Original Research Paper

Commerce

AN ANALYSIS ON E COMMERCE:"E-COMMERCE IS NOT AN INDUSTRY; E-COMMERCE IS A TACTIC." – TOBIAS LÜTKE,

Prof. Hemalata Toragal

Assistant Professor of Commerce, Govt First Grade Women's College for Bailhongal. 591102.

ABSTRACT The aim of this paper is to observe the benefits and convenience of selling goods in e-commerce and analyze business models to provide a description of the characteristics of e-commerce and to analysis benefits of ecommerce. Even today, some considerable time after the so called 'Internet revolution', Electronic Commerce (E-Commerce) remains a relatively new, emerging and constantly changing area of business management and information technology. Speaking in layman's terms, E-Commerce refers to the entire process of marketing, selling, delivering goods and servicing customers over the Internet. It has revolutionized the way companies do business. Consumers can buy almost anything online 24 hours a day.

KEYWORDS :

INTRODUCTION

In the beginning, e-commerce was really about getting commodity products online as cheaply as possible. Now, we're moving into the more exciting phase of e-commerce, where it's about emotional products – the things people really cherish." – Jason Goldber, founder and CEO of Fab.com

In the 21st century, the rapid development of information technology and the rapid increase in information exchange have brought new drives and innovative ideas to the whole society. The wide adoption of information technology by the community has led to great changes. These changes are not simply in the context of data processing or computing. They are changes which affect how we communicate with each other, how we organise our daily activities, how we educate the younger generation, and how we run business. The great development and acceptance of information technology, computer network and Internet have transformed the mode of operation of many businesses, and at the same time have brought along unprecedented business opportunities. Businesses are now able to conduct transactions across geographical boundaries, across time zones and at a high efficiency. E-Commerce has become the market trend of the Century.

Advertising done well on the web can get even a small firm's promotional message out to potential consumers in every country in the world. A firm can use electronic commerce to reach narrow market segments that are geographically scattered. The web is particularly useful in creating virtual communities that become ideal target markets for specific types of products or services.

The prospects are, in no doubt, great for E-Commerce and its followers. But still, there are some consumers who are reluctant to embrace E-Commerce because of privacy issues. Making an online purchase often requires disclosing personal information such as an address, telephone number and banking or credit card account information. While many people feel making an online purchase does not compromise their personal information, some still prefer not to take a chance of having their account information accessed by a third party, and will only make their purchases at a storefront operation.

Analysis

The term was coined and first employed by Robert Jacobson, Principal Consultant to the California State Assembly's Utilities & Commerce Committee, in the title and text of California's Electronic Commerce Act, carried by the late Committee Chairwoman Gwen Moore (D-L.A.) and enacted in 1984.

E-commerce typically uses the web for at least a part of a transaction's life cycle although it may also use other technologies such as e-mail. Typical e-commerce transactions include the purchase of products (such as books from Amazon) or services (such as music downloads in the form of digital distribution such as the iTunes Store). There are three areas of e-commerce: online retailing, electronic markets, and online auctions. E-commerce is supported by electronic business. The existence value of e-commerce is to allow consumers to shop online and pay online through the Internet, saving the time and space of customers and enterprises, greatly improving transaction efficiency, especially for busy office workers, and also saving a lot of valuable time

Types of Ecommerce

Generally, there are seven main models of ecommerce that businesses can be categorized into:
B2C.B2B.C2C.D2C.C2B.B2A.C2A.

Let's review each type of electronic commerce in a bit more detail.
1. Business-to-Consumer (B2C).
B2C ecommerce encompasses transactions made between a business and a consumer. B2C is one of the most popular sales models in the ecommerce context. For example, when you buy shoes from an online retailer, it's a business-to-consumer ecommerce transaction.
2. Business-to-Business (B2B).
Unlike B2C, B2B ecommerce encompasses sales made between businesses, such as a manufacturer and a wholesaler or retailer. B2B is not consumer-facing and happens only between businesses.
3. Consumer-to-Consumer (C2C).
One of the earliest forms of ecommerce, consumer-to-customer ecommerce relates to the sale of products or services between customers. This includes C2C selling relationships, such as those seen on eBay or Amazon.
4. Direct-to-Consumer (D2C).
A newer model of ecommerce, D2C refers to a business that sells products directly to the end customer instead of going through a retailer, distributor or wholesaler.
One common example of D2C ecommerce is a subscription-based brand such as Netflix or Dollar Shave Club.
5. Consumer-to-Business (C2B).
C2B reverses the traditional retail model, meaning individual consumers make their products or services available for business buyers.

One example of a C2B ecommerce business is iStock, an online store where stock photos are available for purchase directly from different photographers.
6. Business-to-Administration (B2A).

B2A covers the transactions made between online businesses and administrations. An example would be the products and services related to legal documents, social security, etc.

7. Consumer-to-Administration (C2A).

C2A is similar to B2A, but instead, consumers sell products or services to an administration. C2A can include online consulting for education, online tax preparation, etc.

Examples of Ecommerce

Of course, to run an ecommerce business, you have to have something to sell. But unlike brick-and-mortar businesses, ecommerce retail can take on a number of forms, with transactions involving a variety of products and services. Let's dive into three examples of what you can sell online:

Sell physical goods: Think of your favorite clothing, home decor or electronics brand — these are all prime examples of selling physical goods online. Physical goods are any tangible products that can be bought and sold in-store or online. Most often, these types of ecommerce businesses will be either B2C or D2C brands, but even some B2B vendors are also in the physical goods category.

Sell digital goods: Whether you're a seasoned online merchant or an aspiring entrepreneur, digital products are a promising avenue for selling online. Digital products can come in the form of digital files such as templates and tools or online classes, or they can be downloadable products such as printable artwork, music or infographics.

Sell services: Selling services entails offering a specialized service, such as freelance writing, influencer marketing or online coaching in exchange for compensation. Many service-based businesses are B2B, however some B2C brands, such as Fiverr, offer online services as well.

Growth of Ecommerce

Ecommerce has come a long way since the CompuServe launch in 1969. Driven by changes in technology and global circumstances, ecommerce is growing and shows no sign of stopping. Sales in online stores are expected to reach 22% of global retail sales by 2023, compared to 14.1% in 2019. It is estimated that by 2024, digital wallets will account for over half of total ecommerce payment volumes. Amazon will account for 39.5% of all US retail ecommerce sales in 2022, or nearly $2 in $5 spent online.

The Impact of Ecommerce

The impact of ecommerce is far and wide, rippling from small businesses to global enterprises. Here we'll highlight some of the major ways ecommerce has shaped the retail landscape .Large retailers are forced to sell online. For many retailers, the growth of ecommerce can expand their brands' reach and positively impact their bottom lines. But retailers who have been slow to embrace the online marketplace are the ones facing the biggest challenges.

In February 2019, online sales narrowly surpassed general merchandise stores for the first time, including department stores, warehouse clubs and supercenters. And since Amazon Prime took away the price of shipping, more consumers are comfortable with online shopping — which means larger retailers have little choice but to go digital. Ecommerce helps small businesses sell directly to customers. For many small businesses, ecommerce adoption can be a slow process. However, those who embrace it may discover that ecommerce can open doors to new opportunities. Slowly, small business owners are launching ecommerce stores and diversifying their offerings, reaching more customers and better accommodating those who prefer online/mobile shopping. However, with ecommerce sales growing by the year and one in four small businesses still lacking an online store, there remains a prime opportunity for entrepreneurs to gain a competitive edge and expand their businesses online.

The Rise Of Ecommerce Marketplaces

Online marketplaces have been on the rise since the mid-1990s with the launch of giants we know today, such as Amazon, Alibaba and others. Amazon in particular is known for its unique growth strategy that has helped them achieve mass-adoption and record-breaking sales. By offering a broad selection and extreme convenience to customers, they've been able to quickly scale up through innovation and optimization on-the-go. But Amazon doesn't do this alone. In the fourth quarter of 2021, 56% of Amazon's paid units were sold by third-party sellers (i.e. not Amazon). Supply chain management has evolved. Survey data shows that one of ecommerce's main impacts on supply chain management is that it shortens product life cycles.

As a result, producers can present deeper and broader assortments as a buffer against price erosion. But this also means that warehouses may see larger amounts of stock in and out of their facilities. In response, warehousers may offer the following value-added services to help make ecommerce operations more seamless and effective.

Advantages of Ecommerce

Ecommerce has many different advantages — from faster buying to the ability to reach large audiences 24/7. Let's take a look in detail at some of the top perks ecommerce has to offer. Faster buying for customers. For customers, ecommerce makes it possible to shop from anywhere, any time. That means buyers can get the products they want and need faster without being constrained by operating hours of a traditional brick-and-mortar store. Plus, with shipping upgrades that make rapid delivery available to customers, even the lagtime of order fulfillment can be minimal (think Amazon Prime Now, for example).

Companies can easily reach new customers. Ecommerce also makes it easier for companies to reach new, global customers. An online store isn't tied to a single geographic location — it's open and available to any and all customers who visit it online. With the added benefits of social media advertising, email marketing and SEO (search engine optimization), brands have the potential to connect with massive target audiences who are in a ready-to-buy mindset.

Lower operational costs. Without a need for a physical storefront (and employees to staff it), ecommerce retailers can launch stores with minimal operating costs. And those that run a dropshipping business can even minimize upfront investment costs. As sales increase, brands can easily scale up their operations without making major property investments or hiring a large workforce — this means higher margins overall.

Personalized experiences. With the help of automation and rich customer profiles, you can deliver highly personalized online experiences for your ecommerce customer base. Showcasing relevant products based on past purchase behavior, for example, can lead to higher average order value (AOV) and make the shopper feel like you truly understand their unique needs.

Access to New Technologies. With a physical store alone, you may find your options are limited when it comes to innovation. However, as the ecommerce ecosystem continues to mature and improve, your business will have access to the latest technologies to help streamline business processes. With a variety of apps and integrations at your fingertips, you'll be able to improve workflows, better execute your marketing strategy and improve the overall shopping experience.

Disadvantages of Ecommerce

Although modern ecommerce is increasingly flexible today, it still has its own setbacks.

Here are some of the downsides to ecommerce retail.

Limited interactions with customers: Without being face-to-face, it can be harder to understand the wants, needs and concerns of your ecommerce customers. There are still ways to gather this data (surveys, customer support interactions, etc.), but it may take a bit more work than talking with shoppers in person on a day-to-day basis.

Technology breakdowns can impact ability to sell: If your ecommerce website is slow, broken or unavailable to customers, this may impact your ability to make sales. Site crashes and technology failures can damage relationships with customers and negatively impact your bottom line.

No ability to test or try on.: For customers who want to get hands-on with a product (especially in the realm of physical goods like clothing, shoes and beauty products) before adding it to their shopping cart, the ecommerce experience can be limiting.

CONCLUSION

Life has become very busy these days. Odd working hours, hectic schedules and time constraints have changed how people shop these days. Hence, E-Commerce has become the preferred method of shopping for many people. They love the ease with which they can shop online from their home at any time of the day or night. Purchasing options are quick and convenient with the ability to transfer funds online. Consumers save time and money by searching for items and making their purchases online. It can take several days of physically going from location to location, costing time and fuel, to purchase a hard-to-find item. Moreover, E-Commerce is an efficient retail method for business transactions. Start-up costs for establishing an E-Commerce business is far less than expanding your business with more brick and mortar locations. Fewer licenses and permits are required to start an online business than that of a physical store location. You will also save money by using fewer employees to perform operations such as managing inventory and billing customers. You won't have to search for an appropriate geographic location or worry about paying high utility costs for the facility.

REFERENCES

1. "Retail e-commerce sales CAGR forecast in selected countries from 2016 to 2021". Statista. October 2016. Archived from the original on 26 November 2017. Retrieved 4 May 2021.
2. Wienclaw, Ruth A. (2013). "B2B Business Models" (PDF). Research Starters: Business. Archived (PDF) from the original on 18 July 2013. Retrieved 4 May 2021.
3. Subramani, Mani; Walden, Eric (June 2001). "The Impact of E-Commerce Announcements on the Market Value of Firms". Information Systems Research. 12 (2): 135–154. doi:10.1287/isre.12.2.135.9698. ISSN 1047-7047. Archived from the original on 15 June 2022. Retrieved 30 April 2022.
4. Bussey, Ed (6 March 2018). "How to prepare your products and brand for conversational commerce". VentureBeat. Archived from the original on 29 September 2020. Retrieved 4 May 2021.
5. "The Ultimate Guide to eCommerce Marketing". Mayple. Archived from the original on 28 April 2021. Retrieved 4 May 2021.
6. Simjanović, Dušan J.; Zdravković, Nemanja; Vesić, Nenad O. (March 2022). "On the Factors of Successful e-Commerce Platform Design during and after COVID-19 Pandemic Using Extended Fuzzy AHP Method". Axioms. 11 (3): 105. doi:10.3390/axioms11030105. ISSN 2075-1680.
7. Khurana, Ajeet (25 November 2019). "Did You Know That There Are 4 Types of Ecommerce?". The Balance Small Business. Dotdash. Archived from the original on 22 January 2021. Retrieved 4 May 2021.
8. Hacon, Tom (4 March 2013). "T-Commerce – What the tablet can do for brands and their consumers". Governor Technology. Archived from the original on 7 June 2016. Retrieved 4 May 2021.
9. "Advertising and Marketing on the Internet: Rules of the Road". Federal Trade Commission. September 2000. Archived from the original on 8 March 2020. Retrieved 4 May 2021.
10. "Privacy and Security". Federal Trade Commission. Archived from the original on 4 May 2021. Retrieved 4 May 2021.
11. "H.R. 6353 (110th): Ryan Haight Online Pharmacy Consumer Protection Act of 2008". GovTrack. 2 October 2008. Archived from the original on 19 March 2021. Retrieved 4 May 2021.
12. UNCITRAL Model Law on Electronic Commerce (PDF). New York: United Nations Commission on International Trade Law. 1999. ISBN 92-1-133607-4. Archived (PDF) from the original on 25 February 2021. Retrieved 4 May 2021.
13. "Australian Competition and Consumer Commission". Australian Competition & Consumer Commission. Government of Australia. Archived from the original on 3 May 2021. Retrieved 4 May 2021.
14. "Dealing with other businesses online". Australian Competition & Consumer Commission. Government of Australia. Archived from the original on 19 January 2013. Retrieved 4 May 2021.
15. "What to do if thing go wrong in Australia". Australian Competition & Consumer Commission. Australian Federal Government. Archived from the original on 12 February 2013. Retrieved 4 May 2021.
16. European Commission, Sector inquiry into e-commerce Archived 6 February 2023 at the Wayback Machine, accessed 6 February 2023
17. "Financial Services Authority". Financial Services Authority. Archived from the original on 28 December 2012. Retrieved 4 May 2021.
18. Parker, George; Masters, Brooke (16 June 2010). "Osborne abolishes FSA and boosts Bank". Financial Times. Archived from the original on 8 March 2021. Retrieved 4 May 2021.
19. "The Payment Services Regulations 2009". legislation.gov.uk. 9 February 2009. Archived from the original on 12 March 2021. Retrieved 4 May 2021.
20. "Telecommunications Regulations of the People's Republic of China". China Internet Information Center. 25 September 2000. Archived from the original on 5 April 2015. Retrieved 4 May 2021.
21. https://en.wikipedia.org/wiki/E-commerce