

Role of e-commerce in today's world and its impact

'E-commerce', from the word people might think that this term is very small in practical life but e-commerce is much broader than you think. It embodies an idea for doing business online, incorporating a multitude of various services e.g. making online payments, booking flights etc.

There has been rapid growth in e-commerce since its beginnings and now to grow to 599.2 billion USD by 2024. The COVID-19 pandemic saw e-commerce sales spike 25% in March 2020 alone. The ability of e-commerce should not be underestimated as it continues to pervade daily life and present significant opportunities for small, medium, and large businesses and online investors.

To see the potential of e-commerce businesses you can take the example of Amazon, which set the standard for customer-orientated websites and also as a lean supply chain, is selling over 4000 products a minute from SMBs alone.

Digitization has made this sector intensely tough to thrive. Now, the businesses who are running a physical shop are no longer good enough. One smartphone facilitates numerous activities and provides countless features to utilize; one of those is e-commerce through phones is MCommerce; which is essentially the same as the former but through a mobile.

Here are some impacts e-commerce has created and continues to make:

- **Vertical Integration Is Fading**

For many years, you have seen vertical integration as one of the best marketing methods and considered it as a top-notch

practice for businesses, small and larger one. This idea is simple within your company, house, everything you need; be it advertising, or designs, or legal problems, no outsourcing. Sounds inefficient? though it seems like a terrific and wholesome idea on the outset, having to pay so many staff is an expensive move.

There will always be employees who don't need to be paid regularly, either due to the absence of work, or consumer irregularities. This is what makes outsourcing a convenient and cost-effective method. The method of handling this would be to develop whatever you can, and outsource the rest of it to freelancers or other companies! The cost will be less as compared to paying daily wages to daily employees.

- **Decreasing returns to scale**

Returns to scale is a law in economics which means that returns are proportional to inputs; i.e. if there is an increase in capital or resources, then the revenue will also increase proportionally. However physical businesses don't always follow this. For instance, if you have an apparel outlet, increasing the number of clothes you have, it does not mean that people will buy everything, or sales will increase phenomenally.

On the other side, eCommerce solves the issues of this law in today's world. With an online business, you have to only spend money on a top-notch website and advertising. To aim for a profit, there is no concept of increasing investments. E-businesses are incredibly sustainable and flexible. The chances of profit are quite high even if you are doing basic investment.

- **Reaching the Audience**

The audience of an e-commerce company is more in comparison with a physical shop. Getting your brand public is no simple

task. To expand your e-commerce company, you need to do campaigns, ads and many more things. Ecommerce has eliminated the need for this struggle!

If you are having the internet, then the connectivity of your e-commerce business with your audience will be much easier. For advertising or for attracting audiences, you can use various social media platforms like Facebook, Twitter and Instagram, e-mail marketing and many other apps. This method is cost-effective and instant.

- **Little to No Initial Capital**

Earlier for establishing any business, money was the most important thing as from renting an area to buying accessories, the end bill was immense. Ecommerce however, has eliminated all that problem and allowed people to start a venture from a single room! Businesses like Amazon and Flipkart started similarly.

Also, selling products online means you save on inventory. Otherwise, you need to rent a separate warehouse for storing surplus products. This creates two issues – first, you have to pay for storage space, secondly, if the surplus products aren't bought, ultimately both the product investments and storage space investments go waste! Selling products online removes this problem and allows you to add products as and when required.

- **No Middlemen Are Involved**

Ecommerce has eliminated middlemen from the image. Gone are the days when you had to give bribes to vendors and run around the city to get your product out there! Ecommerce platforms like Magento, WooCommerce, and Shopify have made connecting with customers an easy one-on-one method.

Removal of middlemen also means that house owners get better

profits and can price their services without the fear of any underlying middlemen expense.

- **24 hours Business**

The world is divided by time-zones; you can't live in America and sell something in India physically! Similarly, running a shop 24×7 isn't possible. However, if you open an online store, it can be run until you wish. This benefits both the owner and the customers and people from overseas can shop whenever they want without any time boundations. This hugely increases the money you generate and subsequently aids in indirect advertising too.

Now, the world is changing rapidly, these days people don't go out to shop, now everything is just a click away. Take your phone and order whatever you want by just sitting at a place. Ecommerce has made things clear, it's here to stay. whether or not people utilize it's up to them. With strategic investing and top-notch advertising, any small-scale business can grow into a large enterprise in no time