Advanced SWOT Analysis of E-Commerce

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Abstract

This research paper describes the invention and accessibility of internet connectivity and powerful online tools has resulted a new commerce era that is e-commerce, which has completely revolutionized the conventional concept of business. E-commerce deals with selling and purchasing of goods and services through internet and computer networks. E-commerce can enhance economic growth, increase business opportunities, competitiveness, better and profitable access to markets. E-Commerce is emerging as a new way of helping business enterprises to compete in the market and thus contributing to economic success. In this research paper we will discuss about advanced SWOT analysis of E-commerce which will comprise of strengths, weaknesses, opportunities and threats faced by e-commerce in current scenario.

Key words

E commerce, competitive advantage, internet
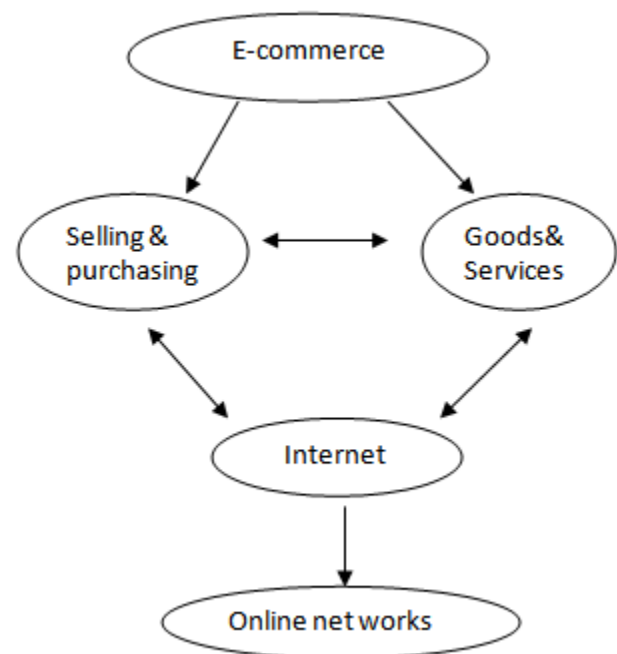
1. Introduction

Fig. 1

Basically e-commerce is the buying and selling of goods and services on the internet and on different online networks especially World Wide Web. The development of e-commerce has led to companies moving much of their business efforts to online environments. Dot com craze has stimulated a global commercial environment which is now being exploited by many firms who are engaged in e-commerce.

According to the editor-in-chief of International Journal of Electronic Commerce, Vladimir Zwass, Electronic commerce is sharing business information, maintaining business relationships and conducting business transactions by means of telecommunication networks.[1]He mentioned that in its purest form e commerce has existed for over 40 years originating from the electronic transmission of message during the Berlin airlift in 1948.From this,[2]electronic data interchange was the next stage of e commerce development. In 1960 a cooperative effort between industry groups produced a first attempt at common electronic data formats. The formats however were only for purchasing, transportation and finance data and were used primarily for intra industry transactions. It was not until the late 1970[s] that work began for national Electronic Data Interchange (EDI) standards which developed well into the early 1990s.A wide range of business activities are related to internet e.g. internet commerce (i-commerce) virtual commerce(v-commerce) cyber commerce (c-commerce) web commerce(w-commerce).The use of internet has made the world a global village. The use of internet has reduced the distances and has brought the people together. A nation's back bone is commerce and it will be strengthened if backed by electronic tools in which e-commerce plays a vital role. The important feature in e-commerce is privacy and security which not only increases competitive advantage but confidence level also. E-commerce brings sellers and potential buyers at the distance of one click and it saves time as it is cost effective, as e-commerce is becoming key to success.

2. E-commerce Processes:

According to our view point process of e-commerce takes place under the following steps as shown in the diagram

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Fig 2

As a company and a customer browses through internet to acquire his/her required product's information and when he/she is completely satisfied by product's features, its competitive advantages, comparing it with other products then he/she places an order for the product for which he/she has set up his/her mind to buy and for this purpose he/she chooses online transaction option and the selling company notifies him/her that they have got the required payment and now they will fulfill his/her order and it will be delivered very soon.
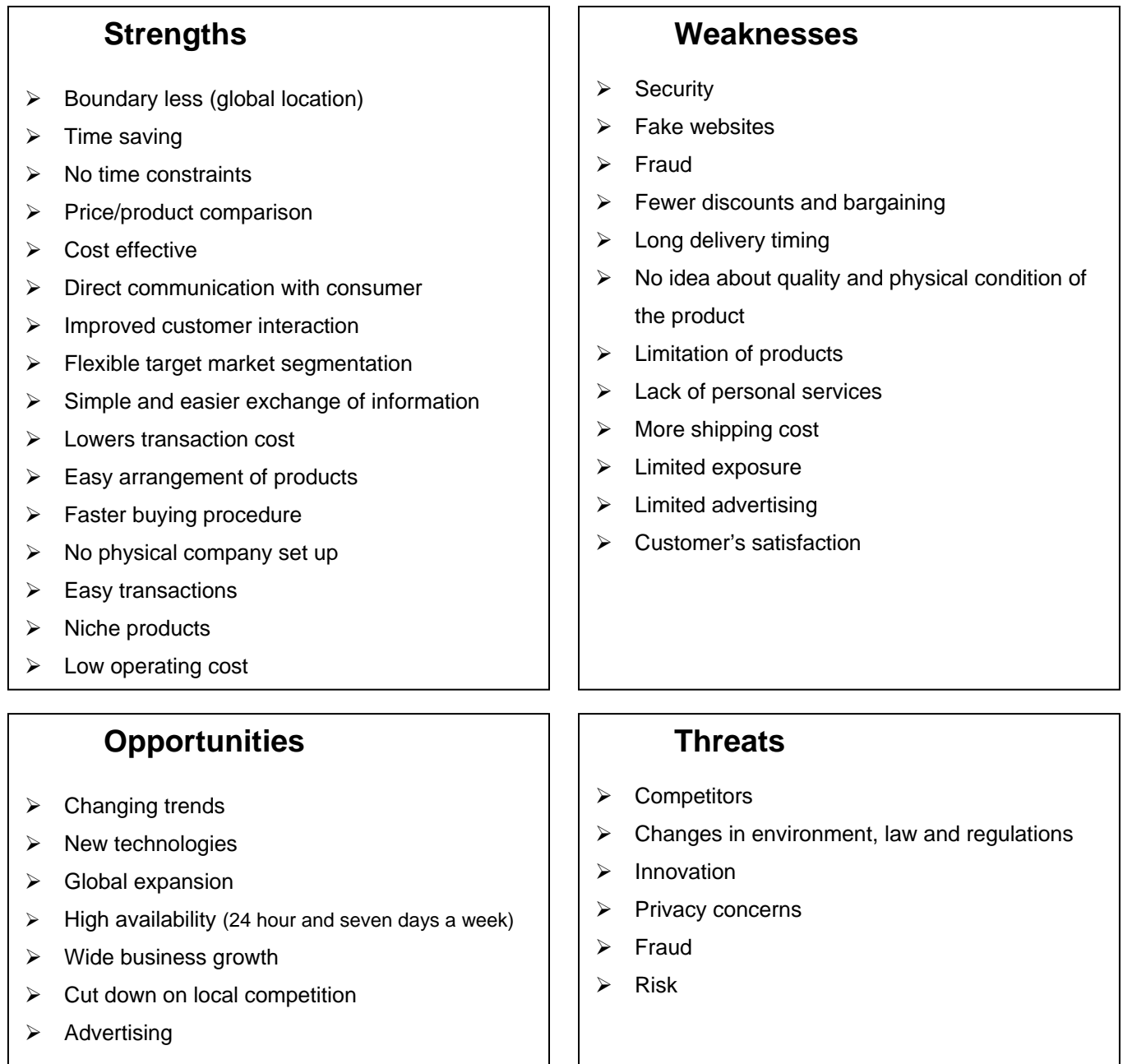
3. Advanced SWOT Analysis of E-commerce

Strengths

- Boundary less (global location)
- Time saving
- No time constraints
- Price/product comparison
- Cost effective
- Direct communication with consumer
- Improved customer interaction
- Flexible target market segmentation
- Simple and easier exchange of information
- Lowers transaction cost
- Easy arrangement of products
- Faster buying procedure
- No physical company set up
- Easy transactions
- Niche products
- Low operating cost

Weaknesses

- Security
- Fake websites
- Fraud
- Fewer discounts and bargaining
- Long delivery timing
- No idea about quality and physical condition of the product
- Limitation of products
- Lack of personal services
- More shipping cost
- Limited exposure
- Limited advertising
- Customer's satisfaction

Opportunities

- Changing trends
- New technologies
- Global expansion
- High availability (24 hour and seven days a week)
- Wide business growth
- Cut down on local competition
- Advertising

Threats

- Competitors
- Changes in environment, law and regulations
- Innovation
- Privacy concerns
- Fraud
- Risk

Fig 3

Strengths:

➢ **Boundary less (global location):**
E-commerce can be dealt globally as no specific boundary is required. It enables all the companies to expand them to global level.

➢ **Time saving:**
It saves time and transportation. Because there is no need to go anywhere physically.

➢ **No time constraints:**
It can be used any where any time as there is no time constraints.

➢ **Price/Product comparison:**
Helps consumers to compare price and product effectively and efficiently.

➢ **Cost effective:**
Reduces logistical problems and puts a small business on a par with giants.

➢ **Direct communication with consumer:**
Social networking sites, online advertising networks can be mediums to buzz about online store.

➢ **Improved customer interaction:**
Quick feedback and comment forms are main features to interact with customers.

➢ **Flexible target market segmentation:**
Target market segment here in e commerce is flexible can be modified any time.

➢ **Simple and easier exchange of information:**
Improves information sharing among merchants and customers and enables prompt quick just in time deliveries.

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➢ **Lowers transaction cost:**
Things can be automated in a well implemented online store. If online download facility is available then distribution cost can be cut off.

➢ **Easy arrangement of products:**
Products can be arranged in the shelves within minutes. With online store it is quite easy.

➢ **Faster buying procedure:**
E commerce means better and quick customer services. Online customer services make customer happier. Due to absence of intermediaries for buying products. So buying procedure will be fast and quick.

➢ **No physical company set up:**
Doing e business is cost effective because no physical set up is required for that.

➢ **Easy transactions:**
Financial transactions through electronic fund transfer are very fast and can be done from any part of the world.

➢ **Niche Products:**
Almost everything can be sold on internet. Even if products targeted to smaller markets the buyer will be somewhere on net.

➢ **Low operating cost:**
It can be started and continued with very low investment. Staff cost is very low.

Weaknesses:

➢ **Security:**
Security matter confuses customers especially about the integrity of the payment process.

➢ **Fake websites:**
Fake websites can not only disgrace e commerce but bring bad name to e commerce also.

➢ **Fraud:**
Concerns about misuse of financial and personal data is a great weakness in e commerce.

➢ **Fewer discounts and bargaining:**
Hardly online businesses offer discounts and bargaining cannot be possible.

➢ **Long delivery timing:**
Delivery time can be in days or weeks which one cannot wait for.

➢ **No idea about quality and physical condition of the product:**
Online products cannot be touched, wear or sit on the products.

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➤ **Limitation of products:**
Limited number of products can be available.

➤ **Lack of personal services:**
Physical products can be available but lack in personal services which are intangible.

➤ **More shipping cost:**
Shipping cost increases if we order online.

➤ **Limited exposure:**
In developing areas where internet is not accessible will have no or little exposure to e commerce.

➤ **Limited advertising:**
Limited advertising opportunities are available because in e commerce one cannot go for mass advertising.

➤ **Customer's satisfaction:**
There is no interaction between customer and the seller. Therefore the scope of convincing the customer does not exist. Many times customers prefer to buy the product by reaching personally to the market rather than purchasing through internet.

Opportunities:

➤ **Changing trends:**
E commerce is fast and effective even financial transactions can be made from any part of the world.
People of tomorrow will feel more comfortable to buy products through internet only.

➤ **New technologies:**
Daily number of internet users is increasing. People feel more comfortable to shop online.

➤ **Global expansion:**
E commerce can be operated any where any time without any interruption.

➤ **High availability (24 hour and seven days a week):**
Along with each and every click of the mouse business is in operation.

➤ **Wide business growth:**
E business has wide scope and broader vision to grow.

➤ **Cut down on local competition:**
Online customer services is a competitive advantage for the company.

➤ **Advertising:**
Advertising is cost effective as compare to conventional offline system.

Threats:

➤ **Competitors:**
Competition is increasing day by day big companies have already entered in this field. They are making people habitual at the cost of their companies.

➤ **Changes in environment, law and regulations:**
Change in trends, fashion and fad can distress E Commerce side by side change in law and regulations can also affect it.

➤ **Innovation:**
Customers now a days are always in a search of innovative products. Innovation can be either in product, place, promotion and even price.

➤ **Privacy concerns:**
Fears that information can be misused lead to spam e mail or identity fraud.

➤ **No direct interaction:**
In e commerce there is no direct interaction of customer and the seller. Thats why bargaining does not exist. People prefer to buy physically a compare to online.

➤ **Fraud:**
Persons using unfair means to operate e commerce can damage the confidence and faith of common people.

➤ **Risk:**
Nature of fraud and risk is different because when a customer relies on un seen set up, he trusts and makes transactions. In such a way he is ready to face risk.

4. Conclusion:

A developing country can be rationalized and mechanized if it introduces e-commerce effectively and efficiently. It will enhance its output and gives competitive advantage. Information Technology (IT) has boosted e-commerce worldwide. Now it's easier to enter to a new market and one can evaluate his/her product and company's performance. It reduces business overhead and enhances business management.

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