

Electronic Commerce and the impact of Changing Pattern of Marketing: A Business Review with special reference to Indian Context

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Abstract: One of the most profound changes currently transpiring in the world of business is the introduction of electronic commerce. The impact of electronic commerce (ecommerce, or EC) on procurement, shopping, business collaboration, and customer services as well as on delivery of various services is so dramatic that almost every organization is affected. As trade barriers fall and global markets emerge, companies are adopting electronic commerce practices in order to remain competitive or to increase their market share. Electronic commerce (e-commerce) remains a relatively new, emerging and constantly changing area of business management and information technology. E-Business refers to the use of digital technology and the internet to execute the major business processes in the enterprise. e-Business includes activities for the internal management of the firm and for coordination with suppliers and other business partners. E-business is the use of the internet and other networks and Information Technologies to support e-commerce, enterprise communications and collaboration both within a networked enterprise and with its customer and business partners. E-business includes e-commerce, which involves the buying and selling and marketing and servicing of products, services and information over the internet and other networks. There has been and continues to be much publicity and discussion about e-commerce. E-commerce is changing all business functional areas and their important tasks, ranging from advertising to paying bills. The nature of competition is also drastically changing, due to new online companies, new business models, and the diversity of EC-related products and services. EC provides unparalleled opportunities for companies to expand worldwide at a small cost, to increase market share, and to reduce costs. This paper provides a framework for new, emerging marketing theories for the age of electronic commerce. It discusses the logic of electronic marketplaces and gives a definition and typology of the key terms used in the context of electronic commerce. It then looks at the economic characteristics of electronic marketplaces and the implications for businesses. Based on this analysis a new marketing framework for operations in electronic marketplaces is developed and the findings are summarized.

Keywords: E-Commerce, Consumer, Internet, Buying, Purchase, Technology

1.1 Introduction: An E-commerce systems

Electronic commerce encompasses the entire online process of developing, marketing, selling, delivering, servicing, and paying for products and services transacted on internetworked, global marketplaces of customers, with the support of a worldwide network of business partners. Electronic commerce is more than just buying and selling products online. Electronic commerce (e-commerce, or EC) describes the buying, selling, and exchanging of products, services, and information via computer networks, primarily the Internet. Some people view the term commerce as describing transactions conducted between business partners. To them, the term electronic commerce seems

fairly narrow, so many use the term e-business (electronic business) instead.

Companies involved in e-commerce as either buyers or sellers rely on Internet-based technologies and e-commerce applications and services to accomplish marketing, discovery, transaction processing, and product and customer service processes. Electronic commerce systems rely on the resources of the Internet, intranets, extranets, and other computer networks. Electronic commerce can include:

- Interactive marketing, ordering, payment, and customer support processes at e-commerce sites on the World Wide Web
- Extranet access of inventory databases by customers and suppliers

- Intranet access of customer relationship management systems by sales and customer service reps
- Customer collaboration in product development via Internet newsgroups and E-mail exchanges

1.2 Theoretical background:

The opening case shows an example of business-to-business EC (B2B), in which two or more businesses make transactions or collaborate electronically. Although B2B is the major current type of electronic commerce (as measured by monetary volume), there are several other important types of EC:

- ❖ Collaborative commerce (c-commerce). In this type of EC, business partners collaborate electronically. Such collaboration frequently occurs between and among business partners along the supply chain.
- ❖ Business-to-consumers (B2C). In this case the sellers are organizations, the buyers are individuals.
- ❖ Consumers to businesses (C2B). In this case consumers make known a particular need for a product or service, and organizations compete to provide the product or service to consumers. (An example would be Priceline.com, where the customer names the price and suppliers try to fulfill it.)
- ❖ Consumer-to-consumer (C2C). In this case an individual sells products (or services) to other individuals.
- ❖ Intrabusiness (intraorganizational) commerce. In this case an organization uses EC internally to improve its operations. A special case of this is known as B2E (business to its employees) EC.
- ❖ Government-to-citizens (G2C) and to others. In this case the government provides services to its citizens via EC technologies. Governments can do business with other governments (G2G) as well as with businesses (G2B).
- ❖ Mobile commerce (m-commerce). When e-commerce is done in a wireless environment, such as using cell phones to access the Internet, we call it m-commerce. Each of the above types of EC may have several business models.

1.3 Review of Literature:

Farooq Ahmed (2001) reported that the enormous flexibility of the internet has made possible what is popularly called e-commerce which has made inroads in the traditional methods of business management. **Prithviraj Dasgupta** and **Kasturi Sengupta (2002)** examined the future and prospects of e-commerce in Indian Insurance Industry. **(Arvindpanagariya, 2000)** examined Economic issues raised by e-commerce for the WTO and developing

countries. E-commerce offers unprecedented opportunities to both developing and developed countries.

Elizabeth Goldsmith and Sue L.T. McGregor (2000) analyzed the impact of e-commerce on consumers, public policy, business and education. A discussion of public policy initiatives, research questions and ideas for future research are given. **Andrew D. Mitchell (2001)** examined the key issues that electronic commerce poses for Global trade, using as a starting point the General Agreement on Trade in Services (GATS), the World Trade organization (WTO) agreement most relevant to e-commerce.

Jackie Gilbert Bette Ann Stead (2001) reviewed the incredible growth of electronic commerce (e-commerce) and presented ethical issues that have emerged. Security concerns, spamming, Web sites that do not carry an "advertising" label, cyber squatters, online marketing to children, conflicts of interest, manufacturers competing with intermediaries online, and "dinosaurs" were discussed.

Mauricio S. Featherman, Joseph S. Valacich & John D. Wells (2006) examined whether consumer perceptions of artificiality increase perceptions of e-service risk, which has been shown to hamper consumer acceptance in a variety of online settings.

1.4 Research Methodology:

This study is based on the extensive analysis of available secondary data regarding E-Commerce. E-Commerce provide consumers with the opportunity to choose more products and influencing the market and ethical information, persuade them to opt for those products over others available in the market. It would be of interest to study the improvement of the quality of the Marketing environment and to encourage the sustainable management of resources and development of social system and field survey in city, businessman, wholesaler, retailer, Common man. Through which data collected.

1.4.1 Objectives of Study:

- 1) To Study the different Key Drivers of E-Commerce.
- 2) To know the Electronic payment processes includes in E-Commerce.
- 3) To find Top Motivator Factors for shopping online (E-Commerce)

1.5 Key drivers of E-Commerce:

It is important to identify the key drivers of e-commerce to allow a comparison between different countries. It is often claimed that e-commerce is more advanced in the USA than in Europe. These key drivers can be measured by a number of criteria that can highlight the stages of advancement of e-commerce in each of the respective countries. The criteria that can determine the level of advancement of e-commerce are summarized it can be categorized as:

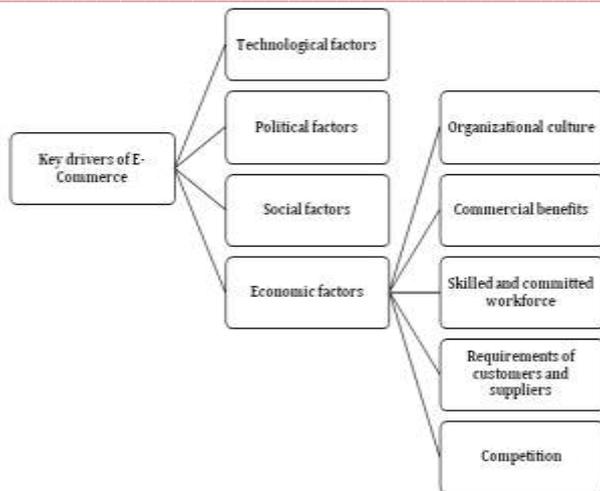


Fig: Key drivers of E-Commerce

1) Technological factors:

The degree of advancement of the telecommunications infrastructure which provides access to the new technology for business and consumers.

2) Political factors :

Including the role of government in creating government legislation, initiatives and funding to support the use and development of e-commerce and information technology.

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 new technology.

4) Economic factors:

Including the general wealth and commercial health of the nation and the elements that contribute to it. Since a distinction has been made in this book between e-commerce and e-business for consistency, the key drivers of e-business are also identified. These are mainly at the level of the firm and are influenced by the macro-environment and e-commerce, which include:

- **Organizational culture** – attitudes to research and development (R&D); its willingness to innovate and use technology to achieve objectives.
- **Commercial benefits** – in terms of cost savings and improved efficiency that impact on the financial performance of the firm.
- **Skilled and committed workforce** – that understands, is willing and able to implement new technologies and processes.
- **Requirements of customers and suppliers** – in terms of product and service demand and supply.
- **Competition** – ensuring the organization stays ahead of or at least keeps up with competitors and industry leaders.

1.6 Electronic payment processes

Payments for the products and services purchased are an obvious and vital step in the electronic commerce transaction process. Concerns of electronic payments and security include:

The near-anonymous electronic nature of transactions taking place between the networked computer systems of buyers and sellers, and the security issues involved. Electronic payment process is complex because of the wide variety of debit and credit alternatives and financial institutions and intermediaries that may be part of the process. Varieties of electronic payment systems have evolved. New payment systems are being developed and tested to meet the security and technical challenges of electronic commerce over the Internet.

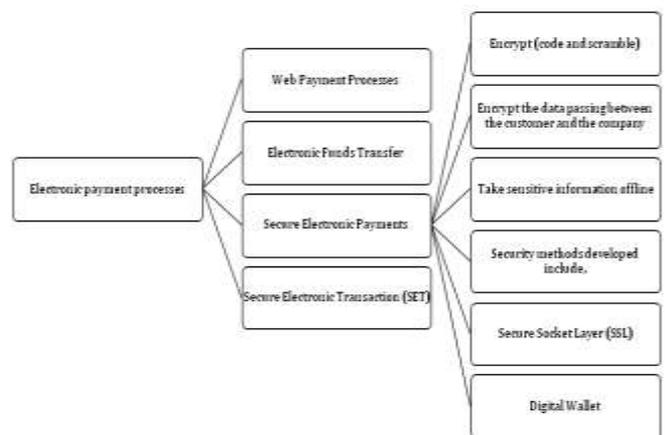


Fig 2: Electronic payment processes

1) Web Payment Processes

Most e-commerce systems on the Web involving businesses and consumers (B2C) depend on credit card payment processes. But many B2B e-commerce systems rely on more complex payment processes based on the use of purchase orders. Both types of e-commerce typically use an electronic shopping cart process, which enables customers to select products from website catalog displays and put them temporarily in a virtual shopping basket for later checkout and processing.

2) Electronic Funds Transfer

Electronic funds transfer (EFT) systems are a major form of electronic commerce systems in banking and retailing industries. EFT systems use a variety of information technologies to capture and process money and credit transfers between banks and businesses and their customers.

3) Secure Electronic Payments

Security measures including encrypting data passing between customer and merchant, encrypting data passing between customer and company authorizing the credit card transaction, and taking sensitive information off-line. When any customer makes an online purchase on the Internet, the credit card information is vulnerable to interception by

network sniffers, software that easily recognizes credit card number formats. Several basic security measures are being used to solve this security problem.

They include:

- ❖ Encrypt (code and scramble) the data passing between the customer and merchant.
- ❖ Encrypt the data passing between the customer and the company authorizing the credit card transaction.
- ❖ Take sensitive information offline
- ❖ Security methods developed include,
- ❖ Secure Socket Layer (SSL) - automatically encrypts data passing between the Web browser and a merchant's server.
- ❖ Digital Wallet – adding security software add-on modules to the Web browser. This enables the browser to encrypt credit card data in such a way that only the bank that authorizes credit card transactions for the merchant can see it.

4) Secure Electronic Transaction (SET) :

Software encrypts a digital envelope of digital certificates specifying the payment details for each transaction. SET is expected to become the dominant standard for secure electronic payments on the Internet.

1.7 Top Motivators for Shopping Online

The top motivators for shopping online which include cash back guarantee, cash on delivery, fast delivery, substantial discounts compared to retail, and access to branded products, while barriers include inability to touch and try products before purchase, fear of faulty products, apprehension of posting personal and financial details online and inability to bargain (See Figure 2).

1.8 Findings

- 1) Consumer marketers are still in the early stages of adjusting to the unprecedented complexity of a world with so many physical, online and traditional offline consumers.
- 2) Online commerce in India is destined to grow both in revenue and geographic reach.
- 3) Advantages of e-commerce are cost savings, increased efficiency, and customization.
- 4) Successful e-commerce involves understanding the limitations and minimizing the negative impact.

1.9 Suggestions:

- ❖ The approach of using trust antecedents will broaden research perspective related to relevant issues involving customer/ online vendor relationship.
- ❖ Consumers are afraid to share their personal information and credit card information, so the marketer should use the proper strategies to build the trust among the consumer related to privacy and security.
- ❖ Online purchases take long time in delivery and shipments which decrease the consumer trust, but if consumer received the perceived benefits which increase the consumer trust.
- ❖ Insufficient understanding of consumers towards the website can lead to problems.
- ❖ Knowledge is very important antecedent of consumer trust because if more consumers know about the online shopping, more they have trust in online shopping.

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 is promising as a significant instrument to make sure comprehensive growth. The conventional model of business is undergoing an aquatic change to reduce the fame of physical infrastructure of big cities as a necessary state for the smooth performance of business. Emergence of international shipping options creates the occasion to reach online consumers around the globe. Increasing economies with rapidly rising internet diffusion offers an attractive option for the retailers to expand. The present development would be a valuable addition to researcher and academicians; and useful theory for practitioners, advertisers, and entrepreneurs. Some of the

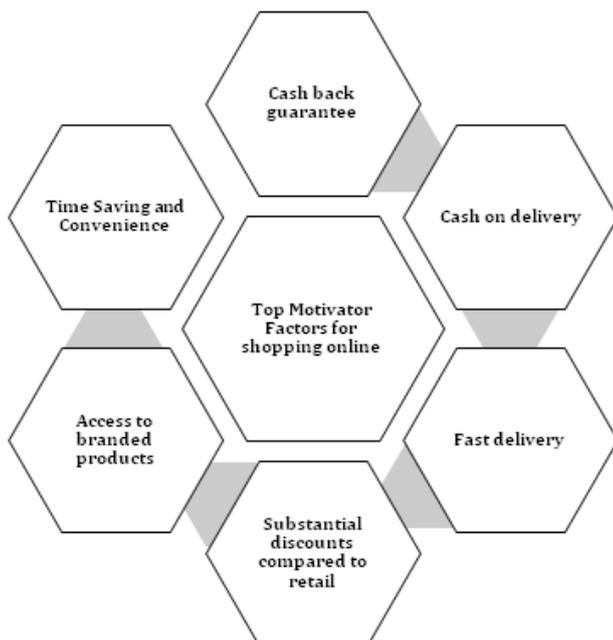


Fig 3:- Top Motivators for Shopping Online

disadvantages of e-Marketing are dependability on technology, Security, privacy issues, Maintenance costs due to a constantly evolving environment, Higher transparency of pricing and increased price competition, and worldwide competition through globalization. While considering the aforesaid limitations; advertisers and end-users can effectively use this modern platform to make life easier and faster.

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