

E-commerce: A boon or bane

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Abstract

The growth of computers has changed the life of every person in this world. Computer networking has become an integral part of our life. Computer networking has become an integral part of our life. The technology has changed the way we live and work. The magnificent developments of computer technology have forced the people to use them. Computers are being used in every aspect of our life. We carry out our bank operations, mail services, and reservations of tickets through this technology. Electronics commerce is one of the important operations of computer networking. There are many online companies which are doing online transactions. Few important ones are – eBay, amazon, flipkart, myntra, jabong, snapdeal etc. Almost every day, a new company is added in this segment. In 2013, the e-retail segment was worth US\$2.3 billion. About 70% of India's e-commerce market is travel related. According to Google India, there were 35 million online shoppers in India in 2014 and is expected to cross 150 million mark by end of year 2017. Generally, there is a discussions that whether E-Commerce is a boon or bane. In this article, we shall see the detail to find the answer by going through the brief history and the evolution of E-Commerce.

Keywords: e-commerce, information technology, computer network, portal, consumer

Introduction and Definition of Electronic Commerce

Electronic Commerce most commonly known as E-Commerce is a revolution which has changed the way in which businesses buy and sell products and services. It is associated with buying and selling of information, products and services over computer communication networks. In fact, it has transformed the way in which the organisations operate. E-Commerce enables paperless exchange of information using Electronic Data Interchange (EDI), Electronic Mail, Electronic Bulletin Boards (EBB), Electronic Fund Transfer (EFT), and other network based technologies. It not only automates manual processes and paper transactions, but also helps organisations in moving to a fully electronic environment and change the way they were operating earlier.

E-commerce (electronic commerce or EC) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet. These business transactions occur either as business-to-business, business-to-consumer, consumer-to-consumer or consumer-to-business. The terms e-commerce and e-business are often used interchangeably.

According to The World Trade Organization, "E-Commerce is the production, distribution, marketing, sales or delivery of goods and services by electronic means."

According to The Organization for Economic Co-operation and Development (OECD), "E-Commerce are commercial transactions, involving both organizations and individuals, that are based upon the processing and transmission of digitized data, including text, sound and visuals images and that are carried out over open networks (like, the internet) or closed networks (like, AOL or Mintel) that have gateway onto an open network."

Evolution of E-Commerce

The need for e-commerce emerged from the felt need to make better use of IT resources in order to improve customer interaction, business processes, and exchange of information both within and across business enterprises.

The concept began evolving during the late 1970s and early 1980s, when companies started using electronic messaging technologies such as electronic data interchange (EDI) and electronic mail for business interactions. Later electronic messaging was also used to streamline business processes by reducing paperwork and increasing automation. Business exchanges traditionally conducted with the paper, such as cheques, purchase orders, and shipping documents, started being conducted electronically. Use of electronic data interchange to send/receive business documents (such as purchase orders) in a standardized electronic form to/from their suppliers started gaining popularity, combined with just-in-time (JIT) manufacturing, EDI enabled suppliers to deliver raw materials and components directly to shop floor, resulting in saving in inventory, warehousing, and handling costs. Electronic mail does much the same for unstructured organizational boundaries.

Electronic funds transfer (EFT) between banks over secure private network system like SWIFT changed financial markets. A number of EFT variants are available today, including the debit card. By the beginning of 1990s, electronic messaging technologies became an integral part of work flow on collaborative computing. The collaborative computing (also called Group Ware) focused primarily on taking existing non-electronic methods and grafting them onto an electronic platform for improved business process efficiency.

Mid 1980s witnessed the emergence of a completely different

type of commerce technology of on-line services that provided a new form of social interaction such as newsgroups. Virtual communities started emerging; each focusing on different subject for interaction, with the declining cost of Internet access, global interactions became more frequent.

Perhaps, the most significant boost to e-commerce came from the advent of the World Wide Web in the 1990s. This was an easy-to-use environment for information publishing and dissemination. The use of World Wide Web for publishing business information has changed the entire concept of Internet. Now cyber space is perceived as a market place, thanks to World Wide Web (www). Thus, evolution of e-commerce along with innovation of IT has been divided into various phases which are termed as:

- Electronic Data Processing (EDP) era in 1955-1974
- Management Information System (MIS) era in 1975-1994
- Internet and E-business era in 1995-2020 and more.

The Web has made e-commerce an economical method of doing business and enabled more diverse business activities on-line. Winston states "to put the state of Internet in perspective, one can say that the current state of Internet in many ways is like the wild west of the nineteenth century: lawless, untamed, uncivilized but full of potential".

E-Commerce based activities

At its core, E-Commerce refers to the purchase and sale of goods and/or services via electronic channels such as the Internet. E-commerce is characterized by a wide range of business operations and transactions, including:

- Establishment of business-to-business relationship
- Electronic payment (using electronic fund transfer, credit cards, electronic cheques, electronic cash)
- Electronic distribution of product and services
- Exchange of information
- Pre-and post-sales support
- Customer Relationship Management (CRM); and
- Virtual enterprises groups of independent companies that pool their competencies so that they can offer products or services that would be beyond the capabilities of any of the individual companies.

Scope of E-Commerce

There is a limitation when we decide about the scope of e-commerce. All conventional products available in the market cannot be found suitable for online transactions. Many companies who were dealing with digital products like electronic devices, information storage, music, movies, e-learning, education, communication, software, photography and financial transaction found e-commerce suitable. However slowly all other companies are using e-commerce to enhance their productivity

E-commerce can be used for non-digital products especially which have a high value to weight ratio. They can also be used to reach to remote locations. They have a capability to cross the national boarder. People are in a position to conduct various economical transactions on network with the help of e-commerce

Credits, Debit, Mutual Funds, cash, on-line cards are few of the working models in the market. The technology is still emerging. The scope is ever expanding. There are many

online companies which are doing online transactions. Few important ones are eBay, amazon.com, goggle, lulu.com, yahoo, paypal etc. Almost everyday, a new company is added in this segment.

Categories of E-Commerce

E-Commerce can be classified into four major categories according to the type of buyer and seller in the transaction. These categories are as follows:

- Business-to-Consumer (B2C)
- Business-to-Business (B2B)
- Consumer-to-Business (C2B)
- Consumer-to-Consumer (C2C)

Given below is the brief description of all the four categories mentioned above:

1. Business-to-Consumer (B2C): B2C is selling of goods and services to a customer and the transaction takes place through Internet. E-commerce may be termed as a tool that provides a way to sell goods using Web-based technologies. In this model, sellers sell products and services directly to customers. e.g. Amazon.com. B2C e-business models include virtual malls, which are web sites that host many online transactions. B2C e-commerce refers to the buying and selling of goods via the Web retailers to Web customers. This really is the same thing as B2B e-commerce with one major difference. With B2B implementations, the parties are "Trusted Business Partners who have an established business relationship. However, with B2C e-commerce, the retailer is often selling to unknown, untrusted strangers.

Therefore, extra effort must be made to capture customer and payment information. Further, this data is typically verified before orders are fulfilled. In this respect, B2C is a tougher solution to provide than B2B.

2. Business-to-Business (B2B): B2B is a commercial transaction between two or more businesses. Although B2C is the most familiar form of E-Business, transactions between and within businesses account for a large share of commercial activity. Business activities within a company are increasingly transacted online via the company intranet. An Intranet uses Internet Technology to allow employees to view and use internal websites that are not accessible to the outside world. B2B E-Commerce primarily refers to the supply chain technology, which is by far the largest and the most successful E-Commerce technology employed today.

3. Consumer-to-Business (C2B): The C2B model, also called, "reverse auction" or "demand collection model," enables buyers to name their own prices, often binding, for a specific good or service generating demand. The Web site collects the "demand bids" and then offers the bids to the participating sellers. Examples of this model are reverseauction.com (travel, autos, consumer electronics) and priceline.com (travel, telephone, mortgages).

4. Consumer-to-Consumer (C2C): With C2C e-business model, consumers sell directly to other consumers via online classified ads and auctions, or by selling personal services and expertise online. C2C E-commerce allows

unknown, untrusted parties to sell goods and services to one another. Consumer-to-consumer model facilitates plain and simple commerce between consumers. In this model, revenue streams are typically matching buyers with sellers and vice versa. The most famous C2C company is e-bay, the world's largest personal online trading community, which-for a small fee-allows consumers to offer their goods directly to other consumers in auction format. To accommodate this activity, several technologies have emerged. Firstly, e-bay allows all sellers and buyers to rate one another. In this manner, future prospective purchaser may see that a particular seller has sold to more than 5000 customers, all of whom rate the seller as excellent. In another example, a prospective purchaser may see a seller who has previously sold only 5 times and all 5 have rated the seller poorly. This type of information is helpful. Another technology that has emerged to support C2C activities is that of payment intermediary. A good example of intermediary is Pay Pal. Instead of purchasing items from an unknown, untrusted seller, the buyer can instead send the money to Pay Pal. From there, Pay Pal notifies the seller that they will hold the money for them until the goods have been shipped and accepted by the buyer.

E-commerce: A Boon

Any organization small or big has to use some form or other of e-commerce for their commercial ventures. In the existing competitive market, it has become essential for all organization to exploit the benefits of e-commerce. There are several reasons for the success of e-commerce venture in commercial transactions which are considered as a bane for e-commerce:

- **Facilitates the globalization of business:** E-commerce facilitates the globalization of business by providing some economical access to distant markets and by supporting new opportunities for firms to increase economies of scale and scope by distributing their production and distribution assets internationally. Advertising done well on the Web can get even a small firm's promotional message to potential customers in every country in the world. E-commerce can be used to reach narrow market segments that are widely scattered geographically.
- **Provides increased purchasing opportunities for the buyer:** Just as e-commerce increases sales opportunities for the seller, it increases purchasing opportunities for the buyer. Businesses can use e-commerce in their purchasing processes to identify new suppliers. Negotiating price and delivery terms easier e-commerce, because the Web can provide competitive bid information very efficiently. E-commerce increases the speed and accuracy with which businesses can exchange information, which reduces costs on both sides of the transactions. Moreover, e-commerce provides buyers with a wider range of choices than traditional commerce, because they can consider many different products and services from a wider variety of sellers. This wide variety is available to evaluate 24 hours a day, every day. Some products can even be delivered via the Internet, which reduces the time buyers must wait to begin enjoying their purchases

- **Customer satisfaction:** This is the most important part of the discussion, "Customer Satisfaction". The customers can open the website portal they see the products they have the whole time in their life before coming onto a conclusion so as to whether they want to buy the product or not, whereas in Shopping Malls there are always under the pressure of the salesman and their frequent line "Can I help you". More importantly, they are available 24 X 7. You can shop at any point of time and then you can complain to the company about their service or can ask a query at any time of the day or night. There can be a no bigger satisfaction apart from these.
- **Ease of operations:** It is comfortable for both the sellers and buyers to have ease of operations in all commercial transactions. These website portals are very easy to use, just open their portal and they have segregated their products into appropriate departments. In real life you would have to travel from a clothing store to an electronics store which for some may be a lot of physical exhaustion provided luxury life is becoming popular day by day. Here you don't have to! They are available right a click away.
- **Brand creation:** Companies can create their websites which are available on 24x7 bases. The customers can access the information as and when required. With the help of web-site, it is easier to create brand and consolidate on successive growth. These are a bonus point for small cities. In many small cities all brands aren't available due to lack of demand, but thanks to these outlets and their logistics team; Gucci, Benetton, Allen Solly, Armani is just a click away.
- **Reduced prices:** This is the main reason why these portals have become such a huge success. Let's take an example of the most popular smartphone in India and the world "Apple's iPhone". The recently released model costs around 70K in these portals while the same phone costs 78K in shopping malls and other outlets. There is a reason so as to this because Shopping malls have other expenses like outlet maintenance cost, Staff and other similar expenses while these portals have no costs like these apart from the logistics and their customer service team.
- **Personalized services:** The database for customers' information can be easily developed by the companies. This helps in achieving personalized services to customers
- **Developing progressive business model:** The availability of records for sell, purchase and storage provide immense opportunities for the companies to develop a business model. The model can be easily improved depending upon dynamic data to suit the market requirements
- **Value additions:** The availability of stores on electronic media provides limited number of core competencies. It is easy and comfortable to do value additions in whole transactions.

E-commerce: A Bane

Although, e-commerce is very advantageous and profitable proposition for any companies as well as customers, there are few disadvantages too if proper care in the implementation stage is not taken. The major issues as bane can be summarized as follow-

- **Security Reasons:** Yes, Flipkart, Snapdeal, Amazon are well known portals. Hence, we can expect security from them that they won't use our credit card or debit card details. However, there are other new portals coming up too, and many people feel afraid to use them. There have been cases in the past where fake portals have been developed and have stolen people's hard earned money in the name of huge discounts.
- **People will lose out on Jobs:** From the era of these portals many people, let's say 50% of the buyers have stopped going to the mall because of the convenience of these websites. It is a direct relation if people purchase products from these portals, no one would be going to malls or stores. If people don't go to these stores, the stores won't make money. Further, if they won't make money, then the stores would be cutting down their costs by removing employees. Finally, if they remove their staff, then ultimately it will lead to recession
- **Failure to provide customer satisfaction:** Every now and then we see in the newspaper that some customer was cheated in some way and this has involved big giants like Snapdeal too, the recent case was they had delivered wooden sticks in the name of iPhone 4. Obviously, these things cannot happen in shopping malls or other stores and even if it happens, they would provide an immediate redressal while if you purchase it from these portals they will be providing you a solution but that will take time.
- **Inability to predict environment reactions:** It is difficult to predict environment reactions. The competitors can create their brands in a very different way. As the available medium is fast, competitor can make changes fast which could be more effective.
- **Lack of coordination and management:** As there are few core competencies and they have to be integrated and coordinated properly to achieve the advantages. The lack of interest and knowledge may create lack of coordination. This throws a challenge for managing activities
- **Failure to obtain senior management commitments:** The lack of clear understanding of technology by senior management results in poor appreciation of necessity of resources, This results in lack of commitments.
- **Unreliable medium:** The success and availability of computer network depends upon many media in between. The weakest link of the whole network may become the bottleneck of the whole e-commerce operation. This creates unreliable situations.

Unveiling the future of E-Commerce in India

E-commerce has been the biggest game-changer for the Indian economy and it continues to evolve as we rapidly embrace newer technologies. Various facets such as wide range of inventory, ease, convenience, lucrative offers, cash-on-delivery, free shipping, seamless return policies, secure and convenient transaction system, coupled with lucrative offers have caused the spurt of online shopping in our country. According to a report by Google and Forrester Consulting, the number of online shoppers will nearly triple and reach 100 million in 2016, with over 50 million new buyers emerging from tier I and tier II cities.

The country has been riding on the e-commerce wave due to

strong internet penetration backed with cheaper data plans and easy availability of smartphones. The upcoming years will witness breath-taking innovation in e-commerce and bring forth simplified and exciting shopping experiences.

Decoding E-commerce trends for 2020!

- **Instant gratification and path breaking innovation:** We live in a generation which strongly believes in 'instant gratification'. In the years to come, delivery processes will witness an evolution with more focus being on prompt delivery.
- **Best of both worlds:** E-commerce players will swiftly adopt multiple channels to provide a suave and seamless consumer experience. Omni-channel retailing will offer a very strong value proposition. For instance, Forever21 which has stores all across India recently marked their online presence. I strongly believe that gradually all the private label brands and e-commerce players will adopt omni-channel retailing to enhance sales and amplify reach amongst the target audience. In this way, individuals will be able to buy things online and exchange them offline and vice versa.
- **Revolution in logistics:** India Post which has the world's largest postal network of 1.55 lakh post offices has been the biggest savior for the e-commerce industry. Since it's collaboration with e-commerce players, India Post witnessed multifold rise in business and it is expected to evolve and become the most sought after services in the years to come.
- **Rise of Private labels:** All the top e-commerce players will launch their own labels. They will start manufacturing their own products and sell them aggressively through their portal while simultaneously selling other brands.
- **Constant innovation:** Technological innovations will be crucial for e-commerce firms to survive in the highly competitive market. For instance, e-tailers will introduce features like click and collect kiosks, augmented reality stores and retail on the wall, etc. Recently, Tesco launched a virtual supermarket in a busy subway station in South Korea. Commuters could check out massive billboards illustrating store shelves and use their mobile phones to scan QR codes of the products they wanted to buy. The groceries were then delivered shortly after shoppers arrived home.
- Likewise, other players will also strive to go beyond the norms and create a distinct identity for themselves by constantly deploying newer and bigger ideas which will help amplify user interface and experience.
- **Shopping lockers:** Currently, one of the biggest drawbacks of ordering online is that you may miss collecting the delivery if you are not at home. Shopping lockers is one cool trend that I foresee in this space. E-commerce companies will install personalized lockers just like our very own mailboxes. These will be electronically locked with a password and have camera surveillance. Only the delivery guy and the consumer will know the password of the locker.

The forthcoming years will witness newer technologies and will continue to revolutionize the consumer shopping experience and churn more and more money into online sales.

I believe that e-commerce will surpass any service or offering that is available in a store. The future ahead for ecommerce players and online retailers is nothing but rainbows and sunshine and for those who adopt omni-channel presence, its double rainbows!

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