

Available online at <http://www.ijims.com>

ISSN - (Print): 2519 – 7908 ; ISSN - (Electronic): 2348 – 0343

IF:4.335; Index Copernicus (IC) Value: 60.59; Peer-reviewed Journal

Factors Impacting E-commerce

Barkha Agarwal

University of Calcutta, Kolkata

Abstract

E-commerce stands for electronic commerce. Business and Trade done through internet i.e., buying and selling of products and services over the internet is known as E-commerce. Today, E-commerce has grown tremendously over the last few years. The process that started with brick technology, further moving to click technology by cash on delivery mode and now click technology through the use of various other modes of payment. The consumer experience is rapidly evolving from offline market to online market. E-commerce involves technologies such as supply chain management, mobile transfer, electronic data interchange, Internet banking, online transactions, logistic management, etc. This study will mainly be focused on the role, importance and various modes of online payment used while opting for e-commerce.

Keywords : E-commerce, importance, a government initiative.

Introduction

In the 1990s retailer discovered a new way to conduct business i.e., the Internet. Information and Communication Technologies have evolved the life of an individual. The digital divide between the consumer and producer has narrowed down. Beginning from Traditional commerce i.e., through pamphlets, hoardings, or through the physical mode of exchange today we stand at the position where the exchange takes place through digital ads or emails, etc. Moreover, covid-19 has accelerated the pace of e-commerce 2 times more than earlier. According to OECD, during Covid-19 there has been a shift in demand from brick mortar retail to e-commerce. There has been a dynamic shift in the purchase pattern of consumers from luxury products to daily necessities through e-commerce which will be having an everlasting effect. E-commerce has helped businesses to gain a major portion of the market throughout the nation by providing a cheaper and more convenient mode of distribution channel for their product and services. According to the CARE Rating report- "E-commerce is creating a paramount in the retail sector which will continue shortly."

There are different types of Business Models:

- **Business-to-business (B2B)**
- **Business-to-consumer (B2C)**
- **Consumer-to-Business (C2B)**
- **Consumer-to-consumer (C2C)**
- **Business-to-government (B2G)**
- **Consumer-to-government (C2G)**
- **Mobile Commerce**

Objective

1. To throw light on the Factors impacting e-commerce
2. To shed light on the various modes of payment in e-commerce
3. The different initiatives are taken up by the government to enhance e-commerce

Literature Review

According to Anjali Gupta [1], E-commerce will become a major tool of sale. Internet serves a lot more time than offline shopping and hence new modern technology need to be employed to attract more customer.

According to Christian Mbayo Kabango, Asa Romeo [2] government infrastructure plays a major role in the implementation of e-commerce. The study highlighted that there are various unauthorized practices regarding security taking place through internet shopping and stakeholder need to focus on the customer's needs and concerns.

Jalil Totonchi and Gholamreza Kakamanshadi [3] have thrown light on the relation between globalization and e-commerce. According to his study, a local firm needs to look for opportunities in local firms and not globally. The study focused on Business-to-business e-commerce.

Research Methodology

The study reveals the current scenario of e-commerce and factor impacting the success of e-commerce business. The study is done through a literature review of various previous articles, journals, research paper, etc. The paper is descriptive.

Factors Impacting E-commerce

1. Trust –

Trust is the willingness of one party to get into any type of relationship to act as another party (Shafiee and Bazargan, 2018). Before getting into any type of transaction both the producer and consumer need to build trust and loyalty toward each other for the fulfillment of the particular transaction. Trust is built on the mutual consent of both the party. To enhance a healthy and long-lasting relationship between the producer and consumer, Trust and Loyalty should be the driving pillar. The risk of uncertainty highly prevails in the e-commerce business. The web vendor needs to ensure and take utmost care of the consumer to motivate them to purchase the desired product and services.

Trust enhances the faith to purchase a product or service even from an unknown customer. It enhances the ease of doing business online by creating an interactive environment between the producer and consumer while purchasing. Consumer, need to provide personal details while completing the transaction which in return make them vulnerable to the increased amount of risk. This is where trust and loyalty play an important role.

2. Fraud and Security

It is mentioned, for the growth of consumer e-commerce, information confidentiality is a major issue according to Government organizations (Miyazaki and Fernandez, 2001).

E-commerce websites are very sensitive when it comes to the security and privacy of the consumer. Financial hacking and scams, Phishing, DNS spoofing, Distributed denial of services (DDoS) are some of the major issues taking place online. Lack of security leads to the loss of goodwill which in turn leads to major hindrances for the growth of e-commerce.

3. Government Initiative

The role of the government facilitates robust secure online payment options, ensure ICT infrastructure, generate awareness through various institutions, etc. (AlGhamdi et al. 2011). To enhance the working of e-commerce government plays a significant role. Molla and Licker (2005a) mentioned "Government binds a strong assurance to promote e-commerce".

For this recently major initiative has been taken by the government to enhance e-commerce:

- National Cyber Coordination Center - The government is embarking on the three-pronged initiative by setting up the National cyber coordination center (NCCC). NCCC is going to be India's surveillance and cyber agency. It's is going to fill the gap in the information security infrastructure and also provide a push to the already existing e-commerce sector.
- The Ministry of Consumer Affairs, Food, and Public Distribution has brought a change to Consumer Protection (E-commerce) Rules, 2020 – E-commerce needs to register with the Department of Promotion for Industry and Internal Trade (DPI). They would have to share information with a government agency that is lawfully authorized for investigation, verification and detection of cyber security activities under any law for a cyber security incident.
- Specific flash sales or back-to-back sales set boundaries to the consumer, increase the price, and prevent a level playing field are not allowed. Conventional e-commerce is prevented.
- Fall Back Liability concept is introduced which highlights that e-commerce business will be held liable in case a seller fails to deliver goods or services due to negligence which cause loss to the customer.
- Differentiation between sellers of the same category should not be done by a logistic service provider.
- DPI foreign direct investment policy for e-commerce marketplaces, parties, and associated enterprises related to e-commerce companies will not be allowed to be enlisted.

- Within 72 hours of the receipt of an order Information sought by the government agencies will be produced by e-commerce firms.
- E-tailers will have to suggest Indian alternatives before products are purchased. Also, to provide disclosure if engaged in cross-selling.

4. Prior Experience of Consumer

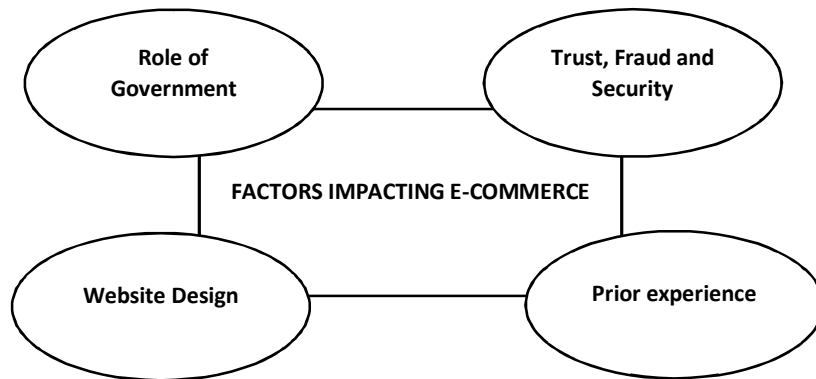
Jarvenpaa and Todd (1997) surveyed the relationship between the prior experience and intention to purchase online. Consumer prior history has a significant impact on today's purchase. A positive response shows a delighted satisfaction on the part of the consumer which motivates his next purchase. A negative response highlights the dissatisfaction of the consumer.

The website should be created in a way that entails the user to use the site according to his needs. Users adopt social experience according to personal experience and observation [4]

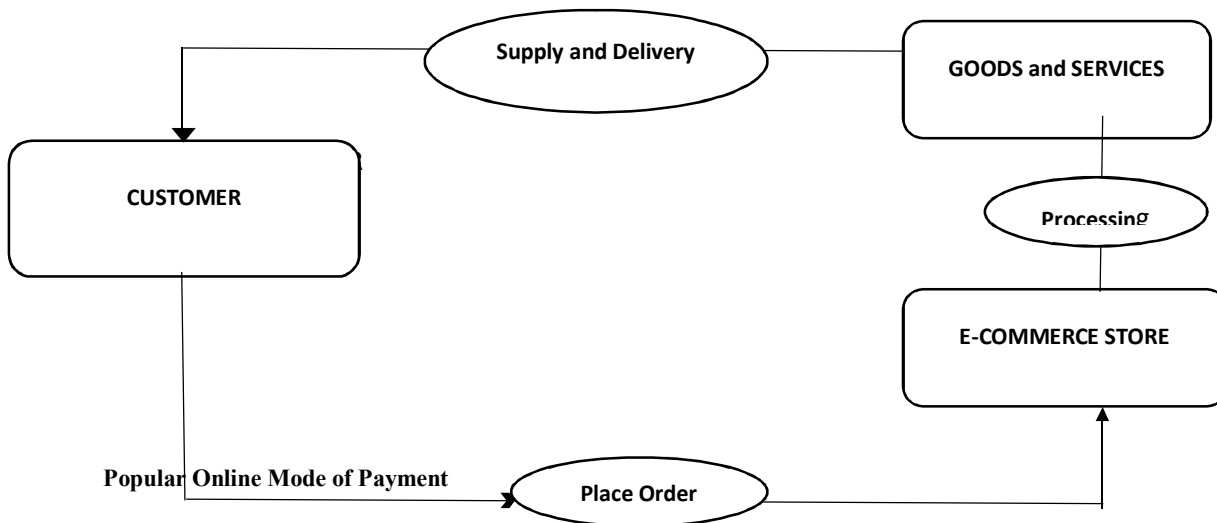
D.J. Kim, L.F. Donald, and H. Raghav Rao (2009) study revealed trust has both direct and indirect effects on consumer purchase decisions along with risk and benefit, which leads to the everlasting relationship between the buyer and consumer. Chung and Lee (2003) stated consumers who have prior experience are likely to buy goods and services online again.

5. Website Design

The environment of the website has a strong influence on the repurchase pattern of the consumer behavior if the online store is informative, easy to navigate, and useful (Poddar, Donthu, and Wei, 2009). The "web design" should be such that it entails the user to use the site according to his requirement. The information and content should be attractive, engaging, relevant, and rhetoric enough to attract the prospective consumer. An interactive web design enhances the experience of the customer. (Eroglu et al., 2001) stated shopping window is similar to the computer or telephone screen in an online store and it becomes easier to handle the site appearance and navigations. Thus, the role of web design plays a significant role in the success of the e-commerce business.



Factors Affecting E-Commerce Model



PayPal	PayPal allows making a financial transaction online between individuals. Users can send and receive payments for the purchase of goods or services.
Google Pay	Google pay is an online wallet developed by Google. It uses Near field communication to transmit card details transfer to the retailer. Google pay is secured by a passcode. While making payment the card details are not transmitted, keeping the payment system confidential.
Amazon Pay	Amazon payment was launched in 2007. The money here is stored in Amazon wallet which is owned by Amazon.com. Any purchase done through amazon can directly be paid through amazon wallet without leaving the site.
Unified Payment System	UPI is a real-time payment smartphone application that allows users to transfer money between accounts. It is developed by the National Payment Corporation of India. A UPI id address is generated which needs to be shared while making a transaction. It is the safest method of payment.
STRIPE	Founded in 2010, stripe provides an advanced payment processing system that makes move money globally and easy to accept payment system. It is API- first solution with customization, act as a merchant accountand provide Automated clearing house (ACH) transaction.

Conclusion And Further Recommendation

With the help of grounded theory and previous literature review conducted, various factors affecting e-commerce has been studied.

The study revealed the various government initiative and factors affecting e-commerce that has been undertaken for the advancement of e-commerce. The development of new technologies has further led to the growth of online stores. Today, online and offline stores are at an equal pace. Moreover, covid-19 accelerated the expansion of e-commerce by the opening of more online stores. The future will see the success of the business through e-commerce. Therefore, the internet infrastructure should be improved to provide better internet accessibility around the globe. More Information Technology skills should be upgraded to enable the citizen to make advantageous use of e-commerce hence leading to further growth of e-commerce business. Hence, from the point of view of the internet and e-commerce, possibilities have become never-ending for both consumers and businesses. One has to

note, the study was conducted using a qualitative method, further quantitative methods can be used to get a more analytical depth of the study. The study revealed further, other factors can be used for future studies in place of the ones already done. The questionnaire can be prepared regarding the other factors to know the point of view of other consumers and a detailed analysis can be conducted thereto.

Reference

1. Gupta, A. (2014). E-Commerce: Role of E-Commerce in today's business. *International Journal of Computing and Corporate Research*, 4(1), 1-8.
2. Kabango, C. M., and Asa, A. R. (2015). Factors influencing e-commerce development: Implications for the developing countries. *International Journal of Innovation and Economic Development*, 1(1), 64-72.
3. Totonchi, J., and Kakamanshadi, G. (2011, November). Globalization and e-commerce. In 2nd International Conference on Networking and Information Technology (pp. 270-276).
4. D.H. McKnight, V. Choudhury, and C. Kacmar, the impact of initial consumer trust on intentions to transact with a web site: a trust-building model, *Journal of Strategic Information Systems* 11 (3-4) (2002) 297-323.
5. D.J. Kim, L.F. Donald and H. Raghav Rao (2009) "Trust and Satisfaction, Two Stepping Stones for Successful E-Commerce Relationships: A Longitudinal Exploration", *Information Systems Research* Vol. 20, No. 2, pp. 237-257.
6. Chung, I.-K. and Lee, M.-M. (2003) A Study of Influencing Factors for Repurchase Intention in Internet shopping malls, *Proceedings of the Parallel and Distributed Processing Symposium*, 22-26 April, 7 pages.
7. Molla, A. and Licker, P.S. (2005a) eCommerce Adoption in Developing Countries: A Model and Instrument, *Information and Management*, 42, 877-899.
8. Alghamdi, M.M. (2011) Factors Affecting E-Commerce Adoption in Saudi Arabia from the Consumer's Perspective, University of East Anglia.
9. AlGhamdi, R., Drew, S. and Al-Ghaith, W. (2011) Factors Influencing E-Commerce Adoption by Retailers in Saudi Arabia: A Qualitative Analysis, *The Electronic Journal of Information Systems in Developing Countries*, 47, 7, 1-23.
10. AlGhamdi, R., Drew, S. and Alhussain, T. (2012) A Conceptual Framework for the Promotion of Trusted Online Retailing Environment in Saudi Arabia, *International Journal of Business and Management*, 7, 140-150.
11. Miyazaki, A.D., and Fernandez, A. (2001) Consumer Perceptions of Privacy and Security Risks for Online Shopping, *The Journal of Consumer Affairs*, 35, 27-44.
12. Poddar, A., Donthu, N., and Wei, Y. (2009). Web site customer orientations, Web site quality, and purchase intentions: The role of Web site personality. *Journal of Business Research*, 62(4), 441-450. <https://doi.org/10.1016/j.jbusres.2008.01.036>
13. Eroglu, S.A., Machleit, K.A. and Davis, L.M. (2001), "Atmospheric qualities of online retailing: A conceptual model and implications", *Journal of Business Research*, Special Issue on Retail Strategy and Consumer Decision Research, Vol. 54 No. 2, pp. 177-184.