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## CHAPTER 10

### E-COMMERCE: CHALLENGES AND OPPORTUNITIES IN INDIA

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#### ABSTRACT

**T**he term "e-commerce" refers to online shopping. It describes the trade of goods and services through electronic media and the internet. The primary driver behind the rapid expansion of e-commerce in India is the vendor or merchant that sells items or services straight to the consumer from a website using a digital cart or shopping basket system and takes payments via debit or credit card, debit card, or digital money transfer. In the current climate, the necessity for the internet and its area is growing along with the impressive range or display of some services. E-commerce is already prevalent in all commercial domains, including design, new product development, and customer support. Due to the large number of inexpensive products that are offered online, combined. The e-commerce industry in India is growing due to the abundance of providers and buyers. In this day and age, every business unit are interested in becoming online due to a growing amount of online users in India. Despite the fact that e-commerce is still relatively new in India, there are plenty of chances.

#### 10.1 INTRODUCTION

E-commerce is the purchasing and selling of items and offerings as well as the transfer of funds using an electronic network, most frequently the internet. E-commerce replaces traditional business methods in its function. Businesses may benefit from more successful growth as a result, which could lead to substantial savings on expenses as well as increased productivity and competitiveness.

Programs that are utilized in e-commerce are numerous. Email, fax, file transfer protocol, electronic data exchange (EDI), online catalogs and shopping carts, and online services are among the instances. Customers all around the country are finding online shopping more and more appealing and convenient due to the current selection of goods and services that are accessible for purchase. E-commerce represents the height of success and globalization. In the present day, business practices across the globe have evolved and will likely continue to do so. The marketing of the internet has led to the emergence of electronic commerce as one of the oldest and most efficient means of doing cross-organizational transactions.

## 10.2 TYPES OF E-COMMERCE

- **E-commerce for business to business:** E-commerce between businesses is the simplest definition of e-commerce. This kind of e-commerce addresses the connections between and among companies. This kind of E-Commerce makes up about 80% of it, and the majority of specialists forecast that the growth of B2B e-commerce will not slow down.
- **Consumption to Business E-Commerce:** The digital age has changed and will continue to change how business is conducted around the world. Because of the commercialization of the internet, electronic commerce has emerged as one of the most efficient routes for cross-organizational business processes.
- **Consumer to Consumer E-Commerce:** Electronically assisted purchases involving third parties are called consumer-to-consumer electronic commerce. It may have the greatest chance of breaking into undiscovered markets. C2C websites offer the perfect platform for buyers and sellers wishing to buy and sell similar goods.
- **E-commerce from Business to Government:** Consumer-to-consumer electronic commerce is the term used to describe transactions that take place between individuals and are made possible through electronic means. It may have the greatest possibilities.

In order to reach new markets. C2C websites offer the perfect platform for buyers and sellers wishing to buy and sell similar goods.

### 10.3 DIFFICULTIES IN THE E-COMMERCE INDUSTRY

There are a few reasons why e-commerce is growing slowly in India. Hamilton (2002) lists a number of barriers to e-commerce, including cost, inexperience, and security concerns. There is still a lack of trust in faceless, digital transactions. India's e-business development needs to have a clear focus and steer the country in that direction.

- **Payment on service is the preferred method of payment in India:** The majority of individuals in India would rather pay with cash because bank cards are not commonly used there and online transactions are not generally trusted upon delivery. Gathering cash by hand is more costly, time-consuming, and hazardous than computerized payments.
- **Infrastructure Issues:** The internet is a major component of e-commerce. India's broadband access rate (34.8%) is still quite low when compared to other countries. There are numerous locations with poor network quality. These two, however, represent significant threats to India's developing e-commerce industry.
- **Incorrect mailing address:** Following an online order, the consumer will get a call from the company asking for his exact location. The location provided is incorrect because post addresses are always written with some uniformity. It is additionally one of the primary challenges facing India's e-commerce.
- **No Cyber Laws Exist:** One major challenge associated with the e-commerce sector is the virtually total absence of internet laws regulating online transactions. Cyber laws are expected to be passed by the WTO soon. The Indian Parliament enacted the India Information Technology, or IT, Bill on May 17, 2000, with the goal of enacting legislation to handle the growing fields of e-commerce. For now, the Bill just deals with criminal and commercial law. However, it disregards issues like content control, private property rights, and privacy and protection of data rules.
- **Security and Privacy Concern:** Although setting up trustworthy security services like antivirus programs and firewalls is an essential first step toward becoming effective e-commerce players, start-up and small business owners frequently forget to adopt these safety measures. Unapproved software usage won't protect the customer.
- **Tax-related Concerns:** India's tax system plays a role in the nation's slower rate of e-commerce expansion in comparison to other developed countries like the US and the UK. Other nations have consistent tax structures across the board, however India's tax system differs depending on the industry. This component gives Indian

online enterprises accounting problems. The Goods and Services Tax, or GST, will take the place of all indirect taxes on products and services currently levied by the federal authorities and individual states by April 2017, according to Indian government plans. One-Country, One-Tax is the main objective of the GST.

- **Elements of Touch and Feeling:** Indian shoppers are more comfortable making in-person transactions. Usually, they held the things in their hands and made their selection. Indian Cash and for gadgets, books, and travel, customers are therefore more inclined to buy tickets and make bookings online. Companies that sell items like apparel, jewelry, and handicrafts have to overcome challenges in their sales approach since customers want to touch and examine products before deciding to buy them.
- **Shipping Challenges:** Inadequate supply chain integration, high product delivery expenses, delivery delays, and, occasionally, subpar courier services are further issues that aggravate customers.
- **Goods Return, Refund, etc.:** Generally, unhappy consumers can return or receive a replacement for their purchase. This is yet another major issue that raises the possibility of lost shipping costs, overall income loss, and—above all—damage to one's reputation.
- **Client Help:** Online performance is prioritized by e-marketers over personal connections with customers and in-person assistance.

## 10.4 THE PROFITS OF E-COMMERCE INDUSTRY

### 10.4.1 TO CUSTOMERS

- Customers have access to a significantly wider range of options on the internet market.
- Merchants pay less for items since there exists greater online competition among them.
- Before making a choice, consumers can assess products, features, prices, and even feedback on products because information is widely disseminated.
- Peers and experts are more readily available to provide them with advice and assistance.
- When they shop, they like saving time and money.
- Buyers can also benefit from prompt product delivery and servicing.
- The option to have their groceries delivered right to their door is an additional convenience.

- Lastly, e-shoppers are swarming the internet because even branded things are more affordable there.

#### **10.4.2 REGARDING VENDORS -THE PRIMARY BENEFITS OF E-COMMERCE**

Contribute to the businesses/suppliers are:

- **It reduces the cost of inventories:** Neither large inventory nor expensive physical locations are necessary for an e-commerce company. They hire a tiny fraction of traditional brick and mortar businesses' marketing and sales personnel. E-commerce can lower inventory costs and increase the precision of demand forecasts within the organization by implementing just-in-time (JIT) technologies.
- **It can enhance client support:** Delivering consumer and post-sale services has been found to account for as much as 10 percent of operating expenses. By providing these amenities online under the aegis of e-commerce, these costs are reduced while maintaining a high standard of service. Maintaining excellent client relationships—also referred to as "customization"—is crucial to customer retention in the framework of e-commerce. Because of this For this reason, management of customer relationships, or CRM, is currently the hottest term in use. By taking advantage of the numerous opportunities that e-commerce presents for relationships management solutions, deeper connections with clients can be built. Increasing client loyalty becomes essential for the business. If not, the user might move from a single site to another, given their abundance of possibilities. If the company wants to stay in business, it needs to provide its consumers with what they desire when they're looking for it, and in the way they want. Increasing client loyalty becomes essential for the business. If not, the user might jump from one site to another, given their abundance of possibilities. The business must provide its clients with what they require, when they'd like it, and in the manner that they desire.

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### **BY TAKING ADVANTAGE OF THE NUMEROUS OPPORTUNITIES THAT E-COMMERCE PRESENTS FOR MANAGING CLIENT RELATIONSHIPS SOLUTIONS-**

Deeper connections with clients can be built. Increasing client loyalty becomes essential for the business. If not, the user could browse around one website to another, given their abundance of possibilities. If the company wants to stay in business, it needs to provide its consumers with what they desire when they're looking for it, and how they want. Increasing client loyalty becomes essential for the business. If not, the user might hop from a particular website to another, given their abundance of possibilities. The business must provide its clients with what they want, how they desire it, and in the manner that they desire.

- **It also lowers the cost of distribution:** Order processing times decreased significantly, from at least 50% to up to 96%, according to research conducted by the Worldwide Organization for the Cooperation and Development of Nations (OECD), which served as the foundation for the electronic exchange of data (EDI). It's really amazing.
- **It encourages business internationalization Businesses, especially small ones:** Information about their products and services to every potential customer anywhere in the world because to e-commerce's cost savings. This is demonstrated by the fact that traditional booksellers' sales have been greatly impacted by the establishment of the world's biggest online bookshops, Amazon.com, which was created by Jeff Bezos. India's experience with re infusion via the internet is similar.
- **It makes product marketing more rapid:** Companies may introduce products and services. Significantly quicker by incorporating partners and customers, streamlining the entire product creation process online, and removing traditional barriers to communication. Internet commerce solutions can help businesses cut expenses on sales, enter new markets, process orders more quickly, track deliveries, and make better decisions. They can link vendors and makers on an identical network and benefit from prior investments made in business systems, infrastructure, and marketing.

## **10.5 ESSENTIALS FOR E-COMMERCE**

A seller must take into account the elements that affect the success of the shopping experience when designing his digital presence and, consequently, his key performance metrics (KPIs) to be satisfied, whether via his individual internet store or through marketplaces. A group of determinants that show up as explanatory variables can be found. Utilizing the corpus of existing e-Commerce literature, on the process of shopping online. Vieira et al. (2020) identified ten factors that influence online shopping behavior: the availability of online products and services; the quality of the website; trust; ease of use; affordability; online experience; social media platforms; feedback from customers on e-commerce sites; word-of-mouth, or WOM, and electronic word-of-mouth (EWOM). These e-commerce determinants are broken down below:

Convenience is one of the main reasons why people are adopting online purchasing technology; they realize how time- as well as effort-saving these ways are for making purchases. Online buyers recognize e-Commerce from the simplicity of comparing and examining the available options to the complete control of the entire buying process.

### **10.5.1 PROPOSE**

Among goods and services offered online: Technological developments and the ease of access to the Internet have made people fewer supporters of brands and more selective about the products and services they use because they can now easily compare their opinions with what happens to other customers. Because consumers are growing more informed and deliberate about their purchases, the market for items and services is typically much broader and more diverse. This is partially because of the resources that are available thanks to Internet technology, like the global accessibility of deals on digital platforms. Customers now have more options available to them, which encourages purchasing via the internet for items and products in and of itself.

### **10.5.2 QUALITY OF WEBSITE**

Online shopping websites need to be natural, information-rich, well-designed, and simple to use. Customers that use e-commerce platforms want to complete their transactions as soon as attainable, with little in the way of effort, and with the greatest possible degree of trust regarding the entire process. Customers need to be

able to easily read and understand the information provided by online purchasing platforms. There is a large and favorable correlation between intent to buy and the user-friendliness of online shopping systems.

### **10.5.3 THE COST**

Whatever the channel, one of the most important and respected judgments in any shopping transaction is the price. For a very long time, cost was a major determinant of the quality of offerings. Price varies in importance in today's purchasing decisions based on the products and services being offered; in luxury goods, exceptionally distinct goods, hard-to-compare goods, and commodities with no substitutes, it is less apparent. This characteristic is crucial for certain client generations, especially younger people who still have limited purchasing power. Price is a fundamental and extremely important factor in e-commerce since it allows customers to compare products and services with ease. However, this approach enables rapid pricing adjustments—sometimes even in real time—enabling a timely reaction to competing companies' actions.

### **10.5.4 CUSTOMER TESTIMONIALS ON ONLINE RETAILERS**

Some authors consider this to be the first step in the online shopping process. As customers discuss their experiences with internet shopping, they form views and provide the encounter held significance. Other customers see what they consider as additional value in the good's offering, which helps facilitate their buying choices.

### **10.5.5 CONFIDENCE**

This element is essential since no consumer will proceed with a transaction if they lack confidence in the entire process. However, there is no evidence that opportunistic behavior takes place on e-commerce platforms, claim Chen et al. (2007). This expands the concept of trust to encompass social and moral behavior. Customers are unlikely to patronize dishonest companies as a consequence. Since risk will be viewed as high everywhere, ethical, social, and commercial behavior does not generate the trust needed to make a decision and see the purchase through to completion. Target customers for an organization could believe there is an issue of trust just because there is a communication breakdown that occurs between the two of them and the company.



### 10.5.6 EXPERIENCE ON THE INTERNET

E-commerce companies mostly depend on the quality and extent of the shopping experiences that customers have on the Marketplace, which is largely dependent on the quality of the technology used. To better satisfy their needs, customers seek advantages over other channels of purchase—more especially, advantages over in-store purchases—while choosing an online shopping process. Some of these advantages can be the ease of use and simplicity of the e-Commerce platform, the velocity at which the process of buying is finished, the speed at what deliveries are done, and the trust that is upheld throughout the transaction.

### 10.5.7 SOCIAL MEDIA NETWORKS

The majority of people that use the internet use an essential instrument for instantaneously sharing information and doing it often, transforming modern communication. These platforms enable users to share and exchange information about their experiences and consumption. This makes it possible for anyone to promote their content.

### 10.5.8 WORD-OF-MOUTH TECHNOLOGY (EWOM) AND REPUTATION (WOM)

These days, the impact of WOM and EWOM on a business's reputation performance is noteworthy. This significance can be attributed to the widespread use of social networks, where people often share their experiences—both positive and negative. WOM is defined as traditional information sources that obtain opinions and information on a particular good or service through casual conversations with friends and family (Ladhari et al., 2011).

**online channels,  
emphasizing blogs,  
specialist forums,  
social networking sites.**

**FIGURE 10.1 EWOM USES DIGITAL MEDIA TO CHANGE THE WAYS IN WHICH OPINIONS ARE SHARED**

## 10.6 ECOMMERCE'S POTENTIAL FOR BUSINESS

Let's take a closer look at the numerous benefits that e-commerce provides to businesses. Then, choose one of the options below for a clearer understanding.

- **Client Information:** Businesses benefit from online sales because they may gather customer information for further analysis. Businesses can more effectively market their products by utilizing consumer buying trends, statistics, and goals. By forecasting periods of higher or lower demand using e-commerce data analysis, they can reduce the likelihood of overstocking or under stocking a product. Companies might utilize this information to expedite customers' purchasing procedures.
- **Lower Operating Expenses:** Operating an online business is a great way to avoid hiring staff for routine tasks like maintenance and supervision, as they are not needed at every site.
- **Less costly:** Only the sales department needs a team; everything else functions just fine without one. Furthermore, in some situations where the transaction happens quickly, no storage space is required. This is predominantly the cause of some pricing on online retailers being lower than those in brick-and-mortar establishments. Online merchants do not have to pay rental or other costs to keep up a physically visible storefront that attracts clients. Once their business reaches a particular growth stage, many entrepreneurs are able to handle orders without the assistance of extra staff.
- **Expanding Business:** Ideas for your organization can be developed and implemented more easily thanks to technology. You can display the things you want to sell at a lower cost. Changing the data makes, It is feasible to speak with the client. It is simple to gain marketing and different lead creation strategies. Keeping an open mind is crucial throughout this process. It's imperative that you tell clients the truth if you want to boost revenue. Consequently, the impact of the internet on business grows as companies grow.
- **Individualization:** In order to customize offers, periodicals, and other resources to appeal to various client types, websites must also monitor the user experience. Therefore, developing mobile applications for augmented and virtual reality is a well-liked e-commerce trend that enables businesses to offer more personalized, superior customer service.
- **Inexpensive Advertising:** 24/7 access to e-commerce is provided. Customers have access to e-commerce to make any kind of purchase at any point of day and obtain

all of the details they need. Relationships between customers and retailers are strengthened by this transparency, which also increases lead and revenue generation. Examine how employing AI chat bots—like Chat GPT—may streamline corporate processes and offer 24/7 accessibility.

## **10.7 THE VALUE CHAIN CONCEPT**

To begin, allow me to ask you this: exactly do you understand by a value chain? You can estimate  $x$ , but if you think it comes close to the true value of anything, then you've succeeded. Okay, just a little. The supply chain in e-commerce, in short, explains the process of turning an idea into an item that can be used and getting it from the creator to the final customer. Before moving on, let's first examine what a value chain is into the finer points of a value chain in e-commerce. Porter, who was a Harvard business management professor, is credited with coining the phrase "value chain." He memorialized the concept in his best-seller *Competitive Edge: Creating and Sustaining Outstanding Results* (1985). Since then, the concept has grown swiftly from textbooks to a vital business strategy that aids in many companies' cost-profit ratio balance. Business owners mostly apply the concept to organizations, sectors, and, recently, E-Commerce models in order to increase competitive advantage. Professor Porter defines a value chain as a series of steps a company takes to create a service or good. These processes make create a comprehensive system. It consists of three business components: transformation, outputs, and inputs. Resources have to Michael Porter, a Harvard business management professor, is credited with coining the phrase "value chain." He memorialized the concept in his best-seller *Strategic Advantage: Establishing and Maintaining Superior Performance* (1985).

Since then, the concept has grown swiftly from textbooks to a vital business strategy that aids in many companies' cost-profit ratio balance. Business owners mostly apply the concept to organizations, sectors, and, more recently, Electronic commerce models in order to increase competitive advantage. Obtaining and utilizing resources is necessary for every task that occurs in between the phases of input and output. The resources of any industry typically include money, people, equipment, raw materials, buildings and real estate, management, and administration. Value is transferred at every stage of the process, from acquiring raw materials to creating and manufacturing the end result to marketing and distribution. Because of this, a value chain can be compared to a company's structure that details each stage of the production of an item or service. More

specifically, evaluating the value chain of a business can increase profitability and enhance operational effectiveness.

### **10.7.1 DETAILED E-COMMERCE VALUE CHAIN OVERVIEW**

To understand the value chain's importance in e-commerce, go back to 2020, the year in which the epidemic began. Since then, there have been financial crises, recessions, and heightened geopolitical tensions on the global market, as well as climate change. Retail, industrial production, and e-commerce are just a few of the industries affected. Since their inception, all e-commerce companies have engaged in a range of activities to fulfill their customers' orders. These duties include gathering, preparing, manufacturing, and shipping the materials. When combined, these tasks are referred to as electronic commerce value chain activities. Before the dotcom boom of the early 2000s, value chains were a pretty simple idea that only applied to traditional companies. Goods were made in a factory, delivered to an archive, and then purchased by clients. But when the internet gained traction, this changed. Shipped inventory is not delivered to actual retail locations, but rather to warehouses or storage facilities. They are purchased from online retailers and delivered directly to customers via these fulfillment or storage facilities. Consumers can shop online without going into a physical store. As an alternative, consumers may browse and purchase anything while lounging on their laptops or mobile devices. All of this is made possible by value chains, which provide companies the ability to assess how they operate and provide the best products or services.

### **10.7.2 WHY IS THE ONLINE SHOPPING VALUE CHAIN SO IMPORTANT IN THE VIEWS OF EXPERTS?**

Experts in value chains have elaborated on the importance of value chains in e-commerce enterprises and have elucidated two fundamental concerns. A value chain first improves an online store's core competency, which is the capacity to identify and address customer priorities. The goods and services that clients prioritize are those that Items or services that customers prioritize are those that they Consumers can shop online without going into a physical store. As an alternative, consumers may browse and purchase anything while lounging on their laptops or mobile devices. All of this is made possible by value chains, which provide companies the ability to assess how they operate and provide the best products or services.

### **10.7.3 WHY IS THE ELECTRONIC COMMERCE CHAIN OF VALUE IMPORTANT IN THE VIEWS OF EXPERTS?**

Experts in value chains have elaborated on the importance of value channels in e-commerce enterprises and have elucidated two fundamental concerns. A value-chain approach first improves an online store's core competency, which is the capacity to identify and address customer priorities. The goods and services that customers are ready to pay extra for or switch to another supplier are known as customer priorities. Interesting and ecologically friendly products branded, or delivered under two days, to name a few. The worth of chain implies that business owners should convert their clients' needs into opportunities. They need to be able to produce, deliver, and advertise the item or service in order to gain a competitive edge. They can benefit from customer relationships as well as knowledge (from investigations and development) in this case. Experts in value chains have elaborated on the importance of value chains in online retail businesses and have elucidated two fundamental concerns.

The chain of value first improves an online store's core competency, which is the capacity to identify and address customer priorities. The goods and services that customers are willing to pay extra for or switch to another supplier are known as customer priorities. Examples include products that are branded, exciting, eco-friendly, and delivered in two days. Second, according to the value chain, business owners should convert their customers' needs into opportunities. Their ability to produce, deliver, and exchange information about the good or service will give them a competitive advantage. They may benefit from customer interactions and information in this case (from investigations and development).The value chain is rearranged to incorporate more players, resources, and workers as a result. Some of these names you may already be familiar with: drop shippers, shipping companies, freight forwarders, 3PLs, and 4PLs.A value chain model used in e-commerce might follow the notion of "corporate value," which is the achievement of the objectives of numerous stakeholders, including clients. Putting Together, The pros and cons of a software or product are determined by the organizational structure, knowledge, and organizational structure of the company.

It makes sense that major online retailers like as Amazon, Walmart, and Taobao are investing in R&D to find new and creative methods to satisfy their customers. The corporate value of the value chain ushers in productivity and cash flow. The knowledge component uses market information to get necessary facts. Ultimately, experts have concluded that there is a mutually advantageous connection between

E-Commerce as well as the value chain. A value chain, for example, demonstrates an organization's partnerships and organizational structure to provide free shipping and return policies to clients. In contrast, just-in-time manufacturing and delivery have transformed the value chain, enhanced the supply chain, and changed the cost structure due to internet commerce.

The Electronic commerce value chain is no longer compatible with the previous paradigm. The objective of a value chain in e-commerce, according to experts, is to increase end-user value or satisfaction. In this sense, it combines supply chain management with logistics management. The supply chain is responsible for managing long-term corporate duties, and the logistics system optimizes the flow of commodities and inventory within the supply chain. The online shopping value chain processes can be challenging to understand and implement, though. Below is a comprehensive description of how the online retailer value chain model works.

#### **10.7.4 ESSENTIAL ELEMENTS OF A VALUE CHAIN IN E-COMMERCE**

To understand the key components of the value chain, let's go over Professor Porter's notes again. He carefully divided the roles that an organization plays into two divisions: "primary" and "support." These are the primary and auxiliary activities, arranged below. Depending on the industry, each category has different specialized tasks. Generally speaking, every the internet value chain models will include the following steps:

- **Principal Tasks:** Five components make up primary activities. Each of these is necessary in order to outperform rivals and create value: Receiving stock, storing goods, and managing inventories are all included in inbound logistics.
  - **OPERATIONS:** The procedures needed to transform raw resources into a final good are included in operations.
  - **OUTBOUND LOGISTICS:** refers to the processes needed to deliver a finished product to a customer.
  - **MARKETING AND SALES:** Marketing and sales strategies include pricing, marketing, and advertising in order to increase visible and target the right consumers.
  - **SERVICES:** Customer care, maintenance conservation, cancellations, and exchanges are among the services offered to maintain products in good working order and improve the user experience.

- **Adjacent Pursuits:** The goal of secondary activities is to boost the effectiveness of main activities. When all support activities are more productive, at least one of the five major activities is enhanced. These support functions are usually shown on a business's revenue statement as overhead costs.
  - **PROCUREMENT:** The process by which a business obtains raw materials is referred to as procurement.
  - **TECHNOLOGICAL DEVELOPMENT:** During a company's development and research (R&D) stage, new and enhanced technologies are employed to set up manufacturing processes and automate tasks. The process of hiring and keeping employees that will support the management of human resources (HR) the development, promotion, and sale of the product in compliance with the company's business plan. Infrastructure comprises the organization's systems, including strategy, finance, accounting, and product testing, as well as the composition of the management team.
  - **E-COMMERCE:** the interconnection of the value and supply chains In e-commerce, value and supply chains are similar concepts.

Because of how similar they are, they are occasionally used interchangeably). In an e-commerce business, there are a few conceptual differences between the two businesses. The value chain starts with the processes that go into designing and producing a finished good. On the other hand, the supply chain includes the services required to get it to the end user. In short, the labor and materials involved in the supply chain are ordering, fulfillment, transportation, and procurement are among the services required to hand and ship out customer orders. Intricate interactions between the company and its suppliers are also covered. The value chain model, second, explains how to raise a product's value as it passes through several stages, such production and distribution. All the same, the supply chain illustrates how an online retailer could promptly complete a customer's order.

Logistics manages transportation, getting the package to the intended receiver, from the start of a supply chain to the finish. The last are value-added services, such as branded packaging or hyper local delivery. Data, products, and funds are continuously transferred along the manufacturing chain from vendors to producers, distributors to retailers, and online merchants. Companies as well as customers. Businesses can utilize an evaluation of the value chain to evaluate practices and activities that will improve the final product. By employing a supply chain, they are

able to plan, coordinate, and integrate the flow of stock and inventory between stakeholders and within the company. They can improve product cycles, lower costs, raise income, and react to changing market conditions.

### **10.7.5 A VALUE CYCLE MODEL EXAMPLE**

To further understand the workings of a value chain, let's take the example of the enormous e-commerce company, Amazon. In an effort to become the most customer-focused firm possible, the company participates in some of the key activities mentioned below:

- **Inbound Transportation:** The company's main sources of inputs are products that are fulfilled via Amazon and the infrastructure within data centers that makes the services provided by Amazon Web Services (AWS) possible. Amazon may use outsourcing because it is a large company and wants to reduce the cost per unit of goods.
- **Usages:** Amazon's ability to distribute its products beyond its own capabilities is a result of co-sourcing and exporting from other local enterprises. Robotics is employed to provide quick and inexpensive warehouse labor at Amazon's 109 completion facilities.
- **Logistics for Outward Travel:** Amazon is now converting all of its inputs into outputs. In reality, Amazon provides a secure online marketplace where merchants and customers can conduct business. This is their online store. Because of their two-day delivery, they enjoy a significant advantage over competitors.
- **Marketing and Sales:** For the previous few years, Amazon's main marketing approach Billions of dollars have been spent on marketing and advertising during the past 10 years. It effectively demonstrated the fiscal might of a significant company to uphold its position as one of the most well-known brands in the world. Simple return policies and excellent customer satisfaction scores for its AWS cloud computing services are two of Amazon's well-known features.

### **10.8 HOW TO ANALYZE THE VALUE CHAIN IN E-COMMERCE**

A research called the value chain model analysis evaluates every action that extends a company's value chain. This analysis is necessary for e-commerce companies to determine what has to be improved in order to increase customer value and brand image. Executives will find it easier to comprehend how each link in the chain improves or detracts from the final good or service as a result. A value



of e-commerce. For example, a chain market study could include recommendations on how to save costs, boost product differentiation, raise job efficiency, or improve the design of goods.

### **10.8.1 VALUE CHAIN ANALYSIS CAN BE CARRIED OUT IN THREE STEPS:**

#### **STEP 1: LIST ALL OF THE VALUE CHAIN'S ACTIVITIES**

This initial stage includes learning about the primary and secondary processes that go into producing a good or service. Every product and service that a company offers needs to have a value chain analysis completed because there may be differences in the interactions.

#### **STEP 2: CALCULATE THE VALUE AND QUANTITY OF DIFFERENT ACTIVITIES**

The next stage is to determine the way each of the aforementioned actions contributes to the internet shopping value chain procedure. It's also essential to consider the costs associated with each procedure, considering Reducing costs could increase the value of the transaction overall.

#### **STEP 3: SEEK OUT STRATEGIES TO GAIN AN ADVANTAGE**

The selling point you hope to build can be used to assess the internet commerce value chain. Consider the value stream from the angles of efficiency and cost-cutting, for instance, if you're seeking to save money. Research will often find procedures that can be totally outsourced or eliminated to save funds, as well as bottlenecks in the production process that can be fixed to save money and time.

### **10.9 CONCLUSION**

The distinctive modes of functioning in e-commerce along with value creation are reflected in the e-commerce model, which directly and specifically represents the existence condition and survival law of e-commerce. The fundamental question behind the existence and growth of e-commerce can be answered by summarizing the law on how businesses establish values in e-commerce through an analysis of the e-commerce model. As a result, the e-commerce model serves as a foundation for understanding the regulations governing the functioning of electronic businesses and is a significant area of research in e-commerce. The growth of e-commerce leads to the development of the value chain, which in turn generates creative concepts and approaches to e-commerce analysis.

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