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A Study on Effectives of E-Commerce by Reducing Operational Cost

KS. Nasrin

B.Com Computer Application, Department of Commerce CA, Sri Krishna Adithya College of Arts and Science

ABSTRACT

In this research on electronic commerce and its benefits and challenges it faces and its role in reducing costs. That development in information and communication technology has led to changing patterns of social behaviour and pictures of economic activity and has become a means of communication capable of transmitting information, services and money and goods day and night, the most direct route and the efforts of a few and the cost is not expensive, it has cleared the computer and communication networks of different area and wide to cross into the network and take advantage of the information and get it smooth and employ them and take advantage of the software. Mar today we live in a world behaviours technological and electronic. Besides, many studies analyzed the direct relationship between business and firm's performance while there are few studies conducted on identification of variables in this relationship. This study tries to know the effectives of E-commerce by operational cost and analyse, identify now a day why are people changing from online of offline.

Introduction

A key ingredient of E-Commerce, sometimes referred to as electronic trading, is the advertisement and procurement of goods and services over the Internet (Rhodes & Carter, 1998). The success and volume of E-Commerce on the web has been widely reported. With success in establishing an environment in which E-Commerce can grow and flourish, every computer can become a window open to every business, large and small, around the globe. The electronic medium we call the Internet has the potential to reduce actual transaction time, processing time and operational cost dramatically, while at the same time making information available globally. Internet-based E-Commerce has been embraced as a means of reducing operational cost and as a high potential means of generating revenue (Levis, 1996). The ubiquity of the web and the availability of browsers across different platforms provide a common base upon which E-Commerce applications can be built, especially in the enterprise. This common platform has reduced the significance of issues pertaining to software distribution and software installation, thus encouraging the expansion of E-Commerce via Intranets, Extranets and the Internet.

E-Commerce provides new channels for the global marketing of tangible goods and presents opportunities to create new businesses providing information and other knowledge-based intangible products (Rhodes & Carter, 1998). Although most E-Commerce is currently at the inter-corporate and inter-organizational level, services targeted at individual customers are evolving rapidly. The Internet is the most obvious example of this and is a major catalyst in the diffusion of E-Commerce, helping to foster a common environment for electronic transactions of all kinds. E-Commerce encompasses all forms of interactive business transactions, which are facilitated by networks of computers. E-Commerce is expanding because of the greater number of businesses and individuals who are able to use these networks and the growing number of ways in which businesses can conduct transactions electronically with other organizations and directly with consumers at a reduced cost (Bartell et al, 1999). At present, business-to-business E-Commerce seems still to be of greater volume than business-to-consumer E-Commerce with the primary motive of operational cost reduction, but this may change in the future. These trends are important to the global economy and to the economy of individual countries because E-Commerce contributes to economic efficiency. E-Commerce contributes to economic efficiency in five important ways. They includes shrinking distances and timescale, lowering distribution and operational costs, speeding product development, providing more information to buyers and sellers and enlarging customer choice and supplier reach (Turban et al, 2000). However, this study is focused on the role of E-Commerce in reducing operational cost in an organization.

Though popular, this definition is not comprehensive enough to capture recent developments in this new and revolutionary business phenomenon. A more complete definition is: E-commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organizations, and between organizations and individuals. While some use ecommerce and e-business interchangeably, they are distinct concepts. In e-commerce, information and communications technology (ICT) is used in inter-business or inter-organizational transactions (transactions between among business organizations) and in business-to-consumer transactions (transactions between business organizations and also individuals). 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. Already it affects such large sectors as communications, service, finance, retail trade and holds promises in areas such as education, health, transport and government. The largest effects may be associated not with many of the impacts

that command the most attention but with less visible, but potentially more effects on routine business activities. E-commerce presents opportunities to accelerate business processes, reduce costs, reach new customers and develop new business models and markets in the business organization. The general agreement is that electronic markets and digitalization of products will impact material flows. A clear identification of the extent and direction of effects, however, has not yet been achieved, and the issue remains controversial. Increased resource productivity is discussed as one of the major potential ecological advantages of e-commerce. Potential exists, above all, in the fields of demand and supply chain management and mass customization. Potentials to increase resource productivity appear in outline particularly in the business-to-business (B2B) field, where there may be, for instance, reduction in quantities procured or stored, surplus production, and error rates between supplier and manufacturer.

Also, one of the most important opportunities for facilitating the business and competitiveness enhancement worldwide is to apply the novel information and communication technology (ITC). The e-commerce is one of the most important products and the result of this technology which can be a suitable opportunity for different countries in their domestic and international exchanges (Huo et al. 2015). The e-commerce concentration is to make use of IT to provide the external activities, business relationships with other individuals, groups and businesses. The small to medium enterprises (SMEs) have been one of the focal points in many employment development practitioners' perspectives due to advantages and significant capacities such as high flexibility, entrepreneurship growth and development, raising and emerging potential innovative and creative areas, high potential to attract working force and supply expert human resources for large firms (Shabani, 2015). Raymond and Bergeron (2008) explained that many of the SMEs are of e-commerce capabilities and they, in turn, could obtain more positive results among competitors who couldn't develop such capabilities. Srinivasan, S. S., Anderson, R., & Ponnnavolu, K. (2002) stated that in investigated firms, the easy communication particularly communication with customers and international trading firms are significant advantages of using internet. The most significant application of internet communication for small firms is e-mail. In addition, this is argued that different businesses and industries have different attitudes toward applying internet. Therefore, there is only one conditional model which can be changed between different applications would be useful in employing internet by SMEs (Ismail and King, 2014). Internet needs relation-based marketing and provides the customers with long-term services and relationship (Devara et al. 2007). In fact, marketing is an interactive process which provides relationships in a social space and what is important is that to what extent the internet business is applicable in an organization and how can it be assessed. The firms' performance in e-commerce literature has been measured based on subjective actions in several studies and using the objective measures (Loukis et al. 2013; Meroño-Cerdan and Soto-Acosta, 2005, 2007; Zhu, 2004). E-commerce has a significant impact on business costs and productivity. E-Commerce has a chance to be widely adopted due to its simple applications. Thus it has a large economic impact. Electronic Commerce provides the capability of buying and selling products and information on the internet and other on-line service. Electronic commerce or e-commerce refers to a wide range of online business activities for products and services. Electronic commerce is transforming the marketplace by changing firms' business models, by shaping relations among market actors, and by contributing to changes in market structure. It is difficult to single out the impact of electronic commerce. Some businesses addresses three themes associated with electronic commerce and the organizational changes it entails: changes in business models, changes in market structure and opportunities for economic growth created by organizational change. Electronic commerce creates the possibility of new models for organizing production and transacting business, by offering inters modality and complementarily – not only substitution – in business models. E-Commerce plays an important role in the economic growth and development of nation. It is a purposeful activity includes in planning, controlling, promotion and also distribution of various goods and services. In this research paper will describe how the Business spirit play an important role in nation's growth. It also pertains to any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact. E-commerce is usually associated with buying and selling over the Internet or conducting any transaction involving the transfer of ownership or rights to use goods or services through a computer-mediated network. Besides, many studies analyzed the direct relationship between business and firm's performance while there are few studies conducted on identification of variables in this relationship. This study tries to know the effectiveness of E-commerce by operational cost and analyse, identify now a day why are people changing from online to offline.

Statement of the problem

Now-a-days Electronic commerce is popular topic in business management, mass media and in informatics circles as well-commerce provides an easy way to sell products to a large customer base. However, its effect on reduction of operational cost of organization has been examined in a number of ways comparatively to brick and mortar organization for instance the money received for every transaction will pay for the item. I thought Researching about the effective of E-commerce by reducing operational cost would be a different point of view.

Scope of the study

This study will cover the benefits of E-Commerce with special focus on its influence as regards operational cost reduction in business organization. This said, there are several ways to reduce your E-Commerce operating costs, including developing strategies to lower product returns and inventory costs, negotiate better terms with suppliers, and negotiate better transaction fees.

While the online marketplace has the potential to earn you bigger profits than the standard brick-and-mortars, competition from other online merchants, such as Amazon, can affect your store revenues. This is the reason many e-commerce store owners are looking to lower their online operating costs to gain competitive advantages and make more sales and profits.

Objectives of the study

1. To know why E-commerce is effective.
2. To analyze the unique customer experience on E-commerce.

3. To identify the right target audience.
4. To know how E-commerce can reducing business on operational cost.
5. To know why are people changing from offline to online.

Limitation of the study

- ☐ In E-commerce it is specifically study about how it effectiveness toward E-commerce by reducing operational cost.
- ☐ The overview has been led among 120 respondents.
- ☐ The information gathered depends on the questionnaire so opinion may be genuine or not it's depend upon consumer.
- ☐ The data is collected from only Coimbatore city.

	TOTAL	100	1	Make your website mobile friendly	45
Sno	Decision making	%	2	Provide customer reviews	18.3
1	Father& mother	14.2	3	Give a live chat option	20
2	Brother &sister	35.8	4	Improve your presentation	16.7
3	Yourself	39.2		TOTAL	100
4	Others	10.8	Sno	Majority of company moving offline to online. Why?	%
	TOTAL	100	1	Customer reach	43.3
Sno	Which is best online or offline	%	2	Company reputation	20.8
1	Online	36.7	3	Business visibility	26.7
2	Offline	14.2	4	Brand image	9.2
3	Both	49.2		TOTAL	100
	TOTAL	100	Sno	Reason for choosing e-commerce business?	%
Sno	Interact with customer through online	%	1	Reduced operational expenses	21.7
1	Ask for feedback	35	2	Increased availability	37.5
2	Offers free shipping	23.3	3	Simplified buying process	35
3	Be available	19.2	4	Lower advertising	5.8
4	Offers more choice	22.5		TOTAL	100
	TOTAL	100			

FINDINGS

- ☐ Hence the majority, 73% of the respondents are Female.
- ☐ Hence the majority, 75.8% of the respondents are 16-25 age group.
- ☐ Hence the majority, 53.3% of the respondents are more effective by using E - commerce.
- ☐ Hence the majority, 88.3% are the respondent are they easier to scale up with E-commerce.
- ☐ Hence the majority, 88.3% of the respondents are E-commerce will eliminates that need for physical store.
- ☐ Hence the majority, 35.8% of the respondents are frequently not going to physical stores
- ☐ Hence the majority, 91.7% of the respondents are says yes to e-commerce customer experience is important.
- ☐ Hence the majority, 40.8% of the respondents prefer all the above.
- ☐ Hence the majority, 30.8% of the respondents refers to grow up socially.
- ☐ Hence the majority, 40% of the respondents refers Respond quickly.
- ☐ Hence the majority, 47.2% of the respondents prefer to all the above.

- ☐ Hence the majority, 37.5% of the respondents refers to take surveys.
- ☐ Hence the majority, 43% of the respondents are fairly influenced.
- ☐ Hence the majority, 31.7% of the respondents prefer to Provide 24/7 support&, 31.7% of the respondents prefer to All the above.
- ☐ Hence the majority, 33.3% of the respondents prefer to listen to customer.
- ☐ Hence the majority, 35% of the respondents prefer to ask for feedback.
- ☐ Hence the majority, 54% of the respondents prefer to make your website mobile friendly
- ☐ Hence the majority, 43% of the respondents are fairly influenced.
- ☐ Hence the majority, 39.2% of the respondents prefer to yourself.
- ☐ Hence the majority, 44.2% of the respondents are fairly influenced.
- ☐ Hence the majority, 37.5% of the respondents prefer to increased availability
- ☐ Hence the majority, 43.3% of the respondents prefer to customer reach.
- ☐ Hence the majority, 49.2% of the respondents prefer to both.

SUGGESTIONS

- In the proceeding chapter, conclusion based on data analysis and research findings are presented.
- The survey form was available online for the respondents and the screening question for respondents was “Having a mobile phone”. Based on the demographics of respondents, mobile phone affinity and usage and data analysis following results have been obtained.
- Although little is known about consumers' attitudes towards wireless marketing channels, many organizations are today making considerable investments to take advantage of the new business possibilities offered by wireless technologies - encouraged by optimistic, yet contradictory forecast on the future volume of Ecommerce by reducing operational cost.
- Young consumers show the most positive attitude towards innovation and change and thus are more willing to accept new services and contents offered by the different mobile phone operators.
- They are definitely the group with the most favourable attitudes towards the direct shopping channels.
- It is also worth noting the positive influence of age on length of mobile use.
- A possible explanation for this is the fact that less than ten years ago the mobile in India was a very expensive item with limited performance mainly used in a professional capacity by a specific segment of the population and was therefore something which young people could afford.
- Hey should consider usability and ease of use in every part of designing their e-commerce and application because these two factors directly affect extremely attitude toward use and intention to use e-commerce and can provide an increased amount of revenue and profit by operational cost.

CONCLUSION

The study conclude, ecommerce businesses must remain competitive failure to which they will run out of business. To keep up with online sellers like Amazon and to maintain a healthy, self-regulating, and growing business, it is essential to keep your operating costs on the low.

This said, there are several ways to reduce your ecommerce operating costs, including developing strategies to lower product returns and inventory costs, negotiate better terms with suppliers, and negotiate better transaction fees.

You should also make good use of your marketing budget, while leveraging automation, outsourcing, sustainable packaging, and drop shipping. Remember to focus on offering high quality services for increased customer retention and reduced customer acquisition costs.

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