

E-Commerce: Why and Why Not?

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Abstract—In this present era of, everything is driven by technology, where commerce is not an exception. India is in growing stage of E-Commerce where online retail trade is expected to rise up to Rs. 504 billion in 2015-16 as compared to Rs. 139 billion in 2007-08, and which is translating the CAGR over 56%. In this paper an attempt has been made to explain the concept of E-commerce, Types of E-commerce, why and Why Not's of E-commerce for Consumers, Businesses and Society at large. At last a conclusion has been drawn that if Disadvantages are eliminated or reduced to an extent then, the Concept of E-commerce will be fruitful to all the Stakeholders.

What is E-commerce?

Transacting or facilitating business on the Internet is called ecommerce. Ecommerce is short for "electronic commerce." Popular examples of ecommerce revolve around buying and selling online, but the ecommerce universe contains other types of activities as well. Any form of business transaction conducted electronically is ecommerce.

Examples of Ecommerce

Online Shopping

Buying and selling goods on the Internet is one of the most popular examples of ecommerce. Sellers create storefronts that are the online equivalents of retail outlets. Buyers browse and purchase products with mouse clicks.

Electronic Payments

when purchasing of goods online, there needs to be a mechanism to pay online too. That is where payment processors and payment gateways come into picture. Electronic payments reduce the inefficiency associated with writing and mailing checks. It also does away with many of the safety issues that arise due to payment made in currency notes.

Internet Banking

Today it is possible for us to perform the entire gamut of banking operations without visiting a physical bank branch. Interfacing of websites with bank accounts, and by extension credit cards, is the biggest driver of ecommerce.

Online Ticketing

Air tickets, movie tickets, train tickets, play tickets, tickets to sporting events, and just about any kind of tickets can be

booked online. Online ticketing does away with the need to queue up at ticket counters.

Types of Ecommerce

E-Commerce or Electronics Commerce business models can generally categorized in following categories.

Business-to-Business

(B2B)Website following B2B business model sells its product to an intermediate buyer who then sells the product to the final customer. As an example, a wholesaler places an order from a company's website and after receiving the consignment, sells the end product to final customer who comes to buy the product at wholesaler's retail outlet.

Business-to-Consumer (B2C)

Website following B2C business model sells its product directly to a customer. A customer can view products shown on the website of business organization. The customer can choose a product and order the same. Website will send a notification to the business organization via email and organization will dispatch the product/goods to the customer.

Consumer-to-Consumer (C2C)

Website following C2C business model helps consumer to sell their assets like residential property, cars, motorcycles etc. or rent a room by publishing their information on the website. Website may or may not charge the consumer for its services. Another consumer may opt to buy the product of the first customer by viewing the post/advertisement on the website.

Consumer-to-Business (C2B)

In this model, a consumer approaches website showing multiple business organizations for a particular service. Consumer places an estimate of amount he/she wants to spend for a particular Service. For example, comparison of interest rate of personal /car provided by various banks via website. Business organization who fulfills the consumer's requirement within specified budget approaches the customer and provides its services.

Business-to-Government (B2G)

B2G model is a variant of B2B model. Such websites are used by government to trade and exchange information with

various business organizations. Such websites are accredited by the government and provide a medium to businesses to submit application forms to the government.

Government-to-Business (G2B) Government uses B2G model website to approach business organizations. Such websites support auctions, tenders and application submission functionalities.

Government-to-Citizen (G2C)

Government uses G2C model website to approach citizen in general. Such websites support auctions of vehicles, machinery or any other material. Such website also provides services like registration for birth, marriage or death certificates. Main objectives of G2C website are to reduce average time for fulfilling people requests for various government services.

Reasons for increasing popularity of E-commerce

Easy availability of Smart phones, tablets, laptops, faster internet connectivity now, E-banking services and we also get much more powerful tools on websites. It makes increase on the numbers of e-commerce fans.

India is in growing stage of E-Commerce where online retail trade is expected to rise upto Rs. 504 billion in 2015-16 as compared to Rs. 139 billion in 2007-08, and which is translating the CAGR over 56%. So, let us understand that what are the advantages and disadvantages of E-commerce for consumers, Businesses and Society at large.

E-Commerce for Consumers-Why?

1. Consumers get variety of options

With e-commerce, the consumers have a wider range of choices for the needed products from the variety of sellers. This possibly happen because at present, many sellers use Internet sites as shop fronts so that the consumer can browse and buy from many different sellers, making it easier to find exactly what they are looking for.

2. Products or Services Can Be Purchased from Remote Areas

E-commerce gives the remote consumer an option to shop somewhere else therefore driving prices down and quality of goods up in the local region. With e-commerce, a local company has no longer hold monopoly with pricing in a region even other competitors are remote from them, so that, the quality and price of goods will be the decisive factor for the company to success.

3. Give Greater Control to Consumer

E-commerce gives greater control to consumer by providing easy-to-use ordering systems that allow customers to choose and order products according to their personal and unique specifications.

4. Price Comparisons

E-commerce enables consumers to perform price comparison, so that they can make more appropriate purchasing decisions.

E-commerce makes information on products and the market as a whole readily available and accessible, and increases price transparency, which enable customers to make more appropriate purchasing decisions.

5. Save Time

With e-commerce, consumers can save their time because they can have access to their money from home through Internet and work all from a desktop computer.

6. Convenience

E-commerce can offer maximum convenient to consumers because they can visit various online storefronts to compare prices and make purchases without having to leave their homes or offices.

7. 24x7 Support

Customer can do transactions for the product or enquiry about any product/services provided by a company anytime, anywhere from any location. Here 24x7 refers to 24 hours of each seven days of a week.

E-Commerce for Consumers-Why Not?

1. Ecommerce Lacks That Personal Touch

Not that all physical retailers have a personal approach, but some of the retailers value human relationship. As a result, shopping at those retail outlets is reassuring and refreshing. Clicking on "Buy Now," and piling up products in virtual shopping carts, does not give a personal touch.

2. Ecommerce Delays Goods

If we want to purchase something urgent then E-commerce may delay the delivery of the same as minimum time period required for delivery of goods is 24 hours.

An exception to this rule is in the case of digital goods, e.g. an ebook or a music file. In this case, ecommerce might actually be faster than purchasing goods from a physical store.

3. Many Goods Cannot Be Purchased Online

Despite its many conveniences, there are goods that we cannot buy online. Most of these would be in the categories of "perishable" or "odd-sized."

4. Ecommerce Does Not Allow us to Experience the Product Before Purchase

We cannot touch the fabric of the garment you want to buy. We cannot check how the shoe feels on our feet. We cannot "test" the perfume that you want to buy.

In many cases, customers want to experience the product before purchase. Ecommerce does not allow that. If we buy a music system, we cannot play it online to check if it sounds right? If we are purchasing a home-theatre system, we would much rather sit in the experience center that several retail stores set up.

5. Any one can set Up an Ecommerce Website

We live in an era where online storefront providers bring you the ability to set up an ecommerce store within minutes.

If anybody can set up a store, how a buyer can know that the store from which he is purchasing from is genuine? The lowered barriers to entry might be a great attraction to the aspiring ecommerce entrepreneur. But for the buyer, reliability can be an issue. This could lead customers to restrict their online purchases to famous ecommerce websites.

6. Security

When making an online purchase, we have to provide at least your credit card information and mailing address. In many cases, ecommerce websites are able to harvest other information about your online behaviour and preferences. This could lead to credit card fraud, or worse, identity theft.

E-commerce for Business-Why?

1 Reduces Costs for Inventory Management

With e-commerce, the suppliers can reduce costs to manage their inventory of goods because they can automate the inventory management using web-based management systems. This method indirectly can save their operational costs.

2. Reaching Global Market

E-commerce allows the suppliers to reach global market segment. In other words, it allows the suppliers to increase their sales meanwhile decrease the investment costs.

3. Monitoring the Consumers' Buying Habit and Interest

The suppliers can monitor the consumers' buying habits and interests so that they can tailor their offer suit to consumers' needs and keep the ongoing relationship with them. A customer can put review comments about a product and can see what others are buying or see the review comments of other customers before making a final buy.

4. Reduces Costs to Establish Storefronts

The overhead costs to build the physical store front may be prevented to the suppliers who use e-commerce as their business operation.

5. Reduce Labour Costs

The labour costs can be reduced with e-commerce because the sellers can automate their online store fronts.

6. Reduce Advertising Costs

E-commerce can reduce advertising costs because it is easier to update the advertisement using software technology.

E-commerce for Business-Why Not?

1. Security

The security risk in e-commerce can be in client / server risk, data transfer and transaction risk, virus risk.

2. High start-up cost

The various components of cost involved with e-commerce are:-connection:-connection cost to the internet, hardware / software cost of sophisticated computer, modems, routers, etc., maintenance cost involve in training of employees and maintenance of web-pages

3. Legal issues

These issues arise when the customer data is fall in the hands of strangers.

4. Loss of contact with customers

Sometimes customers feel that they do not have received sufficient personal attention.

5. Uncertainty and lack of information

Most of the companies has never used any electronic means of communication with its customers as the internet is an unknown mode for them.

6. Some business process may never be available to e-commerce

Some items such as foods, high cost items such as jewellery may be impossible to be available on the internet.

E-Commerce for Society-Why?

1. Cost Effective and wider reach

E-Commerce helps government to deliver public services like health care, education, social services at reduced cost and in improved way.

2. Environmental Protection

E-Commerce helps to go paper-less, which can protect our environment.

3. Increase in Employment opportunities

Employment opportunities can be created in Technical /IT field.

E-commerce for Society-Why Not?

1. Threat of big players in the market

It may happen that because of large players in the market, small retailers may face the problem of unemployment in future.

Conclusion

E-commerce is gaining importance day by day as it is beneficial to consumers in many ways like it is time saving, it gives varied options, it gives convenience etc. similarly, it is beneficial to business also like they can explore new markets, it will help in reducing advertisement cost etc. For society it can be beneficial in for protection of environment. As a coin has two sides, similarly E-commerce also suffers from certain limitations like Security issues, high start-up costs etc., but if these limitations are reduced to an extent the concept of E-Commerce will reach the height of success.

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