

E-Commerce: Merits and Demerits

A Review Paper

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ABSTRACT

Over last few years the popularity of e-commerce has enormously increased due to its quick and easy way of exchanging goods and global services. India will be booming ground for e-commerce business models. The present study is conceptual and descriptive nature. It attempts to explain the concept of ecommerce, business models for e-commerce, merits and limitations of e-commerce. It concludes that e-commerce offers several benefits to the various stakeholders. However, at present time it has several limitations, legal and technical barriers in the development of e-commerce in India which could fade away in years to come. Hence we should equip ourselves to give worm welcome to e-commerce which is an obvious outcome of globalization and technological revolution around the globe.

OBJECTIVES OF STUDY:

The paper has following objectives:

- 1) To explain the concept of e-Commerce.
- 2) To study the merits of e-commerce.
- 3) To study the demerits of e-commerce

REVIEW:

The present study is conceptual cum descriptive in nature. It is based on the analysis of data. The data is availed from various journals, internet, and books.

CONCEPT OF E-COMMERCE:

E-Commerce or Electronics Commerce is a methodology of modern business which addresses the need of business organizations, vendors and customers to reduce cost and improve the quality of goods and services while increasing the speed of delivery. [1][2][3]

E-commerce refers to paperless exchange of business information using following ways. [3][4]

- Electronic Data Exchange (EDI)
- Electronic Mail (e-mail)
- Electronic Bulletin Boards
- Electronic Fund Transfer (EFT)
- Other Network-based technologies

DIFFERENT TYPE OF E-COMMERCE:

The major different types of e-commerce are:

- Business-to-business (B2B)
- Business to- consumer (B2C)
- Business-to-government (B2G)
- Consumer-to-consumer (C2C)
- Mobile commerce (m-commerce)

FEATURES

E-Commerce provides following features:

- **Non-Cash Payment:** E-Commerce enables use of credit cards, debit cards, smart Cards, electronic fund transfer via bank's website and other modes of electronics Payment.
- **24x7 Service availability:** E-commerce automates business of enterprises and Services provided by them to customers are available anytime, anywhere. Here 24x7 Refers to 24 hours of each seven days of a week.
- **Advertising / Marketing:** E-commerce increases the reach of advertising of products and services of businesses. It helps in better marketing management of products / services.
- **Improved Sales:** Using E-Commerce, orders for the products can be generated anytime, anywhere without any human intervention. By this way, dependencies to buy a product reduce at large and sales increases.
- **Support:** E-Commerce provides various ways to provide pre sales and post sales assistance to provide better services to customers.
- **Inventory Management:** Using E-Commerce, inventory management of products becomes automated. Reports get generated instantly when required. Product inventory management becomes very efficient and easy to maintain.
- **Communication improvement:** E-Commerce provides ways for faster, efficient, reliable communication with customers and partners. [6][4]

MERITS OF E-COMMERCE:

E-Commerce advantages can be broadly classified in three major categories:

- Advantages to Organizations
- Advantages to Consumers
- Advantages to Society

ADVANTAGES TO ORGANIZATIONS

Using E-Commerce, organization can expand their market to national and international markets with minimum capital investment. An organization can easily locate more customers, best suppliers and suitable business partners across the globe. Secondly, E-Commerce helps organization to reduce the cost to create process, distribute, retrieve and manage the paper based information by digitizing the information [5] and also E-commerce improves the brand image of the company. It can be deduced that E-commerce helps organization to provide better customer services and also E-Commerce helps to simplify the business processes and make them faster and efficient. E-Commerce reduces paper work a lot and increases the productivity of the organization [6]. It supports "pull" type supply management. In "pull" type supply management, a business process starts when a request comes from a customer and it uses just-in-time manufacturing way [5].

ADVANTAGES TO CUSTOMERS

24x7 Customer can do transactions for the product or enquiry about any product/services provided by a company anytime, anywhere from any location. Here 24x7 refers to 24 hours of each seven days of a week and also E-Commerce application provides user more

options and quicker delivery of products. Secondly, E-Commerce application provides user more options to compare and select the cheaper and better option. A customer can put review comments about a product and can see what others are buying or see the review comments of other customers before making a final buy. E-Commerce provides option of virtual auctions [7]. Readily available information. A customer can see the relevant detailed information within seconds rather than waiting for days or weeks last but not least E-Commerce increases competition among the organizations and as result organizations provides substantial discounts to customers [10].

ADVANTAGES TO SOCIETY

Customers need not to travel to shop a product thus less traffic on road and low air pollution ecommerce helps reducing cost of products so less affluent people can also afford the products.[6] E-Commerce has enabled access to services and products to rural areas as well which are otherwise not available to them. Also E-Commerce helps government to deliver public services like health care, education, social services at reduced cost and in improved way.

DEMERITS OF E-COMMERCE:

E-Commerce disadvantages can be broadly classified in two major categories [8][9][11][12]:

- Technical disadvantages
- Non-Technical disadvantages

TECHNICAL DISADVANTAGES:

There can be lack of system security, reliability or standards owing to poor implementation of e-

Commerce. Software development industry is still evolving and keeps changing rapidly.[8] In many countries, network bandwidth might cause an issue as there is insufficient telecommunication bandwidth available. Special types of web server or other software might be required by the vendor setting the e-commerce environment apart from network servers. Sometimes, it becomes difficult to integrate E-Commerce software or website with the existing application or databases. [11] There could be software/hardware compatibility issue as some E-Commerce software may be incompatible with some operating system or any other component.

NON-TECHNICAL DISADVANTAGES

Initial cost: The cost of creating / building E-Commerce application in-house may be very high. There could be delay in launching the E-Commerce application due to mistakes, lack of experience. User resistance: User may not trust the site being unknown faceless seller[8]. Such mistrust makes it difficult to make user switch from physical stores to online/virtual stores. Security/ Privacy: Difficult to ensure security or privacy on online transactions [12]. Lack of touch or feel of products during online shopping. E-Commerce applications are still evolving and changing rapidly. Internet access is still not cheaper and is inconvenient to use for many potential customers like one living in remote villages [11][12].

CONCLUSION:

E-commerce is an emerging trend in Indian economy in the post economic reforms era. E-commerce offers many benefits to the various stakeholders. These benefits are cost effectiveness, quick comparison

shopping, better customer service, higher business margins resulting from economy in business operations, information saving and knowledge market development etc. At present there are several barriers in the development of e-commerce such as initial investment, technological issues, computer ill-literacy, legal hassles, and adverse mindset of consumers, privacy and security issues. However, these barriers to e-commerce shall be taken care of in due course and hence e-commerce has bright prospects in India. We need to update ourselves to greet e-commerce and reap its benefits.

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