
MASTERTHESIS ON FUTURE OF E-COMMERCE IN INDIA

Dr. Ved Prakash¹, Iftesham Naaz²

¹Assistant Prof. School Of Business Galgotias University, India.

²School Of Business Galgotias University, India.

ABSTRACT

Key factors including the proliferation of smartphones, the upcoming 5G technology, increasing internet access, especially in rural areas, and initiatives to improve digital literacy are all pointing to a dramatic transformation of the Indian e-commerce business.

With omnichannel strategy, merchants will leverage more digital technology and seamlessly combine physical and online selling to completely alter the shopping experience.

To improve customer interaction and operational efficiency, cashierless checkout systems and virtual and augmented reality are being used.

Rapid order fulfillment necessitates significant investments in logistics infrastructure, which is what is driving the growth of hyper-local delivery networks. Through the use of AI and sophisticated analytics, e-commerce companies may optimize delivery routes while reducing costs and increasing efficiency.

Furthermore, supply chain management will be transformed by the combination of e-commerce and cutting-edge technologies like blockchain and IoT, guaranteeing security, traceability, and transparency.

Real-time asset and inventory tracking is made possible by blockchain and IoT, which also speed transactions. Personalized shopping is powered by machine learning and customized suggestions, and improved data analytics predicts client wants and modifies offerings accordingly.

1. INTRODUCTION

India's e-commerce market is expected to grow rapidly in the future due to a number of important factors. Firstly, new markets and consumer segments are being opened up by the rapid spread of internet connectivity, particularly in rural areas. As cellphones become more widely used and data plans become more reasonably priced, more Indians are having access to online shopping sites.

Second, the world of e-commerce is changing dramatically thanks to technological breakthroughs like big data analytics, machine learning, and artificial intelligence. These technologies improve client pleasure and loyalty by enabling focused marketing campaigns, effective supply chain management, and personalized shopping experiences.

The development of digital payment methods and better logistics infrastructure is also accelerating the rise of e-commerce in India by enabling smoother transactions and quicker delivery times.

The e-commerce ecosystem is also changing due to the rise of social commerce, which involves purchasing and selling through social media platforms. This trend makes use of social networks to shape consumer choices and produce engaging shopping environments.

2. METHODOLOGY

As part of our research plan, we used a survey, mostly using a questionnaire to collect data. According to Saunders et al. (2017), questionnaires offer standardized data that make comparisons easier. This data can then be quantitatively evaluated using software like SPSS. Our questionnaire's goal was to find out how consumers view different factors that go into building trust. Unlike prior studies that frequently focus on trust towards individual online shops, our questionnaire was meant to assess customer trust in e-commerce more broadly, drawing on criteria reported in the literature.

Convenience sampling was our method of choice for choosing participants. Using this approach, survey respondents are chosen based on their availability and willingness to participate (Christensen, Anderson, Carlson & Haglund, 2001). Our target population consisted of people who were at least eighteen years old, male and female, and who lived in southern Sweden, specifically in the cities of Hässleholm, Älmhult, and Helsingborg. We approached people who appeared willing to participate in the survey, even those who weren't in a rush, at places like train stations where people frequently have some waiting time to guarantee a diverse sample.

3. DESIGN OF QUESTIONNAIRES

As recommended by Saunders et al. (2017), we included a variety of question forms in our questionnaire to collect a range of data types. The first two questions dealt with attribute variables, namely age and gender, whereas the other four asked background questions that could only have one category per answer.

In order to ensure thorough examination of possibilities before choosing, Question 3 used a list structure to elicit respondents' thoughts on online purchases. Inquiring into the frequency of internet shopping, Question 4 collected behavioral data using a categorized framework.

By utilizing the knowledge from our literature analysis on trust aspects, our primary research question (Question 5) played a crucial role in answering our secondary research inquiry. To get feedback, we Provides a series of options for respondents to rank the importance of each trust characteristic on a scale from one to five using Likert-style rating scales. There was also an option to "No opinion" for every factor. Only closed-ended questions with predetermined alternatives were included in the questionnaire. Closed-ended questions require less writing from responders and provide comparability and ease of completion.

4. DATA ANALYSIS & INTERPRETATION

Overview

Using questionnaires, we conducted a survey as part of our research method to gather primary data. Our questionnaire's objective was to learn more about the significance that consumers attach to particular elements in order to feel confident enough to make an online purchase. A few of the elements identified in our literature analysis served as the foundation for the questionnaire's questions. Since we were using convenience sampling, we distributed the questionnaires in person and kept selecting until we got the 200 replies we needed for our sample size. Because the information we gathered from the questionnaire was quantitative, we were able to process and examine it. We shall display and talk about the questionnaire's results in the sections that follow.

Data from Questionnaires

Inquiries 1, 2, 3, and 4

These background inquiries sought details about the respondent's age, gender, attitude toward making purchases online, and prior online buying experience. We will review and provide the answers to these questions below.

1. sex

The next page, Table 5.1, displays the survey's male and female respondent distribution. In order to investigate any discrepancies in the relative relevance of the elements between males and females, we decided to include gender as a survey question. This will be looked at in the chapter's later section under heading

Discussion about the results of the survey.

Male respondents made up 59% of the sample, while female respondents made up 41%. We may have asked persons who didn't appear to be in a rush, both men and women, and the male respondents were more willing to take the time to complete the questionnaire, which could account for the predominance of male responses.

2. Age

The distribution of responders by age group is displayed in Table 5.2. In order to investigate any discrepancies in the elements' perceived importance across individuals of different ages, we wanted to add age in our survey. This will be done later in the chapter

It is evident that the respondents in the 18–29 and 30–39 age groups together account for 59% of the total respondents. It is noteworthy that a mere 5.5% of the participants were 60 years of age or older. We observed that the mere mention of the terms Internet and e-commerce made the elderly respondents hesitant to respond. A large number of them claimed not to use the Internet. Despite our explanations that the questions in our questionnaire did not need respondents to have access to or expertise with the Internet or e-commerce, they were unwilling to respond.

3. How do you feel about making purchases online for goods and services?

The respondents' opinions about shopping on the Internet are displayed in Table 5.3. The responders might select from three pre-arranged options: Positive, Negative, and No opinion. As per our theoretical framework, the way a consumer views purchasing convenience is a reflection of how they feel about online shopping. The degree to which consumers accept the Internet as a new buying resource and how helpful it is can be used to gauge this (Chen & Dhillon, 2003). This is the history behind the question that we posed.

Sixty-two percent of the respondents had a favorable attitude, while seventeen percent had no view at all. This demonstrates the diversity of opinions regarding the usage of modern technology and the Internet. We believe that the fact that 59% of the respondents were between the ages of 18 and 39 may have had an impact on the outcome of this inquiry. We think that individuals in these age ranges may have a more favorable opinion of the Internet and online shopping. In conclusion, the preponderance of favorable opinions indicates that online purchasing is a generally recognized practice

4. How frequently do you shop online?

The next page, Table 5.4, displays the frequency of online shopping by the participants. It should be emphasized that since we cannot be certain that every respondent has shopped online, we offered the alternative response of "Never." Chen and Dhillon (2003) propose that a customer's trust in an online vendor could be impacted by their prior online and e-store encounters, since knowledge and/or experience can elevate an individual's evaluation of an online vendor's credibility. This led us to develop a question that would provide insight into the respondents' online experiences, as it could impact their evaluation of the significance of the chosen trust-building elements.

69.5% of the respondents, or most of them, had done online shopping. Of the respondents who have shopped online, most make annual purchases, with only a small percentage making monthly purchases. The remaining thirty-five percent responded that they have no experience because they have never shopped online. We will examine whether respondents' perceptions of the relative relevance of the various elements vary based on their level of online buying experience later in this chapter .

Question No. 5

5. In the event that you have made or plan to make an online buy, how crucial are the following elements in building your confidence to make an online purchase? Our questionnaire's primary question was meant to provide us the information we needed to address our second research issue. Before the market may be trusted, players must sense trust, according to Rule and Friedberg (2005). Our theoretical framework concluded with a presentation of the primary components and the subfactors that were chosen to be included in the questionnaire. The primary elements that were crucial for building trust on the internet were:

The website's security, privacy, guarantees, control, customer service, price, and familiarity

The answers to question 5 for each of the chosen subfactors are shown below. The sequence in which the answers to each subfactor appear on the questionnaire shall be followed (see to Appendix 1 or 2). The respondents were asked to rate each subfactor on a scale of 1 to 5 (1 being not at all significant, 2 being less important, 3 being very important, 4 being important, and 5 being very important). There was also the option to choose "No opinion." We will display frequency tables for every factor and provide a brief analysis of the response distribution. Heading 5.3 will include a discussion of the answers as we wrap up this presentation.

1. Safety

The importance of these subfactors, according to the respondents, in fostering their confidence to make online purchases.

Safe and dependable payment methods.

The data indicates that 90.5% of the respondents thought that secure and dependable payment solutions were crucial.

5. FINDINGS

We have now gone over the respondents' responses to question 5, which asked them to rate the significance of several subfactors before feeling comfortable making an online purchase. We can determine whether there are any disparities in the relative importance of the various components by asking this question. Some of the factors that the respondents thought were more significant were identifiable. As was noted in the introduction chapter, people frequently view privacy and security concerns as roadblocks to online buying. Our survey's results show that both the security and privacy subfactors received a significant percentage of replies on the option "Very important." This demonstrates how crucial security and privacy are to a customer's ability to feel trusted while making an online transaction. Out of all the subfactors, the secure and dependable payment systems had the greatest percentage on the alternative "Very important." Approximately 90% of the participants thought this subfactor was highly significant. As the theory has indicated, it is critical that customers have confidence that they won't fall victim to fraud or that their money won't vanish owing to technological issues.

Thus, a lot of customers have serious concerns about safety. The subfactors under promises, customer service, and price also received significant percentages—above 50%—on the alternative "Very important" list. In conclusion, a lot of customers believe it is critical that the online seller offers details on common terminology. Getting a confirmation for their order and purchase is also crucial for them. Additionally, it's critical that the online seller provide their clients online assistance and support as a means of demonstrating exceptional customer service.

Cost was also considered to be important. This could prove that prices have an impact on consumers' decisions to make purchases online, as we previously mentioned in the theoretical chapter under comments. Customers can be more likely to buy something online if it's not too pricey. The subfactor functionality was thought to be just as important. Consumers did not believe that the elements included under "information" and "website design" were particularly important in fostering trust. After looking through the literature, we found that knowledge was mostly

responsible for establishing trust. However, this component did not receive as many responses in our study as it should have.

Hansen (2005) asserts that the typical internet shopper does not give a brand much thought, as was previously discussed in the theoretical chapter. The functionality and appearance of the website are more crucial. Our research was not exactly like what Hansen says. In contrast to what Hansen claims, our survey found that people valued the brand more than the appearance of the website. Nonetheless, they seemed to value functionality—that is, how the website functions—more than branding.

Everybody needs a different amount of trust in order to take the plunge and conduct an online transaction. As we indicated previously in this chapter, we incorporated the respondents' age, gender, and purchasing habits in our survey to see if there were any variations in the respondents' assessments of the elements' relative importance based on these criteria. We also computed the mean values for each subfactor based on the respondents' gender responses using the data we obtained (see Appendix 3, Table of the mean values).

The perceived importance of a factor was higher when its mean value was higher. The mean value of the responses from men and women was quite similar, but we found that women rated privacy as slightly more important than men. This may suggest that women are somewhat more reluctant to divulge personal information without understanding how it will be used.

As previously indicated, we also looked at age in our survey to see if there were any variations in the factors' perceived relevance across individuals of different ages. The age group 18–29 had the lowest mean values overall when we examined the mean values for the respondents' responses on the various subfactors based on their age groups (see Appendix 4, Table of the mean values). The fact that younger generations are increasingly accustomed to utilizing the Internet and making purchases online may be one factor contributing to the lower mean values. They are more secure since they are accustomed to the internet environment, which may As a result, do not place the same emphasis on the trust elements as someone who has little to no experience in an online setting. Further analysis of the mean values revealed a tendency for each subfactor's mean value to rise progressively as age was moved from the 30-39 age group to the 40-49 age group and beyond. The respondents with the highest mean values on each subfactor were those who were 60 years of age or older. It is reasonable to presume that respondents in this age group place a higher weight on each item than respondents in other age groups because they appeared to be more hesitant and uneasy about using the Internet and making purchases online. This could also mean that they are really apprehensive about utilizing modern technology. The customer's attitude toward online purchasing is reflected in his or her views about shopping convenience. This can be gauged by looking at how helpful and widely accepted the Internet is by consumers as a new venue for buying. The majority of respondents to our poll had a good attitude toward utilizing the Internet for shopping, according to the results.

means. The results of this question may have been impacted by the fact that, as was shown under question 3, 59% of the respondents were between the ages of 18 and 39.

As was previously said, a consumer's prior online experiences may have an impact on their level of trust in an Internet vendor since knowledge and experience can raise one's perception of an online vendor's reliability. This led us to develop a question that would provide us with insight into the respondents' online experiences, as it could impact their evaluation of the significance of the chosen trust-building elements. According to our research, individuals who had never bought online had comparatively high mean scores on many subfactors (refer to the Table of Mean Values in Appendix 5). This may be the case because they are more worried and demanding in terms of what they need to feel confident enough to make an online buy. For these respondents to feel trusting enough to make an online purchase, the subfactors under security and privacy were thought to be the most crucial. Those respondents who went shopping more than twice a month also had high mean values. We were a little taken aback by this since we assumed that their greater expertise would have made them less inclined to place as much weight on the various subfactors. We reasoned that respondents who buy 1-2 times a year would consider the following characteristics to be more crucial than More seasoned consumers did. The findings of Chen and Dhillon (2003), which we previously discussed, are slightly contradicted by the fact that respondents who shopped more than twice a month had high mean values. They contend that a greater evaluation of an Internet vendor's credibility can result from knowledge and/or experience.

In summary, the goal of the study was not to develop a new theory or model, but rather to gain a deeper knowledge of the characteristics that customers believe are important in order to feel confident enough to make an online purchase. We have addressed our second research question in this chapter.

6. LIMITATIONS

E-commerce in India has a bright future, but it also has some significant obstacles to overcome. The nation's infrastructure limitations present a major obstacle, especially in rural areas where internet penetration and dependable logistics infrastructure are still scarce. Urban areas have witnessed a sharp increase in the use of e-commerce; but, in order to reach the large rural population, challenges including last-mile connectivity and the digital divide must be addressed.

Furthermore, taxation and regulatory complexity continue to be obstacles for e-commerce companies, affecting both their expansion goals and operational effectiveness.

In addition, the intense rivalry between the largest e-commerce companies and the rise of specialized players, making the competition for profitability and market share more fierce. In addition, worries about cybersecurity and data privacy pose continuous difficulties that need for strong steps to guarantee customer confidence and adherence to changing laws. Notwithstanding these obstacles, creative thinking, calculated alliances, and government programs to support digital infrastructure can open the door to long-term expansion and broad e-commerce acceptance in India.

7. CONCLUSION

One common excuse given by customers for not making purchases from online retailers is a lack of confidence. As a result, encouraging confidence and trust over the Internet is necessary. For a transaction to occur, both online and offline, trust is a necessary component. The concept of trust is complex and challenging to describe. Everybody needs a different amount of trust in order to take the plunge and conduct an online transaction. It is challenging to define trust because it varies throughout individuals. Because various people have varied histories, experiences, and expectations, it can affect how they view trust. In e-commerce, online retailers and their websites can serve as sources of confidence in and of themselves.

Thus, it is critical for businesses to understand how to handle customers' e-commerce trust. Nonetheless, internet retailers face difficulties in gaining customers' trust when doing business online.

E-commerce carries a higher potential risk due to its anonymity, remote nature, and lack of in-person connections. Physical cues in a conventional retail setting, such the Online environments lack in-person interactions with salespeople and store appearance, both of which have an impact on customers' trust. Building trust with customers is more challenging in an online setting because there are fewer tangible cues and opportunities for face-to-face engagement. Thus, this presents a significant obstacle for businesses that participate in online sales. Finding the elements that contribute to building consumer trust in e-commerce is crucial. Companies have no direct control over the level of trust that their clients have in them.

All they have to do is create settings that foster trust. Although a market might be reliable, the Before the market can be trusted, participants must sense that trust. Determining which elements are critical to building customer trust in an online shopping environment intrigued us. The aim of this dissertation was to gain more insight into customer e-commerce trust. We sought to identify critical elements that contribute to the development of online trust by examining pertinent research on customer trust in e-commerce. From these, we chose a few key elements that served as the basis for our empirical study, which looked at how important the chosen elements are to consumers in order to give them confidence to make online purchases.

The best course of action to obtain a sense of the opinions of the customers on the subject appeared to be to conduct a survey in the form of a questionnaire. The questionnaire was designed to collect data regarding consumer perceptions of the significance of various trust elements. The factors identified in our literature research served as the foundation for the questionnaire's questions. The purpose of our survey was to examine customer trust in e-commerce as a whole, but many prior research focused on consumer trust towards a particular online retailer and its website.

We've discovered that a variety of elements contribute to building trust, all of which are important to consumers making online purchases. We believe that the elements that are crucial for building trust are somewhat dependent on the state of affairs and the issues that customers have at any given moment. Online shopping is typically perceived as being hindered by concerns about security and privacy.

The results of our poll allowed us to determine that a significant portion of respondents rated the subfactors under security and privacy as "Very important." This demonstrated that security and privacy are elements that customers value highly. feel secure making an internet purchase. The information and website design were not thought to be as crucial for building consumer trust. In summary, the goal of our dissertation was to gain a deeper knowledge of consumer trust in e-commerce rather than to develop a new theory or model.

8. RECOMMENDATION

Prioritize Security and Privacy: Given the high importance respondents placed on security and privacy, ensure that your online platform invests heavily in robust security measures and transparent privacy policies. This includes secure payment systems, data encryption, and clear communication regarding how customer data is handled.

Enhance Customer Service: Respondents also highlighted the significance of customer service, particularly in terms of providing order confirmations and online assistance. Focus on offering prompt and helpful customer support channels, such as live chat, email support, and clear communication channels for issue resolution.

Optimize Pricing Strategies: Cost was deemed important by respondents, indicating that competitive pricing can influence online purchase decisions. Consider pricing strategies that appeal to your target demographic while maintaining profitability. Additionally, offer clear pricing information and transparent pricing policies to build trust with customers.

Improve Website Functionality: Functionality was valued by respondents more than website design. Ensure that your website is user-friendly, with intuitive navigation, fast loading times, and seamless checkout processes. Prioritize functionality improvements based on customer feedback and usability testing.

Consider Audience Variations: Recognize that different demographic groups may prioritize trust-building factors differently. For example, younger consumers may be more tech-savvy but still value security and privacy, while older consumers may require more reassurance due to less familiarity with online transactions. Tailor your approach and messaging accordingly to address the specific concerns of different age groups and demographics.

Educate Consumers: Since respondents who had never bought online expressed higher levels of concern and demand for trust-building factors, consider implementing educational initiatives to address their apprehensions. Provide clear information about your company's trust-building measures and address common concerns through FAQs or educational content.

Continuously Monitor and Adapt: Consumer preferences and attitudes towards online trust factors may evolve over time. Continuously monitor customer feedback, market trends, and competitor strategies to adapt your trust-building efforts accordingly. Stay agile and responsive to changes in consumer behavior and expectations.

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