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Advantages of E Commerce for Retailers

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Abstract:-

The one advantage of ecommerce during this age of digitalization and global technological advancement is that more companies from every industry are shifting towards adopting digital processes, pieces of kit, and solutions in their business operations by the day. This trend is growing continuously at speed and is inclusive of not only the large players but also small businesses and startups. The general market is equally influenced further, where now consumer behavior isn't any longer a similar because it was decades back. Ecommerce, the web of things (IOT), cashless transaction, crypto currency, and AI, among many other tech developments, aren't any longer out of reach from the tip consumers. Now that everybody can have access, it's born to a digitally literate society on a world scale. The increase of movable usage, as an example, shows how consumers are increasingly becoming digital in their day-to-day tasks. In 2019, the quantity of movable users is forecast to achieve 4.68 billion in line with Static.

Influence & Impact:-

The influence of digitalization has also changed the way consumer shop. The buying experience with the assistance of mobile devices has migrated online as compared to an actual visit to brick-and-mortar shops. This can be supported during a report by Statist, where 21.8% (around 1.66 billion) of the world's population buys online. The growing trend of online shopping is undeniably most impactful towards the retail industry. Ecommerce is one major example of how the retail industry has transformed in catering to the requirement to buy online among consumers. The recognition of ecommerce is obvious with the success of leading companies like Amazon and Alibaba. Another report affirmed that in 2018, eCommerce sales accounted for 11.9% off all retail sales worldwide and is predicted to achieve 17.5% by 2021. This suggests that ecommerce offers a large pool of potential buyers for retail businesses. Therefore, it's becoming increasingly common to check retail businesses to own both physical store and ecommerce platform. With that said, there's still some of the retail industry who are slow in adopting ecommerce into their business practices or maybe opted to keep up the standard way of selling offline altogether. The question of the way to remain competitive is then becoming a true challenge. A report by MDEC has shown that ecommerce outgrows offline business by 13 times. This solidifies the perks and advantages a business could get when by diving into ecommerce as compared to staying offline. Another prominent advantage of ecommerce is how it's positively shown to enhance productivity and work



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efficiency. Ecommerce increase productivity level by 15% for B2B market and 80% for B2C market as compared to traditional businesses in line with MITI and MDEC report. Before digging further into the market potential that ecommerce holds for your business growth and scalability, let's first start with understanding how ecommerce work as an entire, how it's different from traditional business practices, and the way it can help businesses to grow.

What is ecommerce?

Ecommerce isn't a unique concept to the overall market because it has been around for quite twenty years back. It's undeniable that over the years, the ecommerce business model has skillful multiple transformations and has evolved into what were aware of today. However, despite all the changes and upgrades, the concept of ecommerce in definition remains essentially a similar. The term ecommerce is shortened from 'electronic commerce' or internet commerce which refers to the buying or selling of products or services via the web, and therefore the transfer of cash and data to execute the said transactions. Often went to talk to the sale of physical goods and products online, ecommerce may also describe any quite commercial transaction that's facilitated through the web which implies inclusive of services, and business/ market solutions. It is important to notice further that although ecommerce is closely linked to business, the 2 business models are completely different from each other. Ecommerce applies specifically to the transaction of products and services while e-business refers to any or all aspects of operating an internet business. In other words, ecommerce businesses could have both offline channels within the variety of a physical store for instance; and online channel like an internet platform at a similar time. Thereupon said, there also are ecommerce businesses with business model that operates purely via an internet channel without having any offline counterpart to their business operation. In order to own a deeper understanding of ecommerce, it's best to start out by breaking it down in line with the various forms of ecommerce you'll ascertain there.

Types of ecommerce:-

When speaking about ecommerce, the bulk of the market would agree that B2C ecommerce is leading in terms of volume and revenue with near to USD 2.5 billion in sales worldwide in 2018. Putting B2C ecommerce aside, there are other forms of ecommerce business model with buyers that would be other businesses and institution/organization bodies besides the tip consumer. Generally, there are 6 major forms of ecommerce as listed below:-

1. Business-to-Business (B2B):- B2B ecommerce refers to any or all electronic transactions and dealings associated with the products and services between companies. The retail industry is one example of how B2B ecommerce could work. Participants involved in B2BeCommerce are like manufacturers, suppliers, wholesalers, distributors, retailers, business owners, etc. Transactions in B2B ecommerce are higher in volume and value in terms of basket size as compared to ecommerce targeted for the tip consumer. To name some examples, Alibaba (China), India Mart (India), eWorldTrade (US), Thomasnet (US), Global Source (Hong Kong), and EC21 (South Korea), are a number of the world's top B2B ecommerce marketplaces.



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2. Business-to-Consumer (B2C):- B2C ecommerce is said to the transaction and relationship between businesses and therefore the end consumers at a personal scale. Samples of leading B2C ecommerce companies are like Amazon (US), Alibaba (China), Taobao (China), and Walmart (US), among many others. The B2C ecommerce has evolved extensively where one could find innumerable online shopping platforms and virtual stores with the tip consumers because the target market. B2C ecommerce is similarly profiting well within the retail space, with goods and products being sold from a myriad of categories starting from gadgets, electronic devices, home goods, to clothes and apparels, plus more.

3. Consumer-to-Business (C2B):- C2B ecommerce is that the exact opposite of B2C ecommerce. It's a reversal to the common selling and buying process where the buying decision is within the hand of companies over products or services offered by a personal consumer. The relevance of this kind of ecommerce model usually is heavily applied for crowd sourcing projects. a way to try to it's when consumers will generate the necessities for businesses to meet. For example, a user posted a call for participation for a product/service or project requirement and multiple companies will make offers and bids to win the project, like the case for Enlace (US), an ecommerce website for freelancers.

4. Consumer-to-Consumer (C2C):- C2C ecommerce model is pretty straightforward where it refers to the transactions of products or services between two end consumers. In short, consumer sells to a different consumer with the assistance of an ecommerce platform to facilitate the transaction. Popular C2C ecommerce platforms are like Alibaba (China), eBay.com (US), Carousell (Singapore), and Mudah.com (Malaysia), to call a couple of. **5. Business-to-Administration (B2A):-** B2A ecommerce can be among the sort of ecommerce models that are less familiar to the final market. For starters, administration here refers to public administration or government entities. This also includes the procurement department and other related arms of governing bodies sourcing from businesses through a third-party online platform to perform the transaction of products or services. One example is Synergetic Inc.(US), a corporation that has contractors and services for state agencies. **6. Consumer-to-Administration (C2A):-** C2A ecommerce may be asort of business model that enables governing bodies and therefore the authorities to source for products or services from individuals i.e. end consumers. A typical example would be individuals paying taxes or paying tuition fees to educational institutions through an internet platform. It's understandable that this kind of ecommerce is more niche and not as commercial in nature.

List of benefits of ecommerce v/s traditional retailer:-

In comparison to traditional business practices for pretty much all industries – not limited to retail, ecommerce offers a number of high-value benefits and advantages that might catapult your business towards immersive growth and scalability. Let's conclude how ecommerce may be advantageous during a few areas of your overall business practices as per listed below:-

1. Eliminates Geographical Limitation and Time Constraint:-

The first major perk of ecommerce poses a stark difference in terms of the placement factor of your business. Ecommerce has positively eliminated geographical limitations by allowing consumers to get anywhere. This can cater to a major portion of potential consumers preferring to buy on-the-go. By eliminating geographical limitations, you open up a wider coverage for your business which eventually presents to you with the likelihood of branching bent on the international market and audience without



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having to line up any new operating base overseas. The ability to get round the clock moreover, be it before or after the quality operating hour of brick-and-mortar physical stores may lead to a better potential of conversion in terms of sales and purchases. The increasing use of mobile devices among consumers has also contributed in making this particular ecommerce advantage, a major upgrade from the standard practice. It's reported that in Q3 2018, mobile phones accounted for 61% of retail site visits worldwide as reported by Statista. Also termed as mobile commerce, research has shown that mobile devices are now more preferred for shopping online. Mobile accounts for 45% of online orders and desktop accounts for an additional 61%. These findings further solidify the logics behind eCommerce booming popularity.

2. Cost Saving:-

Ecommerce proves to be highly cost effective moreover thanks to the actual fact that it requires lower investment or business capital as compared to fitting a physical store where you would like to fork out your budget on costly monthly rental and Maintenance. If you're fitting an internet business, it'll only require you to line up a web-based platform and doubtless an office for operation and you're then sufficiently equipped to kick start your business. Additionally, the amount of employee required is additionally relatively lower as compared to traditional businesses where most of the business processes are fully or partially automated. Hence, reducing the requirement for human resources to form sure that your business operation is functioning well. On a special note, ecommerce may also block on your cost tremendously without compromising on the results – you may get similar if not better results from conventional marketing efforts. At a little of the price, online marketing strategies (inclusive of digital marketing) may be effective when executed either through paid advertising or through organic reach and engagement targeted to your audience. Regardless, both are still reaching to cost your business much under having to get advertisement on conventional medium like medium, television or radio advertisement, etc.

3. Convenience: -

The core factor allowing ecommerce to achieve the whip hand from conventional businesses lies in its convenience. Convenience is a very important value that's largely demanded by modern consumers today. The ability to buy faster, easier, require little to no effort, and time saving, is that the key that pushes forward ecommerce relevance among the overall consumers. The features offered by most ecommerce platforms are designed to supply consumers with the simplest user experience in terms of convenience. Ecommerce features allow consumers to locate specific products easier and quicker with search bar functionality. Consumers may also refine and customize the search choice to directly view relevant products. The convenient browsing experience enables consumers to explore research and compare products for an improved deciding process before making a buying deal. This is one example how the features on ecommerce platforms promote convenience on top of the apparent perks of enabling you to skip all at once the trouble of physically visiting a store which is able to cost consumers on travel expenses and their time.

4. Online Visibility:-

Ecommerce websites are largely contingent on new and organic traffic to prosper, therefore online visibility is of utmost importance. Conventional businesses with none online counterpart are indefinitely missing out on having online presence which may be a huge loss of potential revenue. ecommerce especially for online retail, it's driven by traffic from program as compared to traditional retail that relies only on branding, referrals, and pre-formed relationship. On the opposite hand, by gaining online



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visibility through an ecommerce platform, it allows businesses to achieve and pull new visitors cum consumers through embedded HTML linking to your webpage, program optimization, back links from other sources like collaborative partners or social media platforms.

5. Enables Promotions, Discounts, Coupons, and Group Buy: -

Ecommerce has made easier for businesses to come back up with promotions, discounts, and group buy marketing strategies. The convenience gained from selling online enables you to launch these marketing strategies with higher frequency with lesser time required to churn out marketing collateral and materials. Consumer buying experience is additionally improved once they are ready to be instantly notified for any new promos, deals, etc., through email marketing and newsletter subscription. In return, this can strengthen your brand awareness alongside increasing product sales conversion.

6. Information Abundance:-

Ecommerce is advantageous when information is put at stake. There are limitations to the quantity of knowledge that may be displayed during a physical store but this can be not the case for ecommerce websites. It promotes information abundance without limitations. Additional information available on ecommerce platforms are like product images, product descriptions, product specifications, product availability, delivery fulfillment information, payment method, and user review, plus more. The information abundance affects consumers during a way that it promotes buyers' autonomous purchasing experience by allowing them to conduct independent market research and comparison when given with sufficient information. The need for product information is highlighted during a report by KPMG where 65% of consumers search for price comparisons on mobile while they're during a physical store.

7. Allows Targeted Communication:-

Targeted communication across an enormous pool of consumer database is another significant good thing about ecommerce. The register feature for users allows businesses to assemble data, create a database, and analyze the information to know your target market better. Hence, allowing you to know your consumers' user behavior and plan out on a way to communicate to a particular audience supported your data collection. Eventually, it gives businesses the power to craft more practical marketing strategies and efforts like email marketing, member-only promo, product suggestion, etc. It also allows businesses to ascertain a community revolving around their ecommerce platforms.

8. Cost Effective Inventory Management:-

Better and improved inventory management at a lower cost is another direct good thing about ecommerce business model within the B2B space. The more organized and streamlined the inventory management, the lower the price inflicted on your business. With ecommerce, businesses comprising of merchants or vendors can save cost of handling inventory by leveraging on automated inventory management within the ecommerce platform. Automated inventory management here refers to the ecommerce features that permit businesses to observe and track their inventory level, purchase history, and order status inside the user account. This helps businesses to conduct stock take, cross check orders, and restocking during a more efficient manner with better accuracy by reducing the probabilities of human error.

CONCLUSION:-



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This paper concludes that e-commerce is incredibly good for us who provides us wide sort of products and services with variant information and attractive commerce have good impact on markets like reduce the worth of advertisements as many purchasers can attract through internet, new brand are developed, With ecommerce, businesses comprising of merchants or vendors can save cost of handling inventory by leveraging on automated inventory management within the ecommerce platform. Customers and allows the enterprise to expand their business over internet. E-can maintain a decent relationship with customers and should make customized offline retailers because customers buys on low price from online shops because of which they even ought to lower their price and doesn't get any profit, retailers cannot maintain an outsized stock like online shops have stores because it'll cost they got to spend more money in offline advertisements limitation in terms of markets and retailers that's website cost, to form and maintain an internet site plenty of cash is required; infrastructure cost, to satisfy the orders online retailers need to maintain an outsized stock in an exceedingly big warehouse which costs a lot; security and fraud, owing to popularity of online shops criminal elements have an interest in them who can hack the personal information and can misuse them; customer trust, it's difficult for purchasers to trust a replacement.

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