Assignment no. 2

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Course:

Applications of ICT (CSC – 101)

Date of Submission:

30 March 2025

E-Commerce and Its Impacts

E-Commerce:

E-commerce, or *electronic commerce,* refers to buying and selling goods and services **on the Internet**. It can happen through mobile, laptop, or tablet devices. E-commerce is important because it allows businesses to reach a wider audience globally, lowers costs compared to traditional retail, and provides convenience for customers to shop anytime, anywhere.

There are different types of e-commerce B2B e-commerce, where *businesses sell their services or goods to other businesses* and B2C e-commerce where *businesses sell their goods or services to individual customers.*

Now the global trend in e-commerce is Mobile Commerce or m-commerce, in which *buying selling and transactions happen on smartphones*. This has a huge impact on e-commerce given the vast usage of smartphones. Artificial Intelligence is also being implemented in e-commerce e.g. *personalized product recommendations*, to manage stocks and *targeted marketing campaigns*. There are AI-powered chatbots to deal with customers on websites.

Impacts of E-Commerce:

E-commerce has changed the whole perspective of business as it is entirely different from the traditional, physical market. It made small businesses reach global customers, made shopping easier for consumers, and it also changed the mode of transactions. Along with its many benefits, there are disadvantages too like rising Cybersecurity threats and the environmental impact of all shipping and packaging. Following are the major impacts of e-commerce on different aspects of business and the world.

• Impact on Market and Retailers:

E-commerce has a huge impact on the market and retail in different ways. In e-commerce small businesses have **access to global customers**, the way money is exchanged is changed and advertisement is now also done differently. Intermediaries are reduced. Retail is different nowadays, instead of physically meeting the customer, now meetings happen online, and the product is delivered through various ways.

• Impact on Supply Chain Management:

Supply Chain Management is the coordination of a business's entire production flow, from sourcing raw materials to delivering finished products to customers. E-commerce like all other aspects of business has also revised this aspect. Now, instead of a customer coming to a retailer to collect his product, the product is delivered to the customer directly. *E-businesses have to manage their inventory, warehousing, fulfilling the order, logistics (transportation of goods) and returns management (process governing returned goods from customers).*

- ## Impact on Employment:

E-commerce has a multifaceted impact on employment. It has created new jobs in technology as managing an e-commerce business **requires high knowledge of the internet and technology** and it also requires skills and talents to manage not only the IT but also to exploit the large quantities of information about customer demands and production processes. Indirectly jobs are created via increased demand and productivity. The jobs lost are in the sector of traditional retail, due to automation, postal offices and travel agencies. [1]

- ## Impact on Customers:

E-commerce offers convenience, wider product choices and potentially lower prices. **Customers can shop from anywhere**, anytime without visiting the market physically. Customers have a large variety of products in front of them to buy. Since there are many e-commerce platforms for a single product, customers can simultaneously and easily compare the product and price. E-commerce also saves the time of customers.

- ## Impact on Environment:

There are positive as well as negative impacts of e-commerce on the Environment. Transportation is responsible for much of the carbon dioxide emissions. Since many products are delivered through a single vehicle at the same time. It reduces the number of vehicle trips, hence reducing CO_2 emission. E-commerce supports fewer paper resources since reports, bills, catalogues and advertisements are made on computers, **saving precious Trees.** [2]

Negative impacts of e-commerce are interestingly correspondent to positive impacts. With the increase in e-commerce, more technology is required, prompting the production of more efficient and high-performance computers which require more resource extraction. It causes more water consumption and electronic waste. E-commerce tends to use faster transportation means, which **can consume fossil fuels exponentially.** [2]

- ## Impact on Traditional Retail:

E-commerce is very different from traditional retail. Retail refers to the process of selling goods or services directly to end customers. In e-commerce, businesses sell goods or services online to consumers, mostly through specialized websites or apps and different social media platforms and transactions happen through digital means.

Distribution Channels:

E-commerce occurs through various distribution channels, like online marketplaces e.g. Amazon and eBay, and social media platforms. Businesses can make their own specialized website for commerce, creating a virtual store. Below is the detail of some distribution channels;

1. Direct-to-Consumer (DTC):

In DTC e-commerce, the brand or manufacturer sells products directly **from their site to consumers**. Brands make their own specialized websites, showcasing their products or services - a virtual store. e.g. the website of the famous tech brand A4Tech [URL](URL).

2. Online Marketplaces:

Online marketplaces are e-commerce platforms where many third-party sellers can list their products or services/businesses for customers to buy. The platform facilitates transactions or in some cases transport services. Famous of these online marketplaces are **Amazon**, Alibaba and eBay.

3. Dropshipping:

Drop-shipping is the method of selling online, without stocking or shipping goods. A drop shipper **doesn't have to manage a warehouse,** any inventory or packaging. Every process after the customer has made the order is outsourced. The drop shipper routes the order directly to the manufacturer for shipment to the customer.

4. Subscription Services:

A subscription business model is where customers **pay a recurring fee** to receive products or services over time. Industries like media, cable TV and software use this model, e.g. Netflix, and many software companies e.g. Adobe, license their products through subscriptions.

5. Social Commerce:

In social commerce businesses use **social media platforms** to sell and market their products. e.g. Facebook supports online purchases and Facebook pages. It is a very efficient way of business since businesses get access to a very large audience and it's also very convenient for customers.

References:

[1]: Enviromental Impact of E-commerce , Sunita Tiwari , Pratiba Singh , 2011 , International Conference on Environment Science and Engineering

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[2]: The impact of e-commerce on international trade and employment , Nuray Terzia , 7th International Strategic Management Conference

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