

“E-Commerce: A Growing Prospect from Traditional to E-Retailing”

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Abstract – *Way of doing Business now a day's is rapidly changing due to changes in usage of technologies to reach consumers. Now a day's market is facing a measure change in its working pattern and growth as well as pattern of investment. At present traditional retailing pattern in market is downsizing and the new developments in the market and retailing techniques (E-retailing) is searching for a shift and its growth in various sectors and the requisites of investment to be done as per global pattern of business/market. Traditional retailers and new/developing players all are trying to work as per new retailing pattern. The emerging pattern of retailing that is attracting consumers is Electronic retailing which is expanding and developing very fast.*

Keywords: *Retailing, E-retailing, Electronic Commerce, Electronic Business.*

INTRODUCTION

Commerce – the trading of goods has been a major drive of human survival since the beginning of recorded history and beyond. The mass adoption of Internet has created a paradigm shift in the way businesses are conducted today. The past decade has seen an emergence of a new kind of commerce, the buying and selling of goods, through human-computer interaction over the Internet. Today, the line between e-commerce and traditional commerce is becoming more blurred as more businesses start and continue to integrate the Internet and e-commerce technologies into their business retailing processes.

WHAT IS E-COMMERCE:

E-commerce can be defined as a modern business methodology that addresses the needs of organizations, merchants, and consumers to cut costs while improving the quality of goods and services and the increasing speed of service delivery, by using Internet.

E-commerce refers to the purchase and sale of goods and/or services via electronic channels, such as the Internet. Online retail is convenient due to its 24-hour availability, global reach and ease of customer service. Though purchasing items online is a major facet, e-commerce is more than that.

THE EVOLUTION OF E-COMMERCE

The evolution of e-commerce can be attributed to a combination regulatory reform and technological innovation. Through Internet (which played an important role in the evolution) appeared in the late 1960s, e-commerce now took off with the arrival of the World Wide Web and browsers in the 1990s.

E-Commerce was first developed in the early 1970s with innovations like:

- *Electronic funds transfer (EFT)* - funds can be routed electronically from one organization to another.
- *Electronic data interchange (EDI)* – used to electronically transfer routine documents, that expanded electronic transfers from financial transactions to other types of transaction processing.
- *Inter-organizational system (IOS)* – a system which allows the flow of information to be automated between organizations in order to reach a desired supply-chain management system, which enables the development of competitive organisations.

In the 1970s, the term electronic commerce, referred to electronic data exchange for sending business documents

such as purchase orders and voices electronically. Later, with the development of this industry the term of electronic commerce is used to business of goods and services via the web. When the first World Wide Web was introduced in 1994 as a comprehensive, many well-known researchers have been predicated this type of business “the web-based business” will became soon an important in the world economy, but it took four years that http based protocols should be widely available to users. The first electronic commerce created in USA and some European countries in 1998. These types of business are formed with beginner and unprofessional websites and it has been expanded rapidly. Electronic commerce was spread rapidly in most cities in America, Europe and East Asia in 2005. Some say dates of electronic commerce return to prior of the Internet, but due to the costs of this style of business. Only business and financial institutions and corporations could use it. But with the widespread use of the Internet to all of the people and change the structure of electronic commerce, this kind of business from specific business case for a particular group out and became the industrial form.

Thus, evolution of e-commerce along with innovation of IT has been divided into various phases which are termed as:

- Electronic Data Processing (EDP) era in 1955-1974
- Management Information System (MIS) era in 1975-1994
- Internet and E-business era in 1995-2020 and more.

DEFINING E-COMMERCE:

Some of the definitions of e-commerce:

1. E-commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organizations, and between organizations and individuals.¹
2. E-commerce is the production, distribution, marketing, sales or delivery of goods and services by electronic means.²
3. Electronic commerce describes the buying and

selling of products, services, and information via computer networks including the Internet.

Differences between Electronic Commerce and traditional commerce - The major difference is the way information is exchanged and processed:

- Traditional commerce:
 - face-to-face, telephone lines , or mail systems
 - manual processing of traditional business transactions
 - individual involved in all stages of business transactions
- E-Commerce:
 - using Internet or other network communication technology
 - automated processing of business transactions
 - individual involved in all stages of transactions
 - pulls together all activities of business transactions, marketing and advertising as well as service and customer support

RETAILING

Retailing is Commercial transaction in which a buyer intends to consume the good or service through personal, family, or household use.

Retailing is a convenient, convincing and comfortable method of selling goods and services. Retailing, though as old as business, trade and commerce has now taken new forms and shapes. This is because of new management techniques, marketing techniques and also due to ever changing and dynamic consumer psychology.

Retailing is one area of the broader term, e-commerce. Retailing is buying and selling both goods and consumer services. With more number of educated and literate consumers entering the economy and market, the need for reading the pulse of the consumers has become very essential.

Retailing includes all the activities involved in selling goods or services to the final consumes, for personal, non-business use. A retailer or retail store is any business enterprise wholesales volume comes primarily

¹ Definition adapted and expanded from Emmanuel Lallana, Rudy Quimbo, Zorayda Ruth Andam, ePrimer: An Introduction to eCommerce (Philippines: DAI-AGILE, 2000),.

² The World Trade Organization definition

from retailing.³

Electronic Retailing - E-tailing

E-tailing (less frequently: *etailing*) is the selling of retail goods on the Internet. Short for "electronic retailing," and used in Internet discussions as early as 1995, the term seems an almost inevitable addition to e-mail, e-business, and e-commerce. E-tailing is synonymous with business-to-consumer (B2C) transaction.⁴

E-retailing is the sale of goods and services through the Internet. Electronic retailing, or e-tailing, can include business-to-business and business-to-consumer sales. E-tailing revenue can come from the sale of products and services, through subscriptions to website content, or through advertising.⁵

E-Business

E-business (or electronic business) is the term used to describe using the internet to operate marketers business. E-business represents only a fraction of worldwide business, but is one of the fastest growing sectors and provides entrepreneurs with excellent opportunities to enter the market.

Difference between E-commerce and E-Business

E-commerce is buying and selling using an electronic medium. It is accepting credit and payments over the net, doing banking transactions using the Internet, selling commodities or information using the World Wide Web and so on.

E-Business in addition to encompassing E-commerce includes both front and back-office applications that form the engine for modern E-commerce. E-business is not just about E-commerce transactions; it's about re-defining old business models, with the aid of technology to maximize customer value. E-Business is the overall strategy and E-commerce is an extremely important facet of E-Business.

Thus e-business involves not merely setting up the company website and being able to accept credit card payments or being able to sell products or services on time. It involves fundamental re-structuring and streamlining of the business using technology by implementing enterprise resource planning (ERP) systems, supply chain management, customer relationship management, data ware housing, data marts, data mining, etc.

³ Definition by Philip Kotler

⁴ <http://searchcio.techtarget.com/definition/e-tailing>

⁵ investopedia.com/terms/e/electronic-retailing-e-tailing.

Key Drivers of E-commerce

1) Technological factors

- Telecommunications infrastructure
- ✓ Backbone infrastructure and architecture
- ✓ Industry players and competition
- ✓ Pricing
- ✓ Internet service providers
- ✓ Range of services available (e.g. ADSL, ISDN)
- ✓ Ownership (private or public sector)
- Access to new technology developments
- Bandwidth
- Speed of development and implementation of new technology by industry sector.

2) Political factors

- Number and type of government incentives and programmes to support the use and development of new technology
- Legislation – number and type of supportive or restrictive laws and policies that govern electronic data, contacts and financial transactions. For example, laws that recognise and enforce the validity of electronic documentation, contracts and transactions in a court of law; the validation of digital signatures; the legal usage of electronic security measures such as encryption
- Public policies – whether government supports the growth of electronic transactions and processes. For example, filing tax returns to the Inland Revenue electronically, the national education curriculum and training.

3) Social factors

- Skills of workforce
- Number of users on-line
- Penetration rate of PCs
- Level of education; computer literacy and IT skills

4) Economic factors

- Economic growth – GDP
- Average income
- Cost of technology (hardware and software)
- Cost of access to telecommunications infrastructure – pricing structures and rates
- Commercial infrastructure – advancement of banking sector; payment systems
- Innovative business models

BENEFITS OF E-COMMERCE:

➤ Benefits to Organizations

The benefits to organizations are as follows:

- Electronic commerce expands the market place to national and international market with minimal capital outlay, a company can easily and quickly locate more customers, the best suppliers, and the most suitable business partners worldwide.
- Electronic commerce decreases the cost of creating, processing, distributing, storing, and retrieving paper-based information. For example, by introducing an electronic procurement system, companies can cut the purchasing administrative costs by as much as 85 percent.
- Ability for creating highly specialized businesses. For example, dog toys which can be purchased only in pet shops or department and discounts stores in the physical world are sold now in a specialized www.dogtoys.com (also see www.cattoys.com).
- Electronic commerce allows reduced inventories and overhead by facilitating “pull” type supply chain management. In a pull-type system the process starts from customer orders and uses just-in-time manufacturing.
- The pull-type processing enables expensive customization of products and services which provides competitive advantage to its implementers.
- Electronic commerce reduces the time between the outlay of capital and the receipt of products and services.

- Electronic commerce initiates business processes reengineering projects. By changing processes, productivity of salespeople, knowledge workers, and administrators can increase by 100 percent or more.
- Electronic commerce lowers telecommunication cost; the internet is much cheaper than value added networks.
- Other benefits include improved image, improved customer service, new found business partners, simplified processes, compressed cycle and delivery time, increased productivity, eliminating paper, expediting access to information, reduced transportation costs, and increased flexibility.

➤ Benefits to Consumers

The benefits of E-Commerce to consumers are as follows:

- Electronic commerce enables customers to shop or do other transactions 24 hours a day, all year round, from almost any location.
- Electronic commerce provides customer with more choices; they can select from many vendors and from many more products.
- Electronic commerce frequently provides customers with less expensive products and services by allowing them to shop in many places and conduct quick comparisons.
- In some cases, especially with digitized products, E-Commerce allows quick delivery.
- Customers can receive relevant and detailed information in seconds, rather than days or weeks.
- Electronic commerce makes it possible to participate in virtual auctions.
- Electronic commerce allows customers to interact with other customers in electronic communities and exchange ideas as well as compare experiences.
- E-commerce facilitates competition, which results in substantial discounts.

BENEFITS TO SOCIETY

The benefits of E-Commerce to society are as follows:

- Electronic commerce enables more individuals to

work at home and to do less traveling for shopping, resulting in less traffic on the roads and lower air pollution.

- Electronic commerce allows some merchandise to be sold at lowest prices, so less affluent people can buy more and increase their standard of living.
- Electronic commerce enables people in third world countries and rural areas to enjoy products and services that otherwise are not available to them.
- Electronic commerce facilitates delivery of public services, such as health care, education, and distribution of government social services at a reduced cost and/or improved quality. Health care services, e.g., can reach patients in rural areas.

DISADVANTAGES OF E-COMMERCE:

- **Lack of Awareness** - The most important challenge today pertains to increasing awareness of the benefits of e-commerce to potential customers, educate the market and the customers will themselves opt for these services. So, the e-commerce fraternity should accept the fact that the customers are extremely demanding and that they should be geared up towards this end and surpass the expectations of customers. .
- **Purchase to Delivery** – when making a purchase at a brick and mortar business, you get the product when you pay for it. On the web, there may be a time lag from purchase to actually being able to consume. The consumer will have to wait for delivery of physical goods.
- **Inability to Feel the Physical** – it is nearly impossible to sell things like furniture and tires online. Furniture is something people like to sit on and know the feel. Tires need to be installed once purchased. The old tires also need to be disposed of. In both instances, there is a need for real actions to fulfil the reason for the purchase. That's why things like food, jewellery, antiques etc. can never turn to E-commerce.
- **Trouble recruiting and retaining employees** – the company needs well-expert and skilled staff to keep up and create the ecommerce facilities of the company. Many companies favour to outsource their improvement and programming tasks to decrease labour costs.
- **Consumers feel less confident with their credit card numbers** – most of the consumers are still

not confident in providing their credit card numbers for making payments on the website while shopping on the Internet.

➤ **Not every company can take the benefit** – some of the small companies may not be able to take the benefit of E-commerce for example the lack of expertise and lack of technology. The legal environment in which E-commerce is conducted is full of unclear and conflicting laws. It should be noted that mostly these disadvantages stem from the newness and rapidly growth of the technology.

➤ **Cyber Laws** - Another important problem is lack of comprehensive cyber laws so as to ensure safety and protection. There should not be any legal regulations, or barriers to faster and increased development of e-commerce. The crying need of the hour is urgent action to be taken by the Government to enact cyber laws including electronic fund transfer, and Amendments of official Secrets Act.

➤ **Stock Dilemma** - Many people are not too happy with e-commerce trends. Though online shopping may be growing but so is frustration with it. A key source of dissatisfaction is the out of stock dilemma. In most cases, advertised products or services are not available.

➤ **Inadequate Government Role** - The government is not taking a serious view of e-commerce related information technology in terms of its promotion. Spreading awareness, imparting education, of the benefits of e-commerce, enacting new cyber laws, amendments to existing commercial laws, developing strong, communication infrastructure are the key domestic roles for the government to play.

CONCLUSION

In the present scenario with the new emerging technologies, people now prefer more and more convenient shopping. With advancement in internet connectivity, rise in personal disposable income, availability of desired products online, the trend is now shifting from traditional retailing toward a new hassle free online purchasing system through E-retailing. The future of E-commerce with E-Retailing is very enhancing due advancement in technologies, connectivity and globalisation of world market. The concerns regarding the quality of products, security of payment issues are also not becoming hurdles in the growth aspects and changing trends of retailing from traditional Commerce to E-

Commerce. Challenges in E-Commerce/E-tailing are now addressed by innovations like cash on delivery, money back guarantee, easy return policies etc. Due to lower barriers of entry, competition is likely to be quite high and since more and more competitors attracts towards E-retailing segment, Price based competition can lead to lowering of margins. However the next few years will see some consolidation in the market and investment inflow in this sector is quite likely. All the above factors are having much more influence on the E-commerce and its growing prospects from traditional to E-retailing. It is expected that it will further grow and take the place of traditional retailing business.

➤ www.knowledgetaiwan.org/ojs/index.php/ijbi/article

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