

Volume 6, Issue 6, June 2018

# International Journal of Advance Research in Computer Science and Management Studies

Research Article / Survey Paper / Case Study

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## *Impact of Electronic Commerce on Business*

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*Abstract: This research aims to explore the impact of e-commerce on businesses. E-commerce, characterized by conducting business online, has emerged as a potent avenue for buying and selling services and goods. Whether through dedicated websites (like Amazon, Flipkart, Jabong, and Myntra) or social media platforms, e-commerce channels fuel online sales. Despite its recent inception, e-commerce holds transformative potential for traditional- economic activities. In today's business landscape, it stands as one of the most successful models. Factors like changing lifestyle, rising living standards, rapid ICT growth, and widespread access to modern internet technologies have attracted a significant youth population to e-commerce. These trends present excellent growth opportunities for businesses. E-commerce has transformed the competitive landscape by creating a marketplace accessible to both consumers and businesses. Globally, the e-commerce sector is experiencing remarkable growth. However, some businesses remain hesitant to fully embrace this modern approach, facing challenges in establishing a strong foothold. This study will delve into the impact of e-commerce on business dynamics.*

*Keywords: E-Commerce, Internet, Consumers, Business, Websites.*

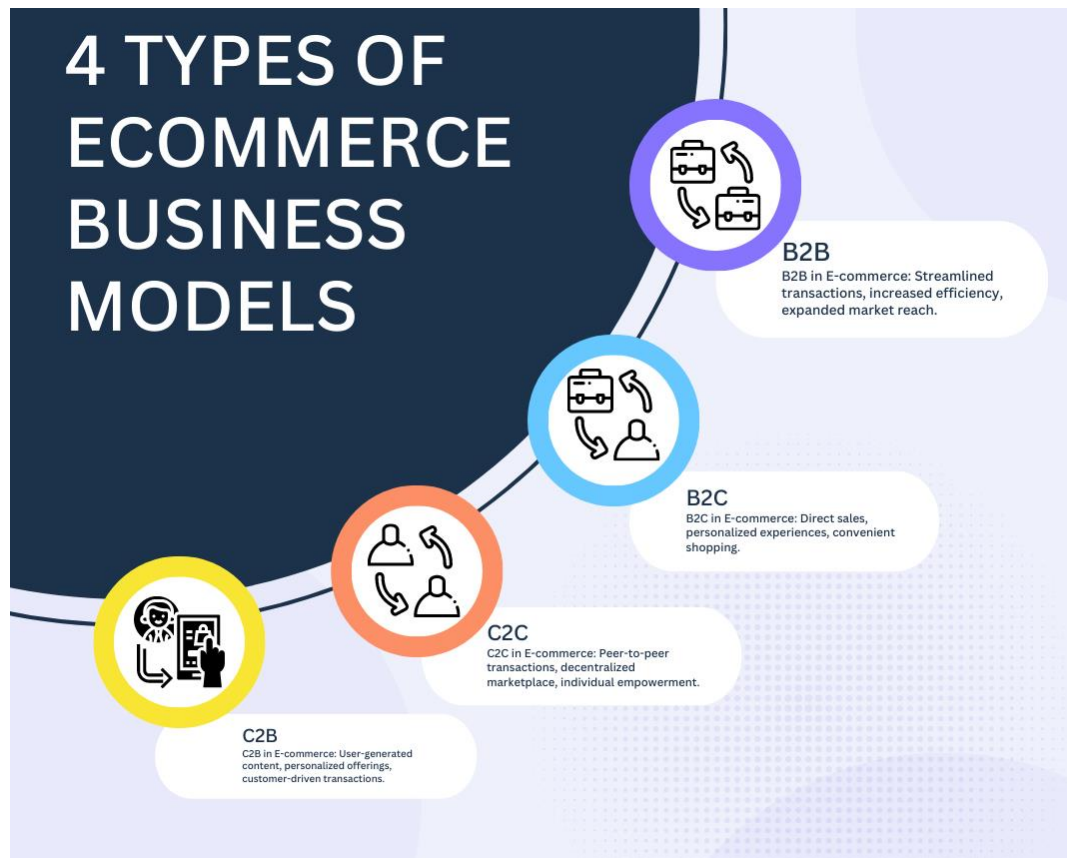
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### I. INTRODUCTION

In recent decades, e-commerce has undergone a significant transformation, revolutionizing traditional business practices. This innovative model enables firms and individuals to conduct business via the internet. E-commerce has commendably impacted business costs and productivity, playing a crucial role in national growth. It encompasses buying and selling goods or services online, involving ownership transfers or usage rights.

E-commerce's migration to the World-Wide-Web has yielded favorable outcomes across diverse business areas, spanning from customer service to product design. It enables customer interaction, online advertising, efficient order processing, and enhanced customer service.

Over the years, several business models and approaches have been devised, with e-commerce standing out as a popular choice.



### Major different types of e-commerce are:

1. “Business-to-business (B2B)”,
2. “Business to-consumer (B2C)”,
3. “Business-to-government (B2G)”,
4. “Consumer-to-consumer (C2C)”, and
5. “Mobile commerce (m-commerce)”.

## II. LITERATURE REVIEW

This study explores the evolution of e-commerce and identifies trends that signal its future growth in the business world. It introduces e-commerce, categorizes its various applications, and discusses the potential for remarkable e-commerce development globally.

Electronic commerce involves conducting business activities that result in value exchange across telecommunication networks (UNCTAD, 2000). E-commerce builds upon traditional commerce by enhancing flexibility through computerized transactions facilitated by the internet and other digital technologies.

In their work titled ‘E-commerce and Its Impact on Operations Management,’ “Gunasekaran, Marri, McGaughey, and Nebhwani (2002)” delve into the organizational systems’ integration of electronic commerce. They explore e-trading and emphasize its pervasive influence across various business domains. The paper highlights the pivotal role played by internet applications in revolutionizing manufacturing, marketing, purchasing, design, production, sales, distribution, warehousing, and human resource management. Additionally, it underscores the importance of web-based-technologies in enhancing business efficiency through effective B2B e-commerce.

Traditional brick-and-mortar stores face an uncertain future, as e-commerce websites now dominate the market. However, in a business landscape where offline stores seamlessly complement their online counterparts, there remains a symbiotic relationship between the two (Numberger & Renhank, 2005).

Ray (2011) characterizes e-commerce as a symbol of globalization, representing groundbreaking success in the digital era. It has fundamentally transformed business practices worldwide. Significant advancements in web-based technologies have effectively bridged the divide between traditional and electronic marketplaces, catalyzing rapid e-commerce expansion. Notably, the e-retail industry stands as a beacon of promise for the future. According to research by ASSOCHAM, the e-retail market is anticipated to reach a substantial 10-20 billion USD by 2017-2018.

In their work titled ‘Problems and Prospects of E-Commerce,’ in their comprehensive analysis, “Raghunath & Panga (2013)” highlight that nearly every business function—whether advertising, ordering, or payment—can now be seamlessly performed in the digital domain. E-commerce’s significance lies in its ability to create and exploit new business opportunities while actively involving customers in product and service development. The accessibility of internet technologies and other tools further fuels e-commerce growth. A SWOT analysis highlights e-commerce’s strengths, including prevalence, low operating costs, improved customer interaction, and time savings. However, firms must continually adapt to the changing environment and innovate to enhance their offerings.

Besides internet marketing, “Deshmukh, Deshmukh & Thampi (2013)” emphasize another critical development; M-commerce, a subset of E-commerce. Their research titled ‘Transformation from E-commerce to M-commerce in the Indian Context’ investigates the current and potential status of both e-commerce and m-commerce in the Indian market. The study concludes that m-commerce holds significant promise for the future. Key advantages of m-commerce include personalization, flexibility, ubiquity, and immediacy. The authors firmly believe that the increasing use of smart phones, primarily driven by youth, will propel e-commerce growth.

As the B2C segment continues to expand, competition for top positions intensifies. Businesses should emphasize service quality and allocate resources to logistics to access households’ disposable income. Furthermore, the increasing adoption of internet subscriptions and the growth of mobile commerce “Das & Ara, (2015)” demonstrate e-commerce’s extensive reach, spanning beyond geographical boundaries. Even in remote areas, e-commerce experiences substantial demand after establishing a presence in metropolitan cities.



Figure 1. Evolution of E-Commerce

### III. OBJECTIVES OF THE RESEARCH STUDY

The current study aims to achieve the following objectives:

1. Investigate the impact of e-commerce on business.
2. Examine the challenges faced by e-commerce.
3. Explore the benefits that e-commerce offers to businesses

### IV. RESEARCH METHODOLOGY

This research paper adopts an exploratory approach, focusing on the impact of e-commerce on business. It relies on secondary data gathered from diverse sources such as books, journals, newspapers, and various websites. The primary objective of this study remains at the forefront throughout the research process.

### V. IMPACT OF E-COMMERCE IN BUSINESS

E-commerce, a contemporary business concept, significantly influences various aspects of business. In this study, we delve into the diverse impacts of e-commerce on business.

## Impact of E-business on business

- Direct sales to customers.
- Anytime access from anywhere.
- Customization of products.
- Quicker time to market.
- Flexible pricing, product portfolio and promotions.
- Price discrimination.
- Transfer of fund with efficiency.
- Lower stock outs.
- Automated and convenient process.

#### 1. Direct Selling:

E-commerce enables direct sales between a brand and end-users, bypassing intermediaries or distributors. This type of B2C (business-to-customer) sale can occur either in-person or online. Notably, direct sales are on the rise and show no signs of slowing down.

#### 2. 24x7 Access:

E-commerce ensures that products and services are available 24/7. Automation and technology have made online businesses accessible around the clock. Automated online transactions reduce the need for human intervention, leading to cost savings. Sellers can offer their items anytime, anywhere. Customers consistently engage with e-commerce platforms, appreciating the convenience they provide. Additionally, the internet grants e-commerce businesses access to a global market.

3. **Production and Operations Management:** Online processing significantly reduces cycle time. Digitized products and services can be delivered within seconds electronically. Thanks to e-commerce, order processing time has significantly reduced—shifting from days to mere minutes. E-commerce systems seamlessly integrate with finance, marketing, and other functional areas, promoting collaboration with business partners and customers.

## VI. IMPACT OF E-COMMERCE ON MARKETING

**Product Promotion:** E-commerce enables direct interactions with customers, facilitating effective product and service promotions.

- **Cost Savings:** Direct customer interaction over the internet leads to significant cost savings for businesses.
- **Enhanced Customer Service:** Customers can access detailed information online, improving overall customer service.
- **Brand Image:** New marketers can swiftly establish a positive corporate and brand image due to the vast reach and easy accessibility of the internet.
- **Interactive Advertising:** Unlike one-way communication in traditional advertising, modern digital advertising allows consumers to explore, compare, question, and even participate in designing product configurations.
- **Customization:** E-commerce empowers customers to personalize products according to their preferences, providing a sense of luxury. Understanding customer needs and offering customized solutions is a key advantage.
- **Efficient Order Processing:** Electronic order-taking streamlines the process, saving time and reducing costs. Sales personnel can focus more on selling products or services.
- **Disintermediation:** Advancements in ICT have transformed intermediation into disintermediation, altering the role of middlemen in traditional marketing.
- **Customer Value:** E-marketers prioritize building long-term relationships with customers, aiming for value maximization.
  - **Convenience:** E-commerce offers unparalleled convenience to customers. It operates 24/7, allowing businesses to generate sales even during off-hours or when the store is unattended.
  - **Role of Websites:** E-commerce platforms serve as crucial facilitators for transactions. They allow businesses to engage in buying and selling physical goods, services, and digital products. Through these platforms, companies can efficiently process orders, accept payments, handle logistics, and offer customer service. Noteworthy e-commerce websites include Amazon, Flipkart, Firstcry, and Mynta.



**VII. CHALLENGES FACED BY BUSINESS IN E-COMMERCE**

There are many problems that faced by a business in e-commerce some of them are discussed here;

- 1. Cyber & Data Security:** In e-commerce, businesses grapple with significant challenges related to security breaches. Handling personal information and data during customer interactions carries inherent risks. A technical data problem can significantly disrupt daily operations of a retailer and harm their brand reputation.
- 2. Biometric Authentication:** When shoppers visit an e-commerce site, verifying their authenticity becomes crucial. Retailers face dilemmas: How can they confirm a person's identity? Is the provided information accurate? Is the visitor genuinely interested in their products? Without accurate details, proceeding becomes risky.
- 3. Customer Loyalty:** Maintaining customer loyalty is crucial for business success. The cost of acquiring a new customer can be up to five times higher than retaining an existing one. Selling to current customers has a success rate of 60-70%, compared to only 5-20% for new customers. Ensuring long-term customer retention remains challenging.
- 4. Converting Visitors into Paying Customers:** Converting website visitors into paying customers poses a significant e-commerce challenge. Despite high traffic and clicks, not everyone makes a purchase. The key lies in understanding consumer perspectives and converting them from mere visitors to paying customers.
- 5. Going Omni-channel:** Expanding product sales across various channels enhances total revenue and increases the Average Order Value (AOV). Customers who make purchases through multiple channels typically spend threefold more than the average. However, adept management is essential to attract the right clientele and meet volume objectives.
- 6. Data Privacy:** Today's consumers prioritize data privacy. Awareness about data importance has grown, and device manufacturers like Apple take extreme measures to safeguard user data from third-party activities.
- 7. Customer Expectations:** Modern consumers, exposed to new technologies and multiple brands, have high expectations. They seek better experiences and scrutinize the quality of products and services they pay for.

**VIII. BENEFITS OF E-COMMERCE**

Earlier, we explored the concept of e-commerce, its impact, and the challenges it encounters. Now, let's delve into the advantages of e-commerce. What does it provide, and why should businesses embrace it?

- 1. Low Costs:** E-commerce offers cost advantages, as launching an online store is significantly cheaper than opening a physical one. There's no need for physical outlets, rent, or multiple staff. Marketing campaigns are also more cost-effective. Automation streamlines online operations, and eliminating middlemen reduces costs substantially.
- 2. Speed & Flexibility:** E-commerce stores can be set up swiftly—within days—compared to the time-consuming process of establishing a physical store. Online platforms allow instant changes to displays and product ranges. Sellers can manage activities from home without the need for office space.
- 3. Faster Buying Process:** E-commerce accelerates the purchasing process. No longer do customers need to schedule shopping trips in advance. Instead, they can comfortably search for products and place orders from home or work. Online stores operate 24/7, providing convenience and flexibility.
- 4. Product Catalogue:** Detailed product information is crucial in e-commerce. Online platforms offer comprehensive product catalogs, including specifications, warranties, and terms. Customers can make informed decisions based on reviews and feedback.

5. **Wider Customer Base:** Unlike physical stores limited by location, e-commerce transcends geographical boundaries. Businesses can sell to global online shoppers. E-commerce operates round-the-clock, providing real-time tracking for deliveries.
6. **Increased Profit Margin:** E-commerce setup and operation costs are significantly lower than traditional stores. Savings occur in marketing, labor, and overhead. E-commerce dashboards aid financial management, and efficient inventory management further reduces costs. Increased revenues and competitive pricing contribute to higher profit margins—an essential benefit of e-commerce platforms.

## IX. CONCLUSION

The paper delves into the evolution, popularity, benefits, and business impact of e-commerce. E-commerce isn't an industry; it's a strategic approach. It has revolutionized business operations and functions. As an alternative marketing channel, e-commerce is steadily gaining ground worldwide. Increased awareness and growing tech-savviness among people contribute to their confidence in online services. However, business challenges persist alongside opportunities. E-commerce's promising future lies in the digital era, ICT innovations, and widespread internet access—even in remote areas. Businesses must prioritize enhancing e-commerce to achieve revenue growth and broader geographic reach. Overcoming consumer trust issues remains a critical area for further research.

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