

How E-Commerce Affects The Trading System

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Abstract: Electronic commerce is a commercial activity through computer systems and networks. E-commerce is not limited to selling but extends to include business operations, electronic data interchange and point of sale systems. Also, the associated growth of e-commerce relies on the growth techniques and security of financial transactions. This paper will help to show how e-commerce impacted the trading system by indication to some of its benefits and limitations.

Index terms: Electronic Commerce (E-commerce), Business to Business (B2B), Business to Consumer (B2C), Consumer to Business (C2B), Consumer to Consumer (C2C), Business to Employee (B2E), Government to Government (G2G), Government to Employee (G2E), Government to Business (G2B), Business to Government (B2G), Government to Citizen (G2C), Citizen to Government (C2G).

Introduction

Electronic-commerce, or e-commerce, is a new concept that appeared in the end of the last century and especially in 1971. It means selling and buying via the internet. It also includes the non-internet transactions such as buying food from the vender machine. Actually, e-commerce took place after a wide use of the internet. It can use any type of the technology and communication such as the cellphones, TV, IT, and computers. It is a good alternative for thousands of companies and businessmen who start depending on commuters to go with for achieving a high level of success in a short time and low cost. Thus, this type of trade had been concerned and many regulations were organized by the United States government to minimize any issue can be appear for using this type of trade. Recently, some research shows that the United States has the largest rate for using ecommerce around the world by 59 % of total ecommerce trade. Moreover, e-commerce is the most important key to any strong economy and the way to success for businessmen because it can increase the income and revenue more than the normal trade which can be costly because of carrying extra expenses e.g. stores and labors. The United States is one of the earlier countries that applied for e-commerce in its trade sectors, that have remained advantaged for the users, but, on the other hand, has showed some disadvantages which can delay the developments of the e-commerce in many sectors. Using different types of e-commerce in the local market help the economy growth and achieve a high level of customers' satisfaction even if there are many regulations for Appling electronic commerce.

Types of e-commerce

E-commerce can be classified into four main types: the first type of e-commerce is B2B. It also calls it business to business e-commerce which means both sides in e-commerce are business. Therefore, the business between those two sides uses a mass volume of goods and products. For example for B2B e-commerce is a factory or company seeking goods online. The second type of e-commerce is B2C e-commerce that means business to consumer. It is the most common and may not have that big volume for each operation but it can have a huge number of transactions during the time. An example for B2C is buying from Amazon, or any other company via the web. The third type of e-commerce is C2B e-commerce. It is a consumer to business e-commerce which is the opposite of the previous kind of e-commerce. In this type of e-business, a consumer provides such services or requirements to the

business side. When a consumer puts his qualifications for a job or his requirements for a holiday, he automatically does this type of e-commerce. The fourth type of e-commerce is C2C e-commerce. In this type of e-commerce, consumer to consumer, any consumer can sell products to another consumer. The most common type of this type is e-Bay e-commerce. In fact, the www.E-bay.com is a business e-commerce so that we can also call this type of e-commerce as C2B2C (consumer to business to consumer). (Minculete & Minculete 6-8) However, there are some new types of e-commerce appears recently. Those new types of e-commerce are: B2E which means business to employee, G2G which means government to government, G2E which means government to employee, G2B which means government to business, B2G which means business to government, G2C which means government to citizen, C2G which means citizen to government. (Manzoor 7-8)

Business Applications of e-commerce

In fact, e-commerce is a big concept that has a lot of business applications that supported by modern technology. Those huge online transactions such as trade, shopping, payments, communication between people, making reservations and tickets are most important and need to be covered by a high level of software applications. Now a lot of stores have started to create an application through the web to allow their customer to search and browse easily and any time. For instance, Ikea which is the largest furniture retailer in the world had created a web application for online shopping in ten years ago to keep their customer closer. There are about 1.2 billion visits each year to its website. (Baldwin 1-3). There is a 6-points e-commerce capability indicator. No e-commerce means that there are no e-mails or internet connection in a company. Connected e-commerce means that a company has an internet in its sites. Information e-commerce indicates to a company who uses the website to show its information. Interactive e-commerce shows how customer uses the website of the company in order to get information about some products, for instants, a company catalogue or search for order. Transactional e-commerce refers to admission of web transaction of selling or buying products or services like paying by the internet. Integrated e-commerce refers to the communication between the company and its customers and suppliers. (Chan 4)

Ecommerce in the United States

The United States has started using the electronic commerce in its market environment in the last century in 1970s. Since that time, the using of this technology has been increased because of the facilities provided by this service. The e-commerce between direct B2C businesses and consumers was increased by more than 21% to more than \$ 1 trillion for the first quarter in 2012. Also, it is expected to increase by 18.3 % in 2014 to reach about 1.3 trillion U.S. dollars. According to marketer, the U.S e-commerce will go beyond Asia and the Pacific North America this year as the largest market for e-commerce direct business-to- consumer B2C. That's mean it will reach to about 433 billion U.S. dollars by growth rate of 30 % compared to 409.05 billion U.S. dollars and growth of 12.2% in 2013, respectively. China is the main driver for growth in the region. It is expected to increase by 65% from 110.04 billion U.S. dollars in 2012 to 181.62 billion U.S. dollars in 2013. Also, China has 220 million buyers which is the highest rate in the world and is expected to almost double to reach 423.4 million by 2016. As Japan continues, market estimate at more than 140 billion dollars in 2013, contributing to the size of the area, although the United States is expected to remain the market a largest direct sales of e-commerce between businesses and consumers through the B2C in 2016, China will close the gap. While retail companies in the United States expand in the Asia-Pacific region to take advantage of the largest market for direct B2C e-commerce in the world, and international pay additional revenue, they continue to resort to Motion Point. (Morgan Stanly 148)

Advantages of e-commerce:

After many years of using e-commerce as a good choice to do the business, there are many advantages that make e-commerce is the best alternative for physical stores. "Consumers' rush to e-commerce is a challenge that brick-and-mortar retailers have wrestled with for years". Banjo&Fitzgerald&Kapner 1). The first advantage of e-commerce is time management. Recently, time is money and must be managed in the perfect schedule. E-commerce can save the time, minimize the crowd, and make the distance a zero. "There is a phenomenon that impacts traffic to the physical stores and there is no doubt about it." (Banjo&Fitzgerald&Kapner 1). Moreover, with using e-commerce, there is no matter for the increasing of gasoline price because there is no need to use the transportations to make your deal. With the internet and high speed technology, buying and selling is easier and do multi tasks at same time in one place. In addition, through one screen, the buyer can browse and search for uncountable number of items because the seller has the opportunity to show the uncountable goods and products on one page. More than this, through the webpage, the shape or style of products can be exciting which can attract the consumers because it gives them an advantage to look and choose their favorite products. Therefore, it is necessary how to choose the website provider and how much capacity needed for e-store. Thus, the cost of storing materials and goods will be reduced to the minimum level. For big families, it is difficult to spend many hours in the mall for shopping, so that online shopping is a good alternative instead of physical shopping. Also, online shopping always provides a reasonable price

and discount for the consumer. Online shopping can provide an extra help to those people who cannot to go the physical market because of the weather or the distance. Some people are traveling around the world for many reasons such as religion, business or tourism but they cannot provide their family or friends a gift for a special event because they are so far. It is so easy; just order it any time and any place. "Given how easy it is to find and buy books, electronics, and other items online, why do people continue to buy in stores at all?" (Goldfarb 1) One more important point for ecommerce is that it can help to reduce the trash of using papers. Papers are expensive and can be wasted but with electronic bills this problem almost has been solved. There are more benefits of e-commerce such as allowing customers to shop and do other transactions over 24 hours a day throughout the year from anywhere. Also, it allows the rapid delivery of e-commerce in some cases, especially for digital products. Moreover, it is encouraging competition that means customer can get lower prices. Actually, reducing costs will reduce the prices of the product, and improve the level of competition which means best products with better services before and after goods sales. As a result of the competition, the quality of product and service will be improved. Online electronic commerce provides information about the products and markets prices to meet the consumers' need such as new jobs, new products and services.

Disadvantages of e-commerce:

However, ecommerce results some issues to the users. One issue is that ecommerce does not provide complete security for the users. Thus, some types of ecommerce such as banking transactions or any services provided by the internet are easy to attack by hackers. Therefore, there is a high risk for losing money and personal data such as passwords or private files. Ecommerce is not easy to control. For this reason, many governments around the world have established strict rules against ecommerce which delay free trade because the government wants to assure secured e-commerce. Sometimes, many governments issued rules to control the market which delay the improvement of its economy with ecommerce. Also, the speed of technological developments in the global market of design and development of websites and enhance their effectiveness and competitiveness is one of the most important challenges facing the continuity of these sites and e-commerce success through it. Besides that, the language and culture is other important challenges that prevent the interaction between many customers and among many websites. Therefore, there is an urgent need to develop software that will make the translation of texts into the languages understood by customers. In addition, it is necessary to consider the need to take into account cultural barriers, customs, traditions and values so as not to be a barrier toward the use of commercial sites. Some other regulations of ecommerce like unaccepted by some customers for buying from internet to their sense because of the risks relating to the quality of goods and a desire to be tested before buying, non-availability of computers with a large percentage of citizens in developing countries, non-Proliferation of the Internet dramatically in some developing countries, slow Internet and the difficulty of navigating through websites in some developing countries.

Conclusion

In conclusion, e-commerce is one of the greatest innovations which have come with the industrial and technological revolution. It means using technology to manage selling and buying. The term of High-Tech indicates computers, internet and other smart devices like mobile phones, vender machines etc. There are four basic types of e-commerce: B2B or Business to Business e-commerce, B2C or Business to Consumer e-commerce, C2B or Consumer to Business e-commerce and C2C or Consumer to Consumer e-commerce. In addition to those types, there are some new types have been come recently such as B2E Business to Employee, G2G Government to Government, G2E Government to Employee, G2B Government to Business, B2G which means Business to Government, G2C Government to Citizen, C2G Citizen to Government. All these types give a sign of a wide use of electronic commerce in many different sectors around the world which make it much known. Around the world, the United States of America is one of the earlier countries that use the e-commerce in their environment since the 1970s. It has prepared its markets and legal sector for using ecommerce securely and effectively. Therefore, the United States of America has gained a lot of benefits for using electronic commerce. For example, the attraction of a huge number of customers because e-commerce saves their time and money by giving them many choices and options of their prefer goods and products. Also, going with e-commerce can help the environment to be clean and green by reducing the usage of paper and other store materials by issuing electronic documents. Encouraging competition and fast feedback to the customer needs are extra benefits for using ecommerce. However, there are some concerns as a result of using electronic commerce like privacy, security, risk of losing money, government regulations, languages and the speed of technological developments. It is easy to start any business especially when the investment is available. But it is not easy to control, manage and success. "E-commerce sites have more conspicuous characteristic of "rich gets richer" because of the "preferential choice" of customers." (Yanhui 8) Thus, ecommerce is one of the best ways to have a great successful in people's lives, even if with sedentary, ecommerce can be everywhere, at home, office or abroad.

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