

Significance of E-Commerce

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Abstract: *E-commerce is a boom in the modern business. E-commerce means electronic commerce. E-commerce (Electronic commerce) involves buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, predominantly the Internet. E-commerce (Electronic commerce) is a paradigm shift influencing both marketers and the customers. Rather e-commerce is more than just another way to boost the existing business practices. It is leading a complete change in traditional way of doing business. This significant change in business model is witnessing a tremendous growth around the globe and India is not an exception. A massive internet penetration has added to growth of E-commerce and more particularly start-ups have been increasingly using this option as a differentiating business model. Moreover E-Commerce has significant influences on the environment. Although the model is highly used in current business scenario but the option has not been explored at its fullest. The current research has been undertaken to describe the scenario of E-Commerce, analyze the trends of E-Commerce. The study further examines the key variables imperative for the success of E-commerce business models. The term “e-commerce” is one way to express the potential of ICT to reshape all kinds of economic transaction processes. It affects all stages of communication before, during and after deliver of goods or services, and the payment flow respectively. This paper finds out how within the field of e-commerce a new breed of B2C and P2P market segments for buying and selling digital goods and services is emerging. The paper also focuses on the integration of payments and payment related steps in both areas of retail e-commerce. The paper makes an in depth analysis of the interfaces between actors and their respective systems, e.g. between customer and merchant, merchant and payment service provider, payment service provider and banking system. The paper is basically intended to make us understand how the process of economic development within a community is integrated with the new ICT based services especially e-commerce in developing countries.*

Keywords: Principal components, Community economic development, E-Commerce Opportunities and E-Commerce Business Models

I. INTRODUCTION

What is E-Commerce?

E-commerce means electronic commerce. It means dealing in goods and services through the electronic media and internet. E-commerce involves carrying on a business with the help of the internet and by using the information technology like Electronic Data Interchange (EDI). E-Commerce relates to a website of the vendor on the Internet, who trades products or services directly to the customer from the portal. The portal uses a digital shopping cart or digital shopping basket system and allows payment through credit card, debit card or EFT (Electronic fund transfer) payments. A more 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 (C. Nisha and G. Sangeeta, 2012). The main types of electronic commerce are: business-to-business (B2B); business to- consumer (B2C); business-to-government (B2G); consumer-to-consumer (C2C); and mobile commerce (m-commerce).

Electronic Commerce (E-Commerce) has almost overnight become the dominant on-line activity. Equally quickly it has become a significant element in commercial activities globally, both in the developed and developing countries where suitable infrastructure support is available or likely to be available. E- Commerce, of course, has no single definition, meaning only commercial activity which is somehow linked to or supported by electronic communications. It may be anything from a simple advertising presentation available on the World Wide Web, or an e-mail communication; all the

way to an entire multi-million dollar transaction initiated and promulgated in electronic form up; to and in some cases including the actual delivery via the net of information intensive goods or services.

II. METHODOLOGY

The significance of e-commerce can be assessed through various methodologies that take into account its impact on businesses, consumers, economies, and societies.

Here's a general methodology for evaluating the significance of e-commerce:

Market Analysis:

- Analyze market size: Determine the size of the e-commerce market globally, regionally, and within specific industries.
- Growth trends: Evaluate historical growth rates and forecast future trends in e-commerce sales and penetration.
- Market share: Assess the market share of e-commerce platforms and individual businesses within their respective sectors.

Economic Impact:

- GDP contribution: Quantify the contribution of e-commerce to the Gross Domestic Product (GDP) of countries or regions.
- Job creation: Evaluate the number of jobs created directly and indirectly by e-commerce activities, including logistics, marketing, and customer service.
- Tax revenue: Assess the tax revenue generated from e-commerce transactions, including sales tax, value-added tax (VAT), and corporate taxes.

Consumer Behavior:

- Adoption rates: Measure the rate at which consumers are adopting e-commerce for various types of purchases.
- Spending patterns: Analyze how e-commerce affects consumer spending patterns, including frequency of purchases, average transaction value, and product categories.
- Demographic analysis: Segment consumers based on demographic factors such as age, income, and location to understand differences in e-commerce adoption and behavior.

Business Impact:

- Revenue growth: Evaluate the impact of e-commerce on the revenue growth of businesses, particularly those with an online presence.
- Cost savings: Assess cost savings achieved by businesses through e-commerce, including reduced overhead costs, inventory management efficiencies, and streamlined operations.
- Competitive advantage: Analyze how e-commerce enables businesses to gain a competitive advantage by reaching new markets, expanding product offerings, and improving customer experience.

Social and Cultural Impact:

- Access and inclusivity: Evaluate the extent to which e-commerce improves access to goods and services for marginalized populations, including those in rural or remote areas.
- Cultural implications: Assess how e-commerce influences cultural norms, social interactions, and consumer behavior, including changes in shopping habits and brand loyalty.
- Environmental sustainability: Consider the environmental impact of e-commerce activities, including carbon emissions from transportation and packaging waste.

Technological Infrastructure:

- Digital infrastructure: Evaluate the quality and accessibility of digital infrastructure, including internet connectivity and mobile penetration, which are essential for supporting e-commerce.
- Technological innovation: Identify technological innovations driving advancements in e-commerce, such as artificial intelligence, big data analytics, and blockchain technology.

Regulatory Environment:

- **Regulatory framework:** Assess the regulatory environment governing e-commerce, including laws related to data privacy, consumer protection, taxation, and intellectual property rights.
- **Compliance challenges:** Identify challenges businesses face in complying with e-commerce regulations across different jurisdictions and the potential impact on market dynamics.

By employing these methodologies, researchers, policymakers, and businesses can gain a comprehensive understanding of the significance of e-commerce and its implications for various stakeholders.

Type of E-Commerce:

There are 4 types of E-Commerce

1) Business-To-Business E-Commerce:

B2B E-commerce is simply defined as e-commerce between companies. This is the type of e-commerce that deals with relationships between and among businesses. About 80% of e-commerce is of this type, and most experts predict that B2B e-commerce will continue to grow faster.

2) Consumer To Business E-Commerce:

Business-to-consumer commerce, or commerce between companies and consumers, involves customers gathering information; purchasing physical goods (i.e., tangibles such as books or consumer products) or information goods (such as software, or e-books); and for information goods, receiving products over an electronic network. It is the second largest and the earliest form of e-commerce.

3) Consumer To Consumer E-Commerce:

Consumer-to-consumer electronic commerce involves electronically facilitated transactions between some third parties. It perhaps has the greatest potential for developing new markets. C2C websites form a perfect platform for buyers and sellers who wish to buy and sell products of similar interest.

4) Business To Government E-Commerce:

Business-to-government E-commerce or B2G is generally defined as commerce between companies and the public sector. It consists of marketing products and services to various government levels.

Advantages of E-Commerce:

- **Global Reach:** E-commerce allows businesses to reach customers anywhere in the world, breaking down geographical barriers and expanding their potential market exponentially.
- **24/7 Availability:** Unlike traditional brick-and-mortar stores, e-commerce platforms are always accessible, allowing customers to shop at any time of the day or night, increasing convenience for both businesses and consumers.
- **Lower Operational Costs:** Operating an online store typically incurs lower costs compared to maintaining a physical retail space. This includes reduced expenses on rent, utilities, and staffing, enabling businesses to offer competitive pricing and higher profit margins.
- **Increased Customer Base:** With the ability to reach a global audience, e-commerce enables businesses to tap into new customer segments and demographics, leading to potential growth opportunities and increased sales.
- **Personalized Shopping Experience:** E-commerce platforms leverage data analytics to gather insights into customer preferences and behavior, allowing businesses to personalize the shopping experience through targeted marketing, product recommendations, and tailored promotions.
- **Convenience and Flexibility:** E-commerce offers unparalleled convenience for both businesses and consumers, allowing transactions to take place from anywhere with an internet connection. Customers can shop at their own pace and convenience, while businesses can manage operations remotely.
- **Scalability:** E-commerce platforms provide businesses with the flexibility to scale their operations rapidly in response to changing market demands. Whether it's expanding product offerings, entering new markets, or accommodating increased website traffic, e-commerce allows businesses to grow seamlessly.

- **Streamlined Inventory Management:** E-commerce systems automate inventory management processes, enabling businesses to track stock levels in real-time, reduce overstocking or stockouts, and optimize supply chain efficiency.
- **Lower Barrier to Entry:** Compared to traditional retail, starting an e-commerce business often requires lower initial investment and overhead costs. This lower barrier to entry allows entrepreneurs and small businesses to enter the market more easily and compete with larger established retailers.
- **Data-driven Insights:** E-commerce platforms generate valuable data on customer behavior, purchasing patterns, and website performance. Businesses can analyze this data to gain insights into market trends, customer preferences, and areas for improvement, facilitating data-driven decision-making and strategic planning.

Overall, e-commerce offers numerous advantages that enable businesses to expand their reach, increase sales, and enhance customer satisfaction in today's digital marketplace.

Market Size And Growth:

India's e-commerce market was worth about \$3.8 billion in 2009, it went up to \$12.6 billion in 2013. In 2013, the e-retail segment was worth US\$2.3 billion. About 70% of India's e-commerce market is travel related. According to Google India, there were 35 million online shoppers in India in 2014 Quarter 1 and is expected to cross 100 million mark by end of year 2016. Compound Annual Growth Rate (CAGR) vis-à-vis a global growth rate of 8–10%. Electronics and Apparel are the biggest categories in terms of sales.

Recent Trends In Indian E-Commerce Industry

India is a massive E-Commerce marketplace now with every age group comfortably transacting online – more often preferring shopping online instead of visiting offline stores for a bigger gamut of choices and offers.

E-Commerce industry is growing at an astounding rate in India and is expected to account for 1.61% of the global GDP by 2018. According to a report by Forrester, India is set to become the fastest growing market in the Asia-Pacific region with an expected growth rate of over 57% between 2012 and 2016.

- 1) Men in India shop 3X more than women While women continue to dominate the in-store markets, men with disposable incomes have taken it upon themselves to play the larger role in online shopping.
- 2) Cash-On-Delivery (COD) remains the most preferred online payment method. We Indians love the Cash-On-Delivery option; it gives us more control over online transactions since we don't have to pay until the product is at our doorstep. COD option during checkout has also been proven to boost impulse purchases.
- 3) 60% of online purchases happen during business hours.(9AM-5PM) This proven trend is a myth-buster that shows how integral a part online shopping has become in our day-to-day lives. Marketers can use this fact to schedule their promotions across advertising channels accordingly.
- 4) The Rural Pitch Ecommerce companies would emphasize more on attracting the customers from rural areas. Along with this, traditional business houses such as Tata Group and Reliance Industries will enter more aggressively into the ecommerce business.
- 5) Smartphone Apps: However, users browse products on desktops or laptops, they prefer transacting via smart phones because of their faster linkages to payment gateways. Smartphone ecommerce apps are also preferred as they offer more personalized shopping experience for customers and a better understanding of consumers for the ecommerce company. Further apps are also an opportunity to curate targeted promotions based on browsing or shopping cart history.

The Importance of eCommerce for your business:

E-commerce is perfect for modern businesses because it makes them more competitive, breaks down geographical barriers, etc., for entrepreneurs, startups, and even major corporations. Learn about the benefits of e-commerce here.

Some aspects illustrating the significance of e-commerce include:

1. E-Commerce helps you reduce your costs

It is not required to display all of your products in a physical location in order to establish an online business. In fact, there are numerous online businesses that only display their entire inventory on their e-commerce platform.

This includes saving on everything that needs energy, the Internet, etc., in addition, you don't need to rent or buy a space. It does not have to be as big as everything you sell if you only want to have one so that customers have a real place. You will be cutting your expenses in both scenarios.

2. E-Commerce helps businesses go global

This feature, which is directly related to the preceding point, enables you to sell your goods anywhere in the world. They won't feel the need to travel to your location only to view what you have to offer.

With a physical location, your reach will be constrained by the area you can serve, but having an eCommerce website will allow you to reach a wider audience. Customers from all around the world will be able to purchase your goods and services through it, regardless of location or time zone.

Additionally, this removes all kinds of linguistic and geographic restrictions. They will be able to purchase from other countries thanks to your e-commerce being translated into several languages.

The entire world is your playground if you use eCommerce and mobile commerce. Many clients who might be seated in another part of the world are able to access your goods or services.

So, starting your own online store and localizing it in other languages is a terrific idea if you want to expand your online business internationally.

3. E-Commerce can be done with fewer overheads & fewer risk

Compared to opening a brick-and-mortar store, starting an internet business might result in much reduced startup costs. The owner of a brick-and-mortar store or an internet business does not have to account for the expensive costs of shop rental, hiring a salesperson to win over customers, power costs, security measures, etc.

You'll then be able to price your goods competitively as a result. Also, having an internet store gives you the opportunity to benefit more while taking on less risk.

4. E-Commerce can broaden your brand & expand your business

Having an eCommerce site can help you grow your business, attract more consumers, and diversify your revenue streams by allowing you to sell a wider variety of goods and services. It's the best approach to transform your brand from a conventional brick-and-mortar business to a cutting-edge, well-known one.

With eCommerce, you don't need to have more than one branch; instead, you can reach all of your consumers from a single online store without worrying about changing locations. You can even run your online business from home.

It's vital to note that eCommerce will help both B2C and B2B companies increase brand recognition in the marketplace.

5. Your online store will stay open 24*7/365

Also, one of the major benefits of eCommerce that businesses who sell online can take advantage of is that their store hours are now 24/7/365 rather than the traditional 8-5 hours that ordinary stores are open.

Retailers can enhance their order volume in this way to increase sales. Customers can buy goods and services whenever they want, whether it is late at night or early in the morning, which is useful.

6. Personalise your shopping experience

Knowing (and being able to watch) what your customers do is one of the obvious benefits of having an online store. It would be physically uncomfortable for a potential customer to approach your store if you were always behind him, enquiring about his needs or the reasons why he was choosing not to purchase your product.

By sending an email, you can use eCommerce, for instance, to track where in the process you left a purchase and even to keep track of it.

Also, this can assist you have a better purchasing experience on a subsequent occasion by streamlining the order process or providing the customer with goods that share some of their preferences.

III. LITERATURE REVIEW

Internet and e-commerce are closely wrapped towards developed countries. But they can achieve tremendous benefits to developing countries if it is applicable as an ideal business purpose.

E-commerce is a revolution in business practices (Ohidujjaman, et al 2013). The term commerce is viewed as transactions conducted between business partners.

Electronic commerce is an emerging concept that describes the process of buying and selling or exchanging of products, services and information via computer networks including internet (Anupam-2011). Commercial transactions involve the exchange of value (e.g., money) across organizational or boundaries in return for products and services. Exchange of value is important for understanding the limits of e-commerce. Without an exchange of value, no commerce occurs (Laudon and Traver).

E-business has changed processes within and between enterprises. Electronic Data Interface (EDI), widely introduced twenty five years ago on dedicated links between firms, showed how information could be directly passed from the operating systems of one enterprise into the order processing, production and logistics systems of another (Clayton and Criscuolo). If implemented properly, E-commerce technologies can result in business process improvements and increased efficiencies. Leveraging Ecommerce technologies should result in improvements to developing countries, but so far have not produced the desired results (Jeffrey S. Ray-2011).

The development experienced in internet and other global online networks have, thus, created new commercial opportunities for e-commerce and creation of completely new sets of global and national trading relationships. This consequently, led to the perception that e-banking and e-commerce are now an inevitable aspect of financial services. It enables multiple buyers and sellers to come together on a common platform and conduct business without compromising individual requirements and relationships among the participants very quickly; (Harris and Spencer, 2002; Bairagi, 2011).

Electronic commerce is creating new opportunities to the global economic, for example in global travel and tourism industry. Transforming from traditional business method to electronic commerce method is hard and there were many different factors for companies to adapt them with electronic commerce factors (Nanehkaran, 2013). (Hasan, 2010) pointed out that nowadays e-commerce industries have increasingly become a necessary component of business strategy and a strong catalyst for economic development.

IV. RESULT AND DISCUSSION

E-commerce plays a pivotal role in modern business, offering a myriad of benefits that underscore its importance in today's digital economy. One of its primary advantages lies in its ability to provide businesses with a global reach, transcending geographical boundaries and allowing them to connect with customers around the world. This expansive reach opens up new markets and revenue streams, driving growth and expansion opportunities.

Moreover, e-commerce offers unparalleled convenience and accessibility for both businesses and consumers alike. With the ability to shop anytime, anywhere, using various devices, customers experience a level of convenience that traditional brick-and-mortar stores cannot match. This convenience factor not only enhances customer satisfaction but also fosters loyalty, as consumers increasingly turn to online platforms for their shopping needs.

Cost efficiency is another significant advantage of e-commerce. By eliminating many of the overhead costs associated with traditional retail, such as rent for physical stores and staffing expenses, businesses can operate more efficiently and offer competitive pricing to customers. This cost-saving aspect enables businesses to optimize their operations and allocate resources more effectively, ultimately leading to improved profitability.

Furthermore, e-commerce platforms generate vast amounts of data on customer behavior, preferences, and purchasing patterns. This data-driven insight is invaluable for businesses, as it allows them to tailor their marketing strategies, optimize inventory management, and personalize the shopping experience for customers. By leveraging data analytics, businesses can make informed decisions that drive growth and enhance customer satisfaction.

Scalability is also a key advantage of e-commerce. Unlike traditional retail, which often requires significant investment and time to expand operations, e-commerce platforms provide businesses with the flexibility to scale rapidly in response to changing market conditions and customer demand. This scalability enables businesses to expand product

offerings, enter new markets, and launch targeted marketing campaigns more efficiently, thereby driving growth and maximizing opportunities for success.

In conclusion, the importance of e-commerce in today's business landscape cannot be overstated. Its ability to provide a global reach, convenience, cost efficiency, data-driven insights, and scalability positions e-commerce as a fundamental pillar of modern business operations. As technology continues to evolve and consumer behaviors shift, businesses that embrace e-commerce stand to gain a competitive advantage and thrive in an increasingly digital world.

V. CONCLUSION

E-commerce is changing the way of buying & selling of products & services in India. E-commerce is future of shopping. Due to E-commerce, the gap has been reduced between manufacturers & consumers. According to the Indian population their vast scope for e-commerce because currently in India only 19% of people use the internet for selling & buying goods & services so remaining percentage we can consider that we having scope in Indian Market. There is a weak Cyber security Law in India which is why Indian People are facing challenges toward e-commerce. The future of e-commerce in India will be bright in the upcoming years if all essential factors would be implemented, by establishing cyber & have their benefits as per people's wish. The role of government is to provide a legal framework for e-commerce so that while domestic & international trade are allowed to expand their horizons, basic right such as privacy, intellectual property, prevention of fraud, consumer protection etc. are all taken care of. The expansion of e-commerce has been developed in rural as well as urban area in reign able cost for consumption, because of that more people are getting linked with e-commerce & the ratio of that is increasing day by day.

E-commerce provides tremendous opportunities in different areas but it requires careful application for consumer protection issues. Growth of e-commerce would also depend to a great extent on effective IT security systems for which necessary technological and legal provisions need to be put in place and strengthened constantly. While many companies, organizations, and communities in India are beginning to take advantage of the potential of e-commerce, critical challenges remain to be overcome before e-commerce becomes an asset for common people. In coming years customers will give orders for their products from their homes and from their office. Mobiles and computer are widely used in India now a days and user are eager to do shopping in internet. With the rapid expansion of the internet, e-commerce is set to play an important role in next coming years. Metro cities and urban areas are already using the facility of internet but in coming years the rural and sub-urban area will also use the facility of internet. So, the new opportunities will be open for small and big corporations.

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