

## E-COMMERCE IN INDIA - WITH ITS WHOLE BAG OF TRICKS

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### ABSTRACT

Today, the market is bound with rapid growing technology with quick transformations and innovations in every field, because of stiff competition and increased customer expectations. The businesses use new strategies to sustain and expand their business. One such technology which is trending now is e-commerce. The power of e-commerce is it has no boundaries that business could be conducted throughout the world. This has made many business concerns to quickly adopt e-commerce. The motive of this paper is to provide an insight on e-commerce and primarily focused about the nature of Indian customers, their expectations and the areas to be taken care of to maintain its position and for further improvement. Review makes sure that e-commerce has created a strong pedestal in the minds of Indian customers. However, Indian consumers show disinclination towards e-commerce to some extent. In due course, with the better services and offers, the problems of logistics, online payment frauds being solved, the trust element created, the e-commerce can bring Indian consumers out of hesitation, resulting in successful e-commerce.

**Keywords:** e-commerce, India, internet, technology, lifestyle, social networking, urbanization, disposable income, logistics, cash on delivery, brand recognition, word-of-mouth, security

### INTRODUCTION

A customer is the most important visitor on our premises; he is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is part of it. We are not doing him a favor by serving him. He is doing us a favor by giving us an opportunity to do so.

~ Mahatma Gandhi

Yes! The ultimate aim of every business organization is to earn profit. To gain that, the company is totally dependent on its customers as they are the boss and determine whether the business is to be successful or not. When we think about today's customers, unlike before, there are wild changes in their attitude and behaviour within a short period of time. The customers realizing their power in business have become highly demanding which in turn influenced their purchase decision thereby hitting the satisfaction and the loyalty level too. The reasons could be many like their busy work schedule, changes in family system, lifestyle, high disposable income, urbanisation etc. This has made the companies also strive hard to sustain their business. Customer relationship management is gaining more importance. Customer services have become more convincing as the companies have rightly understood that they can differentiate themselves by only offering customer service that is not just the best but legendary, as they will no more have product or price advantage which was predicted rightly by Sam Walton before a number of years. The buyers today also look for valuable goods, which give higher benefit than the price given. Also they are money rich time poor people with high risk bearing capacity. Companies, taking all these rudiments into consideration, have decided to enthrall customers through online, which are now named as e-commerce. The motive of this paper is to provide an insight on what e-commerce is, the emergence of e-commerce, its goods, participants, penetration at international and national level. This review also

provides a gist about the nature of Indian customers, their expectations from companies, how e-commerce is slowly budding in India and the areas to be taken care of to maintain its position and for further improvement.

### COMMERCE

Commerce can be simply explained as an activity of buying and selling. It is social dealings between people. It can be defined as the exchange of goods or services for money or in kind, usually on a scale large enough to require transportation from place to place or across city, state, or national boundaries (businessdictionary.com).

### ELECTRONIC COMMERCE

Electronic Commerce is the use of internet and other networking technologies for conducting business transactions (Bansal, 2013). It is popularly known as e-commerce. This kind of business encourages business transactions electronically rather than by physical exchanges or direct physical contact.

A more complete definition is: E-commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organizations, and between organizations and individuals (Chanana and Goele, 2012).

### E-COMMERCE - A REWIND

The history of e-commerce appears pretty short but its journey started more than 40 years ago (Refer Table 1). Ecommerce has revolutionized the way we live our lives today. Today, we enjoy the buying and selling advantages of the internet as we now have a lot many e-commerce companies. Still, it would be unimaginable of e-commerce without the emergence of Amazon and EBay who are the pioneer internet companies to allow electronic transactions.

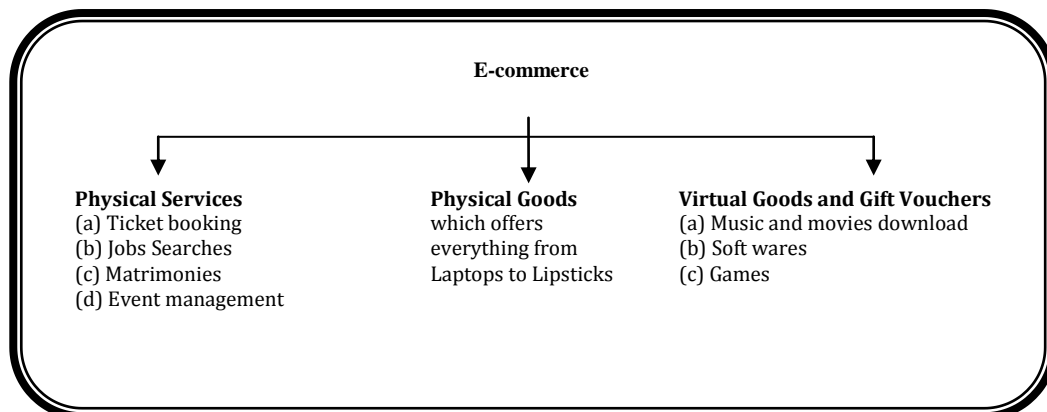
**Table 1: Technology upgradations & e-commerce emergence**

Year	Technology	Function / Utility
late 1970s	Electronic Data Interchange (EDI) Electronic Funds Transfer (EFT)	Businesses can exchange information and electronic transactions could be made (Chanana and Goele, 2012).
1971-72	ARPANET (Advanced Research Projects Agency Network)	Business companies and organizations are able to send commercial documentation electronically. Electronic commercial transactions are also made possible (theguardian.com).
1979	Videotex, modified domestic TV technology with a simple menu-driven human-computer interface invented by Michael Aldrich, which is the technology behind online shopping.	A participative communication medium which is universally applicable is enabled not only for transaction processing but also for e-messaging, information retrieval, dissemination, which is now termed as e-business (Kasana and Chaudhary, 2014).
1980	Redifon's Office Revolution	All business transactions are completed electronically in real-time. Consumers, customers, agents, distributors, suppliers and service companies are able to stay connected on-line to the corporate systems. Designed, manufactured, sold, installed, maintained and supported many online shopping systems (Aldrich, 2011).
1990-91	First world wide web server and browser, created by Tim Berners-Lee is opened for commercial use	Internet is opened for commercial use. E-commerce became possible. Since that date thousands of businesses have started dwelling at web sites (Aldrich, 2011).
1994	Online banking, the opening of an online pizza shop by Pizza Hut, Netscape's SSL v2 encryption standard for secure data transfer, and intershop's first online shopping system and subsequent technological innovations emerged (Aldrich, 2011).	
1995	Amazon broke a new ground with its online shopping site followed by eBay (Webley, 2010).	
1998	Security protocols (for example, HTTP) and DSL	Allowed rapid access and a persistent connection to the internet (ecommerce-land.com).
2000	People began to define the term e-commerce as the process of purchasing of available goods and services over the internet using secure connections and electronic payment services (ecommerce-land.com).	

This is how e-commerce emerged slowly and today it has a wide reach that many customers go for online purchase. According to statistics, the most popular categories of products sold via e-commerce are music, books, computers, office supplies and other consumer electronics (ecommerce-land.com).

#### E-COMMERCE BASKET

E-commerce offers wide range and variety of goods which are grouped on the following basis.

**Fig. 1: Goods & Services offered via e-commerce**

The first category, physical services is the major contributor which includes travel sites accounting for 75% of all e-commerce industries. It provides attractive deals too. The second category consisting of physical goods is the one currently gaining considerable attention, thanks to the hype created by new startups / stores being launched daily. The third category named virtual goods wherein India lags behind as compared to Europe and America. However, with the digital downloads segment expected to grow in the Indian e-commerce market due to the explosion of mobile devices and the services available over the internet at special discounts, the circumstances are likely to change (Kaur, 2014).

#### E-COMMERCE - BY AND FOR

E-commerce involves transaction of goods and services from one person to another electronically. But who does this for whom should also be made clear for easy access. Table-2 shows who are the parties involved in e-commerce between whom the exchange take place.

Apart from this, we have one more category of e-commerce B2G, wherein business dealings are between the companies and the public sector. It involves the use of the internet for public procurement, licensing procedures, and other government-related operations (Bansal, 2013).

#### INTERNATIONAL E-COMMERCE SHOOTS UP

The growth of e-commerce is rapid all over the world. This can be evidently proved with the fact that currently, 40% of the internet users all over the world have bought products or goods online via desktop, mobile, tablet or other online devices. More than 1 Billion Online Buyers are presently there and is anticipated to grow constantly.

In the year 2012, on the whole the e-commerce sales in Asia-Pacific region have increased over 30% contributing to over \$433 billion in revenue. That is a \$69 billion difference between the U.S. revenue of \$364.66 billion. In the year 2013, global B2C e-commerce sales was more than \$1.2 trillion. This has triggered China's B2C e-commerce

markets too. In 2014, if we compare U.S. and Chinese market, the latter spend more on online purchases. China is taking over worldwide e-commerce sales growth by a remarkable 63.8%, India comes second with a distant 31.5% followed by Brazil, Russia and

Canada with 19.1%, 17.1%, 14.0% respectively. As far as overall sales is concerned U.S. tops, which would very soon be bogged down by China (Brandt, 2014).

**Table 2: Parties involved in e-commerce**

By / For	Business	Consumer
<b>Business</b>	Includes all inter-organizational business transactions. Eg: Mag Cloud, Dell	The dealings between the business houses and the consumers. Eg: Kraft Foods
<b>Consumer</b>	Consumers, i.e. individuals, can advertise their products or services online and the companies purchase them (The C2B Revolution 2005). Eg: Google Ad sense, Commission Junction and Amazon	Transactions between the consumers, i.e. individuals, facilitated by a third party, which makes its website available for this purpose and charges a fee or commission. In this mode, a consumer posts an item for sale on a website offered by a third party, and other consumers bid to purchase it. The third party, however, does not take the responsibility of the quality of the product. Eg: eBay and Craigslist

### E-COMMERCE IN INDIA - FOOT IN THE DOOR!

By tradition, India is a country wherein most of the shopping is done in the nearby shops and only unorganized markets were predominating. The same Indian customers who were once satisfied with that, nowadays are looking for easy and comfortable mode of shopping – result is the quick pick-up of e-commerce.

India's thriving market scenario, rapid growth of internet penetration, and a huge population with variety of customers is the apple of an eye for many global e-commerce players. In India, the internet user base was about 137 million in June 2012. By June 2014, this has increased to about 250.2 million (wikipedia.org) and in the next five years, this is expected to cross 300 million users which would be the second largest in the world after China and even far ahead of the USA (Vaitheeswaran, 2013).

In spite of a country with 1.2 billion people with a justifiable amount of internet users, only 2-3 million people are estimated to be active e-commerce customers. The penetration of e-commerce is low compared to markets like the United States and the United Kingdom, but it is growing (Malhotra, 2014) at a much faster rate with a large number of new entrants and thus has been a holy grail of tech entrepreneurs for years. The growth is at an inflection point, the industry says so (vccircle.com). An inflection point can be considered a turning point after which a dramatic change, with either positive or negative results, is expected to upshot. Inflection points are more significant than the small day-to-day progress that is made and the effects of the change are often well-known and widespread (investopedia.com). The number of participants in this arena becomes many which make the competition tight. The growth rate points upwards confirming that the traditional business will be pushed or even pulled towards going 'e' with its enormous benefits (Chanana and Goele, 2012).

From a volume viewpoint, the market has blew up, going from \$2.5 billion to \$14 billion between 2009 and 2012, though only a per cent of this is attributed to retail, with the rest in travel (Hartley, 2013) which is positioned to grow as one of the fastest within the Asia-Pacific Region at a Compound Annual Growth Rate (CAGR) of over 57% between 2012-16, according to Forrester (iamwire.com).

### LUCKY BREAK BY INDIAN CONSUMERS

The expanding middle class and the emerging upper class with higher levels of disposable income have invigorated an extraordinary growth curve for Indian businesses. Even though the mature markets sometimes are snowed under with stagnant growth rates, the Indian economy almost showed a healthy growth and a seemingly endless supply of new customers. Before knowing about the opportunities offered by Indian consumers, we shall know about the basic expectations of Indian consumers from companies.

According to 2014 Global Customer Service Barometer by Ebiquity, Indian customers look for differentiation through experience which results in more brand loyalty among customers. Good customer service contributes to more profit, the survey shows. Because of the history of positive customer service experiences, just about 78% of Indian consumers have spent more with a company. The survey also indicates that this tendency will prolong as 86% of Indian customers are more willing to spend extra 23% with a company they suppose to provide exceptional customer service as against the global average of 66%, who are willing to spend 12% more. At the same time, Indians quickly respond to poor customer service as 71% consumers having dropped a transaction or an intended purchase because of poor customer service, against a global average of 55% consumers.

Indian consumer was once, excellent customer service is determined based on these parameters - the customer care person's abilities to provide satisfactory answers (79%); or being connected to someone knowledgeable (63%). Once these basic expectations are met, personalisation (58%) and appreciation (49%) becomes crucial. Differentiation in attributes like efficiency (34%), consultative approach (22%) and empowerment (18%) from customer care professionals also adds value to customer service. By delivering promised value at the right price (27%), companies can surpass Indian consumers' expectations. Thus, customer service plays a major role in attracting and retaining the customers (americanexpress.com).

Traditionally, the Indian customer has been conditioned to be less demanding of the experience delivered. But now, as the panorama changes, their priority to customer experience becomes foremost. The fact which everyone should understand and agree is that, the consumer is always changing, with growing purchasing power and aspirations. Therein lies the opportunity to surprise and delight prospects and customers (Bhattacharyya, 2012). E-commerce has a great deal of advantages to meet the above mentioned expectations of Indian customers. Now let us see some of the factors supporting the growth of e-commerce in India.

### Busy lifestyles complicated by urban traffic congestion

Nowadays, many households in India have working women. Especially in urban India, majority of women participate in the workforce. For example, in the software industry 30% of the workforce is female. In the workplace, female enjoy similarity with their male counterparts in terms of salaries and roles (wikipedia.org). So, on the one end, they hardly find time to spend with their family in their busy work schedule. On the other end, the city centers are chaotic, and the contents of a shopping list are distributed over different stores or street stands which is time consuming (Hartley, 2013). All these forced people start looking for a simplified form of shopping to meet their essentials wherein they need not stand in queues, eliminate travel time and cost. Companies rightly read the pulse of Indian consumers and there sprouted e-

commerce, a place where consumers have a lot to gain from not going to the stores. E-commerce offered the convenience of shopping by sitting comfortably at one's home with wide assortment of products under one roof. Rising standards of living, the changing lifestyles of the country's urban population has brought about increased dependence on the online medium which also in-turn initiated them move towards e-commerce (Ernst and young 2013). Today e-commerce is slowly gaining interest among Indian customers.

#### Internet friendly users' yearn for social networking

Internet has become essential for this growing population segment in India. According to an article "Social, Digital and Mobile in India 2014" by Asia Pacific Report, India's digital landscape is evolving fast, by and large the diffusion is low, that only one in five Indians use internet in July 2014. However, internet use accelerates, with the latest figures indicating 30 million new users since January 2014 alone – an increase of 14% within 6 months (Kemp, 2014). This may be because of the increased popularity of broadband and narrowband services and the likely launch of 4G services (Upasna andRebello, 2014). For staying connected with friends, accessing emails, buying movie tickets and ordering food, Indians depend on internet. The priority to social networking sites like whatsapp, facebook, twitter, pinterest, google + have all increased nowadays that with Facebook alone 16 million new users are added since January – that's roughly one new user every second. Internet users in India spend just about 5 hours surfing net every day, with 40% time on social media (economictimes.indiatimes.com). Thus, internet has become part and parcel of Indian households which in-turn provides an easy access to e-commerce. This shows a positive sign of growth for e-commerce in India.

#### Ready devices on-hand

Personal Computer sales have been improving steadily in India may be because the price of PCs have much reduced in order to meet the competition from tablets, smart phones and even its own. There are tremendous and quick technological advancements because of which the penetration of devices increases (Kokemuller). Besides the growth of PCs, emergence of smart phones and tablets has transformed the way people access internet and communicate. Smart phones are also priced at less than \$100 in the Indian market, to make them easily affordable by many people (Ernst and young 2013).The tablets are also sold at a lesser price paving way for its extensive acceptance that more than 8,000 of these are sold every day and by 2017 it is expected to reach sales of 23.38 million. So when a tool is readily available, why should not one get the best of both worlds out of e-commerce.

#### Availability of much wider product range

Every customer wants a 'better' product, which comes as a result of comparison. Indian customer is also indifferent. He compares products and prices, chooses the one which is most appropriate and affordable. Nonetheless, this e-commerce provides a wide range of product assortment to choose from. Moreover the goods are delivered at doorstep, they can easily search through a large database of products and services, can see actual prices, which is easier than brick and mortar stores. Thus, consumers have now started becoming fond of e-commerce rather than shopping in the markets. Increased usage of online classified sites, with more consumer buying and selling second-hand goods are also trending now.

#### Great customer experience and lower prices

The Indian consumer is basically a discount shopper. So the prime tactic behind getting hold of and withholding them has been based on pricing (Pratap, 2014).Brick and mortar companies are obsessed by disintermediation, reduced inventory and real estate costs because of which they cannot reduce the price beyond certain extent. But it is affordable for e-commerce as it does not have any such obligations. Economists have theorized that e-commerce must go ahead with its strong price competition, as it

increases consumers' ability to gather information about products and prices (Waghmare GT, 2012). It facilitates comparison shopping i.e. the products, price, features and other parameters could be compared within a particular site and also with the other sites. The customers would obviously prefer a seller who offers it at the lowest price. Also e-commerce enables deals, bargains, coupons, group buying and consumers can even themselves buy and sell to other consumers. This empowers the customers to look for more valuable product.

But, differentiation based upon product and pricing alone is no longer an upholding strategy. Several companies have crushed the economic odds by giving differentiated customer experiences. Research conducted by RightNow last year revealed that 86% of Indian customers are willing to pay more for greater customer experience (Bhattacharyya, 2012). E-commerce can meet both the challenges effectively by offering high degree of hedonic experience at a lower price.

#### Opportunity cost out of limited advertising

A product or a company, in order to be successful, marketing plays a very predominant role. Every company spends a reasonable amount of money on marketing and one such is advertising. Small businesses usually apportion 2 to 12 per cent of annual sales to advertising, according to LegalZoom. High budget advertisements would be television commercials because it may cost \$5,000 to \$25,000 just to produce a single commercial, and another several thousands to buy a package of spots on a TV station. Local newspapers and radio are commonly used by local businesses. A one-day newspaper placement in a small to mid-sized town may cost \$100 to \$300. A package of 100 to 200 radio commercials, even in a metro area, may cost a few thousand dollars as well (Kokemuller). But this e-commerce provides a platform for companies to advertise itself without any expense. The web and its search engines provide an easy access to the customers without luxurious advertising campaign. As a consequence, this reduces the cost spent on advertising which again has an impact on the price. Furthermore even small online shops can reach global markets. Web technology also allows to track customer preferences and to deliver individually-tailored marketing. This makes Indian customers feel more personalized and more willing to buy online.

#### Increased income and disposable income

For every six to seven years, the income level of urban Indians doubles. This opens up business opportunities ubiquitously (euromonitor.com). It is also expected that there would be an increase of annual disposable income per household in India at a CAGR of 5.1% from 2005 to 2025. The last decade saw high gross domestic product growth, leading to improved income levels. This has made India position itself as the fastest-growing consumer markets in the world. Also the discretionary spending of Indian customers also increase, which was 52% in 2005 and estimated to be 61% in 2015 and 70% in 2025 (Ernst and young, 2013).

The annual gross income has increased from \$1,431,600.1 million in 2010 to \$1,722,606.4 million in 2014. The consumer expenditure has increased from \$959,093.3 million in 2010 to \$1,160,804.5 million in 2014 (euromonitor.com). Increased income level, disposable income, discretionary spending and overall consumer expenditure, all these converge at a point, meaning that there is an improvement in the standard of living of Indian customers which increase their probability to turn towards e-commerce.

#### Entry of e-commerce giants

Many popular e-commerce sites like Amazon, Flipkart, Jabong have launched in India and their investment in the e-commerce market is for a long term perspective. Thus, the e-commerce market for sure will expand even more bigger and better in times to come. This paves way for the customers to have many alternatives, thereby creating a stiff competition amongst the rivalries. Moreover, some of the sectors like travelling and retail have already proved to be quite successful in the field of e-commerce. The success of these sectors has provoked other sectors to enter the market of e-commerce and

this is quite the reason why the e-commerce market has expanded so quickly in India.

Above mentioned are some of the reasons which make India a suitable market for e-commerce. According to a survey, it is believed that the number of e-commerce consumers will grow to 460 million individuals by 2024-2025. Thus, e-commerce is a coming up roses in India.

#### HOW E-COMMERCE WOULD STAND ITS GROUND?

E-commerce, though has all possibilities to glisten, some of the areas are to be concentrated in order to keep up its position and further improve. Those, acting as hindrances for e-commerce to penetrate in full fledge are mentioned below:

##### Unfortunate logistic facility

Logistics would definitely act as a foremost hindrance to e-commerce in India. People who live in remote villages are much interested to adopt e-commerce as most of the products easily accessible through e-commerce are not physically available at their places. But delivery becomes problem for them as most of the villages and small towns are not covered by courier or even have proper road facility. Keeping this in view, some companies like Flipkart, Snapdeal are launching their own delivery system to cover remote places. Furthermore, logistic service providers like Aramex and Chhotu.in are making their services available in delivering the products to Indian e-shoppers. But only the high investment companies enjoy this while the less invested yet capable companies struggle. Once this is put right, India has jumped through a tough hurdle of e-commerce (Sadavarta).

##### Cash on delivery mania

According to a World Bank Report in 2013, India's per capita income was \$1570 ranking 120<sup>th</sup> out of 164 countries while its per capita income was \$5,350, on purchasing power parity basis ranking 106<sup>th</sup> (en.wikipedia.org). The World Bank estimated in their 2011 reports that if India's economy continues to grow per projections, India's middle income group would double by 2015 over 2010 levels, and grow by an additional 500 million people by 2025. This would make it, with China, the world's largest middle income market (en.wikipedia.org). Thus, people coming under middle and lower middle forms the major portion of the population for whom money is a primary concern. Thus, when coming to e-commerce, 80% of Indian e-customers tend to choose cash on delivery (COD) as payment option.

Credit card penetration is also relatively low in India, and consumers are still not trusting online forms to disclose financial information. However, COD does not support the healthy run of e-commerce business (Kharas, 2011) as this inflicts various functions like creating a delay in payment which makes the e-commerce company restock inventory before the cash from its last sale has arrived and other unforeseen complications. The most visible indication is the direct costs involved. For every COD order, the courier companies charge either a fixed fee, ranging from Rs. 45 to 75 or 2.5 to 3 per cent of the order value, whichever is higher. The other major problem created by COD is the customers who haven't incurred any cost; their mood may change at the time of delivery and if they simply go for a product return, this implies a further outgo of Rs. 45-75 to the courier company, meaning a total spend of Rs. 90-150 on a worthless order. Thus, there is a need to make a shift towards online payment mechanisms (Dharmakumar, 2012).

##### Below-par brand recognition

Indian customers offer very poor brand recognition and it has become very tough for companies to build a strong brand and retain customers. "Very few companies built consumer experience based loyalty," said Pearl Utapam, founder of fashionandyou.com, India's largest fashion e-commerce portal. It would take 10 times more cost to acquire a new customer than to retain an existing one which is proved by many studies across various industries. Also the retained customers turn loyal to the company; more likely to buy other

products also there itself; more probably introduce business to others via a verbal referral (marketingdonut.co.uk). In this case, if we consider Indian customers, according to a survey result, they share more about their customer service experiences, both good and bad, as against their counterparts in other countries. While 66% of Indians are expected to share their good experiences to an average of 41 people (global average of 41% talking to only nine people), nearly 50% share their bad experiences to at least 48 people. Thus, Indian customers play a vital role in building strong brands by their effective word-of-mouth (WOM). "The highly networked Indian customer presents a phenomenal opportunity as he wields a wide sphere of 'word of mouth' influence and is also willing to pay a premium to companies providing great service. So, focusing on delivering outstanding service will ultimately help companies to grow. Businesses can build advocates by delivering good customer service," said Sanjay Rishi, President, American Express South Asia (bestmediainfo.com). By the way, this provides an opportunity for e-commerce companies to strive hard to build powerful brands which will in turn reap its benefits from Indian customers.

##### Apprehension towards security

E-commerce demand highly safe, steady and defended hosting. Cyber security issues of e-commerce business in India should be deliberately took care by Indian e-commerce stakeholders as one cannot safely make payment through electronic device which acts as a base for e-commerce success (ptlb.in). Surveys about the payment methods for the online shopping reveal that the buyer in India is little bit reluctant to use credit cards due to online frauds hazard. In the past, there have been some incidents of misuse of credit card numbers by some unscrupulous people (The Economic Times, 2010; The Times of India, 2012). Due to this reason, in India, credit and debit cards have not become so popular. The stake-holders, particularly the business houses, governments and the software companies are taking corrective measures. At the international level too, efforts are being made to foolproof the transmission of the payment information over the networks. Secure Electronic Transaction (SET) proposal is working on the purpose for developing new technologies together with giants like Microsoft, IBM, Netscape Communications, etc. backed by Visa and Master Card (Bansal, 2013). When only the security becomes strong, e-commerce can flourish.

##### Substantial Investment

Though more and more e-commerce firms emerge in the Indian market, till 2012, most of the e-commerce companies are to start making money. But the investment that they make in their business is extensive, speculating to gain huge profit. According to Forrester Research, India's e-commerce market is expected to surpass \$1 billion in sales and expected to touch \$ 8.8 billion in 2016. But most e-commerce firms are not as successful as expected. The fund rising by leading companies was abundant. In Oct 2013, Flipkart, the biggest e-commerce site in India has made \$360 million (Rs. 2,228 crore) fund-raise (timesofindia.indiatimes.com). Entertainment ticketing website BookMyShow.com raised 100 crores investment by Accel Partners. In 13 April 2013, Snapdeal invested \$50 million. In Feb 2014, online fashion retailer Myntra.com raised \$50 million from a group of investors led by Premji Invest, the investment company promoted by Azim Premji, Chairman of Wipro. In May 2014, Flipkart possessed Myntra for 2,000 crores (timesofindia.indiatimes.com). But if we consider the returns that the companies expect out of the investment, it shows no traces as such. Cyber law and e-commerce due diligence are totally disregarded by investors and financial institutions (ptlb.in). Low average broadband speed and flat average internet speed in India, online payment landscape blemished by low penetration of credit and debit cards; high failure rate of online payment transactions, all add troubles to e-commerce, which the companies do not focus but just go on investing, making the condition unhealthy.

##### Physical and psychological dilemmas

Indian customers are unconvinced about purchasing products online since they have low level of trust towards online sites; therefore, it is very important for an e-commerce company to build trust. Once a

level of trust is achieved a website's business could grow exponentially (theblog.enova-tech.net). As an evidence of this, a recent study has shown 70% of the customers who involve in e-commerce are regular customers. Thus, e-commerce firms should work on building trustworthy sites to remove psychological dilemma from the prospects. On the other hand, the customers face physical dilemmas like products which are to be touched and felt before purchase is not possible online. The customer buys the product but it takes some time to reach the customer which creates a feeling of disappointment. These gaps are also to be met by compensating something else in e-commerce, which if done, for sure, will become a grand success in India.

#### CONCLUSION

E-commerce has created a strong pedestal in the minds of Indian customers. The companies which strive hard to provide rich customer service, build strong brand & trust will beyond doubt generate steadiest returns. The opportunity given by Indian consumers of creating effective WOM must be well utilized as this would trim down squandering money by means of advertising and price combats. If India gets an improved broadband and internet connections and fast accessibility, it will assure business prosperity. However, Indian consumers show disinclination towards e-commerce to some extent. In due course, with the better services and offers, the problems of logistics, online payment frauds being solved, the trust element created, the e-commerce can bring Indian consumers out of hesitation and lack of enthusiasm which is exactly the reason for deeming that the market for e-commerce will only nurture in India in times to come.

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