

## **Benefits of e-commerce**

Electronic technologies will continuously and progressively be deployed throughout the entire supply chain of all industries over the next decade. It is expected that e-Business will become so commonplace, that the “e” will become redundant and it will be “business as usual”, but conducted through a whole new medium. Far too many small and medium businesses fail to perceive the full importance of the electronic business model and make little effort to understand it or adopt it. Indeed, many businesses still confuse e-Business with e-commerce, which is the transactional aspect of e-Business.

### **Business process optimization**

Full integration of electronic technologies throughout front and back end business processes will provide significant benefits.

### **More fruitful customer/supplier relationships**

Using email and other voice, image, word communication facilities not only saves money and provides greater responsiveness, but can facilitate better supplier, customer and staff relationships, because it can be used more often, much more readily and can provide so much more information at no cost. With interactive databases and electronic loyalty programs, personalized and targeted direct mailing used wisely, can strengthen customer relationships and increase sales. E-Business tools can empower the customer to find many of their own answers, monitor order status and check account details etc.

### **Faster provision of products and services to the marketplace**

Integrating a strong marketing website with business processes allows the customer to order via the website, the order is then sent electronically through the other business processes, eg accounting, production, warehousing and distribution and the customer is provided with a product to their specification and in a timely manner.

### **Benefits of E-commerce: To Organizations**

- ✓ Expands a company's marketplace to national and international markets. With minimal capital outlay, a company can quickly locate more customers, the best suppliers, and the most suitable business partners worldwide.
- ✓ Enables companies to procure material and services from other companies, rapidly and at less cost.
- ✓ Shortens or even eliminates marketing distribution channels, making products cheaper and vendors' profits higher.
- ✓ Decreases (by as much as 90 percent) the cost of creating, processing, distributing, storing, and retrieving information by digitizing the process.
- ✓ Allows lower inventories by facilitating pull-type supply chain management. This allows product customization and reduces inventory costs.
- ✓ Lowers telecommunications costs because the Internet is much cheaper than value-added networks (VANs).
- ✓ Helps small businesses compete against large companies.
- ✓ Enables a very specialized niche market.

### **Benefits of E-commerce: To Customers**

- ✓ Frequently provides less expensive products and services by allowing consumers to conduct quick online comparisons.
- ✓ Gives consumers more choices than they could easily locate otherwise.
- ✓ Enables customers to shop or make other transactions 24 hours a day, from almost any location.
- ✓ Delivers relevant and detailed information in seconds.
- ✓ Enables consumers to get customized products, from PCs to cars, at competitive prices.
- ✓ Makes it possible for people to work and study at home.
- ✓ Makes possible electronic auctions.
- ✓ Allows consumers to interact in electronic communities and to exchange ideas and compare experiences.

### **Benefits of E-commerce: To Society**

- ✓ Enables individuals to work at home and to do less traveling, resulting in less road traffic and lower air pollution.
- ✓ Allows some merchandise to be sold at lower prices, thereby increasing people's standard of living.
- ✓ Enables people in developing countries and rural areas to enjoy products and services that are otherwise not available. This includes opportunities to learn professions and earn college degrees, or to receive better medical care.
- ✓ Facilitates delivery of public services, such as government entitlements, reducing the cost of distribution and chance of fraud, and increasing the quality of social services, police work, health care, and education.

### **Limitations of E-commerce: Technical Limitations**

- Lack of universally accepted standards for quality, security, and reliability.
- Insufficient telecommunications bandwidth.
- Still-evolving software development tools.
- Difficulties in integrating the Internet and EC software with some existing (especially legacy) applications and databases.
- Need for special Web servers in addition to the network servers.
- Expensive and/or inconvenient Internet accessibility for many would-be users.

### **Limitations of E-commerce: Non- Technical Limitations**

- Lack of national and international government regulations and industry standards.
- Lack of mature methodologies for measuring benefits of and justifying EC.
- Many sellers and buyers waiting for EC to stabilize before they take part.
- Customer resistance to changing from a real to a virtual store. People do not yet sufficiently trust paperless, faceless transactions.
- Perception that EC is expensive and unsecured.
- An insufficient number (critical mass) of sellers and buyers exists for profitable EC operations.

### **Short Terms**

Electronic storefronts may be an extension of physical stores such as Home Depot, The Sharper Image, or Wal-Mart. Others are new businesses started by entrepreneurs who saw a niche on the Web. Examples of these are Amazon.com, CDNow.

**Electronic malls.** An electronic mall, also known as a cybermall or e-mall, is a collection of individual shops under one Internet address. The basic idea of an electronic mall is the same as that of a regular shopping mall—to provide a one-stop shopping place that offers many products and services. Representative cybermalls are Downtown Anywhere.

**Electronic banking,** also known as cyber banking, virtual banking, home banking, and online banking, includes various banking activities conducted from home, a business, or on the road instead of at a physical bank location. Electronic banking has capabilities ranging from paying bills to securing a loan. It saves time and is convenient for customers.