

**SEMESTER – SEMESTER 2 (B.Com)**

**SUBJECT – E-Commerce**

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**LECTURE NO. - 4**

**Note:** We understand that in this situation of lock down, you may not have access to library books. Hence, if anyone is interested to get a scanned copy of the chapters I am covering, please contact me in Whatsapp at 9163019220 and I will send you the same.

### **Chapter 1 (Introduction to E-Commerce)**

#### **Few Important Terminologies:**

- **Portals** - A web portal is a specially designed website that brings information from diverse sources, like emails, online forums and search engines, together in a uniform way. Usually, each information source gets its dedicated area on the page for displaying information (a portlet); often, the user can configure which ones to display. In simple terms, whenever a user gets connected to internet, a particular website like Google or Yahoo or Bing opens which is the homepage. This homepage is also known as portal or gateways.
- **E-tailer** - Electronic retailing or E-tailing is a retail business involving sale of goods and services through the Internet. The word e-tailer has originated from the word E + (re)tailer
- **Content Provider** - Content provider is one of the essential components in an Android Application and is used to manage access to structured set of data. They encapsulate the data and provide abstraction as well as the mechanism for defining data security. However, content providers are primarily intended to be used by other applications that access the provider using a provider's client object. A content provider allows one app to share data with other applications.
- **Transaction broker** – Websites like Amazon or Flipkart charge a fee from the businesses selling their products and services, but not from customers. Thus, the website works as transaction brokers.

#### **REASONS BEHIND THE SPREAD AND DEVELOPMENT OF E-COMMERCE**

The last decade witnessed a dramatic shift from physical stores to fewer brick-and-mortar locations or a complete switch to online commerce. Today, this trend shows no signs of abating, with Forbes attributing a 23% year-on-year growth rate to ecommerce. Some of the reasons for the rapid development of e-commerce have been enumerated below:

1. **Development in Information Technology and mobile adaptability** – Due to technological development, communication has become very cheap, fast and user friendly. All major brands ensure that their websites are mobile-adaptive—enhancing the customer experience—and more often than not they have native mobile apps to make shopping even easier. More and more web traffic is generated by smartphones and tablets, driving ecommerce sales.

Further, various guideline issued by the government to ensure security of online transaction, including those issued by RBI for secured online payment have also encouraged more and more users to buy things online.

2. **Omnichannel Retailing** - Ecommerce has progressed beyond search engine optimization to other channels of marketing to and interacting with customers. Businesses interact with their customers through their websites, email, social media, and physical stores. This creates multiple channels of purchase, receipt, and exchange of goods, with a prevalence of shopper-friendly shipping and return policies. Customers can purchase online, pick their purchases up at a physical store, return any defective items online, and avail discount offers based on a certain number of referrals. This integrated online and physical experience drives more sales.
3. **Convenience** - Ecommerce promises 24/7 accessibility, 365 days a year, with no downtime for public holidays, closing times, bad weather conditions etc. Customers can shop as and when they like, from where they want. Customers can compare offerings online and read up reviews to see how the product or service fared in the view of like-minded individuals to determine which offer has the best value, all without having to go from one shop to the other.
4. **Individualized Products and Services** - More sophisticated algorithms allow companies to offer more personalized, customer centric recommendations. Lower start-up costs allow more sellers to operate, targeting niche markets with highly customized options, selling more sizes, colors, personalized designs etc. than would be feasible to offer in a physical store. Customers preferences are recognized and the manufacturers try to offer products customized according to their preferences.
5. **Saving in Costs** – Because of technological advancements, the cost of communication between manufacturers, suppliers, distributors and customers have come down drastically. Besides saving in communication cost, the cost of building, hosting and maintaining a website is also low. Fewer need of

employees, cheaper online advertising, etc. have encouraged more businesses to be start e-commerce activities.

### **Hurdles in the development of E-commerce in India**

- **Lack of computer knowledge** - Though India has come a long way in technological advancement and in the development of e-commerce, there still lies a huge section of people who *lack skills to use computers* and are not technologically advanced. Lack of awareness of the technology and its potential benefits are also equally responsible for the poor growth of e-commerce.
- **Lack of Infrastructure** – Poor internet connectivity, especially in rural areas, lack of proper delivery channels in remote villages pose hurdles in the spread of e commerce in every corner of the country.
- **Lack of Confidence** - Many people in India are still hesitant in buying through the internet. Lack of quality products, timely delivery of products as some of them tend to go out of stock, lack of solutions security are still some of the problems people face. People do not understand this new way of buying and selling products, i.e. the services in a digital environment which are available online.
- **Skeptic Attitude** - Though the Internet is continuing to grow at a rapid rate, along with e- commerce transactions, the shoppers are still sceptical about safety and have not been quick to trust sending personal information such as credit card numbers or address over the net.
- **Lack of Skills and Expertise** - Lack of skilled and trained personnel impedes the growth of implementation of IT related e-commerce, especially among small businessmen. The use of the internet for trade requires a complex introduction of servers, browser software and knowledge of web design, hosting, promotion and many more skills. It requires understanding many new things.

The government is also trying hard to overcome these hurdles and have also been successful to a large extent. India has huge potential for e-commerce. The recent acquisition of the Indian e-commerce giant Flipkart by Walmart for \$16 billion, a valuation of over \$20 billion, which is the world's biggest ecommerce deal so far itself speaks of the huge e-commerce potential India has.