

SOME PECULIARITIES OF E-COMMERCE

Borokh Anastasia

Student of Economics and Law Faculty

Simon Kuznets Kharkiv National University of Economics,

Kharkiv, Ukraine

Scientific advisor – Senior lecturer Agadzhanova Radmila Mykhailivna

Annotation. The article analyzes the importance of e-commerce for today's business. It is considered the definition of the term "e-commerce" as well as its peculiarities. The article describes some differences between e-commerce and traditional commerce.

Keywords: e-commerce, traditional commerce, retail and sales strategy, categories of e-commerce, online store.

Анотація. Стаття присвячена аналізу важливості електронної торгівлі для сучасного бізнесу. Наведено визначення терміну "електронна торгівля" та проаналізовано її особливості. У статті розглянуто відмінності між електронною та традиційною торгівлею.

Ключові слова: електронна торгівля, традиційна торгівля, стратегія роздрібною торгівлі та продажів, категорії електронної торгівлі, інтернет-магазин.

Аннотация. Статья посвящена анализу важности электронной торговли для современного бизнеса. Приведено определение термина "электронная торговля" и проанализированы её особенности. В статье рассмотрены различия между электронной и традиционной торговлей.

Ключевые слова: электронная торговля, традиционная торговля, стратегия розничной торговли и продаж, категории электронной торговли, интернет-магазин.

Nowadays the changing market represents a vast opportunity for businesses to improve their relevance and expand their market in the online world. By 2013, worldwide e-commerce sales reached \$1.2 trillion, and U.S. mobile sales reached \$38 billion, according to Statista. More than 40 percent of Internet users – 1 billion in

total – have purchased goods online. These figures will continue to climb as mobile and Internet use expand both in the U.S. and in developing markets around the world [1].

If you are thinking about starting a business where you sell your products online, you will be joining the millions of entrepreneurs who have carved out a niche in the world of e-commerce. At its core, e-commerce refers to the purchase and sale of goods and/or services via electronic channels such as the Internet. E-commerce was first introduced in the 1960s via an electronic data interchange (EDI) on value-added networks (VANs). The medium grew with the increased availability of Internet access and the advent of popular online sellers in the 1990s and early 2000s. Amazon began operating as a book-shipping business in Jeff Bezos' garage in 1995. EBay, which enables consumers to sell to each other online, introduced online auctions in 1995 and exploded with the 1997 Beanie Babies frenzy.

Like any digital technology or consumer-based purchasing market, e-commerce has evolved over the years. As mobile devices became more popular, mobile commerce has become its own market. With the rise of sites like Facebook and Pinterest, social media has become an important driver of e-commerce. As of 2014, Facebook drove 85 percent of social media-originating sales on e-commerce platform Shopify, according to Paymill [1].

As we see, with a mix of completely e-commerce stores versus brick-and-mortar locations, it is important to understand what consumers want year to year to ensure your business continues to succeed. According to Forbes, millennials' buying power will soon surpass that of the generations before them. Retailers will have to work harder to meet their demands as they influence trends and redefine buying habits. As a retailer, you can stay up to date by implementing these four trends in your retail store and sales strategy:

1. Customer convenience will increase sales. Consumers are always on the lookout for ways to make their lives easier, and retailers recognize or are beginning to realize that. Business Insider predicts that by 2020, mobile payments will account for \$503 billion in sales. Vend predicts that those retailers that do not implement mobile

payment solutions will fall behind and lose sales. Another major convenience customers look for when shopping is how fast the items can be delivered to their doorstep. A recent study by Temando found that 80 percent of shoppers want same-day shipping.

2. Customers crave a personalized shopping experience. Shopping at smaller stores has become a focal point for consumers, so much so that there is even a specific day for shopping local. The reason for this is because customers want a more personalized shopping experience. The days of speaking directly to customers through personally addressed emails have become outdated. In 2017, retailers will be testing new ways to connect with their shoppers on a more personal level.

3. Retailers will turn to technology even more. For small businesses, an emerging trend from a point-of-sale standpoint is streamlining operations and management by significantly building on the role of the cash register. Apps have become a huge part of how people do everything these days, whether it is to communicate, share ideas, or shop, and that will only increase in the next year. Retailers looking to sell their products on Instagram, for example, can turn to solutions like Like2Buy, Tapshop, and Soldsie. Going beyond apps, augmented reality will allow customers to virtually experience products as they might use them in their own lives. Smart dressing rooms in fashion stores, and glass touchscreens as interactive components of storefronts are a few examples of how retailers can, and should, utilize technology.

4. Consumers want shopping to be a fun, unique experience. Customers continue to look for new things when it comes to shopping; exciting things that will draw them into one store over another. That is where the idea of "retailtainment" comes in – a combination of retail and entertainment that aims to provide customers with fun, unique experiences that elevate shopping. Boutique retailers tend to be well-equipped to differentiate themselves, providing niche products, services or experiences that cannot simply be found on any online marketplace [2].

Due to the increased popularity and availability of Internet access many traditional small businesses are considering e-commerce as a valid and profitable

sales channel. As e-commerce and traditional commerce are very different, it is important to weight carefully the differences between e-commerce and traditional commerce in order to decide if it would be a good fit for your business or just a costly mistake.

To begin with, e-commerce, or electronic commerce, refers to the exchange of goods and services, funds or information, between businesses and consumers using the electronic network, i.e. internet or online social network. E-commerce means trading and providing assistance to trading activities, through the use of the electronic medium, i.e. all the activities like purchasing, selling, ordering and paying are performed over the Internet [3].

As with traditional commerce, there are four principal categories of e-commerce: B2B, B2C, C2B and C2C.

- B2B (Business to Business). This involves companies doing business with each other. One example is manufacturers selling to distributors and wholesalers selling to retailers.
- B2C (Business to Consumer). B2C consists of businesses selling to the general public through shopping cart software, without needing any human interaction. This is what most people think of when they hear "e-commerce." An example of this would be Amazon.
- C2B (Consumer to Business). In C2B e-commerce, consumers post a project with a set budget online, and companies bid on the project. The consumer reviews the bids and selects the company. Elance is an example of this.
- C2C (Consumer to Consumer). This takes place within online classified ads, forums or marketplaces where individuals can buy and sell their goods. Examples of this include Craigslist, eBay and Etsy [1].

Traditional commerce is often based around face to face interaction. The customer has a chance to ask questions and the sales staff can work with them to ensure a satisfactory transaction. Often this gives sales staff an opportunity for upselling or encourages the client to buy a more expensive item or related

items, increasing the shop profits. On the other hand, e-commerce does not offer this benefit unless features such as related items or live chats are implemented.

E-commerce is usually much cheaper than maintaining a physical store in an equally popular location. Compared with costs such as commercial space rent, opening an online store can be done at a fraction of the price for less than \$50 per month. This can prove invaluable for small business owners who do not have the startup capital to rent prime retail space.

With an online shop you can do business with anybody living in a country you are able and willing to send mail to, unlike traditional commerce where you are restricted to people who actually come to your shop. This also opens the door to many other forms of marketing that can be done entirely online, which often results in a much larger volume of sales and even foot traffic to the store. An online store has no capability limits, and you can have as many clients as your stock can serve.

In a traditional store, the customer will be purchasing the product in person, which has some benefits for both. The customer will be able to touch and check the items, to make sure they are suitable, and even try them on, which reduces the number of returned items or complaints due to an item not being as advertised on a catalogue or promotional leaflet. Expect a significantly higher rate of returns if you start trading online, as many will just order and try the items at home, and will not hesitate to return them as they can do it by post without having to talk with anybody in person.

The remote nature of e-commerce makes much more difficult to detect fraud, which means stores can lose money due to fraud. While traditional commerce is not totally secure, it is easier for a sales attendant to verify that the person buying something is actually the owner of the credit card, by asking for photographic ID [4].

Selling online means learning new ways of dealing with customers, marketing your products and fulfilling your orders, but the benefits are great. You can keep your costs lower, reach a wider audience and do business 24/7, having time to focus on improving your products and services and your customer experience instead of being on the store floor waiting for clients. Some products sell better online than

others: selling jewelry for cash online is much easier than trying to sell houses or cars. However, having an online store can increase the customers in your traditional commerce as well, as people are now able to find you online and see what products you are offering.

To sum up, traditional commerce and e-commerce have certain advantages and disadvantages. Each buyer chooses himself, which is more convenient for him. But over the past year, the share of e-commerce purchases has increased to 6% in world turnover. The share of e-commerce in sales will increase to 20% by 2020 [5].

The evolution of e-commerce is only at its beginning. There are many issues to be resolved and the effects it will have on our society are uncertain. However, e-commerce should be seen as a great chance and not as a threat. In the long run the great majority of economic sectors are going to be greatly influenced by e-commerce and a good understanding of it will be indispensable to stay competitive and provide excellence in customer service. It is no longer feasible to run a business, even a brick-and-mortar one, without a web presence. Consumers turn to the Internet for everything from product research to location and operating hours. Having even a simple website that is well-designed can give you an edge in your field, and if you have products to sell, your site can open up new markets and expand your business cheaply and easily.

References:

1. What is e-commerce? [Electronic resource]. – Access mode: <http://www.businessnewsdaily.com/4872-what-is-e-commerce.html>
2. The Future of Retail: 4 Upcoming Trends to Watch [Electronic resource]. – Access mode: <http://www.businessnewsdaily.com/9836-future-of-retail.html>
3. Definition of e-commerce [Electronic resource]. – Access mode: <http://keydifferences.com/difference-between-traditional-commerce-and-e-commerce.html>
4. Differences Between E-commerce and Traditional Commerce [Electronic resource]. – Access mode: <http://businessresources.over-blog.com/article-differences-between-ecommerce-and-traditional-commerce-86252759.html>
5. Worldwide Retail E-commerce Sales: The eMarketer Forecast for 2016 [Electronic resource]. – Access mode: <https://www.emarketer.com/Article/Worldwide-Retail-Ecommerce-Sales-Will-Reach-1915-Trillion-This-Year/1014369>

