

# The Impact of E-Commerce on its application on Business Level Strategic Implications

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## **ABSTRACT**

*E-commerce in short refers to the buying and selling of goods and services online. While it has several advantages for the organizations and customers it also has to face some challenges. In countries like India where the penetration of internet is continuously increasing e-commerce has the potential of becoming the new model of shopping in the country. To measure electronic commerce or e-commerce from different versions or perspectives including intra-business, business-to-business, and business-to-consumer. The proliferation of electronic commerce observed throughout the Business consists of the impacts on the business strategies and their implications. Here the rule in the business market along with the existing competition can be redefined and reformed through the changes in market conditions, demand, and technological revolutions. Projections in e-commerce facilities through the internet can be considered remarkable. Electronic commerce or e-commerce business has evolved from the higher technological version with corporate initiative. E-commerce cannot be ignored within retail, IT, or other projects and services where the involved personnel need to apply effective business strategies to increase their sales and profitability. Based on such conclusions the research question arises: to what extent are the business organizations being affected by the increasing reach of e-commerce? The required data for the research has been taken form journals, websites and other forms of secondary data. This data has been properly analyzed to reach to the results and conclusion of this research. This paper also added different business strategies under e-commerce business with notable strategic applications at the business unit level.*

**KEY WORDS:** *E-Commerce, Business, Goods and Services, Online, Internet*

## **INTRODUCTION**

In today's world, the thought of living without e-commerce is immeasurable and it can cause inconvenience to many as not only people but business organizations have started to rely upon e-commerce on a very large extent. The idea of e-commerce came only a few years ago roughly around 40 years ago and till this day innovations, new technologies continuously keep on developing the e-commerce industry. Every year thousands of new businesses are entering into this segment, and the user experience, safety and convenience of e-commerce has improved a lot since its establishment in 1970. Some of the examples of e-commerce include online shopping, electronic payments, online auctions, internet banking and online ticketing. E-Commerce (electronic commerce

or EC) involves the buying and selling of goods and services, transmitting funds or data over an electronic network preferable in the Internet. However, this can't be considered as a complete definition of ecommerce. A complete definition is: E-Commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform and redefine relationships for value creation between or among organizations, and between organizations and individuals. The introduction of e-commerce has had a major impact on the society and on how business is done. E-Commerce has had both positive as well as negative impacts on the business and on the consumers. Through this research paper an attempt has been made to assess the impact of e-commerce on the business organizations and their operations. E-Commerce can be classified into three types bases on the participants in the transaction: Business to Business(B2B), Business to Consumer (B2C), Consumer to Consumer(C2C). In B2B both the parties are business organizations, in B2C one party is a business organization and the other is the consumer and in C2C both the parties are consumers.

### **OBJECTIVES OF THE STUDY**

The main objectives of the study are designed as follows

- ❖ To understand the impact of electronic commerce on its application
- ❖ To analyze the adoption of electronic commerce on different versions of E-Commerce business
- ❖ To study the role of e-Commerce application on business-level strategic implications

### **METHODOLOGY OF THE STUDY**

The kind of Research being conducted here is “Analytical Research” and adopted descriptive and comparative methodology for this paper. In this Research the facts & the information as so gained from different sources. The data for the present study is also collected from the newspapers, journals, online databases and on the views of writers in the same discipline. As well as the reference books, magazines, reports of disinvestment commission, Government publications, Press notes and Internet also used for the purpose. This paper tries to study and analyze the E-Commerce in India from its very scratch.

### **Meaning of E-Commerce**

The term electronic commerce or e-commerce has been introduced in the year of 1960s when the demand for goods through online platforms has been made. The purchase and selling of goods via the transmission of data have been considered in this concern that makes the business possible and easy than the previous traditional way of business. Changing the world with fast forwardness in business adds more value to the e-commerce facilities business organizations are providing as it changes the process through which a community is involved in purchasing and selling relationships. Electronic commerce has been considered one of the popular methods to generate revenue or make purchase decisions through online mediums which can raise the opportunity for investors.



E-Commerce makes online shopping possible and even easier than shopping by visiting stores physically where this version of shopping is also used interchangeably with the core e-commerce facilities. E-Commerce business embodies the concept and concern of online business by incorporating a different range of services like online payments, online bookings, shopping for clothes, accessories, and even daily necessities, electronics, and many more. The electronic commerce business has also been experiencing rapid development since its beginning where the sale has been projected to grow nearly to 599.2 billion USD by the upcoming two years. As per the report, the Pandemic raise the e-commerce business sales by nearly more than 25% as of the year 2020 where the estimated power of electronic commerce should not be underestimated with the continuation to pervade on the daily basis opportunities in small, medium or large size business. It's not necessary to look into the potentiality of e-commerce business for business growth where there are giant firms like Amazon, Tesco, and Asda who already made their remarkable market position, especially for online retailing where Amazon totally depends on e-commerce business strategies and applications which is set for customer-oriented platforms and websites along with the supply chain which sells more than 4000 products in just one minute.



## **DIFFERENT VERSIONS OF E-COMMERCE BUSINESS**

### **Intra Business**

#### ***Added Value***

E-commerce is generally used through different impacts on the organization to create value in internal and external market range. Within the organization, all the information is kept increasing with the accessibility and improved level of communication where organizations use e-mail, advertisement, pointcasting, and others. Here corporate intranets are known to be the proof of these ongoing value addition. The emerging popularity of intranets has been secured through the lines which carry through corporate communication. Information flows enlarged through the easy information which is obtained through industrial statistics, competition, and vendors through internet marketing. email plays an important role to improve a company's operations on daily basis.

#### ***Differentiation***

Business uses electronic commerce through the implementation of mass customization strategies which are used to produce a wide range of different products, and services. The products which exist can also be customized in different innovative and creative ways and that can happen through the e-commerce facilities which make the product different from the existing ones. Taking an example, one business came to create customized disks and the consumers who buy compact disks can also be tailored as per their taste in music.

#### ***Cost Leadership***

E-Commerce reduces the distribution of costs via reduction of overhead like retail, inventory, and personnel engagement. Additionally, the inefficiencies in electronic commerce can also be reduced through the cost for the customers or the purchaser which takes away the deal of the cost. Cost leadership also passes down through the purchase decision where an organization can come up with strategic perspectives to reduce cost and increase revenue through modified cost saving techniques.

#### ***Market Penetration and development***

The ease of buying any product through an online medium is known to stay within natural progression to raise the market penetration scopes and hence development. Organizations who have that foresight for future sustainability can put their focus on expertise on a special way of market penetration where the internet and electronics are used to enhance marketing, promotion, and distribution. However, there is a window of opportunity for the new entrants in the market who can capture the existing market by looking into strategic advantages. For example, through e-commerce market facilities Amazon successfully establishes a strong market penetration as innovations and creates a clear way of market enhancement.

## Business To Business

### *Added value*

E-commerce is known to take place in the most natural way for any organization which comes to create value through the alignment with the consumers, suppliers and employees. Different types of business-to-business E-commerce applications include electronic fund transfer, electronic data interchange, integrated messaging, database and other electronic forms. Here the process business to business offers a sharing of data and increasing level of information accessibility through the corporate extranets. The ability of electronic commerce businesses to add value comes generally from the purchaser where sellers are able to prepare a wide range of business relationships. Through the creation of initial impressions and allowing for competitive comparison, sales to service become easier.

### *Differentiation*

E-Commerce applied by any organization make a differentiation between the products and services offered by one business to another through the implication of integrated market strategies. Taking an example where the companies which are successful due to their high-technologies implications can connect to to their suppliers through their internal communication medium and research and development process. Here the companies have special R&D labs for the ongoing engineering which the companies electronically share data with their suppliers and offer products which are enable with electronic commerce. With the e-commerce facilities, products able to build the feedbacks to the producers on the variety of parameters including the maintenance needs, performance development and usages. Considering this information and feedback it would be possible for the companies to jump into the idea of implementing creativity, new form of designs for the next generations.



**Cost leadership**

Business to business can be developed through the procurement procedure which is complemented through the organization’s cost leadership strategy. Taking an example where organization for sharing information related to business transactions, order, feedbacks and other through the electronically processed medium. Buyer-supplier or seller-supplier relationships allow the use of automated tools to measure the productions, for obtaining suitable customer centric pricing and also to check product availability.

**Business To Consumer**

**Added value**

E-commerce comes with its impact on the business which enriches their products and services. For example, added value is come to retail online impact through the creation of total experience around their lifestyle and also create boutiques on retail selling platform m if one organization come to sell clothes it also creates a chance for the consumers to try that and choose only over online medium and then make their purchase decision with ultimate satisfaction. Selling a product straightening up without differentiation is known to be very difficult. Every organization needs to add value to their products and services during the application of electronic commerce as without this it’s not possible to move through strategic ways and provide the anticipation of competitive advantage.



**Differentiation**

Amazon when implementing their strategies, it always focuses on creating a differentiation impact on the consumers where their redefined art of selling through online help to create this differentiation from other products. Amazon comes with their offer to the consumers where they offer reading short excerpts before their purchasing decision in case of books. Similarly, they allow consumers to return products within 15-30 days where consumer’s get a chance to place an order and then try and look into their comfortability, size, fit, colour and others and change



their decision by returning them. Other retail companies which engage into differentiation also offer their customers to tailor their services through the development of a profile of that consumer and then suggest them products as per their interest.

## **BUSINESS STRATEGIES WITHIN THE E-COMMERCE BUSINESS**

The goal of the electronic commerce campaign is not just about ensuring sales close but also giving customers a chance to get the best shopping experience as this raises consumer loyalty and also ensures future position and possibilities.

Electronic commerce in business considers some business strategies which have an impact on business growth and market establishment that discussion made in the following.

### ***Establishing e-commerce business goals:***

The first and foremost step in e-commerce business strategy is to create a set of goals where goals need to be made for attracting a certain number of consumers which help to generate the expected amount of revenue within a specific period of time range. In Running a business one can judge their performance progress by going through the online feedback, reviews, and ratings generated from the customers. Here the strategy is to be assured with the goal against the set of quantitative benchmarks and industrial standards. Beginning with the set of objectives and results help to describe the overall goal and also define the steps to reach the maximum level of success.

***Objective:*** become a well-known and loved clothing company by comparing with the brands like H&M or Zara.

### ***Key results:***

- ❖ Impress x number of customers to the online store which needs to be changed in each quarter.
- ❖ Establish a loyal fan base.
- ❖ Delight consumers with helpful, friendly, and respective consumer services.
- ❖ Establish an authentic and relatable social media presence to communicate with the targeted customers across the global marketplace.

### ***Development of purchaser's personas:***

Organizations need to focus on the development of purchasers' persona as it is used as a business strategy. To know target customers, it will be crucial to the success of the E-commerce business strategy. Take some time to measure the Targeted audience through the development of purchasers' persona. The persona of the buyers can represent perfect consumers which one can also use more effectively to target potential customers. Building of the personas can guide marketing strategies during the establishment of business communication for the online stores wrong marketing can lead to the wrong targeted audience which will not be enough capable to close sales and also hurt the ability to generate sales along with the wastage of time and money.

Some questions can be asked to build purchasers persona like

- ❖ How well do the purchasers know the product?
- ❖ What are the types of the products that solve the issues?
- ❖ Does the product have an impact on the entire lifestyle?

- ❖ What are the items which can be better positioned to deal with competitors?
- ❖ Who impacts the buying decisions?

### ***Measure unique value propositions***

Online consumers are involved in more research about the company, products, services before making their decision of purchase. This leads to the fact of comparison between one product to others offered by other market competitors.

Measuring brand uniqueness and value proposition helps to make clear understanding about the consumers' who are going to love it and make their purchase decision by not being affected by other companies. Here the value proposition answers a critical question which every e-commerce consumer is asking about. In order to solve consumer's confusions and pain points, it's important to utilize this strategy to measure unique value propositions in online business as it also improves the consumer's experience. This refers to special benefits like the extent to which the product is cost effective, eco-friendly, fast shipping and incorporated and more convenient.

### ***Delight the consumers***

There are various ways to delight consumers and build brand ambassador. Looking into the features which make consumers able to get best shopping experiences by making purchasing decisions over online platform. Taking an example of free shipping or free delivery fee can make customers feel delighted and which strengthen their purchasing decisions. It has been observed that the companies which imposed higher shipping charges on products make customers feel lack of interest and make them move to other available options. Offers on shipping charges or free shipping give them less doubt about purchasing decisions.

### ***Create adequate products and service information's***

Before selling products it's important to add clear information's or description of the product which help customers to understand about the product quality, quantity, price, return policy, manufacturing and expiry date and others. In this strategy, e-commerce businesses need to include higher quality descriptions, links of feedback and photographs which give customers a visual understanding of the product. Through this companies are able to convince customers more easily and directly impact their purchasing decisions.

## **FINDINGS**

Based on the articles reviewed, it is clear that e-commerce has an impact on both the business as well as the customers.

The following results can be drawn from the research done-

- ❖ **Global business and consumer markets:** E-commerce facilitates the business to go global and expand its reach throughout the world. It helps in increasing its customer base as there is a demand for their products and services in other countries as well. E-Commerce helps business organizations in improving the distribution of goods and services in other countries as the entrepreneurs of those countries might sign up with the company to become the distributors.



- ❖ **Challenge of new technology:** E-Commerce establishment comes along with a challenge of developing the IT infrastructure which is needed to provide good quality service to the customers. Businesses which enter the e-commerce segment have to incur these heavy costs and come up with a dedicated technological team.
- ❖ **Creating new distribution channels:** When a business develops its e-commerce model it also has to come up with new distribution channels so that the products and services are available to the people at the right time and at the right place. Proper distribution networks are a must for the success of e-commerce model.
- ❖ **More competition:** E-commerce model opens up the business to new competitors across the world. So, it has to be made sure that the products and services are of good quality and a cheap price. If the needs of the customers are fulfilled by the competitors in a better way then it means that the business is not able to retain its customers.
- ❖ **Cost reductions:** One of the biggest advantages of adopting an e-commerce model is that it provided a lot of cost reductions to business in terms of selling and distribution, procurement and overhead costs. This cost reduction helps the business in increasing its profit margins.
- ❖ **Greater choice:** A company that has an e-commerce model is able to provide more goods and services to the customers. Also, the customers are able to compare the products at different e-commerce sites and then make a decision.
- ❖ **Discounts:** E-commerce helps the business to provide discounts to the customers. As a result, they cost less than the goods and services which are available in the physical stores. This leads to window shopping in the physical stores and encourages the customers to buy the goods online.
- ❖ **Customer tastes and preferences:** Whenever a customer makes a purchase online his e-mail id and mobile number are taken and recorded in the database. This helps the business organizations to make the customers aware about the new products and services that are available and are related to their previous purchases. It helps in advertising the new product to the potential customers.
- ❖ **Security issues:** One of the major impacts of e-commerce is to provide security to the customers when they are online in terms of keeping their personal details safe and also ensuring the safety of the transactions of the customers.

## CONCLUSION

After the end of the blog the conclusion can be made that the internet changes the entire idea of business and transactions which usually make business and purchasing more handy and easier for the customers. There are various versions of e-commerce business facilities including intra business, business to business and business to customers and each of these nowadays moved into an e-commerce platform with additional value, making differentiation, through market penetration, development and cost leadership. During e-commerce business, development companies need to look into improving and applicable business strategies which would be more effective for business growth and customer benefits as well. Different strategies and steps have been discussed in this blog which help the companies to understand the way to make a remark of the consumers and by providing them clear ideas of company products in online business they ensure customer loyalty and ultimate customer satisfaction.

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