IMPACT OF E-COMMERCE ON RETAILERS AND MARKETS

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ABSTRACT

The Internet is essential to our daily existence. Almost all of our daily tasks involve using the Internet. Before e-commerce, purchases and sales were made in person in marketplaces without the use of the Internet. However, with the introduction of e-commerce in India, many benefits have made life easier. E-commerce includes online shopping which users mostly do with Indian e-commerce websites that allow us to buy and sell goods at reasonable prices. E-commerce websites affect different marketplaces and businesses in different ways. This article aims to explore the various marketplaces and merchants as well as the effects of e-commerce on them.

Keywords: *Internet, Buying &Selling, Market, Retailers.*

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1. INTRODUCTION

E-commerce refers to the online buying and selling of products and services. E-business, a phrase that has gained popularity along with electronic commerce, refers to how businesses have expanded electronically with the help of the Internet, reaching a larger consumer base and increasing revenue.

2. REVIEW OF LITERATURE

According to Tian and Stewart (2007), e-commerce involves not only selling products and services, but also retaining clients, building connections with other businesses, and doing business with them. In his research, Sinha (2010) found that in this type of e-commerce, customers can use the Internet for various purposes such as researching product features, comparing prices, choosing a payment method, selecting a product or service, deciding on delivery options, and finally purchasing goods. or services.

3. OBJECTIVES OF THE STUDY

1. To study different kinds of markets and retailers.
2. Assess the impact of e-commerce on markets and retailers.

4. THEORETICAL FRAME WORK

4.1 Electronic commerce and classification:

Internet business can be divided into four primary classes: B2B, B2C, C2B, and C2C.

1. B2B (BUSINESS-TO-BUSINESS)

Business-to-business (B2B) is a business exchange between organizations, such as between a manufacturer and a distributor or between a distributor and a retailer. The estimate depends on the quantity of the request and is often debatable.

2. B2C (BUSINESS-TO-Customer)

Trade or exchanges conducted directly between an organization and the customers who are the end clients of its items or administrations. Business to Buyer as an action plan essentially contrasts with a business to business action plan which refers to a trade between at least two organizations.

3. C2B (Customer TO-BUSINESS)

Shopper-to-business (C2B) is an action plan where buying people have value and organizations consume that value. The C2B model, also known as the demand aggregation or reverse auction model, allows buyers to set their own, often binding, price for a specific good or service. Demand offers are collected by the website and offered to participating retailers.

4. C2C (Customer TO-Customer)

Client to Client (C2C) marketplaces are inventive ways to enable clients to work with each other. While conventional business sectors expect a connection between businesses and clients where a client goes to a business to purchase an item or administration. In the client-to-client demos, the business works with an environment where clients can offer each other these products or potentially administration.

At this stage of the turn of events, the main classes of online business are the first two mentioned above. In the broader context of global e-commerce, the share of the other two categories is negligible. Be that as it may, with the development of the Internet and the generally simple openness to its administration, the range between part of business-to-business and business-to-buyer exchanges has shifted significantly in previous years.

4.2 DIFFERENT MARKETS AND RETAILERS IN INDIA

Classification of Markets

1. Physical Markets: A physical market is one where consumers physically visit sellers, interact with them face-to-face, and purchase goods and services from them in exchange for cash. Department stores, malls, and other shopping centers are examples of physical marketplaces.

2. Markets that are not physical or virtual: A non-physical market is one where buyers and sellers do not physically meet or converse. The consumer uses the Internet to purchase goods and transfers the payment electronically. Examples of these marketplaces include Flipkart, Amazon, eBay and others.

3. An auction market occurs when items are sold to the highest bidder, with the lower bid being disregarded.

4. Intermediate Market: This is where raw materials are sold and used to make finished products.

5. A black market is a place where illegal items, including firearms, alcohol and narcotics, are sold under the supervision of other illegal sellers.

6. Knowledge Market: In this market, products based on information and knowledge are offered.

7. Financial market: Money or liquid assets are traded here. Financial markets come in three varieties: The foreign exchange market, also known as the money market, is where currencies are exchanged. A stock market is a place where shares are traded; the bond market is where debt instruments in the form of bonds are traded.

Classification of retail stores

1. A department store is a retail establishment that combines several smaller businesses into one and provides a large assortment of goods. By offering a large variety of items in one place, it offers value to customers.

2. Supermarkets: Initially selling only food and beverages, but due to consumer demand, supermarkets are gradually expanding to include clothing and electronics. It is sold at a low price because it has strong purchasing power.

3. Warehouse Markets: In order to store, display and sell large quantities of goods, warehouse traders are located in areas with extremely cheap space to rent.

4. Specialty retailers are businesses that provide unique goods or services and offer their clients excellent customer service and in-depth product expertise. By including accessories and related goods in the same store, they increase the value.

5. E-merchants are those merchants that allow customers to purchase products online and offer home delivery as a means of connecting with clients within a large geographic region and fulfilling orders. They can offer competitive prices because they have cheap overhead and rent.

6. Convenience stores are located in residential areas and offer a few select items at a higher price because they increase convenience.

7. Discount Retailers: Discount retailers are those who buy items from suppliers at a lower price, resell them to the end of the line, and then return the remaining stock to the supplier at a lower price. This allows them to offer discounts on less popular brands.

5. IMPACT OF E-COMMERCE ON MARKETS AND RETAILERS

Impact on Markets

1. Product promotion-Through e-commerce, the product can be promoted in an interesting way and with a lot of information directly to the customers, which reduces the cost of offline promotion, because the internet can influence many customers and save a lot of advertising costs. in different areas of business.

2. Customer Service – Customer service can be enhanced as customers can search for detailed information about the product or the marketplace that offers the product and can compare prices on different marketplaces.

3. Brand Image – New marketers can establish their brands on the internet using attractive images at an affordable price.

4. Advertisement – Advertisements have traditionally been one way to attract customers and let them know about a new product or marketplace, but now e-commerce ads are two-way, where a customer can browse the marketplace and product, compare prices, and also ask questions online to sellers.

5. Customization- Custom products can be made available according to customer needs. It will make a good place to do business in the market and attract new customers.

6. Order Creation Process – Traditionally, intermediaries are used to take orders from customers, which takes a lot of time and cost, but with e-commerce, taking orders is so easy that it reduces a lot of time and cost and can increase sales.

7. Value to customers – The main concern has traditionally been to get high value from customers. They used to attract only customers and that was the biggest goal, but now retailers are building long-term relationships with customers to achieve long-term value by offering them special discounts.

Impact on Retailers

1. Turnover – E-commerce has reduced the turnover of offline retailers, which is a red flag for the business.

2. Profit Margin- With the arrival of online stores in the offline market, the pricing suffers for the retailers. To survive in the market, they have to sell the product at legal prices that cover only their operating costs and receive no profit margin.

3. Discount- Offline retailers sell their products at discounted prices because online stores offer deep discounts to customers to stay in the market and attract customers to sell products with discounts.

4. Variety of inventory – Online stores offer a variety of merchandise that offline sellers cannot compete with because at the end of the year, the remaining inventory can cause a huge loss to the retailer.

5. Customer Service – Offline sellers provide various services where online stores fail. Repairs and services of goods, home delivery and after-sales services as well as online stores.

6. Window Shopping – Low prices offered by online stores lead to customers shopping in physical stores and purchasing the product online. As a result, they have more potential customers than actual customers.

7. Advertisement – Offline sellers only focus on advertisements to attract customers and increase their sales. They don't leave a single chance to advertise

6. CHALLENGES FACED BY E- COMMERCE IN INDIA

Infrastructure problems: The basis of e-commerce is the Internet. Unfortunately, only 5% of Indians have access to the internet compared to 50% in Singapore. That's a shockingly low percentage. In a similar vein, only 3.5 people per thousand live in India compared to 500 people in the US and 6 people per thousand in China. Phone lines are still needed to access the Internet via a PC. E-commerce is still quite far from the average person. Reaching a population of one billion people is challenging for e-commerce. In addition, the price of Internet connection and personal computers is also quite high.

Lack of cyber laws: The almost complete lack of cyber regulations to control online transactions is one of the major challenges facing the e-commerce industry. The World Trade Organization is expected to approve cyber rules soon. The Information Technology (IT) Act of India, which was passed by the Parliament of India on 17 May 2000, aims to address the expanding areas of electronic commerce through legislation. In addition, by removing the legal ambiguities that the new technology brings, the measure hopes to boost e-commerce. The measure relates exclusively to criminal and commercial law as it currently stands. Yet it ignores matters such as private property rights, content control, and data protection and privacy laws.

Security and privacy concerns: Security and privacy are very vulnerable issues in e-commerce these days. As before, neither websites nor external watchdogs provide protection against the risk of privacy and security abuse.

Digital illiteracy and consumer psychology: One of the major issues facing Indian e-commerce now is digital illiteracy. However, there is now a severe shortage of software developers in India due to the ongoing migration of highly skilled computer programmers to other countries. The information technology sector in India is under threat due to this. Clearly, the only way to solve this problem is to stop the computer-related brain drain.

Problem of viruses: As evidenced by the origins of the computer in Manila, computer viruses are also a serious obstacle to the completion of electronic transactions. The "I Love You" computer virus began on May 5, 2000 in Manila, Philippines and spread worldwide, infecting millions of computer files and resulting in a staggering $7 billion loss to businesses and the government. To prevent such attacks in the future and to cause long-term damage to India's ever-growing e-commerce, the perpetrators of the "virus" must be punished in a deterrent manner.

7. CONCLUSION

E-commerce benefits the market by reducing advertising costs because it can attract more customers online, build new brands, foster positive customer relationships, and provide items that are tailored to the buyer's needs. However, e-commerce has a negative effect on brick-and-mortar retailers, as consumers buy goods at discounted prices from online stores, forcing them to lower prices as well and lose money. Merchants are not able to hold large inventories like online companies as it would result in significant losses for them.

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