

IMPORTANCE OF E-COMMERCE

Riya Jacob K
Dept of BCA
2020 - 21

IMPORTANCE OF E-COMMERCE

- Electronic commerce means engaging commercial activities using the electronic media.
- Operating efficiency of the business firm will definitely improve and which in turn strengthen the value and service given to customers and provide a complete edge over competitors.
- The direct benefit accrue to an organisation on practising e-commerce are better quality, greater customer satisfaction, better decision making, low cost, high speed and real time interaction.
- E-Commerce has the potential to increase revenue by creating new markets for the existing products and establishing new distribution channels to better serve and interact with customers.
- Plenty of opportunities are available from e-commerce and the importance of e-commerce can be discussed under the following heads.

1. Consumer Sovereignty

- Consumer is the king in the market.
- The marketing strategies of all business organisations are one way or other, related with the satisfaction of consumers.
- Consumers in e-commerce enjoy wide choice and best service. He is free to select any goods and services displayed on computer screen.
- Orders can be placed over the Internet and goods are delivered at the doorsteps of consumers, thus avoiding inconveniences associated with manual shopping.
- The consumer gets full attention of the supplier as e-commerce envisages one-to-one marketing, There are no middlemen to operate between producers and consumers in e-commerce since service of intermediaries are needed to facilitate exchange of goods and services between buyers and sellers.
- The intermediaries' are start to disappear from the market scene as the world go for electronic trading.

2. Customisation

- High Quality relationship is crucial for retaining customers in the e-commerce environment.
- Customer relationship management (CRM) is a new concept in marketing and e-commerce provides plenty of opportunities to practice CRM in organisations with a view to establish better relationship with customers.
- It becomes absolutely necessary for the company to enhance customer loyalty;
- otherwise the customer is full of choice scan jump from one web site to another.
- In order to employ technology to develop, low cost customer retaining methods, establish close relationship with customers and develop customer loyalty.
- To achieve this, marketers in all industries are seeking new ways to interact with customers and delivering service,

3. New Markets

- It is easier to penetrate and reaching of the customers across the world within minutes over Internet.
- The net enables suppliers to introduce and promote new products to meet the needs of the individual buyers.
- Even if some customers have been missed may be reached through the net.
- Thus customer can have better quality products from any country at reasonable prices CE-commerce also makes 'mass customisation' and 'net production' possible.
- An easy- to-use ordering system allows customers to order their own unique product; business-to- business electronic commerce allows the quick and efficient manufacture of what the customer ordered.

4. Efficient Use of Resources

- Availability of plenty of information, no transportation costs and free entry into markets led to the efficient use of resources that will in turn reduce both cost and prices
- For example cost of processing invoice electronically is much cheaper than traditional methods
- The aggregate demand for goods and services will be increased due to the supply of abundant information about goods and services.
- An important reason for the growth of e-commerce is that it reduces the cost of doing business.
- Selling over the Web will reduce its cost Online transaction costs are 70-90% less than those involving human mediation.
- In the US, it costs banks only 5 cents to process a Net-based transaction, compared to \$1.07 if the same transaction is done in a branch, and 27 cents for an ATM transaction.

5. Employment Opportunities

- E-commerce provides employment opportunities to large number of people across the world.
- A large number of professionals are employed in software services sector.
- Many of the western and European countries require large number of motivated professionals in the future.

6. Quick and Speedy Disposal of Customers

- Internet related technology process transactions at a great speed and it takes less time to complete formalities without considerable investment.
- The time consuming procedures of printing, mailing catalogues, inviting quotation etc. can be given to computerised system to avoid delay associated with the traditional system of processing customers, moreover, massive exhibition of goods at a central place.
- For example, Amazon.com, worlds biggest book store have millions of e-books for online sale, can exhibit electronically their products with texts, pictures, prices etc. in no time.

7. Managing Competition

- E-commerce is particularly attractive because it can serve as the 'great equalizer'.
- That is, it enables the small-and medium-sized enterprises to effectively compete with large and multinational firms in the global marketplace.
- Here the classic case is [amazon.com](https://www.amazon.com) - a virtual bookstore that did not exist a few years ago and does not have a single square foot of bricks and mortar floor space.
- Amazon.com is currently posting an annual sales rate of \$1.2 billion.