"Comparative study between Electronic commerce and Traditional commerce"

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Abstract:

Traditional commerce is exchange of goods or services directly between two or more parties involved. It can be traced way back since the beginning of human civilization. However, in today's technological era we see new technology within a short period of time. Thus traditional commerce is also taking a drastic change with use of electronic medium for exchange and transaction of goods or services. It has evolved to such an extent that in some cases you do not require any interaction between the seller and buyer. This research paper highlights what is traditional commerce and electronic commerce and it is also a comparison between traditional commerce and electronic commerce. This paper tries to find out behavior and thinking of consumers towards traditional and electronic commerce. The paper also discusses the different process involved in traditional and electronic commerce and tries to identify the difference between both ways of commerce. It also highlights few factors that have played a vital role in shifting the consumer preference from traditional commerce to electronic commerce.

Keywords - E-commerce, traditional commerce, internet, e-commerce v/s traditional commerce.
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Introduction

In last one decade, India has seen a vast change in its technological advancement and lifestyle of people. In the technological era we have seen rise of internet and World Wide Web to great extent. Large population in India is today using internet on daily basis. With innovation in technology within a short period of time, internet is available for everyone at cheaper rates. Today one carries internet connection in pockets in the form of data cards or mobiles. Wi-Fi and wireless connections at lower prices and easy availability of smart phones has made it very easy to access internet. With increasing literacy rates and job opportunities for women, today we see even the so yesterdays home maker is busy with her professional career. This has made the husband and wife both busy in working environment. Easy internet access and busy lifestyle have marked increased use of internet for gathering information. With expanding city boundaries and lots of traffic on city roads, traveling to and from work place has also become hectic and time consuming. Thus most of the people are devoting time for entertainment to distress and are less interested to spend time for shopping and going to markets which might again take more of their time and energy. Thus most of the consumer today is trying to find out easy medium of purchase of goods and services. Also on the other hand there is increase in competition to all consumer businesses. This has made the managers and entrepreneurs

think in different ways and mediums to attract and reach out to consumers to sell their products and services. They want to provide their consumers convenient way of shopping available to consumers when ever and where ever they want. Thus this has given rise to electronic commerce where the consumers can gathers different information, save in their online accounts or online shopping carts and make the purchase any time. Thus for most of the consumers electronic commerce is the best medium available which can be used to purchase products and services 24 by 7, 365 days a year by simply sitting in office or luxury of their homes.

Research Methodology

Objective of Research Paper:

To compare electronic commerce and traditional commerce.

Data Source:

Secondary data was the main source of Data for this study. The data that was collected from various data collected. And published data in newsletters and magazines was collected. Also literature review of many earlier published research papers and books related to e-commerce and traditional commerce was used to collect data and was used as secondary data.

Review of Literature

Busy lifestyles, rising standard of living, education, availability of wide range of product etc are increasing use of e – commerce in India. E-commerce market in India was worth about $2.5 billion in 2009. It rose to $8.5 billion by 2011 thus depicting a definite surge in the last two years. (Nisha Chanana and Sangeeta Goele, 2012). Globally, the online shopping industry is growing at 8 to 10 % annually, however, its growth in India is approximately 30% annually (Sharma, 2011). Amin and Amin (2010) argued that online shopping grown in India like a mushroom, and it is well accepted for different products and services like computer products, automobiles, travel products, investment products, clothing, flowers, books and music because technological advances, changed perceptions of the corporate world, convenient and customized offering by companies, availability of software and various search engines. There are many categories like automobiles, shares, real estate, travel, tourism, and hotels etc that are dealing in e – commerce. There is still large scope in India for e – commerce due to its large geographical area and vast population. However there are barriers like payment collection, vendor management, logistics, taxation etc. (Waghmare G T, 2012). E - Commerce provides best environment for information search and purchase of products and this is an important characteristic that differentiates E - Commerce from traditional business transactions. Consumer is able to sit in front of a terminal and search the net and examine the information on goods. Consumers can also choose any time to visit website to search and purchase products. (Henry, C. et al. 2009).

Traditional Commerce

Traditional Commerce can be traced back to beginning of civilization. It was started due to the inability of humans to fulfill all their needs by themselves. In today's world and in earlier period also it was not possible to have everything that one needs to fulfill his or her requirements. For example, it was not possible to grow all crops and fruits by one particular family or at one particular region. It is also not possible for each and everyone to develop all the skills like construction of houses, making utensils, making of different crafts and many more such skills that are needed by everyone to satisfy oneself. Thus commerce started between people so that one can fulfill all his needs and demands. So in earlier period there was barter system of commerce where one will exchange what is produced by him or her with another person and in exchange will acquire what he cannot make. This was eventually spread on larger scales between communities

of different regions. Like one community will exchange their goods with another communities goods which cannot be manufactured by them or it was not available with them due to various geographical reasons. In the early stages it was barter system where there was exchange of goods or services with some other kind of goods or services. Then it was replaced by use coins in exchange of goods or services and then use of currency started which is most popular form in today's era.

Traditional commerce involves following process.

1. First the buyer will identify his or her need and decide to make a purchase to fulfill it.
2. Buyer will search for seller in market.
3. Buyer and seller will meet at one particular place, which preferably is a market place.
4. Then actual product or its sample is checked and verified physically.
5. Based on requirements and capacity of buyer, he will choice one among the options available and place an order and make the payment.
6. Actual delivery of product will be made by seller.

Electronic Commerce

Electronic commerce is use of electronic tools to communicate and make business transactions. Electronic commerce mostly started in India on 90's era. With internet easily available everywhere at very cheaper rates, it is now possible to reach out to everyone with this medium of business transaction. It is similar to what process a traditional commerce will involve, however in Electronic commerce there is use of electronic tools and internet to carry out the transaction. In today's era we find Electronic commerce to be more popular in urban areas, as it has made it very easy for everyone to shop and do business online. There are many reasons why Electronic commerce has made such a boom on lifestyle of people. With ample job opportunities for both the male and female, everyone has become busy with their professional life. This made Electronic commerce the need off the hour. As people can sit in the comfort of their offices or homes and with simply using their laptops, computer or even mobiles can search product and services online. Due to increasing competition and rising property rates, even the sellers find it more economical in selling product and services online. This also makes sure that the seller can reach out to customers from different parts of city which would have not possible if there was only shop in one particular part of city to sell the product or services.

Electronic commerce involves following process.

1. First the buyer will identify his or her need and decide to make a purchase to fulfill it.
2. Buyer will search for information about product or services through different online websites and compare the offers available.
3. Buyer will finally decide on best available option for him/her.
4. Buyer will then place order online only using net banking or credit or debit card or will ask of cash on delivery (choose among which ever options are available).
5. Then Seller will home deliver the actual product to address provided by customer.
6. Actual product is then checked and verified physically by customer.
7. If the product is not as per the details or different, then it is returned back to seller for replacement of product.

Electronic Commerce versus Traditional Commerce

As mentioned above, we understand that the main difference that electronic commerce has from traditional commerce is its use of electronic medium and the internet for

different parameters involved in them. Other some important differences that can be noted are as mentioned below.

1. Traditional commerce is more of physical in nature. Which means, in traditional commerce everything should be present in front of us to complete the transaction. Right from going to market place to receiving of goods has to be face to face. However in case of electronic commerce there is no such need. One can simply use internet and carry out the transaction.
2. In traditional commerce there is need of shop or place where one can visit and purchase the product however in electronic commerce you get the product delivered to your home or office or any other place agreed between buyer and seller.
3. In traditional commerce there is lot of human interaction is required to carry out all the activities, where as in electronic commerce there is not much human intervention except during home delivery.
4. In traditional commerce high cost is involved as you will be required to have shop in each locality at well connected spot to display the products, workforce required to maintain the shop, decorate to attract the shop, and so on. However in case of electronic commerce you just need to have a warehouse where everything can be stored and this cannot necessary be in well connected place or in every locality. Product can be kept at any safe and secure place and can be delivered to customers place.
5. In traditional commerce customers will have to visit the shop and only then there will be transaction taking place. While in electronic commerce the customer can simply place the order online and get it as per his convenience.
6. In traditional commerce when the customer visits the shop and looks for the product, the required product should be available in the shop and it should be in good condition. Otherwise there will be no sell. But in case of electronic commerce, even if the product is not available with the seller or is not in good condition, the seller can take the order and make necessary arrangements to deliver proper product to buyer. There by chances of loss of sales opportunity is less in electronic commerce as compared to traditional commerce.

Conclusion

With increasing number of internet users and many among them having potential to purchase, it is fast changing the purchase behavior of consumers from traditional commerce to electronic commerce. Changing lifestyle of consumers, especially in urban areas, has become one of the important factors for selection of electronic commerce over the traditional commerce. Though traditional commerce cannot be ruled out completely as still majority of consumers are using this method, however in this paper we tried to compare it with electronic commerce so as to understand the growing importance and scope of electronic commerce is near future. Thus it will be far better for the sellers and various business enterprises to be well prepared to offer even this medium of business transaction to its target audience. Although many companies and almost all the high end brands have already initiated and implemented combination of traditional commerce and electronic commerce so as to not lose any of its customers. Thus it is in the benefit of seller to understand the importance and requirement of electronic commerce. In near future electronic

commerce is surely having great potential in selling of most of the products and services.

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