

Factors affecting E-Commerce /Key Drivers of E-commerce:

There are many environmental factors that can affect e- business. It is common for managers to assess each of these factors closely. The aim is always to take better decisions for the firm's progress. Some common factors are political, economic, social and technological (known as PEST analysis).



1. Political factors

It includes the role of government legislation, initiatives and funding to support the use and development of e-commerce and information technology. Several aspects of government policy can affect e-commerce business. All firms must follow the law. Managers must find how upcoming legislations can affect their activities. The government's role in developing countries is an important one as it facilitates the essential requirements for the development of E-Commerce such as:

- Providing strong and secure on-line payment options
- Ensuring a solid ICT (Information and Communications Technology) infrastructure
- Providing educational programs

- Building up awareness using different means such as media and education institutions

2. Economic factors

It includes the general wealth and commercial health of the nation and the elements that contribute to it. Economic efficiency results in the reduction of communications costs, low-cost technological infrastructure, speedier and more economic electronic transactions with suppliers, lower global information sharing and advertising costs, and cheaper customer service alternatives. Economic integration is either external or internal. External integration refers to the electronic networking of corporations, suppliers, customers/clients, and independent contractors into one community communicating in a virtual environment (with the Internet as medium). Internal integration, on the other hand, is the networking of the various departments within a corporation, and of business operations and processes. This allows critical business information to be stored in a digital form that can be retrieved instantly and transmitted electronically. Internal integration is best exemplified by corporate intranets. Among the companies with efficient corporate intranets are Procter and Gamble, IBM, Nestle and Intel.

3. Social factors

Incorporating the level and advancement in IT education and training which will enable both potential buyers and the workforce to understand and use the technology. Rising standards of living and a rapidly increasing, upwardly mobile middle class with high disposable incomes, busy lifestyles, urban traffic congestion and lack of time for offline shopping have given boost to e-commerce. Evolution of websites such as Flipkart, Snapdeal, ebay etc. has become a market place where seller registers with them and pays commission on every sale.

4. Technological factors

The development of ICT is a key factor in the growth of e-commerce. It has made communication more efficient, faster, easier, and more economical as the need to set up separate networks for telephone services, television broadcast, cable television, and Internet access is eliminated. Due to technological advances economic transactions have become much easier and faster and this has given boost to the development of e-commerce.

Other Factors:

Trust:

Trust can be a vital factor in business to consumer (B2C) E-Commerce. It gives consumers faith to buy products or services even if an e-trader is unknown. It encourages more use of E-

Commerce technologies, makes the e-transaction process easier, enhances the level of acceptance and adoption of E-Commerce, leads to the improvement of consumer commitment, raise customer satisfaction, introduces the concept of loyalty, sustains long-term relationships with customers and assists the acquiring of a competitive benefit. Future purchases can be motivated and increased prices tolerated. It reduces customer worries about information privacy, and helps customers to tolerate the irregular mistakes made by the e-trader.

Security, Fraud and Hacking:

It is widely acknowledged by both government and industrial organizations that, from a consumer point of view, issues of information security are a major obstacle to the growth of E-Commerce. The perception of risk regarding Internet security has also been recognized as a concern for both experienced and inexperienced users of Internet technologies.

This happens because the online availability and accessibility of the stored data of many corporations gives any hacker on the Internet the chance to steal data from these corporate databases. Findings depicted that many factors like security and privacy, trust, innovativeness, familiarity, and awareness level increase the acceptance of e-banking services among Indian customers.

Accessibility:

As the internet is fast becoming a major source of information and services, a well-designed e-commerce website has become essential so that citizens can access public information and improve their participation. E-commerce websites can serve as a tool for both communication and relations for the customers and general public. Information and data can easily be shared with and transferred to external stakeholder (Moon, 2002). The International Standards Organizations (ISO) has defined accessibility as “the usability of a product, service, environment or facility by people with the widest range of capabilities”.

Perceived Quality:

The perceived quality of a service has two dimensions; the technological dimension, which refers to what is delivered, and the functional dimension, which refers to how the service is delivered. Speed of response, offer updates, and site effectiveness, refers to the technical quality. Interactive communication, personalization of the communication and of the service, as well as new forms of customer access refers to the functional aspect of quality. Product/service quality is defined as the customer perception of the quality of information about the product/service that is provided by a website