

## AN ANALYTICAL STUDY OF CURRENT TREND IN DIGITAL COMMERCE

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### Abstract:

*The landscape of digital commerce has undergone a profound transformation in recent years, driven by advancements in technology, shifts in consumer behavior, and the expansion of global connectivity. Digital commerce (e-commerce) encompasses the buying and selling of goods and services via the internet, utilizing a variety of platforms and devices, including websites, mobile applications, and social media channels. The current digital commerce environment is characterized by a significant increase in cross-border trade, the rise of mobile commerce (m-commerce), and the widespread adoption of digital payment solutions such as e-wallets, cryptocurrencies, and Buy Now, Pay Later (BNPL) services.*

### Keywords :

Digital Commerce, E-commerce, Trade, Trends, On Line Shopping, Evolution

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### Introduction:

Digital Commerce is the process of doing business online. We can say that digital commerce is to conduct business by using the IT Information technology, i.e., computer technology and electronic communication. It is the buying and selling of items or goods or services on the Web using electronic communication and digital information processing technology. EDI or Electronic Data Interchange is an early form of e-commerce. Its high cost, use of proprietary standards etc. Digital commerce is the process of doing business electronic. It changes the entire business scenario due to the powerful innovation of Internet, which is spreading fast through the world. The power of Internet as a global access was felt with the introduction of the World Wide Web (WWW) in 1994. This global network makes global relations with the companies made easier. It is predicted that, in the near future the digital economy will overtake the traditional economy of all developed countries. E-commerce is a composite of technologies process and business strategies that foster the instant exchange of information within and between organization. Digital commerce strengthens relationship with buyers & make it easier to attract new customer, improves customer responsiveness and open new markets on a global scale. E-commerce is the application of various communication technologies to provide the automated exchange of business information with internal and external customer, suppliers and financial institution

Digital commerce business in India has seen exponential growth over the last decade. This growth is due to many contributory factors, including rapid adoption of technology by Indian consumers, large increases in the number of internet users, new enabling technologies, innovative business models and alternative payment options offered by E-commerce

companies. Moreover, the high growth in E-commerce continues unabated, with the sector expecting to witness a steep increase in revenues in the coming years.

Key drivers of growth in digital commerce include the increasing penetration of high-speed internet and mobile devices, the proliferation of digital marketplaces like Amazon, Alibaba, and eBay, and the shift toward direct-to-consumer (D2C) models that allow brands to bypass traditional retail intermediaries. Additionally, the integration of artificial intelligence (AI), machine learning, and data analytics has revolutionized personalized marketing and customer experience, while enabling companies to optimize supply chains and inventory management.

Digital commerce is also seeing the rise of new business models such as subscription-based services, social commerce, and digital goods trade, particularly in sectors like entertainment, gaming, and fashion. The COVID-19 pandemic further accelerated the adoption of digital commerce as consumers increasingly turned to online platforms for shopping, entertainment, and communication.

The digital commerce landscape in India has witnessed unprecedented growth, driven by increasing internet penetration, digital payments, and government initiatives. The e-commerce market is projected to reach \$200 billion by 2027, with 687.6 million active users.

### **Research Methodology:**

1. Primary data collection (surveys, interviews with industry experts.)
2. Secondary data analysis (industry reports, research studies, books, web-sites,)

### **Objective:**

1. To analyse the Current trends in digital commerce
2. To analyse the growth and trends in digital commerce in India.
3. To examine the impact of social media on digital commerce.
4. To examine the impact of Digital Commerce on Traditional Retail.

### **Hypotheses:**

1. Digital payments adoption is positively correlated with digital commerce growth.
2. Government initiatives have a significant positive impact on digital commerce development.
3. Social media has a positive impact on digital commerce.

### **What is Digital Commerce?**

Digital commerce (or **e-commerce**) refers to the buying and selling of goods and services over the internet. It involves various transactions between businesses, consumers, and other entities through online platforms. Digital commerce encompasses more than just shopping websites; it also includes all activities related to online transactions, from marketing and payment processing to delivery and customer service.

1. **Online Retail:** Direct selling of goods and services to consumers through websites or

- apps (e.g., Amazon, eBay, or Shopify stores).
2. **B2B Commerce:** Online transactions between businesses (e.g., wholesalers selling to retailers or manufacturers buying raw materials).
  3. **Payment Systems:** Digital payment methods like credit/debit cards, mobile wallets (e.g., Apple Pay, PayPal), and cryptocurrency enable online transactions.
  4. **Marketplaces:** Platforms where multiple sellers can offer products or services to consumers (e.g., Etsy, Alibaba, or Amazon).
  5. **Digital Products and Services:** Selling digital goods like software, e-books, music, and streaming services.
  6. **Delivery:** Managing the shipment and delivery of products purchased online, including tracking, warehousing, and last-mile delivery.
  7. **Digital Marketing:** The use of online advertising, social media, email campaigns, and search engine optimization (SEO) to drive traffic and sales.

### Current Trends in Digital Commerce:

1. **Rural Internet Penetration:** The rural internet subscriber base is growing rapidly, with 375.66 million subscribers, indicating the democratization of online access.
2. **E-commerce Adoption:** Close to 100% of pin codes in India have seen e-commerce adoption, with Tier 2, 3, and 4 cities driving the largest volume of online orders.
3. **Digital Payments:** The increasing digitization of payments through platforms like UPI has simplified transactions, fostering trust and convenience among users.

### Digital Payment Models in Digital Commerce:

Aside from the types of payments mentioned earlier, there are unique business models and ecosystems that influence how digital payments are structured within digital commerce:

1. **Subscription-Based Payments:** Many e-commerce platforms, especially those in the entertainment, SaaS (Software as a Service), and digital content sectors, use recurring subscription payments. This model allows businesses to offer continuous services or products while ensuring steady revenue streams. **Examples:** Netflix, Spotify, Adobe Creative Cloud, Amazon Prime. **Payment Methods:** Recurring payments are typically processed through credit cards, PayPal, or digital wallets, with automatic billing cycles (monthly, yearly, etc.).
2. **Marketplace Payments:** Online marketplaces, such as Amazon, eBay, and Etsy, often function as intermediaries between buyers and sellers. These platforms typically handle payment processing, offering multiple payment options to users and ensuring that funds are securely transferred to merchants. **Examples:** Amazon Payments, eBay Payments, Alibaba's Alipay.
3. **Peer-to-Peer (P2P) Payments:** P2P payment systems allow individuals to transfer funds to one another directly, often via mobile apps or online platforms. While these are more commonly associated with personal transactions, they are increasingly used in e-commerce settings. **Examples:** Venmo, Zelle, Cash App.

### The Impact of Social Media on Digital Commerce:

The rise of social media has significantly transformed the way businesses approach



marketing, sales, and customer engagement. Over the past decade, platforms such as Facebook, Instagram, Twitter, TikTok, and Pinterest have become central to the digital economy, facilitating new forms of consumer interaction and purchase behavior. Social media has not only redefined how brands communicate with their audiences but has also led to the evolution of digital commerce in numerous ways. From enhancing brand visibility to fostering direct sales through social platforms, the influence of social media on digital commerce is vast, pervasive, and constantly evolving.

1. **Brand Visibility and Awareness:** one of the most obvious ways in which social media impacts digital commerce is through the ability to dramatically increase brand visibility. Traditional advertising channels—television, print, and even display ads on websites—offer limited ways to engage with potential customers. Social media, however, offers a dynamic and interactive environment where brands can connect with their target audiences more directly and consistently.
2. **Social Commerce:** Social media has also pioneered the rise of social commerce, a concept that integrates social networking and online shopping. Social commerce is the process of facilitating direct purchases through social platforms without having to navigate away from the app. Facebook, Instagram, TikTok, and Pinterest all feature shopping integrations that allow businesses to display their products and sell them directly within the social media platform.
3. **Influencer Marketing and Brand Advocacy:** Influencer marketing, one of the most powerful tools enabled by social media, has dramatically changed the digital commerce landscape. Influencers, who are individuals with large, loyal followings on platforms like Instagram, YouTube, and TikTok, have become essential partners for brands looking to reach highly engaged audiences. These influencers can promote products through posts, videos, reviews, or even live streams, often generating more consumer trust than traditional advertisements.
4. **Personalized Marketing and Targeting:** One of the most valuable features of social media platforms is their ability to collect and analyse user data. This data—ranging from demographic information to behaviour tracking and interest profiling—allows businesses to run highly targeted ad campaigns. Social media platforms like Facebook and Instagram have sophisticated advertising algorithms that enable businesses to create hyper-targeted ads based on user behaviours, interests, location, and even past purchasing activity.
5. **Customer Engagement and Building Relationships:** Social media has revolutionized customer engagement by allowing businesses to interact directly with consumers in real time. Whether it is through responding to comments, participating in conversations, answering questions, or resolving issues, social media platforms provide an instant communication channel between brands and their customers. This has allowed businesses to establish deeper, more meaningful relationships with their audiences. By consistently engaging with customers on social media, businesses can build loyalty and trust. When customers feel heard and valued, they are more likely to become repeat buyers and brand advocates.



### The Impact of Digital Commerce on Traditional Retail :

1. **Product Information and Reviews:** Online platforms provide access to product details, reviews, and ratings that help consumers make more informed purchasing decisions. This shift has made consumers more research-driven and less reliant on in-store interactions with sales staff.
2. **Direct-to-Consumer (DTC) Brands:** Many brands that once relied on third-party retailers have embraced the DTC model, bypassing traditional retail altogether. This allows brands to have more control over their customer relationships, pricing, and margins.
3. **Decline in Physical Store Visits:** In recent years, foot traffic to brick-and-mortar stores has generally decreased, driven by the convenience of online shopping and changing consumer priorities.
4. **Price Comparison:** Digital commerce allows consumers to quickly compare prices across multiple platforms, increasing price sensitivity. Traditional retailers now face immense pressure to remain competitive on pricing, especially with online options offering better deals or faster delivery.
5. **Dynamic Pricing:** Online retailers use dynamic pricing models, adjusting prices in real-time based on demand, competition, and other factors. Traditional retailers may be challenged to adopt similar pricing strategies in order to stay competitive.
6. **Faster Fulfilment:** E-commerce has raised expectations for faster and more efficient delivery, prompting traditional retailers to rethink their supply chains. The growing demand for next-day or same-day delivery is forcing brick-and-mortar stores to adopt



more agile and tech-enabled logistics strategies.

7. **Social Media Integration:** Social media platforms like Instagram, TikTok, and Facebook have become key players in the retail space, allowing brands to sell directly through social media apps. This form of social commerce is reshaping how consumers discover and purchase products.
8. **Return Policies and Customer Service:** E-commerce companies have set high expectations for customer service, offering easy returns, free shipping, and instant customer support. Traditional retailers must elevate their service standards to compete.

### Current Growth in Indian of Digital Commerce Industry :

India is predicted to generate 100\$ billion online retail revenue (Google India Research, 2016). As per Goldman Sach, Indian e-commerce industry will touch 99\$ billion and 11% hike in online retail revenue which will be more than double from 4.7% in 2019 whereas 27% increase at Compound annual growth rate (CAGR) and online grocery sector business will reach 29\$ billion by 2024 while that is below 2\$ as of now. Increase in smartphone usage is predicted to increase 84% to reach 859 million by 2022. There is a significant increase in number of internet connections in India, driven by 'Digital India' campaign, as of September 2020. Bain & Company reported that Social commerce Gross merchandise value (GMV) of India stood at 2 billion US \$ in 2020 and it is forecasted to raise up to 20 billion US \$ in next couple of years. Investment Bank Morgan Stanley reported that Indian e-commerce market is expected to reach 200\$ million by 2026 at CAGR of 30%.



Source: e-commerce India, Statista, Users in millions

### Conclusion:

The current state of trade in digital commerce is dynamic, marked by rapid innovation and significant transformation across industries. Key trends shaping digital commerce today. Digital commerce is in a period of continuous innovation, driven by advancements in technology and shifts in consumer behaviour. Companies must adapt to an increasingly digital

and interconnected world by embracing new technologies, offering personalized experiences, and ensuring their operations are sustainable and compliant with global regulations. As the industry evolves, businesses that can balance innovation, customer-centricity, and ethical responsibility will be best positioned for long-term success.

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