

Traditional Commerce v/s E-commerce and Impact of Demonetization on E-commerce

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ABSTRACT

The accompanying paper looks at a joint investigation of electronic business or web based business and customary commerce and impact of demonetization on web based business. Electronic trade is procedure of working together through PC systems. A man sitting on his seat before a PC or portable can get to every one of the offices of the web to purchase or offer the items. Not at all like conventional business that is completed physically with exertion of a man to go and get items, internet business has made it simpler for human to diminish physical work and to spare time. Online business which was begun in mid 1990's has taken an incredible jump in the realm of PCs, however the way that has prevented the development of web based business is security. Security is the test confronting internet business today and there is still a great deal of progression made in the

field of security. Government pulled the old RS. 500 and RS. 1000 notes unavailable for general use. While the exceptional move made by the Prime Minister Narendra Modi has affected web based business and in the meantime it affects the purchasers and their shopping conduct through web based shopping. Along these lines it ends up important to ponder the effect of demonetization on web based business industry. The fundamental point of the examination is to comprehend and break down the impact of demonetization on purchaser's recurrence of purchasing item and shopper's method of installment mode through internet shopping post demonetization.

Keywords-- E-commerce, Traditional, Comparison, Survey, demonetization

I. INTRODUCTION

As the internet is growing exponentially, companies are trying to attract buyers through it by selling their products online. The e-commerce has grown to such an extent that it attracts almost 80% of Indian population. The main reason is because of availability of different products, discount, less time and effort consuming, reaching to large number of people in lesser amount of time.

II. REVIEW OF LITERATURE

According to a statement by Amrish Rau, CEO of PayU India "Around 40 per cent of COD was driven by

black money according to a study done two years ago." Demonetization cracked down the whip on black money forcing people to go digital. In fact, the first 2 months after Demonetization did see a decline in e-commerce growth in India as there was a reduction in sales. The cash crunch and cap on ATM withdrawal limits affected the buying capacity of majority of consumers, especially customers in tier-2 and tier-3 cities who are used to the payment mode of COD. Some of the online retailers had to temporarily suspend their COD payment option. Redseer Management, a research and advisory firm, projected in August 2016 that the e-commerce industry in India would see a growth of \$79.41 billion by 2020. But Demonetization managed to upset the numbers and the growth for 2020 is currently pegged at \$47.45 billion.

Paytm, one among the biggest players in the mobile wallet space revealed that it served 45 million customers within 3 weeks after Demonetization. Transactions via RuPay cards have also increased suggesting that more JanDhan account holders have started using debit cards for online transactions. “We saw an initial decline in transactions for the 1st 10 days of Demonetization, however the transactions started getting back to normal from 1st week of December. As of February, we see a steady increase in transactions as well as online payments” as mentioned by Vikash Khetan, Founder Of CouponzGuru (A coupons and deals aggregator in India)

Traditional commerce-Traditional commerce refers to the practice of selling products and services within a single industry and in some cases, within a specific geographical area. Traditional commerce relies on operating business hours during a specific period of time and requires housing inventory or occupying a retail store. Traditional commerce often relies on face to face interaction with consumers and thrives based on word of mouth, networking and customer referrals for new and repeat business.

Advantages

- 1. Easy availability of products**-All the required products which are important for daily routine can easily be obtained from the nearby stores and can be purchased easily.
- 2. Easy to approach**- Less complications are concerned with traditional market. All that is to be done by the buyer is to visit the store of choice with a mode of payment.
- 3. Personal contact**- Personal relationship increases as there is direct interaction between the customer and the retailer.
- 4. Preferable option for backward area**- Due to unavailability of modern technology in backward areas; people who live there choose to buy products in traditional way.
- 5. Regional products**- Popular products of a particular area are easily available in traditional market.
- 6. Visibility of products**- Consumers can actually touch and see the products they have chosen to buy until they are fully satisfied about the quality and quantity as well.
- 7. Credit availability**-Since personal relationship and trust is usually built between consumer and retailer; it is possible to buy products on credit in case of shortage of money.
- 8. Suitable for every social structure**- Anyone, educated, undereducated or uneducated, can start business in a traditional market.
- 9. Perishable goods**-Goods which are consumed in a shorter period of time (milk, fruits, vegetables, sweets) are available in traditional market.

Disadvantages

- 1. Limited geographical area**- Due to complex structure of cities, there is limited space provided for market activities.
- 2. Less variety of products**- As most of the retailers only sell popular or more marginal products, it is difficult to obtain different variety of products.
- 3. Time consuming and exhausting process**-A lot of time and effort is required for actually going to the market and buying products which makes the purchase a time consuming and exhausting process.
- 4. Time bounded**- A considerable amount of time is required in order to buy products, so time management becomes a rather important aspect to bring traditional market under consideration for the purchase.
- 5. Higher cost**- As a hierarchy is involved in traditional market, the cost of products is increased.
- 6. Weather dependent**- The buying and selling of products depend on the weather, so market activities are difficult to execute in extreme weather.
- 7. Lack of global product**- Since retailers sell biased products, global products are difficult to obtain in traditional market.
- 8. Limited mode of payment**- Most of the retailers prefer cash over any other modes of payment. So, options for payment are limited for the consumer.
- 9. More corruption**- Most of the retailers sell their products without generating proper bills and they do not pay any tax on the product which ultimately increases corruption. This brings reduction in the economic development.

E-commerce - Electronic commerce (e-commerce) is the marketing, buying and selling of merchandise or services over the Internet. It envelops the whole extent of online item and administration deals all the way. Internet business devices incorporate PC stages, applications, arrangements, servers and different programming positions produced by web based business specialist co-ops and obtained by shippers to increment online deals [2].

Commerce facilitates the growth of online business. It is categorized as follows:

- Online marketing
- Online advertising
- Online sales
- Product delivery
- Product service
- Online billing
- Online payment



Fig. 1 Process of e-commerce [3].

Fig. 1 shows the process in which a product a product reach home, right from the buying of product to shipping, delivery of it.

Timeline

- 1994** - Sting CD the very first purchase of e-commerce.
- 1995** - Jeff Bezos launches Amazon.com.
- Pierre Omidyar starts eBay.com.
- 1996** - Indiamart, launch of an Indian online marketplace.
- 1997** – Launch of Netflix
- 1998** – Conifity was founded which leads to the launch of PayPal
- 1999**- Alibaba.com was launched.
- 2000**- Walmart launches its website for online shopping.
- 2002** – Start of Google shopping.
- eBay.com acquires PayPal for \$1.5 billion.
- 2005**- Amazon launches prime service.
- 2006** – Facebook Start selling advertisements.
- 2007** – Flipkart was launched.
- 2009** – Launch of a popular cryptocurrency BITCOIN.
- 2013** – China becomes world’s largest ecommerce market.
- 2015**- Singles' Day sales on Alibaba sites reach US\$14.3 billion.
- 2016**- Singles' Day sales on Alibaba sites reach US\$17.7 billion.

Advantages

- 1. Lower cost**- Products can be ordered at any place which reduce the transportation cost. For selling purpose, renting or buying a shop is not a necessity. It can be done from one’s home only.
- 2. Less time consuming**-With the help of e-commerce, all products are available at one place and in just a few clicks which saves a lot of time of the consumer.
- 3. Suitable for startup**-To start a business, loads of investment is needed but in e-commerce, less amount of money is required which is suitable for every class of society.

4. No geographical restrictions- There is a free entry and exits. Restriction in e-commerce is less as compare to other.

5. 24x7 product availability- No specific time period is defined in e-commerce. Services are usually available at any time that pleases the consumer.

6. Variety of option for similar product-due to increase in the competition in the market every product has a similar substitute product. Which is not possible for the seller to keep all of them, but with the help of e-commerce many competitor sales their product at one place which increase the variety of the product.

7. Delivery at door step- The ordered products are delivered at the consumer’s house.

8. More discount- Due to reduction in intermediates, the cost of products also reduces which help the producer to sell their products at a lower cost by providing higher discount.

9. Easy to advertise-with the help of internet producer can easily promote their product on internet by providing all the information of the product. All the information is available regarding the product so customer can easily find their product, which help the consumer to increase the satisfaction.

10. Employment opportunities- From the starting point (placing the order) to the ending point (delivery of the product), a lot of manpower is needed. E-commerce helps to reducing unemployment.

11. Less corruption-In e-commerce, chances of corruption is nearly nil. All the purchases done, comes with proper bills and the suitable taxes are paid, hence developing the economy.

12. E-payment options-A variety of modes of payment is available for the consumer making the purchase more consumer-friendly.

13. Return and replacement policy- Better return and replacement policies are available for the consumer. If the consumer is not satisfied with the product which is delivered, they can return or replace the product within a certain time period.

14. Product description-for buying any product there is a requirement of information regarding the product and their substitute product which help the consumer to find the best suitable product for them. E-commerce help to supply the information regarding the product.

15. Systematic process-The processes involved in e-commerce are quite systematic from placing the order till the delivery.

Disadvantages

1. Less visualization-Since the products being purchased are seen on just a screen and not in reality, the consumer is usually in doubt about the product.

2. Harder to deliver to backward areas- Delivery of products in rural areas is comparatively more difficult than it is in urban areas since the routes are not proper.

3. Unavailability of regional products- Many regional products are not available at commercial e-commerce.

4. Security and privacy breach- For online transfer of money, customers have to fill many debit card and credit card details and there is always a risk of information to be leaked.

5. Impersonal contact- There is lack of personal contact between seller and buyer, because many people do not buy product without any personal contact between seller and buyer.

6. Additional cost of delivery – Most of the times, seller charges additional cost for the delivery of the product which increase the cost of the product.

Comparison between traditional market and e-commerce [4]

Table 1

BASIS FOR COMPARISON	TRADITIONAL MARKET	E-COMMERCE
Meaning	Traditional e-commerce focuses on exchange of goods and services and includes those activities which encourage exchange in other way.	E-commerce refers to buying and selling of goods and services over the internet
Processing of Transactions	Manual	Automatic
Accessibility	Limited Time	No Time limitation
Visualization	Goods can be touch or visualize before buying.	Goods cannot be touch or visualize before buying.
Impersonal contact	Impersonal contact is possible.	Impersonal contact is not possible.
Geographical boundaries	Limited to particular area.	Worldwide reach
Product description	Limited amount of information is provided.	Detailed product description is available.
Resource focus	Supply side	Demand side
Business Relationship	Linear	End-to-end
Marketing	One-way marketing	One-to-one marketing
Modes of Payment	Cash, cheque, credit card, etc.	Credit card, fund transfer etc.
Delivery of goods	Instantly	Takes time

Table 1 shows a direct comparison between traditional market and e-commerce. And, shows how the e-commerce market is better than the traditional market due to its advantages over the traditional market.

Future of e-commerce-From hailing a cab to ordering food, from buying pre-owned kids' clothing to procuring services online, we have seen how cheaper connectivity and growing penetration of smartphones can transform businesses and lives. This statistic provides the retail e-commerce volume in India from 2016 to 2022. India is one of the quickest developing web based business markets around the world, with a great many new web clients exploiting shabby portable associations with send versatile messages, watch online recordings, utilize portable administrations, and obviously, to shop. Starting at 2015, just 26 percent of the nearby populace was utilizing the web; right around ten times the group of

onlookers measure from 10 years earlier. As indicated by late statistical surveying, cell phone web client infiltration in India is anticipated to achieve 37.36 percent of the populace in 2021, speaking to a tremendous potential as far as computerized and versatile purchaser group of onlookers. Add up to web crowds in India are evaluated to outperform 635 million online clients in 2021.

III. RESEARCH METHODOLOGY

Sources of Data: Primary data has been collected directly from the consumers by communicating with them through interview and observation method.

The secondary data was collected from newspapers, books, magazines and internet sources.

Limitation of the study: 1. The sample size is limited to 60 respondents therefore; the result of the study cannot be considered as universal.

2. Findings of the research are based on the assumption that the respondents have given correct information.

3. The study was conducted only in Alwar city hence, various other potential samples outside city were not considered.

Survey

Method of surveying

To obtain the knowledge of people's preferences towards both the markers, an online survey was conducted among people. Social media platforms were used to reach different sectors in order to know their attitude towards the "E-commerce". The data collected and recorded are in "percentage format" and to obtain the following information as many as 60 people participated in the survey.

The study was conducted for the following objectives

- Platform preferred for shopping.
- Purchasing of same product on both platforms.
- Online shopping delivery satisfaction.
- People who have used e-commerce website in their lives.
- Platform which gives more description for same product.
- Growth of ecommerce in upcoming days.

Data Analysis

The following data were obtained after survey. 60 people participated in the following online survey.

Platform preferred for shopping

Table 2

Response	Percentage of Respondents (%)
E-commerce	61.66
Traditional market	38.34



Chart 1

The above pie- chart shows that there is about 61.66% of people who prefer e-commerce over traditional market because of the following reasons:

- Overcome Geographical Limitations
- Gain New Customers with Search Engine Visibility
- Lower Costs
- Locate the Product Quicker
- Eliminates Travel Time and Cost
- Provide Comparison Shopping
- Enable Deals, Bargains, Coupons, and Group Buying
- Provide Abundant Information
- Create Targeted Communication
- Remain Open All the Time

Purchasing of same product on both platforms.

Table 3

Response	Percentage of Respondents (%)
E-commerce	68%
Traditional	32%



Chart 2

This study shows that if the product is same in online and offline then, nearly 68% of population prefers buying the product from online as it save time and transportation cost, and provide a lot of information of the same product.

Online shopping delivery satisfaction

Table 4

Response	Percentage of Respondents (%)
Satisfied	79%
Not Satisfied	21%

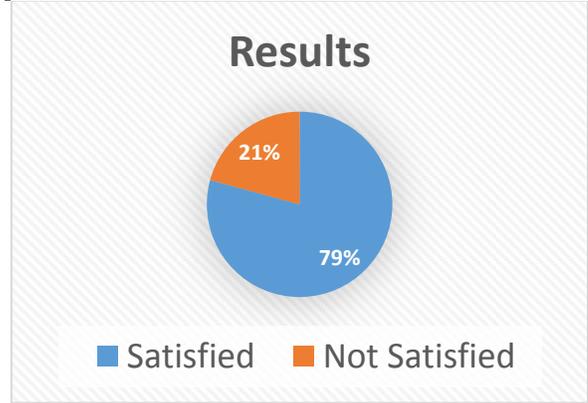


Chart 3

This study clearly tells the satisfied number of customer. nearly 79% of the people satisfied with the product because e-shopping sites provide easy return and replacement policy, and fast delivery option like one day etc.

People who have used e-commerce website in their lives

Table 5

Response	Percentage of Respondents (%)
Purchased	98%
Not Purchased	2%



Chart 4

This study shows that the only 2% of the people who did not purchase product from online site and 98% people who purchased product from online sites, because online sites provide a lot of benefits to the customer like heavy discount, free home delivery, product information.

Platform which gives more description for same product

Table 6

Response	Percentage of Respondents (%)
E-commerce	90%
Traditional	10%



Chart 5

This study shows that, nearly 90% platform gives more product description of same product and provide substitute product and their information which provide customer a lot of benefits and help them to select right choice of product.

Growth of ecommerce in upcoming days

Table 7

Response	Percentage of Respondents (%)
Increase	57%
Decrease	13%
Not Sure	30%

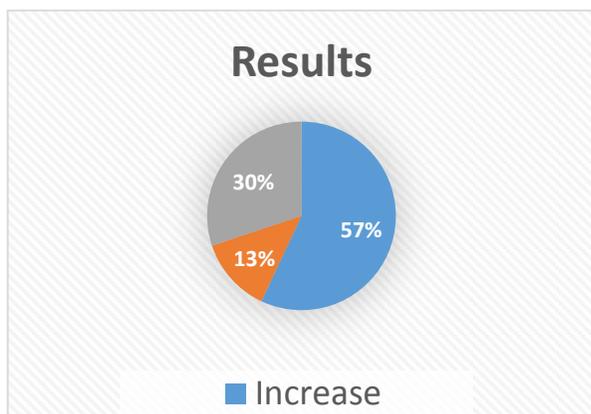


Chart 6

This study shows that nearly 57% of the people think that e-commerce will grow in upcoming year, because increase the growth of internet will definitely increase the e-commerce, and only 13% people think that e-commerce will decrease, and 30% of people are not sure about the growth.

Demonetization-in 2016, the Indian government chose to demonetize the 500-and 1000-rupee takes note of, the two greatest groups in its money framework; these notes represented 86% of the nation's circling money. With small cautioning, India's Prime Minister Narendra Modi reported to the citizenry on Nov. 8 that those notes were useless, from this point forward – and they had until the finish of the year to store or trade them for recently presented 2000 rupee and 500 rupee bills.

IV. IMPACT OF DEMONETIZATION ON E-COMMERCE

1. Reduce corruption- 80% of the payment done by the people is cash on delivery which increase the rate of corruption through paying black money, but after the demonetization above 50% payments are done though e-banking hence demonetization cracked down the whip on black money forcing people to go online [5].
2. Growth of e-commerce after demonetization-at an initial stage there was decline in the sale of e-commerce. Demonetization aims at pushing consumers towards making digital payments, thereby contributing to a cashless economy. NITI Aayog published a report on the growth of digital payments in India post-demonetization. According to this report, digital payments have seen a whopping surge of 271 per cent in the very first month following demonetization. The number of mobile wallet transactions has increased to 63 lakhs from 17 lakhs. Paytm, one among the biggest players in the mobile wallet space revealed that it served 45 million customers within 3 weeks after demonetization. Transactions via Rupay cards have also increased suggesting that more JanDhan account holders have started using debit cards for online transactions.
3. Increase online transaction in small city- almost all the payment made by the small city are in the form of cash or cheque, but after the demonetization payment done by the small city has change. According to the company's chief executive Rajeev Agrawal digital transactions have seen a 150 per cent growth in tier-2 cities and 157 per cent growth in tier-3 cities. Demonetization has caused an increase in digital transactions at these places by almost one-and-a-quarter times when compared to big cities. Now

smaller cities also aware about the benefit of e-payment and also avail the discount.

4. Increase online payment-after the demonetisation keeping cash is not very important.it increase the value of online payment app,for e.g paytm by 39%,freecharge by 26%,mobikwik by 17%, my airtel by 10% pockets by icici by 4% etc.
5. Go cashless for any payment- it helps the customer to pay their mobile bill, electricity bill in just one click without going to that place and wait for their turn. Online retail provides a lots of benefit to the customer for cashless payments.This will increase the number payment though e-banking rather than cash on delivery For avail the dicount benefits. Which helping the e-commerce businesses to retain a reasonable cash flow [6].

V. CONCLUSION

1. E-commerce will have great future in India.
2. With compare to traditional commerce, e-commerce is more preferable by customer.
3. In some case future of e-commerce is not certain, but delivery time will defiantly improve in near future.
4. From the inception of the internet and e-commerce, the possibility has become endless for both businesses and consumers. This will increase more profit for business man and increase choice for customer.
5. The present study has brought new dimensions and ideas to understand the online consumer behavior and increase the market potential of online shopping in India [7].
6. Online shopping is a new experience and has greatly impacted the lives of consumers in its short time of existence. It is expected to grow constantly in years to come with advancements in technology. Online shopping has made consumers more effective and efficient in their shopping behavior and has driven businesses to a new level, forcing many to make the necessary adjustments and changes to reach the new market of knowledgeable consumers.
7. Rapid growth of e-commerce has resulted in a E-transformation in the global retail infrastructure. Internet has emerged as a cost-effective means of doing business.

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