A Study of Technological Revolution in Commerce: E-Commerce

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Abstract

Electronic commerce is the result of the development and innovations in the area of information and communications technologies. It includes computer hardware, computer software, Internet etc. E-commerce is one of the major economic revolutions of the 21st Century. With the help of new communication technology and resultant exchange of information and knowledge, it presents a new way of doing business, which provides opportunities to improve the quality of life and economic well-being of the people and has the potential to spot the growth and employment in all the countries of the world.

Introduction

The web provides a direct connection to the buyers and sellers who can transact business electronically. It is used to denote the paperless exchange of business information using Electronic Data Interchange, E-mail, and electronic Bulletin Board of similar technologies.

World Trade organisation defines E-commerce as “Production, distribution, marketing, sale or delivery of good and services by electronic means.” A commercial transaction can be divided into three main stages: advertising and searching stage, ordering and payment stage, and delivery stage. Any or all of these may be carried out electronically and therefore, be covered by the concept of Electronic Commerce.”

E-commerce addresses the needs of the organisation, merchants, and consumers. It also enhances the quality of goods and cost cutting. Most importantly it enhances the overall speed of services/goods delivered. The main function of E-commerce is processing of information in the form of business transactions. These transactions can be performed in many ways like–

- Transactions between trading partners using EDI
- Transactions by the organisation to gather information about market positions.
- Transactions for distributing information including advertising and marketing.

The entire process of E-commerce not only interacts with the distribution system but also interacts with the physical infrastructure for seamless distribution of manufactured products. The present paper finds companies using E-commerce in the following ways:

- Messaging
- Online marketing
- Online ordering
- Online payment
- Online sales support.

In India, the introduction of E-commerce can be classified in two stages. The first is from the year 1995 when the Internet was started, and the second stage is from the year 2006 till now.
Major types of E-commerce
Mainly the modes of E-commerce can be classified into four main categories like-
1. Easiness to Business
2. Business to Customer
3. Customer to Customer
4. Government to Nation

With the above categories the business trend has changed drastically. The portals are available to handle different customers at a time and various ways are available to complete a transaction. Portals are connecting buyers and sellers by providing classified space where the sellers can advertise their product at a comparative lower cost. Another form is with paid music, videos and games which are downloaded making a payment for the same. In the retail fields the E-commerce allows online sale of product such as books, mobiles, electronic products, home appliances and others Online travel is the largest domestic B2C & Commerce segment, accounting for 81% revenues in 2011.

Advantages of E-commerce:
From the manufacturer and seller’s point of view the following are some of the advantages of e-commerce

1. It provides direct interaction with customers and helps companies to understand customer-buying patterns all ultimately results in better service providing.
2. At every time while visiting the website to purchase something the Customer gives authentic data about his like customer desire. dislikes, preferences and knowing all this the company can focus its aim to manufacture goods according to customer desire.
3. If a customer is once satisfied with the services and is made to feel that his presence is special and the information provided by him is totally taken and stored in respective form, he can prove more loyal then an offline custom thus it increases customer loyalty.
4. Decreases distribution cost.
5. Unlimited shelf space as E-commerce companies can display an unlimited number of goods.
6. The automated process tends to produce fewer errors than the traditional selling process in this way it helps to reduce errors.
7. It helps in Globalisation of business.
8. In traditional transaction pattern for documentation and maintenance of data requires huge stationery. For advertising of the products or the services millions of prints are utilised. On the other hand distributing this information’s electronically not only facilitates more efficient storage and retrieval but also helps to user of these systems to access the most up-to-date manuals.

Not only the manufactures but the consumers are also benefited through E-commerce. The most obvious benefit of online business is convenience. The consumer can get a price quote and can compare it with other companies and products without running around or spending hours on the phone. Among other features available, customers can instantly get the information about the availability, size, colour and shape of their desired product. In today’s world where time is being considered of great value, E-commerce is an ideal solution. Customer can shop where and whenever as per his / her desire without any restrictions. The product is delivered right to customer’s door without any bustle and this saves a lot of consumer’s time. By shopping online the save more on the price they would pay for the same product in the classic store. Even with shipping charges factored consumer in the savings are significant and the merchandise often arrives at their door in as little as 2-3 days.

Challenges to E-commerce:
Through EC are one of the best media for communication, business and many other things it is not free from limitations. The major six areas described form those studies are security, start-up, legal issues, training and maintenance, lack of skilled personnel, uncertainty and lack of proper information.

Many problems arise when we get into the online world. The present paper categorized them in five areas as described below. It is very much important to remove these to ensure the growth of E-commerce in the future.
1. Financial problems
   a. High setup cost
b. Difference in pricing

2. Operational problems;
   a. Low PC penetration
   b. Wide-spread illiteracy

3. Psychological problems.

4. Accessibility related problems

5. Tax policies and legal problems

Based on the above information the present paper finds that the long term outlook of the Industry towards E-commerce is very fruitful, with clear indications that companies are giving greater participation and co-operative effort from thereafter. Thus the industry, in India E-commerce is being governed by the IT Act 2000 and other further amendments seems a requirement of involving other laws into it so that the authorisation of the process can be more firm. Another point is that it is very easy to enter into the world of E-commerce for the companies as the entry cost is not very high. There are many reasons behind it but it is clear that E-commerce is most useful for the companies which want to reach the international markets where penetration is high. Various policies regarding enhancing infrastructure, building trust and maximizing benefits needs to be formulated. A beginning has been made in this field as corporate and government are taking the issue to create new avenues in the business field. E-commerce market is shaping up and new opportunities are being generated with E-commerce. We are having opportunity like never before to harness technology for the benefit of the masses. In respect of acquiring efficient systems, having reached a critical mass, attempt has to be made for the stakeholders to provide a canvas for safe, efficient, interoperable, inclusive electronic payment systems to make e-commerce more reliable in commercial field.

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