



International Journal Of Scientific And University Research Publication

ISSN No **301/704**

Listed & Index with
ISSN Directory, Paris



Multi-Subject Journal



E-COMMERCE AND IT IMPACTS ON GLOBAL TREND AND MARKET

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ABSTRACT

Many economists and experts believe that in recent years, a revolution has occurred similar to the industrial revolution which the world has entered the information age. It makes large changes in the economic, social and cultural aspects. One aspect of this transformation is changes in economic relations between individuals, corporations and governments. Commercial exchange between people who had been based on paper documents to transactions of by us the systems based on electronic information. In this article we will discuss the benefits of e-commerce and its impact on the market.

KEYWORDS : E-Commerce, advantage, needs, global, impact.

INTRODUCTION

E-commerce has so many advantages in our life because it makes convenient in daily life of the people. Several explanations have been proposed for e-commerce that most of them are based on past experiences in the use of e-commerce. As with e-commerce, e-business also has a number of different definitions and is used in a number of different contexts. One of the first to use the term was IBM, in October 1997, when it launched a campaign built around e-business. Today, major corporations are rethinking their businesses in terms of the Internet and its new culture and capabilities and this is what some see as e-business. There is no one commonly agreed definition of e-commerce or e-business. Thus, there is a need to clarify terms being used and explain the context in which they are being applied. E-commerce has an impact on three major stakeholders, namely society, organizations and customers. There are a number of advantages, which include cost savings, increased efficiency, customization and global marketplaces. There are also limitations arising from e-commerce which apply to each of the stakeholders. In order to understand electronic commerce it is important to identify the different terms that are used, and to assess their origin and usage. These include information overload, reliability and security issues, and cost of access, social divisions and difficulties in policing the Internet. Successful e-commerce involves understanding the limitations and minimizing the negative impact while at the same time maximizing the benefits-commerce businesses usually employ some or all of the following practices:

- Ø Provide detail of virtual storefront on websites with online catalogs, sometimes gathered into a "virtual mall"
- Ø Buy or sell on online marketplaces.
- Ø Gather and use demographic data through web contacts and social media.
- Ø Use electronic data interchange, the business-to-business exchange of data.
- Ø Reach prospective and established customers by e-mail or fax (for example, with newsletters).
- Ø Use business-to-business buying and selling.
- Ø Provide secure business transactions.
- Ø Engage in retail for launching new products and services

2. WHAT IS THE E-COMMERCE?

Electronic commerce, commonly known as E-commerce, is trading in products or services using computer networks, such as the Internet. Electronic commerce draws on technologies such as mobile

commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web for at least one part of the transaction's life cycle, although it may also use other technologies such as e-mail. In the simplest case, it can be defined as doing business transactions in an electronic format. The European Commission has defined the e-commerce in 1977 as follow: The April 1997 edition (ERCIM News No. 29) reported that "Europe has been lagging with respect to the rest of the world in its way towards the information society". As far as electronic commerce is concerned there is strong activity developing and a focus that is specifically European is certainly arising. This is happening on three fronts - firstly there is serious use of electronic commerce in many European countries, including France, The Netherlands, Sweden and the UK; secondly, these national activities are being brought together through a new user body, Electronic Commerce Europe (ECE); thirdly the European Commission is bringing together its various actions under a co-operative umbrella and calling for serious implementation initiatives under the latest ESPRIT Thematic Calls.

E-commerce based on data processing, including text, sound, image. The business includes various activities such as the electronic exchange of goods and services, instant delivery of digital content, business plans, collaborative design and engineering, electronic stock exchange, government procurement, direct marketing, services after the sales. E-commerce is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the Internet. These business transactions occurs business-to-business, business-to-consumer, consumer-to-consumer or consumer-to-business. The terms e-commerce and e-business are often used interchangeably. The term e-tail is also sometimes used in reference to transactional processes around online retail. E-commerce is conducted using a variety of applications, such as email, fax, online catalogs and shopping carts, Electronic Data Interchange (EDI), File Transfer Protocol, and Web services. Most of this is business-to-business, with some companies attempting to use email and fax for unsolicited ads (usually viewed as spam) to consumers and other business prospects, as well as to send out e-newsletters to subscribers [1; 6].

3. GLOBAL TRENDS

In 2010, the United Kingdom had the biggest e-commerce market in the world when measured by the amount spent per capita. The Czech Republic is the European country where ecommerce delivers the biggest contribution to the enterprises total revenue. Almost a quarter (24%) of the country's total turnover is generated via the online channel.

Among emerging economies, China's e-commerce presence continues to expand every year. With 384 million internet users,

China's online shopping sales rose to \$36.6 billion in 2009 and one of the reasons behind the huge growth has been the improved trust level for shoppers. The Chinese retailers have been able to help consumers feel more comfortable shopping online. China's cross-border e-commerce is also growing rapidly. E-commerce transactions between China and other countries increased 32% to 2.3 trillion yuan (\$375.8 billion) in 2012 and accounted for 9.6% of China's total international trade in 2013. Alibaba had an e-commerce market share of 80% in China. Brazil's e-commerce is growing quickly with retail e-commerce sales expected to grow at a healthy double-digit pace through 2014. By 2016, eMarketer expects retail e-commerce sales in Brazil to reach \$17.3 billion. India's e-commerce growth, on the other hand, has been slower although the country's potential remains solid considering its surging economy, the rapid growth of internet penetration, English language proficiency and a vast market of 1.2 billion consumers although perhaps only 50 million access the internet through PCs and some estimate the most active group of e-commerce customers numbers only 2-3 million. E-commerce traffic grew about 50% from 2011 to 2012, from 26.1 million to 37.5 million, according to a report released by Com Score. Still much of the estimated 14 billion dollars in 2012 e-commerce was generated from travel sites [7; 8].

E-Commerce has become an important tool for small and large businesses worldwide, not only to sell to customers, but also to engage them. In 2012, e-commerce sales topped \$1 trillion for the first time in history.

4. IMPACT ON MARKETS AND RETAILERS

Economists have theorized that e-commerce ought to lead to intensified price competition, as it increases consumers' ability to gather information about products and prices. Research by four economists at the University of Chicago has found that the growth of online shopping has also affected industry structure in two areas that have seen significant growth in e-commerce, bookshops and travel agencies. Generally, larger firms are able to use economies of scale and offer lower prices. The lone exception to this pattern has been the very smallest category of bookseller, shops with between one and four employees, which appear to have withstood the trend [2].

Individual or business involved in e-commerce whether buyers or sellers rely on Internet-based technology in order to accomplish their transactions. E-commerce is recognized for its ability to allow business to communicate and to form transaction anytime and anyplace. Whether an individual is in the US or overseas, business can be conducted through the internet. The power of e-commerce allows geographical barriers to disappear, making all consumers and businesses on earth potential customers and suppliers.

5. BENEFIT OF ELECTRONIC COMMERCE

The benefits of e-commerce include it's the speed of access, a wider selection of goods and services, accessibility, and international reach. It's perceived downsides include sometimes- limited customer service, not being able to see or touch a product prior to purchase, and the necessitated wait time for product shipping. To ensure the security, privacy and effectiveness of e-commerce, businesses should authenticate business transactions, control access to resources such as webpages for registered or selected users, encrypt communications and implement security technologies such as the Secure Sockets Layer.

6. BENEFITS TO ORGANIZATIONS

E-commerce has many advantages for organizations which some of them are as follows:

Expands the marketplace to national and international markets,
Decreases the cost of creating, processing, distributing, storing and

retrieving paper-based information, allows reduced inventories and overhead by facilitating "pull" type supply chain management, the pull type processing allows for customization of products and services which provides competitive advantage to its implementers, Reduces the time between the outlay of capital and the receipt of products and services, Supports business processes reengineering (BPR) efforts, Lowers telecommunications cost the Internet is much cheaper than value added networks (VANs) [4].

7. BENEFIT TO CUSTOMERS

E-Commerce makes some of the benefits of customer which are enables customers to shop or do other transactions 24 hours a day, all year round from almost any location, provides customers with more choices, provides customers with less expensive products and services by allowing them to shop in many places and conduct quick comparisons, allows quick delivery of products and services in some cases, especially with digitized products, customers can receive relevant and detailed information in seconds, rather than in days or weeks, makes it possible to participate in virtual auctions, allows customers to interact with other customers in electronic communities and exchange ideas as well as compare experiences, electronic commerce facilitates competition, which results in substantial discounts.

8. BENEFITS TO SOCIETY

Finally, e-commerce can have good effects on society which are enables more individuals to work at home, and to do less traveling for shopping, resulting in less traffic on the roads, and lower air pollution, allows some merchandise to be sold at lower prices benefiting the poor ones, enables people in Third World countries and rural areas to enjoy products and services which otherwise are not available to them, facilitates delivery of public services at a reduced cost, increases effectiveness, and/or improves quality.

9. NEEDS OF E-COMMERCE

Today, in every aspect of our day to day life internet has become undivided part of our life. Every day the bank system online checks mail online every day. So it's only so it only makes sense that on line shopping has become an increasingly integral part of our society, exceeding \$200 billion in sales in 2010 alone. The internet economy is booming E-commerce sales are expanding by leaps and bounds at a rate of 20% and 25% growth each year, indicating a momentous shift in customer spending habit of human beings.

Shoppers are tuning to the internet rather than phone directories for convenience product reviews and up to date information. A business owner simply cannot rely on an advertisement in phone book. In fact customers are fifteen times more likely to look on the internet than they are to flip through a phone book to call a company. Every business is different, even each business differs but the requirement of power is same for all but today is important to live in internet to stay competitive. In the long run the net operating cost of a website becomes insignificant compared to the return on the investment that the advertisement delivers [6]. E-commerce can be divided into four main categories: B2B, B2C, C2B, and C2C.

9.1. B2B (BUSINESS-TO-BUSINESS)

Business-to-business (B2B) is commerce transactions between businesses, such as between a manufacturer and a wholesaler, or between a wholesaler and a retailer. Pricing is based on quantity of order and is often negotiable.

9.2. B2C (BUSINESS-TO-CONSUMER)

Business or transactions conducted directly between a company and consumers who are the end-users of its products or services. Business to consumer as a business model differs significantly from the business to business model, which refers to commerce between

two or more businesses.

9.3.C2B (CONSUMER-TO-BUSINESS)

Consumer-to-business (C2B) is a business model in which consumers individuals create value and businesses consume that value. C2B model, also called a reverse auction or demand collection model, enables buyers to name or demand their own price, which is often binding, for a specific good or service. The website collects the demand bids then offers the bids to participating sellers.

9.4.C2C (CONSUMER-TO-CONSUMER)

Customer to Customer (C2C) markets are innovative ways to allow customers to interact with each other. While traditional markets require business to customer relationships, in which a customer goes to the business in order to purchase a product or service. In customer to customer markets the business facilitates an environment where customers can sell these goods and or services to each other.

At this stage of its development, the most important categories of e-commerce are the first two above mentioned. The share of the other two categories is negligible in the larger context of global e-commerce. However, with the emergence of the World Wide Web and the relative easy accessibility to its services, the proportion between the share of business to business and business to consumer transactions has been dramatically shifted in the past three years. If this proportion was of ten to one⁸ in 1996 at a global scale, it reached in 1999 40%/60% in the United States and 31%/69% in the European Union⁹ [5;3].

CONCLUSION

E-commerce has undeniably become an important part of our society. The World Wide Web is and will have a large part in our daily lives. It is therefore critical that small businesses have their own to keep in competition with the larger websites. Since web developers have lowered down the prices for their services, it has become more affordable for small businesses to use the World Wide Web to sell their products.

E-commerce can conduct any business online and via the Internet to express. Many techniques have been developed in recent years and are expected to grow more than this. By e-commerce, the exchange of information related to the purchase and sale, required information for the transport of goods with less effort, exchange between banks and customers will be faster. Companies to communicate with each other haven't restriction and their relation to each other can be done easier and faster.

Advantages of e-commerce are cost savings, increased efficiency, and customization. In order to understand electronic commerce it is important to identify the different terms that are used, and to assess their origin and usage. These include information overload, reliability and security issues, and cost of access, social divisions and difficulties in policing the Internet. Successful e-commerce involves understanding the limitations and minimizing the negative impact.

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