# E-commerce industry analysis- porter’s

Business, E-Commerce

Thus they have more access to customers, but the bargaining power of the suppliers cost cases a change in supplier would for the e-commerce industry would only mean some change in the design of the web-page or the description of the website, so unless the service provided by the supplier is exceptional he holds little bargaining power. An example would be Microsoft, which has a strong bargaining power because it sells products like Microsoft Office, which is in high demand across the industry. . Threat of new entrants * The entry barrier for the e-commerce industry is very low, making it very attractive for new entrants. * There is no necessity for a large sales force or any hysterical asset. So the production cost is less and there is more inventory control. * Development in infrastructure and heavy investment by the already existing players on software development has further reduced the cost for the new entrants. * There are a lot of BIB entrants too.

This is interesting because this kind of business requires network externalities and consolidation of economies of scale, which implies that instead of reducing industry profitability (due to price rivalry) new entrants are persistently entering. * There is also no location advantage neither distribution Handel advantage 5. Internal Rivalry The industry rivalry in the industry is quite high, since a lot players are attracted by this field and thus enter the field. The presence of already established big players also increases the intensity of rivalry here.

The extent of industrial rivalry can be understood by the fact way the firms respond to the moves made by the competitors. The growth figures and the number of new entrants explain to a large extent the rivalry present in this field. Industry Overview & Size By 2014, Asia is set to become the biggest market for e-commerce companies all over he world with India and China being the major players. Global e-commerce sales are expected to grow at approximately 21% to reach $963 ban in 2013. Security remains the biggest concern for the e-commerce industry.

But with non-banking players also having keen interest in the payment industry, the e-commerce market will get an impetus it needed. Cash-on-delivery has been one of the key growth drivers and is believed to have accounted for 50% to 80% of online retail sales. Although e- commerce business started in late ass's but due to the lack of support ecosystem growth in this sector did not take off. However the dot. Com bubble burst in 2002 led to collapse of more than 1000 e-commerce business. The first wave of e-commerce in India was brought by online matrimonial and online recruitment industry.

In 1996, the first online matrimonial portal was launched in India. In India, currently, total sales from e-commerce business are $1. 6 ban. The industry has seen phenomenal growth of 50% in last 5 years in India. Also, the number of users making online transaction is expected to reach 38 million in 2015 from 11 million currently. Indian business players have adopted new business models like stock and sell, consignment ND group buying. But problem area remains such as in-house logistics and locations of warehouses. Online travel has been the largest e-commerce sub sector by revenue in India.

But online retail is catching it up faster than ever. Indian's online recruitment industry took shape in 1997. The growth of the services sector, following the launch low cost carrier in the aviation sector of India in 2005 resulted in the second wave of e-commerce in India. They began to sell their tickets online either directly or through third party means which triggered the chain of third party developers offering these arrives. This move also gave impetus to the online travel sites like Hyatt. Com or moneymaker. Com.

The growth in online retail was mainly due to changing consumer lifestyle and need for convenience to shop from home. This brings the third wave of growth in e-commerce business in India in 2008 as many online retail website launched in that period. Online payment business is hit by low penetration of credit and debit cards; high failure rate of online payment transactions. Trends in E-commerce Industry In the short term, online sales are likely to be driven primarily by an increase in the umber of broadband connections and Smartened usage in developing economies.

Other forces driving e-commerce growth across all major countries include: Advancement in technology:- The availability of secure and cheap technology has enabled many new players to enter into the market. Consumers now have higher level of comfort in using the technologies and this is one of the biggest pluses. Changing consumer needs:-online retailers are now understanding the customer needs and also trying to identify their shopping behavior to better serve them with innovative products and services.

Increase in internet and Smartened users:-Len 011, sell of smart phones and tablets exceeded that of desktops and laptops for the first time ever. Social media impact:- Social media is mainly used by the population in the age group of 18-34 years. The major challenges developing in e-commerce Industry:- Security concerns:-While the number of online fraud decreased from 2011 to 2012 but the cost of combating the fraud is increasing every year as these frauds are becoming more sophisticated.

Inefficient digital marketing skills:-E-commerce is a new concept and marketing teams of online retailers are still exploring relevant ways f reaching out to consumers. Faceable, twitter are free but using them effectively to their advantage has been a challenge for online retailers. Proper governance is lacking:- As firms move from traditional retailing to normal retailing , improper governance and a flawed control structure can lead to inefficient processes and can increase the cost of their products.

Improper technology integration:-lampooner integration of systems and processes such as order to cash management to customer relationship management can create a negative impact on consumers. For online tillers, it will be difficult to retain customers if they do not integrate their back-end systems seamlessly with their front- end systems Online - offline integration: - Swedish home products store KEA has built an app which enables consumers to visualize how the displayed furniture will look in their living room.

To achieve this you require seamless integration of front end and back end processes. Providing payment options:-There are many payment options that have been developed like cash-on-delivery mobile payment etc to lure the customer for online shopping. Personal Customization:- Retailers are targeting consumers with personalized bout their customers and what customers are thinking at the moment they are shopping.