

EVOLUTION OF COMMERCE FROM E-COMMERCE TO M-COMMERCE

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ABSTRACT

Currently E-Commerce is synonymous with PC and browser based interaction. However, in the near future GPRS-enabled mobile phones will rule the online transactions. Today, online downloads to mobile phones is limited to low value services like music downloads, picture message downloads and ring tone downloads. However, as the mobile users get more familiar with buying online, the purchase of high-involvement products is expected to rise. Certain verticals like Banking and Finance, Travel, Entertainment, and Retail are likely to drive the growth of m-Commerce in the country.

INTRODUCTION

Commerce has evolved over the centuries. Prior to the evolution of money it was the simple “barter process” where things could be exchanged, say milk for grains. The evolution of money brought with it, the concept of a “marketplace”. In a marketplace, Commerce is function of 4 P’s – Product, Price, Place and Promotions. All these four components play a vital role in a transaction to take place. Different combinations of 4Ps determine different forms of Commerce. Once the marketplace came into existence, a few pioneers realised that people would be ready to pay extra if they could deliver products at the customer’s doorstep(1). A slight modification on Price and Place led to the convenience of getting products at their homes. This concept delighted the customers and thus, the concept of “Street Vendors” was born. When the Postal System came into being the sellers decided to cash in on the new opportunity and started using mailers giving description of their products. It led to the concept of “Mail Order Cataloguing”. From here, the evolution of the “Tele shopping” networks was thus inevitable with the development of media vehicles(2).

Currently E-Commerce is synonymous with PC and browser based interaction. However, in the near future GPRS-enabled mobile phones will rule the online transactions. Today, online downloads to mobile phones is limited to low value services like music downloads, picture message downloads and ring tone downloads. However, as the mobile users get more familiar with buying online, the purchase of high-involvement products is expected to rise(3). Certain verticals like Banking and Finance, Travel, Entertainment, and Retail are likely to drive the growth of m-Commerce in the country. In the recent past, E-Commerce and its variants like the m-Commerce have yearned for the position of being the most important drivers of the Internet. They are continuously evolving and upgrading to make a consumer’s e-Spending experience hassle free and memorable. However, to attain that position, it needs to awaken its inner beauty – simplicity and security of transaction(4). The trend of online shopping is set to see greater heights in coming years, not just because of India’s

rising internet population, but also due to changes in the supporting ecosystem. The E-Commerce market in India is smaller than in other markets that Forrester forecasts in Asia, but it is growing the fastest. Retailers have a sizeable opportunity as the online population starts to spend more and buy more frequently online.

The latest generation of commerce is one that can be done over the internet. Internet provides a virtual platform where sellers and buyers can come in contact for sale and purchase of goods and services(5). They can be thousands of miles apart, may belong to different parts of the world, might speak different languages, "E-Commerce" emerged as the boundary-less trade medium in the era of globalization.

CONCEPTUAL FRAMEWORK OF E-COMMERCE IN INDIA

Today e-commerce is a byword in Indian society and it has become an integral part of our daily life. There are websites providing any number of goods and services. Then there are those, which provide a specific product along with its allied services(6). A. Multi Product E-Commerce Some internet portals provide almost all categories of goods and services in a single site; hence, they are targeting buyers of every possible product/service. The most popular examples are

- www.flipkart.com,
- www.shopclues.com,
- ebay.in,
- www.snapdeals.com,
- www.indiaplaza.com,
- www.thebestofindia.com,
- www.homeshop18.com,
- shopping.rediff.com,
- shopping.indiatimes.com and so on.

These Indian e-commerce portals provide goods and services in a variety of categories like:

- Apparel and Accessories for men and women
- Health and beauty products
- Books and magazines
- Computers and peripherals
- Vehicles
- Collectibles
- Software
- Consumer electronics
- Household appliances
- Jewellery
- Audio/Video entertainment goods
- Gift articles
- Real estate and services
- Business opportunities
- Employment

- Travel tickets
- Matrimony
- Pets...and more.

SINGLE PRODUCT E-COMMERCE

Some Indian portals/websites deal in a specialized field, for example

Automobiles:

Examples are: <http://www.indiacar.com/> and <http://www.automartindia.com/>. On these sites we can buy and sell four-wheelers and two-wheelers, new as well as used Vehicles, online. Some of the services they provide are:

- Car research and reviews
- Online evaluation
- Technical specifications
- Vehicle Insurance
- Vehicle Finance
- Dealer Locator
- Regional Transport Office regulations
- Expert speak
- Message board...and more.

Stocks and shares and e-commerce

In India today, we can even deal in stocks and shares through e-commerce. Some of the sites are: [http://www.equitymaster.com](http://www.equitymaster.com;); <http://www.5paisa.com>. Some of the services offered to registered members are:

- Online buying/dealing of stocks and shares;
- Market analysis and research
- Company information
- Comparison of companies
- Research on Equity and Mutual Funds
- Tracking Market Trends
- Hotline for advice on Risk Management
- 24-Hour helpdesk....and more.

Real estate and E-commerce:

Portals like <http://www.indiaproperties.com/>, www.99acres.com facilitate online dealing in real estate. They offer either outright purchase or lease of a property through their portal. They provide information on new properties as well as properties for resale. One can deal directly with developers or builders or through consultants and brokers(7). Allied services:

- Housing Finance
- Insurance companies
- Architects & Interior Designers
- NRI services

- Property Management Consultants
- Packers & Movers
- Security & Maintenance Services
- Vaastu or Feng Shui Consultants...and more.

Travel & Tourism and E-commerce:

India has a rich history with cultural heritage and e-commerce is instrumental, to a large extent, in selling India as a product, encouraging Indians as well as foreigners to see its multifaceted culture and beauty. A major Government of India portal, <http://www.tourisminindia.com/>, has a vast variety of information for a potential tourist(8). The tourist destination sites are categorized according to themes like:

- Adventure - trekking, mountain climbing etc
- Eco-Themes pertains to jungles, flora and fauna
- Beaches of India
- Architectural attractions
- Forts and Palaces
- Buddhist attractions
- Hill resorts
- Desert treks
- Pilgrimage sites

Allied services offered are:

1. Passport & visa
2. Travel & accommodation information
3. Weather information
4. Festival & fair dates
5. Shopping
6. Tour Operators
7. Information on Cuisine & Restaurants
8. Car rental services...and more.

There are also sites that highlight the tourist destinations of a specific region in India, like <http://www.incredibleindia.org/>, which covers North East India.

Gifts and E-commerce:

In the bygone days, one had to plan what to gift a loved one, trudge across to your favourite shop, and browse for hours before purchasing a gift. Today there are specific Indian websites making the act of gifting quick and easy to suit ones lifestyle. One such site is <http://www.indiangiftsportal.com/>. (9)The gifts are categorized as:

1. Collectibles like paintings and sculptures
2. Luxury items like leather goods, perfumes, jewellery boxes, etc
3. Household curios and carpets, etc
4. Toys & games
5. Chocolates

6. Flowers
7. Wood-craft & metal-craft
8. Idols for worship...and more.

Also the items can be searched by different regions of India, as every region has a special style in making handicrafts.

Hobbies and E-Commerce:

The most popular hobbies from time immemorial are reading, music and films. On the Indian website <http://www.firstandsecond.com/> one can buy more than 300,000 titles of books, cassettes, VCDs and DVDs. The books cover a wide range of topics like Business, Art, Cookery, Engineering, Children's Stories, Health, Medicine, Biographies, Horror, Home & Garden, etc. As for music and videos, they are available in English as well as in Indian languages to cater to the varied tastes and the topics range from devotional songs, old-time favourites and retro and jazz to the latest pop, rap, etc.

Matrimony and E-commerce:

It is said that marriages are made in heaven, but in the world of E-commerce they are made on marriage portals like <http://www.jeevansathi.com/> (meaning lifepartner.com in Hindi) and <http://www.shaadi.com/> (meaning marriage.com in Hindi). One can search for a suitable match on their websites by region of residence (India or abroad), religion or caste(8). Once registered with them, they have email facility and chat rooms too, so that the couple gets to know more about each other before making the biggest decision of their lives. Allied services for registered members:

1. Astrological services
2. Information on Customs and Rituals
3. Legal issues
4. Health & Beauty
5. Fashion & Style
6. Wedding Planners
7. Honeymoon Destinations...and more.

Employment and e-commerce:

Two major portals like www.monsterindia.com and www.naukri.com (meaning job.com in Hindi) are instrumental in providing job seekers with suitable employment at the click of a mouse. They have directories categorized under the headings Employers and Job Seekers. The service for job seekers is free and for Employers they charge a nominal fee. Jobs are available online in fields ranging from secretarial to software development, and from real estate to education. The opportunities offered are unlimited(10).

Online Travelling:

Online Travelling has on an average grown by 32% from INR 14,953 Crores in 2009 to INR 34,544 Crores in 2012 and by another 30% to and was valued at INR 44,907 Crores by the end of December 2013. It can be seen from the figure below: Figure 3. Online Travelling (Source: digitalinsights.com)

E-tailing: The e-Tailing category has grown from INR 1,550 Crores in the year 2009 (Jan-Dec 2009) to INR 6,454 Crores in year 2012 (Jan-Dec 2012) and it crossed the INR 10,000 crore mark in the year 2013(2).

Financial services:

Financial services market was valued at INR 2,886 Crores in 2012 and grew by 25% and reached INR 3,607 Crores by the end of year 2013.

Classified:

Classifieds market has seen a significant growth and is estimated at INR 2,354 Crores in 2012 and reached to INR 3,061 Crores by the end of year 2013.

Mode of payment:

Majority of the online shoppers use Debit cards/Internet banking as their preferred mode of payment for shopping online. Payment through credit cards, follow closely at second position and Cash on Delivery on third position(11).

Retail E-Commerce in India a closer look Retail category penetration has increased to 60% reach and has grown to 47.9 million unique visitors a month. The growth has come across all retail categories and most of them show promising transactions and conversion rates along with growth in visitors. The top retail sites in India have each seen a growth of over 100% in the last 12 months.

- Amazon is the most visited retail site with most of the traffic split among Amazon.com and Jungle.com.
- Flipkart leads the way among the online retailers in India with 7.4 million unique visitors a month, growing at 431% annually.
- Snapdeal has been close second with 6.9 million uniques.
- Jabong and Myntra have been competing closely in the lifestyle category with over 5.3 million uniques each.
- HomeShop18 has over 4 million uniques a month.

Revenue E-commerce in India to explode in 2014, Indian e-shoppers will have a good time getting great deals and services online. A recent pan-India report released by Com Score Inc reveals that online shopping in India has touched a growth rate of 18 per cent and is only likely to grow further. The report found that nearly 60 per cent of citizens in India visited a retail site in November 2013, with the number of online shoppers increasing by 18 per cent in the past year. E-commerce can become an integral part of sales strategy while it is one of the cheapest medium to reach out the new markets(9), if implemented successfully, it offer a smart way of expansion & doing e-commerce attribute to the successful implementation to carefully understanding the products & services, customers and the business process, easy-to-use system to extend the business on the web. A new report by the Boston Consulting Group says online retail in India could be a \$84-billion industry by 2016 — more than 10 times its worth in 2010 — and will account for 4.5 per cent of total retail. The e-commerce platforms maximize its reach to the potential customers and provide them with a convenient, satisfying & secure shopping experience(8).

KEY PLAYERS TOP 5 E-COMMERCE COMPANIES IN INDIA

Flipkart.com is an e-commerce website founded by Sachin Bansal and Binny Bansal in 2007. Both are from IIT Delhi Alumni and also worked in Amazon.com. FlipKart.com Flipkart.com ranks #502 in world according to Alexa traffic rankings. In Google page it ranks #6. It forms advertising revenue of \$4.8 million. It receives 2.2 million page views in a day and generates \$6,574 in advertising revenue every day. Moreover it has certain losses 0.60% in traffic ranking. Loading time of an average page is 2.1 sec as it is much faster than 29% of sites around the world. The mode of payments include Credit card, Debit card, Net banking, e-gift vouchers, cash on delivery(5).

eBay is an online shopping website a consumer to consumer corporation which helps the people and businessman to buy and sell products worldwide. It is operated to almost 30 countries. Ebay.in Snapdeal.com eBay ranks #544 among Alexa traffic ranking. In Google it has page rank #6. The advertising revenue inculcated was about \$4.4 Million. Moreover it receives 2 million page views per day which generates \$6,066 in the advertisement revenue. Recently it has shown 15.13% growth in traffic rank. The page loading time is upto 2 sec which is likely faster than 24% sites across the world(12).

Snapdeal deals with online marketing of products including Mobiles, Electronics, Fashion accessories, Apparel, Footwear, Kids, Home and Kitchen, Sports, Books; and services like Restaurants, Spas & Entertainment. It was launched by Kunal Bahl, a Wharton graduate and Rohit Bansal, alumnus of IIT Delhi, in February 2010. It ranks #576 in the world as per Alexa traffic ranking. It ranks # 5 in Google PageRank. The advertising revenue is about \$4.2 million. It receives 1.9 million page views in a day and generates \$5,729 in advertising revenue. It has suffered loss of 4.16 % in traffic ranking. The loading time of an average page is 1.6 sec which is faster than 46% of sites across the world(13).

Jabong.com Jabong is a fashion and lifestyle e-commerce owned by Rocket internet. Jabong retails apparel, footwear, accessories, beauty products, fragrances, home accessories and other fashion and lifestyle products. Jabong.com has a Google page rank #3. The advertising revenue is about \$2.4 Million. It receives 1.1 million page views per day generating \$3,310 in advertising revenue. It shows 7.69% growth rate in traffic rank. The page loading time is 1 sec and is faster than 56% sites around the world. It is an online shopping commerce for Home(14);

Lifestyle & Fashion e-retailer founded in 2009 BigShoeBazaar.com has a user base of about 1.5 million people. Yebhi.com offers lifestyle & Home products and products from a range of some 250 brands to its customers dealing in Shoes, Apparels, Bags, Mobiles, Cameras, Sunglasses, Watches, Home furnishing, Home decor, Home ware, Lingerie and Fragrances. It ranks #1,782 among Alexa traffic ranking. It ranks #4 in Google page ranking. Advertising revenue is about \$1.4 million. It receives 617,284 28 page views per day generating \$1,852 in advertising revenue. It has recently shown 6.70 Growth among traffic ranking. The page loading is about 2 sec which is faster than 39% of sites around the world.

Here are some of the practical techniques that online retailers can employ to improve this level of trust and build an environment where customers feel safe in clicking that "Proceed to Checkout" button(15).

1. Customer Reviews

Today's customers are putting less trust on website marketing messages and becoming more influenced by recommendations from other people. Customer's trust for an online retailer will increase if the retailer offers an ability to let customers share their positive as well as negative reviews about products or vendors. The key is to not "moderate" the negative reviews because by allowing customers to post negative reviews, it will actually enhance the credibility of the retailer as well as other reviews. Obviously, any foul language needs to be moderated but any genuine issues with the products or vendors must be posted along with the positive reviews(15).

2. Clear shipping and delivery commitment

At the time of setting up products for sale, clear shipping and handling time must be associated with the product. This information should be displayed consistently on all product pages so that customer's expectations around shipping timeline can be clearly set(16).

3. Analytics & Personalization

Although personalized product recommendations and content do not directly increase customer's trust, they do demonstrate to the customer that the online retailer is making a good effort in understanding the customer's individual needs and is acting upon them. This implicitly improves the comfort level that the retailer is not just looking to sell products but is making an honest attempt in building relationship with the customer.

4. Operational Reporting & Dashboards

Online retailers must invest in strong operational reports that provide alerts and metrics on orders that have a risk of missing the service level that was promised to the customers. If you have recently implemented an e Commerce platform, chances are that at times orders will get "stuck" in various states. Therefore, it is important to establish thresholds around how long should orders stay in various states (such as "Processing for Payment", "Preparing for Shipment" etc.) and then build automated alerts when orders exceed these thresholds(17).

5. Vendor Penalties

In the Indian context, majority of the e Commerce sites work in a "drop-ship" model. This implies that the online retailer doesn't physically stock the goods, and instead relies on external vendors to directly ship the merchandise to customer's home. In this case, it is extremely critical to set clear SLA's on how long will it take the vendors to ship the orders. There should be financial penalties built into the contracts if the vendors miss the service levels. Also, there should be penalties if the vendors receive excessive negative reviews from customers(18).

6. Price Match Guarantee

A Price Match Guarantee (PMG) is a store policy which entitles a customer to a refund of the difference between the store's asking price and a competitor's price. It can not only help build trust with the customer, it can also help reduce price competition across online retailers. This may sound counter intuitive but it is one of the most discussed examples in "Game Theory" and it has actually helped retailers in US to avoid direct price wars. Take for example a firm like Circuit City that has a price match guarantee, which looks good to a consumer. But that guarantee really allows Circuit City to charge higher prices since competitors will be discouraged from setting a lower price that Circuit City only will match when it must.

7. Well trained call centre

I recently called Airtel customer service to add Blackberry service to my cell phone. There was an issue with their automated messaging system that was directing me to a wrong group within Airtel. After calling 9 times, I gave up because every agent that I spoke to had the same scripted response that I should call back again and press option 2. The point I am making is that although it is important to train the call centre agents around specific customer service issues, what is even more important is that the call centre agents be trained to have good problem solving skills, and they should be empowered to own the problem resolution from end to end(16).

8. Fraud Protection

Not only should an online retailer ensure that the appropriate security certificates are setup to handle checkout related transactions, the sensitive customer and payment information should be stored in an encrypted format. The messaging on the site should clearly indicate that the checkout process is completely secure. In addition, there are third party Fraud detection services available that help flag potentially fraudulent transaction based upon credit card usage velocity and other parameters. These services would not only help reduce the credit card chargebacks for the retailers, but will also improve the sense of security and trust with customers(15).

9. Proactive, timely communication

Are we there yet? If you have gone on a long drive with kids, chances are that you have been asked this question. It is human nature to expect timely communication, especially when they are waiting for something that they have already paid for. The retailers should ensure that every single status update on the order generates an alert for the customer. Also, if the order waits in a specific state for a timeframe longer than what was promised to the customer, an email should be automatically sent to the customers to make them aware of the delay. If the delay is longer than a few days, customer should be contacted via phone and asked for approval for the delay or given an option to cancel the order(17).

10. Charge only after order shipment

Customers feel much more comfortable if they know that they will only get charged once the order ships. Currently, a lot of retailers charge the customer's credit card immediately when customer places the order. However, they should consider authorizing the amount at the time of order and only charge the card once the order ships. This will also minimize any need to refund the amount back to the customer in case the order needs to be cancelled for any reason(8).

11. Self Service Capabilities

The more online self service capabilities (e.g. order cancellation, modifications) retailers can provide to the customers, it will not only help reduce the call centre expense, but will also build more confidence with the customers. Customers will feel more in control because they wouldn't have to spend 10 minutes with a call centre agent to explain the issue – instead, they can directly resolve the issue online(11).

12. Real time inventory updates & safety stock

Retailers must invest in building automated capabilities that keep an up to date record of how much inventory is available for all their products. Products must immediately become unavailable for purchase from the site as soon as the inventory reaches below the safety stock. Cancelling customer orders due to lack of inventory is a situation that all retailers must avoid because this not only frustrates the customers, it drops their confidence in the retailer's ability to keep their promise. E-

Commerce will see a significant growth in India. However, the chasm between the early adopters of e Commerce and the ones who are waiting can only be crossed by building a strong level of trust with our customers – and winning them, one customer at a time(4).

CONCLUSION

With the rapid expansion of internet, E-commerce is set to play a very important role in the 21st century, the new opportunities that will be thrown open, will be accessible to both large corporations and small companies. The role of government is to provide a legal framework for E-Commerce so that while domestic and international trade are allowed to expand their horizons, basic rights such as privacy, intellectual property, prevention of fraud, consumer protection etc. are all taken care of.

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