL) can ensure data integrity, authentication, confidentiality and non-repudiation. PIN (Personal Identification Number) can be used to confirm the orders. Personal firewall protection could be used.

9. CONCLUSION

E-commerce has opened a big market for businesses. It has generated employment opportunity; reduce the selling cost and benefit the consumers by competitive price, but e-commerce has to face many challenges like security issues, trust issues. As e-commerce is expanding rapidly, it is important to consider the issues and challenges of e-business and work on its proposed solutions.

E-commerce companies must be prepared for challenges and strive for growth at every stage of their business. Efforts should be made to minimize the risk of stolen data. If business overcomes the issues of cyber securities and data leakage; it can grab the opportunities of growing demands and cost benefits.

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