

Growth of E-Commerce v/s Traditional Business – A Study

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Abstract

As the internet is growing exponentially, companies are trying to attract buyers through it by selling their products online. The e-commerce has grown to such an extent that it attracts almost 80% of Indian population. The main reason is because of availability of different products, discount, less time and effort consuming, reaching to large number of people in lesser amount of time. With the advancement of the circumstances, many new things are coming up, such as e-commerce. So what is e-commerce? E-commerce is online business, which includes everything in this present time, for example, retail shopping, banking, stocks and bonds trading and so on. Alongside the appearance of the e-commerce, its effect is self-evident, particularly on the traditional companies. These days, many traditional companies have made great progress with the help of e-commerce, for example, MH Industry Co., Ltd. Mh-chine.com is its site to carry out e-commerce business. What's more, numerous customary organizations need to have better advancement.

The accompanying paper looks at a joint investigation of electronic business or web based business and customary Commerce and impact of demonetization on web based business. Electronic trade is procedure of working together through PC systems. A man sitting on his seat before a PC or portable can get to every one of the offices of the web to purchase or offer the items. Not at all like conventional business that is completed physically with exertion of a man to go and get items, internet business has made it simpler for human to diminish physical work and to spare time. Online business which was begun in mid 1990's has taken an incredible jump in the realm of PCs, however the way that has prevented the development of web based business is security. Security is the test confronting internet business today and there is still a great deal of progression made in the field of security. Government pulled the old RS. 500 and RS. 1000 notes unavailable for general use. While the exceptional move made by the Prime Minister Narendra Modi has affected web based business and in the meantime it affects the purchasers and their shopping conduct through web based shopping. Along these lines it ends up important to ponder the effect of demonetization on web based business industry.

The fundamental point of the examination is to comprehend and break down the impact of demonetization on purchaser's recurrence of purchasing item and shopper's method of installment mode through internet shopping post demonetization.

Key words: brick and motor shop, ecommerce, website, mobile banking, retailers, demonetization.

Introduction

E-commerce permits online trading and online payment, which will pull in more potential customers. By along these lines, the traditional business can take the local market to the worldwide market. As each coin has two sides. So does e-commerce, it has certain disadvantages as well. Hence, there are a few noteworthy issues. First, as we probably are aware, e-commerce is dependent on the Internet. So it is important to be comfortable with the computers. Essential information is required. There is no replacement for good planning, if you want more traffic into your site. Second, internet business is full of high risk. Customers can't see the genuine item until the point that they get it through online

shopping. All the transaction is helped out online. As the popularity and reach of internet has increased, there are more options available online. And so the online frauds have also increased. In this situation, brand value and high reputation will attract more customers.

So, it is sensible to cultivate a positive corporate picture. With everything taken into account, the effect of online business can't be ignored and, the acknowledgment and commonality of e-commerce for the traditional business will take some time. E-commerce is the process of exchanging goods or services in the form of digital mode where the payment is done via online transactions, in electric form. The payments can be made by any form of digital modes such as credit or debit cards, digital wallets or Net banking. E-commerce is an online platform for customers to sell and buy goods or services and it is delivered to the doorstep of the customer. This saves the time and money that would have been otherwise spent on traveling. In E-commerce, shopping could be done all round the clock without any chaos, during our free time.

Traditional commerce is the process of buying and selling goods in direct form, this began with the start of human civilization, namely the Barter system. While the Barter system was exchanging goods for other goods, the recent traditional business exchanges goods for monetary gains. Now, traditional commerce is losing its importance and high regard to that of E-commerce.

Objective:

This paper aims to analyses the growth of commerce that has taken place in the last decade and its effects on traditional businesses and the overall impact on economy

What is Traditional Commerce

The word commerce can mean different things to different people, so let's start with defining traditional commerce for the context of this conversation. Our definition of traditional commerce is the exchange of goods or services, in person or face to face. The most conventional method, and something we have all done — walk into a store, pick out an item for purchase, stroll to the checkout and pay for the item. As for the service part, a better example would be if you had to call a pool service company to come and fix your broken pool heater and the repairman came to your house (and if you have a pool, we're jealous).

In either example, the customer has to interact with the business owner or a representative of the business, one on one. There is more to be said for that personal interaction, but we'll explore that later in this post.

What is Ecommerce

Ecommerce is a variant of traditional commerce because there is still an exchange of goods. Just Like other words with an 'e' prefix, the 'e' stands for electronic, but it could really stand for 'easy' because it's all at your fingertips — email, ebook, and ecommerce. You no longer have to physically write a letter, or make a special trip to your favorite downtown

bookstore and circle the block for 20 minutes looking for a parking space. All of these things can be done online from the comfort of your own home, thanks to the internet and security protocols that enable the secure transmission of data.

However, just like most things, the internet and technology have changed the way that commerce is conducted with the emergence of ecommerce. So, no, commerce isn't just commerce anymore. Even though they have the same primary principle of buying and selling goods and services, there is a difference between ecommerce and traditional commerce. As a business owner, it's important to understand those differences so that you can effectively manage and increase profits through both channels.

Key Differences Between Traditional Commerce and Ecommerce

Now that we've defined traditional commerce and ecommerce for you, let's take a look at the differences between the two. It's important to understand the distinction because each channel will need to be managed a little differently.

The biggest difference between traditional commerce and ecommerce is accessibility. With traditional commerce, your reach and accessibility are only as far as the furthest customer is willing to travel to your business. And they must do so only during designated business hours. With an ecommerce store, you're open 24/7/365 — including holidays. Your customer reach is no longer local or regional, it becomes national and possibly even international.

As a business owner, you need to make sure you're equipped to handle not only the increased sales volume an ecommerce store can produce, but also shipping logistics, sales tax collection across multiple jurisdictions, and a return process, just to name a few.

Besides accessibility, the human element and instant tangibility of the product are next on the list of key differences. With traditional commerce, customers can approach a sales associate and ask them questions about a particular item. They can hold the item in their hands and physically inspect it, or compare it to a similar product. Once they decide to make a purchase, they walk out of the store with the product in hand.

On the ecommerce side, however, customers lose both of these factors. While you still may be able to ask questions via a chat feature on the website or a community Q&A forum, you're still not speaking to someone face to face, and the latter method typically doesn't result in an immediate response. Since customers can't handle the items in your online store, it's important that you have detailed descriptions, product specs, or pictures and videos of products to make up for the fact the customers cannot physically inspect the product for themselves.

This list of differences could go on and on, but accessibility, the human element and the instant tangibility of products are what we consider to be the biggest differences.

Advantages & Disadvantages of Ecommerce

With a solid understanding of some of the key differences between traditional commerce and ecommerce, let's explore how we can spin some of these differences into advantages and how to avoid the pitfalls and disadvantages.

Advantages

The biggest advantage of an ecommerce store is related to the accessibility factor we mentioned in the previous section. Not only are you literally always open, but you'll reach more customers because you aren't geographically restricted to a customer base that lives, works or travels near your store.

Another big advantage of an online store is the low cost of entry. Gone are the days when ecommerce was only for large national chains because they were the only ones that could afford it. In fact, today, it's not uncommon for retailers to start online and then move to a brick-and-mortar store once they find their audience and have enough funds to lease their ideal space.

The transition from brick-and-mortar to online, or vice versa can be made much easier with a little planning and forward thinking. If you currently have a brick-and-mortar shop and you are thinking about launching an ecommerce store, make sure your point of sale system can integrate with an ecommerce platform to make inventory management easier across both channels. On the other hand, if you are exclusively an online retailer and are thinking about opening up a storefront, make sure your ecommerce platform has an integration option for a point of sale system that would be a good fit for your business. An excellent example of this is ShopKeep's partnership with BigCommerce. If you are currently a ShopKeep merchant and you want to dive into the world of ecommerce, you can start your free trial with BigCommerce today. You can't get much more low cost than free!

Disadvantages

Losing the ability to look customer in the eye and explain to them the value of your goods or services, is probably the biggest disadvantage of an ecommerce store. It is practically impossible to replace the human interaction between a customer and a sales associate or business owner. Reading a bunch of words on the screen or looking at pictures to figure out what you need isn't always as helpful as talking to someone directly.

The best way to turn around this disadvantage is to create an engaging, informative, user-friendly, helpful, and responsive online presence for your customers. This can be done not only on your website or ecommerce store, but also through social media and other outlets.

Another disadvantage of an ecommerce store, for the customer specifically, is the waiting period between placing the order and having the product in hand. Here is another opportunity where you can engage the customer by offering a shipping upgrade on their next purchase. So rather than thinking about the wait time for this purchase, you already have them thinking about the next.

Advantages and Disadvantages of Traditional Commerce

Just as with ecommerce, there are also advantages and disadvantages to owning a brick-and-mortar store or a business that is considered traditional commerce.

Advantages

The biggest disadvantage as an ecommerce store, just became the biggest advantage as a brick and mortar store. You can bring to life the human element and interact one on one with your customers. You have the opportunity to create the ultimate experience for you customers from the moment they walk in the door, until the second they leave and that's not something that can be replicated online.

Customers also get the thrill of walking out of your store with the item they purchased. They don't need to wait through the drawn out shipping process.

Disadvantages

The biggest disadvantage to exclusively being a traditional commerce store is that you're not online! According to the Pew Research Center, 8 out of 10 Americans are online shoppers. That's practically a whole other market that you're missing out on by only having a brick-and-mortar store.

Another disadvantage is that the cost of operating a retail store is significantly more than operating an ecommerce store. With a brick-and-mortar store, you have the cost of rent, utilities, insurance, employee salaries, store displays, and significantly more inventory on hand to exhibit in your newly acquired storefront.

Similarities Between Ecommerce and Traditional Commerce

Since we have spent some time talking about the difference between traditional commerce and ecommerce, let's now discuss their similarities. First and foremost, as we mentioned at the beginning of this post, is both types of commerce have the same primary principles of buying and selling goods or services. Along the lines of buying and selling, no seller is going to succeed without buyers. Or rather no merchant, online or traditional, is going to prosper without customers. Customers are the key to success for any business, so going above and beyond or throwing in a little extra on the customer service front will only help your business thrive. Ecommerce giant Amazon, is the ultimate example of exceptional customer service. It is their obsession, their credo, and they have been rewarded time and time again for it.

Conclusion

E-commerce includes shopping via using electronic devices such as laptops, computers, mobile or tablet. While traditional commerce is a traditional approach to buying goods while having face to face transactions. E-commerce functions completely on online mode while traditions work on manual mode. E-commerce is useful when one needs to save time and money on commuting from places. Traditional commerce is available where digital marketing has not yet reached. E-commerce is easier to use for those who are at least aware of the most basic usages of the electronic device and can operate those devices and handle the transactions. That is not the case for traditional commerce, which can be done by anyone, irrespective of if they are even educated or not. E-commerce is available all around the clock while traditional is only available during some limited hours. The customers need to plan their shopping times according to the store times, when it comes to traditional commerce but can shop whenever they wish when it comes to E-commerce. E-commerce has this one drawback that the products that are for sale cannot be properly judged and inspected by the customers as it can only be seen from across the screen. While traditional business wins here as it allows the customer to properly inspect the product as they wish to. E-commerce usually sells directly from the business to the customer, which is not the case for traditional commerce. In traditional commerce, there is long that is to be followed before the product reaches from the business to the store from where the customers would buy the product. This following chain increases the MRP of products and the customers usually have to buy it at a higher rate than they would if they buy it directly from online stores. E-commerce doesn't need many human resources to maintain, while when it comes to traditional commerce, the shop owner usually needs to hire workers. E-commerce not only saves the business from having to pay hired workers, but it also saves the money in having to buy a physical store and have a proper and maintaining the infrastructure of the shop. E-commerce only needs a warehouse where they can store the extra stuff. E-commerce is reachable worldwide while Traditional commerce is limited to the town or area the physical store is in. Thus, as anyone can judge from the data provided that E-commerce is way more superior to Traditional commerce, then why must anyone hesitate to have an online presence and to increase their reach?

Here is my opinion on the effect of e-commerce on the traditional businesses. To start with, it can save labor costs. E-commerce is not the same as the traditional business in terms of the number of employees needed. It doesn't need so many staffs, such as sales executive, sales managers, accountants, and so on. But, what e-commerce need more is technology. For example, you can set an automated assistant to the inputs of the customers, which can save work as well as improve proficiency. In fact, traditional businesses can achieve huge success with the help of e-commerce. Second, an enormous development will be given through online business. Previously, when we come up with a new product, we invested much time and money on a decent promotion to make the item known. Opposite to that, e-commerce can make the customers everywhere throughout the world know the item through the website with much less effort. Third, it can build sales channels. E-commerce creates another distribution channel for existing items. The customer needn't to go to the stores or shops to purchase the item, while they can do it at home

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