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SWOT Analysis of E- Commerce

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Abstract

The e-commerce is one of the biggest things that have taken the Indian business by storm. It is creating an entire new economy, which has a huge potential and its fundamentally changing the way business are done. These figure also show that the total size of India's consumer retail market was about \$470 billion (2011) and is expected to grow to \$675 billion by 2016 and to \$850 billion by 2020, with a cumulative annual growth rate (CAGR). In comparison, India's total e-commerce market was worth about \$2.5 billion 2009 and grew to \$6.3 billion in 2011 and more than doubled to \$14 billion in 2012. It is emerging as a new way of helping business enterprises to compete in the market and thus contributing to economic success. In this paper we will discuss about SWOT analysis of E-commerce which will comprise of strengths, Weaknesses, opportunities and threats faced by e-commerce in current scenario.

Introduction

Electronic commerce (E-commerce) is a new way of doing business has significant opportunities. According to Report of Digital Commerce, IAMAI-IMRB (2013), E-commerce industry in India has Witnessed a growth of US \$ 3.8 billion in the year 2009 to US\$ 9.5 billion in 2013. By 2015, the market is expected to reach US\$ 12.6 billion, showing year to year growth of 35%. Industry sources indicate that this growth can be sustained over a longer period of time as E-commerce will continue to rich new Geographies and encompass new markets. It is fast gathering momentum and becoming a reality in almost all parts of the world. E-commerce is emerging as a new way in helping business enterprises to compete in the market and thus contributing to the economic success. In this paper we will analysis the strengths, weakness, threats and opportunities of E-commerce faced in current scenario. This paper will enlighten the scope of business Activities to develop suitable strategies to further strengthen their businesses with E-commerce.

Concept And Definition

E-commerce is anything that involves an online transaction. E-commerce means sale or purchase of goods and services conducted over network of computers or TV channels by methods specifically designed for the purpose. Even though goods and services are ordered electronically, payments or delivery of goods and services need not be conducted online. E-commerce transaction can be between businesses, households, individual's governments and others public or private organizations. There are numerous types of ecommerce transactions that occur online ranging from sale of clothes, shoes, books etc. to services such as airline tickets or making hotel bookings etc. The definition of 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.

Different Type Of E-Commerce

The major different types of e-commerce are business to business (B2B) business to consumer (B2C) business to government (B2G) consumer to consumer (C2C) and mobile commerce (m-commerce).

Present Scenario Of E- Commerce In India

For developing countries like India, e-commerce offers considerable opportunity. E commerce in India is still in growing stage, but even the most pessimistic projections indicate a boom. It is believed that low cost of personal computers, a growing installed base for internet use, and an increasing competitive Internet Service Provider (ISP) Market will help fuel internet use, and an Asia's second most populous nation. The first Ecommerce site was rediff.com. It was one of the most trafficked portals for both Indians and non-residents Indians. It provided wealth of Indian related business news a reach engine, Ecommerce and web solution services. The past two years have seen a rise in the number of companies enabling Ecommerce technologies and the internet in India. Major Indian portal sites have also shifted towards Ecommerce instead of depending on advertising revenues.

India is a developing rapidly and if development is to be measured, how can we ignore the role of Ecommerce in it. The internet user base in India might still be a mere 100 million which is much less when compared to its penetration in US or UK but its surely expanding at an alarming rate. The number of new entrants in this sphere is escalating daily and with growth rate reaching its highpoint; it can be presumed that in years to come, customary retailers will feel the need to switch to online business. Insights into increasing demand for broadband services, rising standards of living.

The operating guidelines for mobile making issued in October 2008 were relaxed in December 2009. Facilitating mobile banking transactions up to Rs. 50000 both for ecommerce and money transfer purpose. Banks have also been permitted to provide money transfer facility up to Rs. 5000 from a bank account to beneficiaries not having bank accounts with cash payout facility at an ATM or Banking Correspondent. Till June 30, 2010, 40 banks have been granted approval for providing mobile banking facility.

Objectives of The Study

1. To give the present scenario of e-commerce in India.
2. To discuss the strengths, weaknesses, opportunities and threats of e-commerce in the present scenario.

Swot Anaylsis (strengthens weakness opportunities threat)

This paper aims at understanding an environment conducive for e-commerce in India. For this a SWOT Analysis techniques is adopted to help in giving a suitable direction. The SWOT analysis based on the Several existing E-commerce site world over which can be used by Indian business and others.

Strengths:-

1. Boundary less (global location) E-commerce can be dealt globally as no specific boundary Is required. It enables all the companies to expand them to global level.
2. Time saving: it saves time and transportation because there is no need to go anywhere physically.
3. No time constraints: It can be used anywhere any time as there is no time constraints.
4. Price/Product comparison: Helps consumers to compare price and product effectively and efficiently.
5. Cost effective: Reduces logistics problems and puts a small business on a par with giants.
6. Direct communication with consumers: Social networking sites, online advertising networks can be medium to buzz about online store.

Weakness:-

1. Security: Security matter confuses customers especially about the integrity of the payment process.
2. Fake websites: Fake websites can not only disgrace ecommerce but bring bad name to ecommerce also.
3. Fraud: concerns about misuse of financial and personal data, is a great weakness in ecommerce.
4. Fewer discounts and bargaining: Hardly online business offer discounts and bargaining cannot be possible.
5. Long delivery timing: Delivery time can be in days or weeks which one cannot wait for.
6. No idea about quality and physical condition of the products: Online products cannot be touched, wear or sit on the products.

Opportunities:

1. Changing trends: Ecommerce is fast and effective even financial transactions can be made from any part of the world. People of tomorrow will feel more comfortable to buy products through internet only.
2. Global expansion: ecommerce can be operated anywhere any time without any interruption.
3. New technologies: daily number of internet users is increasing. People feel more comfortable to shop online.
4. Wide business growth: e business was wide scope and broader vision to grow.
5. High availability (24 hour and seven days a week): Along with each and every click of the mouse business is in operation.
6. Cut down on local competition: Online customer services is a competitive advantage for the company.
7. Advertising: advertising is cost effective as compare to convectional offline system.

Threats:-

1. Competitors: competition is increasing day by day big companies have already entered in this field. They are making
- 2.Changes in environment, law and regulations: Change in trends, fashion and fad can distress ecommerce side by side change in law and regulations can also affect it.
3. Privacy concerns: fears that information can be misused lead to spasm email or identity fraud.
4. No direct interactions: in ecommerce there are no direct interactions of consumers and the seller.
5. Innovation: customers now a day in search of innovative products. Innovation can be either can be in product, price, place and etc.
6. Fraud: persons using unfair means to operate e commerce can damage the confidence and faith of common people.
7. Risk: Nature of fraud and risk is different because when a customer's relies on unseen set up, he traunts and makes transactions. In such a way he is ready to face risk.

Conclusion:

With the development of computer technology, the World Wide Web has become the connection medium for the networked world. Computers from locations that are geographically dispersed can talk with each other through the internet. As with any new technology, there are positive and negative associated with it's used and adoption. E- Commerce creates new opportunities for business. However, rapidly changing Technology is continually bringing new goods and services to the market accompanied by new strategies To sell them, therefore, it may also conclude that new ethical issues related to business will emerge.

New ethical issues must be identified and immediate steps and actions should be taken. Initially, new Internet users would be reluctant to conduct any kind of business online, citing security reasons as their Main concern, In order to increase consumer adoption of e-services, the sources of consumer confusion, Apprehension and risk need to be identified, understood and alleviated.

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