

# **E-COMMERCE – MODERN FORM OF BUSINESS**

**Andreea Bianca ENE**

*The Bucharest University of Economic Studies, Bucharest, Romania*

## **Abstract**

*In the current era, it is almost impossible to live a day without internet. E-commerce involves using the Internet, being allowed digital business transactions between organizations and individuals. As the Internet continues to grow and more and more markets are developed, e-commerce enterprises must learn how to use this technology in order to relate to customer values, especially since the growth potential of B2C websites is fabulous.*

*The reason I chose the title "E-commerce - modern form of business" is that I noticed the tendency of many companies to move their activity in online, much easier to reach potential customers, using networks socialization, which seem to capture the attention of all who want to be fashionable.*

*The purpose of this paper is to establish what influence has the online shop on consumer purchasing decision, and in this sense a questionnaire was applied in the online environment, to those who have purchased at least once a product /service from online.*

**Keywords:** e-commerce, web design, internet, online costumers, marketing research

**JEL Classification :** L810, L860, M310, M390

**Paper type:** Research paper

## **Introduction**

The Internet has created a new challenge for the companies that are trying to keep in touch with customers and lead them to take a decision on purchasing products/services online store.

Although the Internet is a rich environment, it offers advantages and disadvantages, as through an e-commerce site there is no physical contact between the company and its customers, but it is possible to record the number of visitors to a web site and to know the web pages that the customer has accessed before reaching the company's website (Cunningham, D. & Thach, L., 2007).

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E-commerce has an extraordinarily high growth potential and also generates economic growth (Purohit, M. & Purohit, V., 2005). In the last years the online market has become highly competitive as a result of unprecedented growth of the number of online retail merchants and buyers (Wang, S., Beatty, S., 2004, pp. 53-69).

The research project is based on the following topic: *The perspective of the online consumer on electronic commerce in Romania* and was founded with the help of research question: *What is the influence of the online shop on consumer purchasing decision and how efficiently can communicate a company with its customers via a web site?* I intend to answer this question through the following objectives:

1. *Determining the degree in witch the design, functionality, content and originality of the website influences the online consumer purchasing decision.*
2. *Establishing the main criteria underlying the purchasing decisions*
3. *Identifying the main problems arising from the launch of an order*
4. *Knowing the frequency of purchasing products by placing online orders.*

My opinion is that this work will be useful for all who want to understand the meaning and role of electronic commerce for the economy, representing a suitable source of information in this area. Through this research, I wish I could make entrepreneurs who do not trust in using the Internet for business activities, understand one thing: e-commerce is the future of success in business.

As regards the consumers that still are reluctant and afraid of potential frauds I would like for them to realize that the things have changed in last years and the use of e-commerce could bring them a lot of advantages and benefits.

### **Chapter 1. Theoretical aspects of e-commerce and web design**

E-commerce can be explained as being a commercial activity in which a company uses the Internet in order to present and put up for sale products and/or services that they offer (Riurean, S., 2010, p.143). As asserts Suri and Lee (2003, pp.515 -536), e-commerce is a term that refers to develop the business through the online store.

Efrain Turban (2006, p.4) defines electronic commerce in a more modern manner and believes that it is the process of selling, buying, changing both products / services and information across computer networks connected to the Internet. The term "e-business" was first introduced by IBM's marketing and web team in 1996 (Gerstner, L., 2003, p.172).

In fact, eBusiness refers more to the strategic direction of the company, while e-commerce aims to bring revenue streams (Riurean, S., 2010, p.89). So, electronic commerce is only one component that helps to develop electronic business.

Currently, e-commerce is widely used in various fields. We can mention some of the main advantages it has: it can increase sales and reduce costs. Also, the internet is particularly useful when creating virtual communities that become ideal target markets. A virtual community is a gathering of people who share a common interest,

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but this gathering takes place on the Internet. As e-commerce grows sales opportunities for the seller, it increases opportunities for purchaser too (Kadry, S. & Al-Taie, M., 2014).

Ghibuțiu (2003, p.169) says that the impact of electronic commerce on businesses and society is and will continue to be very important. For organizations, electronic commerce offers unique opportunities of reorganization the activities, of redefinition the markets or create new markets.

To have an Internet access and online presence has become essential in modern business, especially as the line between shopping, browsing, work and games via the Internet began to fade for most online users (Constantinescu, A. & Nistorescu, T., 2012, pp.775–780). Considering the current situation, the need for Romanian enterprises to adapt to the new realities of the Internet economy is very evident, therefore, electronic commerce is the competitiveness key of enterprises in the informational era.

E-commerce appears under several categories: B2B - is a model where products and services are transacted between organizations; B2C - model by which companies sell directly to customers; C2B - is formed by individuals who want to put up for sale products for companies; C2C - made by individuals who want to sell to individuals; G2B - a government institution acquires or sells products, services, information from / to companies; G2C - this model forms a bond between government and citizens, with the aim of providing information or services such as paying taxes online.( Maiorescu, I., 2011)

As Onete Bogdan (2005, pp. 181-193) says, when a webpage is made, it is necessary to respect the rules referring to web page design, content and functionality, and all these elements should be combined in an original way.

Web page design has a very important role in keeping user's attention so special attention should be given to readability of text, used colors, but also to the way of presenting the information about the products they sold.

In terms of content, it is important to specify the mission and the goal of the website, to exist interactivity between user and website, to give facilities to members and to respect the grammar and spelling rules. By following these rules, those who are visiting the site will be attracted to stay to place an order, but also will be motivated to return.

Considering the evolution of technology and the short time we have, most users want that the website they access to be easily accessible. They do not want to deal with page loading speed issues, compatibility with the browser or operating system problems, but especially with issues concerning placing an order or online payment, all of this being translated into website functionality.

Originality is the one who most often makes the difference. Customers are attracted by innovation and creativity elements and they trust that site as long as it is noted that details such these are not neglected.

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Regulations and laws concerning electronic commerce and online store offer entrepreneurs a helping hand, by presenting them both the advantages and disadvantages of these forms of how they can organize the activity (Leonte, A., 2013).

As regards the legal framework, in Romania there is a law which regulates the electronic commerce, Law no. 365 of June 7, 2002, republished.

To create an online store, the first step is to establish a company. Entrepreneurs who decide to open an online business can choose the following CAEN code: 4791 - regarding online commerce. If they have an existing business and want to adopt this code, it needs an application to the Trade Registry.

Regarding e-commerce trends in Romania, in an article published on Wallstreet.ro, Alex Goagă (2014) believes that 2013 was a good year for online commerce market in Romania and said that it will exceed in 2014 one billion euro in our country, because the major players in the market were agreed in terms of increased online commerce.

Bogdan Colceriu declared for Ziarul Financiar "If at present online trade retail is 2.5% of the total, my opinion is that "e-commerce" will not stop growing until it reach to 50%. This means that we will have 10 years of definite growth in online commerce, whatever happens with the Romanian economy ... At the end of 2014 e-commerce market in Romania was at one billion euros and the estimate for this year is 2 billion euros," he added. (Niță, I., 2015)

### **Chapter 2. Research regarding the influence that online shops have on consumer purchasing decision**

The applicative part of this paper is represented by chapter 2 consisting in conducting a research regarding the influence that online stores have on consumers. The chapter comprises two subchapters, the first shows the methodology underlying the research and the second focuses on the analysis and interpretation of data obtained.

#### **2.1. Research methodology**

To collect the information needed for this research project, I conducted a survey using a questionnaire. The questionnaire contains 20 questions. The first question was asked in order to get answers from online users who have purchased at least once a product by placing an online order. The following 13 questions relate to obtain information in correlation with research objectives.

Also the last 6 questions are very important because their response provide information about the identification data of respondents.

The questionnaire was conducted using Google Forms and applied in the online environment, between 04.03.2015 - 19.04.2015.

During this period we sent invitation via email and I shared the questionnaire link on different social groups, e-commerce and student groups to get several answers.

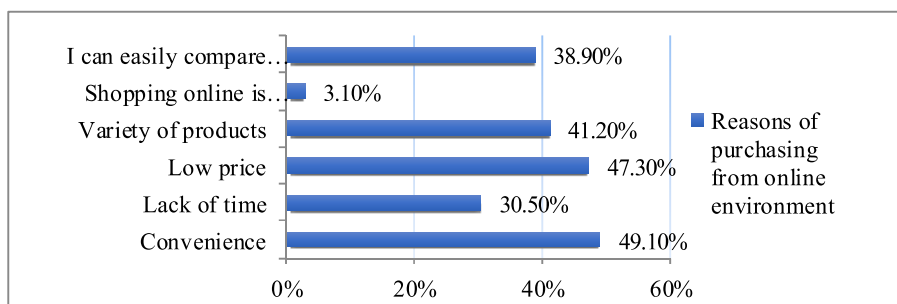
Finally, we obtained 226 valid responses therefore conducted research is a pilot study, the number of responses was not enough to expose representative results for all online consumers from Romania.

## **2.2. Analysis and interpretation of research results**

In order to meet the objectives to achieve this research papers, which aim to provide an answer to the question according to which is desired to know the influence of the online store on consumer purchasing decision, the questionnaire began with a question which established which are the answers that must be taken into account in the following analysis.

So, for the question "Have you ever bought online?" I received 226 positive answers and regarding identification questions, commonly Romanian consumer from e-commerce market is characterized as being young, feminine, from urban areas, with secondary education, even higher, with a modest income, between 1000 - 1700 RON.

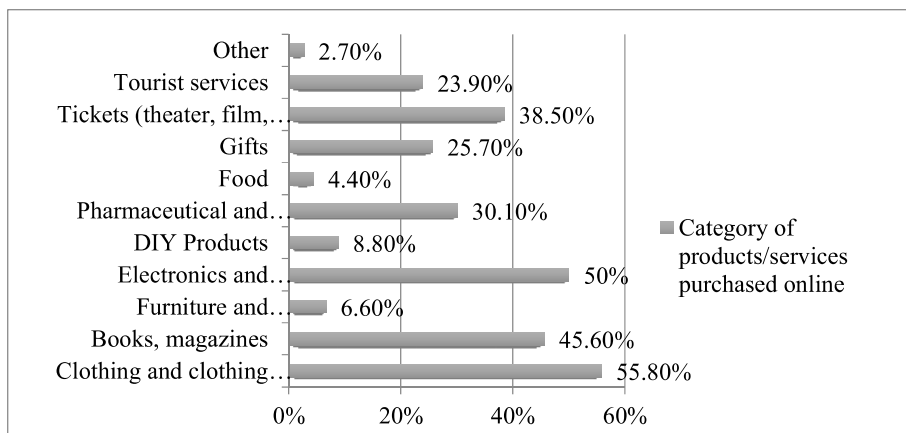
Now, in order to fulfill the objectives for the study, are analyzed the responses in correlation with them.



**Figure 1 – Representing the reasons of purchasing products/services online**

In Figure 1 are represented the most common reasons why respondents use to buy from online stores. It seems that most choose online from the convenience (49.1%) and for the fact that prices are lower than in a physical store.

Also, through e-commerce sites can find a wide variety of products (41.2%) respondents declaring in a proportion by 38.9% that can easily compare products. It can be seen that very few (3.1%) consider online shopping as a "fashionable" activity.



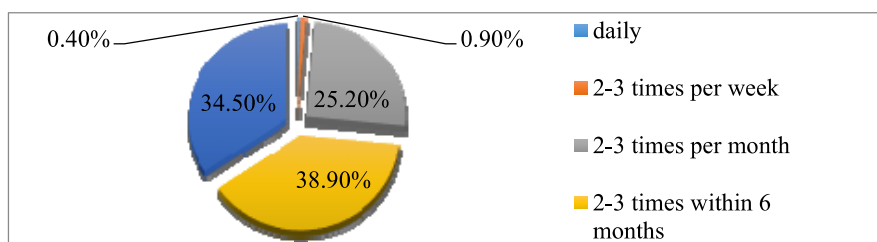
**Figure 2 – Representing the categories of products/services purchased online**

Respondents were asked which products/services used to buy by placing orders online, and according to Figure 2 on the first place is ranked the category Clothing and clothing accessories, with a percentage of 55.8%, the 2nd place Electronics by 50%, 3rd place is occupied by Books and magazines, and 4th by tickets, with 38.5%.

Also, a modest percentage is allocated to Pharmaceuticals and cosmetics, with 30.1%, Presents, 25.7% and tourism services, 23.9%.

In contrast, in the bottom of the ranking are DIY products (8.8%), furniture and decoration items (6.6%) and food products (4.4%).

So it appears that Romanians choose to buy non-perishable products, which they know (clothing, accessories, electronics, books), but as we can see, the top categorie prices are more favorable in the online environment.



**Figure 3 – Frequency of purchasing products by placing orders online**

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According to Figure 3, 38.9% of respondents place orders 2-3 times in 6 months and 34.5% buy online up to 3 times a year. It seems that only 25.2% choose to purchase products/services 2-3 times per month.

Regarding placing orders daily (0.4%) or 2-3 times per week (0.9), it was expected that the results will be extremely weak. On the bright side, more than half placed several orders every 5 to 6 months.

Through this reveals that Romanians buy durable products that do not involve their change in a shorter time than 6 months.

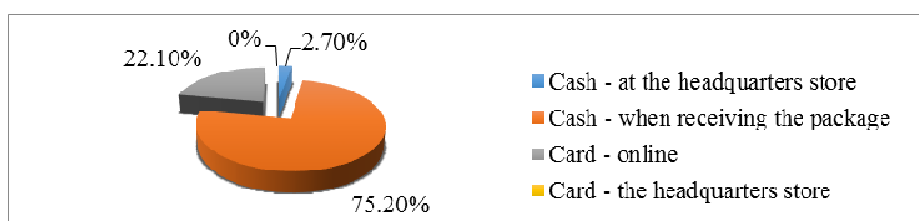


Figure 4 – Representing the preferred payment methods by respondents

Figure 4 shows the preferred online payment methods by Romanian, so that, the majority of those investigated prefer cash - when receiving the package. Certainly, the reason why choose this payment method is that the user feels safe and have more confidence to pay cash.

Also, 22.1% of respondents choose to pay online with the card. This is pleasing, as users begin to understand the advantages of this method of payment. As regards the payment at the headquarters of the store, where this possibility is offered to customers, it seems that is selected cash to the detriment of of using the card.

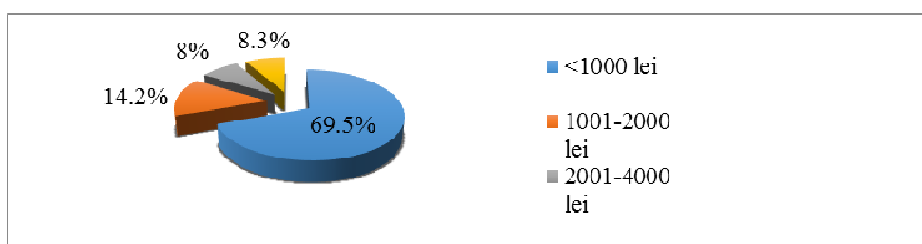
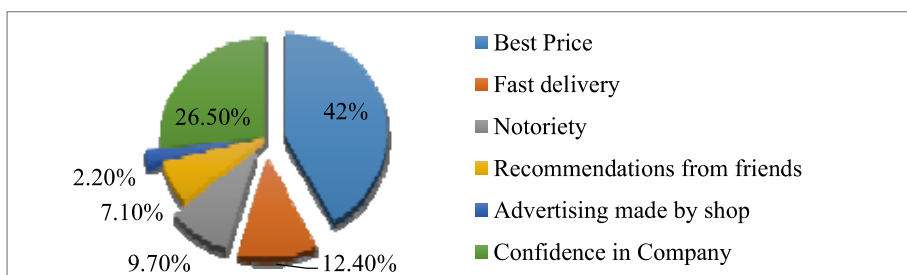


Figure 5 – Structuring respondents by the average annual amount spent online

Annual average spent by consumers online, as shown in Figure 5 is for 69.5% of respondents under 1000 lei, and for 14.2% is between 1001 and 2000 lei. It is noted that 8% of respondents spend annually between 2001 and 4000 lei.

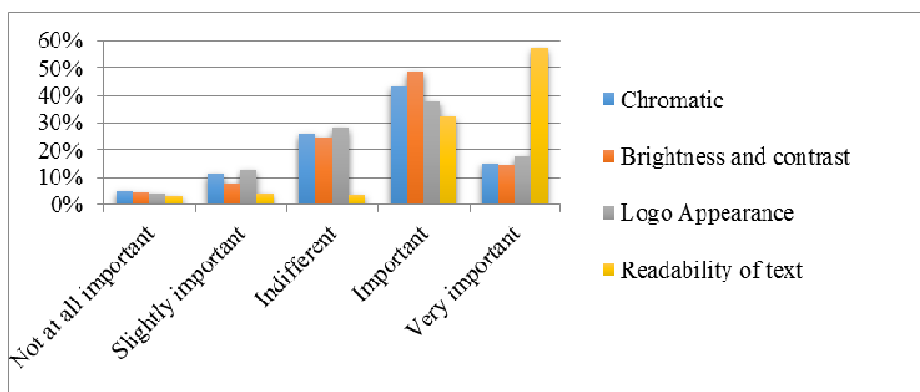
Calculating an average of these values, it is found that an common consumer spends annually about 1719 lei in the online environment.



**Figure 6 – Structuring of respondents by the most important criteria of choosing online stores**

Through Figure 6 is shown the sample structure after the main criteria underlying the choice of online shops and it may be noted that 42% of respondents choose an online store that it prices after practice, 26.5% of them attaches great importance to confidence in the company, 12.4% are interested in a quick delivery, 9.7% trust firms notoriety, unlike the 7.1% of respondents who choose a store based on friends' recommendations because they ensure that the service / product will be received as expected and only 2.2% take into consideration the store advertisement.

The fact that the e-commerce market has developed in recent years in Romania, led to an increase of competition, so in order to survive, companies must become competitive and to allow it to offer a great price-quality ratio for the customer, because, as is clear from the analysis results, a customer seeks a cheap and good online product.



**Figure 7 – Establishing the importance given to web page design**

Regarding the importance that users attach to a web page design, as shown in Figure 7, the majority considers the chromatic, brightness and contrast as being



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important, to allow the potential customer to browse the company's website, without to be tired of lights and strong colors. It is noted that it attaches great importance to the readability of the text, since it is necessary to understand the message sent by the company to be able to sell.

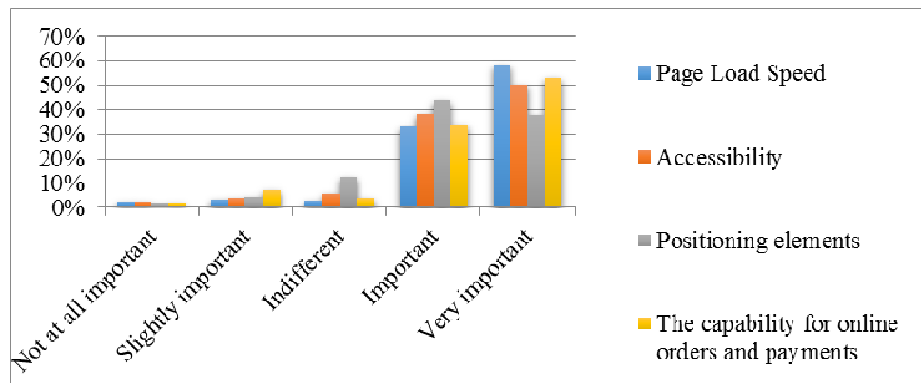


Figure 8 – Establishing the the importance given to web page functionality

As regards the importance given to the functionality of the site, most of the respondents consider that page load speed, accessibility offered by the operating system and browser, and the possibility of making online orders and payments are very important in order for that online shop to be accessed from anywhere, by anyone, since without these important elements can not fulfill its intended purpose.

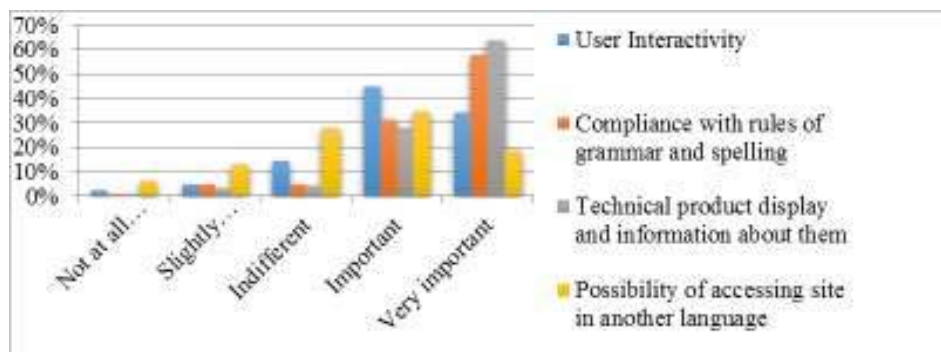


Figure 9 – Establishing the the importance given to web page content

Great importance is given to the art of presentation of products and information about them, because the customer wants to find quickly all information relating to the

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product that will be purchased. Compliance with grammar and spelling rules shows how serious is the company of that website and how much it respects their customers as evidence the respondents consider this as very important. Regarding the possibility of accessing the site in another language, most consider it important, but there are people who are indifferent at this.

According to Figure 9 user interactivity is important because the customer feels he is special and develop trust for that online store.

When asked if they encountered problems after placing an order online, 63.7% of respondents said yes, while 36.3% of respondents said they had no problems.

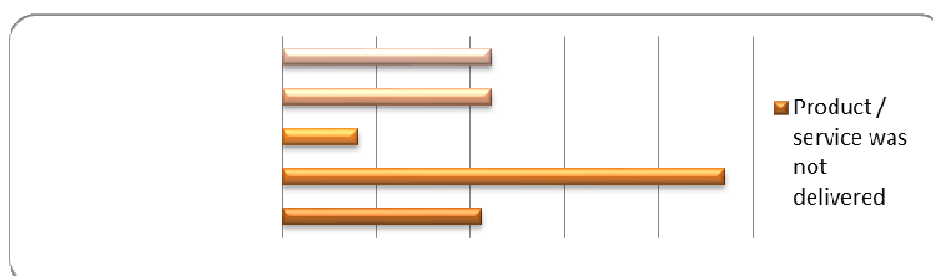


Figure 10 – Representing the most common problems with online shops

In point of the Romanian consumer issues in relation to online stores, it seems that about 24% of them have experienced delivery problems because they have received the goods much later than they should have. Around 11-12% of respondents faced difficulties regarding the impossibility of returning goods, receiving a different product from the one ordered or nonconforming product. Approximately 4% of respondents received an unsealed package, caused by bad delivery.

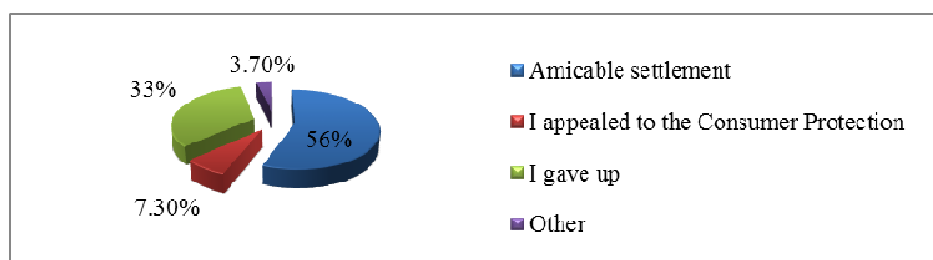


Figure 11– Representing the methods of solving problems

With the aim of determine what are the reactions of the parties involved in issues raised and how they shall be settled in Figure 11 I have tried represent these methods.

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It seems that 33% of respondents have abandoned, so this reflects that there are unreliable online shops that do not comply with the customers and having as interest only their own gain.

Also, it looks and how comfortable are Romanians when it comes to performing certain steps, as only 7.3% appealed to Consumer Protection. I believe that poor consumer information leading to such situation which are to their disadvantage.

However, most of them say they have agreed friendly with the store, so they will not destroy in the future the relationship created. This approach is correct in respect of both online store and the customer, since very often it is about some misunderstandings, unintended errors that can be solved very easily, without the hassle. I believe that a customer who makes a complaint directly to the store, is a customer who cares, and that company must be receptive to such warnings showing customers that they are the most important and their opinion matters.

### **Conclusions**

In conclusion, electronic commerce offers unique opportunities: it can generate lower costs, increase gains and operational efficiency for those companies that aim to build competitive advantage in today's economic environment. To have an Internet access and online presence has become essential in modern business, especially as the line between shopping, browsing, work and games via the Internet began to fade for most online users. Considering the current situation, the need for Romanian enterprises to adapt to the new realities of the Internet economy is very evident, therefore, electronic commerce is the competitiveness key of enterprises in the informational era.

So, commonly Romanian consumer from e-commerce market is characterized as being young, feminine, from urban areas, with secondary education, even higher, with a modest income, between 1000 - 1700 RON.

Therefore, the study shows that most prefer shopping online for convenience, but also for the low price and the variety of products available on the e-commerce websites, and regarding the frequency of placing orders online, most many of the interviewees give 2-3 orders within 6 months. Calculating an average, it is found that a common consumer spends annually about 1719 lei in the online environment, amount correlated with income levels of respondents. It is noted that the respondents pay particular attention to the sites and are interested about e-commerce sites that are offering an affordable price and they inspire confidence and trust. However, it appears that web design influences the purchasing decision, consumers considering the most important being the readability of text.

Also, a functional site that presents original elements leads users to remain on that site, page load speed being an extremely important element, especially in busy periods such as holidays. Regarding the content of the webpage, customers expect that on an e-commerce website they can easily find data about the company, information

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about products, payment methods accepted, the possibility of returning products and efficient delivery methods, all these inspiring trust. It is important to note that inappropriate content, or which can not be controlled and managed properly, both in terms of design and aesthetics, functionality and as well as the information it encompasses, the online store can turn into its own enemy.

As regards problems arising from the relationship with online stores, most of them had delivery problems, the impossibility of returning goods or receiving a different product from the one ordered, and their solution was through an amicable settlement. This approach is correct in respect of both online store and the customer, since very often it is about some misunderstandings, unintended errors that can be solved very easily, without the hassle.

Finally, I believe that through this research paper I managed to answer the basic question of the study, according to which online store has a large influence on consumer purchasing decision. Also, this result is obtained by fulfilling the objectives, which have contributed to shaping an online consumer profile in Romania.

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