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## E-Commerce: Recent Trends and the Road Ahead

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### ABSTRACT

E-commerce provides multiple benefits to the consumers in form of availability of goods at lower cost, wider choice and saves time. Many companies, organizations, and communities in India are doing business using E-commerce. E-commerce is showing tremendous business growth in India. Increasing internet users have added to its growth. National e-commerce policy is expected to be a game-changer that will shape the future of e-commerce in the country. The aim of this paper is to compare the offline and online methods of business, to analyse the factors affecting the growth of e-commerce industry in India, to evaluate the government initiatives to promote e-commerce and to suggest steps necessary for future development of e-commerce sector in India.

**Keywords :** e-commerce, retail, online, business, market, analysis

### 1. INTRODUCTION

India's e-commerce sector has transformed the way business is done in India and has opened various segments of commerce ranging from business-to-business (B2B), direct-to consumer (D2C), consumer-to-consumer (C2C) and consumer-to-business (C2B). Major segments such as D2C and B2B have experienced immense growth in recent years.

The world of electronic commerce (e-commerce) is rapidly evolving, and India is no exception to this digital transformation. As the Indian e-commerce landscape continues to expand, the need for a comprehensive regulatory framework becomes imperative. Electronic commerce has emerged as a potent force propelling India's economic growth and development. Market estimates project that the Indian e-commerce industry will reach a valuation of USD\$99 billion by 2024, with projections soaring to an impressive USD\$300 billion by 2030.

This rapid growth has encouraged conventional retailers to re-evaluate their marketing plans in order to maintain competitiveness in a market world that is increasingly moving towards the digital era. The changes have prompted conventional retail to immediately push omnichannel which integrates the shopping experience online and offline. This encourages retailers not to focus too much on physical stores, but to continue to develop a strong digital presence to meet increasingly changing consumer expectations. So, growth e-commerce what has happened has created new habits regarding consumer spending habits and can shape the future of the retail industry (Ratchford, Soysal, Zentner, & Gauri, 2022).

Move to e-commerce have a significant impact on employment opportunities in the retail sector. Research conducted by Shankar et al., (2021) projecting significant changes in the required skills and occupational structure in the retail sector. Changes in skills are expected to continue to increase by 50% until 2025 (L. Li, 2022)

Customers have to decide the channel which best suits them to satisfy their shopping needs. As online shopping is growing enormously, what will be the future of it? What new technological changes are waiting to satisfy the ever-growing customers?

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## 2. LITERATURE REVIEW

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The e-commerce market in India is dominated by key players such as Flipkart, Amazon, and Reliance Retail's JioMart. These platforms have revolutionized retail through innovative business models, extensive product offerings, and competitive pricing strategies (NASSCOM, 2022).

Traditional retail in India has a rich historical legacy deeply rooted in local markets, bazaars, and small-scale establishments. These traditional markets have been the cornerstone of Indian commerce for centuries, embodying cultural diversity and community-centric trade practices (Chakraborty, 2018).

Kirana stores, for instance, play a vital role in fulfilling the daily needs of consumers and often establish strong relationships built on trust and familiarity (KPMG, 2022).

The traditional retail sector faces numerous challenges amidst the rise of e-commerce. Challenges include limited access to technology, inventory management complexities, and competition from larger e-commerce entities offering competitive pricing and convenience (Kaur & Singh, 2022).

The advent of e-commerce in India has precipitated notable shifts in consumer behaviour. A survey conducted by McKinsey revealed that nearly 70% of urban consumers are now engaging in online shopping, citing convenience and competitive pricing as primary motivators (McKinsey, 2020).

Traditional retailers are grappling with various challenges stemming from the e-commerce surge. These challenges include inventory management complexities, the need to adopt digital payment systems, and the requirement to enhance the in-store shopping experience to compete with the convenience of online shopping (Chaudhuri, 2018).

While traditional retailers initially faced challenges in adopting technology, there has been a gradual shift towards embracing digital tools to remain competitive. Many local stores are now leveraging digital platforms for inventory management, customer engagement through social media, and offering online ordering and delivery services (Kumar & Tandon, 2023).

The integration of technology has spurred innovation within traditional markets. For instance, local kirana stores are exploring collaborations with e-commerce platforms or adopting app-based ordering systems to cater to changing consumer preferences (Narayan & Patil, 2024).

**Raymond R. Burke, (June 2018)**, asserts that, innovations will continue and consumers expectations will continue to change. Increase in the level of consumer education and knowledge of technology will definitely increase in technology adoption by consumers. However, retailers must adopt technologies cautiously to create a solution to consumer's problems rather than just technical innovation.

**Fei Gao and Xuanming Su, (August 2017)** insists that offline sales is not suitable for all types of products and it is not wise to implement online sales for the products that sells well in offline stores. Though customers get information about products online, customer satisfaction is attained only in offline store transaction.

**Dr. S. Vinoth and Dr. D. Dilip, (August 2018)** reveals in the research that the customers are neutrally satisfied over online purchases and online shopping significantly influences customer satisfaction.

Rapid growth e-commerce, does not eliminate the important role of conventional retail in the shopping ecosystem. **Lindiawatie et al., (2024)** explain purchases regularly online has several risks, making some people still choose to shop online offline or come directly to the shop. By shopping directly in the store, the purchase of certain products can be seen directly by consumers and products that require touch can be felt directly by consumers rather than when shopping online.

### 3. OBJECTIVES

1. To compare the offline and online methods of business.
2. To analyze the recent developments in Indian e-commerce sector.
3. To evaluate the government initiatives to promote e-commerce in India.
4. To analyze the factors effecting the growth of e-commerce industry in India.
5. To conduct SWOT Analysis considering present scenario of e-commerce in India.
6. To explore the future developments of e-commerce in the digitalization era.

### 4. RESEARCH METHODOLOGY

Considering the nature of the research, this research paper is based on the secondary data of national and international journals, government reports, company reports, articles, books, newspapers and magazines, covering the wide collection of academic literature on e-commerce in Indian context. Considering the research objectives, we have used descriptive research design to ensure rigorous analysis of research study. Available secondary data was extensively used for academic purpose only. Scope of the paper is limited to Indian retailing scenario. This study is done to present the information about the present scenario of e-commerce considering certain parameters. This study compares the offline and online methods of business and analyses various factors effecting the growth of e-commerce in addition to evaluation of government initiatives to promote the e-commerce in India.

### 5. DATA ANALYSIS

#### 5.1 Comparison between Offline Retail and Online Retail

Point of Differences	Offline Retail	Online Retail
Initial Investment	Higher setup and running cost	Requires less initial investment and operating expenses are minimal
Time	Time consuming as it involves physical reach out for the stores	Time saving as shopping can be done in one click using internet
Market Coverage	Limited coverage as it attracts only consumers locally	International coverage and instant access to passing trade
Convenience	Less convenient as time of operation of stores is limited	More convenient as shopping is possible at any time
Tangibility	Customers always can see, touch, smell, feel and try the products	Highly intangible as product cannot be touched, felt and smelt
Customer Experience	More satisfied experience	Partially satisfied experience

<b>Reliability</b>	Highly reliable as trust is placed on the shopkeeper	Unreliable about the quality and delivery
<b>Bargaining power of Customers</b>	Always possible	Impossible
<b>Variety of products or services</b>	Limited varieties of brands, colours and sizes	Unlimited choices from local to international
<b>Price</b>	Flexible as prone to discounts and bargains and higher prices due to higher operating costs	Fixed price and cheaper as operating costs are less

### 5.2 Recent Trends in Indian e-commerce sector

- Large percentage of population subscribed to broadband Internet and recent introduction of 5G across the country.
- Rising standards of living as result of fast decline in poverty rate.
- Evolution of Million-Dollar startup like myntra.com, Saavn, Makemytrip, Bookmyshow, Zomato, Swiggy Etc.
- In January 2022, Walmart invited Indian sellers to join its US marketplace with the aim of exporting US\$ 10 billion from India each year by 2027.
- In February 2022, Amazon India launched the One District One product (ODOP) bazaar on its platform to support MSMEs.
- In June 2023, Amazon India launched its new and affordable Amazon Prime Lite membership plan for shoppers in the country.
- In July 2023, the post office departments of Canada and India recently entered into an agreement, which is aimed at facilitating e commerce exports and establishing an International Tracked Packet Service (ITPS) between the two countries.
- Amazon CEO announced that the company is committed to investing US\$ 26 billion in India by 2030, out of which US\$ 11 billion has already been invested.

### 5.3 Government Initiatives to promote E-commerce in India

- Under the Digital India program, the Government launched various initiatives like Umang, Start-up India Portal, Bharat Interface for Money (BHIM) etc. to boost digitization.
- Government e-Marketplace (GeM) is an online platform for public procurement in India
- In July 2020, the Ministry of Consumer Affairs notified the Consumer Protection (e commerce) Rules 2020 with the intent of preventing unfair trade practices in e-commerce.
- In October 2020, the government mandated foreign companies operating e-commerce platforms in India to have PAN.
- The Indian Government hiked the limit of FDI in the E-commerce marketplace model to up to 100% (in B2B models).
- Investment in 5G technology will help boost E-commerce in India.
- The government of India aims to establish a trillion-dollar digital economy.

#### 5.4 SWOT Analysis

<b>Strength</b>	<ul style="list-style-type: none"> <li>• Adoption of innovative technologies including Artificial Intelligence</li> <li>• Effective integration of Omnichannel</li> <li>• Live streaming &amp; interactive platform</li> <li>• Operational cost efficiency</li> <li>• Wider market reach</li> </ul>
<b>Weakness</b>	<ul style="list-style-type: none"> <li>• High investment costs for digitalization</li> <li>• Difficulty in maintaining consistency between channels</li> <li>• Limitations of physical experience in e-commerce</li> <li>• Lack of direct consumer perspective</li> </ul>
<b>Opportunity</b>	<ul style="list-style-type: none"> <li>• Continuous market growth in e-commerce sector</li> <li>• Sustainable technology development</li> <li>• Collaboration with social media influencers</li> <li>• Personalize data-driven services</li> </ul>
<b>Threat</b>	<ul style="list-style-type: none"> <li>• Dependence on technology partners</li> <li>• Socio-economic impact on traditional retailing</li> <li>• Data security and privacy</li> </ul>

#### 6. FINDINGS AND CONCLUSION

1. The Indian e-commerce industry has significantly grown over the past decade, driven by increasing internet penetration and favourable government policies.
2. The Indian E-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second-largest E-commerce market in the world by 2034.
3. E-stores and retail stores both retail formats will survive i.e. coexistence of offline and online retailers in the Indian market.
4. Offline retailers should adopt new technologies to create the positive impact in the minds of customer.
5. Artificial Intelligence and omnichannel strategies are the main forces of increasing competitiveness.
6. Shopping experience, and customer care services are the key factors in both formats of business.
7. E-commerce in India is destined to grow both in revenue and geographic reach.
8. A pivotal concern is data governance and privacy.
9. National e-commerce policy aims for inclusive growth in the digital space and in the e-commerce sector along with make in India and Digital India programmes.
10. Improvement in net banking facilities and reduction in cash transactions have created wide opportunities for e-commerce sector in India.

11. Consumer protection laws dictate fair business practices, return and refund policies, and how companies address customer complaints.

## 7. RECOMMENDATIONS

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1. National e-commerce policy should:
  - provide a unified definition of e-commerce and differentiate it from the broader digital economy, aligning with international norms.
  - re-evaluate data localization requirements balancing domestic needs with international data flows.
  - introduce penalties for consumer protection violations.
  - clearly outline the responsibilities of intermediaries and e-commerce platforms
2. The future of India's retail landscape is poised for further technological integration. Advancements in augmented reality (AR), artificial intelligence (AI), and data analytics are expected to revolutionize the shopping experience.
3. Retailers are expected to converge offline and online channels, offering customers a unified shopping journey..
4. The future of retail will also witness a heightened focus on sustainability and ethical consumerism. Consumers are increasingly inclined towards environmentally friendly products and brands that exhibit social responsibility.
5. SWOT Analysis framework can be used to create effective marketing strategies and these findings can be considered as basis for conducting further research.

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