

# A Review of Consumer Perceptions of the Implications of E-Commerce

Vikash Kumar Jain<sup>1\*</sup>, Dr. Ranjit Singh<sup>2</sup>

<sup>1</sup> Research Scholar, Shri Krishna University, Chhatarpur M.P.

<sup>2</sup> Associate Professor, Shri Krishna University, Chhatarpur M.P.

**Abstract** - A developing idea that symbolizes the practice of acquiring, selling, or exchanging services and information across computer networks, "is referred to as E-commerce. E-readiness refers to a company's capability of successfully adopting, utilizing, and benefiting from information technology (IT) as in e-commerce. E-commerce is said to offer various advantages to SMEs, motivating them to embrace it. Customers give each other advice on everything from their favourite restaurant to their most dependable doctor. WOM marketing is an informal method of transferring information from one customer to another that does not require the participation of a marketer. Although additional forms of WOM merit investigation, the current study focuses on one type of WOM: online user-generated assessments.

**Keywords** - E-commerce, Word of Mouth, E-readiness, Customer's Opinions.

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## INTRODUCTION

The Indian government has shown a strong interest in developing small and medium-sized businesses as a result of changes made to the way imports are controlled by the government, the promotion of innovation, the support of entrepreneurs, and the provision of necessary financing during the early stages of the business. This is because it recognises the significance of SMEs in the national and global economy. By offering training and technological development services, the Small Industries Development Organization has been helping small firms (Shridhar, 2006). In locations where private, individual access to computers is not accessible, information and libraries centres have been constructed to give use of computer services (Sreenivasulu and Nandwana, 2001). To assist in the creation and use of new technology, the Government of India has been supporting the utilisation of connections between SMEs and technological support such as the National Small Industries Corporation (Kharbanda, 2001). To support this innovation, the Department of Science and Technology has established Science Parks and Technology Incubators. The Ministry of Telecommunication has been boosting data communication by establishing Software Technology Parks of India (Shridhar, 2006).

It is surprising that the state of e-commerce development among small and medium-sized businesses in India as a whole has not prompted many researchers to study the e-readiness of small and medium-sized e-businesses, despite statistics presented by the OECD1 showing that India is in the

lead when it comes to building the Infrastructure for information and communication technologies (ICT2). Despite endeavours from several state governments, there are still considerable questions about the possibilities of e-commerce for SMEs and the strategies they will use to take full advantage of the benefits of the electronic environment.

Unfortunately, Indian SMEs have fallen behind many other economies in the globe in adopting internet technology, making it impossible for them to fully profit from e-commerce. Even though e-commerce is becoming a more popular means of assisting businesses to participate in the market and thereby contribute to the economic development of India, smallest and medium-sized businesses in India are currently unaware of how investing in e-commerce could benefit their operations and give them a competitive edge. This needs to be seen in the context of how the economic, political, and social environment in which SMEs operate affects their preparedness to adopt e-commerce, taking into account the perceived advantages, challenges, and variety of uses of e-commerce.

The capacity of SMEs to adopt electronic commerce has been significantly impacted by the availability and declining costs of personal computers (Cragg and King, 1993; Poon and Swatman, 1999), but the for many businesses, the impact of e-commerce has been a mixed blessing. Before either savings from higher efficiency or a gain in revenue become apparent, developing ecommerce for a firm will almost probably result in a rise in expenditures as well. Because of this, many small and medium-sized

businesses are still dubious about making money online. There is still excitement about how e-commerce may assist businesses, what the expenses are, what the restrictions are, and how it can foster relationships between buyers and sellers. There haven't been many attempts by researchers to investigate the actual and intangible benefits that small and medium-sized businesses, particularly those in India, receive from employing e-commerce platforms.

## E-COMMERCE

E-commerce is described as "an emerging concept that represents the practise of purchasing, selling, or exchanging services and information over computer networks" by Turban et al. (2002, p. 4). E-commerce was described as "functions of information exchange and commercial transaction support that operate on telecommunications networks linking business partners (usually clients and suppliers)" by Raymond (2001, p. 411). E-commerce, in contrast, is described by Damanpour (2001, p. 18) as "any 'net' commercial activity that alters internal and external relationships to produce value and exploit market possibilities." E-commerce is described as "the electronic interchange of information, commodities, services, and payments" by Harrington and Reed (1996). E-commerce is "the use of electronic means and technology to conduct business, including inside business, business-to-business (B2B), and business-to-consumer (B2C)," according to Choi et al. (1997). E-commerce was described by Kalakota and Whinton (1997) as "the purchasing and selling of information, products, and services through the Internet." E-commerce is "the use of computers and electronic networks to conduct business over the Internet," according to APEC (1999). E-commerce, according to Nickerson (2001), is "the use of the Internet and World Wide Web to promote and sell goods and services." "Any application of ICT that helps enhance its connections with consumers and suppliers" is the definition of e-commerce (Payne, 2002).

E-commerce is described by the World Trade Organization (WTO) as "the manufacture, distribution, marketing, sale, or delivery of products and services via electronic means," according to Baker & McKenzie (2001). Another definition, offered by the European Union's Electronic Commerce Team, limits e-commerce to online transactions alone and states that "electronic commerce refers primarily to buying and selling items or services via the Internet" (Schulze and Baumgartner, 2001). The practise of purchasing, selling, transferring, or exchanging goods, services, and/or information through computer networks like the Internet is known as e-commerce.

Turban et al. (2002) offer further distinctions between online and offline e-Commerce. A few examples of non-Internet e-commerce include utilising a smart card to purchase goods or services from vending machines, as well as conducting business across a network using an intranet or simply a singular computational device.

Some academics define e-commerce in terms of web-based tools like intranets, extranets, websites, and email (Drew 2003). Apparently from others (Kendall, Tung, Chua, K.H., Ng, C.H.D., & Tan, S.M., 2001), e-commerce is a mix of business operations and Internet technology, such as contacts with consumers and suppliers. So in general, a website, email, intranet, extranet, LAN, wireless area network (WAN), and/or Voice over Internet Protocol are the basic elements of e-commerce (VOIP). E-commerce is a general term that unifies a variety of recent and old uses (Kalakota & Whinston, 1996).

If the e-commerce in SMEs is investigated in all the models described, it would be a monumental undertaking. According to the study, B2C commerce has been the most prevalent use of SMEs in India, where they are still in their infancy. After rounds of interviews the with shareholders of small and medium-sized enterprises suggested that different methods seemed to be unimportant for SMEs at this juncture, the subject of this dissertation was confined to B2C commerce alone.

## E-BUSINESS

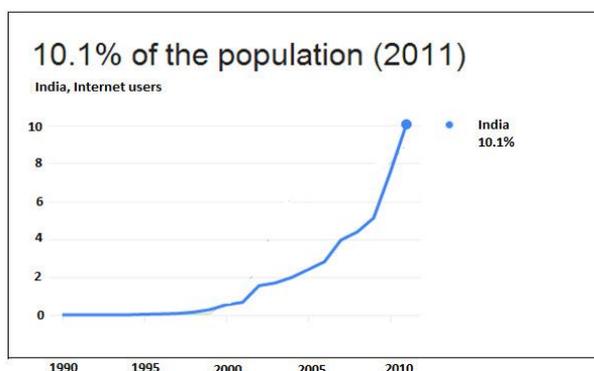
Due to frequent definitional misunderstandings among writers, the majority of the literature interchanges the words e-commerce with e-business (Electronic Business) (Pather, Erwin, & Remenyi, 2003). The phrase "e-business," which refers to conducting business through the internet, was initially used by IBM (Deitel & Nieto). According to Amro (2001), e-business is "a secure, flexible, and integrated approach to delivering differentiated business values by combining the systems and processes that run core business operations with the simplicity and reach made possible by internet technology." This concept is comparable to IBM's. The sales cycle is a part of e-business, which Deitel and Nieto define as a subset of e-commerce.

E-business is made up of these similar parts but also includes activities that are handled within the firm itself, whereas e-commerce involves "trade among customers, business partners, and vendors." E-business was equated with e-commerce in Turban et.al., (2003)'s study, which utilised the term in its fullest sense. According to Kotler, (2003) "electronic business" refers to the use of technological platforms and techniques to accomplish commercial activities While combination of textual are constructed to ease sharing of information, orders, transactions, and reimbursements with significant distributors and retailers, intranets are designed to facilitate personnel contact among themselves as well as the downloading and uploading documents between and among computers system.

## E-COMMERCE IN INDIA

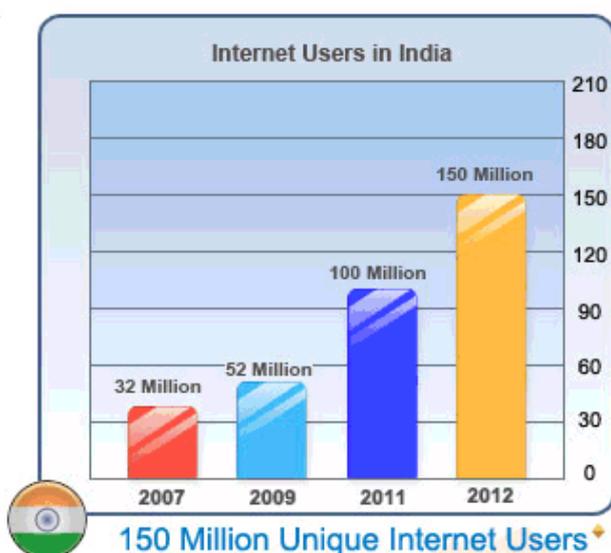
Various reports that occasionally surface in the press can be used to estimate the present state of

e-commerce in India. The Confederation of Indian Industry directed Indian Market Research Bureau to conduct a poll on e-commerce, and the results support the notion that e-"global commerce's flavour" distinguishes it from other forms of trade. Evidently, e-commerce is beginning to realise its full potential in India as well. On the one hand, Indian e-commerce solutions are increasingly in demand on a global scale, while on the other, e-commerce-based companies are making a distinctive impact on the competitiveness of technology. Entrepreneurship and business might undoubtedly present India with a significant opportunity. India is actually poised to become a major force in global e-commerce. The exponential increase of Internet users is evidence of this. Exhibits 1 and 2 illustrate how internet users made up 10.1% of the population in 2011. According to a Boston Consulting Group (BCG) assessment, by 2016, there could be 330 million Internet users in India, up from 125 million in 2011.



Sources include: World Bank

**Exhibit 1**



**Exhibit 2**

According to a report by the Internet and Mobile Association of India (IMAI), e-commerce services are becoming increasingly popular in areas like legacy application integration, Internet application integration,

the migration of enterprise resource planning (ERP), electronic data interchange (EDI), customer relationship management (CRM), customer service management (CSM), and customer service management (CSM) to browser paradigms, new IT infrastructures, and marketing strategy alignment.

Additionally, the NASSCOM survey's conclusions on the domestic e-commerce environment state that:

- More than 90% of user companies reported a deep awareness of the growing usage of e-commerce and its potential advantages.
- E-commerce transitions were a key component of company planning, according to more than 55% of corporate respondents.
- About 23% of India's top 500 corporations have already launched some sort of e-commerce venture. These have been made possible by the upgrading of current IT systems, brand-new installations, or e-commerce transactions.

### **E-READINESS OF SMEs FOR E-COMERCE**

E-readiness alludes to an industry's capability to effectively integrate, integrate, and prosper from information technology (IT) such as e-commerce. The interpretation is a natural counterpoint to APEC's quantitative definition of e-readiness, which distinguished e-readiness as "the great extent to which an economic growth or neighbourhood is capable of participating in the digital economy" (APEC, 1999), and is measured using quantitative research methods such as weighted average the business environment, policy, and legal framework, along with the ICT infrastructure. On a yearly basis, various organisations release the outcomes of country e-readiness rankings.

Globally, a number of countries, primarily in the developed world, particularly North America and Europe, have already achieved significant levels of e-readiness, while others are on the verge of doing so. The United States, Canada, Turkey, Malta, and Estonia are among them.

While a variety of tools have been developed to assess e-readiness for various enterprises, researchers have focused on identifying the e-readiness variables that significantly discriminate between organisations that achieve greater e-commerce success from those that do not.

### **PERCEIVED BENEFITS OF E-COMMERCE**

E-commerce is said to offer various advantages to SMEs, motivating them to embrace it. E-commerce technologies have the considerable benefit of lowering the cost of information transmission and transfer. Because no expensive brochures are used, publishing and postal costs are reduced. Another benefit of using ICT in e-commerce is that it may be used as a marketing tool. It is a low-cost method of

catalogue distribution, and new items or services can be offered quickly on the Internet. Customers can access business content provided on the WWW at any time of day or night.

It is widely assumed that the internet offers a very low-cost means of selling products and services to local and global markets, as well as linking organisations with their customers (Hamill and Gregory, 1997). (Haynes et al., 1998). Perceived benefits are the advantages that e-commerce offers over traditional commercial techniques. According to business and economic study highlighting the benefits of e-commerce, e-commerce has developed new techniques to build business opportunities and drive robust economic growth (Wong, Hsu, & Steele, 2005). Increased e-commerce use has not only provided countries with wealth, but it has also strengthened their economies (Mandal, 2004; Rose & Straub, 1998).

E-commerce significantly reduces the cost of market research. Potential or target customers can be contacted in both domestic and foreign markets. Furthermore, a successful website that is both engaging and provides the information needed for purchasing decisions improves an organization's image and public awareness quickly.

#### **GOVERNMENT INITIATIVES TO PROMOTE E-COMMERCE**

Over the last several years, the Indian government has taken significant steps to foster an atmosphere suitable to e-commerce activities. These are some examples:

- Publication of the Information Technology Act of 2000, which established a cyber-law framework in the country.
- Authorization granted to private Internet Service Providers to establish international gateways.
- Permission to access the Internet via the cable TV infrastructure.
- Beginning of construction of the National Internet Backbone.
- The privatisation of national long-distance telecommunications services.
- No monopolisation of undersea fibre access for ISPs.
- Free right of way facility for private access providers to install optical fibre networks along national highways, state highways, and other roadways.
- The Department of Telecommunications has permitted government and closed user group networks to connect.
- The development of public telecommunications information centres (PTIC) with multimedia capability has been approved.

#### **CONSUMER OPINIONS**

These days, it's difficult to disregard user input. Word-of-mouth advertising now reaches thousands of existing and potential customers in addition to a customer's close friends and family thanks to technology. As a result, researchers and professionals are studying the topic of user-generated content. The majority of current research on this topic focuses on using user-generated feedback to influence purchasing decisions.

Customers provide one another advise on a range of subjects, from their favourite restaurant to their most reliable doctor. Word-of-mouth (WOM) marketing refers to this informal method of spreading information from one customer to another without the involvement of a marketer. Due of its potential influence on consumer purchasing behaviour, customer attraction, and therefore higher organization income, WOM is crucial. WOM has been shown to positively impact client acquisition, in fact. In the past, people would tell their friends and relatives about goods and services. However, the introduction of the internet gave customers even another platform to voice their concerns. The current report concentrated on one type of WOM: online user-generated reviews, despite the fact that other forms of WOM are as deserving of investigation. Consumers review a lot of goods and services online, but the hotel sector has firsthand knowledge of these developments. It goes without saying that the source and type of feedback are crucial. This feedback comes in both good and negative forms. The goal of the current study was to determine how much weight hotel management gave to each of these two factors. While previous research focused on the procedures for handling complaints in the hospitality sector, the current study shows how both positive and negative feedback is handled, the relative weight given to each, and some of the actions taken in response to such feedback, such as choices regarding the amenities provided to guests, training initiatives, policies and procedures, and other critical managerial decisions.

Online reviews are a common type of electronic word-of-mouth (eWOM) that can speed or stymie the market's adoption of newly announced services. While empirical research supports the impact of online reviews on attitudes and behaviours, little is known about the consequences of the source of the review, that is, whether it comes from a peer consumer or an expert, on the recipient of the review. Two trials that take into consideration reviewer (expert, consumer), service type (mobile package, restaurant, vehicle repair), customer (degree of general innovativeness), and review-related (positive, negative) aspects show a complicated interplay between the review's source and its valence. While a good expert review appears to be more helpful in raising the recipient's desire to purchase when compared to a consumer peer review, a bad consumer review decreases the recipient's intention to purchase more drastically

than a negative expert evaluation. We also discover impacts of the service category and customer innovation throughout the studies. Our study adds to the current and expanding corpus of empirical research on the influence of contributing factors in online evaluations of various product kinds.

The COVID-19 epidemic brought about the worst economic shock on a worldwide scale since World War II. This pandemic's recession changed the way that businesses, consumers, and public actors behaved by bringing about wide-ranging structural changes. For instance, restaurants were made to lock their doors, and travelers were forbidden from entering certain countries. Additionally, this crisis hastened the trend of digitization and compelled business owners across a wide range of industries to embrace new business models in order to survive. The epidemic also altered demand patterns across industries and countries, exposing weaknesses in many industries' and service networks' worldwide supply chains. Micro, small, and medium-sized businesses (MSMEs), who often find it difficult to sustain themselves, let alone develop under such extreme conditions, were very badly hit by the COVID-19 pandemic.

Nowadays, it is generally accepted that online technology and digital apps are the best ways to develop stronger bonds with clients. In today's extremely volatile economic climate, traditional marketing methods are becoming more unable to provide a sustainable competitive advantage and growth. Digital technologies for marketing communication improve interactions between marketing partners, helping businesses to build and maintain long-lasting connections with clients in line with their common objectives. Therefore, one of the objectives of this study was to look at how digital marketing affected MSMEs' ability to do business during the COVID-19 epidemic. Everyone's life was dramatically altered by the COVID-19 epidemic, which forced companies to adjust to a quickly shifting market climate. Customer Relationship Management (CRM) enables businesses to stay adaptable in such situations, embrace product/service innovation, satisfy changing client expectations, and open up new lines of connection with customers. Using a relational approach to manage company initiatives, CRM seeks to increase customer pleasure, loyalty, and retention while also spotting new business prospects.

## CONCLUSION

This is hereby concluded that E-commerce is a new term that refers to the practice of buying, selling, or exchanging services and information over computer networks. As a result, SMEs are perceived to gain from e-commerce, driving them to embrace it. WOM marketing is an informal method of disseminating information from one client to another without the intervention of a marketer. As a result, the study's goal is to focus on one type of WOM: online user-generated

reviews, despite the fact that other types of WOM are equally worthy of investigation.

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### Corresponding Author

**Vikash Kumar Jain\***

Research Scholar, Shri Krishna University,  
Chhatarpur M.P.