

Potential of internet and e-commerce business (a global perspective)

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Abstract:

In the economic digital age internet have been discovered and grows very fast , as a result it creates new concepts which is e-commerce to bring valuable benefits for both businessmen and the end user (customer) in the e-Market.

Apart from technological changes, with the fast pace of change in global market place, businesses and marketing as well also started looking for ways to expand their opportunities, customer base, and business partners while reducing the cost of business operation. The technological changes and changing market scenario was conceived which resulted in the birth and development of e-commerce.

In this paper we shall discuss e-commerce as a global perspective with its objective and implication of the same.

المُلخَص

في هذا العصر الرقمي الذي تنتشر فيه الانترنت انتشاراً هائلاً شاع مفهوم التجارة الالكترونية التي تنتج العديد من المزايا لرجال الأعمال وللمستهلك على حد سواء. ويصرف النظر عن التغيرات التكنولوجية .

إلا أن سرعة التغيير في السوق الفاعلة وقطاع الأعمال والتسويق أدت إلى البحث عن وسائل لتوسيع الفرص وقاعدة الزبائن والوسطاء التجاريون لتقليل تكلفة عملية الأعمال التجارية . إن التغيرات التكنولوجية وتغير سيناريو السوق أدى إلى ولادة وتطور التجارة الالكترونية .

وفي هذه الورقة سوف يتم مناقشة أهداف عوائق التجارة الالكترونية من المنظور العالمي.

Introduction:

Trade and commerce between individuals is as old as the existence of mankind. There have been innumerable channels that have facilitated this exchange. The latest to join this list is e-commerce. The debatable topic now is not whether e-business will affect businesses, but how and to what extent it will make roads into operations. In 2002-2007, experts predicted the e-commerce trade to be worth US\$2000-2500 billion, and just a year later, today, we are hearing of an estimated figure of US\$30 trillion of its volume.

There is no official definition of e-commerce. Different experts have defined it differently. Those in the field of communications say that it is the transmission of information, products/services or payments through telephone lines, networks, or any other medium. From a businessman's standpoint, e-commerce is the use of technology to automate business transactions and work flows. Someone from the service industry might say that e-commerce is a helpful innovation that allows business to cut costs, enabling it to provide better quality products with a quicker delivery time.

For our purpose, and probably the most general and literal definition for e-commerce is that it is the actual buying and selling of goods or services electronically online. Products are displayed in an online store, and potential customers can read information about the products, see them on the Website, and have the option to purchase them online. There are sites selling everything from pet supplies to automobiles.

Virtually any product or service can be sold online. And all the principles involved in good business practices apply here.

The method of doing business in the e-commerce medium differs from traditional commerce because it combines information technology, telecommunications technology and business processes to make it possible to do business in ways not otherwise possible hitherto. The modern age of information technology has ushered an information super highway by spectacular Developments in satellite as well as terrestrial communication technology for the first time in the history of mankind and opened up a vast spectrum of opportunities, which can transform entire societies to single object. As the necessity is the mother of invention and discoveries “internet”, the latest in the electronic media, .Being the much talked and advocate has become a phenomenon and is shrinking the whole world day by day, Hour by hour and second by second. Internet is the large interconnected network of computer networks. Belonging to government organizations, offices, industries, research and educated institutes, professional houses, .Business house and individuals. Its available media in the world today by which any person or organizations .Apart of the network, at any part of the world can able to have access to latest and remote information .On different subjects and issues of interests. World leading developed, underdeveloped and developing .Countries are experiencing an incredible growth in terms of No of users, as well as high computer. Penetration in almost all sections of their economic world and society. It is the world’s largest anarchy

with not much rules and laws on its usage and information access, barring limitations on hardware and equipment availability. Its today's world's largest true democracy, with total power in the hands of people who belong to it. Over the past couple of years, there has been significant growth in the commercial usage of the network back the Internet a virtual library where almost every subject has been covered and made Internet network of people reaching out of the people, rather than merely Avery large network of computers talking to one another. This inter activity of information exchange through WWW has mad it Avery effective direct marketing medium. Wit the major policy changes a waiting in India about providing internet facilities through cable TV operators to increase its penetration, the real business of buying and selling products directly to internet is seemingly very near and it started in some selected area in major metros of India .By selecting different marketing segment like, industries, research, education and financial institutes, business houses and government setups, we can evaluate the business opportunities thoroughly and effectively and hence this work id dedicated for the same.

History of Internet

To go into the depth of INTERNET let us find out the history of INTERNET. Internet evolved during days of cold war USA & USSR was in a constant race for technological supremacy. This resulted in the creation of vast scientific and military infrastructure across the United States. All these research projects had to be tightly coordinated and a lot of information sharing had to take place. This also meant the need for a command and control network, which could survive even a

nuclear attack. Also the researchers needed a means for exchanging information, which was fast, reliable and secure, developing such a medium was inherently difficult for many reasons:

- The teams were across large distances, thousands of miles apart
- The communication media were not very reliable and prone to losses and breakdown.
- The teams were using different kind of mutually incompatible computers.
- The information was highly sensitive; hence security was of paramount importance.
- Further, the network was to be functional even if some segments of it were damaged in war. A TCP/IP (Transmission Control Protocol/Internet Protocol) based network will continue to work even if a part of the network is damaged beyond repair. It - does this through a clever mechanism of rerouting/retransmitting packets.

The Advanced Research Projects Agency (ARPA) of the Department of Defense of USA started developing a network to overcome the above difficulties. The result is now known as Internet (INTER+NET). INTERNET is a network of a large number of Local Area networks (LAN).

Who Controls the Internet?

Electronic commerce on Wide Area Networks (WANs) such as the Internet has the potential to revolutionize the way business will be conducted in future. There is growing interest in the design and development of electronic protocols for conducting commercial

transactions in wide area networks. As electronic network integration, GUI enhancements, interoperability and security issues resolve themselves electronic commerce will continue to expand. Internet commerce is not governed by any official organization. The Internet has no officers, no policy-making board, no rules or regulations and it is not selective in terms of providing on-line services. Rather the various agencies, which have contributed to the development of the Internet over the years, have done so for the purpose of simulating the exchange of information. The result is that today's users of Internet services can say anything they want to transmit anything they like. For several years individuals have been able to use microcomputer software to conduct point-to-point transactions, such as funds, transfer, purchase stocks, browse through electronic catalogues, and to buy products with their credit cards the Internet allows business to be conducted 24 hours per day seven days per week. The Web is the ideal tool for multimedia and hypertext link support, and can embrace cryptography for security purposes. The enabling technologies that support electronic commerce from a business to consumer perspective are the (www) World wide Web, which provides an easy to use graphical user interface (GUI) and relational database management systems, which support data storage retrieval and inventory.

Types of E-commerce:

E-commerce is divided into three major segments.

- Inter-organisational (business to business);
- Intra-organisational (within business); and
- Retail.

Inter-organizational e-commerce is between different business entities. It reduces the number of suppliers and facilitates business partnerships by, reducing purchase orders, processing costs and inventory cycle timings. It could be operated on the Internet or an Extranet which just lets us select a few participants. Supply chain management or payment management are examples of inter organizational applications. Intra-organizational e-commerce occurs within a business entity. The objective is to link the constituents together and increase the flow of information within the organization. Examples of it include human resource or departmental websites that disseminate information and services through an intranet. Retail e-commerce, as the name suggests, is directed at the consumer. It can be used for any business for consumer interactions.

Technological dimension of E-commerce

While many technologies can fit within the definitions of e-commerce, the most important are electronic data interchange (EDI), bar codes, electronic mails, Internet, world wide web, product data exchange and electronic forms.

Electronic Data Interchange is the computer-to-computer exchange of structured information in a standard electronic format, Information stored on one computer is translated by software programmes into standard EDI format for transmission to one or more trading partners. The trading partners' computers, in turn, translate the information using software into a form they can understand.

Bar codes are used for automatic product identification by a computer. The most common example of bar codes is of consumer products such as packaged foods, books, etc. These codes allow the product to be scanned at the checkout counter. As the product is identified, the price is entered in the cash register, while internal systems are automatically updated.

Electronic mail consists of messages composed by an individual and sent in digital form to other recipients via the Internet. Internet is a decentralized global network of millions of diverse computers and computer networks. World Wide Web is a collection of documents written and encoded with the hypertext mark-up language. With the aid of a browser, the user can ask for these documents and display them on the user's local computer. Product data exchange is the exchange of data usually in graphical form that is needed to describe a product.

Electronic forms are a technology that combines the familiarity of paper forms with the power of storing information in digital form. To the user, an electronic form is simply a digital analogue of such a paper form, an image which looks like a form but appears on a computer screen and is filled out via mouse and keyboard.

Functions of E-commerce

There are four functions of e-commerce:

- Communication;
- Process management;
- Service management; and
- Transaction capabilities.

The communication function is aimed at the delivery of information and/ or documents to facilitate business transactions. E-mail is an excellent example of this.

The process management function covers the automation and improvement of business processes. The best example of this would be networking two computers together so that they can share and transfer data rather than have a person to take data from one computer to another.

Service management function is the application of technology to improve the quality of service. A good example of this function is the Federal Express Website. It permits customers to track shipments and the schedule pick-ups 24 hours a day with a world-wide network without having to talk to a service representative. Customer service is greatly enhanced due to the site's capabilities.

The last function, transaction capabilities provides the ability to buy/sell on the Internet or some other online service. The retail websites of Amazon.Com and REI offer good examples of the transaction capabilities of e-commerce.

Pre-requisites of E-commerce

There are very few requirements to conduct e-commerce business. These are:

Firstly A website, either your own or one supplied to you by a cart provider;

Secondly A shopping cart programme to list your products or services and a means to collect purchases information; and

Thirdly A method to get the funds into your bank account.

If You want to automate the process, a compatible credit card merchant account and a transaction processor (e.g,authorise.neo to collect credit card information and obtain authorisation and post the funds into your account, are required.

Significance of E-commerce

Participants in the electronic marketplace are not limited only to digital product companies such as publishing, software and information industries. The digital age and the digital revolution affect all by virtue of their process innovations. Web-TV and digital television is going to affect TV news and entertainment programmes. Changes in telecommunication will affect the way we receive information, product announcements, orders, etc. As phones, fax machines, copiers, PCs and printers have become essential ingredients in doing business, so will be e-mails, websites, and integrated digital communication and computing.

While today's office business machines are not integrated (e. g. faxed orders have to be typed in on computers), the much talked about "convergence" will drive all these equipment into one digital platform, whether it be a computer connected to the Internet and intranets, or a new kind of device capable of interacting with other devices, because that device will prove to be more efficient and productive.

Users of E-commerce

Anyone with something to sell or buy can use e-commerce. If you have access to a website where you can store the information

about the items or services your company offers, you can use e-commerce.

There are three kinds of business concerns which mainly use e-commerce today.

The first are new enterprises which have no existing structure.

Another is the technology companies, which would have an interest in improving electronic routes to promote their services.

The third categories are media companies, which would benefit from fast distribution of information, together with low setup costs.

Credit cards, cheques or any other mode of payment arrangements can be set-up to be used via the Internet. You do not have to have a transaction processor to process transaction in real time, although real time credit card processing offers the most immediate method to have funds deposited into your account. There are e-commerce solutions that allow information collection and retrieval from a secure server and then let you enter that information manually at your local terminal.

Employment potential of E-commerce

According to the computer system of a Value Added Network (VAN) of the US government, there are many full- and part-time positions available in e-commerce with flexible hours. The current requirements include, but are not limited to,

System Programmes (Unix, Window NT)

EDI Programmers

Communications Engineers (Routers, ISDN, SLIP, PPP, RAS)

Communications Programmers C, C++, VB)

Technical writers

Trainers

Technical support

Sales and marketing force

Field engineering support

Pros and Cons of E-commerce

Although in its infancy, e-commerce is the most popular way for a business to expand their customer base and increase productivity. In recent years the online shopping industry has leaped forward and very few businesses can be found without a site on the web. With an Earth Link Total Commerce Package, You can sell your products world wide through your web-based store. I lure are some pros and cons of e-commerce.

The biggest advantage of e-commerce is that distances don't matter in carrying out trade. You can reach out to the world any time you want. This helps the companies to have a cheap and effective way of communication with suppliers on one side and with customers on the other. Contact with suppliers is possible via Internet or via an EDI system.

Secondly, unlike a brick and mortar store, an online store has the capability to stay open 24 hours a day, 7 days a week, and 365 days a year. Thirdly, compared with a retail outlet or new office the cost of setting up an e-commerce website is very low. It can be integrated straight into your infrastructure with very little overheads or outlay.

Fourthly, there is more flexibility in a website to add and remove a product or products than in catalogues or brochures.

Another advantage of being online is that it potentially gives exposure to previously untapped market segments.

Another benefit is error reduction because orders do not have to be re-keyed into order entry systems and increased efficiencies through the automation of the business processes.

Other benefits include a wider choice and no wastage of time. People who want to buy something usually have to get outdoors and find a shop with a product of their desire. Now, the only thing they have to do is to turn on their computer and select one of the thousand online stores. Customers can find products from all over the world, so the amount of offers is far greater than in a local shopping centre.

Among disadvantages of selling online include the inability to touch and feel merchandise. As one analyst puts it, to "kick the tyres". This is a psychological barrier, but as consumers become more familiar with shopping online, this barrier goes away.

Further, a big rush with the growing importance of e-commerce and computer communication technologies is that people don't have social contacts anymore. Everything can be arranged with a computer, you don't have to go to market anymore, because you can do client at home.

Furthermore, because online stores do not exist for very long, many companies do not know exactly how to set up a store. This result in large group of annoyed customers, who want to buy

something, but it is not clear how they should and there is no one-whom they can ask, like in a normal shop.

In addition, computer systems will never be 100 per cent safe. There shall always be hackers who intercept (money) transactions and cause problems for consumers and companies that operate on the Internet.

Above all, in a developing nation, the average Internet user is usually a young highly educated man. If you start a business on the Internet, perhaps you will not reach women and the elderly.

At this time, e-commerce is not useful if you want to sell products to a target group other than young, high-educated males. This won't be a problem in future, as more people will use computers and Internet shopping in our society.

Prospects of E-commerce

Though difficult to predict precisely but it is more than likely that it is here to stay. On the upside, all of us believe that e-commerce will increase exponentially in the coming years.

An estimated 148 million people are online and this figure is more than doubling every year. In 2006 alone, 1000 million shoppers are expected to spend an estimated US\$ 15 million in the cyber market space.

According to IDC estimates online sales to consumers are set to increase more than twenty-fold by 2008.

The US Department of Commerce in an April 2006 report titled "The Emergent Digital Economy" predicted that e-commerce may account for more than US\$ 3000 million annually by 2007. Areas

expected to grow include financial services, entertainment, travel and groceries.

The jackpot returns from e-commerce depend a lot on how the business processes are being leveraged by the electronic transformation. On the downside, experts say that the longer a company waits the more difficult it will be for smaller companies to establish their presence.

On the whole, in the next few years, experts expect the world and the world of marketing in particular- to be entirely transformed by the yet-to-be-realised potential of e-commerce.

Lessons from evolution of E-commerce

The following is a checklist of a few lessons learned from the coming up of e-commerce:

- No one that properly embraced ATMs, credit or debit cards EVER WENT BACK to the old ways.
- Customers want extended hours. 24 hours per day is the limit.
- Customers want expanded locations the closer to home, the better. The home is the limit.
- Customers change the way a businessman does business, technology is merely the facilitator.
- If it is convenient, people will gravitate to it after experimenting with it.
- There is an inevitable trend in its emergence and e-commerce is here to stay.

The cold Light of Cyber dawn

Now log on to the real world, when consumers are faced with a bewildering choice of thousands of on line stores, each one inadequate in its own way. Just finding something to buy is a triumph, never mind comparing prices and paying for it. Between the endless lists of online merchants and the delays as each graphics – heavy shop front downloads; you can spend an hour just finding a product. No wonder analyst's recon that consumer internet transactions in 2008 were worth a total of only around \$ 5000 m – 6000 m, about the same as was spent on computer publications full of glowing articles on internet commerce. The software, bugs, baffling interface and limited .selections of the average online shop make even the corner grocery look like a miracle of organization and choice. And most online stores are losing a fortune – even Marketplace MCI, the glossy online mall set up two years by MCI, an American telephone giant, has since shut its door. For most consumers today's Internet, far from being a perfect market, is the high street from hell. The ultimate promise of electronic commerce is undiminished, but the road from there is taking some surprising turns. Indeed, practically everything that was predicted about electronic commerce – three years ago has turned out to be wrong. For starters, the big money is not in consumer shopping but in business-to-business commerce. This should not have been a surprise – it mirrors the physical world, where business transactions are worth about ten times, as apparently firms would convert. The reason – most business transactions are worth about ten times as apparently firms would convert. The reason – most business transactions were

already done at a distance, whether by fax, telephone, post, or private electronic links. Moving that process to the Internet makes it cheaper, faster and easier. Second, the industry has defined electronic commerce too narrowly. Most analysis includes only transactions actually carried out on the Internet but many consumers research their purchases on line and then buy in some other way. No wonder the analyst's forecasts are so widely spread. Only 3% of business-to-business web sites are designed for direct sales rather than for marketing and customer service, says Forrester Research, Massachusetts consultancy. Even for consumer business, only 9% of sites offer on line transactions. A Commerce Net/Nielsen survey in March found that whereas 53% of Internet users in the United States and Canada had used the internet to reach a decision on a purchase, just 15% carried out the final transaction on the web. Yet it is just that last bid that is usually measured.

Third, the on line leaders are not the traditional commercial giants of the physical world, but outsiders who often knew next to nothing about the markets they chose to enter. They succeeded because they understood the Internet and how it could be harnessed to commerce of any sort. Web sites are becoming de rigueur. By the end of last year 80% of America's Fortune 500 firms had a Website compared with only 35% a year earlier, but only 5% were conducting transactions on the Web, according to Forrester Research. Instead, their main reasons for setting up Web sites are to market their wares and help their customers, saving themselves money in the process.

The most important lesson would be traders on the Internet must learn is that it rarely works. Like the physical world. For example, the “virtual malls” that have sprung up in thousands over the past two years have been an abject failure. In real life, where driving to the store under one roof is a good way to attract a critical mass of customers. On line, where no store is more than a mouse click from any other, the hope was that the reputation of the mail itself would draw dazed punters in from the chaos on line. But firms choose to stand alone, confident that their well-known brand names would be enough to attract customers. Smaller stores, rather than rent space in one of a hundred obscure malls, are increasingly grouping themselves by theme, joining or creating consumer communities with shared interests. Some have taken to advertising in stores selling related goods, which is rarely done in the real world.

Conclusion

E-commerce is growing explosively on the Internet. Before the end of this decade, millions of companies and individuals will be buying, selling, bidding, brokering, advertising and collaborating on a daily basis, as the internet merges with other branches of information highway. The resulting economies of scale will drastically lower the cost of implementing and maintaining a procurement infrastructure.

All said and done those who clearly see the opportunity, understand the medium, and creatively put it to work for them, will definitely succeed in the digital economy of tomorrow. The e-commerce market may be an infant in terms of years of existence, but the time has come to mature it and develop a rational e-commerce

strategy. We offered a more emphatic conclusion regarding the potential and uses of e-commerce.

Dream big: Have the highest possible dreams. Most people achieve only subsets of their dreams, so why limit you?

Fail frequently: Failure is not to be viewed as stigma. Make new mistakes each time and try to correct your old ones.

Never give up: Have fun. You have got to have a good time. If you don't, you have no business being in e-commerce.

It is all about people: Work with teams that you admire. Do everything in a way that you can hold your head high.

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