



The rise of e-commerce: Trends, challenges and opportunities

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Abstract

The exchange of money and data to finalize a sale of services using the internet is known as e-commerce. It is sometimes referred to as online or electronic commerce. India's ecommerce market is growing quickly. Undoubtedly, e-commerce is a business opportunity that needs to be investigated in the future. The e-commerce forecast is demonstrating the rapid expansion of industry in our nation. Supported by a growing user base for mobile phone presentations on the internet, Indian e-commerce has experienced remarkable growth in the past several years. India's e-commerce sector is expanding remarkably quickly because of the country's high internet penetration rate and advanced electronic products.

Because the majority of people are unaware of the risks of internet fraud and corruption when transacting, darkness reigns. This is by far the largest obstacle that India's e-commerce sector must overcome. E-commerce is quick and efficient, allowing financial transactions to be completed from anywhere in the globe. Future generations will feel more at ease making purchases solely online. The goal of this study is to assess the trends, challenges and opportunities associated with e-commerce while also describing its current state in India.

Keywords: E-commerce, internet, challenges, opportunities

Introduction

E-commerce is the use of the Internet and the web for commercial and business transactions. These interactions usually entail the exchange of value, such as money, across organizational or personal borders in exchange for goods and services. Our focus is on business transactions between persons and organizations that are made possible by digital means. E-business apps precisely become e-commerce when there is a value transaction. All transactions that take place via the Internet and web and are mediated by digital technology and platforms are considered digitally enabled transactions. Therefore, all "commerce" done over the Internet is included in e-commerce, of which e-tailing is a subset. It alludes to the portion of e-commerce that deals with the selling of goods rather than services, such as job websites, airline tickets, and train tickets.

Retail sales are served by three different kinds of destinations

- Classical brick and mortar retail
- Corporatized brick and mortar retail
- Corporatized online and retail sales

History of E-Commerce

Early Development

The development of the telephone at the close of the 20th century marks the beginning of e-commerce history. If we define e-commerce as the networking of business communities and the digitalization of corporate information, then Electronic Data Interchange, or EDI, is commonly seen as the start of e-commerce. Since the 1960s, major corporations have made investments in the development of EDI. It wasn't until the 1980s that it began to be reasonably accepted. Over the past thirty years, internet trade has taken on new meanings. When electronic commerce first emerged, it referred to the use of technologies like electronic funds transfers and electronic data interchange (EDI) to facilitate business transactions. (EFT). Both of these were established

in the late 1970s and let companies submit invoices and purchase orders electronically.

Other developments in electronic commerce throughout the 1980s included the expansion and adoption of credit cards, automated teller machines (ATMs), and telephone banking. The reservation systems for trains and airlines were another example of e-commerce.

Michael Aldrich created online purchasing, a significant aspect of electronic commerce, in the UK in 1979. Thomson Holidays recorded the first business-to-business transaction in history in 1981. Gateshead SIS/Tesco recorded the first business-to-consumer transaction in 1984. In the 1980s, automakers including Ford, General Motors, and Nissan also made substantial use of internet purchasing in the UK. Dial-up and leased line modes of the switched public telephone network were employed by the systems.

Data mining, data warehousing, and enterprise resource planning systems (ERP) would also be a part of electronic commerce starting in the 1990s. The American Information Exchange, a different pre-Internet online system launched in 1991, was an early online information marketplace that included online consultation. Tim Berners-Lee created the World Wide Web in 1990, converting an academic network into a global, everyday communication platform known as internet/www(dot)Up until 1991, doing business over the Internet was strictly forbidden.

Even though the first online stores opened in 1994, the Internet didn't become widely known until approximately five years later with the introduction of security protocols and DSL, which allowed for continuous Internet access. Many American and European businesses were using the World Wide Web to offer their services by the end of 2000. Ever since, the term "Ecommerce" has come to refer to the capacity to buy a variety of things online through secure protocols and electronic payment services.

Meaning of E-Commerce

Any type of business transaction including the movement of information via the internet is referred to as electronic commerce, or e-commerce. By definition, it includes a wide range of commercial endeavors that utilize the internet as a medium for the exchange of information, financial transactions, or occasionally both.

E-Commerce Trends

E-commerce is always altering to meet the ever-changing needs of its customers. In 2024, consumers will expect retailers, brands, and marketplaces to keep up with their increasing reliance on artificial intelligence for query resolution and search query refinement. We're just getting started, but generative AI capabilities like chatbots and content-creation tools that were introduced last year will become popular with consumers and retailers when previously unthinkable use cases are introduced in the years to come. The consultant James Yang of Bain & Co. stated, "The technology is nowhere near reaching its full potential; when it does, the disruptions are going to be massive."

We asked industry experts, marketplaces, and Alibaba Group companies about consumer trends that will influence the industry in 2024 and how artificial intelligence (AI) might help meet demand. Alibaba International Vice President and AI leader Kaifu Zhang stated, "AI's footprint will continue to expand, fostering an increasingly barrier-free and streamlined global commerce experience that benefits businesses of all sizes."

Tailored retail encounters

For years, personalization has been a popular term in marketing. It refers to the process of creating customized marketing messages and experiences for each individual customer. However, it is only now that technology is genuinely enabling the large-scale delivery of tailored experiences. Anticipate even more individualized product recommendations, marketing efforts, and e-commerce site experiences in 2024. Businesses must gather and examine more consumer data in order to comply with this. However, the benefits will be worthwhile. For example, shoppers can find the things they are most interested in with the assistance of personalized product recommendations. Customized email marketing strategies have the potential to increase conversions and engagement. Make sure each encounter with the customer feels specially designed. This holds true for omnichannel experiences across in-store and online channels, as well as for current and potential customers. experiences from various experiences through both online and in-store channels.

Artificial Intelligence

Digital marketing is already significantly impacted by AI. Its significance will only increase. AI is applicable at many different points throughout the online purchase process. It can be used to personalize customer experiences and automate e-commerce marketing duties like campaign creation and administration. Large volumes of data, including as website usage habits, purchase histories, and client profiles, are analyzed by AI systems to find trends and make deft judgments. Predictive analytics and machine learning algorithms can also optimize product listings and pricing by foreseeing customer wants. Chatbots driven by AI and automation are expected to be the most popular e-commerce trends in 2024 and beyond. They are able to

comprehend client concerns, offer timely assistance, and respond appropriately. In order to retrieve purchase details and address problems, chatbots can also be integrated with customer support databases. A chatbot could help a consumer monitor an order, check if a product is available, or start the return procedure, for instance. These speeds up response times, offers effective customer service, and improves the entire buying experience.

Image and Voice search

Voice and image search optimization are two more crucial e-commerce trends to be aware of. Voice search refers to the process of searching the internet using speech recognition and voice commands. It's a more practical and natural approach to look up information. Statista estimates that in 2023 alone, the global value of voice-assistant e-commerce transactions will be close to \$20 billion. That amounts to four times what it did only two years prior. Furthermore, it is anticipated that 8 billion digital voice assistants would be in use by 2024. Ensure that your website is voice search optimized by utilizing structured data markup and natural language keywords. Consider developing chatbots for customer service and product demos that can be voice-activated. Additionally, image search is growing in popularity. Users can use a visual description or submit a picture to search for products or other items. An internet buyer may utilize picture search to locate a product that resembles one they've seen in a magazine. You can avoid typing by using a voice assistant to look up product reviews or recipes in the interim. AR, for instance, can be utilized to let buyers virtually try items on. Customers can use virtual reality (VR) to explore stores in a 3D environment that simulates moving around the actual store.

Quick Videos

One of the most captivating types of content is video, and e-commerce companies are starting to realize how crucial it is. Produce additional video material in 2024, including behind-the-scenes videos, customer endorsements, and product demos. Post your videos on your website and on social media.

Short-form videos are an efficient way to grab viewers' attention and present information in an eye-catching way. Thus, it makes sense that short-form video platforms—like Instagram Reels and TikTok—are developing into effective instruments for informing consumers and swaying their opinions.

Sustainable practices in E-Commerce

Younger customers, including millennials and Gen Z, are becoming more aware of the environmental consequences of their consumption, as I have stated. It is anticipated that they would persist in prioritizing sustainability in e-commerce operations.

As a result, it's critical to concentrate on chances to use environmentally friendly procedures that satisfy customers. This covers every aspect, including packaging that is sustainable and the supply chain.

Content created by Users (UGC)

One of the most beneficial developments in digital marketing is user-generated content, or UGC. It may be used to enhance your marketing strategy using SEO, narrative, and content marketing. User-generated content

(UGC) includes blog posts, social media posts, and product reviews. It offers genuine viewpoints and thoughts from real individuals, which promotes credibility and confidence. UGC can be curated and displayed by brands to show off how products are used, respond to customer inquiries, and foster a feeling of community. However, genuineness and interaction must take precedence over reach in influencer marketing initiatives.

Challenges of E-Commerce

Although e-commerce has grown significantly in recent years, internet marketers will face new difficulties in 2024. Here are the three main challenges that marketers must overcome, ranging from changing consumer expectations to navigating a data-driven environment:

Data and cybersecurity

Data security is still one of the biggest problems with e-commerce. Handling ecommerce requires handling a lot of data, including credit card numbers and other sensitive customer information. Having strong cybersecurity is a technological challenge, and security lapses can have a major negative impact on a retailer's daily operations and reputation.

Marketing allocations

As digital marketing offers a higher return on investment than other advertising channels, more companies are shifting their budgets from traditional advertising toward digital and social media ads (as you can see by the increased spending on digital versus traditional advertising shown below). Although the cost of clicks and virtual advertising space is increasing in tandem with demand, these platforms' superior targeting and CPC (cost per click) continue to draw users in. While there are some solutions, such as advertising, organic reach on social media sites is virtually non-existent, making it difficult for small and medium-sized businesses to allocate enough money for advertising. It's one of their main problems with ecommerce.

Relationships with customers

The user or customer experience is crucial to the success of an e-commerce business. Customers want an experience that is similar to, if not more so than, what they would receive in a physical store. The website's flow, segmentation, filtering choices, and retail item customisation based on client preferences must all be taken into account.

Customer service: Modern customers anticipate prompt service at their preferred location. Because customers are more likely to vent their frustrations on social media if businesses don't meet their demands immediately, many businesses are implementing chatbots to their customer service departments in an effort to speed up the processing and response to issues. Having customer service hours on social media and providing a variety of channels for clients to raise issues or ask questions is an additional choice. Businesses are under pressure to provide more options and answer to customers' requests even faster as a result.

Opportunities of E-Commerce

Worldwide development and International trade

The potential offered by international growth and cross-border e-commerce trade are examined in this section. It talks about how companies can use new technology and

advantageous regulations to break through trade barriers, expand into new markets, and form multinational alliances.

Analytics and Insights on Customer Data

The importance of customer data analytics and insights in promoting corporate growth is emphasized in the study. It talks about how companies may use data to better analyse consumer behavior, target marketing campaigns, and customize the customer experience.

Membership Programs and Subscription Models

This research investigates the growing acceptance of membership programs and subscription models in e-commerce. It talks about how these approaches can lead to increased client lifetime value, recurring revenue, and customer loyalty. The significance of offering distinctive value propositions to maintain subscribers is also emphasized in this section.

Influencer marketing and social commerce

The potential in e-commerce that are brought about by social commerce and influencer marketing are discussed in this subsection. It talks about how social media platforms help consumers find products, engage with brands, and build trust. It also looks at how influencers can be used to market goods and build real relationships with target markets.

Conclusion

In 2024, e-commerce will have tremendous development potential, but there will also be difficulties. To position their firm for success, businesses need to focus on security and scalability, adjust to evolving trends, and adhere to best practices. Take advantage of the chances and establish a strong internet presence in order to prosper later on.

E-commerce is a very intricate industry, requiring careful consideration of multiple factors that may differ from one another yet are all interrelated for success. It was also easy to see that, although e-Commerce is a worldwide market, its popularity has been rapidly increasing and that, in recent years, it has undergone continuous growth. The successful launch of some businesses and the more assertive positioning of others have been demonstrated to benefit greatly from e-commerce.

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