

12. The Significance of E-Commerce in Emerging Markets

Dr. Vimmi Behal

Assistant Professor,
Atal Bihari Vajpayee Hindi Vishwavidyalaya,
Bhopal (M.A).

Abstract:

Future economic consequences of electronic trade could be significant. Online shopping will permanently alter the landscape of business. E-commerce will also transform banking in the twenty-first century. The global economy has been impacted by e-commerce in a variety of ways. The integration of payments and payment-related processes in both retail e-commerce domains is another subject of emphasis in this article.

The interfaces between actors and their respective systems—for example, between a merchant and a client, between a merchant and a payment service provider, or between a payment service provider and a banking system—are thoroughly analyzed in this work. The main goal of the study is to help us understand how new ICT-based services, particularly e-commerce in developing nations, are connected with the process of economic development within a community. The growing prevalence of mobile devices has made it possible for consumers to buy anything from any location. It appears that internet shopping is where trade is headed. Operational costs have decreased significantly as e-commerce replaces other traditional commerce models to offer seamless services and a positive customer experience. We shall talk about The Significance of E-Commerce in Emerging Markets in this paper.

Keywords:

Significance, E-Commerce, Emerging Markets, Global Economy, Retail, Development, Community, Services, Consumer.

12.1 Introduction:

E-commerce: It is the exchange of money or data using an electronic network, mostly the internet, for the purchase and sale of products and services. These commercial exchanges take place as business-to-business, business-to-customer, customer-to-business, or business-to-business transactions.

ICT: An alternative/extensional term for information technology (IT) is information and communication technology (ICT), which emphasizes the importance of unified communications and the integration of computers, telecommunications (lines and wireless signals), enterprise software, middleware, storage, and audio-visual systems. These components allow users to access, store, transmit, and manipulate information.

12.2 Economic Development:

The process through which a country enhances the social, political, and economic well-being of its citizens is known as economic development. In the 20th and 21st centuries, politicians, economists, and other people have used the term a lot. [1]

The practice of conducting business electronically with the use of cutting-edge technology like electronic funds transfers and data interchange, or e-commerce, allows users to conduct electronic transactions and share business information. Businesses and organizations can now send commercial documents electronically thanks to technology.

Using this site, customers may compare prices and buy an item at the best deal available. In addition to raising consumer knowledge and promoting transparency, this also gives them a sense of accomplishment when they manage to save money. The procedure is further streamlined by the clarity of communication between customers and portals. In many places of the world, internet markets are still quite small. E-commerce can, however, present a significant chance for economic growth. Businesses can access a wider audience with online sales, whether locally, nationally, or internationally.

Thanks to e-commerce, businesses in developing nations have a plethora of opportunities. There are a few challenges, nevertheless, that must be considered. Among these are the limitations on the use of technology, services, and finance, as well as the requirement for consumers' confidence and comprehension. Businesses need to create strategies in order to get over these barriers and fulfill the potential of e-commerce in developing markets. [2]

Advantages of E-commerce in Emerging Markets:

Emerging markets have enormous potential for e-commerce, which offers advantages including cost savings, increased efficiency, and access to international markets. a potent marketing instrument that helps companies grow swiftly by removing regional constraints. We'll examine these advantages and the reasons businesses are using e-commerce to experience rapid growth in this section.

Increased Availability of Goods and Services:

Through e-commerce, emerging markets have the potential to produce large economic rewards. Consumers are offered additional options and opportunities by expanding access to goods and services, particularly in rural areas where access to certain goods and services may be restricted.

Better Market Expansion and Reach:

In the digital sphere, e-commerce is a potent and economical means of empowering emerging markets. By leveraging the global digital infrastructure, businesses can quickly and effectively increase their reach and establish their brands in far-off places with little outlay of resources. Businesses are able to find undiscovered opportunities and obtain a stronger competitive advantage because to this expanded market access.

12.3 Reduced Operational Costs:

In this highly skilled environment, doing business can be incredibly costly. E-commerce solutions with outsourced content distribution and research can drastically save operating costs. As a result, businesses may maintain their agility and typically provide investors with the best financial returns. [3]

Impact of E-Commerce On Marketing:

- Product promotion: It improves the marketing of goods and services by interacting with consumers directly and in-depth.
- Direct savings: Senders can save a lot of money by using the internet to provide information to clients.
- Customer service: Giving customers access to comprehensive online information about the goods or products can significantly improve customer service.
- Brand Image: Through the internet, newcomers can swiftly and affordably (or even for free) develop their corporate or brand images.
- Advertising: In the past, businesses employed direct, mass, or one-way communication to convince consumers to purchase their goods and services. In the era of electronic communication, two-way interaction is intended to allow buyers to peruse, investigate, contrast, inquire, and even customize the product configuration.
- Customization: It represents the pinnacle of luxury available to users. With e-commerce, there is a great chance to get to know each customer individually and provide specialized or personalized goods and services.
- Order processing: By significantly enhancing order acceptance from clients, sales staff will have more time to close deals and offer more goods and services. This will also save money.
- Customer Value: Conventional marketing approaches aim to optimize the value of each transaction, encompassing customer acquisition as well. However, by building a lasting relationship with clients through electronic marketing, marketers maximize the worth of their clients. [4]

12.4 Review of Literature:

E-commerce, or electronic commerce, has emerged as the main online activity virtually overnight. It has equally swiftly emerged as a major player in international business operations, both in developed and emerging nations with enough infrastructure support available or anticipated. Naturally, there is no one definition for e-commerce; it simply refers to any business activity that is connected to or facilitated by electronic communications. It could be anything from a straightforward online advertisement to an email exchange or a multimillion-dollar transaction that was started and spread via the internet, and in certain situations even involved the actual delivery of goods or services that require a lot of information. (Chung, H. M., 2000). [5]

Ray Sarbapriya (2011) The article titled "Emerging Trends in E-commerce in India: Key Concerns, Opportunities, and Difficulties" This article aims to provide a brief overview of the development of e-commerce in India by describing the many categories of e-commerce

businesses, their chronological order, and the companies that are active in this industry. According to the study, the government should play the role of creating a legal framework for e-commerce so that fundamental rights like consumer protection, intellectual property protection, privacy, and fraud prevention are all addressed while trade both domestically and internationally is allowed to grow. [6] According to A. Aktymbayeva et al. (2018), "business models nowadays are increasingly reliant on internet-based transaction and trading platforms, as well as web portals and mobile applications." People worldwide are probably going to value the availability of home delivery, 24-hour internet shopping, and an even greater assortment of goods. Through internet sales, businesses may interact with a larger consumer base on a national and international level. Related businesses include IT firms, payment processors, financial intermediaries, and logistical companies also generate new employment. New businesses have an excellent opportunity to seize the E-commerce market. The national internet market may still be shallow, and the e-commerce giants may not be interested in it. Nonetheless, it may still permit the expansion of modest local enterprises. In an effort to compete, new businesses offer a more individualized service that is catered to the demands of their home market. Compared to multinationals, they start out with fewer well-known brands and a smaller range of products, and they compete by providing a service that is most comparable to the circumstances in their native market. [7]

12.5 Objectives:

- To investigate the major influence of E-commerce on emerging market growth.
- To determine the impact of E-commerce on the profitability of an organization.
- To look into how E-commerce may help underdeveloped countries thrive economically

12.6 Research Methodology:

This study's overall design was exploratory. The research paper is an endeavor that is founded on secondary data that was obtained from reliable online resources, newspapers, textbooks, journals, and publications. The research design of the study is mostly descriptive in nature.

12.7 Result and Discussion:

Emerging markets are predicted to have faster growth in e-commerce than developed ones. Emerging countries represent the new growth frontiers for e-commerce, buoyed by the rise of consumers in these markets who actively adopt digital technology, as well as by the assistance many national governments provide for innovation and the expansion of digital services in local markets. In fact, e-commerce is growing in emerging nations and has great promise for a number of businesses. With almost 44% of all worldwide e-commerce sales (goods and services) made up of retail, this is the most significant of them all. By 2027, developing nations will account for more than half of worldwide retail e-commerce, with their growth exceeding that of established markets in this sector. Since the retail industry frequently serves as the main entrance point for e-commerce into many markets, this growth also facilitates the adoption of other digital services, with bill payments being the second important area of development.



Figure 12.1: Growth of Retail E-Commerce in Emerging Markets [8]

The growth of E-commerce in Emerging Markets:

E-commerce has a good chance of expanding throughout the developing countries in the future. Online retail sales in Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, and Turkey could total up to 3.5 trillion annually.

This has had an impact on businesses in a variety of industries, including technology, manufacturing, retail, finance, and security. The sharp rise in internet access and rising wages are the primary causes of this explosive demand for online shopping.

A significant increase in the elements that contributed to the development of the internet has been observed, and the emergence of e-commerce during the past ten years has drastically changed the economic landscape.

On the other hand, wealthy nations that have allowed e-commerce have demonstrated some notable economic growth.

India:

In India, e-commerce has completely changed the way people conduct business. India has seen a gradual increase in internet purchasing as a result of the surge in smartphones and mobile phones.

The two most prominent online retailers operating in India are Flipkart and Snapdeal. By 2018, it's predicted that the e-commerce market would be worth over \$50 billion.

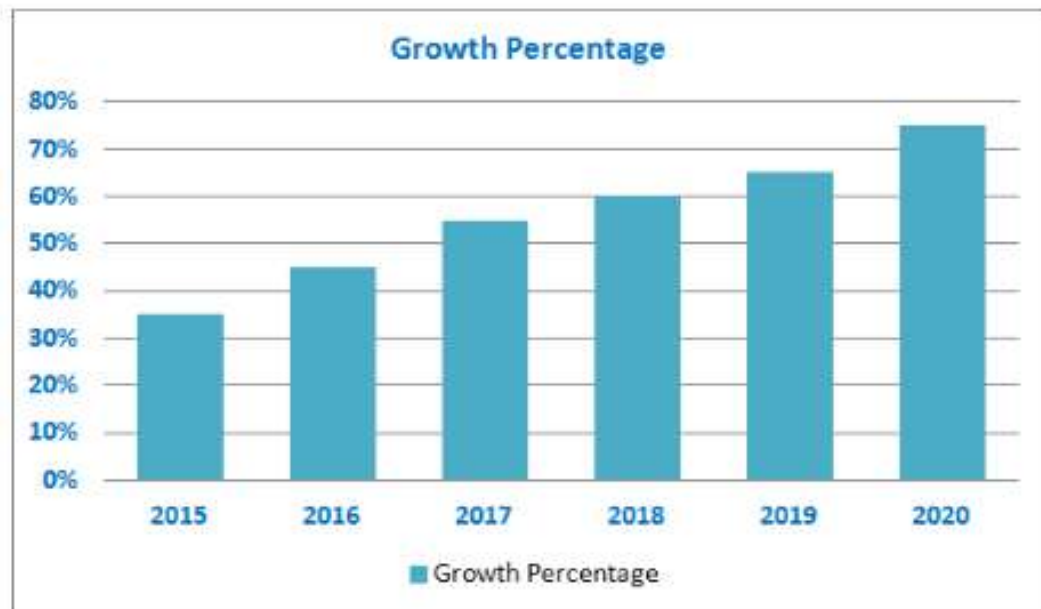


Figure 12.2: E-Commerce Growth for Emerging Market-2015-2020

Challenges Faced by E-commerce in Emerging Markets:

Entering new overseas markets is a simple way to reach out to new clients, especially with the aid of internet platforms.

E-commerce portals need to interact and engage with clients in local languages if they want to expand into new markets. In fact, about 60% of consumers visit e-commerce websites more frequently.

But while considering prospects for international expansion, businesses also need to consider some of the difficulties. The following are some of the main obstacles that e-commerce in emerging markets must overcome:

Technical Infrastructure:

It is not necessary for websites to be housed on servers located in those markets in order to launch them in foreign markets. Many times, the limits of the local infrastructure make it impossible.

Logistics Status:

A new era of immense shifts in consumption, discourse, and culture has been brought about by the internet and e-commerce.

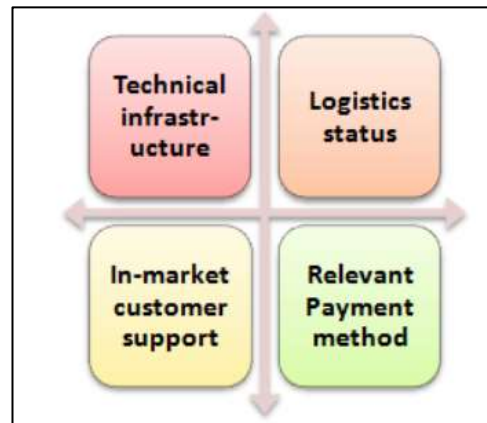


Figure 12.3: Challenges Faced by E-commerce in Emerging Markets

In-Market Customer Support:

Businesses that are eager to enter foreign markets should remember that providing excellent customer service is the most important part of their operation.

Relevant Payment Method:

The majority of market-specific payment processors enable straightforward CRM platform deployment. You need to choose a partner who can determine which payment options are appropriate for each market. [9]

12.8 Conclusion:

There are several risks in addition to the benefits mentioned. An unstable economy and a betrayal of consumer confidence are typically the subjects of these threats. E-commerce company failures are uncommon but do occur. When transnational trade is conducted, it also speaks to a platform's dependability. A successful e-commerce business depends on placing a high priority on client pleasure. These days, online shopping is a necessary component of daily living. For many, especially those who live in metropolitan regions, having access to an e-commerce platform is a need rather than a privilege. We have seen an unmatched rise in e-commerce as a result of the quick uptake of internet-enabled gadgets like smartphones and tablets. The way we purchase, communicate, and live has all been drastically altered by telecommunications technology.

12.9 References:

1. Lowry, Paul Benjamin; Wells, Taylor Michael; Moody, Greg; Humpherys, Sean; Kettles, Degan (3 February 2006), Online Payment Gateways Used to Facilitate E-Commerce Transactions and Improve Risk Management, vol. 17 (published January 2006), pp. 1–48, SSRN 879797, archived from the original on 5 May 2021, retrieved 5 May 2021.

2. Humeau, Philippe; Jung, Matthieu (21 June 2013). In depth benchmark of 12 ecommerce solutions (PDF). Archived (PDF) from the original on 5 May 2021. Retrieved 5 May 2021.
3. Frieden, Jonathan D.; Roche, Sean Patrick (2006). "E-Commerce: Legal Issues of the Online Retailer in Virginia" (PDF). *Richmond Journal of Law and Technology*. 13 (2). Archived (PDF) from the original on 22 September 2020. Retrieved 5 May 2021.
4. Kodali, Sucharita (12 May 2014). "US eCommerce Forecast: 2013 to 2018". Forrester Research. Archived from the original on 23 January 2021. Retrieved 4 May 2021.
5. H.M. Chung (2000), *Electronic Commerce: A Managerial Perspective*. New York, Prentice-Hal: 49–65.
6. Sarbapriya Ray, 2011. "An analysis of the trend in economic capacity utilization and productivity growth of some energy intensive industries in india: 1979-80 to 2003-04," *Economics Bulletin*, AccessEcon, vol. 31(4), pages 1-55.
7. Aktymbayeva, A. S., Koshkimbayeva, U. T., Zhakupova, A. A., Alimgaziyeva, N. K., & Amir, B. M. (2018). E-commerce evaluation and e business trends. *International Journal of Innovative Technologies in Economy*, (1 (13)).
8. "Retail e-commerce sales CAGR forecast in selected countries from 2016 to 2021". Statista. October 2016. Archived from the original on 26 November 2017. Retrieved 4 May 2021.
9. Samuel Amponsah Odei, Michael Amponsah Odei, Evelyn Toseafa, Determinants of Technological and non-technological Innovations: Evidence from Ghana' Manufacturing and Service Sectors, *Journal of African Business*, 10.1080/15228916.2021.2113209, 24, 3, (467-490), (2021).