

# **Barriers and Drivers** **For** **Cross Border** **E-commerce: An Investigation**

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## **Abstract**

There is a strong maneuver in e-commerce that we are witnessing in India. The routine ways of doing business are becoming obsolete, the existing industries are losing dominance, and governments are struggling and coming up with different policies to adapt to new forms of trade. This has become the need of the hour, as this catalytic wave will lead to the survival of the fittest. Innovation and adaptation can alone survive this and rest will have to perish. The change e-commerce brings will be severe. In this new interconnected global environment, there will be victors and losers at both the International and national level.

For India, the era of cross-border e-commerce will provide both opportunities and risks. In this newly connected world, businesses both large and small face a clear choice: be part of the momentum or fail. The paper seeks to investigate by and large all the operants for these opportunities and challenges that Indian e-commerce is facing with respect to cross borders. The world is changing with the speed similar to that of light where things are moving to single markets and concepts of self sufficiency.

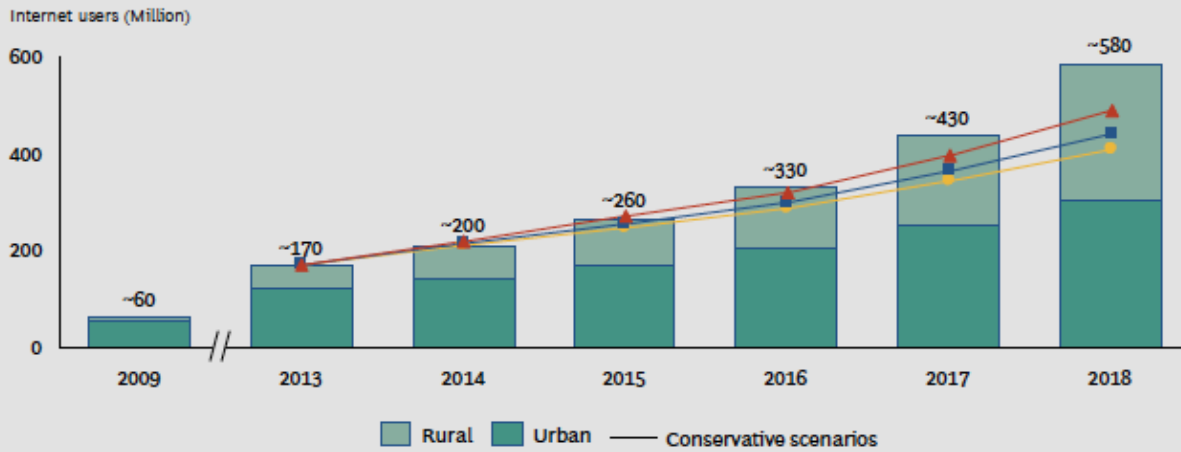
The paper gives a clear picture of changes that have taken place in Indian e-commerce over past few years. It uses the fundamental concept of Michael Porter's 5 forces model to identify the variables which would be further investigated by using PESTEL analysis. The methodology would involve collection of expert opinion. Experts would include Global Marketing thought leaders from various organizations and academics. Based on their opinions various variables would be identified which would be further analyzed using factor analysis. The findings of the study would help us to identify factors that can build and obstruct strong cross border e-commerce in India. The study will also help us understand business perspectives on challenges and opportunities by growing cross border e-commerce in India. The paper will capture the Insights of Indian business leaders, their recommendations and suggestions about overcoming barriers and tapping in to the opportunistic potential for India as the investment field. We can evaluate and comprehend these factors to conclude the barriers and drivers for E-commerce.

**Keywords: International Marketing, e-commerce, Porter's model, PESTEL, Delphi Technique.**

## **Introduction**

India stands second from the top of the countries with the largest population in the world. Though Indian e-commerce market has too much to offer as till recently, only 3% of the population shops online. Its definite India will see more people come online than any other country in the next 15 years. The increasing use of digital device and social media, online sellers are getting unparalleled opportunity for growth and have thus become continuously more attractive for investors.

**Exhibit 1 | India Internet Population to Reach Half a Billion by 2018**



Changes in affordability and reach variables disproportionately affects rural user growth

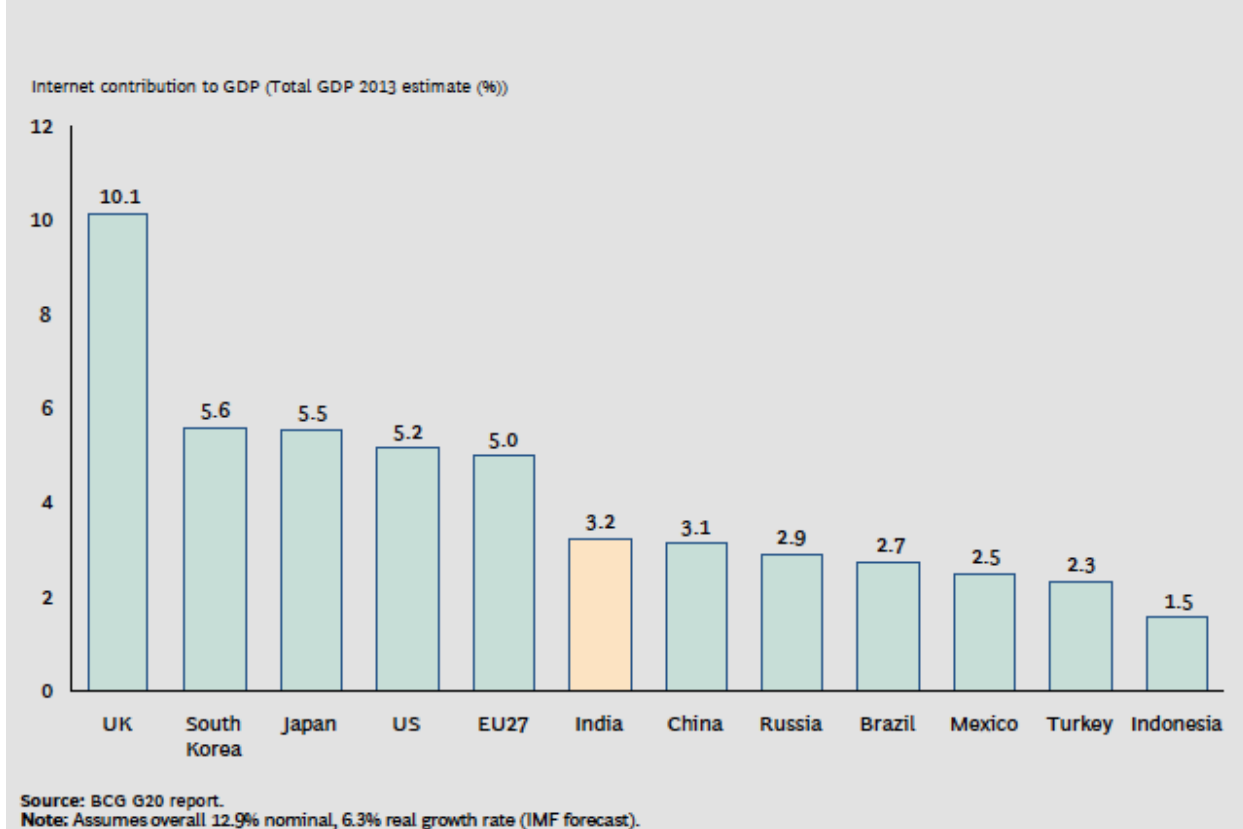
Source: BCG analysis.

It is seen that business to customer (B2C) is getting all the attention Business to Business (B2B) is not far behind which form the most important part of e-commerce business setup. Both in Direct and Online Marketplace B2B have significant presence. The marketplace models give customers a plethora of choice and the best prices under a single platform. It also gives sellers a level playing field. The steady growth of e-Commerce in the country is, thus, ultimately seen at both ends of the spectrum beginning from Business to customer and ending at business to businesses.

With the support from Indian Government which is giving a lot of attention to e-commerce and is helping various Enterprises make a steady accelerated growth. This is very evident with the launch of Digital India and Make in India schemes by Government of India.

Digital India will provide improved internet accessibility while Make in India will help in indigenizing product manufacturing. The technology centric framework by the Government will provide cloud based platforms for small and medium enterprises. All this is assisting the growth of small businesses in the e-Commerce era. This will by and large not only attract domestic players but also global market leaders for they will have a market for their products. The provision of FDI in various sectors is another initiative by Indian Government which is clearly depicting the mark of e-commerce as the most rising sector in our economy.

#### Exhibit 4 | India Internet Contribution to GDP Leads Among Major Developing Countries



The Indian consumers are not obscure anymore. The heavy usage of Social media, mobile, analytics and cloud computing are setting the front foot.

Social media, has become a platform for active engagement between the buyer and the seller. It will continue to be one of the biggest influencer to connect to the end user. Mobility, One in four Indians carry a smartphone. That data itself proves how large the mobility wave is and the scale of transactions it can execute.

Analytics, Predictive analytics will help e-Commerce players to optimize their marketing strategy for targeted advertising that will influence consumers to buy. For B2B companies the analytics will develop more reliable sales buying.

Further technologies such as cloud computing, machine learning, artificial Intelligence, robotics, Internet of things are yet to be leveraged in a meaningful and scale-able way by e-commerce companies and that will be help them be prepared for the upcoming technologies. India has been long suffering from issues like missing middle men. Government policies will give that significant push to become mid-sized businesses and generate employment. That will be the actual revolution and help cross border e-commerce get the much needed push.

Online retailing incurs many additional cost impacts across core functions, from buying, merchandising and marketing, to planning, store operations and supply chain.

Typically, retailers have launched domestic online shops as a separate channel from their store-based business—which is why many struggle to deliver a consistent, multi-channel shopping experience that Indian consumers demand.

Our study will focus to provide for the growth opportunities by identifying the gaps and drivers for cross border e-commerce in India.

## Objective of the study

1. To find out the factors that can build and obstruct strong cross border e-commerce in India.
2. To find business perspectives on challenges and opportunities by growing cross border e-commerce in India.
3. To Capture the Insights of Indian business leaders, their recommendations and suggestions about overcoming barriers and tapping in to the opportunistic potential for India as the investment field.

## Research Questions

1. What are the most important factors which are the key drivers for cross border e-commerce?
2. What are the most important factors which are the key challenges for cross border e-commerce?
3. What are the proposed suggestions to improve cross-border e-commerce?

## Conceptual Framework

The paper uses 2 fundamental models Porter's five forces model & PESTEL analysis which are very significant for understanding macro environment to identify the drivers and challenges for e-commerce industry in India. The potential of these forces differs across borders. These forces jointly determine the profitability of industry because they shape the prices which can be charged, the costs which can be borne, and the investment required to compete in the industry.

## Porter's model

**Before making any decisions, the results of the paper could be used by managers to understand the frameworks to determine the competitive structure of industry.**

Let's discuss the five factors of Porter's model in detail:

1. **Risk of entry by potential competitors:** Potential competitors refer to the firms which are not currently competing in the industry but have the potential to do so if given a choice. Entry of new players increases the industry capacity, begins a competition for market share and lowers the current costs. As per the view of academicians and industry experts threat of entry by potential competitors is partially a function of extent of barriers to entry. The various barriers to entry are-

- Economies of scale
- Brand loyalty
- Government Regulation
- Customer Switching Costs
- Absolute Cost Advantage
- Ease in distribution
- Strong Capital base

All these were discussed with experts for their opinion

2. **Rivalry among current competitors:** Rivalry refers to the competitive struggle for market share between firms in an industry. Extreme rivalry among established firms poses a strong threat to profitability. The strength of rivalry among established firms within an industry is a function of following factors:

- Extent of exit barriers
- Amount of fixed cost
- Competitive structure of industry
- Presence of global customers
- Absence of switching costs
- Growth Rate of industry
- Demand conditions

3. **Bargaining Power of Buyers:** Buyers refer to the customers who finally consume the product or the firms who distribute the industry's product to the final consumers. Bargaining power of buyers refer to the potential of buyers to bargain down the prices charged by the firms in the industry or to increase the firms

cost in the industry by demanding better quality and service of product. Strong buyers can extract profits out of an industry by lowering the prices and increasing the costs. They purchase in large quantities. They have full information about the product and the market. They emphasize upon quality products. They pose credible threat of backward integration. In this way, they are regarded as a threat.

**4. Bargaining Power of Suppliers:** Suppliers refer to the firms that provide inputs to the industry. Bargaining power of the suppliers refer to the potential of the suppliers to increase the prices of inputs( labour, raw materials, services, etc) or the costs of industry in other ways. Strong suppliers can extract profits out of an industry by increasing costs of firms in the industry. Suppliers products have a few substitutes. Strong suppliers' products are unique. They have high switching cost. Their product is an important input to buyer's product. They pose credible threat of forward integration. Buyers are not significant to strong suppliers. In this way, they are regarded as a threat.

**5. Threat of Substitute products:** Substitute products refer to the products having ability of satisfying customers needs effectively. Substitutes pose a ceiling (upper limit) on the potential returns of an industry by putting a setting a limit on the price that firms can charge for their product in an industry. Lesser the number of close substitutes a product has, greater is the opportunity for the firms in industry to raise their product prices and earn greater profits (other things being equal)

### **PESTEL Analysis**

PESTEL framework highlights six critical factors for management to consider when approaching the general business environment.



A PESTEL analysis is a framework seeking to analyze and screen the external marketing environment. The strategic management tool gauges the macro environmental factors. So, it is vital to follow the PESTEL framework while we are required to understand the drivers and challenges of cross border e-commerce. The aim is to assess how the political, economic, social, technological, environmental and legal are important.

### **Political Factors**

Politics plays an important role in any business. It is vital with respect to India as there is a need for balance between systems of control and free markets. When we talk about cross border e-commerce Global economics supersede domestic economies, companies must consider numerous opportunities as well as risks before expanding into new regions.

Some of the political factors which should be considered are:

- Tax policies
- Stability of government
- Entry mode regulations
- Social policies (e.g. social welfare etc.)
- Trade regulations (e.g. the FTP etc.)

## **Economic Factors**

Economic factors are metrics that measure the health of any economic region and in this paper we gathered expert view on Health of the Economy. The economic state will change a lot of times during the firm's lifetime. We can compare the current levels of inflation, unemployment, economic growth, and international trade. This helps in planning strategies better.

Some examples of economic factors are:

- Disposable income of buyers
- Credit accessibility
- Unemployment rates
- Interest rates
- Inflation

## **Social Factors**

Social factors assess the mentality of the individuals or consumers in a given market. These are also known as demographic factors. Social indicators like exchange rates, GDP and inflation are critical to management. The following are some social factors to focus on:

- Population demographics: (e.g. aging population)
- Distribution of Wealth
- Changes in lifestyles and trends
- Educational levels

## **Technological Factors**

This step entails recognizing the potential technologies that are available. Technological advancements can optimize internal efficiency and help a product or service from becoming technologically obsolete. While considering e-commerce in cross borders role of technology in business is increasing each year. This trend will continue because R&D drives new innovations.

Recognizing evolving technologies to optimize internal efficiency is a great asset in management. The best strategy is to adapt according to the changes. Your strategies should sidestep threats and embrace opportunities.

Below is a list of common technological factors:

- New discoveries and innovations
- Rate of technological advances and innovations
- Rate of technological obsolescence
- New technological platforms

## **Environmental Factors**

Both consumers and governments penalize firms for having adverse effect on the environment. Governments levy huge fines upon companies for polluting. Companies are also rewarded for having positive impact on the environment. The consumers are willing to switch brands if they find a business is ignoring its environmental duties.

Impact on the environment is a rising concern. Few common environmental factors are:

- Waste disposal laws
- Environmental protection laws
- Energy consumption regulation
- Popular attitude towards the environment

## **Legal Factors**

This is the last factor in PESTEL. These factors overview the legal elements. Often, start-ups or the upcoming e-commerce businesses link these elements to the political framework. Many legal issues can affect a company that does not act responsibly. This step helps to avoid legal pitfalls. One should always remain within the confines of established regulations.

Common legal factors that companies focus on include:

- Employment regulations
- Competitive regulations
- Health and safety regulations
- Product regulations
- Antitrust laws
- Patent infringements

These two models have many factors which can have an effect on business success. The evaluation is a one-to-one process. By doing this we can find the key drivers of change. This must identify the factors which have strategic and competitive consequences.

Analyzing the total macro-environment is an extensive task. Even though, it is complex, understanding the framework of basic influences will allow you to maintain an organized and strategic approach. These will isolate each driver or Challenge.

After conducting this analysis, new strategies can be created. The macro environmental factors will shape the strategies. The insights would be sensitive as current and future factors.

### Research Methodology

To find out the challenges and drivers of cross border e commerce a study was conducted among the industry experts and the academicians in India. A structured questionnaire was developed particularly for this study. For the development of questionnaire, focused group discussion was conducted among the experts. They were asked to share their views about E commerce and main forces in Indian Market which has a very strong impact on cross border e commerce. Depending upon their responses in discussion and after extensive review of literature available the final sixty items were identified.

All items were assessed on five point Likert-type scale (1 – “strongly agree” and 5 – “strongly disagree”). Questionnaire was divided into two main parts. The first part consisted of items related to competitiveness of the industry. These items were taken from the Michael Porters five forces model of competitiveness of any industry. Second part of the questionnaire consisted of other items based on PESTEL analysis. For the validity part, questionnaire was given to experts to check the content validity. In the beginning there were sixty items on the scale, out of which five items were removed while doing the content analysis. Then, remaining fifty five items were included in final questionnaire. Reliability of the questionnaire was established by calculating the value of Chronbach alpha (following table) by circulating the questionnaire among fifty experts. It came out to be .921, which is very good alpha value.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.921	.922	55

### Sampling and data collection

Sample was collected from the industry experts who are exposed to e commerce industry as they are the resource people. In total 130 questionnaires were circulated among the target audience out of which 50 people belong to industry where as rest of the persons were academicians. Out of all questionnaires received



back only 112 were found suitable to be included in the study. The sampling procedure used for this study was purposive sampling. Data collection was completed on 31<sup>st</sup> of September 2016.

## Findings & Discussion

The factor analysis was applied to the 55 Scalars, the dimension reduction resulted in 14 factors which were loaded with vectors. Out of which only four factors depicted maximum loading of vectors and are being considered, as the parameters for our study. The other remaining 10 factors with least items are not considered for further analysis.

Thence discussion will be limited to factors maximum Vectors in them.

We made sure to apply a separate reliability test for all the factors that were required to be considered in order to make sure the results that we see are effective.

### Factor-1

The Component Matrix table clearly states 15 vectors have come together to become one important factor which includes items with the no. 40, 2, 29, 39,31,27,25, 32, 48, 34,54, 28, 24, 23, 3, 15 .

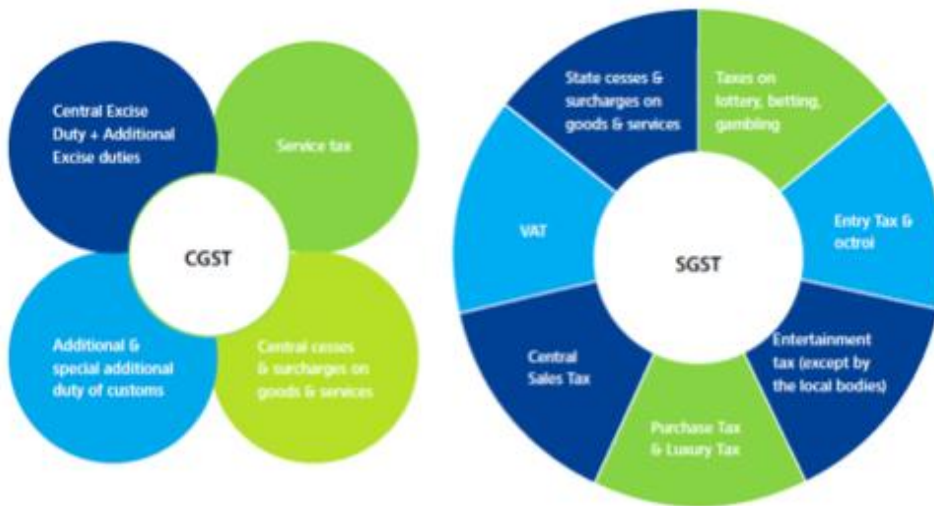
#### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.943	.944	16

These statements can be clubbed to an important Socio Economic factor.

Majority of respondents believed that variables related to social system and the economic variables are of utmost importance while talking cross- border E-commerce. E-commerce industry is dependent largely on economic variables which include Investments, Costs, political trends, leadership, countries current status etc. which influence the competition in any economy. It is clearly evident from the results as the two items from porter's model which were loaded to this factor were related to rivalry among the existing firms in any industry.

The Introduction of GST, (to be implemented from 2017) has already made speculations towards the positive side. GST will enhance operational efficiency of the economy, transparency across borders, elimination of double taxation and even help in leveraging the logistics by providing opportunity to set warehouses without additional costs. Goods and Services Tax (GST) is proposed be a consumption based unified tax which would be levied on both goods as well as services. GST proposes to subsume most of the current indirect taxes like excise duty, service tax, VAT, etc. and a single tax would be levied called GST.



GST is expected to possibly eliminate, simplify and streamline multiple indirect tax regimes in India. GST is a single comprehensive tax that will be applicable across all States in India, hence, e-Commerce companies will not have to struggle with the complex regulatory structure. Moreover, sourcing, distribution and warehousing strategies that are currently designed by companies from the perspective of minimizing the tax liability, will undergo a change. Going by this, it is expected that the e-Commerce companies stand to gain tremendously from GST.

The Experts agree that the tax systems in any country are a major impact factor while talking e-commerce. There is also a consensus among experts while discussing social factors like, demographics ,culture and earning capacity of the people as this definitely should considered while investing or attracting investments across borders. Variables like Tax structure, kind of competition, social factors and demographics of any economy are the key drivers. As it provides a positive set to be considered for cross border E-commerce.

*Hence we can clearly say that, these factors not only tell us the health of Indian Economy but also tell when is it a good time to Invest or divest while moving from domestic boundaries . These factors also help us find out how an economy might react to certain changes and its impact on the business we are or willing to pursue.*

**Factor 2**

Vectors with the number 46, 30, 17, 14, 33 ,11, 47, 35, 45, 9 got loaded to second factor. These items talk about product aspects. The experts are of the opinion that product information, nature of the product, seasonality and its delivery are very important while considering cross border e-commerce.

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.653	.634	10

Items with the number 9, 45,46,47 have negative values which signify that the substitute products are not responsible for huge losses, India faces a major challenge when it comes to ambiguous laws. Respondents also believe that IPR laws , cyber laws and laws related to trade are not liberal. This makes legal factors the biggest challenge in India for cross border e commerce.

Other consideration like India’s growing GDP, transparency that electronic media provides, other sources of product information and Media reviews can be considered as drivers for cross border e-commerce.

## IMPACT OF INTERNET ON GDP: BREAK UP BY ELEMENTS

Figures in USD Billion

	2013	2018	2013–18 CAGR
<b>E-commerce</b>	<b>17</b>	<b>75</b>	<b>34 %</b>
E-commerce services + financial services	13	30	19%
E-commerce products	4	45	59%
<b>Advertising and classifieds</b>	<b>0.8</b>	<b>2.4</b>	<b>25%</b>
Online advertising	0.5	1.7	28%
Classifieds	0.3	0.7	20%
<b>Online content</b>	<b>0.3</b>	<b>1.3</b>	<b>31%</b>
Digital music	0.1	0.2	17%
Paid apps	0.1	0.7	46%
Mobile gaming	0.1	0.3	19%
E-books	0.0	0.1	37%
<b>Devices</b>	<b>12</b>	<b>25</b>	<b>16%</b>
Smartphones	6.6	16.8	20%
Feature phones	0.4	0.9	28%
Widescreen (PC, tablet)	5.1	7.3	7%
<b>Connectivity</b>	<b>5.6</b>	<b>12</b>	<b>16%</b>
Mobile	2.0	6.4	26%
Fixed	3.6	5.6	9%
<b>Private Infrastructure</b>	<b>22</b>	<b>36.7</b>	<b>11%</b>
Telecom	4.8	8.5	12%
Other (corporate devices / infra.)	17.2	28.2	10%
<b>Government Spending</b>	<b>1.4</b>	<b>3.4</b>	<b>19%</b>

There are no distinctive incentives or special governing provisions that have been set out as such for the e-Commerce industry. Under the FDI policy, different caps and conditions are provided for different categories of trading viz. wholesale trading, single brand retail trading and multi-brand retail trading. Within these guidelines, the e-Commerce activities are carved out and treated differently. The recognition of the online marketplace model and permissibility of FDI in such cases welcomes clarifications. However, the e-Commerce companies are subject to regular provisions of the Income-tax Act, 1961.

While we cannot ignore the cyber security of customers and companies too for that matter. In order to achieve the security objectives, it is necessary to recognize that the security of the services and the protection of the customers' data. As the e-Commerce companies typically are technology driven, their operations entail payments for various online services and facilities, many of which are sourced from non-resident service providers. The provisions form the biggest challenge for Indian E-commerce as there are no specific laws pertaining to this and Government needs to come up with a necessary step in this direction. This has been agreed upon by all the experts and things need to change in this direction.

*This factor is important as it involves learning about the laws and regulations in India. It is critical for avoiding unnecessary legal costs. Many legal issues have a strong affect on e-commerce and make a point for the organizations to not act responsibly. This can help in avoiding legal issues especially when its crossing the borders. It can be marked that remaining within the confines of established regulations is a very important condition for any business establishment.*

### Factor 3

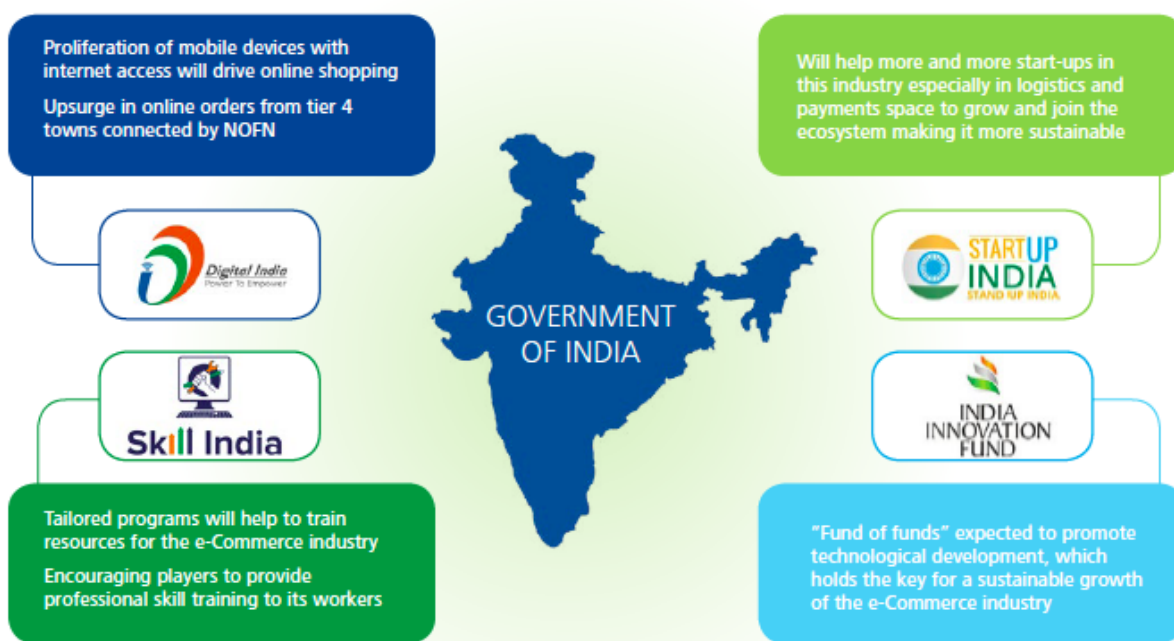
Items 21,42, 49, 38, 44 are related to the policies for cross border E commerce in India. Majority of the respondents were of the view that government policies related to regulation of E commerce here in India are very liberal.

#### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.730	.728	5

Government of India along with its regulating bodies is spending huge amount of money in providing various incentives to promote favorable environment for E commerce. The Government has launched an e-market platform to connect farmers with the mandis of various states to sell agro-commodities. Besides these, flagship initiatives such as Digital India, Start-up India, Innovation Fund, Skill India, etc. are contributing to the growth of e-Commerce industry. Programs like Digital India, which is basically a flagship program of the government to improve the digital infrastructure in the country. This is providing for increased entrepreneurship and Job opportunities in the country. Government is providing loans at subsidized costs and is helping in minimizing the legal constraints to start the economic activity and majority of the business are related to e commerce.

The Government of India has been proactive in embracing and leveraging e-Commerce digital platforms to transform and organize traditionally offline markets such as those of agricultural produce, etc. Enumerated is a brief description of these initiatives:



**Digital India:** One of the highly ambitious and biggest ever conceived projects is Digital India which focuses on transforming India to a digitally empowered and knowledge economy. The three key areas that have identified are to Build Digital Infrastructure as a Core Utility, enable Government Citizen Services on demand and Digital Empowerment of citizens

**Start-up India:** This program intends to build a strong eco-system for nurturing "innovation" and "Exponential Start-ups". The Government of India has taken steps such as providing funding support through a "Fund of Funds" (with a corpus of INR 10,000 Crores); "Start-up India Hub" (a single point

contact for the start-up ecosystem), tax exemptions for the initial 3 years, faster exits for start-ups are some steps besides many others

**Make in India:** Aimed at India's industrial development, the key steps taken by the Government of India are: Improving the business environment in the country, enabling manufacturing, and allowing FDI in key sectors. Key pillars of this program worth noting are "research and innovation" and "a conducive business environment"

**Skill India:** To bridge the shortage of skilled manpower, the Government of India has set a target to train 40.2 Crores people under the new National Policy for Skill Development by 2022. The initiative includes National Skill Development Mission, National Policy for Skill Development and Entrepreneurship 2015

*Success of the e-Commerce industry to significantly contribute to the Indian economy will be accelerated by the effective and timely implementation of these Government initiatives*

## **Conclusion**

E-Commerce - efficient commerce, empowering commerce and the electronic commerce will help become the advent of entrepreneurial commerce giving power to India and young Indians in many aspects.

While some businesses and Governments lack awareness others are at the cutting edge of change. Basic level of understanding of the opportunities and threats that e-commerce and particularly cross border bring to industry and trade will be helpful in bridging various gaps. In this paper we have tried to find out the major drivers and challenges of cross border e-commerce with respect to India.

We have made a known choice and it's happening around us that the unrivaled population in India being well equipped with smart gadgets is spoilt. This is further regulated by decline in broadband subscription prices and launch of 3G and 4G services, consumers have become the driving force of e-Commerce in the country. From buying groceries to furniture, movie tickets, trains tickets to steel, coal and tea – e-Commerce has empowered the consumers.

India will see more people come online than any other country in the next 15 years. With digital device and social media, online sellers are getting an opportunity for growth and have thus become continuously more attractive for investors. The marketplace model will give customers a plethora of choice and the best prices under a single platform.

The following things need to be recognized and worked upon

Value and potential of e-commerce

Opportunities in cross borders and its integration into global markets

Changes in e-commerce should lead to evolving regulatory needs from e-commerce.

Governments helping to move the strategic initiatives forward

Matching up with the speed of change and standing up to the challenges of technological needs.

To address the challenges and work upon the drivers governments and businesses should work together to educate businesses on the potential and benefits of cross borders.

## **Limitations & Further Research**

Every study has few assumptions and scope of its own. Like all the studies this study is not free from limitations. Following are the limitations of the study

1. The first limitation of the study is the sample size. As this study is based on the responses of experts, the sample was fairly small, and to obtain more reliable estimates it is recommended to replicate the study on a larger sample.
2. Another important limitation of the study is that it is just an initial investigation of the factors related to drivers and challenges of cross border E-commerce, these factors are to be tested further for concrete results which can be generalized for whole industry.
3. Robust statistical tools can be used in order to find out the key factors which can be applied industry wise.
4. There were factors which were found to have low loading must be explored in detail.
5. This study has considered just B2B and B2C transactions, other modes of transactions like C2C etc must be considered for study.

6. A model of Cross border e commerce can be developed which can be tested for further analysis.

### **Managerial Implications**

Managers can benefit from the study by identifying the gaps, introduce continual innovation and help e-Commerce companies to remain disruptive towards building their Organizations and growing them exponentially. To build sustainable and innovative legacy firms, e-Commerce companies need to aim to effuse a strong vision.

Managers can build innovative imperatives and enablers such as digitization, technology enablement, analytics, cloud-based solutions and mobilization of services to compete with the changes of the macro factors. They are characterized by 6 Ds: Digitized, Deceptive, Disruptive, Dematerialize, Demonetize and Democratize.

Developing a comprehensive cross-border e-commerce framework to assess the enablers and impediments affecting Indian cross borders will help in this growth and development which would no more be limited to domestic borders.

The managers & the policy makers will have an imperative by recognizing the opportunities and threats to strengthen the talent development and can result in creation of Job Opportunities.

Cross border e-commerce will provide for an attractive destination for budding entrepreneurs. This will generate both, blue-collar and white-collar employment opportunities in India.

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## Appendixes

### 1- Questionnaire

### 2- Factor Analysis Output Tables

#### 2a Component Matrix

#### Questionnaire

Name:

Profession:

Contact No.:

Email Id

Read the following statements and mark your responses on a scale of 1 to 5, where 1 stands for strongly agree, 2 agree, 3 Neutral, 4 Disagree & 5 for strongly disagree.

#### PART 1

1. The existing firms which are competing here in India are very strong and have relatively larger market share and competitive strength than those which have recently entered into market  
1                      2                      3                      4                      5
2. The state of growth of the E commerce industry is very high here in India  
1                      2                      3                      4                      5
3. It is a challenge to manage the fixed cost & the warehousing cost here in India  
1                      2                      3                      4                      5
4. The switching cost is another challenge faced by majority of E- marketers  
1                      2                      3                      4                      5
5. It is difficult to market products due to standardization challenge  
1                      2                      3                      4                      5
6. The competition is also increased due to the emotional attachment to industry or very high exit barriers  
1                      2                      3                      4                      5
7. The competition here in E-commerce is very volatile due to the larger strategic stakes involved  
1                      2                      3                      4                      5
8. The biggest challenge for a marketer is to deal with the threat of the substitute products available  
1                      2                      3                      4                      5
9. Sometimes even distant substitute products can lead to huge losses in case of E commerce where options are more and easily available, on just a click away  
1                      2                      3                      4                      5
10. The bargaining power of customers is very high here due to high level of competition  
1                      2                      3                      4                      5
11. Buyers have huge sources of information regarding the product , hence they choose only those products which gives them maximum utility  
1                      2                      3                      4                      5
12. There is always a Price pressure from the side of customer  
1                      2                      3                      4                      5
13. The kind of products sold online are very important for the buyers  
1                      2                      3                      4                      5
14. Products and services sold through electronic medium are exclusive in nature  
1                      2                      3                      4                      5
15. Buyers are very important in this medium of trade and are heart of the business mode  
1                      2                      3                      4                      5
16. Suppliers enjoy domination in the whole industry  
1                      2                      3                      4                      5

#### PART- 2

1. Foreign Trade policies in India are very favorable  
1                      2                      3                      4                      5
2. Indian Government is taking initiatives such as arranging Funds & grants

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|  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
3. There are as such no International pressure groups which stop India from Investments
 

	1	2	3	4	5
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  4. The Wars and conflict have a lot of impact on E-commerce
 

	1	2	3	4	5
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  5. Government policies in India are very liberal
 

	1	2	3	4	5
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  6. Inter-country relationships/attitudes have a lot of impact on cross border e-commerce
 

	1	2	3	4	5
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  7. Terrorist activities in a country influences decisions of foreign players relating to investments
 

	1	2	3	4	5
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  8. Political trends in a country have a lot of influence on decisions related to cross border e-commerce
 

	1	2	3	4	5
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  9. The Governmental leadership, decides on what it has to offer and gain from foreign trade
 

	1	2	3	4	5
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  10. Internal political issues have a high impact on e-commerce
 

	1	2	3	4	5
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  11. Indian economic situation definitely has a huge impact on e-commerce
 

	1	2	3	4	5
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  12. The world economies and trends are major key factors of influence on e-commerce
 

	1	2	3	4	5
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  13. GST India will work in the favor of cross border e-commerce
 

	1	2	3	4	5
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  14. Seasonality/weather issues are also an important consideration while investing cross border
 

	1	2	3	4	5
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  15. Infrastructure of an economy is a major factor when it comes to cross border e-commerce
 

	1	2	3	4	5
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  16. Need of Customer/end-user is also an important need that has to be addressed while thinking e-commerce
 

	1	2	3	4	5
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  17. India's GDP & Disposable income should be considered while thinking cross border
 

	1	2	3	4	5
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  18. Indian Consumers attitude and opinion will result in favor of cross border trade
 

	1	2	3	4	5
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  19. Media views in India have a positive influence on Cross border e-commerce
 

	1	2	3	4	5
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  20. Ethnic/religious factors in India welcome e-commerce trade
 

	1	2	3	4	5
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  21. Advertising and publicity patterns of any country have an impact on cross border e-commerce
 

	1	2	3	4	5
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  22. There are no ethical issues involved while investing in India



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|  | 1 | 2 | 3 | 4 | 5 |
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23. Demographics (age, gender, race, family size,) of India provide for an opportunity for cross border e-commerce
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|--|---|---|---|---|---|
|  | 1 | 2 | 3 | 4 | 5 |
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24. Occupations and earning capacity also decide on how successful the trade would be
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|  | 1 | 2 | 3 | 4 | 5 |
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25. India provides for competing technology development
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|  | 1 | 2 | 3 | 4 | 5 |
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26. India has sources for research funding which will help in cross border e-commerce
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27. India has the infrastructure and technology to support electronic commerce and associated/dependent technologies
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|  | 1 | 2 | 3 | 4 | 5 |
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28. Technology legislations in India are very liberal
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|  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
29. Technology access, licensing, patents and copyright laws in India are in favor of e-commerce
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|  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
30. India provides provisions for IPR's, cyber crime and related informational technology related hazards
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31. India's legislation is liberal when it comes to foreign trade
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32. European/international legislation have a major impact on developing nations while deciding e-commerce
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33. India's Regulatory bodies and processes provide support to cross border e-commerce.
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|  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
34. Environmental regulations In India are in favor of cross border e-commerce
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|  | 1 | 2 | 3 | 4 | 5 |
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35. India provides for competitive regulations which would result in a level play field for domestic and foreign players
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|--|---|---|---|---|---|
36. Ecological factors are an important consideration while investing in any country
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|  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
37. Environmental issues are of utmost importance be it International, National or Local
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38. Management style of country influences e-commerce trade
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|  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
39. Culture of any organization has to match with environment of country where trade is being done
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|  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|



VAR00005									.556			
VAR00007										.509		

Extraction Method: Principal Component Analysis.  
a. 14 components extracted.