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IMPACT STUDY OF E-COMMERCE ON EMERGING MARKETS

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ABSTRACT

The future of commerce lies in digital transactions. Internet has already altered the face of businesses and it is going to change the way businesses working. Impact of e-commerce on world economy is beyond our imaginations. With the development of electronic payment system like e-wallet, Unified Payment Interface (UPI), Digital cards and internet banking e-commerce has become mainstream. Alibaba Group Holding Ltd.'s Singles' Day shopping festival posted record sales of 540.3 billion yuan ($84.5 billion). It could not have been achieved if not for e-commerce. E-commerce has made it possible to reduce inventory and storage space required for the products. Items can be produced as per the demand on e-commerce and delivered, if required they can be stored at a place away from the highly populated cities making them cheaper to supply. E-commerce has given boost to production everywhere. Banks and Financial Services have also come up to help the rise of e-commerce. India's UPI has nearly 6 billion transactions a month, valued over Rs 10 lakh crore and touching 260 million users and this incredible rise is in just 6 years.

Keyword: Technology, Economics, Social Development, UPI

INTRODUCTION

E-commerce is abbreviation for electronic commerce. It means all the trade of goods or service done over the internet which a very vast than our usual marketplace. It combines more of strategy and business management than just the use of technology. Development of the e-commerce and web technology can be a tool for sustainable future economic growth. The major impact of e-commerce on the world economy will improve efficiency, competitiveness and profitability of business and economies which will help in better social developments. E-commerce will bring remote regions together along with the scientist, professionals, managers, administrators and common people on common platform to develop new projects and programmes for the economic as well as social development, new technologies and new services to improve livelihood of millions of people around the world.

The rise of internet and low cost of data has shifted peoples as customers from a seller oriented market to buyer oriented market. Now the customers has new and different expectations from the market than the market in past. The ability of a firm to recognise and capitalise this will be critical to its survival. New technologies are creating new product and services which are borderless and timeless with new virtual communities and suppliers. Previously companies used to only display the product they had for information of clients but now they have started distribution channel alongside the existing sales channel. Future of the e-commerce will be to make goods and services as per the demand of customers. It will entail reducing inventory and tailor made product or services. To put in simple words e-commerce is a transaction which uses computer and other electronic media over a secure network.

With the rise of new technologies and reduction in cost of data, it has become possible to transact over the wireless network also. India launched Unified Payment Interface (UPI) in year 2016. It is a system of peer-to-peer transfer of money without giving details of individual banking details. UPI has been a great success and all other the digital transactions started looking miniscule in front of it. Recently UPI reported 6 billion transactions a month, valued over Rs 10 lakh crore and touching 260 million users. During the same period the debit card and credit card uses have seen a drop in issuance and usage. UPI is free whereas other digital formats charge a fee for transaction, which make UPI popular. Financial Inclusion has been made possible due to acceptance of this mode of payment. The interface of UPI is simple and transactions are fast and secure which make it highly popular and easy to use. Logistics handling is one of the rising fields due to the increase in the e-commerce. As a side effect there has been increase in the fraudulent bank transactions, phishing and data theft due to rise in the digital transactions. New technologies emerging fast making market competitive and volatile where only fittest will survive. E-commerce has numerous distinct advantages over the traditional commerce. It is a completely a new way of doing business and not merely use of electronics in commerce. It is more about business strategy and management than just the technology added to commerce. The major impact in the world economy will be economic efficiency, competitiveness and profitability with the increase in the general awareness of society. E-commerce will improve the livelihood of millions around the world through social inclusion.

E-commerce uses latest communication, payment and distribution channels like Telephone, mobile, fax, e-payment, UPI, e-wallets, e-data interchange and the internet. E-commerce is frontier in the use of latest technology but it is still in early stage of development. New technologies like Artificial Intelligence, Drone Delivery, Automatic segregation and distribution Channels, robots for real time manufacturing and data analysis in the e-commerce will change it to a never thought before scale and size. Emerging markets are the markets which are still in growth trajectories whereas the developed markets are the one which are mostly saturated. Marketing is activities which direct the flow of goods and services from manufacturer to consumer and this includes activities even after they are sold.

OBJECTIVES OF THE STUDY

The objective of the study is to find relationship and significance of e-commerce with emerging market and to find how e-commerce can help in economic development of a country and also to determine the impact of e-commerce on their economic development.

RESEARCH METHODOLOGY

This is a descriptive research mainly based on the variables which either has happened or are happening around us. Descriptive research requires fact finding inquiries and surveys. We also

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term this kind of research as ex-post-facto as the researcher has no control over variables. The primary goal of this research is to describe the state of conditions as they currently exist.

E-COMMERCE: HISTORY

The origin of e-commerce can be traced to invention of telephone at the end of the 20th century. With the invention of computer and internet the Electronic Data Interchange (EDI) also boosted the e-commerce. Post world war and cold war organisations heavily invested in the computers and EDI. It was slow in the beginning and did not spread worldwide. In the last 50 years or so it began to gain the pace. For initial 30 years or so it remained hidden and only few large entities could do business which could be termed as e-commerce. E-commerce has basically two segments namely business-to-business (B2B) and Business-to-consumers (B2C). All transactions done between companies, firms are termed as B2B or it can be said that wholesale transactions are B2B transactions whereas transactions between Business houses to consumer where they take the role of retailer are termed as B2C transactions. Although the e-commerce became popular by B2C transactions, B2B dominates the market.

The widespread use of e-commerce sites like Amazon and eBay over the past 20 years has significantly boosted the growth of online retail. The U.S. Census Bureau estimates that 5% of all retail sales in 2011 were made through e-commerce. When the COVID-19 pandemic broke out in 2020, it had increased to over 16% of retail sales.

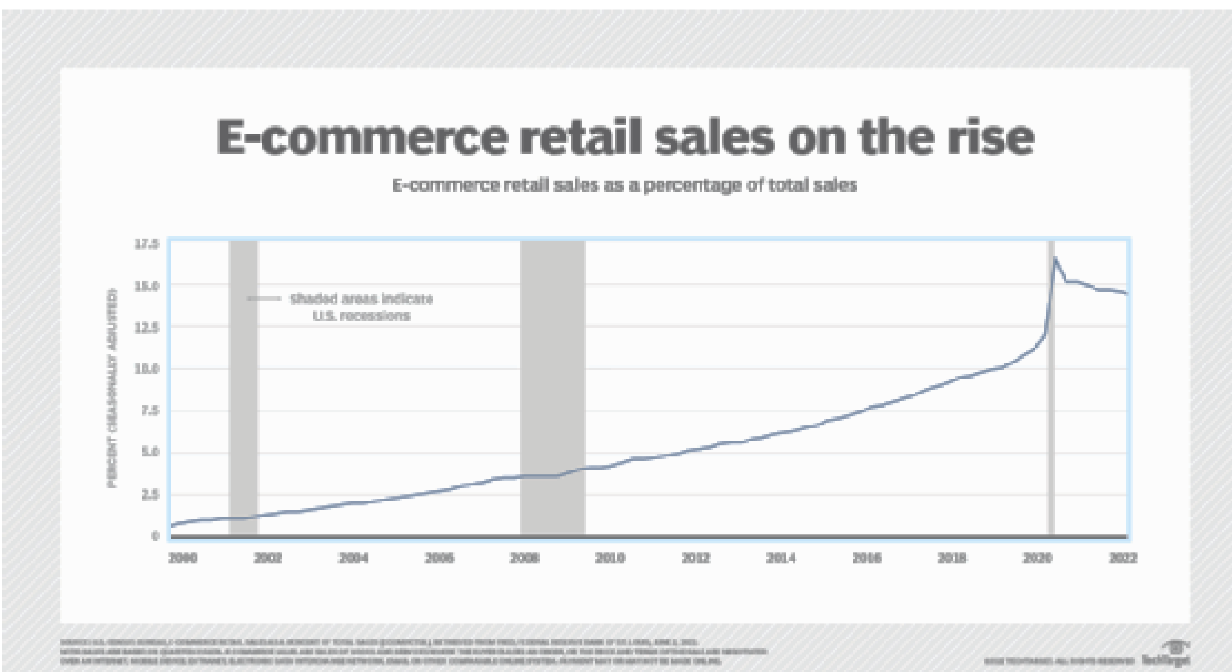

Fig: E-commerce sales have risen steadily since 1999 and peaked in 2020, early in the pandemic

E-commerce, also known as electronic commerce, is the exchange of goods and services as well as the sending of money and data over an electronic network, most commonly the internet. The internet is what drives e-commerce. Customers use their own devices to access an online store to browse the selection and place orders for goods or services. The customer's web browser will communicate back and forth with the server hosting the e-commerce website as the order is placed. The order manager, a central computer, will receive information about the order. It will then be sent to databases that control inventory levels, a merchant system that controls payment data using tools like PayPal, a bank computer, and a merchant system. It will then return to the order manager.

This is done to ensure that there is enough stock in the store and money in the customer's account to fulfill the order. The order manager will alert the store's web server once the order has been validated. The customer will see a message stating that their order has been updated accordingly. The order manager will then notify the warehouse or fulfillment department that the product or service can be delivered to the customer by sending order data to those departments. A customer may receive tangible or digital goods at this point, or access to a service may be accorded.

Online marketplaces where sellers register, like Amazon, software as a service (SaaS) tools that let users "rent" online store infrastructures, or open source tools that businesses manage using their in-house developers are some examples of platforms that host e-commerce transactions.

Advantages

(a) **Availability**. E-commerce shops are open 24/7 apart from breakdown or schedule maintenance.

(b) **Speed of access**. Crowd in physical store may slow us down but there is no waiting or crowd in e-commerce platforms. Whole e-commerce transaction can comprise a few clicks and take less than five minutes.

(c) **Wide availability**. E-commerce has a wider reach than any physical store. E-commerce store are borderless and can make a delivery in any corner of the world. Content of the e-commerce store has wide variety of items.

(d) **Convenience**. Customers can locate a product just by searching or following a particular section online in real time but it is very difficult in physical stores.

(e) **International reach**. Businesses with physical stores sell to customers who come into those locations. Businesses can sell to anyone who has access to the internet using e-commerce. E-commerce has the potential to increase a company's clientele.

(f) **Lower cost.** E-commerce companies do not have to pay rent, stock, or payroll costs associated with operating physical stores. However, they might charge shipping and storage fees.

(g) **Personalization and product recommendations**. E-commerce sites can track a visitor's browse, search and purchase history. They offer a personalised service to customers.

Disadvantages

(a) **Limited customer service**. If customers have a question or issue in a physical store, they can see a clerk, cashier or store manager for help. In an e-commerce store, customer service can be limited.

(b) **Limited product experience**. Purchase from physical store purchaser can check the various attributes of the item but in e-commerce this is very limited.

(c) **Wait time**. Items purchased on the e-commerce are delivered later except for the digital materials like movies e-books which create a lag time between purchase and use of item.

(d) **Security**. Phishing, data theft, card skimming and other such activities can cause huge loses to person or business.

E-COMMERCE CONCEPTS AND TYPES

E-commerce has forever changed life of people as well as the way businesses function. Data analysis is very important part of the e-commerce. They provide insights into the demand and trends of transactions. Producer and manufacturer use real time demand data to design and produce goods. In e-commerce the transaction takes place in digital market place and the logistics and supply follows it. Therefore, logistics and supply chain is closely linked with e-commerce. There are various other formats from near-instant on demand platform, to cloud service provider, to medical, to professional services and what not. E-commerce provides government with real time state of economy. Analysis of real time data in economy provides deep insights for the government to take steps to tackle inflation, recession, taxability or other issues. E-commerce is the chance of emerging markets to have a strong foothold in multilateral trading system. E-commerce has single handedly changed the way businesses interact with other businesses, consumers and government. The size of the business is growing and they are becoming very large having the valuation more than GDP of many big nations. Now we have trillion dollar valuation league of companies. Alibaba Group Holding Ltd.'s Singles' Day shopping festival posted record sales of 540.3 billion yuan ($84.5 billion). Companies are now manufacturing in different countries as per their suitability and assembling and providing goods at different part of world as per demand. No single nation can now claim to be fully independent of others.

More elaborate definition of e-commerce is required to provide the type and scope of technology required to handle such a large system. Electronic commerce is defined by the Organization for Economic Cooperation and Development as a new way of doing business that occurs over a network that uses non-proprietary protocols established through an open standard setting process, such as the internet. E-commerce can provide a great assistance in rising of poor and emerging nations. They can provide cheap labour required to manufacture products and same can be delivered anywhere in the world.

Emerging markets have some of the characteristics of the developed market. Developing countries are able to raise their production and export due to involvement in global market. As the emerging market develops it gets more integrated with world economy this is evidenced by increase in liquidity, trade and FDI. The level of market and regulatory institution development found in developed nations is generally lacking in emerging markets. In contrast to advanced economies, emerging markets typically have a physical financial infrastructure, including banks, a stock exchange, and a single currency. Market efficiency and strict accounting and securities regulation standards are also generally lower in emerging markets than in advanced economies. Agriculture and resource extraction are being replaced by industrial and manufacturing activities in emerging market economies. In order to encourage economic growth and industrialization, governments of emerging market economies typically adopt deliberate industrial and trade strategies.

There are six types of E-commerce:

- Business to Business
- Business to Consumer
- Business to Government
- Consumer to consumer
- Consumer to Business
- Consumer to Consumer

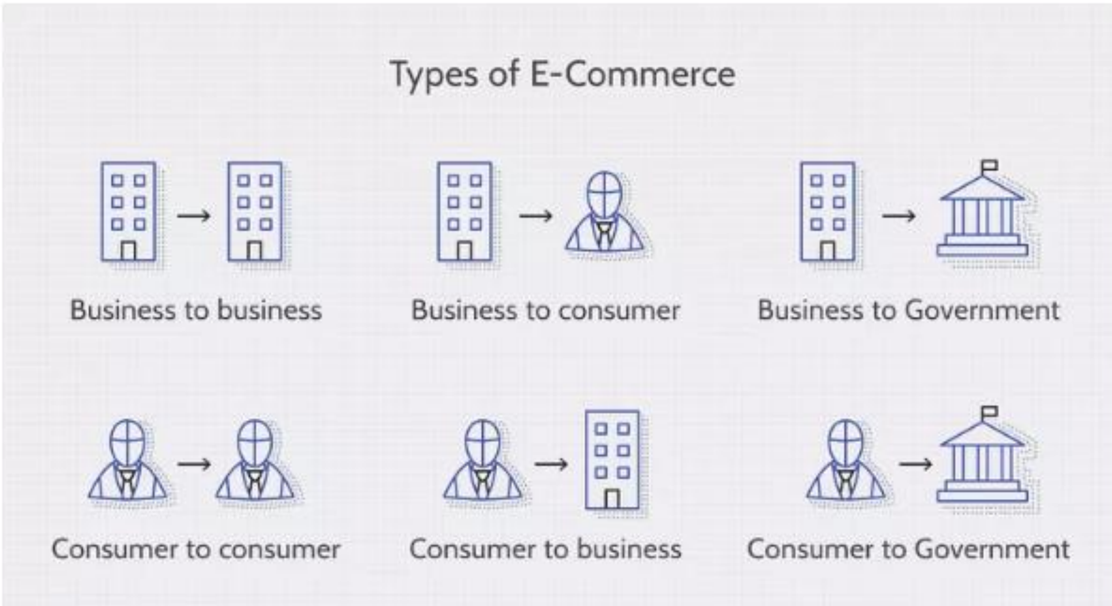

Fig: types of e-commerce

E-COMMERCE IN MARKETING APPROACH

The emerging markets are characterized mainly by low income, rapid growth, and high volatility. Per capita income of emerging markets is lower than the global average. They have low income which gives them option for higher growth. These economies move to more industrialised economy for higher income. This gives rise to higher volatility. Volatility can be further fueled by natural disaster, domestic policy insatiability and external price shocks. Disaster whether natural or man-made can change path of the economy. Marketing is not just a phenomenon of the business world or exclusive to businesses. Marketing initiatives can be advantageous for non-profit organisations as well. Whether a company is for profit or not, marketing orientation can help it accomplish its goals more successfully. In order to maximise customer satisfaction, marketing is concerned with the exchange of goods and services from producers to consumers or users.

The management of the marketing function is referred to as marketing management. Planning, organizing, directing, and controlling activities that facilitate the exchange of goods and services between products and their users or consumers is referred to as marketing management. A well-defined and clear marketing strategy can enhance the turnover of the company. New marketing strategies are being adopted for online sales through e-commerce with a brighter chance of reaching more peoples. Brand building of the companies through new marketing is faster. As the size of a company grows label of being of emerging market becomes less important. In the e-commerce companies direct their product directly at consumers and the middleman becomes less relevant. Although the company grows due to reduced cost, the number of wholesaler and their earnings gets reduced.

CONCLUSION

E-Commerce has a significant impact on the emerging markets and this is the chance of developing countries for the rise in this Multilateral Trading System. Cost of creating and running a business has come down significantly thereby giving the higher profit margin and a chance to new economies to come up the world order. New technologies are being developed to meet the requirements posed by the demands created by e-commerce. The rise of e-commerce has essential element of online payment making financial inclusion of the vast number of world population.

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