

DIFFERENCES BETWEEN TRADITIONAL BUSINESS AND E-COMMERCE -A STUDY

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ABSTRACT;- E-Commerce brands and connect to their online storefronts to allow for automatic order processing from our warehouses. We're a order fulfillment partner that can manage print-on-demand, packaging, shipping, customer returns and more. At its core, an e-Commerce business revolves around an online storefront or website that serves as a virtual marketplace. Customers can browse products or services, add items to a virtual shopping cart, and complete purchases through secure online payment gateways. All sales and transactions are conducted digitally, without the need for face-to-face interactions or physical exchanges of goods or money.

KEY WORDS; CUSTOMER BUSINESS, PACKAGING, SHIPPING, GLOBAL REACH, 24/7 BOOKING.TRUST & FAMILIARITY.

INTRODUCTION

While traditional commerce businesses rely on physical storefronts and face-to-face interactions, e-Commerce operates in the virtual realm, leveraging the power of the internet to reach a global audience. With the boom in e-Commerce over the past several decades, and the continuing trend towards online shopping, businesses nowadays need to be aware of online opportunities and how to reconcile them with a brick-and-mortar storefront.

In this guide, we're going over the differences between traditional commerce and e-Commerce, including the various pros and cons. In the meantime, if you're looking to transition to the world of e-Commerce, know that Print Bind Ship can be an ideal partner.

E-Commerce brands and connect to their online storefronts to allow for automatic order processing from our warehouses. We're a order fulfillment partner that can manage print-on-demand, packaging, shipping, customer returns and more!

What is an e-Commerce Business?

At its core, an e-Commerce business revolves around an online storefront or website that serves as a virtual marketplace. Customers can browse products or services, add items to a virtual shopping cart, and complete purchases through secure online payment gateways. All sales and transactions are conducted digitally, without the need for face-to-face interactions or physical exchanges of goods or money.

One of the defining characteristics of an e-Commerce business is its potential to reach a global audience. With an online presence, these businesses can transcend geographical boundaries and expand their market reach to customers worldwide. Additionally, many aspects of an e-Commerce business, such as inventory management, order processing, and customer communication, can be automated and scaled more efficiently compared to traditional retail models.

Examples of e-Commerce businesses range from online retailers like Amazon and e_Bay to digital service providers, such as software companies, online learning platforms, and subscription-based services. The e-Commerce model has disrupted various industries, offering businesses new opportunities to reach customers, streamline operations, and compete in a global marketplace.

Types of e-Commerce

Just like a traditional business, an e-Commerce business can happen between various parties. There are five basic e-Commerce types:

- Business-to-business (B2B),
- Business-to-consumer (B2C),
- Consumer-to-consumer (C2C),
- Consumer-to-business (C2B).

B2B

With this type of e-Commerce, businesses interact to fulfill orders, provide services, or collaborate in different ways. An excellent example of a B2B is shown in the way that Samsung provides product parts to Apple for its i-Phones.

B2C

The business-to-consumer type of e-Commerce is probably what most people think of when they hear the phrase “e-Commerce business.” This model is shown when companies sell products or services online to consumers. For example, Ali baba is an online shopping giant that provides consumers with a wide array of products for sale online.

C2C

Consumer-to-consumer e-Commerce business happens when consumers utilize the internet to sell their products or services to other consumers. Great examples of C2C e-Commerce business platforms include e-Bay, E-tsy, and F-ivver.

C2B

This type of e-Commerce happens when consumers can sell their product or service to businesses via the internet. This category would include influencers that offer their promotional services to specific companies or freelancers who seek enterprises to work for online through platforms like Up work.

Advantages of an e-Commerce Business

The rise of e-Commerce has revolutionized how consumers shop and injected trillions of dollars into the global economy. Plus, there are no signs of slowdown. It’s estimated that 21.2% of total retail sales will happen online in 2024. Take a look at some of the benefits to e-Commerce.

1. **Global Reach:** With an online presence, e-Commerce businesses can potentially reach customers worldwide, transcending geographical boundaries and expanding their market reach significantly.
2. **Lower Overhead Costs:** Compared to traditional brick-and-mortar stores, e-Commerce businesses typically have lower overhead costs since they do not require physical storefronts, reducing expenses like rent, utilities, and staffing for a physical location.
3. **24/7 Availability:** e-Commerce businesses can operate around the clock, providing customers with the convenience of shopping at any time, from anywhere with an internet connection.
4. **Scalability:** Many aspects of an e-Commerce business, such as inventory management, order processing, and customer communication, can be automated and scaled more efficiently than traditional retail models.
5. **Data-Driven Insights:** e-Commerce platforms often provide robust data analytics and tracking capabilities, allowing businesses to gain valuable insights into customer behavior, preferences, and marketing effectiveness.
6. **Personalization and Targeted Marketing:** With the ability to collect customer data and behavior patterns, e-Commerce businesses can personalize product recommendations, marketing campaigns, and the overall shopping experience.
7. **Reduced Inventory Costs:** By operating online, e-Commerce businesses can potentially carry a wider range of products without the physical space constraints of a traditional storefront, reducing inventory holding costs.
8. **Accessibility:** e-Commerce businesses can reach customers with disabilities or mobility issues more easily, as the online platform provides a convenient and accessible shopping experience.

Disadvantages

While e-Commerce offers many advantages, these disadvantages highlight the unique challenges and risks that online businesses must address to succeed in the digital marketplace.

- **Lack of Physical Interaction:** e-Commerce businesses operate entirely online, lacking the face-to-face interactions and personal experiences that traditional brick-and-mortar stores can provide, which may be important for certain products or customer segments.
- **Intense Competition:** The online marketplace is highly competitive, with numerous e-Commerce businesses vying for the same customers, making it challenging to stand out and retain customer loyalty.
- **Technology Dependence:** e-Commerce businesses rely heavily on technology, including websites, payment gateways, and digital infrastructure. Any technical issues, cyber security threats, or system failures can significantly disrupt operations and negatively impact sales.
- **Shipping and Logistics Challenges:** e-Commerce businesses must manage the complexities of shipping and logistics, including inventory management, order fulfillment, and delivery processes, which can be costly and logistically challenging, especially for international orders.
- **Returns and Customer Service:** Handling returns, exchanges, and customer service inquiries can be more challenging in an online environment, potentially leading to higher operational costs and customer dissatisfaction if not managed effectively.

- **Building Trust and Credibility:** As an online business, establishing trust and credibility with customers can be more difficult compared to traditional stores, where customers can physically interact with products and staff.

What is Traditional Commerce Business?

Traditional commerce refers to the buying and selling of goods or services through physical retail stores, brick-and-mortar establishments, or face-to-face transactions. It involves customers visiting a physical business location to browse, evaluate, and purchase products or services directly from the merchant. Some key characteristics of traditional commerce include:

- Physical storefronts or outlets
- In-person customer interactions and service
- Tangible display and storage of inventory
- Cash, credit/debit card, or other traditional payment methods
- Localized customer base limited by geographic proximity

Traditional commerce has been the dominant model for retailers and businesses throughout history, predating the rise of e-Commerce and online shopping. Examples include local mom-and-pop stores, supermarkets, shopping malls, car dealerships, and restaurants. While e-Commerce has disrupted many industries, traditional commerce still plays a vital role, especially for businesses that rely on personal service, experiential shopping, or immediate product acquisition.

Advantages of Traditional Commerce

While e-Commerce has disrupted many industries, traditional commerce remains important for businesses that thrive on personal interactions, local market presence, and the ability to provide tangible experiences to their customers.

In fact, it's no secret that even with the rise of e-Commerce, some of the most successful online brands are actively opening up brick-and-mortar locations in major cities.

Take a look at some of the benefits traditional commerce businesses have:

1. **Personal Interaction and Relationship Building:** Traditional commerce allows for face-to-face interactions between customers and salespeople, enabling businesses to provide personalized service, answer questions directly, and build stronger relationships with their customers.
2. **Tangibility and Sensory Experience:** Customers can physically see, touch, and experience products before making a purchase, which is particularly important for items where texture, fit, or other tactile qualities are crucial factors in the buying decision.
3. **Immediate Gratification:** Traditional commerce offers immediate product acquisition, allowing customers to walk out of the store with their purchases, eliminating the need to wait for shipping or delivery.
4. **Localized Market Presence:** Physical storefronts and businesses are embedded within their local communities, making it easier to cater to the specific needs and preferences of the surrounding population.
5. **Customer Trust and Familiarity:** Long-standing traditional businesses can often benefit from established reputations and familiarity within their communities, fostering customer trust and loyalty over time.
6. **Specialized Expertise:** Traditional retailers and service providers can offer in-depth expertise and knowledge about their products or services, providing valuable guidance and advice to customers.
7. **Employment Opportunities:** Traditional commerce creates local job opportunities in areas such as sales, customer service, inventory management, and store operations.

Disadvantages

While traditional commerce still plays a vital role, these disadvantages highlight some of the challenges faced by brick-and-mortar businesses in an increasingly digital and e-Commerce-driven marketplace.

1. **Higher Overhead Costs:** Operating physical retail spaces and storefronts typically involves higher costs, such as rent, utilities, staffing, and maintenance, which can strain profit margins.
2. **Limited Geographic Reach:** Traditional brick-and-mortar businesses are confined to serving a localized customer base within a specific geographic area, limiting their potential market size.
3. **Scalability Challenges:** Expanding a traditional business often requires significant capital investments in additional physical locations, inventory, and staff, making it more difficult to scale rapidly compared to e-Commerce models.
4. **Inventory Management Complexities:** Stocking and managing physical inventory in a retail space can be logistically challenging, leading to potential stock outs, overstocking, or product depreciation.
5. **Inflexible Operating Hours:** Traditional businesses are typically bound by fixed operating hours, limiting accessibility and convenience for customers who may prefer to shop outside of those designated times.

6. **Lack of Data and Analytics:** Traditional commerce often lacks the robust data tracking and analytics capabilities found in e-Commerce platforms, making it more difficult to gain insights into customer behavior and optimize marketing strategies.
7. **Competition from e-Commerce:** The rise of e-Commerce and online shopping has disrupted many traditional retail sectors, forcing businesses to adapt or risk losing customers to the convenience and accessibility of online alternatives.
8. **Difficulty Reaching Global Markets:** Traditional businesses typically cater to local or regional markets, making it more challenging to expand internationally compared to e-Commerce platforms that can reach global audiences more easily.

Differences between Traditional Commerce v/s e-Commerce Businesses

Based on all of the advantages and disadvantages above, specific differences become evident between the traditional and that of the e-Commerce business model.

1. e-Commerce v/s Traditional Commerce Business Model

E-Commerce businesses operate entirely through digital channels and online platforms, without a physical storefront or face-to-face customer interaction. By contrast, traditional businesses rely on physical retail spaces, where customers can visit and browse products, interact with sales staff, and make purchases in person.

2. Geographic Reach

With an online presence, e-Commerce businesses can potentially reach customers worldwide, transcending geographical boundaries and expanding their market reach globally. However, traditional brick-and-mortar businesses are typically limited to serving a localized or regional customer base within a specific geographic area, constrained by the physical location of their stores.

3. Operating Hours

E-Commerce businesses can operate 24 hours a day, 7 days a week, providing customers with the convenience of shopping at any time that suits them, unrestricted by set business hours. Traditional commerce storefronts are bound by fixed operating hours, which limit accessibility and convenience for customers who prefer to may shop outside of those designated times.

4. Overhead Costs

E-Commerce businesses generally have lower overhead costs compared to traditional commerce businesses, as they do not require physical retail spaces, reducing expenses such as rent, utilities, and staffing for a physical location. Traditional brick-and-mortar retailers may incur higher overhead costs associated with maintaining and operating physical storefronts, including rent, utilities, property taxes, and staffing for in-store operations.

5. Customer Experience

Traditional businesses offer a tangible, in-person shopping experience, allowing customers to physically inspect products, try them on (if applicable), and receive personalized service and advice from sales staff. On the other hand, e-Commerce businesses provide a digital, often self-service experience where customers browse and purchase products online, relying on product descriptions, images, and customer reviews to make informed decisions.

6. Inventory Management

E-Commerce businesses may potentially be able to offer a wider range of products without the physical space constraints of a traditional storefront, as they do not need to display or store inventory on-site. While traditional brick-and-mortar businesses are limited by their physical storage and display areas, which can restrict the variety and quantity of products they can stock and showcase to customers.

7. Data and Analytics

E-Commerce platforms typically provide robust data tracking and analytics capabilities, enabling businesses to collect and analyze customer behavior, preferences, and marketing effectiveness data. Traditional commerce businesses can implement data-driven tools as well, but oftentimes advanced analytic tools and data capabilities may be limited. This can make it more challenging to gain comprehensive insights into customer behavior and optimize their strategies accordingly.

8. Marketing and Advertising

E-Commerce businesses heavily rely on digital marketing channels, such as **search engine optimization** (SEO), social media marketing, email marketing, and online advertising (e.g., pay-per-click ads), to reach and engage with their target audience. Traditional businesses may focus more on local advertising methods, such as print media, billboards, direct mail, and word-of-mouth marketing, to attract customers within their geographical proximity.

9. Logistics and Fulfillment

E-Commerce businesses must manage complex logistics and fulfillment processes, including inventory management, order processing, packaging, shipping, and delivery coordination. Many times, to simplify the process and even generate cost-savings, they will rely on third-party logistics providers or fulfillment centers like **Print Bind Ship**. Traditional brick-and-mortar businesses handle inventory and sales on-site, allowing customers to take immediate possession of their purchases and eliminating the need for shipping and delivery logistics.

Traditional Commerce v/s e-Commerce: How to Choose the Right One

Choosing between traditional commerce and e-Commerce for your business is a crucial decision that requires careful consideration of your goals, resources, and target market. While both models have their own advantages and disadvantages, a well-rounded strategy could involve combining elements of both traditional and e-Commerce approaches.

For businesses starting from scratch, it's essential to evaluate factors such as the nature of your products or services, your target audience's preferences, and your ability to manage the logistics and operations of each model.

Traditional brick-and-mortar stores may be more suitable for businesses offering products or services that benefit from hands-on experiences, personalized customer service, or immediate gratification. On the other hand, e-Commerce platforms can be advantageous for businesses aiming to reach a broader customer base, reduce overhead costs, and leverage data-driven insights.

However, rather than viewing traditional commerce and e-Commerce as mutually exclusive options, a hybrid approach that combines the strengths of both can be a powerful strategy for many businesses. Even for well-established traditional stores, introducing an online website or e-Commerce platform can provide numerous benefits, including:

1. **Expanded Reach:** By integrating an e-Commerce component, traditional businesses can extend their reach beyond their local market, tapping into a global customer base and potentially increasing sales and revenue streams.
2. **Convenience and Accessibility:** Offering an online shopping option caters to the increasing demand for convenience and accessibility, allowing customers to browse and purchase products from the comfort of their homes or on-the-go.
3. **Data-Driven Insights:** e-Commerce platforms provide valuable data and analytics that can help traditional businesses better understand customer behavior, preferences, and trends, enabling more informed decision-making and targeted marketing strategies.
4. **Omni channel Experience:** Combining traditional and e-Commerce channels creates an omni channel experience for customers, allowing them to seamlessly move between physical and online touch points, enhancing their overall shopping experience.

Similarly, for e-Commerce businesses, incorporating elements of traditional commerce can be advantageous in certain scenarios. This could involve establishing pop-up shops or temporary physical locations to provide customers with hands-on experiences, building brand awareness, and fostering stronger connections with the local community.

CONCLUSION

Ultimately, the decision between traditional commerce and e-Commerce, or combining both, should be guided by a thorough understanding of your business goals, target market, and the ability to effectively manage and integrate the chosen models into your overall strategy.

By leveraging the strengths of both approaches and adapting to evolving customer preferences, businesses can position themselves for long-term success in an increasingly competitive and dynamic marketplace.

If you're looking for a partner as you expand into the world of e-Commerce look no further than Print Bind Ship. We specialize in collaborating with e-Commerce brands, seamlessly integrating with your online platform to streamline order processing directly from our warehouses.

As your trusted order fulfillment partner, we handle everything from print-on-demand services to packaging, shipping, and managing customer returns. With Print Bind Ship by your side, you can focus on growing your business while we take care of the logistics, ensuring a smooth and efficient operation from start to finish.

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