

Factors to consider for e-commerce



Your friend Lara is launching an online retail store. She plans to sell cat-related garments and merchandise to cat lovers all around the world. Lara knows that you are studying business, so she asks for your advice.

What does Lara need to consider as she prepares to engage in eCommerce?'

Electronic commerce (e-commerce) is the buying and selling of goods or services using the internet. This includes transmitting funds and agreeing contracts electronically, marketing goods and services online, making reservations online and much more. There is a lot to consider before engaging in e-commerce such as; digital marketing, information and security. It is important for businesses to consider engaging in e-commerce as ' over the past decade global e-commerce has been expanding at an average rate of 20%' (E-commerce takes off, 2017).

Lara, who plans to sell cat-related garments and merchandise to cat lovers all around the world could use electronic commerce to give her businesses a competitive advantage. Ecommerce will also allow a business like Lara's to gain customers from all around the world. she would need to consider the fact that not all countries are devolved and have access to electronics.

Digital marketing will give you insight on how to engage with your customers. Marketing is the activity of communicating, promoting products or services that have value for customers at large. Marketing becomes digital when it uses an electronic device or the internet to sport it. Social media plays an important part in digital marketing. A business like Lara's, can use people with social platforms to advertise products or services available, to gain exposure and attract potential customers. Social media gives people an

easy access to share, comment, and leave reviews for products and services. This will promote the brand and content to increase awareness which will increase overall sales for Lara.

Ecommerce allows businesses to sell products and services on an international platform. Customers can use search engines to look for specific products like cat garments which will lead them straight to a website that sells them. Not only is it easier for customers to just shop online from a website, it makes it easier for a seller to make sales as customers are actively searching for their products. Offering products and services on a website where the buying process is easy for customers to shop from is crucial as would increase customer satisfaction. Making the process complicated would make customers resistant to buying from the specific company.

Email marketing allows businesses to send commercial messages to a large group of people using email. Emails are an effective way to attract potential customers as not everyone has access to social media. When people subscribe to companies they would expect something in return, for example vouchers, discounts, rewards and special offers.

Before sending emails to people you have to make sure you have their consent and you have to provide them a way to let them opt-out of further communications. To get people to give their consent to emails, businesses usually have a pre-launch page on their websites to sign up for more information. Transactional emails are the first, out of three, category in e-commerce marketing emails. These include key points of a transaction for

example, order confirmation and the dispatch of goods. The second category is promotional emails which are to promote offers and products. This includes offers for special holidays and occasions like mother's day, father's day or Valentine's Day.

Customer lifecycle emails is the last category in e-commerce marketing emails. This is based on where the customer is in their relationship with the brand. Rather than sending generic emails to all customers, companies would send emails based on where the customer is in their relationship with the brand. Emails are targeted to specific customers depending on where they are in the lifecycle. This allows companies to advertise personalised products to the targeted customers.

Customer relationship management take account of the ' understanding and influencing customer behaviours through meaningful communications to increase new customers, prevent the loss of existing customers, promote customer loyalty, and enhance customer profitability' (Yang and Hu, p. 175). Businesses that want to engage in ecommerce would use customer relationship management as a method to maintain the communications with current or future customers. Businesses could use customer relationship management to strengthen the loyalty and commitment customers have with them.

The European convention on human rights states that everyone has the ' right to respect for his private and family life, his home and his correspondence'. The definition of privacy becomes more complicated and harder to protect in the Information Age. As technology is continuously being

developed, new threats are arising. Although businesses can use 'personal information to provide better services, information could also be misused; for example, by sending unwanted emails to customers, selling customers' information to others, or disclosing potentially sensitive information that the customer would prefer to keep private'(Boritz, 2011).

Online systems are exposed to cyber-attacks and IT failure. This could compromise any data an e-commerce business holds. If a business is solely based online and has a system failure, this could cost the business potential sales and expenses to maintain an online system. British Airways PLC experienced an IT failure that cost them £80m in 2017 (Financial Times). This clearly shows that the size of the business doesn't really matter and that an IT failure can happen to any business at any time. Businesses that would like to engage in e-commerce should be prepared for any failures or cyber-attacks. Businesses will have to use privacy enhancing technology to allow online users to protect their identities. Even though technology is always developing to protect customers, 'new technologies are equally able to facilitate gross breaches of an individual's privacy' (Smith and Shao, 2007). There are many rules and regulations in place regarding ecommerce which ensures that businesses take appropriate technical and organisational measures to secure personal data.

The General Data Protection Regulation (2016) is a regulation in EU law which relates to the processing of personal data. Any business that is considering engaging in e-commerce needs to familiarise themselves and put in practice of the regulations in order to protect customers and themselves. The General Data Protection Regulation applies to both public

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and private companies in the UK that process personal data and states that ‘ technology allows both private companies and public authorities to make use of personal data on an unprecedented scale in order to pursue their activities’ (EU Regulation, 2016).

‘ Personal data’ has three types; the first is anything that allows a living person to be directly or indirectly identified. This includes names, addresses or even IP addresses. The second type of personal data includes sensitive personal data such as religious beliefs, political opinions, racial information and sexual orientation. The last type of personal data is criminal and offence data.

Processing data consists of collecting, recording, storing, retrieval and even destruction of data. The EU regulation gives EU citizens a right to their own data which means they can decide whether to share their personal data or not and even have it erased. This regulation ensures that businesses in the UK don’t take advantage of individuals’ privacy.

The Data Protection Act (2018) and Privacy and Electronic Communications Regulations (PECR) are UK regulations that protect personal data and privacy rights on computers in regards to electronic communications. The Data Protection Act implements the General Data Protection Regulation, controlling how businesses use your personal data but with more factors that is specific to the UK.

The Privacy and Electronic Communications Regulation outlines rules on marketing, cookies, communication services and customer privacy.

Businesses in the UK that engage in e-commerce will have to be well aware

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of the use of data in their businesses as a breach of regulations can lead to the company being fined. This may create complications for a new business like Lara's as it may be hard for them to pay the fines. It would also be bad for publicity if a business is in breach of any data protection acts as it will be very hard for people to trust them with their information.

Electronic commerce has numerous strengths and weaknesses. Online shopping has become very popular for customers with no time to shop in person. A weakness of ecommerce is the time and resources used to keep up maintenance and protection from cyber-attacks. Businesses would have to make sure they are operating with the restrictions of all the regulations regarding privacy and data protection.

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