

# The Importance of E-Commerce in Trade

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## ABSTRACT

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. E-Commerce 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 e-commerce 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.

*Key words-E-Commerce, E-Business education, Business to Consumer*

## INTRODUCTION

Electronic commerce or ecommerce is a term for any type of business, or commercial transaction, that involves the transfer of information across the Internet. It covers a range of different types of businesses, from consumer based retail sites, through auction or music sites, to business exchanges trading goods and services between corporations. It is currently one of the most important aspects of the Internet to emerge. Electronic commerce emerged in the early 1990s, and its use has increased at a rapid rate. Today, the majority of companies have an online presence. In fact, having the ability to conduct business through the Internet has become a necessity. Everything from food and clothes to entertainment and furniture can be purchased online. Two familiar examples of electronic commerce companies are eBay and Amazon. Both of these companies allow consumers to purchase a variety of goods and services online from businesses and other consumers, while eBay also hosts online auctions. Consumers on these sites typically have numerous payment options, as well as choices for how their products are delivered.

## TYPES OF E-COMMERCE

### B2C OR BUSINESS-TO-CONSUMER

It's quite evident that in a Business-to-Consumer e-Commerce environment, companies sell their goods online to the end user, the end users of their products or services. Any visitor can access B2C E- Commerce web stores. There is no need to login if you want to make any product related inquiry.

### **B2B OR BUSINESS-TO-BUSINESS**

In a B2B E-Commerce environment, companies sell their goods online to other companies. They are not engaged in sales to the consumer public, it's a trade sale, or services like CRM. In this case entering that type of web shop requires a log in. B2B web stores usually contain customer-specific pricing, assortments and discounts.

### **C2B OR CONSUMER-TO-BUSINESS**

In C2B E-Commerce environment, consumers offer their products or services online and companies post their bids. Then consumers review the bids and choose companies that meet their price expectations.

### **C2C CONSUMER-TO-CONSUMER**

One of the most well-known examples of C2C E-Commerce environment is eBay. Here consumers sell their goods to other consumers.

### **REVIEW OF LITERATURE**

According to **Basu and Muylle (2007)**, companies can gain two fundamental types of benefits from e-Business. These are generally described as: Value Creation or Value Enhancement for one or more of a company's stakeholder groups; and Lower Cost of providing goods and services to the market place. Examples under Value Creation include Improvement in internal and external communication through effective e-marketing, Increment of sales through an e-commerce website integrated with a back office systems and Improvement in supplier relations and productivity through collaborative workspaces (Basu and Muylle, 2007). And examples under Lower cost are: reduction in communication and travel costs using online meeting tools; shared workspaces and; benefit from license free open source alternatives to proprietary software

**Windrum and Berranger (2002)** suggest that the commercial benefits of e-business lie in five areas. Firstly, firms are able to expand their geographical reach. Secondly, important cost benefits lie in improved efficiency in procurement, production and logistics processes. Thirdly, there is enormous scope for gaining through improved customer communications and management. Fourthly, the Internet reduces barriers to entry for new market entrants and provides an opportunity for small firms to reorient their supply chain relationships to forge new strategic partnerships. Finally, e-business technology facilitates the development of new types of products and new business models for generating revenues in different ways.

**Akoh, (2001)**. One of the greatest constraints to the adoption of e-Business as a means to generate efficiencies is a cultural reluctance to interface with buyers and suppliers electronically. Such challenges remain major obstacles, limiting the potential benefits of e-Business Other challenges are the cost of implementation, security concerns, perceived customer readiness, lack of knowledge of IT and e-Business, the relatively high costs associated with investments in ICTs, the lack of technical and managerial skills and reluctance on the part of companies to network with other enterprises and lack of executive support and concerns regarding the reliability of technology.

## OBJECTIVES OF THE STUDY

1. To describe the present status of E-Commerce in Business.
2. To analyze the factors influencing the usage of E-Commerce in Business
3. To examine the barriers of E-Commerce in India.

## STATEMENT OF PROBLEM

There are millions of people online any time and they all are a potential consumer in the online market. Since there are so many providers, the most important thing for organisations is to understand what are consumer wants and needs in this competitive business environment. In the Internet shopping market since there is no face-to-face contact, analysing and identifying factors that influence the consumer is vital. Moreover, consumers have new demands in the Internet medium. Therefore, it becomes more important to answer consumer's demands to retain the customer. The problem of the study is to know about the present trends and the barriers of E-commerce.

## RESEARCH METHODOLOGY

Data collection instrument Based on similar studies in the literature, a questionnaire was developed for data collection for this study. A survey was formulated to obtain feedback from the 50 businessmen, assessing their background, their motivation, and the barriers they faced due to E-Commerce in the recent trends of business. Study questionnaire included four sections. In the first section, demographic information about the entrepreneurs and their businesses was collected. Section 2 included questions in regards to motivational factors of E-commerce, Third section included about the barriers faced by the measures and the last is the measures to overcome. Convenience sampling technique was applied.

## FINDINGS

The respondents are male entrepreneurs (85%). Around 68% of the respondents are above the age of 30 years. 70% of the respondents established their business in sole trader form of business. and 60% of the respondents are involved in manufacturing the products. In terms of educational qualifications business, 30% of the respondents had Under Graduate qualification, and 33% of the respondents employed 150 to 200 employees in their organization, 98% of the respondents are married and 28% of the respondents has above 10 year experience in business.

**Table:1 Showing the Motivational factors of E-Commerce:**

Factor	classification	No.of. respondants	%
Towards Customer	Timesaving:	20	40
	Convenience	10	20
	Easy to compare	11	22
	Easy to find reviews	2	4
	Coupons and deals	7	14
Towards Business	Increasing customer base	13	26
	Rise in sales	12	24
	Expand business reach	9	18
	Instant transactions	16	32

**Table:2 Showing the Barriers faced due to E-Commerce**

Particulars	classification	No.of. respondants	%
Barriers faced	Security issues	9	18
	Credit card issues	11	22
	Hidden costs	10	20
	Delay in receiving goods	7	14
	Need access to internet	5	10
	Lack of personal interaction	8	16

**MEASURES TO REMOVE THE BARRIERS:**

The elimination of barriers E-Commerce requires a major change in traditional attitudes and mindsets of people in society. One should acquire good Computerized knowledge before implementing the E-Commerce. The basic requirement in development of E-Commerce is Awareness and knowledge related to e-commerce among both consumers and enterprises. Consumers are now more empowered. With greater affluence and access to data, consumers are expecting more from retailers and they are demanding that technology be used to improve their shopping experience. How retailers reach out to consumers before they purchase anything is the difference between making a retail transaction and a lost consumer. For example, 64% of consumers have made a purchase from a new retailer over their preferred retailer simply because they offered free shipping. Also, 93% of consumers expect retailers to provide them with a choice between picking-up their order and having it delivered to them. According to the GSI Center for Connected Commerce research, 81% expect retailers to be utilizing technology to improve the in-store shopping experience. Data privacy is also an issue when it comes to

providing personal information online to retailers, Such Business men can be trained, motivated and assisted for achieving their ultimate goals.

## CONCLUSION

E-commerce is widely considered the buying and selling of products over the internet, but any transaction that is completed solely through electronic measures can be considered e-commerce. Day by day E-commerce playing very good role in online retail marketing and peoples using this technology day by day increasing all over the world. E-commerce security is the protection of e-commerce assets from unauthorized access, use, alteration, or destruction. Dimensions of e-commerce security; Integrity: prevention against unauthorized data modification, No repudiation: prevention against any one party from reneging on an agreement after the fact. Authenticity: authentication of data source. Confidentiality: protection against unauthorized data disclosure. Privacy: provision of data control and disclosure. Availability: prevention against data delays or removal. Fraudsters are constantly looking to take advantage of online shoppers prone to making novice errors. Common mistakes that leave people vulnerable include shopping on websites that aren't secure, giving out too much personal information, and leaving computers open to viruses. In this paper we discussed E-commerce Security Issues, Security measures, Digital E-commerce cycle/Online Shopping, Security Threats and guidelines for safe and secure online shopping through shopping web sites.