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E-COMMERCE: A BIG APPROACH FOR BUSINESS

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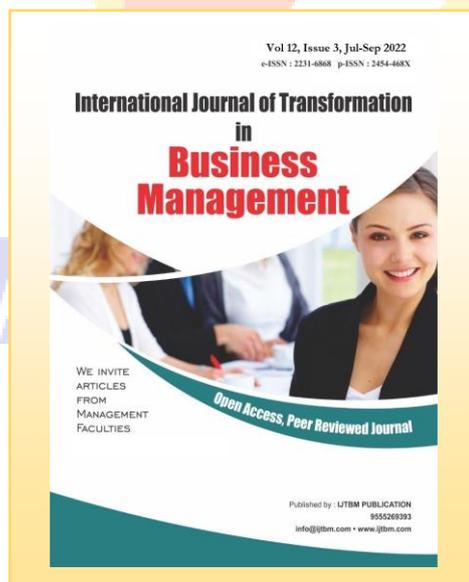
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### ABSTRACT

Commerce as the activity of operating business amongst economic entities and all business dealings for buying and selling of goods in an economy considered as, commerce. Electronic commerce (e-commerce) refers to companies and individuals, buying and selling goods and services over the Internet. E-Commerce operates in various market segments and conducts over computers, tablets, smart phones, and other smart devices. Every product and service is available through e-commerce transactions, including books, music, plane tickets and financial services, such as stock investing and online banking. The focus of this article is as follows: (a) to study the increasing concern for use of e-Commerce in the Global World and new developments, (b) to analyse the evolution of commerce and modes of payment, and (c) to evaluate the emerging start-ups and businesses sector with developments.

**Keywords:** Electronics, Commerce, Trading, Transaction.

### INTRODUCTION

The term commerce is the exchange of commodities, services, or other valuables between organisations or corporations. Commerce has existed since human beings survive and live on exchanging goods and services with one another. In the contemporary Indian economy, commerce means large-scale, macroeconomic purchases and sales of products and services by majority enterprises. Electronic commerce (e-commerce) refers to companies and individuals, buying and selling goods and services over the Internet and operates in various market. This e-Commerce trend minimise the time and effort for shoppers to make the purchases on social media, making them shop more actively and makes big implications of its use in businesses, set up social media posts to social selling and think of more creative ways to use social platforms to save the time.

### FEATURES

- (a) The activity of distributing goods and services is included in the term commerce, not the manufacturing or production process of business.
- (b) On a Global Scale, the buying and selling of things between nations takes place through commercial transactions.
- (c) Commerce is a subset of business and does not mean the same thing as business.

### E-COMMERCE

E-Commerce operates in different types of market segments and can be conducted over computers, tablets, smart-phones, and smart devices. Product and service in the market through e-commerce transactions, including books, music, plane tickets, and financial services, online banking.

Since the early time of trade, Markets served as a new social space. Trade brings people (and goods) together from all over the world

where previously, coexisted within social communities. predetermined familial, religious, and/or

Sr. No.		Trade
a	10,000–5,000 B.C.	Cattle Trade
b	1,200 B.C.	Trading shells and precious materials
c	1,000–500 B.C.	Currency was first introduced
d	800 A.D	Paper currency
e	1600s–1800s	The modern corporation
f	1950s	Checks and Credit Cards
g	1970s-1990s	Electronic Data Interchange
h	2000s	E-Commerce

### COMPANIES BARTER SYSTEM

- (a) Companies may wish to barter their products for other products because they do not have the credit or cash to buy those goods. It is an efficient way to trade because the risks of foreign exchange are eliminated.
- (b) Business barter transactions is an exchange of advertising time or space. It is typical for smaller firms to trade the rights to advertise on one another business spaces. Bartering also occurs among companies and individuals.

Countries also engage in bartering when they are deeply in debt and are unable to obtain financing. Goods are exported in exchange for goods that the country needs and countries manage trade deficits and reduce the amount of debt they incur.

### MODERN BARTER EXCHANGES

Barter Exchange associated with commerce during ancient times has been reinvented in this era through the internet. Online barter exchange became especially popular with small businesses after the 2008 financial crisis, which culminated in the recession. Small businesses increasingly turned to barter exchanges to generate revenue. These exchanges enabled members to find new customers for their products and get access to goods and services using inventory. The exchanges also used custom currency, which could be hoarded and used to purchase services such as hotel stays during vacations.

### CONTEMPORARY STATUS

#### Forms of E-Commerce

##### a. B2B – Business to Business.

- (i) A business offers its goods or services to another business in a B2B business model. The buyer generally resells to the consumer, the buyer is occasionally the end user.

(ii) It includes all business-to-business electronic transactions for the exchange of goods or services and is primarily used by producers and traditional distributors.

(iii) B2B transactions often have a longer sales cycle, self-service account management, order management, buying experience, product content experience.

***b. B2C – Business to Consumer***

(i) B2C companies sell to consumers. There are numerous distinct strategies most prevalent in business model.

(ii) Any consumer purchase made in an online business, as clothing, house wares, or entertainment, is a B2C transaction.

(iii) Before placing an order, the consumer can use this model to take a close look at their potential purchases.

(iv) The company or agent that receives the order will subsequently deliver it to the customer in a timely manner. Well-known players like Amazon operate in this channel.

(v) This mode of buying becomes advantageous to the customers because they have access to helpful information for properly guiding their purchases.

***c. C2B – Consumer to Business.***

(i) C2B firms enable people to offer products and services to businesses.

(ii) Businesses are buying from individuals, even if those customers are typically owners of their own enterprises.

(iii) In this e-commerce framework, a website can enable users to publish the work they need done and request quotes from companies.

(iv) Services for affiliate marketing would also be categorised as C2B. The customer gives the business a good or a service in addition. Consider an IT freelancer who presents and sells his software to a business through C2B mode of exchange.

***d. C2C – Consumer to Consumer***

C2C is simply commerce between private individuals or consumers. Consumer to consumer, where the consumers are in direct contact with each other. No company is involved. It helps people sell their personal goods and assets directly to an interested party, such as eBay, Olx, Quikr, etc.

***e. B2G – Business to Government***

B2G e-commerce is commerce between Companies and the public sector. It refers to the use of the Internet for Public Procurement, licensing procedure, and other government-related operations, as Businesses pay taxes, file reports, or sell goods and services to Government agencies.

**f. C2G – Consumer -to -Government**

Consumer to administration or consumer to Government e-commerce model enables the consumers to post feedback or request information regarding public sectors directly to the Government administration or authorities as when one pays electricity bills through the Government website, payment of health insurance, payment of taxes, etc.

**RISE OF E-COMMERCE IN MARKET PLACES**

- (i) Online marketplaces have been on the rise since the mid-1990s with the launch of the big companies, such as Amazon, Alibaba.
- (ii) Amazon is known for its unique growth strategy, which helped to achieve mass adoption and record-breaking sales. With offering a broad selection and extreme convenience to customers, scale up through innovation and optimization.
- (iii) E-Commerce is revolutionising the way modern consumers shop.
- (iv) Social media lets consumers easily share products to buy online.

(v) E-Commerce shoppers discover and be influenced to purchase products or services based on recommendations from friends, peers, and trusted sources (like influencers) on social networks like Face-book, Instagram and Twitter.

(vi) Many social media platforms now offer e-commerce features, such as in-app checkout, shop-able posts, and “Buy Now” buttons, which direct users directly to a brand product page.

**MARKET VIEW**

***Retail Stores/ Wholesale Stores***

A retailer or retail store is a business enterprise, the primary source of selling comes from retailing. Retailing includes all the activities involved in selling of goods or services directly to the final consumer for personal, non-business use.

Wholesale is the business of buying goods in large quantities from manufacturers or producers and selling smaller quantities to retailers, who will then sell smaller quantities to their customers.

Sr.no.	Retail Stores	Function	Wholesale Stores	Function
1	<b>Specialty Stores</b>	Offer a wide choice in terms of models, size, style, colour and other important attributes in the assortment carried.	<b>Merchant Wholesalers</b>	Most common type of wholesalers buy all sorts of different and profitable items from different manufacturers, store , sell them to the retailers and usually operate in the FMCG industry.

2	<b>Department Store</b>	For purposes of buying, promotion, services and control known as mass merchandising Departmental store - Military Canteens .	<b>Specialty Wholesalers</b>	Specific industry or product category, very knowledgeable ,usually found in industries where selling efforts are required to create demand among the retailers as well.
3	<b>Super Markets</b>	A supermarket is designed to serve the total needs for food, laundry and household maintenance products.	<b>Internet Wholesalers</b>	Operate and conduct transactions using the internet, sell the goods at a discounted price as they save money by having virtual offices and operating warehouses at places that do not charge much as Alibaba or Amazon for Business .
4	<b>Convenience Store</b>	Located near residential areas, relatively small, kept open for long hours, limited lines of convenience products, offered for sale.	<b>Full-Service Wholesalers</b>	Consumer durables or engineering products industries, provide full service including stocking inventories, operating warehouses, order picking, delivery, training sales associates, supplying credits promotions, etc. to the end retailer.
5	<b>Discount Store</b>	Sells Standard merchandise at lower prices, Higher volumes of sales compensate lower margins, increase the overall profitability, as Specialty merchandise stores, sport goods, electronics and book shops.	<b>Limited-Service Wholesalers</b>	Fewer services to their customers like only stocking, only delivering etc. Cash-and-carry handles a limited line of fast-moving goods, and sells to small retailers Truck Wholesalers deliver the goods directly from their vehicles.
6	<b>Off Price Retailer</b>	Sells left over goods, overruns, and irregulars provided at low prices from manufactures or other retailers.	<b>Discount Wholesalers</b>	The stock is discounted either because products discontinued, refurbished, returned, or are going to expire soon.
7	<b>Hyper Markets</b>	Originated in France. Combine specially limited line stores in a single level store. Products include furniture, large and small appliances, clothing items, etc. Discount is offered to customers who are willing to carry heavy appliances and furniture out of the store.	<b>Drop-ship Wholesalers</b>	Facilitate the process of drop shipping, delivering the goods directly to the end consumers as retailers make a sale . Sign contracts with several internet-based retailers and act as their warehouse and delivery partner and only charge money whenever a sale is made. Even though they are wholesalers, they sell small quantities of goods.
8	<b>Catalogue Showroom</b>	Customers order goods from a catalogue in the showroom . They pick these goods up at a merchandise pickup area in the store.		

## NORMATIVES OF E-COMMERCE

- (a) Large retailers are forced to sell online.
- (b) For many retailers, the growth of e-commerce can expand their brands reach and positively impact their bottom lines. But retailers who have been slow to embrace the online marketplace are the ones, facing the biggest challenges.
- (c) E-commerce helps small businesses sell directly to customers, which can be a slow process. But, those who embrace it may discover that e-commerce can open doors to new opportunities.
- (d) Small business owners are launching e-commerce stores and diversifying their offerings, reaching more customers and better accommodating those who prefer online/mobile shopping.
- (f) B2B companies start offering B2C-like online ordering experiences.
- (g) B2B customers expecting B2C-like digital experiences, and includes creating an omni-channel experience with multiple touch points and using data to create personalised relationships with customers.

## E-COMMERCE OPERATIONAL PROCEDURE

- (a) E-commerce which is powered by the internet, Customers access an online store to

browse through and place orders for products or services via their own devices.

- (b) After an order, the customer's web browser can communicate back and forth with the server hosting the E-Commerce website. Data pertaining to the order can be relayed to a **Central Computer** known as the order manager, and forward to databases that manage inventory levels, a merchant system that manages payment information, using applications such as PayPal and a bank computer.

- (c) Finally, it will circle back to the order manager. This is to make sure that store inventory and customer funds are sufficient for the order to be processed.

- (d) After the order is validated, the order manager will notify the store's web server. It will display a message notifying the customer that their order has been successfully processed.

- (e) The order manager will then send order data to the warehouse or fulfilment department, letting it know the product or service can be dispatched to the customer. At this point tangible or digital products may be shipped to a customer, or access to a service may be granted.

## IMPACT OF E-COMMERCE

- (i) Since 2000, use of E-Commerce platforms such as Amazon and eBay have contributed to substantial growth in online

retail. In 2011, E-Commerce accounted for 5% of total retail sales, according to the U.S. Census Bureau. By 2020, with the start of the COVID-19 pandemic, it had risen to over 16% of retail sales.

(ii) Sales in online stores are expected to reach 22% of Global retail sales by 2023, compared to 14.1% in 2019.

(iii) It is estimated that by 2024, digital wallets will account for over half of total e-commerce payment volumes.

(iv) Amazon will account for 39.5% of all US retail e-commerce sales in 2022, or nearly \$2 in \$5 spent online.

(v) In 2022, according to eMarketer, Global retail ecommerce sales will surpass \$5 trillion for the first time, accounting for more than a fifth of overall retail sales. By 2025, total spending will exceed \$7 trillion, despite slowing growth. Driven by changes in technology and Global circumstances, e-commerce is growing continuously.

### GLOBAL E-COMMERCE GROWTH

(a) In 2021, over 2.14 billion people worldwide were estimated to shop online, up from 1.66 billion Global digital buyers in 2016.

(b) Chinese E-Commerce platform, Tobacco, is the largest online marketplace with a gross market value (GMV) of \$711 billion. as T-mall and Amazon ranked second and third with \$672 billion and \$390 billion GMV in

annual third-party Global market value respectively.

(c) With so many E-Commerce platforms, marketplaces and digital solutions available, there are practically no limits for Merchants looking to sell online, which makes it easier than ever for businesses to go Global.

### CUSTOMER PERCEPTION

#### *Customer Rapport*

Retailer benefits include customer rapport which benefits both as buyer and seller. Retail outlets allow customers to see what they are buying with close look and, as opposed to online stores, they provide instant gratification, because the customer walks away with their purchases immediately. A friendly and helpful staff also helps to build customer loyalty, ensuring that customers return again and again. From a business standpoint, retail outlets allow to reach a customer base that might be put off by the online marketplace.

#### *Retail/Wholesale Encourages to be More Efficient*

One cannot deal in volume on wholesale margins for very long if not operating efficiently. When transitioning wholesale, and be forced to take an objective look at internal processes and refine them accordingly. From using technology to process orders to streamlining creative processes, wholesale business will be

encouraged to look at things through a different lens. That lens does not require to sacrifice creativity at the altar of money, build a viable business that can sustain.

### ***Greater Sales Potential***

With a retail outlet, one can sell a variety of products and expose customers to items that they did not even know they needed. A customer might enter the outlet looking for a pair of jeans, but then wind-up purchasing jeans, three shirts, a belt and a tie. By consolidating a variety of merchandise in one central location, one dramatically increases sales potential. One may even attract customers who were going to a different store in the same area.

### ***(i) Business increases a company's cash flow***

When stores place orders, they are ordering from hundreds to tens of thousands of dollar worth of product at a time. That cash infusion is often what emerging creative businesses need to kick things up to the higher level. Things like: Graphic Design Services, Product Photography, Professional Web Development, and Book-Keeping. These services hold an amount of value for creative businesses, but they are often accompanied by healthy price tags that are out of reach for many start-ups. The money generated from wholesale business can bring them within reach.

### ***(ii) Benefits for Consumers***

If consumers are considering reasons to shop at traditional retail outlets, as opposed to online, for benefits. One can save on shipping costs, receive instant gratification, inspect items carefully before making the purchase and not have to worry about packages getting lost in the mail. One can easily cooperate staff, rather than having to rely on e-mail messages and phone calls.

### **EVOLUTION OF PAYMENT SYSTEM**

As consumers payment behaviour changed with transaction size, the dispersion of their behaviour by location also increased. The demographic factors — share of households, share of housing that is owner-occupied, age, race and ethnicity, gender, and education — customers of this retailer category have not the same characteristics, on average. In recent years, “techceleration” (tech-led acceleration) has changed the financial landscape. The use of paper-based modes of payment, such as cheques and demand drafts shows in terms of volume and value, while the popularity of digital payments also good measures.

The Global crisis has significantly changed the way as consumers manage their finances. With the people feeling normalcy, leading towards increased consumer demand, this new financial landscape is preferred. As the economies recover, digitization is not only

an easy solution for the consumers and retailers, but a way ahead for economy in normal situation.

### **AN ANALYSIS: PAYMENT SYSTEM**

- (a) In recent year, the retail digital payments market has developed to new highs as more people retreated from using cash in fear of contracting Covid-19 and proceeds towards the digital mode of transactions for easy payment system. Reserve Bank of India data showed that the digital transactions in the total volume of non-cash retail payments during 2020-21 period increased to 98.5 per cent, with credit transfers method, in 2019-20 is 97.0 per cent.
- (b) India Payments Market Report 2021-2027 shows digitization in payments has gained significant momentum and is expected to reach Rs 280.84 trillion by 2027.
- (c) RBI data indicates that in 2010-11, paper clearing constituted 60% of the total retail payments and dropped to 3% in 2019-20 by volume, while retail electronic payments increased from 18% to 61%. In terms of value, paper clearing comprised 89% of the total retail payment system in 2010-11 which fell to 20% in 2019-20.
- (d) Digital payments have increased from 498 crore transactions with a value of Rs.

96 lakh crores in 2010-11 to 1623 crore transactions with a value of Rs. 3,435 lakh crores in 2019-20 .

- (e) New mode of payment increase use of Mobile Phones and the Internet in the country and helps in faster adoption of cashless transactions. The low-value payments dominate the volume/turnover, and products that afford real-time, instantaneous transfers become the most preferred modes of payment.
- (f) Fast payments through IMPS (Immediate Payment System) & UPI (Unified Payment Interface) are becoming popular. Fast payments are characterised by speed and continuous availability. IMPS and UPI are the two fast payment systems existing in India. In 2010, India became the fourth country to introduce IMPS with an Rs. 2 lakh limit. Even non-bank entities can participate in these payments. On the other hand, UPI is a mobile-based fast payment system under which bank details need not be shared with the remitter. It helps in money transfer with persons, merchants, utility bill payments, and QR (QuickResponse) code-based payments. Interoperability is also a factor that RBI considers important. The adoption of the two fast payment systems has exponentially increased in the last few years with them and become the preferred mode of small payments for a majority of the people.

### **GLOBAL E-COMMERCE RETAIL SALES TO HIT \$4.9 TRILLION BY 2021**

- (a) The worldwide retail e-Commerce sales increase by 2021. E-commerce businesses expect 26.5% growth rate, from \$1.3 trillion in 2014 to \$4.9 trillion in 2021.
- (b) Global, e-Commerce sales have been steadily eating up the worldwide retail market. In fact, by 2021, it will account for 17.5% of the total global retail sales.
- (c) Global retail sales show more opportunity for growth in the future. To capitalise on this e-Commerce trend, physical stores must have infrastructures to set up the businesses from offline to online, while online businesses must find new ways to further elevate their brands online.

### **SOCIAL SHOPPING ENCOURAGED**

- (a) Sellers can do way more than just advertising on Facebook, Instagram, or any other social platform. With the development of social media selling capabilities, social media platforms now allow customers to conveniently and quickly purchase products.
- (b) TikTok, Instagram, Twitter, Pinterest, Facebook, and YouTube are among the social media channels which rolled out the “buy” buttons and made significant improvements in their social selling

features. Instagram launched its shoppable post feature, allowing businesses to enable product tags in their posts and product stickers in stories.

- (c) When people tap to view a product tag on post or a product sticker in,
  - (i) An image of the product
  - (ii) A brief description of the product
  - (iii) How much the product costs
  - (iv) A link where they can purchase the product

### **BENEFIT**

This e-Commerce trend cuts the time and effort for shoppers to make their purchases on social media, making them shop more productively and makes big implications of widespread use among businesses, so as early as now, set up social media posts to social selling and think of more creative ways to use social platforms to elevate the presence.

### **CENTRE OF E-COMMERCE AS SHIFTING FROM THE WESTERN HEMISPHERE**

The e-Commerce shift means businesses must adopt an International approach to make sure of their Global accessibility and convenience. The United States’ share of the total Global e-Commerce retail market is

projected to decrease by as much as 16.9% in 2020.

### **VOICE COMMERCE ON THE HORIZON**

The introduction of voice technology/devices, like Amazon Echo and Google Home, has already led to new ways on how people interact with brands through voice-activated online browsing as a very recent trend to the e-Commerce world. The voice browsing adopted by customers and now, voice commerce is on the rise too. Voice commerce is used to describe any transaction with a business that occurs using a voice device. This opened a new channel for e-Commerce businesses to sell and grow their businesses, as in terms of online shopping, there will be more and more people who are relying on Siri, Alexa, Google Assistant, or similar apps for shopping purposes. By 2023, voice commerce will generate a total of \$70 billion in sales in the U.S. alone. And Amazon already activated its voice purchasing last 2016.

### **NEW PAYMENT OPTIONS**

(i) Payment options are one of the essential drivers, customers will push a transaction. Without the available payment channel of their choice, they won't purchase from the online store.

(ii) Currently, digital wallets, such as Google Pay, PayPal, Apple or Samsung Pay are widely implemented by E-Commerce businesses. These digital services allow people to make purchases through electronic transactions, and allow a more frictionless shopping experience. And people are demanding these kinds of digital payments. In fact, 70% of people expect that digital payments will overtake cash and cards by 2030.

(iii) Another payment option is now cryptocurrency. Crypto-currencies being used for large business transactions.

(iv) A wide variety of ways to pay is a good way to increase conversion rates on mobile devices.

### **SUSTAINABILITY**

Consumers and businesses become more conscious about where they shop and the impact it has on the environment and related effects. Customers are aware sustainability in the fashion industry with sustainable brands. Many businesses are finding ways to be more eco-friendly by going paperless, using biodegradable packaging, and using recyclable supplies and more sustainable supply chains. Businesses can reduce the amount of waste with packaging that uses more sustainable materials or less materials in general; using renewable energy and trying to minimise the overall waste.

## FUTURE PROSPECTS

(i) A strong brand not only makes performance marketing more effective in the short term, it also becomes the base of sustainable growth. Strong brands draw more organic acquisition, retain more customers, and can raise prices—the most powerful lever increases the profits. As the digital space becomes more crowded, brand identity and brand awareness will only become more crucial.

(ii) Investing in a brand does not mean forgoing performance marketing. Use both performance marketing and brand marketing to create lifelong customers and brand evangelists.

## CONCLUSION

The implication of e-commerce becoming more effective and contributing to the growth and development of economy through the business sector. Electronic commerce (E-Commerce) acts as companies and individuals, buying and selling goods and services over the Internet. E-Commerce operates in various market segments and conducts over computers, tablets, smart phones, and other smart devices. The product and service is available through e-commerce transactions, as books, music, plane tickets, and financial services, online banking. Now sellers can do more than just advertising on Facebook, Instagram, or any other social

platform. With developments of social media selling capabilities, social media platforms now allow customers to easily and fast purchase of products. Tik-Tok, Instagram, Twitter, Pinterest, Facebook, and You-Tube are among the social media channels which rolled out the buy buttons and made significant improvement in the social selling prospects. Instagram launched its shoppable post feature, allowing businesses to enable product tags in their posts and product stickers in stories. New Payment Options, essential drivers and customers increase transactions. Currently, digital wallets, such as Google Pay, PayPal, Apple or Samsung Pay are preferably implemented by E-Commerce businesses. These digital services help people to make purchases through electronic transactions, and allow a more frictionless shopping experience. Another payment option: Crypto-currencies being used for large business transactions. A wide variety of ways to pay is a good method to increase conversion rates on mobile devices. E-Commerce trend save the time and effort for shoppers to make their purchases on social media, making them shop more productively and enlarge business as success.

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