



"THE SIGNIFICANCE OF E-COMMERCE IN EMERGING MARKETS"

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ABSTARCT

Modern growth in the economy could be significantly impacted by electronic commerce. The future of business will be completely transformed by internet commerce. E-commerce will change banking in the twenty-first century. The global economy has been impacted by e-commerce in numerous ways. First and foremost, it has influenced information technology and all economic sectors. Above all, e-commerce has increased productivity growth globally, and this impact will be discussed. People are now able to determine the number of qualified individuals is required to advance their nation's information economy or estimate how much money is required to give businesses access to the internet. Some nations are now opposed to comparing their economies to those of competitors on a global scale since they have already benefited from the consequences.

The term “e-commerce” is one way to express the potential of ICT to reshape all kinds of economic transaction processes. It affects all stages of communication before, during and after deliver of goods or services, and the payment flow respectively. This paper finds out how within the field of e-commerce a new breed of B2C and P2P market segments for buying and selling digital goods and services is emerging. The paper also focuses on the integration of payments and payment related steps in both areas of retail e-commerce. The paper makes an in depth analysis of the interfaces between actors and their respective systems, e.g. between customer and merchant, merchant and payment service provider, payment service provider and banking system. The paper is basically intended to make us understand how the process of economic development within a community is integrated with the new ICT based services especially e-commerce in developing countries.

Keywords: E-commerce, emerging markets , Principal Components, Community Economic Development, E-Commerce Opportunities and E-Commerce Business Models.

INTRODUCTION

E-commerce is more than just the combination of electronics and commerce. Through a medium that alters the very rules of doing business, it represents a completely new manner of conducting business. So, rather than being primarily about technology, it is much more about strategy and business management. When utilized efficiently for development, e-commerce and the internet can be tools for assuring future, sustainable economic growth. Without a doubt, the widespread impact of e-commerce on economies and societies around the world will increase economic efficiency, competitiveness, and profitability (for those engaging in e-commerce) and, as a

result, lead to the creation of the information society. E-commerce and the latest digital services and technologies could be tools for growth and improve millions of people's quality of life.

The Internet revolution was really about people customer and fundamental shift of market power from the seller to buyer. The web, the internet and emerging computing and communication technologies have redefined business erasing traditional boundaries of time and geography and creating new virtual communities of customers and suppliers with new demand to product and services. E-commerce only forms a fragment of e-business. Earlier companies had web sites displaying the company products etc. then they started to use the e-commerce as one of the distribution channel in addition to the existing system for sales that is e-commerce.

The E-commerce is more than just electronics and commerce added together. It represents an entirely new way of doing business over a medium that changes the very rules of doing business. It is therefore, far more about strategy and business management than it is about technology. Throughout the world, the profound impact of electronic commerce in the economics and societies of the globe will no doubt improve economic efficiency, competitiveness, and profitability (for those engaging in e-commerce) and, therefore result in the development of the information society. E-commerce and the new emerging digital technologies and services can be tools for development and help improve the livelihood of millions across the globe, by linking up remote regions and bringing together scientist, administrators development professionals, managers, and people into projects and programmes to promote economic and social development.

E-commerce involves conducting business using modern communication instrument: telephone, fax, e-payment, money transfer systems, e-data inter-change and the internet. E-commerce is not only a new technology and a new frontier for global business and trade, it is also still evolving.

The term marketing has been described as performance of business activities that direct the flow of goods and services from producers to consumers. Marketing is not merely a post – production activity. It includes many activities that are performed even before goods are actually produced and continue even after the goods have been sold.

REVIEW OF LITERATURE

Gupta (2014), in her paper “E-Commerce: Role of e-commerce in today’s business”, presents a comprehensive definition of e-commerce while isolating it from e-business. The paper enlists the different ecommerce models i.e. B2B, B2C, B2G and C2C, narratively analysing the nitty gritty of each.

Rina (2016), also elaborates the different applications of e-commerce in “Challenges and Future Scope of E-commerce in India”, at the same time, defining the degree to which they are operational in the country.

Mishra & Kotkar (2015), trace the timeline and development of B2C ecommerce in “A Study on Current Status of E-Commerce in India: A Comparative Analysis of Flipkart and Amazon” with its inception in the mid1990s through the advent of matrimonial and job portals. However, due to limited internet accessibility, weak online payment systems and lack of awareness, the progress was very slow. The Indian B2C ecommerce industry got a major boost in mid 2000s with the expansion of online services to travel and hotel bookings which continue to be major contributors even today.

Deshmukh, Deshmukh & Thampi (2013), recognize another important development: m-commerce, which they identify as a subset of e-commerce. “Transformation from Ecommerce to M-commerce in Indian Context” reviews the current and potential status of ecommerce and mcommerce in the Indian market, while projecting the latter as

the potential future. The paper discerns ubiquity, personalization, flexibility and immediacy as the singular advantages of m-commerce. The authors affirm the idea that smart phone penetration and rise in internet user base, mostly driven by youth, shall propel the growth of e-commerce.

Objectives of the study

- To identify the relationship between e-commerce and emerging market.
- To identify the significant impact of e-commerce on emerging market.
- To study how e-commerce aid in the economic development of developing countries.
- To assess the influence of e-commerce in developing an economy.

RESEARCH METHODOLOGY

Descriptive research studies are those studies which are concerned with describing the characteristics of a particular group of situations. Descriptive research includes different kinds of factfinding inquiries and surveys. The main objective of this research is describing the state of conditions as it exists at the present moment. For these types of researches we often use the term ex-post-facto research method, the main characteristics of which is that the researcher has no control over the variables, he can only report what has happened or what is happening.

HISTORY OF E-COMMERCE

The history of E-commerce begins with the invention of the telephone at the end of last century. EDI (Electronic Data Interchange) is widely viewed as the beginning of ecommerce if we consider ecommerce as the networking of business communities and digitalization of business information. Large organizations have been investing in development of EDI since sixties. It has not gained reasonable acceptance until eighties. The meaning of electronic commerce has changed over the last 30 years. There are two basic types of ecommerce: business-to-business (B2B) and businessto-consumer (B2C). InB2B, companies conduct business with their suppliers, distributors, and other partners through electronic networks. In B2C, companies sell products and services to consumers. Although B2C is the better known to the general public, B2B is the form that actually dominates ecommerce in terms of revenue.

The concept of e-commerce is related to notions of Internet economy and digital economy. All these concepts relate to the use of new information and communication technologies for economic activities, but with different focuses. Internet economy refers to the economic activities that generate revenue from the Internet or Internet-related products or services. Therefore, pre-Internet e-commerce, as will be detailed in the following section, cannot be called Internet economy. On the other hand, some activities such as building Internet connections for commercial purposes, are a part of Internet economy, but they are not necessarily e-commerce. Digital economy is based on digital technologies such as computer, software, and digital networks. In most cases, digital economy is the same as ecommerce. However, not all activities in the digital economy are e-commerce activities.

The term ecommerce meant the process of execution of commercial transactions electronically with the help of the leading technologies such as Electronic Data Interchange (EDI) and Electronic Funds Transfer (EFT) which gave an opportunity for users to exchange business information and do electronic transactions. Although the dot-com collapse in 2000 led to unfortunate results and many of ecommerce companies disappeared, the "brick and mortar" retailers recognized the advantages of electronic commerce and began to add such capabilities to their web sites. Ecommerce has a great deal of advantages over "brick and mortar" stores and mail order catalogs. Consumers can easily search through a large database of products and services.

From the 1990s onwards, electronic commerce would additionally include enterprise resource planning systems (ERP), data mining and data warehousing. Although the Internet became popular worldwide around 1994 when the first internet online shopping started, it took about five years to introduce security protocols and DSL allowing continual connection to the Internet. Since then people began to associate a word “E-commerce” with the ability of purchasing various goods through the Internet using secure protocols and electronic payment services. Electronic commerce has been recognized globally particularly in the developed markets as a mechanism for business organizations to reach global markets and guiding a wide spread of customers in different geographical locations. The adoption of e-commerce is widespread and also regarded as an essential tool for the efficient administration of any organization and in the delivery of services to its clients. The internet revolution is really about customers, suppliers, groups, organisations, government, and the general public. In the new economy customer’s expectations are very different than before. A company understanding of this difference and its ability to capitalise on it will be the key to success.

CONCEPTS AND TYPES OF E-COMMERCE

E-commerce has deeply affected everyday life and business and governments operate. Commerce is conducted in electronic marketplaces (or markets paces) and in the supply chains working on the Internet-Web. Almost instantaneous access to services is made available by ondemand platforms offering, for example, transportation (e.g., Uber), computation and storage resources furnished by cloud service providers, and medical and legal advice. Mass customization of goods sold online, such as garments and vehicles, became common. Semi-permanent supply chains enable a hub company (such as Dell) to surround itself with suppliers that perform most production tasks and deliver other goods and services to the central firm. E-commerce is rapidly transforming the way in which enterprises are interacting among each other as well as with consumers and governments. E-commerce has been hailed by many as an opportunity for developing countries to gain a stronger foothold in the multilateral trading system.

E-commerce has the ability to play an instrumental role in helping developing economics benefit more from trade. It is important to elaborate on the definitions of e-commerce as that will help determine the scope of the technology and how it can be applied into retail business. E-Commerce has been simply defined as conducting business on-line. The organization for economic cooperation and development defines electronic commerce as a new way of conducting business, qualifying it as business occurring over network which use non-proprietary protocols that are established through an open standard setting process such as the internet. It is the buying and selling of goods and services or the transmitting of funds or data, over an electronic network, primarily the internet. These business transactions occur either as business-to-business, business-to-customer, customer-to-customer or the customer-to-business.

An emerging market is the developing nation that is becoming more engaged with global markets as it grows. Countries classified as emerging market economies are those with some, but not all, of the characteristics of a developed market. As an emerging market progresses it typically becomes more integrated with the global economy, as shown by increased liquidity in local debt and equity markets, increased trade volume and foreign direct investment, and the domestic development of modern financial and regulatory institutions. The internet and emerging computing and communication technologies have redefined traditional boundaries of business in relation to time, geography and creating new virtual communities of customers and suppliers with new demand for products and services. Emerging markets generally do not have the level of development of market and regulatory institutions as found among developed nations. Market efficiency and strict standards in accounting and securities regulation are generally not on par with advanced economies, but emerging markets typically have a physical financial infrastructure, including banks, a stock exchange, and a unified currency. Emerging market economies

tend to move away from agricultural and resource extraction focused activities toward industrial and manufacturing activities. Emerging market economies governments usually pursue deliberate industrial and trade strategies to encourage economic growth and industrialization.

E-COMMERCE IN MARKETING APPROACH

Emerging markets have lower-than-average per capita income. Low income is the first important criterion because this provides an incentive for the second characteristic, which is rapid growth. Leaders of emerging markets are willing to undertake the rapid change to a more industrialized economy to remain in power and to help their people. Rapid social change leads to the third characteristic, which is high volatility. That can come from three factors: natural disasters, external price shocks, and domestic policy instability. Traditional economies traditionally reliant on agriculture are especially vulnerable to disasters. Marketing is not merely a business phenomenon or confined only to business organisations. Marketing activities are equally relevant to non-profit organisations. By adopting marketing orientation, an organisation whether profit making or nonprofit making, can achieve its goals in the most effective manner.

Also marketing acts as a catalyst in the economic development of a country and helps in raising the standards of living of people. Marketing is concerned with exchange of goods and services from producers to consumers or users in such a way that maximizes the satisfaction of customer's needs. Emerging markets usually achieve a low- middle income per capita relative to other countries, due to their dependence on agricultural activities. As the economy pursues industrialization and manufacturing activities, income per capita increases with GDP. Lower average incomes also function as incentives for higher economic growth. The term marketing has been described as performance of business activities that direct the flow of goods and services from producers to consumers. Marketing is not merely a post –production activity. It includes many activities that are performed even before goods are actually produced and continue even after the goods have been sold.

A well- defined marketing strategy leads to an increase in the business sales and marketing. This directly impacts the revenue generated as the more you reach out to people, the more they reach out to yours business or brand. The marketing of a business is directly related to the sales it generates. The label of an emerging market applies less and less by the day as its influence grows. Emerging markets will help the global economy to grow.

Marketing refers to activities a company undertakes to promote the buying or selling of a product, service, or goods. It is one of the primary company of business management and commerce. Markets can direct their product to other businesses or directly to consumers. Marketing management means management of the marketing function. Marketing management refers to planning, organising, directing and control of the activities which facilitates exchange of goods and services between products and consumers or users of products and services.

COMPONENTS OF E-COMMERCE

The principal components of e-commerce include:

1. **Web Browser**– A software program that allows people to access the World Wide Web. Internet Explorer and Netscape Navigator are the two most popular Web browsers.

2. **Web Servers**– Computers that host the information that Internet users access via their Web browser. Web servers are special Internet computers that store and deliver (serve) Web pages. A Web page is a specially formatted document that you can view in your Web browser. A Web server can host one or more Web sites.

3. **Payment System/Transaction Manager**– Electronic money exchanges including via (primarily) credit cards, electronic checks, smart cards, digital cash, and electronic funds transfer (EFT).

4. **Standards (existing and emerging)**– Methods for facilitating e-commerce interactions include and are meant to ensure transaction security, reliability, Electronic Data Interchange, and privacy.

5. **E-Commerce Software**– To the end user, the most visible part of the e-commerce system is the software that puts it all together. The basic functions of e-commerce software include: customer registration and authentication, online catalog viewing, order capturing and processing, customer service (e.g. enable customers to check order status and order history), and reporting and analysis (tools to analyze the activity on the e-commerce site for customer tracking). Optional functions include order fulfillment and payment processing, to name a few.

6. **E-mail**– Electronic mail serves as a support E-commerce Web sites.

7. **Mailing List Server**– An optional component of E-commerce is a mailing list server which automates the management of mailing lists for groups of users.

8. Search, Intelligent Agent, and Knowledge Management technologies these include the variety of software tools for “managing” information on the Net-“spiders”, “bots”, “inference agents” and so on.

9. Multimedia and broadband access technologies.

E-COMMERCE AND COMMUNITY ECONOMIC DEVELOPMENT

E-Commerce presents significant challenges to Community Economic Development (CED).⁴ (CEDNet@sfu.ca) CED has for the most part been low technology, focusing on those sectors of the economy which traditionally have not been technology or knowledge intensive and with relatively low technical skill requirements such as real estate development or rehabilitation, food retailing, craft manufacture and sale, tourism and particularly eco-tourism and so on. Most regions and communities with a strong interest in CED have been low income, with low skill levels, and little technology or training infra-structure. They have been ill-equipped to take leading edge advantage of the development of technology opportunities and have been “implementers” not “innovators” in technology use.⁵ (C.M. Gurstein (Eds.) 2000: 65-75).

In many cases the Internet has come to be a central element in certain areas of social development and particularly in social advocacy, with those involved in these activities having developed innovative Internet based approaches and even applications. However, overall there has until recently been a strong feeling among those with Internet interests that the Net, whose origin was non-commercial should in fact remain non-commercial. Those with a social activist perspective and highly developed technical skills such as many of those who have been involved in the Free Software Movement and Open Source developments such as Linux, have resisted and even opposed the application of their skills and outputs for commercial purposes even in support of social sector economic activity.

There have however, been a variety of efforts mostly from those already involved in CED to adapt or develop electronic based supports for their economic activities notably the work of the Public Web Market⁶ (<http://development.civicnet.org/webmarket/index.html>), the work of the Centre for Community and Enterprise Networking (CCEN) in Cape Breton, Nova Scotia⁷ (M. Gurstein, 2000: 28-63) and a variety of developing country initiatives some linked to the World Bank and others to other agencies. What characterized these early efforts was a lack of sustained funding which translated into the inability to develop the capacity for the on-going research and experimentation required to find optimal strategies for Net based commerce.

E-COMMERCE OPPORTUNITIES FOR COMMUNITY ECONOMIC DEVELOPMENT (CED)

It is notable and interesting that one of the most active areas for business development in E-Commerce has been attempts to develop “community” E-Commerce web-sites or portals. There have been a number of attempts in this direction including failed attempts by Microsoft and a variety of start-ups which looked to create E-Commerce portals. These for example, attempted to provide substitutes for local newspapers with local news, sports and entertainment information, or in other cases civic and civic government information. In general, they are looking to “capture eyeballs” through these locally oriented web-sites, on the well-known principle that individuals are mostly interested in things that are relatively close physically to themselves and their families.

Many of the free-standing commercial “community portal” sites have disappeared or are not being updated. They do not have sufficient advertising revenue to support the cost of the staff required to keep the sites up-to-date. A number of sites linked to local newspapers are still surviving since they can reuse information collected for other purposes, but even these do not appear to be independently profitable.

A second development of some interest is the current concern with developing “community networking” among a number of the major Internet supplier firms such as for example, Nortel and Newbridge. They are looking on this as a way of generating sufficient traffic in local communities to require the installation of their high bandwidth networks. All of the major bandwidth suppliers and their associated firms are moving extremely aggressively to provide ever greater amounts of digital delivery capacity without having a clear sense of how all of this bandwidth could be used (and thus paid for). Several of the firms are operating on the assumption that only the development of local applications and a sophisticated user community in local areas will generate the demand of the educational, health and other community based applications they require to justify their services.

The question then, is how local communities can or those concerned with CED adapt the technology and the methodology/business models developing to support E-Commerce applications to their requirements.

E-COMMERCE BUSINESS MODELS FOR COMMUNITY ECONOMIC DEVELOPMENT (CED)

A quite large number of business models have evolved in the short life span of E-Commerce to support the transactions and to take advantage of the unique capabilities which the Internet and the World Wide Web afford. A number of these models are being or could be adapted to support local and CED enterprises along with the enterprises at a distance for which they were originally developed. There are a number of E-Commerce business models and here the paper suggests how they are being or could be used in a Community Economic Development (CED) context.

CONCLUSION

E-commerce has significant impact on emerging market. E-commerce has been hailed by many as an opportunity for developing countries to gain a stronger foothold in the multilateral trading system... Additionally, e-commerce allows for higher profit margins as the cost of running a business is markedly less. The future as they say in technology circles is wireless, mobile, multi-media (voice, video, 3D) and broadband. All of these technology changes are rapidly developing and being incorporated into on-line and E-Commerce activities. From a CED perspective they are also following the path of earlier on-line technologies with a very steep decline in entry cost and ease of use or the non-professional user. Thus while CED enterprises need not be “first” users they certainly need not be “last” users nor should they be. Commercial firms are discovering that at least one leg of the stool on which virtual commerce is resting and will continue to rest is face to face physically delimited communities and it is here, where the on-going and future strength and opportunities for growth and development of CED rests. By recognizing that E-Commerce and the opportunities it presents is no more technologically or dare it is better to say

that they are ideologically daunting than credit cards or ATM machines and thus the possibility for E-Commerce to enhance the growth and local contribution of CED is significant.

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