

E-COMMERCE AND VIRTUAL TRADE

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E-COMMERCE: BENEFITS AND DISADVANTAGES FOR BUSINESS

In modern society, it's hard not to notice the significant influence of Internet and fast growing e-Commerce on business environment. In this regard, the use of e-Commerce is getting a particular importance and relevance to economic entities. E-Commerce changed the market's nature in the shortest period of time, brought new driving forces and key success factors, and most importantly, created conditions for the development of new strategic methods. The use of e-Commerce in competitive struggle is becoming one of the key competitive resources for many companies. As the current international practice shows, the Internet economy is fraught with both opportunities and dangers that require serious study and development of new strategic decisions [1].

E-Commerce or electronic trade refers to business activity and is same as sale and purchase of goods and services that are carried out through the electronic system of the Internet and electronic network.

History of e-Commerce began in the 1970s when electronic data exchange was implemented for the first time, and the means of electronic transfer were also used. Since then, the rapid growth of e-Commerce has penetrated almost all aspects of business, such as management of supply chains, transaction processing, Internet marketing, inventory management. Researchers believe that the use of information technologies in the near future will significantly speed up exchange of goods in the economy. It is expected that Internet Commerce will grow by 50% per year at that time as exchange of goods in the traditional trade operations will grow by only 8-10% [2].

Like any other business, e-Commerce is characterized by certain advantages and disadvantages. The most important advantage of electronic trading is that it allows an interested company or individual to reach the global market. It serves the needs of both national and international markets. Business is no longer limited to geographical boundaries. Through e-Commerce, even small enterprises can access the global market for sale and purchase of goods and services. With this method of running business, there are no time restrictions, as e-Commerce allows to perform transactions 24 hours a day and even on holidays and weekends, which in turn significantly increases sales and profit.

In addition, e-Commerce creates an opportunity for clients to choose cheaper and better products. With its help, customers can easily explore a specific product, and learning a manufacturer, purchase a product at a lower price. Shopping online generally is very convenient and save time compared to conventional stores. In addition, customers can view the reviews posted by other customers on a product purchased from a specific site that can greatly help in making the decision on purchase [3].

For commercial firms, e-Commerce considerably reduces the expenses connected with marketing, customer service, processing, data storage and inventory management. This reduces the amount of time associated with reorganization of

business processes – customization of products to meet the demand of individual customers, as well as improving the productivity and service delivery to a client. E-Commerce reduces the burden of infrastructure to conduct business, and thereby increases the amount of funds available for investment. It also contributes to the efficiency of customer service. On the other hand, it allows to collect and process data related to customer behavior, who in turn help to develop and adopt an efficient marketing and advertising strategy [4].

However, e-Commerce is also characterized by some technological limitations, in particular, the number of people using the system is limited. One of the major drawbacks of e-Commerce is that the Internet has still not touched lives of many people due to lack of knowledge or distrust [5]. A large number of people still do not use the Internet for shopping or financial transactions. Some people simply refuse to trust the authenticity of completely impersonal business transactions. Some amount of consumers are afraid of violation of the requirements regarding disclosure of personal and private information for security reasons, and often the legitimacy and authenticity of different e-Commerce websites are called into question. Another limitation of e-Commerce is that it is not suitable for perishable goods such as food. People buy such products mostly in a usual way. In general, e-Commerce is not suitable for such business sectors.

One of the main disadvantages of e-Commerce is that customers, despite the detailed description, are not able to choose their desired product, hence, it is necessary to provide as detailed and complete information about the product as possible, as well as to work honestly and create a positive image of a store. It is known that a buyer is more willing to make a deal with a bad known store if the payment is made upon receipt. The only disadvantage is the fact that there is already quite tough competition and it is not easy to make a profitable store. However, one should consider the fact that it is fairly easy to start a project as it does not require any enormous investments [6].

Thus, according to evaluation of the pros and cons of e-Commerce, it may be said that the advantage of e-Commerce is the potential that outweighs the disadvantages. To solve some technical issues, a right strategy and creation of system clients' trust can change the present scenario, and help e-Commerce to adapt to changing needs of the world.

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