

Pros and cons of e-commerce shopping compared to traditional storefront shipping ...

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E-Commerce: An Overview

Electronic Commerce or E-commerce in accordance with Javalgi and Ramsey (2001) is all about speed, connectivity, and communicating and trading of commodities, services and data. Remarkably, there is no fixed definition of E-Commerce. Barnes-Vieyra and Claycomb (2001: 13) states that electronic commerce is the application of the internet for the communication of data amongst the organizations and their trading associates, workforce, and the clients with the nonexistence of geographical and time limitations.

Within that outline, Chang and Ling (2003: 34-45) identified the two major segments of electronic commerce as Business-to-Business and Business-to-Consumer communications. Other views of e-commerce are not as restricted in scope. For example, Canzer (2003) proposes three fundamental kinds of e-commerce business models, namely B2B, B2C, and C2C. The theorist Kinder (2002: 130-151) listed several possible forms of E-Commerce. Moreover, there are other e-commerce business models suggested by Hanson (2000), Rappa (2001). Hedman and Kalling (2003: 49-59) in their influential critique stated the significance of the business model concept in electronic commerce.

The contemporary commerce has been a major force for human existence ever since the launching of recorded history and beyond. The immense espousal of the Internet has caused a paradigm shift in the businesses of the present times. The past decade saw the appearance of a new kind of commerce: e-commerce, the trade of goods using human-computer interface

over the Internet. The traditional business of commodities and currency is becoming gradually more unpopular and more companies are now trying to switch over to the E-Commerce. In the present times, the line between e-commerce and traditional commerce is getting vaguer as more companies are keen to incorporate the Internet and e-commerce technologies into their business systems.

The E-Commerce as a modern business tool deals with the fundamental requirements of the companies, traders, and customers and reduces the expenditure whilst enhancing the quality of commodities and services as well as increasing the rapidity of service delivery through the Internet.

It is different from the traditional commerce in the way that it facilitates the transaction of commodities, money and data by machine i. e. from computer to computer. The business dealings are carried out through the Internet and it does not require the physical currency or commodities to carry out the business.

E-Commerce shopping vis-à-vis traditional storefront shopping: An Introduction

The phenomenal growth of E-Commerce with the subsequent rise of Internet technology supported several e-business models, amongst them is the electronic shopping (Ahmed 129-140; Close and Kinney 986-992; Garbarino and Maxwell 1066-1072; Lu et al 346-360; Rose et al 24-39). At present, the clients are able to buy through the Internet to access vendors' websites. This modern approach to shopping freed the customers from personally visiting traditional storefronts (Kim et al 256-265; Papatla 362-369).

The application of the E-Commerce as a shopping tool has helped the

customers with the advantages over traditional storefront shopping. This paper identifies and discusses the advantages as well as advantages in terms of shopping in the business world.

Advantages

Convenience & time-saving

Shopping through E-Commerce presents the customers the convenience and time-saving benefits, in contrast to shopping in traditional stores. The modification of shoppers' lifestyles and deficiency of time may make it more complex for them to shop at physical business sites like stores and shopping malls (Davies 18-23). Shopping through E-Commerce has successfully dealt with this problem as the customers can shop in the comfort and ease of home shopping.

The E-Commerce functions round the clock for the whole year, and can be accessed from any place all over the world. The customers are at ease to browse and deal in goods and commodities through the Internet anytime, in contrast to traditional storefronts that have fixed opening and closing hours. The shoppers can also deal in goods that are inaccessible at their locations, and are capable to evade many import policies and tariffs, as the E-Commerce helps the customers to make direct purchases from the sellers in other places globally. Ernst and Young's study (2000) showed that contrast to traditional business stores, when shopping on the Internet, was quite problematic, the E-Commerce helps the shoppers to organize their own schedules for research and buying.

Another study reported that Australian customers mentioned convenience as

the major cause to buy online, then by price and product choice of the particular goods. Moreover, a survey performed by in Denmark showed similar outcomes, with convenience mentioned as the most significant rationale for the shoppers to buy online, followed by price and product choice of the goods (Nielsen, 1999).

Powerful research instrument

The customers are able to shop through E-Commerce as a potent research tool in the shopping process. For some goods like the books and videos analyzes and recommendations are significant aspects in affecting buying decision. With such goods, the customers are not only able to search through a bigger selection on the Websites like Amazon. com, however, are also able to easily get the reviews and suggestions that are normally inaccessible in the traditional stores.

The customers who shop through E-Commerce do not essentially make the purchase online, however, through the traditional storefronts, and vice versa. According to Forrester Research just about 50% of online buyers research online to buy offline, whilst about 30% study offline to buy online and nearly 20% study in both methods (Vigoroso, 2001). Ernst and Young's report (1998) noted that more than 50% of the clients with Internet connectivity compiled data and studied the specific goods online and afterwards purchased them through traditional methods; 46% of the customers with Internet connectivity studied the goods online and purchased products by fax or phone whilst 64% studied the particular goods online and then purchased them using traditional storefronts; these shopping were double of

those of the customers who studied online and then purchased through web. The above mentioned data gives proof that the Internet can also be judged as a complement to traditional storefront buying, rather than as a rival. Ernst and Young's report (1998) noted that this capability to shop, study, and see prospective shopping through E-Commerce helped the clients and improved their purchase decisions.

Lower search costs & better product selection

Shopping utilizing the E-Commerce prevails over the time and economic expenditures of traditional shopping; the consumers can shop from the comfort and ease of home, and require not travelling physically to the storefronts. The customers are capable to find various sellers online by making use of search engines and websites aimed to navigate the customers, examine in depth product data from various sellers' websites, evaluate price and quality amongst various sellers, and make shopping online.

With E-Commerce, the customers no longer have to experience the costs and incomplete data of the traditional hierarchical study, making the goods exploration simpler and more efficient. For instance, the customers are able to view more three million titles in Amazon. com from the PC at home, as against going physically to the shops, which carry about 80, 000 titles.

The E-Commerce offers a better choice for the customers in compared to traditional retail storefronts. In accordance with Sharma and Krishnan (2002: 317-33), the E-store can offer a bigger inventory of the goods and commodities, and can practically assure the accessibility of any kind and size

of the goods. In accordance with Ernst and Young's (2000), 56% of the customers studied mentioned the Internet's good choice of articles, 14% of which were not accessible in stores, and 40% cited its competitive prices as facilitating to simplify their shopping understanding. Grewal et al. (2002: 301-316) stated that formerly, the retail salesperson had enthusiastic customers; for many goods and items of different categories, few practical choices were available to shop a store; at present, the E-Commerce offers an extremely practical option for the shopping mode.

Better price information & Lower Prices

The E-Commerce makes it simpler for the customers to evaluate prices between the sellers. Online sellers offer the prices of their commodities in their websites. Just seeing various seller websites, the customers are able to get and evaluate prices easily, against visiting several physical storefronts, which is an expensive and slow process. The customers are able to find reduced prices utilizing the E-Commerce on account of the wide reach of data, and navigate websites that present prices of rival sellers. As a result of price data on the Internet, the customers are less exposed to overpay when shopping from physical storefronts that may influence prices to the customer's inconvenience.

The customers are capable to get lower prices when shopping online. In accordance with the Ernst and Young study (1998), potential customers considered price savings and choice as more key advantages than ease. Edgecliffe-Johnson et al. (2002) stated that the online customers are more worried about price than about new aspects or ease - the benefits which e-

customers once believed would help them to charge over traditional stores. Moynagh and Worsley (2002: 293-301) stated that the E-Commerce could change consumers' behavior, motivated by cost saving and ease and inspired by the competition. The customers are able to shop directly from a company's website through a PC. With more companies eliminate retail intermediaries to sell direct to the customers through the Internet, the expenditures are reduced and thus they are able to offer cutting prices. For example the companies like Dell Computer and Amazon. com are able to present its goods at reduced prices in contrast to the majority of traditional retail storefronts.

Internet stores are not loaded with the costs of operating a physical store, like the rent of the physical site and operating expenditures like the salaries of the workforce. The cost savings by internet stores cause reduced pricing, hence, passing on cost savings to the customers. The E-Commerce supports the sellers to vie amongst each other by reducing the prices. Sharma and Krishnan (2002: 317-33) stated that for the last few years, the risk of the Internet has raised the competitive demands that the retailers experience. In accordance with Evans and Wurster (2000), internet sellers are cognizant of the fact that as a result of the wider informational reach of the shoppers, that creates low levels of pricing confidentiality, they have to concentrate on low prices to realize the competitive advantage.

Disadvantages

Despite the fact the list of e-commerce benefits are long, however, its environment is far from excellent. Indeed, some of the e-commerce

disadvantages create both the customers and the companies to experience great troubles. Though the cost savings are generally mentioned, there are unknown expenses that can deeply affect unfavorable conditions. As well, the technology is not flawless, for instance, the system unpredictability is a constant apprehension. Furthermore, some other apprehensions include security, the loss of confidentiality, low and far-off service levels, and multifaceted legal issues.

Hidden Costs

Despite the fact dealing on-line is handy the price of this ease and expediency is not always apparent. The online shopping must be shipped and the fees may be large. In actual fact, a large number of e-commerce companies have created a situation of cheating for shipping and handling.

Network Unreliability

With an Internet population of customers more than hundred million in North America alone, the E-Commerce has become quite extensive and highly engaged. Despite the fact the Internet technology is planned to prevail over the single point of malfunction problem, there have been various instances of internet system collapse in the last several years. A website that is incapable to serve its clients is bound to lose its sales, standing, as well as the clients.

The Cost of Staying in Business

The staying in E-business may at times become difficult. It should be noted that the easy access through E-Commerce implies better competition, hence

causing the companies to run with thin profit margins. To be cost-effective, the e-businesses must sustain high sales of goods, which, consequently, imply to build and maintain a large and dedicated client base. To attract the clients and transform them into repeat customers is considered as key to success of a business. Moreover, for a business to survive and remain challenging, the companies must spend considerably in normally expensive technology. The initiation of computer technology in a business enterprise not only automates the business procedure, however, it also transforms the way the firm carries out business internally as well as externally.

Consequently, the synergy between the contemporary technology and business operations leads the firm more reliant on technology, at the same time more susceptible to the network collapse.

Lack of Security

One of the major barriers to the wide approval of e-commerce by the companies and the customers equally is the supposed need of appropriate security for the Internet businesses. For instance, the customers are rising phenomenally disenchanted regarding provision of credit card data through the Internet. Throughout the past several years, the media have been full with the news reports about hackers barged into e-business websites and the misusing of credit card data. Hence, securing E-Commerce data throughout its creation and then protecting it after it has been placed in the database are vital issues to be resolved.

Lack of Privacy

The security of the companies' data is of critical significance to the clients and to the integrity of the company. The clients are also anxious about the privacy connotations of the data compiled by the businesses of all kinds and sizes. The Internet clients are increasingly susceptible regarding their online confidentiality, and seek ways to safeguard their valuable data from the cyber attackers.

Low Service Levels

Another common issue concerning online business is the low-level of client service that online companies have a tendency to offer. Despite the fact the E-Commerce technology has In view of the fact the online buying experience is much more unfriendly than the traditional one, offering a good client service is critical to the sustenance of any e-business transaction. The key customer criticism of E-Commerce consists of the lack of contact data on the websites and the problems to contact a customer service representative.

Conclusions

In sum, all the major benefits of E-commerce over the traditional storefront shopping can be summed up as follows:

- Lowered costs as a result of competition in the procurement of goods. A number of the sellers of the product vie for shopper's patronage in open Internet markets. This competition reduces the price of the goods.
- Reduced costs are due to a reduction in the formalities. The cost-efficient electronic records will be sent almost instantaneously and securely. This helps both parties to take fast decisions.

- The data communication at a broader level is achievable. The data about the goods, expenses, size, and specification may be presented to the clients resided in extensively far-off places.
- A superior customer relationship may be realized by the faster communication of the data to the prospective clients.
- Given that all the orders and inquiries are processed through the Internet, the products are directly sent to the customers. This removes the need for the wholesalers and retailers to reduce the prices of the products.
- The time taken for the order processing is reduced considerably as e-commerce curtails the time taken from order to delivery the clients.
- Offers superior, fast and efficient link to the customers. As all the data has to be processed through online, it is likely to establish the clients' needs and preferences that cause quick product design.
- Opens new outlooks for the organization and generates healthier business opportunities due to easy and cheap reach to the prospective client base.
- Improves the companies' product and market study as the companies get faster responses from the customers. These responses may be done online.

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