

The Pros and Cons of E-Commerce

E-commerce has created a new marketplace for businesses in cyberspace via the Internet. Businesses and consumers are now able to engage in transactions without ever seeing one another before, during, or after the sale.

Shopping on the Internet has generated a lot of competition for consumer interest. Like information, businesses were once easier to identify and pinpoint. The bank was on the corner, next to the drug store. Now, businesses compete for customers in cyberspace, and not only is competition more difficult to pinpoint, but the amount of competition has increased. Using the Internet and a search engine to identify Web sites, keying *E-commerce+marketing* generated almost 2 million hits; that is, 2 million Web sites that have information related in some way to e-commerce and/or marketing.

From a businessperson's perspective, does it make sense to set up a Web site on the Internet and promote the goods and services available for sale? The decision may revolve around the cost of setting up the Web site and doing business in a different fashion. However, statistical evidence seems to favour such a move. In the year 2000, e-commerce revenue totalled \$795 billion. It is estimated that, by 2004, e-commerce revenue will reach \$5.5 trillion—and that's in North America alone!

Online shopping allows a consumer to comparison shop without leaving home. The pressure on marketers is not to have just an attractive Web site, they must make sure that the goods and services are offered at competitive prices. To maintain an effective Web site, marketers of e-commerce busi-

ness must pay attention to the research done into why consumers hesitate when shopping in cyberspace. According to a recent survey, the top five reasons consumers are reluctant to shop online are:

1. They worry about unreliable or dishonest retailers (81%).
2. They do not want to deal with the hassle of returning goods (72%).
3. They worry about their credit-card number being misused (69%).
4. They think they are going to get a lot of junk mail (63%).
5. They want to see and touch what they buy (62%).

Today, retailers, wholesalers, and importers are considering the impact that e-commerce has on their businesses. Many retailers now maintain Web sites to give consumers the option of shopping in person or online. Canadian Tire, Indigo, and HMV are just a few of the thousands of retailers making efforts to stay on top of the e-commerce revolution.



To offset consumer reluctance to shop online, Grocery Gateway promotes itself as a traditional delivery service.

Questions.....

1. Select a business with which you are familiar and check out its Web site on the Internet. Also, check out a competitor's Web site. What information is available on the competitor's Web site that could benefit the company that you selected?
2. Survey your class, friends, and parents or guardians to determine if they agree with the top 5 reasons why consumers are reluctant to shop online. Compare your findings with other members of your class.