SWOT Analysis of E-Commerce

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Abstract

The e-commerce is one of the biggest things that have taken the Indian business by strom. It is creating an entire new economy , which has a huge potential and is fundamentally changing the way business are done. These figure also show that the total size of India's consumer retail market was about $470 billion(2011) and is expected to grow to $675 billion by 2016 and to$850 billion by 2020, with a cumulative-annual-growth rate(CAGR). In comparison , India's total e-commerce market was worth about $2.5 billion in 2009 and grew to $6.3 billion in 2011 and more than doubled to $14 billion in 2012. It is emerging as a new way of helping business enterprises to compete in the market and thus contributing to economic success. In this paper we will discuss about SWOT analysis of E-commerce which will comprise of strengths, weaknesses, opportunities and threats faced by e-commerce in current scenario

Keywords: E commerce, competitive advantage, internet.

1. Introduction

Commerce may be defined as the transaction between the business enterprises. Business, on the other hand, is defined as 'a commercial enterprise as agoing concern'. In doing the business certainly one has to have contact with other .Previously For doing business one has to travel through a long distance and carry money in this pocket all the time ready which always be a risk for the carrier. It took a long time to mature even a single transaction for example if a manufacturer want to sell his produce he need to sell it to whole seller first this is also with the help of middle man then the whole seller will sell the same product the different retails and the consumer will buy the product this chain will add some more middle man if the distance between producer and consumer is more. This process is very time consuming and also add

some margin in cost at every stage which ultimately increase the price of the product and will put and extra burden on the pocket of the consumer or buyer. To fasten the above process and to reduce the add in value in the cost of product or to reduce the burden on the pocket of consumer producer only need to use one miracle word that is "e". here e stands for electronic where ever you prefix this word the speed will automatically increases with many fold then the traditional methods adopted and on the other hand the cost of supply or the price of product will decrease many fold as compare to before.

For last few years many business who experiences the Placing "e" in front of any process or function of their business seemed to be the magic prescription for never ending story of success and rapid returns for enterprises. Internet, for example is becoming one of the most popular medium in transmitting various data. Users can find any kind of information within a shorter time compared with conventional method that consumes more time. Here again we assume a situation where for booking any ticketing for all kind of travel, bill payment, hotel bookings etc. one need to stand in a long queue to get his work done for himself but now this can be done at home and within few minutes only.

Likewise e-commerce deals with the exchange of money for soft or hard goods and services on internet. Very interesting definition was given by Kalakota and Whintons in 1997. They defined e commerce in four different ways

1. E-commerce is the delivery of information, product/services or payments over tele-communication channels, computer networks or any other electronic mode of communication.
2. E-commerce is the application of technology towards the automation of business transactions and work.
3. A tool that addresses the desire of firms, consumers and management to cut service cost while improving the quality of goods/services and increasing the speed of service delivery.
4. Capability of buying and selling products and information on the internet and other online services.

E-commerce is also known as click business where one uses all the technology of click operation to do a business. Click business as sounds very easy is not only include click operation it also include all those technologies with allow the click workable on internet which include,domin address,server, Web Site, HTML,Electronic Data Interchange,XML,Protocols etc. It is a profitable way to conduct business which goes beyond the simple brick business. Click business can result in fast transactions, wide market coverage along with the bundle of benefits such as speed, convenience, cost effective, timeliness, high profit margins, instant customer relations, no loss of customers and many more. A concern can do everything it can to run its business efficiently and profitably.

2. SWOT Analysis

Most of the time we see that the use of electronic techniques for doing business add value either by the reducing transaction cost or by creating some type of network effect, or by a combination of both. In SWOT analysis (the acronym is short for Strengths, Weaknesses, Opportunities and Threats), here we try to find out the strengths and weaknesses of ecommerce in respect of Indian business environment. Then after we try to identifies opportunities presented by that environment and the threats posed by that environment. As shown in the following figure which shows the questions that an analyst would ask in conducting a SWOT analysis

2.1 Strengths

- Global market: E-commerce biggest strength is the boundary less access in other word no brick structure is mandatory to do business or no specific boundary is required. It enables all the companies to expand them to global level. The widening of geographic retail markets may facilitate the development of global retailers
- Time saving: Transaction through internet is no doubt very fast. It saves time by reducing physical movement.
- No time constraints: The concept of 25X7 shows that online trans can be used any where any time as there is no time constraints.
- Price/Product comparison: Information and to choose are some of the right which every consumer has. On the same footing ecommerce provide platform to consumers to compare price and product effectively and efficiently. It will tend to have far greater bargaining effectively and efficiently. It will tend to have far greater bargaining power with suppliers than traditional local or national retailers.
- Cost effective: Elimination of long chain of middle man,decreasing need of having brick infrastructure and outsource logistic are helping a small business to stand at par with giants.
- Flexible target market segmentation: The success of business depends on right choice of segmentation . Target market segment here in e commerce is flexible can be modified any time.
- Fast Exchange of information: "e" will always guarantee fast and accurate sharing of information among merchants and customers and enables prompt quick just in time reply.
- Faster buying procedure: The buying is just a click away from the seller. No physical movement is required, no hunting of right product at right price is to done by the consumer this make the buying process faster
- Niche Market: It is a concept of sub segmentation where the product of rare species are available without putting some special efforts by consumer. Almost everything can be sold on internet. Even if products targeted to smaller markets the buyer will be somewhere on net.

2.2 Weaknesses

- *Security***:** Security is a biggest challenge in to progress of e commerce. Customer always found themselves insecure especially about the integrity of the payment process.
- *Fake websites***:** Many fake websites are available on net which promises better service and secure dealing. These web sites can not only disgrace ecommerce but also bring bad name to ecommerce.
- *Fraud***:** Personal and financial details provided for trading purpose are misused by hackers their personal undue interest.
- *Fewer discounts and bargaining***:** Hardly online businesses offer discounts and bargaining cannot be possible.
- *Long delivery timing:* The task of Delivery is usually outsourced, who do not care about the timing of the seller. They provide their services as per their own convenience. Some time the delivery time may extend to days or weeks which one cannot wait for.
- *Impossibility of physical examination* **:** Products whose choice is merely depend on its physical condition of the product with need personal touch before selection are not suitable fot e-commece business. As Online products cannot be touched, wear or sit on the products.
- *Limitation of products*: Only a limited number of products can be available.
- *Lack of personal services***:** Physical products can be available but lack in personal services which are intangible.
- *Limited exposure***:** In developing areas where internet is not accessible will have no or little exposure to e commerce.
- *Limited advertising***:** Limited advertising opportunities are available because in e commerce one cannot go for mass advertising. The advertising is limited only to computer literate person. And out of them only those who are comfortable with e-commerce applications.
- *Customer's satisfaction***:** There is no physical and personal or direct face to face interaction between customer and the seller. Therefore the scope of convincing the customer does not exist.

2.3 Opportunities

- *Changing trends***:** People are very brand conscious. They are interested in buying branded stuff rater then local. If such stuff is available cross border they will not mind it ordering through e-commerce. E- commerce is fast and effective even financial transactions can be made from any part of the world. People of tomorrow will feel more comfortable to buy products through internet only.
- *Increasing number of user*: Daily number of internet users is increasing. People feel more comfortable to shop online.

- *Regular Global expansion***:** E commerce can be operated any where any time without any interruption. It always has a scope of expansion. All new population and existing population who are not the user of e commerce are the target expansion.
- *High availability (24 hour and seven days a week)***:** Along with each and every click of the mouse business is in operation. Those who are busy in day time and cannot spare time for them self, have all the opportunity to shop as per their convenient time even during late night hours.
- *Wide business growth:* E business has wide scope and broader vision to grow. Business always took place in gap. Gap filling is a never ending process hence the growth of business is also never ending process.
- *Advertising***:** Advertising is cost effective as compare to conventional offline system.

2.4 Threats
- *Competitors***:** Along with local competition, global competition also exists. Competition is increasing day by day. Big companies have already entered in this field. They are making people habitual at the cost of their companies.
- *Changes in environment, law and regulations:* Change in trends, fashion and fad can distress E Commerce side by side change in law and regulations can also affect it.
- *Innovation***:** Customers now a days are always in a search of innovative products and technique. Innovation will always work as an extra burden on the pocket of consumer, be either in product, place, promotion and even price.
- *Privacy concerns***:** Fears that information can be misused lead to spam e mail or identity fraud.
- *No direct interaction***:** In e commerce there is no direct interaction between customer and the seller. There is no scope of bargaining. People prefer to buy physically as compare to online to experience personal feel.
- *Fraud***:** Persons using unfair means to operate ecommerce can damage the confidence and faith of common people.
- **Risk:** Nature of fraud

3. Conclusion
A developing country can be rationalized and mechanized if it introduces e-commerce effectively and efficiently. It will enhance its output and gives competitive advantage. Information Technology (IT) has boosted ecommerce worldwide. Now it's easier to enter to a new market and one can evaluate his/her product and company's performance. It reduces business overhead and enhances business management.

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