**E-Commerce**

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**A) Impact of introducing an e-commerce system to an organisation**

Global market place

Customers can buy products online due to e-commerce which allows global marketplace to develop. This enables customer to buy products online from all around the world right in their own homes without leaving their houses. For example if a customer were to run out of re-writable CDs and would like more, instead of going out to a shop and buying it from there, they can open up a websites like eBay, amazon or HMV and order them online and have them shipped to them wherever they are in the world.

24/7 trading

As this is online shopping, one benefit is that e-commerce means twenty-four hour shopping at any time of the day and this benefits customers as they’re able to buy anything they wish when they want to without visiting any stores, for example a customer could even order a meal for them to eat on a website like hungryhouse.co.uk, and have it delivered directly to their door.

Relatively low start-up and running costs

When it comes to setting up a store, finding a location is needed, purchasing stock and hiring staff and paying utility costs such as electricity and water. For businesses that are new all of the costs would have to be paid upfront and so this means the start-up costs are high. Online stores don’t have high initial costs as there are no premises to purchase and not much staff.

Competitive edge

If there are two businesses that sell the same products and one is online based and the other is store based, the online store could be more successful as it allows customers to be more flexible with their choices of ordering what they please and so this reaches a global market. Online shops like Asos or New Look, have an e-commerce system that customers can scroll around on their website and select clothing’s to buy, whereas Primark, although it has an online presence giving customers an idea of what they sell, they do not have an e-commerce system, and so customers would have to go in store to buy their products. This gives businesses like Asos or New Look a benefit of attracting more customers because they do deliveries gaining that business some profit.

Search facilities

When shopping in stores such as Sainsbury’s or Tesco’s, if a customer wants to find a specific item they want to purchase they would have to walk all over the shop down the aisles to find where their item can be found, or simply ask a member of staff to assist them to where that product would be, whereas e-commerce provides customers with a simple search tool where they can be able to search for their item without scrolling through pages and pages of the website. This also saves time and is more efficient.

Pricing opportunities

As bricks and clicks organisations have both a store and online website that customers can shop online from, when it comes to the online store, although they may have the same products as the normal store that customers go to, there may be some special online offers like discounts that customers and benefit from (this also happens in store based businesses when they reduce the price of specific items). For example, Amazon and eBay tend to send their registered customers emails giving them recommendations and offers from products that they have previously bought, or would simply have the offers on the front page of their website trying to attract customers to click it and buy them, whereas if It were in store they would keep those specific products that have offers on the online store the exact same price.

Gathering customer information

Organisations use the method of using loyalty cards to gather and track information about their customers. They use this method in order to increase their profit as they know what types of products interest their customers. When it comes to online shopping, customers would have to register in order to buy products from (for example) eBay, and by doing so when they purchase their products, eBay would keep this in their records for whenever customers go back to that website, they would have recommended products for them based on their previous purchases. Also by the customers previous purchases eBay would send emails sending their customers offers or recommendations attracting them back to their website.

Alternative income

Businesses with e-commerce gain more profit by displaying pay-per-click advertising. Although it may not be fortunate for some customers, the customers that tend to click on them (even by accident) make that business gain some money for their business, as it has still been previewed by the customer.

**B) Potential risks to an organisation of committing to an e-commerce system**

Consumer trust

Customers sometimes feel a bit wary of shopping online as it involves providing personal details. Some customers may feel worried that their personal details may be stolen and used as identity theft and that their card details could be used as fraud. This could be a risk on customers as it lowers the confidence customers have with shopping online, and also for the online business as it lowers their profit due to their customers being unconfident when it comes to shopping online.

Lack of human contact

When it comes to online shopping, some customers would feel a little insecure about the fact that they aren’t able to speak or interact with any staff workers like they’d usually do in a normal walk-in store, and so they’d rather prefer to go and shop in the normal stores rather than online. When it comes to shopping online for clothes, customers become unsure over this decision as they aren’t able to try their clothes online as they would if they’d visit that shop.

Delivery issues

Customers, who shop in traditional stores, select which products they wish to buy and purchase them, taking them home immediately, whereas online shopping a customer would have to wait a few days to receive their deliveries. For example if a customer were to use Sainsbury’s shopping online, the customer would even have to pay extra for their items to be delivered to their doors, and on top of that would still have to wait up to a certain amount of days for them to be ordered (or they could simply pay more for the next day delivery).

International legislation

Businesses who sell products online have to not only follow legislations, but laws in which the countries of the customers that live there. For example, in the United States, people must be over the age of 21 to be able to buy alcohol, whereas in the UK the age limit to buy alcohol is 18. If an online business were to sell alcohol online and it was an American customer buying from an online UK shop where the age limit is 18, and they happen to be under 21 but over 18, then there would be a decision in which law to follow.

Product description problems

As customers scroll around on e-commerce sites, they worry about the accuracy of the websites how the description based on the products that they sell aren’t completely right, for example when going on a website to look for and purchase a yellow coloured toaster, in the image it could be seen as yellow and would be described as yellow, but when they actually buy it and receive it, it suddenly turns out that it was in fact orange. This tends to put customers off from buying online from e-commerce websites

Security issues

Shopping online requires customers’ personal details being used. This usually makes some customers feel uncomfortable as they think that their personal details aren’t safe, or even that the online organisation could use it in an unauthorised way and that they can’t possibly rely on the security of the website. They may have probably heard of phishing how criminals can access and steal their personal details, or how their money can be taken from their accounts, and so it that draws them away from online shopping and from returning to that website.