

E-COMMERCE :-AN INITIATIVE FOR ELECTRONIC TRADE

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ABSTARCT

Electronic Commerce is process of doing business through computer networks. A person sitting on his chair in front of a computer can access all the facilities of the Internet to buy or sell the products. Unlike traditional commerce that is carried out physically with effort of a person to go & get products, ecommerce has made it easier for human to reduce physical work and to save time. Ecommerce which was started in early 1990's has taken a great leap in the world of computers, but the Fact that has hindered the growth of e-commerce is security. Security is the challenge facing ecommerce today & there is still a lot of advancement made in the field of security.

The main advantage of e-commerce over traditional commerce is the user can browse online shops,compare prices and order merchandise sitting at home on their PC.

For increasing the use of e-commerce in developing countries the B2B e-commerce is implemented for improving access to global markets for firms in developing countries. For a developing country advancement in the field of e-commerce is essential. The research strategy shows the importance of the e-commerce in developing countries for business applications.

II REVIEW OF LITERATURE

There exists no generally accepted definition of business model in the electronic commerce literature. The term is defined differently by many authors and there is little consensus as to the attributes of business models. Timers (1999:p32) observes that "The literature about Internet electronic commerce is not consistent in the usage of the term business model and moreover, often authors do not even provide a definition of the term". Fourteen different definitions of business model. The language used to describe business models leaves the reader wondering just what a business model is. Rappa (2003),

Afuah and Tucci, (2001) and Turban et al (2002) refer to business models as „methods“ by which firms do business. Timmers (1999), and Dubosson-Torbay et al (2002) refer to business models as „architectures“ , whilst Krishnamurthy (2003:p14) states that, “ A business model is a path to a company“ s profitability”. Others refer to business models as descriptions or specifications (KMLabInc, 2000, in Chesbrough and Rosenbloom, 2002; Gordijn et al, 2000a&b; Weill and Vitale, 2001; Elliot, 2002; Hawkins, 2002). Rayport and Jaworski (2001:pxiv) add to the confusion in the preface to their book with the statement “While many believe that Internet businesses do not have business models, we strongly disagree”. This statement suggests to the reader

that firms can choose whether or not to have a business model however it is apparent even from the diverse terminology used by other authors that a business model, be it a method, an architecture, a path, a specification or a description, exists for every firm; it is just a matter of articulating it.

III INTRODUCTION TO E-COMMERCE

E-commerce is buying and selling goods and services over the Internet. Ecommerce is part of ebusiness. E-business is a structure that includes not only those transactions that center on buying and selling goods and services to generate revenue, but also those transactions that support revenue generation. These activities include generating demand for goods and services, offering sales support and customer service, or facilitating communications between business partners. By the help of the flexibility offered by computer networks and the availability of the Internet, E-commerce develops on traditional commerce. E-commerce creates new opportunities for performing profitable activities online. It promotes easier cooperation between different groups: businesses sharing information to improve customer relations; companies working together to design and build new products/services; or multinational company sharing information for a major marketing campaign. The followings are the business uses of the Internet. These services and capabilities are a core part of a successful e-commerce program. They are either parts of a value chain or are included as supporting activities:

- Buying and selling products and services
- Providing customer service
- Communicating within organizations
- Collaborating with others
- Gathering information (on competitors, and so forth)
- Providing seller support
- Publishing and distributing information

IV THE ADVANTAGES OF E-COMMERCE

There are the different advantages of the e-commerce

1. Your business would have a store **open 24 hours a day, 7 days a week, 365 days a year**. Each page on your web store, a sales person who doesn't need breaks or holidays!!
2. **Very low running costs** to keep your e-commerce store open for business comparatively to a bricks and mortar shop
3. **Opportunity to reach new markets**. How likely is it that a new customer is going to phone you from Germany and buy something you sell over the phone? Not likely at all. However, with a web store it's entirely possible that that same person could find you online and order.
4. **Limitless possibility for creation of new sales channels**. Perhaps your products are handmade and of interest to Interior Designers. With e-commerce you could potentially approach Interior Designers all over the world more easily.
5. Sell a **wider range of stock** items.

6. Make **more profit per item sold**. The math is different, however your costs to sell each stock item goes down dramatically once your web store becomes established and you start to see decent traffic volumes. By consequence you should be able to make a higher margin, even with the slightly lower sale price you will almost certainly need to offer online.

7. **Upsells**. e-Commerce stores can be setup to offer upsells. For example a customer is looking at your coffee e-commerce store. She is viewing a large bag of Robert&Roberts coffee beans and right below the description she sees an image of a tin of illy coffee and a tin of Lavazza coffee.

Above these images reads the text:

8. Perhaps you would be interested .Below the images it gives very brief information on the product and the price of each, which is a little bit higher than the product she" s currently viewing. Upsells are designed to increase the sale value of each customer.

9. **Cross-sells**. These are offers of other complimentary products at checkout. Think about when you are in the supermarket and you get to the till. There are always lots of products surrounding you on your wait to pay. Sweets and treats usually. Sometimes special offers. With e-commerce, this can also be the case. In fact you can be even more targeted! Take the last example of the lady buying coffee from you. At checkout you could present her with a French Press or a new Coffee Grinder that you have on special offer.

10. **Much higher level of intelligence about your customers** behaviour, likes, desires etc... With e-commerce you will have great data about your customers behaviour on your ecommerce store. This data will allow you to adapt your store over time to make it more effective.

11. **E-mail Marketing**. If configured correctly your e-commerce store should be collecting email addresses for you of potential customers in the future and also of existing customers. With email marketing (executed properly) you have an extremely low cost method of continually driving traffic back to your store with special offers, competitions etc.

12. **Better social media engagement**. If you take the time and build a social media strategy, having an ecommerce store should increase the effectiveness of what you can achieve with social media. There are exceptions to every rule but generally speaking for ecommerce the majority of your visitors/customers will be sitting at a laptop/computer when making purchases. It is easier for you to incentivise or ask them for a mention on Twitter or Facebook. It" s also slightly easier for them to do it if you use the right technology so consequently your new customer is more likely to oblige.

13. **Data**. I touched on this in point 9 above but it" s so important it easily deserves 3 or 4 points and maybe a gold star too! With good analytics installed on your e-commerce store you will have a lot of really useful and actionable data about your customer" s behaviour.

V DISADVANTAGES OF E-COMMERCE

- Any one, good or bad, can easily start a business. And there are many bad sites which eat up customers" money.
- There is no guarantee of product quality.
- Mechanical failures can cause unpredictable effects on the total processes.

- As there is minimum chance of direct customer to company interactions, customer loyalty is always on a check.
- There are many hackers who look for opportunities, and thus an ecommerce site, service, payment gateways, all are always prone to attack.

What Is The Impact Of Electronic Commerce?

E-commerce and e-business are not solely the Internet, websites or dot com companies. It is about a new business concept that incorporates all previous business management and economic concepts. As such, e-business and e-commerce impact on many areas of business and disciplines of business management studies.

- **Marketing** – issues of on-line advertising, marketing strategies and consumer behaviour and cultures. One of the areas in which it impacts particularly is direct marketing. In the past this was mainly door-to-door, home parties (like the Tupperware parties) and mail order using catalogues or leaflets. This moved to telemarketing and TV selling with Figure 1.2 Key drivers of e-business spurring into e-marketing spawning „E-CRM“ (customer relationship management) data mining and the like by creating new channels for direct sales and promotion.

- **Computer sciences** – development of different network and computing technologies and languages to support e-commerce and e-business, for example linking front and back office legacy systems with the „web-based“ technology.

- **Finance and accounting** – on-line banking; issues of transaction costs; accounting and auditing implications where „intangible“ assets and human capital must be tangibly valued in an increasingly knowledge based economy.

- **Economics** – the impact of e-commerce on local and global economies; understanding the concepts of a digital and knowledge-based economy and how this fits into economic theory.

- **Production and operations management** – the impact of on-line processing has led to reduced cycle times. It takes seconds to deliver digitized products and services electronically; similarly the time for processing orders can be reduced by more than 90 per cent from days to minutes. Production systems are integrated with finance marketing and other functional systems as well as with business partners and customers (see Intel mini-case).

Production and operations management (manufacturing) – moving from mass production to demand-driven, mass customisation customer pull rather than the manufacturer push of the past.

Web-based Enterprise Resource Planning systems (ERP) can also be used to forward orders directly to designers and/or production floor within seconds, thus Introduction to e-commerce¹¹ cutting production cycle times by up to 50 per cent, especially when manufacturing plants, engineers and designers are located in different countries. In sub-assembler companies, where a product is assembled from a number of different components sourced from a number of manufacturers, communication, collaboration and coordination are critical – so electronic bidding can yield cheaper components and having flexible and adaptable procurement systems allows fast changes at a minimum cost so inventories can be minimised and money saved.

- **Management information systems** – analysis, design and implementation of e-business systems within an organisation; issues of integration of front-end and back-end systems.

- **Human resource management** – issues of on-line recruiting, home working and intrapreneur working on a project by project basis replacing permanent employees.
- **Business law and ethics** – the different legal and ethical issues that have arisen as a result of a global virtualmarket. Issues such as copyright laws, privacy of customer information, legality of

VI E-COMMERCE IN INDIA

For developing countries like India, e-commerce offers considerable opportunity. E-commerce in India is still in growing stage, but even the most-pessimistic projections indicate a boom. It is believed that low cost of personal computers, a growing installed base for Internet use, and an increasingly competitive Internet Service Provider (ISP) market will help fuel e-commerce growth in Asia's secondmost populous nation. The first e-commerce site in India was rediff.com. It was one of the mosttrafficked portals for both Indian and non-residents Indians. It provided a wealth of Indian-relatedbusiness news a reach engine, e-commerce and web solution services. The past 2 years have seen arise in the number of companies enabling e-commerce technologies and the internet in India. MajorIndian portal sites have also shifted towards e-commerce instead of depending on advertisingrevenues.

The web communities built around these portal sites with content have been effectively targeted tosell everything from event and mouse tickets the grocery and computers. The major in this servicesbeing Rediff.com and the net and India plaza with started a shopping section after In spite of RBIregulation low internet usage e-commerce sites have popped up everywhere hawking things likegroceries, bakery items, gifts, books, audio and video cassettes, computer etc. none of the majorplayers have been deterred by the low PC penetration and credit card.

E-Commerce in India

Early Years	Things are improving now
Delay in deliveries	Technology automation
Poor product quality	Better integration with vendors
No manufacturer warranty	No question ask return policies
Missing part in shipment	Differentiation
Lack of Communication	

Sell product and services



Build relationship with customers

VII FUTURE OF E-COMMERCE IN INDIA

India's ecommerce market, which was at 2.5 billion in 2009, reached \$8.5 billion in 2012 and now it is estimated to reach \$20 billion by the end of 2015. The survey also estimates that the country's ecommerce market to reach \$56 billion by 2023, driven by rising online retail.

These online resources for shopping have become even popular because of the tons of benefits they are offering. These resources are not only advantageous to promote your business but it also acts as an effective medium of social interaction and staying alive in the competitive market. E-commerce seems to be considered as the foreseeable future of the shopping worldwide. The rapid growth of the internet culture and an increasing preference for shopping online has driven the online shopping segment to the new heights.

The base of the online shopper is estimated to grow 3X by 2016 and more than 50 million buyers are expected to come from tier I and II cities. The trust to shop online is on the rise as 71% non-buyers from the tier I and II cities said they plan to shop online in the next 12 months, stated by the Google's Managing director, Rajan Anandan.

With the trustworthiness and effective services, the online shopping media continues to mesmerize by creating better and bigger grounds for settlement in the Indian economy.

India being a growing economy has turned out to be a great establishing platform for the newly introduced element of online shopping. In a short time period Amazon has made an enormous growth in their sales and profits in a span of 2 years of entering into the e-commerce zone in India. Some of the great features of online shopping like cash on delivery (COD), fastest delivery and 30 days return policy, give shoppers a superior shopping experience. Such e-commerce resources offer a wide range of things from skin care to sports utilities and apparels to electronics, therefore a shopper can buy anything from these portals, I mean anything.

VIII INDIA'S PROSPECTS IN E-COMMERCE

1. OPPORTUNITY FOR RETAILERS: A retailer can save his existence by linking his business with the online distribution. By doing so, they can make available much additional information about various things to the consumers, meet electronic orders and be in touch with the consumers all the time. Therefore, E-Commerce is a good opportunity.

2. OPPORTUNITY FOR WHOLE SALERS/DISTRIBUTER: In the world of E-commerce the existence of the wholesalers is at the greatest risk because the producer can easily ignore them and sell their goods to the retailers and the consumers. In such a situation those wholesalers can take advantage of E-Commerce who are capable of establishing contractors with reputed producers and linking their business with the on-line.

3. OPPORTUNITY FOR PRODUCERS: Producers can take advantages of e-commerce by linking themselves with on-line, by giving better information about their products to the other links in the business chain and by having a brand identity.

4. OPPORTUNITY FOR PEOPLE: As more people are getting linked with E-commerce, the demand for centre providing internet facility or cyber cafe is also increasing. Hence, the people who wish to take advantage of it can establish cyber and have their benefits.

Essential factors for growth of E-Commerce in India:

One of the best way to secure funds in our current economy is to look into the business of ECommerce. With the advent of the Internet, merchants were offered a new way of doing business that could yield profits at a lower cost. But much has changed over the past few years and more than ever, online merchants can rapidly build an

e-commerce website and expand their online presence. Here are five essential tips for e-commerce merchants to ensure their success and longevity online.

Harness the Power of Social Networking Websites - The social innovation of the Internet that has occurred over the past few years has given merchants an entirely new way to market themselves and connect with prospective customers. Join social networking websites such as Twitter and Face book to establish awareness and generate buzz about your brand. There are also dozens of online marketplaces that allow you to advertise your products - some charge while others are free. Essentially, be in as many online places as possible.

Know the Economics of your Business - Crucial to your success is a sound understanding of the economics of your business and how the costs you incur will affect your bottom line. For example, if you choose to advertise a product on a particular online marketplace, how will that cost affect your profit margins? Understand and manage your finances efficiently in order to ensure profits.

Be Transparent - With the booming rate of online credit card fraud, savvy online shoppers only want to shop with secure, reputable online retailers. Thus, you must be upfront and transparent about your business. Giving insight into you and your business will help build trust with shoppers and lend you an air of authenticity. Offer secure payment processing and comprehensive customer service.

IX CONCLUSION

Every day more people connect to the Internet and grow increasingly comfortable with digital transactions. Business will alter more in the next ten years than it has in the last 50. It is estimated that total transactions over the Internet will rise to nearly \$2,000 billion within three years and over \$3,500 billion within five. The successful companies of the future will be those that take e-commerce seriously, dedicating sufficient resources to its development. E-commerce is not an IT issue but a whole business undertaking. Companies that use it as a reason for completely re-designing their business processes are likely to reap the greatest benefits.

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