STUDY OF IMPACT OF E-COMMERCE ON DIFFERENT SEGMENTS

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ABSTRACT

The advent of e-commerce and the technological improvements all over the world have influenced almost every sphere of the countries. The basic idea of this article is to highlight the impact of e-commerce on sectors such as entertainment, publishing, health care services, publishing and business organizations. To give the readers more detailed view of e-commerce. Its role in the present scenario is also highlighted by studying its impact on society and economy. Virtual communities and the internet are changing traditionally accepted economic practices and making competition even fiercer than it has ever been in the past. The most basic of economic transactions, the buying and selling of goods, continues to undergo changes due to e-commerce that will have a profound impact on the way companies manage their supply chains. E-commerce has simply altered the practice, timing, and technology of business-to-business (B2B) and business-to-consumer (B2C) commerce. It has affected pricing, product availability, transportation patterns, and consumer behavior in developed economies worldwide. The growing e-commerce industry can have a positive spill over effect on associated industries such as logistics, online advertising, media and IT/ITES.

KEYWORDS: E-Commerce, Social and Economic Impact

INTRODUCTION

Electronic commerce, or e-commerce, is the buying and selling of goods and services on the Internet. E-commerce is a way of conducting business over the Internet. Though it is a relatively new concept, it has the potential to alter the traditional form of economic activities. E-Commerce is a rapid and exciting area of development, with new issues emerging everyday in this global and real-time activity. Electronic commerce or ecommerce is a term for any type of business, or commercial transaction that involves the transfer of information across the Internet.

The objective of this article is to present an analysis of the impacts of electronic commerce. We are going to analyze several industries in which e-commerce has had a significant effect on the traditional business model and have changed it forever. These industries will be the health care industry, The Travel Industry, Retail, Entertainment Industry, and Education. All
of these are industries that directly impact our lives so we felt they would be good to illustrate the impact of E-commerce.

OBJECTIVES OF THE STUDY

- To examine the impact of e-commerce on various sectors such as entertainment, health care, publishing, society etc.
- To identify how e-commerce has changed paradigm by witnessing the role it plays in major areas.

REVIEW OF LITERATURE

In the last few years, the growth of e-commerce industry in India has been phenomenal as more shoppers have started discovering the benefits of using this platform. There is enough scope for online businesses in the future if they understand the Indian shopper’s psyche and cater to their needs.

- According to Report of Digital-Commerce, IAMAI-IMRB (2013), e-commerce is growing at the CAGR of 34% and is expected to touch US$ 13 billion by end of 2013. However, travel segment constitutes nearly 71% of the transactions of consumer e-commerce industry, meaning, thereby, that e-tailing has not taken off in India in any meaningful way. Share of e-tail has grown at the rate of 10% in 2011 to 16% in 2012.
- Industry surveys suggest that e-commerce industry is expected to contribute around 4 percent to the GDP by 2020. In comparison, according to a NASSCOM report, by 2020, the IT-BPO industry is expected to account for 10% of India's GDP, while the share of telecommunication services in India's GDP is expected to increase to 15 percent by 2015. With enabling support, the e-commerce industry too can contribute much more to the GDP.
- Around 90% of the global e-commerce transactions are stated to be in the nature of B2B, leaving meagre 10% as B2C e-commerce. Case of India is no different where most of such transactions are in the nature of B2B. Moreover Indian e-commerce industry is characterized by 'Market Place' model. It allows large number of manufacturers/traders especially MSMEs to advertise their products on the 'Market Place' and benefit from increased turnover.
- Currently e-commerce accounts for 15-20 percent of the total revenues for some of the big logistics companies. The revenue for logistics industry from inventory based consumer e-commerce alone may grow by 70 times to USD 2.6 Billion (INR 14,300
crores) by 2020. Currently, the inventory based consumer e-commerce model alone provides direct employment to approximately 40,000 people and is estimated to create 1 million direct and another 0.5 million indirect jobs by 2020. Low entry barriers have attracted many young and enterprising individuals to try their hand at entrepreneurship. A significant 63% of e-commerce ventures have been started by first time entrepreneurs. Indian e-commerce industry is in nascent stage and is nowhere in the league of big global players. Major domestic e-commerce companies are Flipkart, Snapdeal, Fashionandyou, Myntrainkfruit, Dealsandyou, Homeshop18 etc.

- Although many factors support the growth of e-commerce in India, the fledgling industry is faced with significant hurdles with respect to infrastructure, governance and regulation. Low internet penetration of 11 percent impedes the growth of e-commerce by limiting the internet access to a broader segment of the population. Poor last mile connectivity due to missing links in supply chain infrastructure is limiting the access to far flung areas where a significant portion of the population resides. High dropout rates of 25-30 percent on payment gateways, consumer trust deficit and slow adoption of online payments are compelling e-commerce companies to rely on costlier payment methods such as Cash on Delivery (COD).

IMPACT ON EDUCATION/ COLLEGES/UNIVERSITIES

E-commerce education has become an integral part of education system owing to its immense importance in this era of globalization.

1. **Facilitates distance and e-learning:** Almost all universities of repute offer online degree courses and so you have several options to choose. Online education has been phenomenal in making a deep impact on higher education. Growth in the Internet over the last few decades has led to a great impact on communication and research in the higher educational institutes.

2. **Internet Bookshops:** It is one of the first applications of e-commerce on Internet. Books as an item of merchandize have the following significant advantages for the online retailers:
   - Books can be described well on the Internet. Moreover, it is not an item, which is required to be checked physically.
   - Normally, the books have nominal prices and not too much risk is involved in the online payments.
3. Reducing traditional shelf space: Traditional way of education and knowledge dissemination involved use of books and libraries. But now with the advent of e-commerce all kinds of books are available online. Few can be accessed free of cost while others can be viewed on the payment of subscription fees. This reduces the need of the traditional space for storing and maintaining the books and reduces the cost of deterioration on books. Readers can access the e-books at any time according to their convenience.

4. Serves diverse population: The advent of e-commerce has enabled the diverse population of varying age groups, gender and interest groups to pursue education at any time and any age from any place. Distance education and online courses have removed barriers present in traditional way of education. All type of courses in almost every field is available over the internet. Therefore the need of all kind of students is well served.

5. Open avenues for cyber law studies: Moreover, online education has opened new avenues for cyber law studies. It need not be stated that the importance of cyber laws has increased by leaps and bounds in the recent years. With hundreds of cyber crime cases every day, awareness and knowledge about Internet has become more important.

IMPACT ON ENTERTAINMENT

The entertainment industry has undergone some of the most drastic changes of all the industries affected by E-commerce. The upcoming advancements in the information technology has taken entertainment industry to a next level. Entertainment covers areas like music, television, movies and video. All these areas have a substantial impact of e-commerce technology in their delivery and distribution method. The benefits of e-commerce on entertainment industry are as follows:

1. Digital Music Marketplace Dynamics: Due to the availability of digital space and digital content around 500,000 Music Songs and CDs Available on the Net. Moreover the existence of Piracy will Give Way to Promotion and then Downloads, according to Forrester Research. Online Music in Europe to Grow Dramatically, according to Jupiter
Communications $87.6M 1999 $174.1M 2000 $1.12B 2003. All Players in this industry are facing competition and Exploring Multiple Options. That web-based music service has more than seven million users.

2. **Distribution of digital music/videos/movies:** The Internet creates essential preconditions for renewing and developing ways of legally distributing and charging for music/movies. Music/videos is already a digital product (except for live music appearances) suitable for electronic distribution and may be bundled with different services. The distribution of videos/music may be a forerunner application such as, for example, a mobile Internet service. Because of this, in combination with the lively interest in the entertainment industry.

3. **Customer preferences:** The combination of music, other sources of entertainment (such as films and computer games) and advertising, on the one hand, and new technology, on the other, enables completely new products and services to be created. Today there is already a wide range of music services offered on the Internet. One common service allows the customer to compile his or her own CD from a number of samples accessible on a website, and get the CD delivered via traditional mail. The music may be downloaded for a certain period of time and then self-destructs. The user may design his or her own “hit list” at a number of web sites, and create a personal jukebox. The music is combined with, for example, information on artists and composers, and chats are arranged with the idols. There are radio stations that in parallel with traditional radio broadcasting are streaming radio over the Internet, while some new radio stations use the streaming technology only. Furthermore, there are enterprises with the business concept of offering customised streaming of radio to different commercial web sites.

4. **Payment flexibility:** Different payment solutions are used by different companies, e.g. credit cards, micro payments systems, subscriptions or suborders. Activities that are financed by advertising are also possible. There are three important aspects of e-commerce which are often confused when discussing e-commerce in the entertainment industry. It is important to distinguish them, as they involve different parts of the value chain and different players.
   i. Methods of charging the consumer: credit card, micro payment, invoice and C.O.D.
   ii. Payment models: pay per download, subscription, and pay by watching advertising
   iii. Ways to distribute: download, streaming, e-mail delivery, mail delivery etc.
5. Composing: The situation for producing and distributing music has never been more favourable. The price of studio equipment has fallen, and more people have access to technology for recording, processing and reproduction of music. Collaboration over the Internet in creating music may be a marginal phenomenon, but is a possibility. The music could be marketed and sold on websites, either on existing web dealers’ sites or sites run by the composer, possibly in collaboration with the artist.

IMPACT ON MANUFACTURING PROCESSES

Manufacturing is rapidly moving toward a multi-channel commerce model that integrates several channels (e.g. online, print catalogs and sales teams) into a single, unified ecosystem. Those manufacturers who achieve effective application of e-commerce in manufacturing stand to have a competitive advantage above those manufacturers stuck in a brick and mortar only world.

1. Effect on production processes: E-Commerce is changing manufacturing systems from mass production to demand-driven and possibly customized, just-in-time manufacturing. Furthermore, the production systems are integrated with finance, marketing, and other functional systems, as well as with business partners and customers. Using Web-based integration to the enterprise resource planning (ERP) systems, orders that are taken from customers can be directed to designers and to the production floor, within seconds. Production cycle time is cut substantially using the e-commerce technology. Companies like IBM, General Motors, are assembling products for which the components are manufactured in many locations. Sub-assemblers gather materials and parts from their vendors, and they may use one or more tiers of manufacturers. Communication, collaboration, and coordination become critical in such multitier systems.

2. Improved efficiencies: Through integration to the enterprise resource planning (ERP) and other back-end business systems, ecommerce provides marked efficiencies for manufacturers. Customers are able to order online whenever and wherever suits them, customer service can focus on actual customer service functions – such as transparent freight shipping costs and timely shipping – rather than simply being order takers, and the need to rekey data in independent systems is eliminated, thereby eliminating the possibility of errors and improving shipping processes and increasing order throughput.
3. **Design Analytical campaign.** The application of e-commerce in manufacturing provides the perfect platform for an organization to launch a comprehensive analytics campaign. Through e-commerce, manufacturers and distributors can measure and evaluate marketing campaigns, sales effectiveness, product mix, inventory turns, customer sales effectiveness, and customer engagement like never before. When combined with a freight shipping application in the shopping cart which is bolted onto a transportation management system, companies can use data to make better and better business decisions that impact the bottom line.

**IMPACT ON BANKING AND FINANCE SECTOR**

Web-based e-banking is becoming an important aspect of worldwide commerce. The future of Web-based e-banking in developed areas appears bright but consumers and merchants in developing countries face a number of barriers to successful e-banking, including less reliable telecommunications infrastructure and power supplies, less access to online payment mechanisms, and relatively high costs for personal computers and Internet access.

1. **Boost efficiency and cost reduction:** First, one key success factor for banking, including internet banking, is efficiency and cost reduction. Using innovative technologies to reach out to customers reduces cost and improves overall efficiency. Efficiency is critical for bank performance, including making more productive loans. Advanced technologies enable communication with customers faster and at lower cost, and provide them the information and services they seek more efficiently. Banks may use e-commerce for cost reduction purposes, and so focus on efficient implementation of objectives, emphasizing goal specificity and formalization of rules.

2. **Customer responsiveness** - The advancement in information technology and the advent of e-commerce in banking sector provides the customer advance services for 24*7 and all around the globe. The Account Information of the customers can be quickly and easily accessed. Also the Accurate and Up to date information of the account details can be obtained via internet services. If a consumer is able to remain informed of their account activity, there is a greater chance that they will make use of other products and services offered online by the financial institution. Banks are providing more comprehensive account access services with the help of internet. Users may now access extended account information such as loan or financial investment status.
3. **Ready availability of Information**—Internet banking has become the new self-service delivery channel that allows banks to provide information and offer services to their customers with more convenience via the web services technology. An understanding of corporate customer acceptance of Internet banking can assist banks to assess the real business value of Internet banking implementation. There are four benefits and three barriers that influence corporate customer adoption. The four benefit factors are information quality, information accessibility, information sharing, and transaction benefits. The three major barriers are related to trust, legal support, and organization barriers. Information quality and transaction benefit factors are far more important than other in discriminating Internet banking users from non-users.

4. **Increase the customer base**—The main motive for the banks to switch towards electronic means is to increase their clientele, to serve the customers with best of the services, to facilitate them and to boost customers’ loyalty. Also, the business expansion was another motive for which the electronic medium for provision of services. Increase in the clients, client’s satisfaction, loyalty and business expansion results in increased profits for the banks.

5. **Profitable venture for banks**—E-banking is enhancing profitability and financial positions of banks and banks are striving hard to provide more and more services to their customers and to move towards advance and modern e-banking services also developing infrastructure. The banks have borne considerable costs for implementing e-banking; its infrastructure, for the training of their employees and creating the environment which would increase their service quality, image, brand value and goodwill. These implementation costs have been well covered by the banks in a few months time.

6. **Electronic Delivery of Traditional Banking Products**—Many banks have established transactional web sites where individuals and businesses can perform many basic banking functions such as checking balances, transferring funds, or applying for credit cards. Small businesses can apply for loans, initiate wire transfers, and take advantage of cash management and payroll services. When limited to such services, these web sites function as another access channel for basic banking services—one that is not all that different from the branch networks or telephone centres maintained by banks except that customers use personal computers and the Internet to communicate with their banks.
IMPACT ON HEALTH SERVICES/HOSPITALS/QUALITY OF LIFE

Currently the use of e-commerce in healthcare is very general. The most common uses are keeping electronic medical records, the transmission of information and telemedicine. Making medicine accessible online not only benefits doctors and their patients, it could also improve relationships between hospitals, clinics, suppliers and customers. An example is the use of Skype/streaming videos online, could be used between different groups of surgeon to share knowledge and expertise. It could also open new doors whereby doctors could monitor bed-ridden patients, even patients in comma. The possibilities are endless.

World Health Organization (WHO) and the Open Society Institute (OSI), a part of the Soros Foundation network, have teamed up with leading information providers, ISI and Silver Platter, and other public and private partners to provide access to high quality scientific information via the Internet, for research centres in developing countries like Africa, Central Asia, and Eastern Europe. ‘This is a part of the United Nations programme called Health-Inter-Network which aims to improve global public health by facilitating the flow of health information worldwide, using Internet technologies. Research, and sharing the knowledge gained through its efforts, is fundamental to improving public health. Trends in Healthcare/Life Sciences and Impact of Electronic Commerce Practices:

1. Mobile health services: These means of communication are both beneficial but one is more realistic than the other. In order for this to work, it’ll take the participation and enthusiasm of many healthcare providers and consumers. Whilst Ehealth uses networks like the internet and video conferencing, Mhealth is mobile health which uses communication tools like cellular phones and wireless networks. Mhealth could be used for general purposes only, there are limited ways and many obstacles/restrictions compared to E-health.

2. RFID services: Radio-frequency identification (RFID) is a technology that uses communication through the use of radio waves to exchange data between a reader and an electronic tag attached to an object, for the purpose of identification and tracking. Furthermore, passive RFID tags (those without a battery) can be read if passed within close enough proximity to an RFID reader. It is not necessary to "show" them to it, as with a bar code. The most important benefits for the hospital spring from the time saved from non-value-added activities transferred to patient care activities (which takes up 80% of hospital expenses), and the significant reduction of on-hand inventory at distributed storage locations. Not only will healthcare institutions have
tremendous savings, they will be able to efficiently manage staff, hospital supplies, equipment and facilities. The detailed list of benefits in healthcare environments are improving their asset utilization and maintenance by using RTLS to track mobile devices and assets, improve patient and staff workflow, improve patient safety by ensuring correct drug dispensation, and improve patient billing through the automatic capture of performed services and the automatic creation of itemized billing.

3. **CDSS**: Clinical Decision Support Systems (CDSS), generally improve the quality of point-of-care decision-making. “Decision-support technologies” (CDSS) are evolved order entry systems that have lost their passivity and reference drug interaction information, EHR data, or treatment models (such as clinical practice guidelines), and which offer considerable advantages over simple CPOE systems. Related are interactive devices such as appliances used for tele-care that collect and monitor data from remotely located patients and trigger further evaluation and treatment.

4. **Expert Systems**: Expert systems are computer programs that mimic the behaviour of experts. The most prominent uses of expert systems are solving diagnosis, interpretation, and prescription-type problems. Although the health-care field has not been a total stranger to using expert systems, the extent of usage has been limited, given the multitude of problems that could be addressed by expert systems. For instance, expert systems can assist with questions regarding medical coverage, standard diagnostic codes for reimbursement, claims verification, disease diagnosis, fraud detection, information about diseases, and wellness reminders, to name a few topics. Expert systems show considerable promise in their ability to help the health-care industry. With the high degree of connectivity afforded by the Internet, these systems can reside on networks, providing valuable help to all concerned. This would be particularly helpful for populations in the rural areas that have limited access to quality healthcare services, as well as those with scarce resources.

5. **Electronic Medical Record**: Electronic data interchange (EDI) does and will continue to play a vital role as various subscribers (the providers) to these systems need to integrate among themselves. In addition, these systems must be easy for the patient to understand. In order to have a national system, all providers have to subscribe to the standards. We are counting on this system to ensure immediate and accurate care as well as follow-up/ongoing care and dialogue between patients and the complex healthcare industry, i.e., all entities that are involved in their care.
6. The Manufacturing/Distribution Perspective/Supply chain management of health services: Data across the supply chain has always been the long-sought-after goal for most industries, but out of reach for the healthcare value chain. Now the various trace and import regulations, the general move to quality, and the anti-counterfeiting and cold chain efforts are starting to move us there. Although those efforts often leverage other technologies to fulfil their objectives, they still rely on EDI transaction data such as the product catalogue, purchase orders acknowledgement, invoices etc.

7. Wireless Technology: Wireless technology can help the healthcare industry by making the network accessible to all employees for either sending or receiving information, independent of location. Whether the task deals with updating patient charges, posting vital readings, making treatment decisions, or retrieving patient information, including graphic and (potentially) voice data, high-speed data transfers offers help.

8. Application service providers (ASPs) allow health service organizations to enter, manipulate, and store data at external sites that are accessible via the Internet. By design, this allows multiple parties access to select fields of the same record. The type of access may vary from read-only to total access. For instance, physicians, laboratories, pharmacies, administrators, and payers may be allowed to access select parts of the patient’s record and be selectively permitted to make modifications to specific portions. In addition, the ASPs rent application software for processing. In brief, ASPs obviate the need for healthcare providers to build their own network, purchase hardware and software, and maintain it.

9. New Medical Standard: XML (Extensible Mark-up Language) is a medical standard created in 1998 to permit effective communication between different healthcare players, independent of hardware platforms (mainframe, PC, network, and so on), operating systems (Windows NT, Unix, Linux, and so on), business applications, or database management system. Applications using XML use the local data definitions of the end user. Through its use of simple and universal specifications, XML makes it easier for different healthcare partners—hospitals, doctors’ offices, nursing homes, suppliers, wholesalers, equipment manufacturers, and patients to share, store, and use data effectively. It has provided much-needed relief to healthcare organizations that are stuck with inefficient and ineffective legacy systems. XML technology modifies
these systems to permit changes in workflow and care management. The timing needed for such adaptation is typically four to six months, compared to earlier approaches that needed eighteen to twenty-four months.

10. **Boosts in hospital revenue:** Online waiting services expand a hospital’s traditional service area and increase the number of net new, commercially insured patients from a larger geographic area.

11. **Readmissions prevention and patient quality:** In addition to decreasing left without being seen and length of stay rates, online waiting services can be used to schedule appropriate follow-up appointments for ER patients prior to discharge to increase compliance and prevent readmissions. A recent study has shown absolute improvements in follow-up compliance of 23.8% when appointments are scheduled prior to discharge.

**IMPACT ON PUBLISHING**

Publishing is one of the most important channels of disseminating knowledge. Also, improvements and expansions in publishing lead to further creation and dissemination of knowledge and in turn increase social and economic development. Publishing covers wide range of content providers such as newspaper, books, journals and periodicals.

1. **Electronic Newspapers:** One of the main areas of electronic publishing on the Internet is the electronic newspaper. Electronic newspaper has advantages over both, the printed newspapers and the broadcast news on radio and televisions. In comparison to printed newspaper, the e-newspaper can give up-to-date news similar to broadcast news. Further, the browser could be set to select the news of interest of the reader and to leave out the rest. This is not possible with the broadcast news. The printed newspapers give the reader the chance to be selective (the selection depends on the moods and time of the reader). There are a number of online newspapers and most of them are web versions of existing newspapers. For example: www.timesofindia.com and www.dainikjagran.com.

2. **Electronic books:** E commerce in the book industry has grown substantially and has eliminated and competed with physical world, retailers, publishers, catalogue retailers, vendors, distributors and manufacturers of product. Many of these causes significant brand awareness sales volume and customer basis. Many companies like ebay.com have joined in the E-commerce game by providing a popular internet book
services. Companies that have operated as a book store their own online book store for e.g. Barnes and noble is one of the biggest book retailer in the nation realized that online book services were taking the business away and served potential to gain revenue and save operating cost. Individuals that want to get rid of books can register to one of the book. Advantages of e-books can be as follows:

- **Lower production cost**: One of the most obvious advantages of e-books versus traditional publishing is significantly lower production costs. There is no need for paper, and no typesetting needs to be done. As digital storage space and Internet bandwidth prices are decreasing more and more, distribution expenses for e-books are now virtually non-existent. No physical storage space, no production machinery, and no distribution network means significantly lower energy, structure, and employee costs.

- **Easy editing**: And e-books cannot only be easily updated (especially niche market products in technology or education sectors), but need never go “out of print”. All this can give a publisher solely producing e-books extreme competitive advantages over traditional houses.

- **Quick manuscript completion**: Furthermore, with the help of software technology, production time from manuscript to finished product is substantially shorter than print publication. Where the latter requires several months to a year and more, an e-book manuscript can potentially be edited, outlined, packaged, and put into virtual stores within weeks, instantly making it available to the global market. And electronic files are not limited to text and static graphics. Rich media content – from hyperlinks to the World Wide Web to audio and video clips – can be added to enhance the appeal of e-books over printed books.

3. **Facilitate Digital Functionality**: Publishing online provides authors access to digital functionality including support for large supplemental data sets; multimedia features, including audio and video, animation, and three-dimensional modeling; deep searching and linking through semantic tagging; low-cost color; indexing and searching for charts, illustrations, images, tables, and graphics; the ability to manipulate supporting data sets; and social networking capabilities (e.g., online collaborative authoring, wikis, collaborative taxonomies), tools for communication between readers and other features not possible in print.
4. Key to untapped markets: For authors, aspiring and published alike, e-books can indeed be the key to untapped markets. Not only are the chances for niche books to see the light of day in form of electronic publication greater (due to the reduced production costs), but authors can keep more control over the finished product. Many e-publishers grant authors the right to deliver their own cover design and control the typeface and general appearance of their book. Even though financial advances for e-book manuscripts are virtually non-existent, royalties tend to be far higher than in print publication, with some publishers willing to pay up to 40 percent and more. And contracts, at least so far, are more author-friendly, as they tend to ask only for electronic rights, keeping open the option of future print publication.

5. Greater Reader Reach: A number of surveys indicate that researcher preference for online journals continues to increase, allowing online journals to reach larger, wider audiences than do print-only journals. Significantly, such audience reach is consistently considered among the most important characteristics cited by authors along with a reputation for quality and selectivity in selecting publishing venues.

6. Standards: Because online desktop publishing is a fairly new field, there are no set standards deemed a quality layout format. This can be seen as both a pro and a con. As an advantage, we can understand this to mean that there's more room for experimentation. However, as a disadvantage, there's been very little usability testing done on what readers like and dislike what keeps them there and what chases them away. So, while your content might be great, your layout could chase the readers away, and vice versa. It's still a volatile situation without any standards to rely on.

IMPACT ON BUSINESS ORGANISATIONS
Selling through websites is the fastest growing method of trading worldwide. There are many different types of products and services that are traded online including books, CDs, cars, holidays, and insurance. In response to e-tailing and e-trading, most businesses have now set up their own websites. E-commerce allows people to carry out businesses without the barriers of time or distance. One can log on to the Internet at any point of time, be it day or night and purchase or sell anything one desires at a single click of the mouse.

1. Transform business processes
The new technology will transform business processes, the way products and services are created and marketed, dynamics of competitions, the organization structure of the enterprise
and the nature of the enterprise itself. This will include marketing, supply management, customer and sales management, product development etc.

2. **Impact on direct marketing in business organisations**
   - **Product promotion** - E-commerce enhances promotion of products and services through direct, attractive and interactive contact with customers and using digital promotional channels.
   - **Innovative distribution channel** - E-commerce creates a new distribution channel for existing products. It facilitates direct reach of customers and the bi-directional nature of communication.
   - **Direct savings** - The cost of delivering information to customers over the Internet results in substantial savings to senders when compared with non electronic delivery. Major savings are also realized in delivering digitized products versus physical delivery.
   - **Reduced delivery time** - The delivery of digitized products and services can be reduced to seconds. Also, the administrative work related to physical delivery, especially across international borders, can be reduced significantly, cutting the cycle time by more than 90 percent.
   - **Enhanced Customer service** - Customer service can be greatly enhanced by enabling customers to find detailed information online. Also, intelligent agents can answer standard e-mail questions in seconds and human experts' services can be expedited using help-desk software.

3. **Enhanced Corporate image**: On the Web, newcomers can establish corporate images very quickly. Corporate image means trust, which is necessary for direct sales. Traditional companies such as Intel, Disney, Dell, and Cisco use their Web activities to affirm their corporate identity and brand image. The goodwill of such companies affects their sales directly.

4. **Market Penetration**: The novelty and ease of purchasing a product or service via the Internet is a natural progression to increased market penetration. Firms that have the foresight and expertise to be the first to implement internet commerce technology that supports their product marketing and distribution will be in the driver's seat. However, quickly the window of opportunity for new entrants is quickly closing and the strategic advantage is diminishing. An example, of a business successfully experiencing strong market penetration is Amazon.com. They were one of the first, if not the first, full-
service online book ordering dot-com business. Because of their innovativeness and early entrance, they have a strategic advantage.

5. **Trading online:** Trading online enables businesses to reach much wider audiences while cutting the costs of traditional retailing methods. For example, an e-tailer does not have to spend so much on an expensive High Street presence. Although the outlay on developing a good website is substantial, the potential benefits can be enormous. One group of businesses that have been particularly successful as a result of the development of the web is specialist suppliers of items such as paintings, photographs, confectionery, and other items. An individual working from home can now advertise and sell their produce worldwide.

6. **No infrastructure cost:** E-commerce has enabled the merchants and major business players to substantially reduce their cost of infrastructure. Online stores do not require investment in infrastructure such as office premises, land and building or physical stores. This helps the vendors to save a huge initial investment which was required in traditional commerce. Moreover, the small-scale business vendors can operate worldwide through b2c and b2b business models of e-commerce without worrying about infrastructural investment.

7. **Facilitate efficiency and effectiveness:** Electronic commerce technologies are affecting the way organizations are creating value both internally and externally. Within the organization, increased information access and improved communications using e-mail, point casting, etc. on the corporate intranet are evidence of this happening. The Internet's immediate potential may lie more in its impact on communication within, rather than outside of, the company. The surging popularity of 'intranets' -- secured Internet lines that carry internal corporate communications -- implies a fascinating flip side to the cyberspace phenomenon: the Internet is not only altering the way companies manage I.T. I.T. is also having an impact on the way companies are managed.

8. **Economies of scale and network effects:** The rapid growth of B2B and B2C e-markets creates traditional supply-side cost-based economies of scale. Furthermore, the bringing together of a significant number of buyers and sellers provides the demand-side economies of scale or network effects. Each additional incremental participant in the e-market creates value for all participants in the demand side. More participants form a critical mass, which is key in attracting more users to an e-market.
IMPACT ON SOCIETY

Although the article depicts the role e-commerce plays in various areas such as entertainment, health organizations, economy etc, but still the impact of e-commerce on society cannot be neglected. Society in today’s time is greatly influenced by the IT industry and hence following points are remarkable.

1. **Removes Social Isolation:** E-commerce has been an important facilitator of new flexible work forms. Types of flexible work refer to:
   - The location of work, with a flexible location including, e.g., working on the move, working from home and working from tele-centers or satellite offices;
   - The working time with non-standard arrangements like flexible hours or “flexitime” schemes, part-time work, job-sharing, compressed working weeks, annualized working hours and zero hours. Contractual arrangements like outsourcing, use of agency workers, temporary/ fixed term contracts.

2. **Boost Local merchants:** Local merchants who target a local market should be able to capitalize on their local knowledge to compete effectively against distant virtual stores. In many parts of the world, there are local or regional language differences that can be captured in the Web content to increase the appeal of the site. Local customs, tastes and product preferences will be known by local merchants, but not necessarily distant virtual sellers. Prominent local citizens who offer endorsements, reference to local landmarks, awareness of important local events that may influence purchase patterns, and many other local content strategies should help make a merchants Web site more meaningful and appealing to the local target market.

3. **Education and Human Resource Development:** One prominent role of e-commerce in society is its contribution and initiative that aims to connect schools to Internet and to train teachers in the developing countries. They operate in partnership with the private sector, government, NGOs and the donor community. Internet also has deep impact on distance education, which is currently most relevant to poverty reduction. E-learning enhances the access to education for those who have access to Internet reducing several constraints that distance education has faced in the past: lack of interactivity, long development cycles, lack of flexibility of materials and insufficient support mechanisms for learners which contributes to the development of human assets in the society.
4. **Poverty Alleviation/Reduction**: E-commerce plays an important role in reducing the poverty by improving the flows of information and communications. E-commerce business models can be used by the poor directly to address their information needs, develop their own strategies and solutions for improving their lives, and articulate their interest in societal processes and institutions that affect them. Also, Health workers can access the latest information; get assistance with diagnosis, and more effectively target intervention and resources with the help of internet.

5. **Gender Equality**: Internet use by men and women may soon approach equality; gender is becoming less of an issue. There is clear evidence that the majority of poor are women and poverty reduction is nowadays highly correlated with the gender equality. To facilitate the networking a website and online content have been developed to disseminate the information. Added to all this, e-commerce is also helping in reducing the gender gap. With the emergence of IT enabled service industries, more and more women are getting employment in these industries. In these industries women have equal opportunities to men. Thus it is quite logical to conclude the IT and ecommerce is helping in reducing the gender gap.

6. **Employment Opportunities**: Internet and ecommerce have long been recognized as having an important impact on work, workers, and the workplace. It can contribute to better employment opportunities in developing countries both through improved labor facilitation and direct employment. E-Commerce activities, in general, will spur employment needs for workers involved in e-commerce systems and organizations and its website design. Thus, e-commerce economy has huge potential to generate employment. More computers workers are needed to set up, maintain, and oversee the additional hardware and software systems that e-commerce require. Among the workers needed are computers and information system managers, computer system analysts, computer engineers, computer support specialists, database administrators, computer scientists and computer programmers. E-Commerce activities also require more artist and commercial artists, designers and writers and editors. Added to this, global information revolution, which is largely derived by internet technologies, is making it possible for many service related jobs to be outsourced to the developing countries and for new forms of work outside the traditional office and new opportunities for self employment and entrepreneurs.
7. **Access to Information on Community Level**: Electronic Commerce abolishes distance and alters the concept of community. Many of these changes are positive creating links with new people, maintaining closer ties with far flung friends and family members, and creating new online communities with potentially global membership. The ‘e-governance’ is a result of such development and has emerged because of the increasing interest of government and citizen around the world. It involves new styles of leadership, new ways of debuting and deciding policy and investment, accessing education, listening to citizens and organizing and delivering information and services. E-governance increases the accessibility of individual citizens to information and services that allows them to influence government operations.

8. **Foster Balanced society**: E-commerce may offer the potential for shifting the balance of opportunity, wealth, and social and political inclusion. As much as these trends can be beneficial to the majority of rural community, they are also likely to bring unanticipated effects on cultural and social norms. Indigenous traditions that have so far survived the intrusion of modernity may be less resilient in the face of global networks and instantaneous communication. These types of impact are just as significant as changes in bottom-line incomes, and can really only be "measured" by the persons whose lives are being changed by forces largely beyond their control.

**IMPACT ON ECONOMY**

E-commerce currently represents a very small share of overall commerce, but it is expected to continue to expand rapidly in coming years. As e-commerce grows, so will its impact on the overall economy. The primary route by which e-commerce will affect the economy at large is through its impact on productivity and inflation. Businesses and consumers that use e-commerce benefit from a reduction in costs in terms of the time and effort required to search for goods and services and to complete transactions.

1. **Accelerates foreign trade**: E-commerce acts as a medium for foreign trade. It is also a catalyst for export implying an increase in a developing country export which is helpful in the balance of trade. It will have a positive impact on the national economy. It will aid in curtailing national debt and inflation rates and in increasing the gross national product. E-Commerce has not only an indirect impact on local economy, but it will also enable a country to experience a more open economy and increase its
comparative advantage worldwide. E-commerce provides an opportunity for the economic development of a nation, providing it with new opportunities for penetrating international markets.

2. **E-commerce helps in increasing GDP:** E-Commerce has contributed a lot in making a world more united and connected and it is becoming a very popular element in each country’s way of creating economic wealth. It has strong influence on economic indicators such as GDP. It helps in generating economic wealth which is very much useful for developing economies. It is expected that by 2020, e-commerce will contribute 4% to GDP of India. Increase in the number of internet users is a positive sign for promotion of e-commerce and it will impact socio-economic environment prevailing in the country.

3. **The catalytic role:** Electronic commerce has a catalytic effect. E-commerce will serve to accelerate and diffuse more widely changes that are already under way in the economy, such as the reform of regulations, the establishment of electronic links between businesses (EDI), the globalization of economic activity, and the demand for higher-skilled workers. Likewise, many sectoral trends already under way, such as electronic banking, direct booking of travel, and one-to-one marketing, will be accelerated because of electronic commerce.

4. **Impact on Tax, Trade and Regulatory Policies:** E-commerce has a strong impact on taxation and tax policy. Concerns have been expressed that e-commerce could result in the erosion of tax bases. Consumption taxes are levied on the principle of taxation at the place of consumption and according to rates set in individual countries, or in individual states in the case of federal nations. Ecommerce, however, has the potential to undermine the application of domestic and national tax rules. Tax planning for an e-business differs from tax planning for a traditional bricks-and-mortar company. Historically, the generation of income depended on the physical presence of assets and activities. This physical presence, or permanent establishment, generally determined which jurisdiction had the primary right to tax the income generated. Because of the growth of electronic commerce, new e-business models (including digital marketplaces, online catalogues, virtual communities, subscription based information services, online auctions, and portals) have emerged. Each allows taxpayers to conduct business and generate income in a country with little or no physical presence in that country. The separation of assets and activities from the
source of the income represents a significant departure from historic business models. This change creates new tax planning challenges and opportunities.

5. **Influences demand pattern:** As technology, e-commerce, and globalization become more intertwined, buyers and sellers are increasing their connectivity and the speed with which they conduct sales transactions. As we saw during the recent turmoil in the financial markets and some supply chain networks, speeding up sales transactions can be a very positive attribute when small market corrections are taking place. However, during a major economic correction like the one we witnessed during the Great Recession, a quicker response to sales transactions can have cascading impacts on supply chains, resulting in large contractions or expansions in orders, production, shipments, and inventory. Speeding up sales transactions can be very positive attribute when small market corrections are taking place. The world e-market crossed one trillion marks in 2012 marking a definite point in the retail marketing. During 2013 in the Asia-Pacific region B2C e-commerce sales grow at about 23% with the sales in China and Indonesia growing particularly fast up 65% and 71% respectively. Even the saturated markets of Europe saw a double digit growth of about 17%.

**CONCLUSION**

Electronic commerce or e-commerce is any type of business, or commercial transaction that involves the transfer of information across the Internet. It covers a range of different types of businesses, from consumer based retail sites, through auction or music sites, to business exchanges trading goods and services between corporations. It is currently one of the most important aspects of the Internet to emerge. E-Commerce is an evolutionary and encompassing notion, which extends into the real world beyond the implementation of information technology. In recent years, there has been an explosion of capabilities in e-commerce driven by the rapid expansion of Internet and web technologies. The advent of technology and e-commerce is witnessing huge impact on several segments such as manufacturing, entertainment, publishing, health care organisations etc. All this is due to the huge capability of internet to remove physical barriers and facilitate trade among countries. Also the sharing of information and data pertaining to various industries and research works can be circulated for the benefit of countries and individuals. Thus this article attempts to highlight the role electronic commerce is playing in the present times and its benefits to
various areas. The future possibilities of electronic commerce and its potential to serve various segments can also be judged through the advantages derived in the present era.

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