



E-Commerce and Industry in the Globalised ERA

KEYWORDS

Digital revolution, e commerce, online purchases

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ABSTRACT

The goal isn't to make something everyone will love; the goal is to get excited, and make a thing where something wasn't before. -Wil Wheaton. The digital Revolution has brought about drastic changes in India. Today businesses are smartly run by cost efficient methods. The advancement of Information Technology especially on 3G & 4G has given a wide range of business opportunities to succeed especially with ecommerce gaining prominence. Internet and social networking sites have brought about a plethora of innovative products and services like the Google glass, Driverless cars, Google Maps, 3 D Printing etc. The number of " netizens" have increased rapidly. The main reasons are that the level of investment to start an online venture is cheaper when compared to other modes of establishing a business. Further the development of Logistics also has helped these online ventures on prompt delivery. The changing lifestyle of the people for their daily shopping needs, hassle free actually led to the development of e commerce coupled by attractive schemes offered by these companies. Among the BRIC Nations, India has been the fastest growing market adding over 18 million internet users and growing at an annual rate of 41%. India is also among the top 3 fastest growing markets worldwide in the last 12 months. This study intends to analyze how technological innovations paved way for new business insights. The development of Internet was the biggest boon to the business houses.

INTRODUCTION

Technology is a buzz word taking the world in its stride. Business, today flourishes on the only chant "Innovation" and the success of the business depends on how innovation and creativity is integrated into the system and marketed to the consumers at the simplest form. The advancement of technology has given a wide range of opportunities to business to succeed especially with ecommerce gaining prominence. The development of Internet was the biggest boon to the business houses. Internet and social networking sites have brought about a plethora of innovative products and services like the Google glass, Driverless cars, Google Maps, 3 D Printing, online markets etc. These type of innovative and sustainability in business has given a modern approach to business overcoming the traditional approach. This study intends to analyze how technological innovations paved way for new business insights.

OBJECTIVES OF THE STUDY

1. What is the role of technology in business?
2. What are the constraints faced in the industry?
3. How has technology helped in the growth of the industry?

WHY TECHNOLOGY MATTERS?

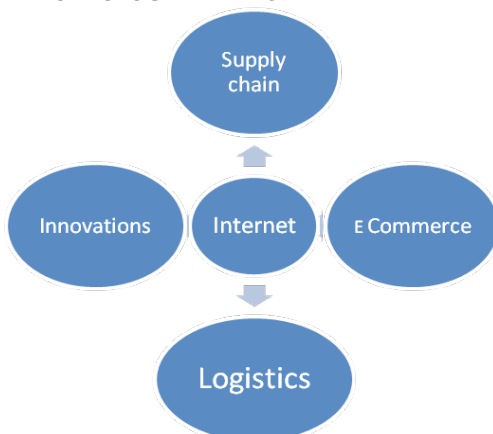


Fig.1.1.The Spillovers of technological advancement

An insight into the 21st century clearly depicts that the global economy will continue to demand more manufactured goods as over the next 20 years more than 3 billion people will enter the global consuming class worldwide and consumption will nearly double by \$64 trillion. Manufacturing is the route to higher productivity or transition from agriculture to industry for better economic growth rates for the country. Organizations continue to drive innovation and higher productivity standards. Countries and companies need to understand the evolving nature of manufacturing and act on the powerful trends shaping the global competitive environment. The dawn of Internet has paved way for new innovations in the industry which in turn has helped ecommerce, supply chain and logistics industry gain prominence.

Constraints faced in the Industry

The mushrooming population creates more demand on one hand and on the other the supply is limited and literally the world is shrinking in size unable to meet the demands. The drive for innovations has put up many challenges for the marketers in terms of competition, new product development or quality enhancement.

How technology matters?

The new era of manufacturing is networked by smart enterprises that use information technology skillfully as they employ talent and machinery to deliver products and services to diverse global markets. Optimum utilization of resources combined with creativity can be a solution. Today businesses are smartly run by cost efficient methods and every marketer desires the Cost leadership strategy. Among the BRIC Nations, India has been the fastest growing market adding over 18 million internet users and growing at an annual rate of 41%. India is also among the top 3 fastest growing markets worldwide for the past one year¹.

The advancement of E Commerce

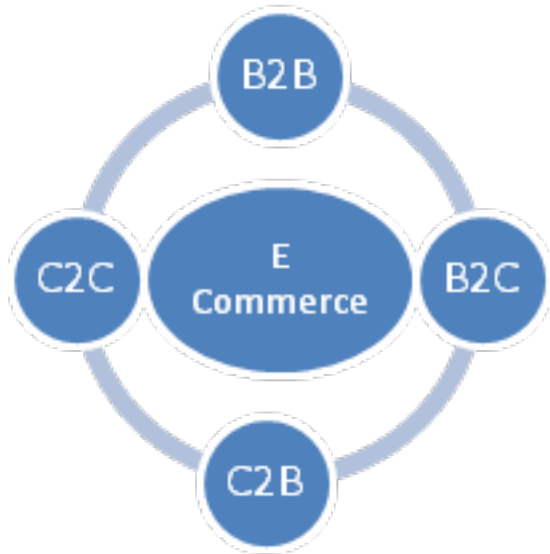


Fig.1.2. The E Commerce segment

The E commerce segment is broadly classified into 4 groups. Business-to-business (B2B), business-to-customer (B2C), customer-to-business (C2B) and customer-to-customer (C2C) Segment-wise, B2C dominated the sector with a 56.0 per cent share in 2010–11. Together, the B2C-C2C segments have shown significant growth; their aggregate market size stood at USD9.9 billion in 2011, while that for B2B segment was estimated at around USD48.8million. However, B2B's acceptance is on an upward trend due to its rising awareness amongst Small and Medium Enterprises (SMEs), which are close to 13 million in number.²

1. State of Ecommerce in India - Sept 2012
- 2 The eBay Census Guide 2011

India has leapfrogged into the global services with its IT & BPO industries contributing to the manufacturing sector. The online market space in the country is burgeoning in terms of offerings ranging from travel, movies, hotel reservation, books matrimonial services, electronic gadgets, fashion accessories and even groceries. From a buzz word to current day reality e commerce in India has been experiencing remarkable growth. India is home to 3311 ecommerce hubs, 1267 rural hubs, 391 export hubs and 2217 import hubs³.

Online planning and booking for tour has become popular with all sub categories like car rentals, Online travel agents, hotels and airlines provide attractive packages. Indian Railways is the most frequently visited sites in India with over 12 million unique visitors a month. MakeMyTrip, Yatra and Cleartrip individually reach over 11.6%, 8.3% and 3% of total online users respectively⁴. Likewise, India is expected to record the highest growth in the Asia Pacific region during 2012–16. The trend would shift with the online retail segment contributing equally to the total market size, considering it is expected to grow significantly in the coming years.⁵ By the end of 2012 the number of active rural Internet users has touched 38 million as against 24 million a year ago. The number is still expected to rise to 39 million users by 2015 as Internet penetration increases and ecommerce becomes more reliable⁶.

The growth of the e commerce industry can be attributed to two causes. First, the government has restricted the foreign companies from online selling in India including retailing and the government plans to interlink every panchayat through broadband service by 2014. Secondly, E Commerce companies have come out with attractive policies like free home de-

livery, return policies and the cash on delivery has attracted the customers to shop online hassle free without disclosing any card details. It is believed that more than 50.0 per cent of all online transactions in India are based on the cash on delivery (COD) payment methodology.

The technological inclination towards the Industry

Innovation and creativity is a solution to the constraints faced by the industry. In an era of technological advancement, countries must adapt themselves to new forms of innovation to compete internationally. The development of internet has tremendously reduced the marketing expenses on mass media to minimal or zero cost marketing and helped the start ups to market and compete virtually in the 21st century.

3. The ebay census guide 2012.
4. Online Travel Industry –India (Part III) Research on India, Feb 2012, p.6
5. Study by Forrester, a leading global research and advisor
6. A study by Aventus Capital

Cloud computing is impending into business in India. Cloud computing interlinks computers through internet and helps in achieving cost efficiency for business. Cloud computing is very simple to use and does not require any software installation by the end user as software's are linked to the servers. It in fact promotes virtual organizations to focus on business rather than on infrastructure and provides different types of services for their cloud clients.

3D Printing and additive manufacturing

The global economic crisis which shook the world and the very fundamentals of banking, economic and financial policies is an obvious illustration of man's greed and inappropriate planning. The US – the so called Super Power and a developed Nation! is responsible for all such melancholy. They disregarded the regulations and the people in the world have to bear the brunt of it. The Great Depression is an evident example of how far the world economy can collapse. President Barack Obama's endeavor was to kick start the economy by giving stimulus packages to the industry. Let's make an assumption, stop thinking about mass manufacturing for some time. What could happen if people could manufacture their own manufactured products in cheaper and efficient methods with the latest technology in small quantities? May be unrealistic & fictional, but it is turning out to be a reality. Yes, the process is called as 3-D Printing better known as digital manufacturing. With the help of computer aided designing and 3D printer, layers of materials are used to create a product using metals, powder or molten plastic. All sorts of goods can be produced from batteries, aircraft parts, mobile phones to auto parts etc. Just like additional photo copies, the 3D printer can produce multiple products and this is termed as additive manufacturing. Few companies like Digital Forming, Shape Ways, Rapid Quality Manufacturing, Stratasys, Bespoke Innovations, Within technologies, 3D Systems, Maker Bot Industries, Freedom of Creation, LGM, and Contour Crafting are determined to make another revolution in the industrial era. The concept of production has undergone a change with mass production transforming itself to customized production or to "Digimart" (Digital manufacturing). Digital Manufacturing consumes less energy and enhances increased efficiency in production by reducing costs and accrues profits.

CONCLUSION

The present generation consumers are in a new era defined by swift transformation, global competition and instantaneous alternatives and this has even more become intricate for business to gain competitive advantage. Innovation and diffusion of innovation is very much essential to industry as well as to countries. The Digital revolution will realign the entire manufacturing sector creating millions of jobs and countless services and new products. Entrepreneurs and business leaders must restructure their business models and

take advantage of the cutting edge technology, supply chain management and undertake collaborative research to keep in pace with technology. New technology will provide ample opportunities for technical professionals in the area of Nano technology, fuel cell development, hybrid energy systems and green energy. The economic policies of the government clubbed with sustainable technology can enhance greater productivity and better living standards in the country. Watts Humprey has rightly remarked "Innovation is the process of turning ideas into manufacturable and marketable form".

REFERENCE

1. State of Ecommerce in India - Sept 2012 | 2 The eBay Census Guide 2011 | 3. The ebay census guide 2012. | 4. Online Travel Industry – India (Part III) Research on India, Feb 2012, p.6 | 5. Study by Forrester, a leading global research and advisor | 6. A study by Avendus Capital |