

E commerce persuasive essay

Business



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E-commerce advantages and disadvantages E-commerce provides many new ways for businesses and consumers to communicate and conduct business. There are a number of advantages and disadvantages of conducting business in this manner. E-commerce advantages Some advantages that can be achieved from e-commerce include:

- Being able to conduct business 24 x 7 x 365 . E-commerce systems can operate all day every day. Your physical storefront does not need to be open in order for customers and suppliers to be doing business with you electronically. Access the global marketplace . The Internet ps the world, and it is possible to do business with any business or person who is connected to the Internet. Simple local businesses such as specialist record stores are able to market and sell their offerings internationally using e-commerce. This global opportunity is assisted by the fact that, unlike traditional communications methods, users are not charged according to the distance over which they are communicating. Speed. Electronic communications allow messages to traverse the world almost instantaneously. There is no need to wait weeks for a catalogue to arrive by post: that communications delay is not a part of the Internet / e-commerce world.
- Marketspace. The market in which web-based businesses operate is the global market. It may not be evident to them, but many businesses are already facing international competition from web-enabled businesses.
- Opportunity to reduce costs.

The Internet makes it very easy to 'shop around' for products and services that may be cheaper or more effective than we might otherwise settle for. It is sometimes possible to, through some online research, identify original manufacturers for some goods - thereby bypassing wholesalers and

achieving a cheaper price. •Computer platform-independent . 'Many, if not most, computers have the ability to communicate via the Internet independent of operating systems and hardware.

Customers are not limited by existing hardware systems' (Gascoyne & Ozcubukcu, 1997: 87). •Efficient applications developmentenvironment- 'In many respects, applications can be more efficiently developed and distributed because they can be built without regard to the customer's or the business partner's technology platform. Application updates do not have to be manually installed on computers. Rather, Internet-related technologies provide this capability inherently through automatic deployment of software updates' (Gascoyne & Ozcubukcu, 1997: 87). Allowing customer self service and 'customer outsourcing'. People can interact with businesses at any hour of the day that it is convenient to them, and because these interactions are initiated by customers, the customers also provide a lot of the data for the transaction that may otherwise need to be entered by business staff. This means that some of the work and costs are effectively shifted to customers; this is referred to as 'customer outsourcing'. •Stepping beyond borders to a global view.

Using aspects of e-commerce technology can mean your business can source and use products and services provided by other businesses in other countries. This seems obvious enough to say, but people do not always consider the implications of e-commerce. For example, in many ways it can be easier and cheaper to host and operate some e-commerce activities outside Australia. Further, because many e-commerce transactions involve

credit cards, many businesses in Australia need to make arrangements for accepting online payments.

However a number of major Australian banks have tended to be unhelpful laggards on this front, charging a lot of money and making it difficult to establish these arrangements - particularly for smaller businesses and/or businesses that don't fit into a traditional-economy understanding of business. In some cases, therefore, it can be easier and cheaper to set up arrangements which bypass this aspect of the Australian banking system. Admittedly, this can create some grey areas for legal and taxation purposes, but these can be dealt with.

And yes these circumstances do have implications for Australia's national competitiveness and the competitiveness of our industries and businesses. As a further thought, many businesses find it easier to buy and sell in U. S. dollars: it is effectively the major currency of the Internet. In this context, global online customers can find the concept of peculiar and unfamiliar currencies disconcerting. Some businesses find they can achieve higher prices online and in US dollars than they would achieve selling locally or nationally.

Given that banks often charge fees for converting currencies, this is another reason to investigate all of your (national and international) options for accepting and making online payments. In brief, it is useful to take a global view with regard the potential and organisation of your e-commerce activities, especially if you are targeting global customers. •A new marketing channel. The Internet provides an important new channel to sell to

consumers. Peterson et al. 1999) suggest that, as a marketing channel, the Internet has the following characteristics:

- the ability to inexpensively store vast amounts of information at different virtual locations
- the availability of powerful and inexpensive means of searching, organising, and disseminating such information
- interactivity and the ability to provide information on demand
- the ability to provide perceptual experiences that are far superior to a printed catalogue, although not as rich as personal inspection
- the capability to serve as a transaction medium
- the ability to serve as a physical distribution medium for certain goods (e. g. , software)
- relatively low entry and establishment costs for sellers
- no other existing marketing channel possesses all of these characteristics.

Some of these advantages and their surrounding issues are discussed below in further detail. E-commerce disadvantages and constraints

Some disadvantages and constraints of e-commerce include the following.

- Time for delivery of physical products . It is possible to visit a local music store and walk out with a compact disc, or a bookstore and leave with a book.

E-commerce is often used to buy goods that are not available locally from businesses all over the world, meaning that physical goods need to be delivered, which takes time and costs money. In some cases there are ways around this, for example, with electronic files of the music or books being accessed across the Internet, but then these are not physical goods.

- Physical product, supplier & delivery uncertainty . When you walk out of a shop with an item, it's yours. You have it; you know what it is, where it is and how it looks. In some respects e-commerce purchases are made on trust.

This is because, firstly, not having had physical access to the product, a purchase is made on an expectation of what that product is and its condition. Secondly, because supplying businesses can be conducted across the world, it can be uncertain whether or not they are legitimate businesses and are not just going to take your money. It's pretty hard to knock on their door to complain or seek legal recourse! Thirdly, even if the item is sent, it is easy to start wondering whether or not it will ever arrive. •Perishable goods . Forget about ordering a single gelato ice cream from a shop in Rome!

Though specialised or refrigerated transport can be used, goods bought and sold via the Internet tend to be durable and non-perishable: they need to survive the trip from the supplier to the purchasing business or consumer. This shifts the bias for perishable and/or non-durable goods back towards traditional supply chain arrangements, or towards relatively more local e-commerce-based purchases, sales and distribution. In contrast, durable goods can be traded from almost anyone to almost anyone else, sparking competition for lower prices.

In some cases this leads to disintermediation in which intermediary people and businesses are bypassed by consumers and by other businesses that are seeking to purchase more directly from manufacturers. •Limited and selected sensory information. The Internet is an effective conduit for visual and auditory information: seeing pictures, hearing sounds and reading text. However it does not allow full scope for our senses: we can see pictures of the flowers, but not smell their fragrance; we can see pictures of a hammer, but not feel its weight or balance.

Further, when we pick up and inspect something, we choose what we look at and how we look at it. This is not the case on the Internet. If we were looking at buying a car on the Internet, we would see the pictures the seller had chosen for us to see but not the things we might look for if we were able to see it in person. And, taking into account our other senses, we can't test the car to hear the sound of the engine as it changes gears or sense the smell and feel of the leather seats. There are many ways in which the Internet does not convey the richness of experiences of the world.

This lack of sensory information means that people are often much more comfortable buying via the Internet generic goods - things that they have seen or experienced before and about which there is little ambiguity, rather than unique or complex things. •Returning goods. Returning goods online can be an area of difficulty. The uncertainties surrounding the initial payment and delivery of goods can be exacerbated in this process. Will the goods get back to their source? Who pays for the return postage? Will the refund be paid? Will I be left with nothing?

How long will it take? Contrast this with the offline experience of returning goods to a shop. •Privacy, security, payment, identity, contract. Many issues arise - privacy of information, security of that information and payment details, whether or not payment details (eg credit card details) will be misused, identity theft, contract, and, whether we have one or not, what laws and legal jurisdiction apply. •Defined services & the unexpected . E-commerce is an effective means for managing the transaction of known and established services, that is, things that are everyday.

It is not suitable for dealing with the new or unexpected. For example, a transport company used to dealing with simple packages being asked if it can transport a hippopotamus, or a customer asking for a book order to be wrapped in blue and white polka dot paper with a bow. Such requests need human intervention to investigate and resolve. •Personal service . Although some human interaction can be facilitated via the web, e-commerce can not provide the richness of interaction provided by personal service.

For most businesses, e-commerce methods provide the equivalent of an information-rich counter attendant rather than a salesperson. This also means that feedback about how people react to product and service offerings also tends to be more granular or perhaps lost using e-commerce approaches. If your only feedback is that people are (or are not) buying your products or services online, this is inadequate for evaluating how to change or improve your e-commerce strategies and/or product and service offerings.

Successful business use of e-commerce typically involves strategies for gaining and applying customer feedback. This helps businesses to understand, anticipate and meet changing online customer needs and preferences, which is critical because of the comparatively rapid rate of ongoing Internet-based change. •Size and number of transactions. E-commerce is most often conducted using credit card facilities for payments, and as a result very small and very large transactions tend not to be conducted online.

The size of transactions is also impacted by the economics of transporting physical goods. For example, any benefits or conveniences of buying a box

of pens online from a US-based business tend to be eclipsed by the cost of having to pay for them to be delivered to you in Australia. The delivery costs also mean that buying individual items from a range of different overseas businesses is significantly more expensive than buying all of the goods from one overseas business because the goods can be packaged and shipped together.