E-Commerce and Online Shopping

Executive Summary

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Internet is the rapidest growing media during the past decade. Especially, online shopping is a rapidly growing e-commerce area. Online stores are usually available 24 hours a day, and many consumers have Internet access both at work and at home. A successful web store is not just a good looking website with dynamic technical features, listed in many search engines. This study aims to establish a preliminary assessment, evaluation and understanding of the characteristics of online shopping. Although the benefits of online shopping are considerable, when the process goes poorly it can create a thorny situation. A few problems that shoppers potentially face include identity theft, faulty products, and the accumulations of spyware, as well as the precautions to be taken are studied in this paper.

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Introduction

Electronic commerce, commonly known as e-commerce, ecommerce or e-comm, refers to the buying and selling of products or services over electronic systems such as the Internet and other computer networks. However, the term may refer to more than just buying and selling products online. It also includes the entire online process of developing, marketing, selling, delivering, servicing and paying for products and services. Basically e-commerce encompasses any product or service that is sold over the internet. Amazon, for example, is a popular example of a business that epitomizes the definition of e-commerce.

History

Originally, Electronic commerce was identified as the facilitation of commercial transactions electronically, using technology such as Electronic Data Interchange (EDI) and Electronic Funds Transfer (EFT). These were both introduced in the late 1970s, allowing businesses to send commercial documents like purchase orders or invoices electronically. The growth and acceptance of credit cards, automated teller machines (ATM) and telephone banking in the 1980s were also forms of electronic commerce.

E-commerce –It's Unique Attributes

The rapid growth of e-commerce in India is being driven by greater customer choice and improved convenience. Having a strong business model coupled with a first class level of service is critical to success. Before these aspects are explored, it is important to understand the unique attributes which define e-commerce in India. India has an internet user base of over 50 million users. The penetration of e-commerce is low compared to markets like the US and the UK but is growing at a much faster rate with a large number of new entrants. The industry consensus is that growth is at an inflection point with key drivers being:

Increasing broadband Internet (growing at 35% MoM) and 3G penetration

Rising standards of living and a burgeoning, upwardly mobile middle class with high disposable incomes

Availability of a much wider product range (including online purchase from international retailers and direct imports) compared to what is available at brick and mortar retailers

Busy lifestyles, urban traffic congestion and lack of time for offline shopping

Lower prices compared to brick and mortar retail driven by disintermediation and reduced inventory and real estate costs

Market Size & Growth

India's e-commerce market is worth about Rs 90,000 crores in 2015. About 80% of this is travel related (airline tickets, railway tickets, hotel bookings, online mobile recharge etc.). Online retailing comprises about 15%. India has close to 10 million online shoppers and is growing at an estimated 40-45% CAGR vis-à-vis a global growth rate of 8-10%. Electronics and apparel are the biggest categories in terms of sales.

Characteristics that define e-commerce in India

Cash on Delivery- as a preferred payment method. India has a vibrant cash economy as a result of which 80% of Indian e-commerce tends to be Cash On Delivery (COD).

Direct imports constitute a large component of online sales. Demand for international consumer products (including online purchases from international retailers) is growing much faster than in-country supply from authorised distributors. E-commerce uses sophisticated technology and logistics to create a cross-border supply chain that allows consumers to shop online for international products that are delivered duty paid to their doorstep.

How E-commerce can improve the customer experience and increase revenues

Drivers of growth

Rising incomes and a greater variety of goods and services that can be bought over the internet is making buying online more attractive and convenient for consumers all over the country. Based on the belief that, its simplicity processes which will facilitate to encourage and adoption of e-commerce. Hence, continually review and reengineer the processes to make them easier and simpler for our customers. For example, with First Data's global expertise they are in a position to offer multiple payment channels for their merchants ranging from e-commerce, Interactive Voice Response, POS terminals, e-POS and batch processing. Building consumer's confidence is key and overcoming concerns about the risk of fraud is essential. The enhanced security measures introduced by the Reserve Bank of India through second factor authentication, was an important development, making transactions safer by reducing fraud and risk. With comprehensive security standards in place, merchants must still be careful to choose an acquirer with a proven track record of service reliability and transaction speed to ensure a high level of customer service is achieved.

In addition to the assurance of increased security, consumers are also likely to be tempted online by new and more convenient ways to pay. Merchant Services and First Data are well positioned to deliver those new payment tools and will work closely with the regulator to deploy global solutions locally.

Types of E-Commerce

Online goods and services: Any tangible product or service used in between computers or operating systems. Open an online store.

Banking: Balance inquiries, cash transfers, bills payments, and other banking services can be transacted through the use of a computer and internet connection.

Food ordering: Food chains and top-tier restaurants offer food delivery through online orders from their dedicated company websites.

Online flower delivery: From roses for Valentine's Day to wreathe for funerals, flower shops allow themselves to deliver any bouquet once any customer makes an online order.

Streaming media: Acquisition of media files (read: movies, music, and photos) through file-sharing sites and media stores is a service primarily done through e-commerce.

Electronic books: Soft-copy versions of paperback novels and textbooks can be purchased through dedicated online bookstores offering these electronic books – a transaction done the online way.

DVD-by-mail: DVD companies give in to the convenient method of letting movie watchers get their copies of their favorite movies using e-commerce – or should we say, online ordering?

Travel: Hotel reservations, airline bookings, tour bookings, and such others can be done through online systems provided by various travel agencies and other companies.

Marketing services: In this case, where purchasing, selling, advertising, and marketing products or services take place, as online stores and trading sites offer these mentioned items and others.

Software: Software ranging from games to word-processing programs can also be purchased through e-commerce.

Retail services: Retail services are usually done in brick-and-mortar stores, but can also be done through the internet.

Trading communities: These so-called communities serve to allow any item to be bought or sold from one person to another. At this time of writing, there are a plethora of these trading sites offering their wares to the consumers.

Auctions: Unlike trading communities and their ability to set their products at the prices they choose, auction sites allow bidders to set their own price to any given

product. But just like any auction, bidders outbidding each other can also be done through e-commerce definition.

E-Commerce and On-Line Shopping

Online shopping is a form of electronic commerce whereby consumers directly buy goods or services from a seller over the Internet without an intermediary service. An online shop, e-shop, e-store, Internet shop, webshop, webstore, online store, or virtual store evokes the physical analogy of buying products or services at a bricks-and-mortar retailer or shopping centre. The process is called business-to-consumer (B2C) online shopping. Shoppers can buy nearly any product online -- With just a click of the mouse --from groceries to cars, from insurance policies to home loans. The world of electronic commerce, also known as e-commerce, enables consumers to shop at thousands of online stores and pay for their purchases without leaving the comfort of home.

Essentials for Making Online Shopping Effective

1. It must be Secure

– Every customer wants to make safe and secure transactions while purchasing online. If the website is secure, customers will tend to purchase more from it. Secure Sockets Layer (SSL) is a standard security technology for establishing an encrypted link between the web server and a browser. E –commerce websites with the SSL certificate are able to prevent and protect the users' information when customers access their websites.

2. Easy and Understandable Content

– The website must be in easy language and understandable. While making the website, the language must be kept simple and if possible the translation of the content must be given on the website in other languages.

3. Combination of Branded Products and Non Branded Products

– An online shopping website must be a combination of branded products as well as of non- branded products. Customers' preferences and taste are different and even sometimes customers change their buying patterns because of many reasons such as price, utility of the product, purpose behind buying the product etc.

4. Create Awareness

– An online website must create awareness among the customers regarding the products. The website should include all the latest news about the products, innovations of the market, new product features, revised pricing, new price list, information about the gifts and discounts etc.

5. Deliver High and Quick Quality Services

– One of an important feature to make your online shopping websites better than others is to deliver high and quick quality services. The processing on the website must be quick in regards of payments, home delivery services etc.

6. Appealing and Informative Design of Website

– The website which has designed for online shopping purpose must be designed in such a way that it will attract more and more customers towards it by the offers, patterns, quick services etc. The content of the website must be understandable. Some important icons like shopping cart, payment system icons, social media links and icons, store location along with map, phone /contact number in case of any problem, login box, search box etc. must be on the website for making online shopping experience better and enjoyable.

Advantages of Online Shopping

24-hour-shopping — On the Internet stores never close so we can shop when it's convenient for us and browse as long as we like.

Save time — It helps in save our time in driving across town, searching for parking, or standing in line to pay for our purchases.

Shop from the comfort of your home — We can shop while relaxing on our couch, even when the weather or traffic is bad. And we don't have to worry about crowds of people at the mall.

Comparison shop — It's easy to do comparison shopping online and learn from product reviews written by other shoppers.

More variety — We can see an endless variety of products and services available online. The items we find on just a few websites can far outnumber what is available in local stores. we can even shop globally without leaving our home.

Disadvantages of Online Shopping

Depend on website text and images — We cannot physically see or touch the merchandise, so it can be difficult to determine things like quality and fit.

Delivery time — We don't have the immediate satisfaction of receiving the product when we buy it since we have to wait for it to be delivered.

Shipping charges — We usually have to pay shipping charges, which may increase the overall cost of what we are purchasing.

Shipped returns — Returns can be more of a hassle because we have to pack up the product, ship it back, and wait for the seller to receive and process the return before we can get our product exchanged or refunded.

Security concerns — It can be difficult to tell if the website is secure. If the site is not secure—or is fraudulent—we can potentially open ourselves up to identity theft.

Privacy concerns — If a site doesn't have a comprehensive privacy policy, it is impossible for us to know who has access to our information, and whether our information is protected or shared with third parties. Information sharing could lead to spam, or even identity theft.

Precautions during online shopping

1. Web Sites should be secure

- First, if we look at the top of our screen where the Web site address is displayed, we should see https://. The "s" that is displayed after "http" indicates that Web site is secure. Often, we do not see the "s" until we actually move to the order page on the Web site.

- Another way to determine if a Web site is secure is to look for a closed padlock displayed at the bottom of our screen. If that lock is open, we should assume it is not a secure site.

2. Arm Your Computer

We can protect ourselves as we shop online simply by installing some basic security programs on our computer including anti-spyware, anti-virus and pop-up blocker programs.

3. Research the Web Site before Ordering

Research a company through the Better Business Bureau, or a government consumer protection agency like the district attorney's office or the Attorney. Do business with companies we already know. If the company is unfamiliar, we have to study, before buying their products. Reliable companies should advertise their physical business address and at least one phone number, either customer service or an order line. Call the phone number and ask questions to determine if the business is legitimate.

4. Read the Web Site's Privacy and Security Policies

Before buying from a new company, evaluate the website by considering issues such as: the professionalism and user-friendliness of the site; whether or not the company lists a telephone number and/or street address along with e-contact information; whether a fair and reasonable refund and return policy is clearly stated; and whether there are hidden price inflators, such as excessive shipping

and handling charges. Every reputable online Web site offers information about how it processes our order. It is usually listed in the section entitled "Privacy Policy."

5. Don't Respond to Unsolicited e-Mail

Never buy things or confirm our billing information through an unsolicited email, especially if we don't recognize the source. Legitimate online retailers will never ask for our credit card number through an email. If we receive an email of this type, contact the company immediately.

6. Never Give Out your Social Security Number

Providing your Social Security number is not a requirement for placing an order at an online shopping site. There is no need for the merchant to ask for it. Giving out Social Security number could lead to having our identity stolen. (See PRC Fact Sheet 17a, "Identity Theft: What to Do if It Happens to us," www.privacyrights.org/fs/fs17a.htm.)

7. Disclose Only the Bare Facts When You Order

When placing an order, there is certain information that we must provide to the web merchant such as our name and address. Often, a merchant will try to obtain more information about ourselves. Don't answer any question we feel is not require to process our order.

8. Keep Your Password Private

Never reveal the password to anyone. When selecting a password, do not use commonly known information, such as birth date, mother's maiden name, or numbers from our driver's license or Social Security number. Do not reuse the same password for other sites.

8. Always Print or Save Copies of placed Orders

After placing an order online, we should receive a confirmation page that reviews the entire order. Always save a copy of the Web page(s) describing the items, ordered as well as the page showing company name, postal address, phone number, and legal terms, including return policy. Keep it in the records for at least the period covered by the return/warranty policy.

10. Be Aware of Dynamic Pricing

Some online retailers use dynamic pricing to engage in price discrimination by charging different prices to different consumers for identical goods or services. When you purchase goods or services online, you may be paying a higher or lower price than another online customer buying the same item from the same site at the same time. While online shopping enables consumers to easily compare prices, it also allows businesses to collect detailed information about a customer's purchasing history and preferences.

The Future

Mobile commerce is the next logical step for Indian merchants. With the growth of mobile phones and increased issuing and use of debit and credit cards, mobile commerce will deliver strong growth over the coming years.
Mobile technology gives us the edge over our competitors. First Data's mobile commerce solutions can help businesses meet the growing demands of the mobile and social media revolution.
Social media networks such as Face book are likely to increasingly become channels for sales and consumer engagement. First Data already offers a loyalty solution for the Face book social media network as well as mobile payments opportunities using our Trusted Service Manager (TSM) service, which powers part of the Google Wallet which has made headlines recently. With Google Wallet, millions of consumers will no longer need to carry their leather wallets. This mobile application securely stores credit cards, offers, gift cards and more on their mobile phone. This virtual wallet is changing the face of commerce by

enabling customers to simply make "tap and go" payments with their mobile devices, while increasing loyalty at merchant locations.

New and exciting developments in India will enable our merchants to attract new tech savvy customers who are ready to use their mobile devices for secure online transactions.

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