

E-Commerce in Developing & Developed Countries

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Abstract: - E-Commerce is Commerce through Electronic Media. Commerce means every activity that assists in conduct of trade between parties. With the advent of Electronic Data Transmission, Internet and Emails have been put to use for achieving the same Electronic commerce operates in all four of the major market segments: business to business, business to consumer, consumer to consumer and consumer to business.

In this review paper, our objective is to study about e-commerce in Developing & Developed Countries, what it affect the economy? , Growth of e-Commerce, Barriers that Face in Implementing E-commerce.

Keywords: - E-commerce, B2B, B2C, C2B, and C2C.

I. INTRODUCTION

E-commerce is the online transaction of business, featuring linked computer systems of the vendor, host, and buyer. Electronic transactions involve the transfer of ownership or rights to use a good or service. Most people are familiar with business-to-consumer electronic business (B2C). Common illustrations include Amazon.com, llbean.com, CompUSA.com, travelocity.com, and hotels.com.

E-commerce allows geographically isolated people to be connected with the larger market. It can mean that those people in less developed countries have a chance to sell goods in a more competitive market which could mean more money for them. It will create awareness of prices of products in these countries and means people can buy them all over the world and It helps outside businesses to possibly outsource their operations to these places now that they are connected to the internet. It could create more jobs for the rural people and allows rural people to buy more products from the rest of the world who participates in e commerce.

For SMEs in developing countries e-commerce poses the advantages of reduced information search costs and transactions costs (i.e., improving efficiency of operations-reducing time for payment, credit processing, and the like). Surveys show that information on the following is most valuable to SMEs: customers and markets, product design, process technology, and financing source and terms. The Internet and other ICTs facilitate access to this information.⁴³ In addition, the Internet allows automatic packaging and distribution of information (including customized information) to specific target groups.

However, there is doubt regarding whether there is enough information on the Web that is relevant and valuable for the average SME in a developing country that would make investment in Internet access feasible. Underlying this is the fact that most SMEs in developing countries cater to local markets and therefore rely heavily

on local content and information. For this reason, there is a need to substantially increase the amount and quality of local content (including local language content) on the Internet to make it useful especially to low-income entrepreneurs.

The technologies designed to improve commercial transactions using the Internet have evolved as quickly. However, we have not yet achieved an ideal world of painless and secure transactions utilising the Internet, as unresolved privacy issues of the purchaser have impeded the further development of the technologies. During the last dozen years, ecommerce practices have changed in developed and developing countries. For instance, developing countries have fallen behind in the early stages of technology acquisition because of inefficient use of related knowledge, lack of investment within firms to acquire technology, lack of promotion policies that develop these technological areas and high costs of importing technology. Moreover, recent technological developments such as the introduction of digital signatures may widen the gap in the use of e-commerce technologies.

E-business continues to grow vigorously in developed countries, but divergences are surfacing among developing countries, says E-commerce and Development Report 2003 (1), released today. More and more governments and businesses in the developing world are nonetheless beginning to eliminate obstacles to the adoption of information and communications technologies (ICT). While the immediate effects are not necessarily dramatic, the Report predicts that improvements in the e-business environment should eventually result in productivity gains in these economies. At the same time, many other developing countries still face difficulties in identifying and realizing the potential benefits of ICT and the Internet for their economic development.

II. TYPES OF E-COMMERCE

Generally speaking, when we think of e-commerce, we think of an online commercial transaction between a supplier and a client. Ecommerce can be broken into four main categories: B2B, B2C, C2B, and C2C.

A. B2B (Business-to-Business)

Companies doing business with each other such as manufacturers selling to distributors and wholesalers selling to retailers. Pricing is based on quantity of order and is often negotiable.

B. B2C (Business-to-Consumer)

The Business-to-Consumer type of e-commerce is distinguished by the establishment of electronic business relationships between businesses and final consumers. It

corresponds to the retail section of e-commerce, where traditional retail trade normally operates.

C. C2B (Consumer-to-Business)

In a Consumer-to-Business E-commerce environment, consumers usually post their products or services online on which companies can post their bids. A consumer reviews the bids and selects the company that meets his price expectations.

D. C2C (Consumer-to-Consumer)

There are many sites offering free classifieds, auctions, and forums where individuals can buy and sell thanks to online payment systems like PayPal where people can send and receive money online with ease. eBay's auction service is a great example of where person-to-person transactions take place everyday since 1995.

III. IMPACT OF E-COMMERCE ON ECONOMY

It creates new positions in data entry, website creation and maintenance, credit card processing, Internet security, and inventory management, just to name a few. The fact that a new niche has become so popular is good news for people from all kinds of backgrounds.

E-commerce has made a profound impact on society. People can now shop online in the privacy of their own homes without ever having to leave. This can force larger brick and mortar retailers to open an online division. In some cases, it can also force smaller businesses to shut their doors, or change to being completely online. It also changes the way people look at making purchases and spending money.

The impact of ecommerce on the global economy has also affected countries that are not so economically sound and it has acted to take them to the forefront on international trade and commerce. Ecommerce crosses all economical and political barriers and this in turn gives rise to more effective marketing techniques that has the ability to penetrate all barriers. Ecommerce carries with it a number of benefits and it has worked wonders for both small and big businesses alike. With ecommerce techniques companies have enhanced sales and increased profits.

Electronic Commerce has changed the face of retail, services, and other things that make our economy work. Undoubtedly, it will continue to influence how companies sell and market their products, as well as how people choose to make purchases for many years to come.

IV. GROWTH OF E-COMMERCE IN DEVELOPING & DEVELOPED COUNTRIES

There is no question that e-commerce has grown rapidly since the first users started to browse the worldwide web in search of goods and services. Today, sales realized over the internet represent a significant proportion of overall commercial sales. In 1991, the internet had less than 3 million users around the world and its application to e-commerce was non-existent. Almost a decade later, by

1999, an estimated 300 million users accessed the internet and approximately one quarter of them made purchases online from electronic commerce sites, worth approximately US\$ 110 billion. This year, global business-to consumer e-commerce sales are set to pass the US\$ 1.25 trillion mark. Barriers that Face in Implementing E-commerce in developing & developed country Lack of awareness and understanding of the value of e-commerce Lack of ICT knowledge and skills Security Other privacy- and security-related issues Infrastructure

V. BARRIERS THAT FACE IN IMPLEMENTING E-COMMERCE IN DEVELOPING & DEVELOPED COUNTRY

A. Lack of awareness and understanding of the value of e-commerce

Most SMEs in developing countries have not taken up e-commerce or use the Internet because they fail to see the value of e-commerce to their businesses. Many think e-commerce is suited only to big companies and that it is an additional cost that will not bring any major returns on investment.

B. Lack of ICT knowledge and skills

People play a vital role in the development of e-commerce. However, technology literacy is still very limited in most developing countries. There is a shortage of skilled workers among SMEs, a key issue in moving forward with using information technology in business. There are also doubts about whether SMEs can indeed take advantage of the benefits of accessing the global market through the Internet, given their limited capabilities in design, distribution, marketing, and post-sale support. While the Internet can be useful in accessing international design expertise, SMEs are not confident that they can command a premium on the prices for their goods unless they offer product innovations. They can, however, capitalize on returns on the basis that they are the low cost providers.

C. Financial costs

Cost is a crucial issue. The initial investment for the adoption of a new technology is proportionately heavier for small than for large firms. The high cost of computers and Internet access is a barrier to the uptake of e-commerce. Faced with budgetary constraints, SMEs consider the additional costs of ICT spending as too big an investment without immediate returns.

Many SMEs find marketing on the Internet expensive. Having a Web site is not equivalent to having a well-visited Web site. One reason is that there may be no critical mass of users. Another reason is the challenge of anonymity for SMEs. Because of the presence of numerous entrepreneurs in the Internet, it seems that brand recognition matters in order to be competitive. Moreover, it is not enough that a Web site is informative and user-friendly; it should also be updated frequently. Search engines must direct queries to the Web site, and

news about the site must be broadly disseminated. Significantly, the experience of many OECD countries attests to the fact that the best e-marketing strategies are not better substitutes for the conventional form of media.⁵⁵ One solution may be to encourage several SMEs to aggregate their information on a common Web site, which in turn would have the responsibility of building recognition/branding by hyperlinking or updating, for example.

D. Security:

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VI. CONCLUSION

Above we have studied about Barriers that Face in Implementing E-commerce and Growth of e-Commerce in developing & developed country. Overall we conclude that E commerce is rising at 12% annually in the U.S. It is expected that in the few coming years the productivity gap between the European countries and the United States will close rapidly. The impact of e-commerce on developing countries could be even stronger than that on developed countries because the scope for reducing inefficiencies and increasing productivity is much larger in the developing countries. Ecommerce will change the mode of doing business, thus offer excellent opportunities for growth in developing nation.

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