

REVOLUTION IN BUSINESS WITH E-COMMERCE

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ABSTRACT

Electronic Commerce (E-commerce) has created revolution in business. It has changed the way business was done previously. More and more business organizations are adopting for e-commerce. The cost of e-commerce is decreasing and its benefits are increasing day by day. It has expanded the business hours, virtually now the business is for 24 hours.

KEYWORDS: Electronically, Revolution, Internet, Web site, Efficiently.

1.0 INTRODUCTION

This article discusses the importance of e-commerce with special reference to developing countries like Pakistan. The new online market place is one that is about to explode. Any business that doesn't sit up and take notice of this new economic landscape will be left behind by his competitors (Howell, 1999). With the explosive growth of Internet, e-commerce is becoming a matter of survival for government and businesses. Businesses feel the tremendous pressure to change and need to conduct transactions with customers, suppliers and other parties through electronic means as the e-commerce revolution gains momentum.

In the coming decades, business will be done at the speed of thought by using the Internet. Internet will create immense value for our nation if we choose to use it correctly. The structure of this article is as follows. Section 2.0 defines the concept of e-commerce. Section 3.0 highlights the importance of e-commerce. Section 4.0 explains the working of e-commerce. Benefits of e-commerce are given in Section 5.0. Future of e-commerce is discussed in Section 6.0. Section 7.0 talks about the safety of e-commerce. Section 8.0 argues about that how can small businesses take advantage of e-commerce. Finally, Section 9.0 provides a summary of the article and some concluding remarks.

2.0 DEFINITION

Electronic Commerce or e-commerce is a general concept covering any form of business transactions or information exchange executed using information and communication technology, between businesses, between businesses and their customers, or between businesses and their suppliers.

E-Commerce basically refers to the buying and selling of products and services electronically. This can be done through Internet, which present goods and services to potentially anyone around the globe via Web Site. For broad understanding, electronic commerce is about, namely "doing business electronically".

3.0 IMPORTANCE OF E-COMMERCE

In a developing country like Pakistan the need of global market place is fast emerging. Electronic Commerce or e-commerce is doing business electronically. That is the use of one or more technologies to communicate or trade with

trading partners such as customers or suppliers or together information electronically about market, competitors and business opportunities. E-Commerce creates a powerful environment in which customers and suppliers are never more than a few mouse clicks away. In dynamic environments, business can reach new customers, create new sales channels, and win loyalty through innovative customer services. Key suppliers can be integrated into a company's internal business processes, leading to more efficient operations, cost saving, improved decision-making, and faster times to market. Through e-commerce, a company can gain a serious advantage over competitors by transforming current way of doing business. Whether you want to streamline or revolutionize your business, e-commerce can improve operation, facilitate communications and build your market share. Work more efficiently and expands the market by using e-commerce practices in the business.

4.0 WORKING OF E-COMMERCE

E-Commerce use online electronic technology connected via the Internet to assist and enhance a variety of business processes, functions and systems. The Internet is opening up for more opportunities for business for retailers' whole seller, manufactures and the services sector.

E-Commerce works by enhancing communication between buyers, sellers and business partners. In practice, for example, customers can see what a business has for sale, place an order and pay-all via electronic communication.

5.0 BENEFITS OF E-COMMERCE

The fundamental benefit of Electronic Commerce is enhanced communication, which allows for simplicity, flexibility and new ways of doing business. It can be used to reduce the cost of transactions and the amount of investments, it can significantly reduce time to market, it is a means of building a brand globally, it provides access to new markets or a new inroad into existing markets (Timmers,2000). Customers can benefit from lower prices, better services, improved quality and a much wider choice with greater convenience. Following are the few important benefits that can be achieved by e-commerce.

5.1 SMALL COST OF E-COMMERCE

Suddenly, traditional geographic and time limitations are no longer present. In addition to sending and receiving e-mail and gathering information from the World Wide Web (WWW), the computer can also be used to track customer details and purchases, automate invoicing, and complete many otherwise time-consuming tasks. A relatively small investment in a computer, modem and Internet access can enable a small business to begin improving the way it does business. If your business already operates a computer, you can connect it to the Internet for a very little amount per month.

5.2 Better Customer Service

With the most basic use of e-mail a small business has a rapid and reliable way to communicate with suppliers or to receive and respond to customers queries. Product information can be e-mailed, as can quotes. Manufacturers

can quickly and easily put potential customers in touch with their retail outlets, or accept orders via e-mail.

5.3 Twenty-Four Hours Business

Businesses are no longer tied to business hours or to one location with electronic commerce. Operating 24 hours and seven days is possible without the traditional overheads. Orders can be accepted by a website or by e-mail while you sleep. And you can respond while the customer sleeps. Naturally you should apply the same caution to filling orders from the Internet as you would to any other unsolicited order.

5.4 Lower Operation Costs

Orders can be accepted, confirmed, processed, and increasingly, paid for within an electronic environment. A well developed Electronic Commerce system can provide real cost reductions over the traditional telephone, fax or paper-based transactions, speeding up order taking and cash flow, increasing accuracy and reducing rework. According to Timmers (2000) the cost of production and sales can be decreased substantially.

5.5 Reduced Inventory

With shorter, faster supply chains, the need for physical warehousing of inventory can be reduced or removed. It is possible because of reduction in storage, handling, insurance and administrative costs. E-commerce can help business to more optimally order the inventories by electronically linking suppliers and purchasers.

5.6 A New Way of Doing Business

With Internet commerce there is another sales channel operating around the clock. It is increasingly possible to undertake dealings with banks, insurers, financial institutes, and government departments online. This eliminates the need for paper and post, queuing up or waiting on the telephone. It is not only faster but many of these activities can be done after business hours, freeing up business hours to spend on customers.

5.7 Global Business

It is often claimed that one of the biggest benefit brought by e-commerce is of global business. Through Internet, companies get access to customers globally, customers get access globally (Timmers, 2000).

6.0 What is the Future of E-Commerce?

There is a bright future for e-commerce. Once the details of online commerce are worked out, it and the Internet in general could reshape the structure of the business world.

The huge growth of virtual communities – people getting together in ad hoc interest groups, online promises to shift the balance of economic power from the manufacturer to the consumer. At least, that's the view of John Hagel and Arthur Armstrong, a pair of analysts at McKinsey & Company, an international management-consulting firm.

These virtual communities are already making their presence felt. Investment site Motley Fool lets members exchange investment advice without the benefit of a

stockbroker. Parents Place is a meeting ground for parents that give smaller vendors an avenue to reach potential customers for products such as baby food and shampoo.

Virtual communities erode the marketing and sales advantages to large companies. A small company with a better product and better customer service can use these communities to challenge larger competitors something it probably couldn't do in the real world.

In *Net Gain: Expanding Markets Through Virtual Communities*, published by Harvard Business School Press, Hagel and Armstrong argue that rather than fight the trend, smart companies will help build such communities and use them to reach customers.

7.0 IS E-COMMERCE SAFE?

Although Internet security breaches have gotten a lot of press, most vendors and analysts argue that transactions are actually less dangerous in cyberspace than in the physical world.

That's because a great deal of credit card fraud is caused by retail sales employees who handle card numbers. E-commerce systems remove temptation by encrypting the numbers on a company's servers. For merchants, e-commerce is actually safer than opening a store that could be looted, burned, or flooded. The difficulty is in getting customers to believe that e-commerce is safe for them.

Consumers don't really believe it yet, but experts say, e-commerce transactions are safer than ordinary credit card purchases or cash purchases. Every time you pay with a credit card at a store, in a restaurant, or at another place,

every time you make a credit card payment/receipt-you make yourself vulnerable to fraud.

But ever since the 2.0 versions of Netscape Navigator and Microsoft Internet Explorer, transactions can be encrypted using Secure Sockets Layer (SSL), a protocol that creates a secure connection to the server, protecting the information as it travels over the Internet. SSL uses public key encryption, one of the strongest encryption methods around. A way to tell that a Web site is secured by SSL is when the URL begins with https instead of http.

Browser makers and credit card companies are promoting an additional security standard called Secure Electronic Transactions (SET). SET encodes the credit card numbers that sit on vendors' servers so that only banks and credit card companies can read the numbers.

No e-commerce system can guarantee 100-percent protection for your credit card, but you're less likely to get your pocket picked online than in a real store

8.0 HOW CAN SMALL BUSINESSES TAKE ADVANTAGE OF E-COMMERCE?

Large companies pour millions into fancy e-commerce sites, but small shops can make money on the Web with a simple, no-frills site.

Sometimes, all it takes to succeed is the promotional savvy to get noticed by customers. Word of mouth, postings in newsgroups, and registration with search engines may be enough to get the customers rolling into your site.

Kevin Donlin is a writer and Web developer who opened Guaranteed Resumes on the Internet back in 1994. Now, he gets about 100 visitors each day and draws half his income from his resumé-writing business.

Donlin succeeds by keeping his costs down: the site sits on the server of his local Internet Service Provider (ISP), and customers, who come from Japan and Europe as well as the United States, pay with a credit card via phone, fax, and even email. Instead of subscribing to an expensive, third party payment system to handle the credit card. Transactions online, he enters all the purchases into a swipe terminal that he leases for \$30 per month.

Although most businesses can benefit from a home page on the Web, e-commerce isn't for everyone. Firms likely to profit, most are those offering unique products or services that are not readily available locally.

9.0 SUMMARY

This article has introduced and highlighted the importance of e-commerce for business especially for developing countries like Pakistan. The cost of e-commerce is decreasing day by day which has made it possible for small businesses to take the benefits of this opportunity. The future of e-commerce is very bright. Both increased volume of business and development of technology will push this forward. An organization can gain competitive advantage over his rival through e-commerce. The business that will be slow in realizing the benefits of this opportunity will be left behind.

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