

# THE EMERGENCE OF E-COMMERCE IN INDIA: A UNIQUE MARKETING STRATEGY

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## Abstract

E-commerce stands for electronic commerce and pertains to trading in goods and services through the electronic medium. The use of e-commerce has been growing, creating new opportunities for business tycoon to improve current ways of doing business and influencing the development of competitive marketing strategy. This article highlights the narrow usage of the e-commerce concept due to the under estimation of its major benefits. These benefits will be received by those companies which are willing to change their organizations and business processes to fully exploit the opportunities offered by e-commerce. However, electronic commerce describes the buying and selling of products, services, and info through computer networks i.e. internet. The concept of e-commerce includes a broad spectrum of commercial activities, which range from the simple provision on the internet of information or advertising about products and services that remain physical and are ordered, delivered and paid by physical means. The purpose of this paper is to outline the role of supply chain management in success of e-commerce as backend tool. In short, the main focus of this paper is exploring the idea of applying the marketing mix variable, i.e., products, place, price and promotion to e-commerce problems.

**Key Words:** E-commerce, E-commerce drivers, Economic growth, Marketing strategies, Role of supply chain management.

## **Introduction**

Basically, E-commerce is an electronic medium through which the buying and selling of products and services by businesses to their decisive consumers can be done, without using any paper document. E-commerce is simply getting down emerging as a tool that's wont to facilitate manage facilities. The foremost frequent application of e-commerce nowadays is to buy provides and materials on the online from a selected trafficker. The use of e-commerce

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has been growing, creating new opportunities for business men to improve current ways of doing business and influencing the development of competitive marketing strategy. E-commerce is the application of communication and information sharing tools among trading partners on the pursuit of business objectives.

This article highlights the narrow usage of the e-commerce concept due to the under estimation of its major benefits. These benefits will be received by those companies that are willing to change their organizations and business processes to fully exploit the opportunities offered by e-commerce. The main focus of this paper is exploring the idea of applying the marketing mix variables, i.e., products, place, price, and promotion to e-commerce problems. The idea of e-commerce includes a broad time of business activities, that vary from the straightforward provision on the web of information or advertising about products and services that stay physical and area unit ordered, delivered and brought by physical means that (e.g. comparison buying vehicles or houses), to transactions that area unit entirely virtual and involve promoting, advertising, ordering, delivering, buying and servicing products and services entirely over the web (e.g. downloading applications programs or music or video files). This is based on the view that emerging Internet technologies disrupt markets in many ways and that this disruption may impact export dealing. First, the Internet enhances the relative power of buyers, suppliers and intermediaries by bringing down the cost of finding and distributing market related information. Second, the dissemination of information through e-commerce enables more firms to offer substitute goods and services.

### **THE ADVANTAGES OF E-COMMERCE**

Meeting the needs of customers and business imperatives, the digital economy is becoming a truly global. All of the advantages of e-commerce for businesses can be summarized in one statement: e-commerce can increase sales and decrease costs.

Both the new Internet-based companies and the traditional producers of goods and services are transforming their business processes into e-commerce processes in an effort to lower costs, improve customer service, and increase productivity [5]. It is likely that e-commerce will be among the most powerful transmission mechanisms through which technology-induced change will spread across the countries in general.

It also strengthens the commercial competition in many respects. Allowing consumers to shop around the world, and the internet dramatically increases the number of companies in a virtual market. E-Commerce also reduces the transaction costs. The company may reduce the

cost of marketing information management, and provides citations and determine the availability of products through e-commerce, sales support and order-making process. Cisco Systems currently sells almost all of its computer equipment through its website. Since, no customer service representatives are involved in making these sales, Cisco operates very efficiently. Retailers do not need stores or catalogues to display their products, and they can greatly reduce inventories by producing in order.

The benefits of e-commerce extend to the general welfare of society. Electronic retailers also get a tax break. Transactions on the Internet are not subject to sales taxes. Hence, electronic retailers can offer products at lower prices without cutting profit margins, especially in high tax countries. Other instances in the developed countries are the electronic payments of tax refunds for retirement. In addition, welfare support costs less to issue and arrives securely and quickly when transmitted over the Internet. The evident advantages of e-commerce have made it the virtual mall of choice for many consumers. In 2004, consumers spent over US\$100 billion on electronic purchases. That was less than one percent of total consumers' expenditure. However, this trend is what matters. With net sales more than doubled each year, e-commerce is sure to intensify competition in the economy tomorrow (Schiller 2006). Studying the elements of the value chain beyond the individual business units, managers can determine the number of jobs, including options that can be used by e-commerce. Treatment in terms of productivity, and the adoption of e-commerce can be significant improvements, especially in terms of productivity occurred. In most cases, these gains are not derived directly from the technology itself but through incremental improvements resulting from organizational changes in the attitudes towards marketing, or in the production processes that are made possible or indispensable by the technology. A recommending component is that e-commerce seems to be growing faster than was the case in previous technological revolutions. For all these potential benefits to materialize, action plans are needed to create an enabling environment for e-commerce, and to address areas such as infrastructure, applications, availability, payments systems, human resources, the legal framework, taxation, etc.

There are at least three fundamental ways that lead to e-commerce utilization to achieve profitability: achieving efficiencies in marketing, fulfillment, and customer service through economies of scale such as product catalogues; using banner advertising or online mall transactions to generate revenues and profit streams through an immense customer database; and creating new means of commercial transactions such as auctions [1]. Altogether, e-

commerce utilization captures the usage and effectiveness of ecommerce technologies for a wide array of marketing and business functions. The impact of such technologies on the relationship between export marketing strategy and performance is of particular importance in the proposed framework.

### **ROLE OF SUPPLY CHAIN MANAGEMENT**

The revolution and changes in technology, marketplace dynamics and economic uncertainty is leading to create an explosion in new form of business mode, i.e. e-commerce. Technology forces are making it possible, market forces are making it viable, and economic situations are making it inevitable. Keep in mind, though, that consumers demand more than an interactive experience. They want delivery convenience and lower fulfillment costs. They need to be assured of fast and reliable delivery. The value the consumer places on timely delivery can affect the logistics network design significantly. "Time is money" and digital consumers of the 21st century don't have the same tolerance levels as their analogue-world ancestors. Today's consumers are yearning for instant gratification as never before. Associates in the supply chain must improve their efficiencies from order capture to fulfillment to provide that gratification.

The goal of consumer-direct business models is to let customers select and configure products and services interactively, get a price quote, and receive a committed delivery date online. Companies serious about satisfying customers online must substantially change their process to take consumer-direct retailing and manufacturing attractive to the consumer. Companies must reassess the complete fulfillment business model promotions, merchandising, product assortment, pricing, supplier relations, technical management, distribution, returns, and post-sale services. Each of these areas demands new processes, skills, and approaches. To satisfy a consumer-driven marketplace, companies must move beyond the singular mentality of intra company optimization. Instead, they must focus on how intercompany business process synchronization can transform consumer demands into consumer satisfaction. As with a single company, core competencies of each component of the supply chain (or virtual organization) must be evaluated objectively to eliminate inefficiencies and interact intelligently in order to facilitate integration of various processes.

### **ORDER-FULFILMENT PLANNING**

Rising customer expectations and short fulfillment deadlines call for effective planning that breaks artificial boundaries and bridges the gaps between the consumer and the other players

in the supply chain. Fulfillment planning must consider the entire planning process- from manufacturing, through distribution and shipping within a single integrated model. Fulfillment planning involves evaluation of multiple planning strategies such as profitable-to-promise, available-at-promise, and capable to-promise. It's important to plan backwards from customer priorities and fulfillment deadlines. Thus, to generate an executable plan, the fulfillment planning process needs to look at all supply chain restraints at the same time. These include transportation constraints such as truck capacity and weight, use of alternate modes and accessibility of downstream resources such as loading docks.

### **PROCUREMENT AND SOURCING**

Many of the e-commerce venture work on assemble to order manufacturing e.g. Dell Computers. In this case the importance of purchasing right product in right time seems imperative. Procurement or sourcing is well practiced operation with physical organization, but as market and product become global, international challenges and opportunity emerged, has compel the organization to reorganize their procurement strategy. Companies have increasingly adopted the global sourcing strategy. This requires integration of procurement requirement across worldwide units and need to create common items, processes and supplier [6]. The Business to Business transaction is vital in procurement plans. Integrated backend operation generates demand and identifies the probable suppliers from whom material can be procured. Many organizations source some processes and or component. In emerging scenario outsourcing is acting as catalyst for agile response to customer demands.

### **PRODUCTION EXECUTION**

With the advent of standard designs, more production functions are being performed at dedicated warehouses and distribution centers. The typical activities include light subassembly and sequencing, kitting, merging, consolidation, packaging, and labeling. Timing of the final assembly often drives the production plan for subassemblies. The process begins with the master production schedule for the finished product. An MRP (Manufacturing Resource Planning) system explodes this schedule to derive when, where, and in what quantities various subassemblies and components are required to make each product. Production also includes component replenishment strategies that minimize the amount of inventory in the pipeline and co-ordinate product hand-offs between the various parties involved. Timely renewal of warehouses is vital because customers will no longer tolerate out-of stock situations.

## **DISTRIBUTION MANAGEMENT**

Distribution management encompasses the entire process of transporting goods from manufacturer to distribution centers and then to final consumption point. The process also may cause packing, document preparation, customs brokerage and inventory and warehouse management. One of the most important innovations here is the integration of distribution with transportation planning and scheduling through a comprehensive supply chain execution solution. Transportation-management software spans the life cycle of the shipment and allows customers to view all of their shipments across a network of multimodal transportation providers. Distribution management also means providing users with easy access to shipping, tracking, and delivery data. Reverse logistics is another function of distribution management. Faster product obsolescence and more generous warranties have escalated the number of returns. Reverse logistics not only encompasses damaged or returned goods but also products designed for remanufacture hazardous materials, and reusable packaging.

## **CROSS-APPLICATION INTEGRATION**

To be effective, companies need to seamlessly integrate the three elements of fulfillment logistics described above. At present, this rarely happens. Most Web servers only have a sporadic connection to the Enterprise Resource Planning rules that controls accounting, production, materials management, and distribution. Hence, when the user wants to know when a product will be delivered, the Web application cannot tell that user what inventory is available in the ERP system or at the third-party warehouse. These are precisely the kinds of problems that business-process synchronization can address by utilizing standardized information formats and communication points between trading partners. Distribution centre inventory has to be integrated effectively with the customer contact system. In high-velocity retail settings like the Web, customers quickly become unhappy if the seller is out of stock for what is advertised as in stock. Accurate distribution centre inventory, updated frequently, is essential to running an effective online business.

From above discussion it is clear that how logic of logistics and supply chain management as back-end support help front-end e-commerce to make them capable to quickly respond to their customer needs. To a great extent ecommerce means also helps in effectively managing various supply chain operations and reduce cycle time by providing real-time information regarding product availability, inventory level, shipment status, and production requirements [8]. Particularly, EC has huge potential to alleviate collaborative planning among supply chain partners by sharing information on demand forecasts and production schedules that

dictate supply chain activities [4]. Furthermore, EC can effectively link customer demand information to upstream supply chain functions (e.g. manufacturing, distribution, and sourcing) and subsequently facilitate “pull” (demand-driven) supply chain operations [2].

### **THE SCOPE OF E-COMMERCE IN INDIA**

Today E-commerce is a byword in Indian society and it has become an integral part of our day to day life. Indian e-commerce space percentage is getting higher as more and more online retailers are getting into the market. Though this level of entry in the e-commerce market is good from a long term view, the challenge is that most entrepreneurs don't have the resources or capital to wait for years before they can get profits.

This is not to say that the e-commerce scenario has been bad in India as highly successful e-business like baba bazaar and India mart have proved themselves. Indian Banks also have been very flourishing in adapting EC and EDI Technologies to provide customers with real time account status, transfer of funds between current and checking accounts, stop payment facilities. ICICI Bank, Global Trust Bank and UTI-Bank have also put their electronic banking over the internet facilities in place for the upcoming e-commerce market speed post also plain to clone the federal express story with online package status at any moment in time.

The past 2 years have seen a rise in the number of Companies' embracing e-commerce technologies and the Internet in India. The future does look very bright for e-commerce in India with even the stock exchanges coming online providing an online stock portfolio and status with a fifteen minute delay in prices. The day is not far when the RBI regulations will be able to see stock transfer and sale over the Net with specialized services.

### **BARRIERS TO E-COMMERCE GROWTH**

Some of the infrastructural barriers responsible for deliberate growth of e-commerce in India are as follows. Some of these even show new business opportunities:-

**A. Payment Collection:** When get paid by net banking one has to end up giving a significant share of revenue (4% or more) even with a business of slight margin. This effectively means y parting away with almost half of profits. Fallacious charges, charge backs etc. all go onto the merchant's responsibility and thus, to be accounted for in the business model.

**B. Logistics:** We have to deliver the product, safely, in the hands of the right guy in right time outline. Regular post doesn't offer an acceptable service level; couriers have high

charges and limited reach. Initially, we might have to take insurance for high value shipped articles raising the cost.

**C. Vendor Management:** Though, advanced system may be, vendor will have to come down and deal in an inefficient system for inventory management. This will slow down significantly. Most of them won't carry any digital data for their products. No pleasant looking photographs, no digital data sheet, no mechanism to check for daily prices, availability to keep your site informed.

**D. Taxation:** Octroi, entry tax, VAT and lots of state specific forms which accompany them. This can be puzzling at times with lots of exceptions and special rules.

**E. Limited Internet access among customers and SMEs**

**F. Poor telecom and infrastructure for reliable connectivity**

**G. Multiple gaps in the current legal and regulatory framework**

**H. Multiple issues of trust and lack of payment gateways:** privacy of personal and business data connected over the Internet not assured; security and confidentiality of data not in place.

E-Commerce is generalized by the arrival of commercial services on the internet. Internet e-commerce is however only one part of the overall sphere of e-commerce. The commercial use of the internet is perhaps typified by once-off sales to consumers. Other types of transactions use other technologies. Electronic markets (EMs) are in use in a number of trade segments with an emphasis on search facilities and electronic data interchange (EDI) is used for regular and standardized transactions between organizations. The mainstream of e-commerce consists of these three areas:

**a) EMS**

An EMS is the use of information and communications technology to present a range of offering available in a market segment so that the purchaser can compare the prices (and other attribute) of the offering and make a purchase decision, the usual example of an electronic market is an airline booking systems.



**b) EDI**

EDI provides a standardized system for coding trade transaction so that they can be communicated directly from one computer system to another without the need for printed orders and invoices and the delays and errors implicit in paper handling. EDI is used by organizations that make a large number of regular transactions. One sector where EDI is extensively used is the large supermarket chains which use EDI for transactions with their suppliers.

**c) Internet Commerce**

Information and communication technologies can also be used to advertise and make once-off sales of a wide range of goods and services. This type of e-commerce is symbolized by the commercial use of the internet. The internet can be used for the purchase of books that are then delivered by post or the booking of tickets that can be picked up by the clients when they arrive at the event. It is to be mentioned that the internet is not only technology used for this type of service and this is not the only use of the internet in e-commerce.

**OPPORTUNITIES OF E-COMMERCE**

There is a range of e-commerce opportunities that depend on the business and the consumers it serves. Some opportunities of e-commerce are as follows:

- Retail seller on the internet can sell high-quality, specialized products that appeal to an audience of affluent, well-educated, and well-informed people.
- Companies that sell their goods through catalogue and 1-800 numbers can expand their reach to additional global customers at a low marginal cost.
- Wholesalers, distributors, or service providers can sell to businesses that have embraced e-commerce and that demand the convenience and efficiencies of buying from a website.
- Companies holding comprehensive sets of digital assets (logos, image libraries, inventory information, and so forth) can sell and distribute their products electronically.
- Business to business sellers, the majority of whose customer base is already on the internet, can build a closer relationship, electronically.

- Companies which already have a corporate website and an efficient network operation can establish subsidiary sites for related, ancillary, or consumable products.
- Businesses selling products which can promptly be distributed over the internet (such as: software, market research, industry and financial reports, news, about local events, sports, travel and so on) can expand their customer bases.
- Business selling products which can be tried out on the web (such as: books magazines, and recorded music) can promote them economically.
- Business selling products that are subject to frequent changes (such as: airlines tickets, financial instruments) can reduce production and obsolescence costs because they offer only current products on the site. They can also adjust pricing in real time in response to fluctuations in demand.
- Businesses that configure products to customer measurements or specification (such as: custom-tailored garments, configured PCs, food shopping and delivery services or other just-in-time products) can expand made-to-order services to new markets.

### **THE RAPID GROWTH OF E-COMMERCE IN INDIA**

Over the last two decades, rising internet and mobile phone access has changed the way we communicate and do business. It is, at present, heavily tending on the internet and mobile phone revolution to fundamentally alter the way businesses reach their customers. This growth is expected to be led by increased consumer- led purchases in durables and electronics, apparels and accessories, besides traditional products such as books and audio-visuals.

India has been a leader among developing countries in configuring its capabilities and new technologies to achieve competitive advantage and entice global e-business firms to locate within its borders. As a result, India has been dubbed one of ‘the four tigers’ of global e-business infrastructure [9]. In spite of considerable polarization, India has overcome many of these obstacles through fortunate circumstance, through embracing more risky and focused private and social investments [9] and by making fundamental, yet equally focused changes in policy and legislation [10], that has headed to internet and e-commerce dispersal. India differentiates itself from other less developed nations by pursuing skill-intensive, tradable e-

commerce-based services, rather than e-commerce-based opportunities in otherwise low-skill, resource and labor-intensive manufacturing industries [3].

The consequences of e-commerce are already appearing in all fields of business, from customer service to new product design. It alleviates new types of information based business processes for reaching and interacting with customers-online advertising and marketing, online, order taking and online customer service etc. It can as well cut costs in dealing with orders and interacting with a wide range of suppliers and trading and trading partners, areas which generally add important overheads to the cost of products and services. Since the e-commerce industry is fast developing, changes can be seen over a year. The sector in India has arisen by 34% (CAGR) since 2009 to touch 16.4 billion USD in 2014. The sector is anticipated to be in the range of 22 billion USD in 2015.

Currently, E-Travel comprises 70% of the total E-Commerce market. E-Tailing comprises of online retail and online marketplaces and has turn into the fastest developing section in the larger market having developed at a CAGR of around 56% over 2009-2014. The size of the E-Tailing market is positioned at 6 billion USD in 2015. Books, apparel and accessories and electronics are the largest selling products through E-Tailing, forming around 80% of product dispersion. The larger usage of smart phones, tablets and internet broadband and 3G has led to developing a strong consumer base likely to increase further. This, combined with a larger number of homegrown e-tail companies with their innovative business models has led to a robust e-tail market in India rearing to expand at high speed.

## CONCLUSION

The impact of e-commerce on the economy extends far beyond the money value of e-commerce actions. It modifies companies to translate not only their marketing operation, but also the entire way they do business, from procurement to communications to supply chain, massive improving for their speed, global reach, efficiency, and cost structure. To conclude from the above discussion that there is a huge market of e-commerce potential in India, and there is a definite need for efficient management. Marketers need to look at the enhancements in their marketing strategy by utilizing e-commerce.

With the speedy expansion of internet, e-commerce is set to act a very significant part in the 21<sup>st</sup> century. The new opportunities which will be thrown open will be approachable to both

large corporations and small companies. Traditional companies' strategies in India should be based on the view that e-commerce complements rather than cannibalizes existing ways of doing business. Contrary to the managers' point of view in India, the Internet and e-commerce are not disruptive to most existing industries and companies because it does not nullify important sources of competitive advantage; in fact, it often makes them even more valuable.

Finally, it is the goal of the article to bring the forefront importance of emerging technologies into existing marketing theory. In essence, the organizations that employ business process synchronization between front end e-commerce applications and backend supply chain tools will be able to fulfill the customer desire and emerge as the winners in the internet economy.

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