The Impact of E-Commerce on Business Concern

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Abstract

The said research paper involves a study of the impact of E-Commerce on Business. The research study has highlighted the Management Information Systems, Finance and Accounting, Marketing and Computer Sciences of E-Commerce on Business. E-commerce is a way of conducting business over the Internet. Though it is a relatively new concept, it has the potential to alter the traditional form of economic activities. Already it affects such large sectors as communications, finance and retail trade and holds promises in areas such as education, health and government. The integration of E-Commerce and Business will bring a renaissance in marketing function. As it present opportunities to get close to the customer to bring the customer inside the company, to explore new product ideas and pretest them against real customers.

Keywords: E-Commerce, Management Information Systems, Finance, Accounting, Marketing, Computer Sciences.

Introduction

E-commerce has a significant impact on business costs and productivity. E-Commerce has a chance to be widely adopted due to its simple applications. Thus it has a large economic impact. Electronic Commerce provides the capability of buying and selling products and information on the internet and other on-line service. Electronic commerce or e-commerce refers to a wide range of online business activities for products and services. Electronic commerce is transforming the marketplace by changing firms' business models, by shaping relations among market actors, and by contributing to changes in market structure. It is difficult to single out the impact of electronic commerce. Some businesses address three themes associated with electronic commerce and the organizational changes it entails: changes in business models, changes in market structure and opportunities for economic growth created by organizational change. Electronic commerce creates the possibility of new models for organizing production and transacting business, by offering inters modality and complementarily – not only substitution – in business models.

E-Commerce plays an important role in the economic growth and development of nation. It is a purposeful activity includes in planning, controlling, promotion and also distribution of various goods and services. In this research paper will describe how the Business spirit plays an important role in nation's growth. It also pertains to any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact. E-commerce is usually associated with buying and selling over the Internet or conducting any transaction involving the transfer of ownership or rights to use goods or services through a computer-mediated network. Though popular, this definition is not comprehensive enough to capture recent developments in this new and revolutionary business phenomenon. A complete definition is: 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. While some use e-commerce and e-business interchangeably, they are distinct concepts. In e-commerce, information and communications technology is used in inter-business or inter- organizational transactions and in business-to-consumer transactions.

E-commerce is a way of conducting business over the Internet. Though it is a relatively new concept, it has the potential to alter the traditional form of economic activities. Already it affects such large sectors as communications, service, finance, retail trade and holds promises in areas such as education, health, transport and government. The largest effects may be associated not with many of the impacts that command the most attention but with less visible, but potentially more effects on routine business activities. E-commerce presents opportunities to accelerate business processes, reduce costs, reach new customers and develop new business models and markets in the business concern.

Conceptual Background of the Research Study

In the age of Globalization, tremendous progress in science and technology has brought changes to the world of trade, commerce, banking & marketing. E-Commerce expands the marketplace to national and international markets. It decreases the cost of creating processing, distributing and retrieving paper-based information. The Importance of E-Commerce is very wide because it reduces the transaction cost. Reduced transaction cost leads to consumer empowerment. In short, E-Commerce is bringing about a very big change in commerce and marketing.

E-Commerce is the process of buying and selling or exchanging of product, services and information via computer networks including the internet. It is the application of technology toward the automation of business transaction and work flow. It is the delivery of information; Products, Services, or payments over telephone lines, computer network, or any other electronic means. It is a tool that addresses that desire of firms, consumers and management to cut service costs while improving the speed of service delivery. E-Commerce remains a relatively new, emerging and constantly changing area of business management and information technology. There has been and continues to be much publicity and discussion about e-commerce.

For the purpose of clarity, the distinction between e-commerce and e-business in this research paper is based on respective terms commerce and business. Commerce is defined as embracing the concept of trade, 'exchange of merchandise on a large scale between different countries.' By association, e-commerce can be seen to include the electronic medium for this exchange. Thus electronic commerce can be broadly defined as the exchange of merchandise (whether tangible or intangible) on a large scale between different countries using an electronic medium – namely the Internet. The implications of this are that e-commerce incorporates a whole socio-economic, telecommunications technology and commercial infrastructure at the macro-environmental level.

All these elements interact together to provide the fundamentals of e-commerce. Business, on the other hand, is defined as 'a commercial enterprise as a going concern.' E-business can broadly be defined as the processes or areas involved in the running and operation of an organization that are electronic or digital. These include direct business activities such as marketing, sales, human resource accounting and human resource management but also indirect activities such as business process re-engineering and change management, which impact on the improvement in efficiency and integration of business processes and activities.

Research Methodology

For the said present research study is based on the secondary data. Such secondary data is collected from various reference books on E-Commerce, E-Business, Marketing Management, Marketing Research, Mobile Commerce, Internet Marketing, Electronic Advertising, Economics, Commerce, Management, Banking, etc. For the said research study the secondary data is also collected from the various National and International Research Books and Journals which are related to E-Commerce, Internet, Commerce, Banking, Management and Information Technology.

The present research study the data pertaining to the following objectives was collected by the review of the literature on the subject concerned. The literature was thus collected by visiting libraries and various concerned websites.

Objectives of the Research Study

Many E-Commerce business activities present different objectives. These may be specific and immediately measurable objectives as well as more general and complex. The most commonly cited objectives of the impact of electronic commerce on business are:

1. To study the theoretical concept of E-Commerce.
2. To study the E-Commerce Models of Business.
3. To study the impact of E-Commerce on Business.
4. To study the benefits of E-Commerce to Organizations, Consumers and Society.
5. To study the barriers to E-Commerce.

Hypothesis of the Research Study

E-Commerce is where business transactions take place via telecommunications networks, especially the Internet. E-commerce describes the buying and selling of products, services and information via computer networks including the Internet. It is defined as the conduct of a financial transaction by electronic means. The present said research study was carried out with following hypothesis in view:-

1. E-Commerce reduces the time between the outlay of capital and the receipt of products and services.
2. The use of internet for business marketing the goods and services are increasing day by day.
3. The impact of E-Commerce is positively affecting business marketing.

e-commerce Models

Creating an e-commerce solution mainly involves creating and deploying an e-commerce site. The first step in the development of an e-commerce site is to identify the e-commerce model. Depending on the parties involved in the transaction, e-commerce can be classified into main four models. These are discussing as follows:

1. Business-to-Business (B2B) Model

This is said to be the fastest growing sector of e-commerce. The B2B model is predicted to become the largest value sector of the industry within a few years. The B2B model involves electronic transactions for ordering, purchasing, as well as other administrative tasks between houses. It includes trading goods, such as business subscriptions, professional services, manufacturing, and wholesale dealings. Sometimes in the B2B model, business may exist between virtual companies, neither of which may have any physical existence. In such cases, business is conducted only through the Internet. The main two advantages of the B2B model such as it can efficiently maintain the movement of the supply chain and the manufacturing and procuring processes, and it can automate corporate processes to deliver the right products and services quickly and cost-effectively.

2. Business-to-Consumer (B2C) Model

The B2C model involves transactions between business organizations and consumers. It applies to any business organization that sells its products or services to consumers over the Internet. These sites display product information in an online catalog and store it in a database. The B2Cmodel also includes services online banking, travel services, and health information. The B2C model of e-commerce is more prone to security threats because individual consumers provide their credit card and personal information n the site of a business concern. In addition, the consumer might doubt that his information is secured and used effectively by the business organization. This is the main reason why the B2C model is not very widely accepted. Therefore, it becomes essential for the business organizations to provide security mechanisms that can guarantee a consumer for securing business information.

3. Consumer-to-Consumer (C2C) Model

The C2C model involves transaction between consumers. Here, a consumer sells directly to another consumer. Online auction Web sites that provide a consumer to advertise and sell their products online to another consumer. However, it is essential that both the seller and the buyer must register with the auction site. While the seller needs to pay a fixed fee to the online auction house to sell their products, the buyer candid without paying any fee. The site brings the buyer and seller together to conduct deals. Any buyer can now browse the site of www.ebay.com to search for the product he interested in. If the buyer comes across such a product, he places an order for the same on the Web site of eBay. eBay now purchase the product from the seller and then, sells it to the buyer. In this way, though the transaction is between two customers, an organization acts as an interface between the two organizations.

4. Consumer-to-Business (C2B) Model

The C2B model involves a transaction that is conducted between a consumer and a business concern. It is similar to the B2C model. However, the difference is that in this case the consumer is the seller and the business organization is the buyer. In this kind of a transaction, the consumers decide the price of a particular product rather than the supplier. This category includes individuals who sell products and services to organizations. In addition to the models discussed so far, five new models are being worked on that involves transactions between the government and other entities, such as consumer, business concern, and other governments. All these transactions that involve government as one entity are called e-governance.

The Various Models in the E-Governance Scenario Are

a) Government-to-Government (G2G) model: This model involves transactions between 2governments. For example, if the Indian government wants to by oil from the Arabian government, the transaction involved are categorized in the G2G model.

b) Government-to-Consumer (G2C) model: In this model, the government transacts within individual consumer. For example, a government can enforce laws pertaining to tax payments on individual consumers over the Internet by using the G2C model.

c) Consumer-to-Government (C2G) model: In this model, an individual consumer interacts with the government. For example, a consumer can pay his income tax or house tax online. The transactions involved in this case are C2G transactions.
d) Government-to-Business (G2B) model: This model involves transactions between government and business organizations. For example, the government plans to build a flyover. For this, the government requests for tenders from various contractors. Government can do this over the Internet by using the G2B model.
e) Business-to-Government (B2G) model: In this model, the business houses transact with the government over the Internet. For example, similar to an individual consumer, business houses can also pay their taxes on the Internet.

The Impact of Electronic Commerce on Business

E-Commerce and E-Business are not solely the Internet, websites or dot-com companies. It is about a new business concept that incorporates all previous business management and economic concepts. As such-Business and E-Commerce impact on many areas of business and disciplines of business management studies.

1. Management Information Systems – Analysis, design and implementation of e-business systems within an organization; issues of integration of front-end and back-end systems
2. Human Resource Management – Issues of on-line recruiting, home working and 'Entrepreneurs' works on a project by project basis replacing permanent employees.
3. Finance and Accounting – On-line banking; issues of transaction costs; accounting and auditing implications where 'intangible' assets and human capital must be tangibly valued in an increasingly knowledge-based economy.
4. Economics – The impact of e-commerce on local and global economies; understanding the concepts of a digital and knowledge-based economy and how this fits into economic theory
5. Production and Operations Management – The impact of on-line processing has led to reduced cycle times. It takes seconds to deliver digitized products and services electronically; similarly, the time for processing orders can be reduced by more than 90 percent from days to minutes. Production systems are integrated with finance marketing and other functional systems as well as with business partners and customers.
6. Marketing – Issues of on-line advertising, marketing strategies and consumer behavior and cultures. One of the areas in which it impacts particularly is direct marketing. In the past, this was mainly door-to-door, home parties and mail order using catalogs or leaflets.
7. Computer Sciences – Development of different network and computing technologies and languages to support e-commerce and e-business, for example linking front and back office legacy systems with the 'web-based' technology.
8. Business Law and Ethics – The different legal and ethical issues that have arisen as a result of global 'virtual' market issues such as copyright laws, the privacy of customer information, and legality of electronic contracted.

The Benefits of E-Commerce to Business

The previous sections have included discussions about what e-commerce is and its impact, but what are the benefits of e-commerce? What does it offer and why do it? The benefits of e-commerce can be seen to affect three major stakeholders: Business Organizations, Consumers and Society.

Benefits of E-Commerce to Business

a) International Marketplace - What used to be a single physical marketplace located in a geographical area has now become a borderless marketplace including national and international markets? By becoming e-commerce enabled, businesses now have access to people all around the world. In effect, all e-commerce businesses have become virtual multinational corporations.

b) Operational Cost Savings - The cost of creating, processing, distributing, storing and retrieving paper-based information has decreased.

c) Mass Customization - E-commerce has revolutionized the way consumers buy goods and services. The processing allows for products and services to be customized to the customer's requirements. In the past when Ford first started making motor cars, customers could have any color soling as it was black. Now customers can configure a car according to their specifications within minutes on-line via the www.ford.com website.

d) Lower Telecommunications Cost - The Internet is much cheaper than value-added networks (VANs) which were based on leasing telephone lines for the sole use of the organization and its authorized partners. It is also cheaper to send a fax or e-mail via the Internet than direct dialing.

e) Digitization of Products and Processes - Particularly in the case of software and music/video products, this can be downloaded or e-mailed directly to customers via the Internet in digital or electronic format.

f) No more 24-hour-time Constraints - Businesses can be contacted by or contact customers or suppliers at any time.

The Barriers of E-Commerce

The drivers of e-commerce were identified and summarized there are barriers to the growth and development of e-commerce. Numerous reports and surveys identify the different kinds of barriers, and many of them focus on security as being one of the largest inhibitors to and problems for e-commerce. Different nations are at different stages of development of e-commerce and as such the issues that are relevant to one nation may not be relevant to another. Similarly, the issues that are relevant to the type of organization also differ. Overall, all kinds of organizations have similar barriers but with different emphases for discuss as follows:

1. Commercial Infrastructure - Relates to issues such as international trade agreements, taxation laws and other legal agreements that facilitate all kinds of on-line trading and so is a barrier relevant to all types of businesses.
2. Technology Infrastructure - Deals with issues of standardization of systems and applications, which is a particular concern for larger organizations who want to implement solutions such as value chain integration and e-supply chain management.
3. Internet Infrastructure - Deals with issues such as availability and quality of the Internet in terms of speed and reliability. This barrier is of particular concern to Business to Consumer organizations, since their business relies more on general consumers, and so the ease with which the general public can connect to the Internet has a direct impact on their Web-based business.
4. Security - In its broadest term is one of the most significant barriers toe-commerce both within the organization and external to it. Identified as Security and Encryption; Trust and Risk; User Authentication and Lack of Public Key Infrastructure; Fraud and Risk of Loss it relates to the development of broader security infrastructure and it also relates to the kinds of measures barriers to e-commerce businesses can take to improve security.
5. Interoperability of systems– This is identified as one of the major barriers for large US-based Business to Business Corporations. This refers specifically to implementation and compatibility problems of integrating new e-commerce applications with existing legacy

systems and resources within organizations. This problem also extends to interacting with systems of business partners and stakeholders.

6. Lack of Qualified Personnel- This is a particularly strong concern because internally they do not have sufficient resources to attract and maintain their support staff to develop a sophisticated technology infrastructure. With regards to third parties, the qualified personnel tended to work for larger organizations.

Conclusion

This research paper involves a study of the inability to find the product or services of interest quickly is the biggest barrier to effective marketing this problem may be overcome through E-commerce, where number of companies offer several products thought the net. In Short, Indian e-commerce has to face many difficulties in web marketing because of infrastructural difficulties and computer illiteracy. Majority of the customers live in rural areas do not sufficient knowledge about computer and internet. Some of customers in urban areas do not have credit facilities and therefore online buying and selling of goods is limited to urban class having knowledge of computer internet if Indian marketers take into account essentials of good website they can make success marketing in international markets.

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