

ASPECTS OF E-COMMERCE USAGE

Ljiljana Zekanović-Korona

*Department of Tourism and Communication Sciences
University of Zadar*

Obala kralja Petra Krešimira IV 2

ljkorona@unizd.hr

Božena Krce -Miočić

*Department of Tourism and Communication Sciences
University of Zadar*

Obala kralja Petra Krešimira IV 2

krceb@unizd.hr

Nataša Šalić

*Department of Tourism and Communication Sciences
University of Zadar*

Obala kralja Petra Krešimira IV 2

natasa.salic@gmail.com

Abstract. *The potentials of the Internet as a network of networks cause significant shifts in contemporary theory and practice. By getting insight into modern economies, we can observe the changing focus of producing activities “moving” from the material domain into the field of services, and information becomes a basic resource of business. The development of the Internet and the concept of e-business that comprises carrying out business activities in virtual space, create new e-markets. Theoretically speaking, the inability to control the Internet breaks all limits considering the types of services being offered on the Internet and the ways of providing them. The aim of this research was to find out to which extent modern users of computers and the Internet utilize the potentials of e-learning. The research has been conducted on 100 randomly selected respondents from Zadar, aged 18 to 65, with different professional and educational backgrounds. The survey was made up of 17 questions. The respondents’ opinions on various aspects of utilizing e-marketing were statistically elaborated. Further analysis of the data included different statistical procedures used in analysing motives and levels of using e-marketing.*

Keywords. *Internet, technology, business, economy, electronic commerce.*

1. INTRODUCTION

The rapid development of the Internet has brought about changes in the overall economic activity, opening up new possibilities for a completely new concept of electronic business, which means conducting business activities in virtual space. This leads to the creation of

electronic markets, new types of partnerships within virtual organisations and changes in the concept of conducting business activities. Virtual organisations is place for every kind transactions and all forms of job and have a millions customers and vendors.

As in the classical market environment, in the world of electronic commerce likewise, based on customer needs, innovative products are made using sophisticated information and technology. Whether we like it or not, we can say that the technology today controls human life. The use of new technologies has become an inseparable part of human daily life and it is not a choice but a necessity. Željko Panian, in his book, „The Challenges of Electronic Business“, says that „investment in technology means discovering new business opportunities, counteracting trends and appearing in the new markets more quickly.“¹

In the simplest way, electronic commerce may be defined as a sale and purchase of products and services via the Internet. The e-commerce can be defined as a modern business methodology that addresses the needs of organizations, merchants and consumers to cut costs while improving the quality of goods and services and increasing the speed of service delivery, by using Internet.² Different authors relate e-commerce and e-business, so some find elements in which they overlap, others see e-commerce as the sales aspect of electronic business, whereas some others view these two concepts as

¹ Panian, Ž : The Challenges of Electronic Business, Narodne Novine d.d., Zagreb, March 2002. p.10

² Goel, R. : E-commerce, New age international Pvt Ltd., Lucknow, 2007. p. 1

synonymous. Electronic commerce is most frequently conducted using World Wide Web, but e-mail is also used in the process of electronic commerce.³

The concept of electronic business is applicable in all business sectors, although there are activities in which it has achieved much greater success than in others, and these include: online sale of one's own goods and services, electronic commerce, online entertainment and relaxation, electronic banking, online financial transactions, electronic publishing.

2. CHARACTERISTICS AND ASPECTS OF ELECTRONIC COMMERCE

Electronic commerce (e-commerce) is usually defined as a trade which encompasses all commercial transactions. Commercial business is amongst the most widespread business activities.

As in traditional commerce, divisions may also be made in this form of trading depending on who the participants are on the side of sale and demand, so that we have classical trading between customers, the state and businesses on both ends of the sales chain. The aim of this paper is to observe the behaviour of consumers in the Business-to-Consumer (B2C) market. This form of trade began to develop in 1984 when Mrs Snowball,⁷² as the first online home shopper made a purchase at Gateshead SIS/Tesco.⁴ Although a period of 36 years does not represent in history or classical trade a significant period for change, this period in e-commerce was sufficient to bring about a complete change in the concept of thinking on both sides of the sales process (vendor and customer).

From the vendors' point of view, the motivation for engaging in e-commerce lies in the possibility of a better use of resources in order to win over new customers, and open new markets in order to obtain better results. From the customers' point of view, the motivation for the involvement in the process of e-commerce can be found in greater comfort and convenience of shopping and the possibility of a better selection of vendors as there is a wider availability of information about the offer on the market. Both sides find their interest in a simpler and cheaper transfer of documents and information, a better interaction and communication process and a greater possibility for the analysis of the process and achievements in the process of trading.

It is obvious that both parties find certain disadvantages in their involvement in e-commerce,

the most important of which are related to protecting confidentiality and privacy of personal information in order to prevent their abuse or its possibility as well as increased distrust between the parties in the process of e-commerce, above all their physical separation and thus the resulting not knowing each other.

Today there is a significant increase in the abuse of this technology and the business context created by it, which has reached its extreme proportions in the so-called computer crime, recently even organised.

We live at the time when an increasing number of elements of information technology is being introduced and when the paradigm of virtual reality imposes itself as an unavoidable fact, in other words, when electronic commerce becomes a condition without which business cannot be done properly.

The vendor is a vital party in any form of trade, electronic commerce included, most frequently through a virtual shop or a sale centre. However, some vendor's activities in electronic commerce are significantly different from those in classical trading so that new tasks open in which the vendor engages and some old ones disappear. The electronic trader may be a manufacturer and a distributor at the same time, but he may appear as a distributor only. The web sites of e-traders are much more market oriented than average web sites; they support and conduct serious marketing activities. In terms of expenses, distribution through web sites brings cost benefits. However, a disadvantage of such trading is the lack of manufacturers' offer of good quality supporting services (delivery, payment, special packaging, advice, etc.) which traders usually provide.

The new way of trading requires the adoption of new knowledge and the adaptation to new conditions, both by vendors and customers. Thus there is an understanding of the essential features of virtual reality as a space within which trade is conducted and which transfers the business interest into the area of exterior, particularly market oriented activities.

In e-commerce special attention should be paid to the following: automation, security and stability in business. Automation leaves the IT infrastructure to carry out as much work as possible in order to reduce the proportion of human error in business processes. This is achieved by robust, relatively complex and extensive web applications.

The software solution for automation is identified with the popular web shop solution and often includes „all-in-one“ (software, SSL and credit card authorisation). Security solutions to e-trade are achieved in practice by using SSL technologies along with the use of „open source“ transactional database systems (Oracle, MS SQL, DB2, Postgre and even MySQL) and an

³ Bajaj, K.K.; Nag, D.: E-commerce : the cutting edge of business New Delhi, Tata McGraw-Hill Pub., 2005. p.14

⁴ Videotext takes Gateshead Tele-shopping into the home The Incorporated Engineer, Journal of the IEEE. London September 1984 p6

additional application of encryption algorithms (usually MD5 and RC4 of hash function)..⁵

3. METHOD

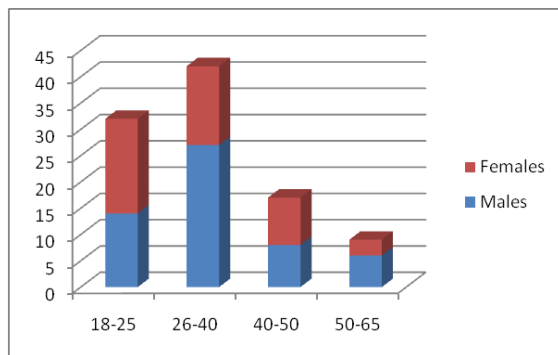
The study was conducted during 2009 on a random sample of 100 randomly selected participants between the ages of 18 and 75.

The method used was to anonymously fill out a questionnaire comprising of seventeen items by circling one of the given answers. The results were analysed by means of descriptive statistics using Microsoft Excel.

4. RESULT AND DISCUSSION

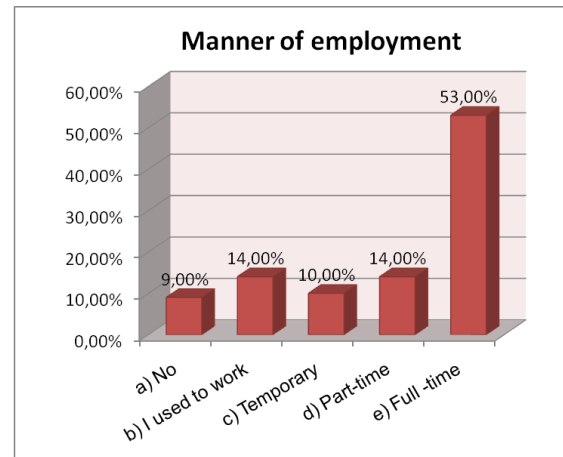
The population graph shows the percentage of male and female participants as well as their age. The total number included 55 males and 45 females. Most participants were between the ages of 26 and 40. (Fig. 1)

Figure 1. The population graph



The answer to the first item in the questionnaire gives us the structure of the participants with regard to the manner of employment. Most participants are full-time employees. Those who answered that they had no work experience or worked on a temporary basis were students. (Fig. 2.)

Figure 2. Manner of employment

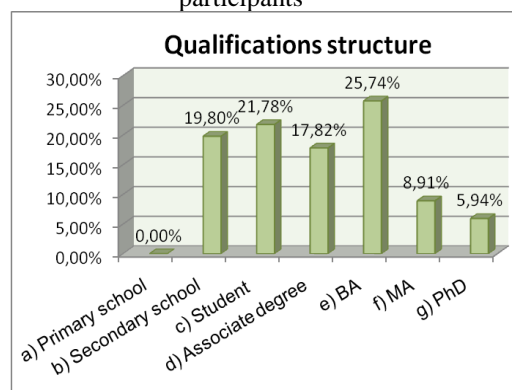


From the graph it can be seen that more than half of the participants are full-time employees. The arithmetic mean is 18.2 and the standard deviation is 18.1372, which indicates that there is a great deviation from the arithmetic mean. The variation coefficient is 99.65 %, and the range of data variation is 43. This analysis shows that in our sample there are significant differences in the manner of employment and that the group of full-time employees prevails.

As far as qualifications are concerned, it is evident that all participants are educated. There were no participants in the group of those who completed only the primary school, and most participants are highly educated, which is indicated by the median (M= 26); students who are still in the process of education follow them(Mod. = 18).

(Fig. 3)

Figure 3. Qualifications structure of participants



From the analysis of the fourth item (Fig.4.) it can be seen that the vast majority of participants use the computer every day.

⁵<http://www.webmajstori.net/forum/showthread.php?p?t=11630> , 20.01.2010.

Figure 4. Item 4

Item 4-I use the computer	
a) I don't use the computer	1,00%
b) Once a week	0,00%
c) Twice a week	5,00%
d) Several times a week	6,00%
e) Every day	88,00%

From the analysis of the results it can also be seen that the computer is used every day to check email, surf the internet ,play and have fun and online banking.

Figure 5. shows that users do not use e-commerce due to their concern rather than the actual negative experiences.

We wanted to know how many participants made use of the possibility of e-commerce.53% of them said they used e-commerce, 42% of whom did it sometimes and 11% often. Most of the highly educated participants shop on the Internet, including those with an MA and a PhD. On the Internet they usually buy travel tickets or book or book accommodation.(Fig. 6)

Figure 5. My reasons for not using e-commerce

My reasons for not using e-commerce	
a) They don't accept all credit cards	14,67%
b) concern about reliability of personal information	45,33%
c) Inadequate customer support	1,33%
d) undue delivery of goods	8,00%
e) Other	30,67%

Figure 6. Usually buy

What do you usually buy?	
Books	15,44%
Clothes	4,70%
Cosmetics	5,37%
travel ticket	16,78%
book accommodation	12,08%
computer software	6,04%
Other	9,40%
I don't buy anything	30,20%

In item 9 that talks about security e-commerce, 13% of the participants said they did not trust online shopping and these do not use e-commerce. Given that 27% of the participants said they trusted trade companies on the Internet, 13% said they did not trust such trade at all, and 60% said they only partly trusted it, it can be concluded that customer confidence in purchasing products over the Internet has not still reached a satisfactory level.If we analyse the answer to the question on the confidence in online shopping by gender, we can notice that there are more women who partly trust online shopping (66.6 %) than men (56.36%). In our sample there are more men than women , but it can be seen that a smaller percentage of women say they do not trust online shopping at all compared to men. Pearson correlation coefficient is 0.996, which means that there ia a strong positive correlation between men and women in the ansewr to item nine. People in general think that women unlike men are reluctant to purchase online. On the contrary, NPD research found that women tend to shop online more than men in most product categories.⁶

4. CONCLUSION

With the development of the Internet, there began the development of the concept of electronic business which implies operating business activities in virtual space. New electronic markets and new types of partnerships within virtual organizations are being formed often based on extranets. Electronic commerce is a trade which encompasses all commercial transactions between individual, physical persons or companies and is conducted via electronic network. The vendor in e-business conditions is confronted with new tasks when compared with traditional business.

Establishing an electronic point of sale is a creative process, which along with the very decision about the establishment of the point of sale requires opening, creating and maintaining websites. If we want to set up a web shop, we should know what we wish to sell, what the possibilities of manufacturing the product are, who will purchase the product or service and finally whether its sale will cover the costs and make a profit. Only after a detailed analysis of the aforementioned, can one set out to establish a web point of sale.

The investigation shows that e-commerce in Croatia is not used enough and there is still much space for the development of this way of trade. In America is value of the Internet retail reash more than 70 biliards US dollars. At the time of financial crisis that we are currently undergoing, e-commerce

⁶ Goel, R : E-commerce, New age international Pvt Ltd., Lucknow, 2007. p. 10.

becomes very interesting because it reduces business costs. It is necessary to work on the security of this manner of shopping and educate the population to use e-commerce. The most developed segment of e-business in Croatia is electronic payment through the system of internet banking. This is supported by the information released in 2008 by the Croatian National Bank according to which more than 433,000 citizens and more than 135,000 businesses used the system of internet banking. This number is even bigger today and there is a growing number of m-payment users, where the mobile phone is used as the terminal device. There is also an increase in e-commerce from one year to the next, but for reasons of insecurity, people are still averse to this kind of shopping. Very often the reason for distrust in e-commerce is pure caution and a fear of credit card abuse, while the insecurity of the system of e-commerce itself is of a lesser importance. Vendors who introduce web trade should devise a good marketing campaign to win over customers, and the

customers should use safe methods of payment and goods delivery as well as check the quality of the purchased products.

5. LITERATURE

- [1] Panian, Ž : The Challenges of Electronic Business, Narodne Novine d.d., Zagreb, March 2002.
- [2] Videotext takes Gateshead Tele-shopping into the home The Incorporated Engineer, Journal of the IEEE. London September 1984.
- [3] Goel, R : E-commerce, New age international Pvt Ltd., Lucknow, 2007.
- [4] Bajaj, K.K.; Nag, D.: E-commerce : the cutting edge of business New Delhi, Tata McGraw-Hill Pub., 2005.