E-Commerce in India: A Review on Culture and Challenges

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Abstract— It is a fact that E-Commerce business throughout the world has brought a remarkable change in the business landscape and it also has redefined the business scenario by radically changing contours of space and time and it has reshaped the conception of nature of business management. The accelerated growth of E-Commerce business has torched a clear thoroughfare with a prognosis as to how the businesses are scheduled to be conducted in future. India, a developing country, having large population with internet users is expected to be one of the major players in E-Commerce environment. However, for existence of many constraints including social and cultural issues, ironically, E-Commerce in India has emerged in a quite different way. It has assumed a unique characteristics in comparison with progress of E-Commerce businesses in other nations and markets. This paper has taken an honest and holistic attempt to analyze the present position of E-Commerce business in India and its expected progress in the light of cultural aspects with thorough discussions of challenges and in conclusion some suggestions have been given which would, it is expected, improve the health of E-Commerce business in India. Some points have been raised and left for solving by the future researchers which definitely would ameliorate the E-Commerce scenario in India.

Keywords — Behavioral aspects, Culture, Challenges, E-commerce, Privacy, Trust.

I. INTRODUCTION

Amongst all the developing countries the name of India comes almost at the top so far as business environment is concerned including E-Commerce business. It is a fact that many researchers have studied as to why E-Commerce businesses in developing countries are not being able to achieve 100% success [1, 2, 3]. While they involve themselves in profound studies it is noticed that though they have dealt with many factors influencing E-Commerce business but unfortunately their research works explicitly did not deal with the trust factor of the consumers of the developing countries like India and others though this trust factor plays a very important role to achieve full success in E-Commerce business. This is also a fact that trust factor of consumers is very much associated with the cultural aspects of those consumers [4, 5, 6]. The E-Commerce businesses are conducted through internet networks where application of

conception of Information Technology is required [7]. Besides, it has been observed that E-Commerce business in recent time in the world has taken a special ramification by way of bringing a total revolution in the business technique as well as in the business management [8]. India being a developing country having such a huge population is expected to act as a major player in the field of E-Commerce business with reference to the context of global economy. In India there are many Internet users and it is expected that in India scenario of E-Commerce business should be highly palatable. However ironically, in India the E-Commerce business is found to not have flourished to the desired extent. What to speak of India, another more developing country China the discouraging scenario is noted [9]. To penetrate into the reasons for such dismal scenario a number of issues are scheduled to be considered which will highlight as to why the health of E-Commerce in India is still not free from all ailments. The issues are mainly business practices, customs, language, culture and a number of other variables. Besides, in addition, issues like trust, logistics, payment system, culture of India with diversity have made India a unique so far E-Commerce challenges and opportunities are concerned. Culture of India is totally different compare to that of western countries. This cultural aspect has a colossal effect and influence over the E-Commerce business in India. Practically sense and conception of Indian users regarding family and collective orientations, religion and faith, symbol, color, risk and uncertainty are found to be radically different from those of consumers of western world. Not only that. Observation and study dawn on the fact that design and content of websites which are directed towards the audiences also feature an important role in E-Commerce business in India. Thus to achieve success in E-Commerce business in India, the E-Commerce players should always keep in their mind the cultural aspects of Indian people which has much influence over their habits and then only in the teeth of many constraints the E-Commerce players even belonging to western countries can win in spite of existence of cross-cultural differences [10].

II. DEFINITION OF CULTURE

The term "culture" is referred to as "Kulture" in European language. Practically the word "culture" has a wide amplitude

of meaning. The conception of inhabit, cultivate and protect when mixed together a new sense is emerged and that is conceptualize as "culture" [11]. "Culture" is nothing but it is associated with a conception of behavioral aspect of human being. When this behavior is felt in particular with appropriate physical tools, it produces a special characteristics of human nature which may be construed as "culture". In a very simple form it can be stated that "culture" is nothing but refined actualities. It is a soothing blending of ideological and behavioral qualities of human being belonging to a particular community. That is why "culture" of people of one country differs sharply from the culture of people of other countries. It is a complex mixture of a special sense arising out from cognizance, belief, ethics, tradition, behavior, habit, sense of law, sense of religion and responsibilities of human being of a particular community. If anyone or more of these parameters undergoes alteration to a slightest extent, the "culture" is automatically changed. It is a local custom in the galvanized form. This culture in one country also is not the same. It differs from region to region in the same country. Amplitude of change of "culture" basically depends, broadly speaking, on the vastness of that particular country. What may be construed to be a "culture" in one place may be looked into another place or in another country as a nuisance.

III. BEHAVIORAL STUDIES OF ON-LINE CONSUMERS

Gefen, 2000 [12] undertook a survey in USA taking 217 E-Commerce consumers with reference to their thinking and reliance on Amazon.com, a big E-Commerce player of USA. The research revealed that as the familiarity with the E-Commerce players increased, the users' trust over those players are also enhanced and the tendency to buy from those players through on-line also increases. It is, in addition, also noted that if the size of the on-line E-Commerce player is big and if its reputation is known by all it very much affects the trusts over that player in favorable way and the consumers are aligned to be involved in on-line purchase from those E-Commerce players [13]. Research on the same issue conducted by Grabner-Krauter and Kamuscha, 2003 [14] subscribed the same view as above. Sometimes it appears that the extent of reluctance of on-line customers increases depending on the stiffness of the technology to be adopted in on-line transaction [15]. Besides, intension of on-line purchase of a consumer also depends on the information content in the site, how the site has been designed, and what is the guarantee of security and protection towards privacy in the site [16]. Recently, many researchers have started exploring how the intension to buy on-line by a consumer depends on his perception of trust over the E-Commerce player and perception of technology. Vander Heijden et al (2003) [17] studied over 228 consumers and found that intension of consumers to buy on-line mainly depends on these two factors. Moreover, it is also noted that usefulness of the site of the on-line E-Commerce player affects the intention of the consumers to a great extent [18]. In depth studies also revealed

that if the design in the site of the E-Commerce player is very convincing, it also creates trust on the E-Commerce player by the consumers [19].

IV. CROSS-CULTURAL STUDY ON BEHAVIOR AND E-COMMERCE

It has been noted that there has been a series of research works and studies on the behavior of consumers on E-Commerce sites which belong to other country. However this cross-cultural studies have been found to be confined so far with USA and UK mainly. It is a fact that websites built in USA for on-line shopping obviously fits or is expected to fit with the culture of USA consumers but it may or may not fit with the culture of consumers of other countries. This fact has been confirmed when attention is focused to the behavioral cross-cultural study conducted by Lightner et al (2002) [20] where from it has been know that there is a complete difference of shopping behavior and preferences of Turkish students compared to contemporary USA students. Lack of trust and security awe on transaction through on-line also causes barrier to these Turkish students to jump into on-line transactions. It is a fact that in different countries and in different demographics, culture of the people play a very important part to this issue as to how they would like to be involved in E-Commerce activities. Special studies conducted by Tractinsky (1999) [21] showed that there exists distinct cultural difference between the on-line customers belonging to Australia and belonging to Israeli. Interestingly it is also noticed that groups belonging to some culture prefer to buy from sites belonging to their cultural group and do not prefer to buy on-line from outside [22]. It is also noticed that consumers of Asian region baring a very few regions also like to have a wide scope of bargaining while shopping through any form. Hence the on-line shopping activities for these users could be improved by offering considerable scope for price negotiation.

V. BASIC THEORY AND HOFSTEDE'S FRAMEWORK

Number of studies have been conducted by different researchers where E-Commerce adoptions have been examine in details [23, 24, 25, 26, 27, 28] but most of these studies are found to be reticent regarding impact of culture of a region which influences the E-Commerce activities. Here we discuss Hofstede's national cultural theory model which mainly deals with cultural aspects of E-Commerce. Hofstede focused on five dimensions while forming the model and these are individualism / collectivism, power distance, masculinity / femininity, uncertainty avoidance and long term / short term in orientation. The idea of Hofstede was first based on large research project considering cultural differences across subsidiaries of IBM in 64 countries and there were 117000 questionnaires from 88000 despondence [29]. The model of Hofstede is shown in Table 1 below.

Table 1: Hofstede's national cultural dimensions

Factors	Description
1. Individualism / Collectivism	Individualism means people living in societies where the connection amongst the individuals are not rigid. It is loosely bound. Collectivism ensures that individuals in the society are rigidly tied up with each other, integration being very strong.
2. Power distance	It implies that individual having less power thinks that power is not equally distributed and that individual always expects and accepts that power is centralized.
3. Masculinity/ Femininity	Masculinity means where role of gender is dominant in society and femininity means society where social gender rules overlap.
4. Uncertainty avoidance	It is associated with such type of societies where the individuals are always afraid of uncertainty and try to avoid which has uncertainty.
5. Long term / short term orientation	Long term conception is associated with characteristics of such societies where the people believe on having long term result. They have good patience but in short term conception the individuals expect quick result, want to upgrade image at the cost of loss even.

Source (Simplified): Vatanasakdakul et al (2004) [30]

Now Indian culture is best on collectivism i.e. Indian culture is that every individual depends on the opinion of friends, peers and usually acts accordingly. What the individuals in a group would do, every one tends to do that. In this culture, there is no place of individualism which is very much found in western culture. Indian culture of conducting a work is that they mainly depend on the direction of their boss and would act accordingly without application of one's mind which indirectly is inimical towards creativity the individuals are habituated to work within bureaucratic rule. Here power distance is very much dominant. Hierarchical societies' doctrine is followed in Indian culture. Femininity culture always is associated with conservativeness which also is influenced by others but culture of masculinity is associated with sense of wining success and achievement. Indian culture is femininity culture. They are not ready to take prompt initiative. They follow usually "wait and see" procedure. E-Commerce business is such as it is very difficult to correctly predict the outcome and as such it is covered by uncertainty. The Indian culture can hardly brook uncertainty and as such with highest cautiousness and reluctance they accept and adopt E-Commerce. They possess low tolerance of uncertainty. Indian are not believers of long term result. They are impatient. They work and want to have result at once. In E-Commerce business initially usually the organization may not enjoy the explicit color of success but in the long run success would come. Indians are not usually ready to wait for result for such a long time to relish the success. The problem of language is also a menace but interestingly this model is silent about that.

VI. CHALLENGES OF E-COMMERCE BUSINESS IN INDIA

Practically security and privacy issues appear to be main obstacle for the rapid growth of E-Commerce in India especially for those who are even acquainted with on-line culture. Here the users are hesitant to divulge their personal data e.g. residential address, adhar card number, credit card number, account number of bank in the internet. On-line privacy is usually top most concern of Indian befitting consumers. What to speak of Indian consumers it is known that almost 61% of US users of internet discarded E-Commerce purchase on the ground of security and privacy issues. Moreover, the Indian consumers are afraid of the fact that to what extent the E-Commerce players would be able to protect their privacy from being cheated or their money being misappropriated. Besides, most of the E-Commerce players do not assure officially the customers regarding confidentiality of their data. Barring some metropolitan cities in India, there are paucity of cyber law experts which also pose another threat to the Indian consumers spread over different regions of India. Not this alone. Since the internet activities are global in nature, it is hardly possible for a Government whether state or central to monitor policing over internet. When generalized in the perspective of entire population of India it is to sadly note that most of the Indian customers are not at all savvy towards on-line culture though, fortunately, it is now experienced that extensive usage of mobile even in the remote rural areas of india has made the situation bit improved since these users are found, to some extent, utilizing mobile-commerce for purchase; scenario being very frequent in case of purchase of Railway tickets in particular. However, the percentage is still not encouraging. Language problem is also a great problem. Most of the web pages are in English and in India still majority of population does not know English or knows English not to that extend which might help them realize the contents of the web pages in details that could have motivated them to be involved in on-line purchase through E-Commerce activities. Besides, design of sites also puts a bar. May be the design is not liked by a special group of people of India residing in a part since in India it is experienced that in every state the people have different culture.

VII. OTHER ISSUES IN E-COMMERCE BUSINESS

Attention while designing web pages is required to be focused on the taste of that region where the E-Commerce player through this site intends to flourish its on-line business.

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In India the consumer is also very much dependent on trust, say, recommendation from a friend, experience from previous activities in this context, or through clear legal frame. Unfortunately in E-Commerce ambiance these factors do not exists creating impediment to the buyers. It is also a fact that the Indian customers believe on "touch and feel" which is absent in on-line culture. They see the sites, exercise their likings or options, discuss about the prices but they very seldom purchase on-line. Unless they physically see a car and undertake test drive they would not purchase it. Those who are still involve in on-line purchase, they are hesitant in transferring the price before obtaining the goods from the delivery boy. They like that they inform through mail for purchase of particular item and then having information through email they would go to the delivery point and see the item and then take it and pay. So logistics is also a problem. Flipkart in December, 2010 established its own logistic infrastructure call Flipkart Logistics. Indian on-line travel agents Yatra, Make My Trip realized this and decided to invest offline stores already. Even online matrimonial site Shaadi realized that Indian customers need human touch before finalization and as such they have already opened many Shaadi centers staffed with "Relationship managers". However this has increased the costs of business and reduced the profit margin.

VIII. CONCLUSION

We have already discussed the Hofstede's model and it has been observed that most of the aspects of E-Commerce business adoption with reference to culture of India have been covered in that model but still there are other points left for which the framework is required to be upgraded to fully match with Indian culture. Much place is required to be given to the language issue in Hofstede's framework. Moreover it is concluded that in case the users are hoodwinked, proper legal measures must be open for them to take shelter with guarantee of jurisdictional authority and for this cyber law in India is required to be more specific to this point and strong and effective and legally implementable without undergoing much hazard and without involvement of series of epistolary activities. The E-Commerce players are also to frame some legal assurances to the customers ensuring their privacy issues and also ensuring of apprehension of misappropriation of money. It is also suggested that in class XII standard level onwards at least cyber laws are to be introduced in syllabus so that in different Indian states their might not be dearth of cyber law experts. Like "Right to Information Act" some act "Right to Internet Act" is to be introduced to fetch boon to the society towards on-line culture. Free PCs and laptops to be given to the students from middle class level onwards to make them E-Commerce savvy. The E-Commerce players should be vigilant to design the sites befitting with the culture of that region of India where that player target this business. E-Commerce players are to be circumspect in improving their branding to abhor the Indian customers. Indian culture is thus as partly the

customers believe on the on-line system and partly believe on traditional systems and so the E-Commerce players to survive should suitably marge traditional (logistics) and web based models for their industries. Language bar is being a problem, sophisticated translation tools are required to be introduced though these tools are very costly. It is left to the future researchers to cause an in-depth research as to how to construct inexpensive tools befitting with the complexity of the sites and it is also left to the future researchers to suggest how policing can be implemented on the sites, the issues being global in nature.

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