



Comparative Study of E-Commerce and Traditional Commerce

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Abstract :

Internet is used as a basic need of an individual and an organization. Up to a large extent almost every sector in an economy has equipped itself into digital power. We are in the era of digital technology in which a banking business transformed itself to e-banking, education into e-education and so on. The sale and purchase of goods & service i.e. commerce has also turned into e-commerce with use of computer and network technology.

Keywords : E-commerce, commerce, internet

Introduction :

With the advent of the Internet, online processes are replacing traditional models in our society. The extreme impact in online technology has been achieved by e-Commerce. E-Commerce is attractive for together to buyers and sellers as it reduces search costs for buyers and inventory costs for sellers. In this paper, I have tried to investigate the change in the system of selling and buying of the product especially in insurance industry. The recent growth of Internet infrastructure and introduction of economic reforms have opened up many avenues to the market for more competition and opportunities. There are some differences between the traditional commerce and e-commerce which is discussed in the following section.

Traditional Commerce :

Either Traditional Commerce or Commerce is a part of business, which involves all those activities that facilitate exchange. Two types of activities are included in commerce, i.e. trade

and facilities to trade. The term trade refers to the buying and selling of goods & services for cash or any type and auxiliaries to trade, indicates all those activities like banking, insurance, transportation, advertisement, insurance, packaging, and so on, that helps in the successful completion of conversation between parties.

In finer terms, commerce includes all those activities that simplify the exchange of goods and services, from manufacturer to the final consumer. When the goods are produced, it does not reach to the customer straight rather it has to pass from several activities, which are included under commerce. Its main function is to satisfy the wants of consumers by making goods available to them, at the right time and place.

e-Commerce :

e-Commerce or electronic commerce states to the exchange of goods and services, funds or information, between businesses & consumers using the electronic network, i.e. internet or online social network. e-Commerce earnings trading and providing assistance to trading activities, through the use of the electronic medium, i.e. all the activities including purchasing, selling, ordering and paying are performed over the internet. The scope of e-commerce is explored in the following points:

- **B2B commerce:** When the business transaction took place between two business houses, through the electronic channel, it is known as B2B commerce.
- **B2C commerce:** When the exchange of goods and service takes place between the business entity and the customer, over the internet, then it is known as B2C commerce.
- **C2C commerce:** The buying and selling of goods and services took place between customers using electronic medium, then it is called C2C commerce
- **Intra-B commerce:** The exchange occurs within the firm or business house, with the use of electronic media, it is called as Intra B-commerce.

Comparison of Traditional Commerce and E-Commerce :

Compared with traditional business, the operation process of e-commerce is virtualized and convenient. The specifics are as follows: 1. Preparation before the transaction. In the e-

commerce marketing model, the supply and demand sides of the transaction are completed on the website and the homepage, and the communication of the two parties has the characteristics of fast and high efficiency. 2. Trade consultation process. The paper documents are transformed into electronic records, files and messages on the network with the support of the network and the system, and the data exchange protocol guarantees the correctness, security and fastness of the network information transmission. Features. 3. Contract and execution. The functions of the network protocol and the e-commerce application system in the e-commerce environment ensure the correctness and reliability of all the trade consultation documents of both parties to the transaction, and have legal effects in the case of third-party authorization, which can be used as a dispute in the execution process. Arbitration basis, the payment process. The payment of funds in e-commerce transactions is carried out in the form of credit card, electronic check, electronic cash and electronic wallet. Comparison of traditional business and e-commerce marketing Ecommerce network marketing has undergone tremendous changes compared to traditional business marketing. Mainly in the following aspects:

1. The difference in marketing strategy. Traditional marketing is the key content of business operation with products, prices, channels and promotions. Network marketing is based on the needs of customers, the cost of meeting demand, convenient purchase and enhanced communication.
2. Traditional marketing mainly chooses a bustling location to build stores and recruits a group of waiters. Network marketing requires only one computer room, several servers and a small number of marketers and website maintenance personnel.
3. Differences in the form of competition. Traditional marketing is a face-to-face competition between vendors in real space. The rules of the game are that big fish eat small fish. Internet marketing enters the real space such as enterprises and families through the virtual space of the network. The game rules are fast fish eating slowly fish.
4. Differences in promotional methods. Traditional marketing mainly involves one-way product advertising on TV, radio, newspapers, magazines or billboards. Network marketing mainly uses two-way communication to organically integrate advertising, consulting, technical guidance and orders.

The traditional business logistics distribution is extremely cumbersome. A large number of people are engaged in simple repetitive labor. People are slaves to machines and statements. E-commerce logistics and distribution distributes these mechanical tasks to computers and networks, fully embodying informationization, modernization and The basic characteristics of socialization; the traditional business logistics distribution process is composed of multiple business processes, influenced by human factors and time, e-commerce logistics and distribution can realize real-time monitoring and realtime decision-making of the whole process; traditional business logistics In the distribution management, due to the limitation of information exchange, the completion of a distribution process takes a long time. The information and resources of e-commerce logistics and distribution will be transmitted to the relevant links in a few seconds through network management; the traditional business logistics distribution enterprises need a large area. The warehouse, and the virtual enterprise of the e-commerce system network, connects the warehouses of different owners in different places through the network system, making it a virtual warehouse, and performing unified management and deployment, and the service radius and cargo distribution space are enlarged. In this way, enterprises are incomparable in traditional logistics and distribution in terms of the speed, scale, efficiency and rational allocation of resources. The traditional business logistics distribution is extremely cumbersome. A large number of people are engaged in simple repetitive labor. People are slaves to machines and statements. E-commerce logistics and distribution distributes these mechanical tasks to computers and networks, fully embodying informationization, modernization and The basic characteristics of socialization; the traditional business logistics distribution process is composed of multiple business processes, influenced by human factors and time, e-commerce logistics and distribution can realize real-time monitoring and realtime decision-making of the whole process; traditional business logistics In the distribution management, due to the limitation of information exchange, the completion of a distribution process takes a long time. The information and resources of e-commerce logistics and distribution will be transmitted to the relevant links in a few seconds through network management; the traditional business logistics distribution enterprises need a large area. The warehouse, and the virtual enterprise of the e-commerce system network, connects the warehouses of different owners in different places through the network system, making it a virtual warehouse, and performing unified management and deployment, and the service radius and

cargo distribution space are enlarged. In this way, enterprises are incomparable in traditional logistics and distribution in terms of the speed, scale, efficiency and rational allocation of resources. The economic principles adopted by traditional business and e-commerce have the following differences:

Supply and demand : Traditional business believes that the decline in demand will cause product prices to fall, forcing manufacturers to reduce supply; rising demand will cause product prices to rise, stimulating manufacturers to increase supply. In e-commerce, supply growth, prices fall, leading to increased demand; supply is reduced, prices are rising, resulting in reduced demand. Traditional business believes that as the amount of consumption increases, the level of satisfaction that a unit of goods or services will bring to people will gradually decline. In e-commerce, the more consumers eat, the stronger their appetite. For example, once a user of Microsoft uses the company's products, they are reluctant to learn to use other systems and continue to purchase new versions of the original system, which is increasingly dependent on their products. There is an increasing law of marginal utility. Traditional business believes that there is economy of scale in production. The scale of the enterprise should not be too large or too small, and each industry has an appropriate scale to minimize the average cost. In e-commerce, the law of increasing returns to scale plays a role, that is, as the scale of enterprises expands, the average cost shows a trend of decreasing. The traditional economic cycle theory and Phillips curve involved in traditional business are outdated. The network economic theory involved in e-commerce can improve labor productivity, prosper the economy, create new industries and increase new employment opportunities. It can attain high-speed economic growth, low unemployment rate, and low currency rate.

Learning : In e-commerce, it is an economic model that uses information to add value. Value added can generate more information, and more information can be further added. This special cycle of gathering information is called learning. Learning is a core part of the positive feedback mechanism. In organisations, with rapid learning such as communications and computers, economies of scale can be transformed into quality.

BASIS FOR COMPARISON	TRADITIONAL COMMERCE	E-COMMERCE
Meaning	Traditional commerce is a branch of business which focuses on the exchange of products and services, and includes all those activities which encourages exchange, in some way or the other.	e-Commerce means carrying out commercial transactions or exchange of information, electronically on the internet.
Processing of Transactions	Manual	Automatic
Accessibility	Limited Time	24×7×365
Physical inspection	Goods can be inspected physically before purchase.	Goods cannot be inspected physically before purchase.
Customer interaction	Face-to-face	Screen-to-face
Scope of business	Limited to particular area.	Worldwide reach
Information exchange	No uniform platform for exchange of information.	Provides a uniform platform for information exchange.
Resource focus	Supply side	Demand side
Business Relationship	Linear	End-to-end
Marketing	One way marketing	One-to-one marketing
Payment	Cash, cheque, credit card, etc.	Credit card, fund transfer etc.
Delivery of goods	Instantly	Takes time

Conclusion

The commerce and e-commerce are having their own advantages and disadvantages. e-Commerce is just like the traditional commerce, i.e. when you log in to the website, you enter into the e-world for shopping, wherein you choose a category, specifications and you get the desired results. e-Commerce is not suitable for perishable goods and also for high-value items, while traditional commerce is not suitable for purchasing software or music. But still some website is offering perishable goods too. Most of the teenagers are using e-commerce than traditional commerce.

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