



E-Commerce Impacts Consumers, Entrepreneurs

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1. Introduction

Before the arrival of e-commerce, consumerism is based off a network of people: the ones who manufacture, sell and purchase. With the introduction the internet, it has allowed the middle man to be cut from the equation. What this means is that people who once relied on sourcing products from different factories or countries, will have to find different ways of adding value in order to make a living. There are a few companies which have recognized the need for such services and have jumped on what can be called 'middleman operations'.

Airbnb, Uber and Ebay are all a part of this new infrastructure of consumerism, offering convenience and supplying demand. Setting up an online company is fair low cost and is an effective solution to tapping into a market that has become acclimated to instantaneous results. Furthermore, a salesman only has enough time to meet a fixed number for people daily, but creating a platform that allows potential clients or customers to access data is far more efficient.

In this rather new industry, it can be easy to come up with an idea that does not yet exist, becoming the forerunner and reaping the benefits of proper application. Take for example, Boomerater.

Frustrated at the lack of resources that could assist them in finding elderly care for their parents, it spurned an idea in Rami Weiss', their son-in-law. This led him to creating a website that could help others in their position. He began seeing a profit after just four months of the website going live.

Despite being free to use, it generated revenue from advertisers who were attracted to its niche demographic of babyboomers which is another factor in the success of applications or websites that facilitate such services.

Advertisements may play a big part in helping startups and other businesses stay afloat, but they are not the only thing generating profits. Applications such as Grab or Airbnb simply take commissions out of successful bookings, which helps them stay self-sustaining even without advertisers.

Depending on how valuable a service is, one may potentially charge a subscription. Netflix and Hzone, a dating platform for HIV positives, is stringent on this as they provide for a high demand. Spotify, on the other hand, has a free subscription which is supplemented by advertisements.

Another option for business-owners is to claim a fee from one party. Many dating applications that cater to high-end customers – such as sugar daddies – may employ this method.

This gives consumers a higher level of control over what they are interested in. However, Taobao has taken one step further by using a function that allows consumers to search for exact replicas of what they are looking for. This means that if they are window shopping and they come across a product that they really like but is dissatisfied with its price, they can snap a picture of it and enter it into the search engine where it will match up with their existing database and provide relevant results.

While this might also encourage counterfeit sales, there is no stopping the market as long as the demand exists. Perhaps in the future, we may see more stringent laws or platforms that employ ethical practices. Tmall and Taobao were recently sued over selling Mary Kay products without proper authorization. The reports say that consumers were “disgruntled” and experienced allergic reactions to the products. Whether or not it was a genuine case of allergies is unknown as the products may or may not be authentic, seeing as they did not come with proper authentication codes.

This is one of the problems that vast marketplaces may face: blatant infringement of copyright. As shared by one NYTimes writer in regards to finding a model holding a sign which said ‘Capitalism Will Collapse From Within’ on Alibaba, “I spotted the phrase in an artwork by Elmgreen & Dragset, the duo behind Prada Marfa. Perhaps this was simple copy-and-paste luck, refracted through the prisms of international trade and e-commerce until it exposed a sinister truth.”

The truth being that AliBaba, an online commerce giant which has dwarfed Ebay in terms of returns and named for One Thousand and One Nights, will bring about the collapse of capitalism. When what you want can be found at a ridiculous miniscule amount of money, how then, will the industry survive its own competitive pricing? Perhaps the more serious question is, how are these products being mass produced at such low rates? How does the labour that goes into fabricating a t-shirt plus its materials become lower than an hour’s average wage? Furthermore, the pollution and wastage that must be generated every year, trying to satisfy an army of consumers who are always on the lookout for what is fresh or new must be astronomical.

While e-commerce has its benefits for both business owners and consumers alike, there are plenty of pros and cons that need to be considered. In an ideal world, everything would be made to order and recyclable. However, that is not that case and there should be regulations in place for overproduction.

2. E-commerce

E-commerce (short for "electronic commerce") is trading in products or services using computer networks, such as the Internet. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply in chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection. Modern electronic commerce typically uses the World Wide Web for at least one part of the transaction's life cycle, although it may also use other technologies such as e-mail.

3. Entrepreneurs Spur Economic Growth

New products and services created by entrepreneurs can produce a cascading effect, where it stimulates related businesses or sectors that need to support the new venture, furthering economic development.

For example, a few information technology companies made up the IT industry in India during the 1990s. The industry quickly expanded and many other sectors benefited from it. Businesses in associated industries—such as call center operations, network maintenance companies, and hardware providers—flourished.

Education and training institutes nurtured a new class of IT workers who were offered better, high-paying jobs. Infrastructure development organizations and even real estate companies capitalized on this growth as workers migrated to cities where employment was growing.

Similarly, future development efforts in underdeveloped countries require robust logistics support, capital investments, and a qualified workforce. From the highly qualified programmer to the construction worker, entrepreneurship benefits a large part of the economy.

4. Entrepreneurs Add to National Income

Entrepreneurial ventures help generate new wealth. Existing businesses may remain confined to existing markets and may hit the glass ceiling in terms of income. New and improved products, services or technology from entrepreneurs enable new markets to be developed and new wealth to be created.

Additionally, increased employment and higher earnings contribute to better national income in the form of higher tax revenue and higher government spending. This revenue can be used by the government to invest in other, struggling sectors and human capital. Although it may make a few existing players redundant, the government can soften the blow by redirecting surplus wealth to retrain workers.

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