

Importance of e-commerce in modern business

[Business](#), [E-Commerce](#)



E-Commerce refers to the buying and selling of products and services over electronic systems like the internet and other computer networks. This system depends on technologies like electronic funds transfer, supply chain management, internet marketing, online transactions, electronic data interchange and automated data collection systems. E-commerce is divided into three major categories which include; Consumer to consumer: electronic commerce which involves consumers selling directly to consumers.

Like eBay (the giant web auction site) which allows people to sell their goods to other consumers by auctioning the products off to the highest bidder. Business to consumer: electronic commerce involves retailing products and services to individual shoppers. Like Noble. com which sells books, software and music to individual consumers. Business to business: electronic commerce refers to the selling of goods and services among businesses. For example, Milpro. com (web site) for selling cutting tools and grinding wheels to small businesses.

There are various ways through which electronic commerce payments are made and these include; Credit cards are a bank issued card that allows people to purchase goods or services from a merchant on credit. This type of system is commonly used in the USA and UK where 95 percent of the population uses online payments. A digital wallet is a software application, usually for smart phones that serve as an electronic version of a physical wallet. This type of payment securely stores credit card and the owners' identification information which also provides the information at the electronic commerce site's checkout counters.

Digital credit card payment systems are those equipped with miniature computer that creates a new credit card number each time the owner makes a purchase. In this case, owners must also use personal identification number similar to those used with debit cards to complete a transaction. Digital checking payment system like Western union and Moneygram are encrypted with a digital signature that can be verified and used for payments in electronic commerce and this is more useful in business to business electronic commerce.

A smart card is a plastic card with same size like that of a credit card that stores information and can also store health records and identification data like telephone numbers. All these electronic commerce payment systems are more common and advanced in the western world like UK, USA, Germany, Canada and a few African countries like South Africa, Nigeria and some North African countries where businesses are higher advanced and still boosting.

The following are the importance of electronic commerce in modern business across the globe; Electronic web pages provide vendors with the option of communicating with their customers, dealing with their problems and assisting them in the future which factor has enabled companies to build stronger reputation in the market places and an a good example of this is DELL computer company which coordinates directly with its customers without the presence of third parties.

Intelligent ideas in the field of electronic commerce are also acting as innovative ways to develop and attractive online shopping platforms which factor is improving the standards of online markets like eBay (the giant web auction site) and Noble. com (which sells books and movies to individuals.

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For electronic commerce based merchants like DELL computer company, eBay (the giant web auction company and Noble. com (which sells movies and books to individuals), their stores are open 24*7 which factor enables customers to browse, order and buy the products any time and any where.

Electronic commerce is user friendly and easy to maintain in a way that a person having no knowledge about programming can also edit manage and add content on his or her electronic commerce store which factor has created a wide range of products online hence giving customers a chance to choose from the variety of products on the various web sites.

Electronic commerce also helps to create interactive web stores where users can look at the products, their descriptions and order for them online through shopping cart and they can use the various options like credit cards, visa cards, digital wallet and smart cards which factor reduces the labor cost and hence vendors are able to make branded products available at lower prices and hence a wider market.

Electronic commerce has also reduced on the cost of marketing and promotions in form of advertisements for many companies using electronic commerce like DELL and eBay whereby, various products on the market are always uploaded on the different web sites which factor enables such companies to save and invest more in their respective businesses and hence boosting business in the modern globe.

Electronic commerce saves time of both the vendors and the customer in a way that, the vendor only needs a well designed and attractive web sites where his or her products are to be uploaded and its upon the customers to

browse and see what they really need and then just order directly from the vendors. With the introduction of multiple payment systems, electronic commerce has greatly improved on the business standards in different countries like UK and USA where the customer are able to buy the available products internationally and this has greatly improved on the various businesses strategies across the globe.

Electronic commerce has also minimized on the cost of space occupied by the various products in terms of rent on the side of the vendors and in this case, the vendors only require a small office and a computer to do all their transactions whereby whenever a product is ordered for by the customers, the vendor only has to contact the industry and in a very limited time, a product is delivered which in fact encourages saving by the vendor.

Electronic commerce also enables the customers to compare prices of the various products and this is a way that many sites claim to offer customers the best prices and information from these sites can be used to compare prices by the customers. Electronic commerce also gives customers a chance to return defective goods where by most of these e-commerce web sites have a ' returns police' and it is always advisable that customers read this before purchasing a product from the vendors.

And this gives customers a right to return such products which factor is totally different from buying products in our common shop where the policy is ' goods once bought cannot be returned. CONCLUSION; In conclusion, without any obstacles, electronic commerce will probably continue to mature in the global market and eventually, it will become an essential business plan for most companies in order to survive and stay competitive in the ever

changing market. And the appearance of E-commerce as a pioneer has opened up windows of opportunities for a variety of other companies and investors.