

Good literature review about e- commerce technologies and it affect consumer buyin...

[Business](#), [Marketing](#)



1. 0 Introduction to E-Commerce Literature Review

E-commerce is the utilization of electronic means and technologies to conduct commerce (sale, purchase, transfer or exchange of products, services or information). It began in the year 1995, and since then e-commerce has been characterized by a steady growth in the United States from zero to £362 billion retail, travel and media business and a £4. 1 trillion business-to-business juggernaut. It is bringing out enormous changes in business firms, markets and consumer behaviour (Awad, 2002, p. 25).

1. 1 Success of E-commerce/e-tailing

There are several technologies that facilitate e-commerce, which have immensely contributed to the general success of this form of trade. These technologies facilitate commercial entities to provide their clients with a special shopping experience. E-commerce is a form of shopping that caters to some of the specialized needs of customers (Bajaj, 2009). There are customers whose schedules prevent them from being able to visit certain retail stores during their regular operating hours. This is an attribute that has negative implications on the general sales of a commercial entity. Such commercial entities can cater to such customers through the provision of a virtual store. This store facilitates customers to procure products at their own convenience (Bhasker, 2007, p. 23). It also facilitates the store to remain open for twenty four hours. This is a move that will have positive implications on the general success of such a commercial entity. Such a retail store will be able to maintain a larger customer base than most of the retailers.

E-commerce is a form of shopping that disregards geographic locations. In

the past, people experienced challenges whenever they wanted to procure items that were not available in various retail stores found within their geographic locations. Shoppers used to factor in the cost of travelling to that particular geographic location whereby they would procure the desired item. This served as a major impediment to shoppers (Botha, 2008, p. 18). This is because the total fee of the product usually increases whenever you factor in the travelling cost. As a result, most of the customers used to look for alternative products that they could procure. This is an aspect that made many commercial entities lose out on potential revenues.

Customers also experienced a relatively high level of product dissatisfaction. This degree of dissatisfaction was emanating from the procurement of products that are not in line with their preferences and tastes. E-commerce serves as a game changer in this situation. This is because it facilitates customers to procure goods from virtually any part of the world that has an online retail store (Dholakia, 2002, p. 82). Customers are able to surf through several virtual stores as they search for products that are in line with their preferences and tastes. This is an attribute that has positive implications on the general levels of customer satisfaction. Nowadays, the majority of the customers procure the products of their preference, which make them enjoy shopping. On the other hand, commercial entities that have virtual stores tend to realize high levels of profitability. This is because their popularity increases throughout the years and across borders (Epstein, 2004, p. 12). In the contemporary global market, customers have been able to defy geographic barriers with regards to shopping because of e-commerce.

In addition, E-commerce has greatly reduced the general level of costs that

are usually incurred by shoppers. Commercial entities that have online retail stores facilitate their customers to procure products at comparatively low costs. This is because such customers do not have to incur the additional costs associated with travelling to where the physical store is situated (Kalakota, 2007, p. 51). Although some might argue that shoppers are still incurring transport costs, this argument does not hold since it is relatively low as compared to the customer physically moving to the store. Most of the online stores usually offer free delivery to some geographic locations. These stores also charge a minimal fee for transporting the product to the customer. This is because such commercial entities usually transport many products at once, thereby reducing the transport cost per unit because of the economies of scale. There are various online stores, which do not have physical stores. Instead, they only have a warehouse whereby products are stored on a temporary basis before they are shipped out to the customers. This is a part that has also reduced the overheads that are incurred by retail stores. Such stores incur minimal rental expenses, thus they have a propensity of offering products at competitive prices. In some occurrences, the volume of money that is saved by shoppers whenever they are procuring products from virtual stores can be used to procure additional product (Khosrowpour, 2008, p. 61). This is an enormous benefit to the customers as well as an online retail store. Shoppers will be able to obtain relatively high value for their money as well as retail stores tend to realize comparatively high levels of profitability.

1. 2 Size of e-commerce market

Currently, the total value of the e-commerce market is estimated to be

approximately one trillion United States dollars. Market analysts project that this market is expected to realize additional growth in the course of the next financial year. It is predicted that the US will realize a thirteen percentage growth of its total e-commerce market (Manzoor, 2010, p. 92). The growth of the e-commerce market is not only anticipated in the U. S., but also in most countries across the globe. E-commerce is a form of business that is completely reliant on internet access. This is because all the virtual stores are only accessible via the internet. This suggests that in order for the e-commerce market to expand, there needs to be an increase in the prevailing levels of access to the internet. The e-commerce markets in most of the emerging economies are smaller than the ones in the developed nations (May, 2000, p. 34). This is primarily because of the degree of internet penetration in these economies, as well as the level of technology adoption. However, it is anticipated that e-commerce markets are expected to grow faster in the emerging economies than developed economies. Most of these countries are characterized by relatively high populations. This suggests that they have a large customer base. As the levels of internet penetration increases in these countries, it is expected that the popularity of e-commerce will also increase. China is considered to be a country that has the largest potential for the growth of e-commerce. However, their internet regulation policies may serve as an impediment to the fruition of this success (Mohapatra, 2013, p. 19). China has a general population that is well over a billion people. This suggests that the physical retail stores situated in this country cannot cater to the needs of all the customers. The virtual retail store will serve to complement the several retail stores that are found in the

country. It is also extremely essential to note that the prevailing level of poverty in this nation can inhibit the achievement of this objective.

1. 3 Consumer Demand

Over the years, the demand for online retail stores has been increasing progressively. This is mainly due to the several benefits that customers, as well as retail stores, stand to realize through the utilization of this form of retailing/shopping (Zhou, 2004, p. 81). E-commerce retail stores have gained enormous popularity mostly in the U. S, Asia and Europe. This does not imply that it is absent in all the other continents. What this means is that the popularity of e-commerce retailing is relatively low in the other continents. It is anticipated that the prevailing level of demand in the areas that are lagging behind will improve in the course of the foreseeable future (VanHoose, 2011, p. 29). The increase in demand will be mainly propelled by an increase in the penetration of internet access as well as the formulation of laws to regulate e-commerce.

1. 4 Online Strategies of E-commerce

Online retailers are formulating strategies that will facilitate them to gain a competitive advantage over all the other forms of retailers. The entities operating within this market are conscious about the preferences and the tastes of the consumers. Most of the clients can willingly part with more money than before for purposes of procuring products that deemed to be of value (Shaw, 2006, p. 18). Therefore, online retail stores need to package their merchandise in a manner that will facilitate the provision of the highest value to the customers. This is a stratagem that will also enable these stores to realize a relatively high level of profitability. Online retail stores are also

exploiting new ways of marketing their products. Successful online retail stores have developed marketing strategies that utilize the traditional techniques of marketing, as well as the contemporary modes of advertising (Schniederjans, 2002, p. 32). Therefore, these retail stores are able to produce marketing strategies that are successful in attracting and retaining a moderately high population of customers. Marketing is an essential function for all organizations. This is because it serves as the primary avenue through which organizations can enhance the prevailing levels of awareness pertaining to the several products that they are offering.

1. 5 Promotional Marketing

Promotional marketing is an example of one of the major forms of marketing techniques. Promotional marketing is a technique that facilitates organizations to enhance the demand for the several products that they are offering to the customers (Satterlee, 2001, p. 15). There are several tools that are usually employed during promotional marketing. For instance, online retail store may decide to offer certain goods at a discount during particular seasons. This is a move that aims at enhancing the sales of the company through fuelling demand for the several products being offered by the retail store. Promotional marketing is a technique that is not only employed by online retailers, but also other forms of commercial entities.

1. 6. Factors facilitating Online Growth

There are numerous factors that are influencing the growth of online retail stores across the global market. The development of payment systems that facilitate online trading has been a significant boost to the prevailing level of growth of online businesses. This is because they provide an extremely

convenient medium of pay for goods which are procured from online stores (Bajaj, 2009, p. 53). The following are some of the payment systems that facilitate the growth of e-commerce; Mobile money payment platform, Google wallet, Skrill, Paypal, electronic funds transfer, and real time gross settlement systems among others.

The development of logistics companies has also been a great boost to the growth of online businesses. Most of the online stores have entered into partnership agreements with some of the logistics companies. The main intention for the formation of these partnerships is to facilitate the shipping of products to the customers at minimal costs. The development of logistics companies has positive implications on the growth of retail stores (Reynolds, 2004, p. 25). This is because there are regions and countries that have a few logistics companies, and online retailers usually pay relatively high prices when transporting the product to the customers. This is courtesy of the low competition between logistics companies.

The penetration of the internet has also been a key factor with regards to the growth of the online business platform. The growth of the online businesses is directly related to the prevailing level of internet penetration. This suggests that the growth of online business increases as the levels of penetration of internet access increases (Rayport, 2008, p. 28). Research indicates that there are areas that are characterized by comparatively high levels of internet penetration tend to experience high levels of growth with respect to online businesses.

1. 7. Limitations of e-retailing

E-retailing is extremely vulnerable to hackers. This is because the majority of

them are aware that money is being exchanged on these platforms. There are also instances whereby malicious persons set up online businesses whose primary objective is to defraud unsuspecting shoppers. This is an attribute that makes some people be reserved about procuring items online, especially big ticket items. E retailers experience many challenges with regards to customer loyalty (Pankaj, 2005, p. 41). This is because they hardly get the opportunity to meet their customers face to face. It is easier to be sure that one has rendered relatively good customer services by observing the body language of the customer. However, is extremely challenging to be aware of this standard of service that has been rendered to the clients Shopping Life Cycle

This life cycle is comprised of four key stages, namely; visiting the online store, browsing and selection of products, payment, and delivery. A typical customer usually visits the online store, browses and selects the products that he or she wants to procure. Thereafter, he or she pays for the product and the retailer delivers it (Bajaj, 2009).

1. 9 Strategic Issues Restricting Online Growth

Presently, e-commerce is mainly dominated by key players such as AMAZON.COM, and Ebay among others. These companies usually take up the largest amounts of revenues, which are usually generated in this industry. Their domination has negative implications in some of the starting online retail stores. This is because customers are aware of the challenges of shopping online, thus they tend to prefer procuring products from reputable online stores. There are also certain countries that lack regulations that are suitable for the growth of online business. This is an occurrence that is prevalent

mainly in the emerging economies.

2. 0 How e-commerce affects consumer spending

E-commerce is amongst the primary drivers of impulse buying. This is because a shopper usually comes across several good products in the course of shopping (Botha, 2008, p. 33). There are certain occurrences whereby a customer may end up procuring products that are in excess of what he or she had intended to procure.

2. 1 Appraisal of the Literature Review

Evidently, e-commerce plays a significant role in the contemporary society. There are numerous benefits, which parties stand to realize whenever they indulge in this form of shopping. Despite the few setbacks which face this industry (Shaw, 2006, p. 74). Governments need to put in place the several mechanisms that will promote the growth of e-commerce. Management of online businesses should also formulate strategies that will facilitate the management of the several issues pertaining to this industry.

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