



# E-commerce: Issues, Works and Comparison with Traditional Commerce

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## Abstract:

*Electronic commerce is generally considered to be the sales aspect of e-business. It also consists of the exchange of data to facilitate the financing and payment aspects of business transactions. This is an effective and efficient way of communicating within an organization and one of the most effective and useful ways of conducting business.*

*E-commerce can be divided into:*

- *E-tailing or "virtual storefronts" on websites with online catalogs, sometimes gathered into a "virtual mall"*
- *The gathering and use of demographic data through Web contacts and social media*
- *Electronic Data Interchange (EDI), the business-to-business exchange of data*
- *E-mail and fax and their use as media for reaching prospective and established customers (for example, with newsletters)*
- *Business-to-business buying and selling*
- *The security of business transactions*

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## 1. E-commerce

E-commerce, in the popular sense, can be defined as: the use of the Internet and the Web to conduct business transactions. A more technical definition would be: e-commerce involves digitally enabled commercial transactions between and among organizations and individuals. E-commerce differs from e-business in that no commercial transaction, an exchange of value across organizational or individual boundaries, takes place in e-business. E-business is the digital enablement of transactions and processes within a firm and therefore does not include any exchange in value. E-commerce and e-business intersect at the business firm boundary at the point where internal business systems link up with suppliers. For instance, e-business turns into e-commerce when an exchange of value occurs across firm boundaries.

## 2. Issues in Implementing Electronic Commerce

Although it is simple to describe their benefits, it is not nearly as easy to develop and deploy commerce systems. Companies can face significant implementation issues:

- Cost
- Value
- Security
- Leveraging existing systems
- Interoperability

### 2.1 Cost

Electronic commerce requires significant investments in new technologies that can touch many of a company's core business processes. As with all major business systems, electronic commerce systems require significant investments in hardware, software, staffing, and training.

Businesses need comprehensive solutions with greater ease-of-use to help foster cost-effective deployment.

## **2.2 Value**

Businesses want to know that their investments in electronic commerce systems will produce a return. Business objectives such as lead generation, business-process automation, and cost reduction must be met. Systems used to reach these goals need to be flexible enough to change when the business changes.

## **2.3 Security**

The Internet provides universal access, but companies must protect their assets against accidental or malicious misuse. System security, however, must not create prohibitive complexity or reduce flexibility. Customer information also needs to be protected from internal and external misuse. Privacy systems should safeguard the personal information critical to building sites that satisfy customer and business needs.

## **2.4 Leveraging Existing Systems**

Most companies already use information technology (IT) to conduct business in non- Internet environments, such as marketing, order management, billing, inventory, distribution, and customer service. The Internet represents an alternative and complementary way to do business, but it is imperative that electronic commerce systems integrate existing systems in a manner that avoids duplicating functionality and maintains usability, performance, and reliability.

## **2.5 Interoperability**

When systems from two or more businesses are able to exchange documents without manual intervention, businesses achieve cost reduction, improved performance, and more dynamic value chains. Failing to address any of these issues can spell failure for a system's implementation effort. Therefore, your company's commerce strategy should be designed to address all these issues to help customers achieve the benefits of electronic commerce. Your company's vision for electronic commerce should also be to help businesses establish stronger relationships with customers and industry partners. For example, a successful strategy for delivering this vision is described by three work-flow elements (platform, portal, and industry partners), each backed by comprehensive technology, product, and service offerings. From self-service portals to transaction processing, a successful work-flow strategy can be the underlying engine delivering state-based, processed-focused control services for e-business applications. Human labor is expensive, and work-flow technology allows e-businesses to supplement, and in some cases eliminate, reliance on human supervision and intervention.

## **3. How do we work with e-commerce?**

E-commerce is about setting your business on the Internet, allowing visitors to access your website, and go through a virtual catalog of your products/services online. When a visitor wants to buy something he/she likes, they merely "add" it to their virtual shopping basket. Items in the virtual shopping basket can be added or deleted, and when you're all set to checkout, you head to the virtual checkout counter, which has your complete total, and that will ask you for your name, address etc. and method of payment (usually via credit card). Once you have entered all this information (which by the way is being transmitted securely) you can then just wait for delivery.

## **4. Comparison between traditional Commerce and E-Commerce**

In many cases business processes use traditional commerce activities very effectively, and these processes cannot be improved upon through technology. Products that buyers prefer to touch,

smell, or examine closely are difficult to sell using electronic commerce. For example, customers might be reluctant to buy high-fashion clothing and perishable food products, such as meat or produce, if they cannot examine the products closely before agreeing to purchase them. In the case of traditional commerce retail merchants have years of experience in creating store environments that help convince a customer to buy. This combination of store design, layout and product display knowledge is called *merchandising*. Sales people in course of time develop skills that allow them to identify customer needs and find products and services that meet those needs. The arts of merchandising and personal selling can be difficult to practice over an electronic link. Through ecommerce branded products such as *books* or *CDs* can be easily sold. As one copy of a new book is identical to other copies and because a customer would not be concerned about freshness he would willingly order a title without examining the specific copy they would receive. The advantage of electronic commerce, namely the ability of one site to offer a wider selection of titles than even the largest physical bookstore, can outweigh the advantage of a traditional bookstore, namely the facility to browse. Some examples of business processes are listed in the following table that suit to the e-commerce and traditional commerce respectively.

### 5. Business processes well-suited to

#### Electronic commerce

- Sale/purchase of books and CDs
- Online delivery of software
- Advertising and promotion of
- Online tracking of shipments

#### Traditional commerce

- Sale/purchase of high-fashion clothing
- Sale/purchase of perishable food products
- Small-denomination transactions travel services
- Sale of expensive jewelry and antiques

### 6. Incentives for Engaging in E-Commerce

A basic fact of Internet retailing is that all retail websites are created equal as far as the “location, location, location” imperative of success in retailing is concerned. No site is any closer to its web customers and competitors offering similar goods and services may be only a mouse click away. This makes it vital that businesses find ways to build customer satisfaction, loyalty, and relationships, so customers keep coming back to their web stores. Thus, the key to e-commerce success is to optimize several key factors such as selection and value, performance and service efficiency, the look and feel of the site, advertising and incentives to purchase, personal attention, community relationships, and security and reliability. The incentives for engaging in e-commerce are listed as follows:

#### **6.1 Selection and Value**

Attractive product selections, competitive prices, satisfaction guarantees, and customer support after the sale.

#### **6.2 Performance and Service**

Fast, easy navigation, shopping, and purchasing, and prompt shipping and delivery.

#### **6.3 Look and Feel**

Attractive web storefront, website shopping areas, multimedia product catalog pages, and shopping features.

#### **6.4 Advertising and Incentives**

Targeted web-page advertising and e-mail promotions, discounts and special offers, including advertising at affiliate sites.

### ***6.5 Personal Attention***

Personal web pages, personalized product recommendations, web advertising, and e-mail notices, and interactive support for all customers.

### ***6.6 Community Relationships***

Virtual communities of customers, suppliers, company representatives, and others via newsgroups, chat rooms, and links to related sites.

### ***6.7 Security and Reliability***

Security of customer information and website transactions, trustworthy product information, and reliable order fulfillment.

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