

E-COMMERCE – AN EXPANDING ALTERNATIVE OF THE TRADITIONAL SALE IN THE WORLD AND IN ROMANIA

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***Abstract:** The electronic commerce has lately become an extremely viable alternative of the traditional sale, with multiple advantages both for buyers and for sellers. The research aims at determining the dimension of this type of commerce worldwide and in Romania, but especially the forecasts related to this form of commerce.*

***Key words:** electronic commerce, sales, Internet*

INTRODUCTION

Nowadays, selling is more than just a commercial transaction (to give a product or to provide a service for a sum of money); selling today is first and foremost to try to build long-term relationships, to achieve the loyalty of the customers, to make them return to the organization. (Brutu M., 2009, p. 12) [2].

"The sales is *the phenomenon of human-driven interaction between and within individuals/organizations in order to bring about economic exchange within a value-creation context.*" (Dixon A., Tanner Jr. J., 2013, p. 9) [3].

Bill Donaldson points out that selling is of great importance to organizations, and despite this obvious fact, specialized literature only sporadically touches this issue. In practice, however, things are different, meaning that the competitive firms give a great importance to this activity. (Donaldson, 1998, p. 3) [4].

Another alternative of the traditional sale which is **the sale on the Internet**. Operating twenty-four hours of twenty-four and seven days out of seven without needing too much supervision, the ecommerce sites can expand the accessibility area if a company beyond its normal working hours, without any restriction related to the localisation in space (Stone B., Jacobs R., 2004, p. 256) [9].

MATERIALS AND METHODS

E-commerce is the buying and selling of goods and services over the internet. Recognizing the value of e-commerce, traditional companies also jumped online. Today it's almost impossible to do business without embracing ecommerce [12].

The relative paucity of regulations and customs on the Internet makes consumer familiarity and trust especially critical in e-Commerce case (Gefen D., Straub D., 2004, p. 407) [5].

E-commerce [14] (electronic commerce or EC) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet. These business transactions occur either as business-to-business, business-to-consumer, consumer-to-consumer or consumer-to-business. The terms e-commerce and e-business are often used interchangeably. The term e-tail is also sometimes used in reference to *transactional processes* for online shopping.

E-commerce has the role of changing the way businesses work, giving organizations the opportunity to expand their markets and attract more customers. Through the Internet and e-commerce, customers make important time savings. They do not have to go shopping anymore to see products and compare prices. However, this comfort sometimes brings a series of extra costs. (Allen E., Fjermestad J., 2000) [1]. There are comparing websites on the internet, where those interested can easily compare, the prices and the characteristics of the products (Pricescan.com is one of them). (Sinha I., 2000) [7].

E-commerce (Huang Z., Benyouce M., 2013, p. 246) [6] aims to attract a large number of customers by adapting Web 2.0 competencies, and this phenomenon has been called the social commerce

RESEARCH RESULTS

Obviously we can not speak of electronic commerce without Internet access (Internet [13] offers many facilities, the most well-known are interlinked hypertext documents and World Wide Web (WWW) applications, e-mail, telephony, and file sharing).

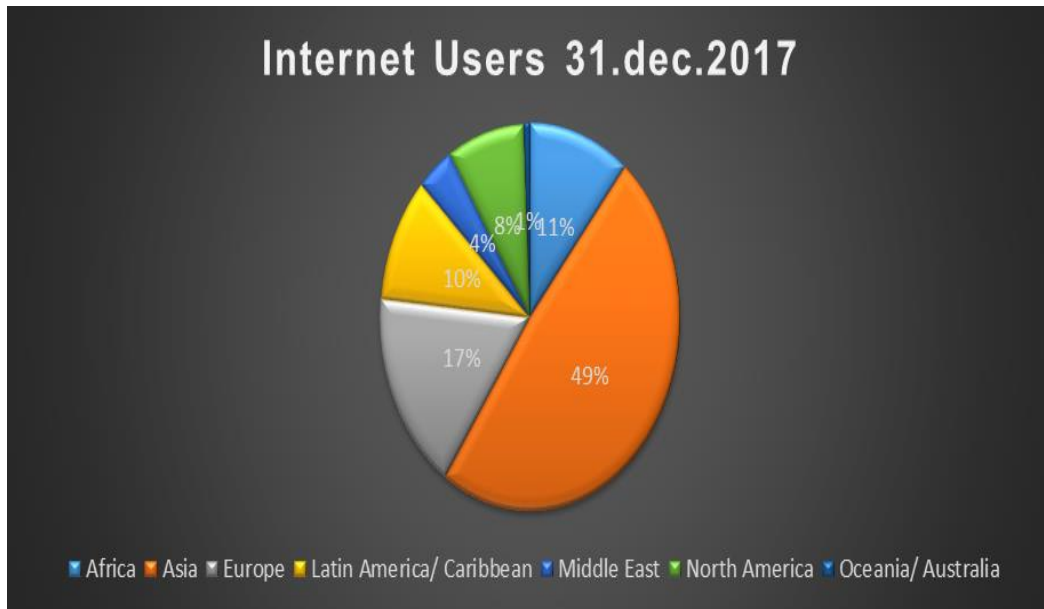
From the Internet World Stats statistical reports, we notice that December 31, 2017, 54.4% of the world's population uses the Internet, and between 2000 and 2018, the number of users increased by 1.052% (Table 1).

Table no. 1
World Internet Usage and Population Statistics – December 31, 2017

World Regions	Population (2018 Est.)	Population % of World	Internet Users 31 Dec 2017	Penetration Rate (% Pop.)	Growth 2000-2018	Internet Users %
Africa	1,287,914,329	16.9 %	453,329,534	35.2 %	9,941 %	10.9 %
Asia	4,207,588,157	55.1 %	2,023,630,194	48.1 %	1,670 %	48.7 %
Europe	827,650,849	10.8 %	704,833,752	85.2 %	570 %	17.0 %
Latin America/ Caribbean	652,047,996	8.5 %	437,001,277	67.0 %	2,318 %	10.5 %
Middle East	254,438,981	3.3 %	164,037,259	64.5 %	4,893 %	3.9 %
North America	363,844,662	4.8 %	345,660,847	95.0 %	219 %	8.3 %
Oceania/ Australia	41,273,454	0.6 %	28,439,277	68.9 %	273 %	0.7 %
WORLD TOTAL	7,634,758,428	100.0 %	4,156,932,140	54.4 %	1,052 %	100.0 %

Source: <https://www.internetworldstats.com/stats.htm>

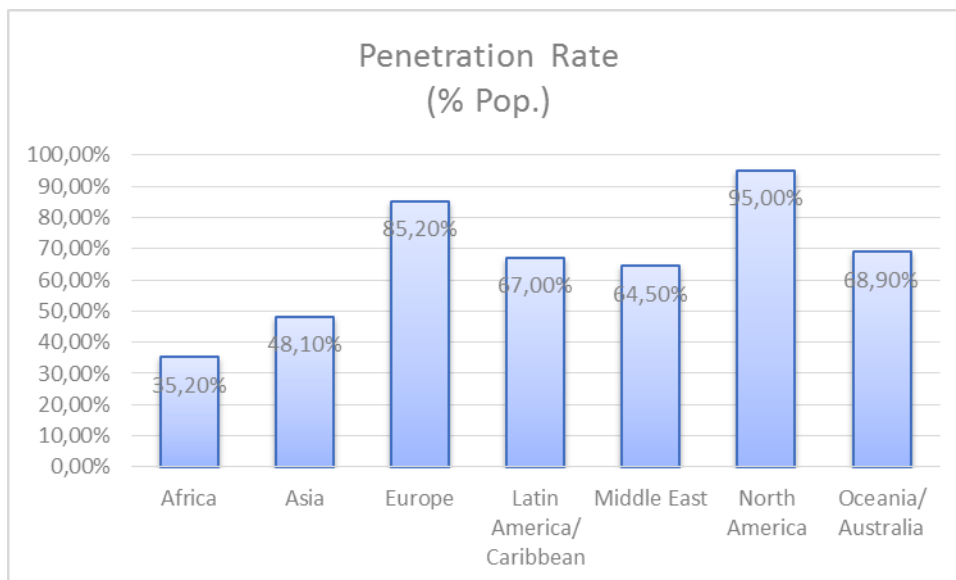
With a number of 2,023,630,194 Internet users, Asia hold the first place, followed at a great distance by Europe (704,833,752).



Graph 1: Internet Users

Source: Personal interpretation after <https://www.internetworldstats.com/stats.htm>

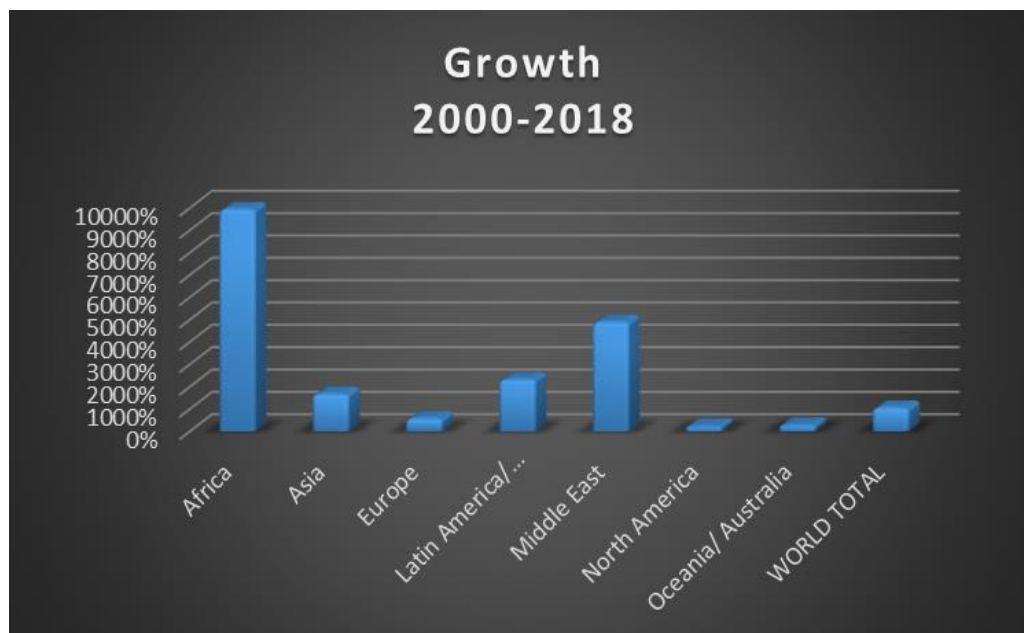
In relation to the penetration rate, North America holds the 1st place with a 95% share in the total population. Europe holds the second place at a distance of almost 10 percent (as can be seen in the chart below).



Graph 2: Penetration Rate

Source: Personal interpretation after <https://www.internetworldstats.com/stats.htm>

In relation to the increase in the number of users in the 2000-2018 period, Africa records, by far the most impressive increase: 9.941 %. At global level, the increase was 1.052 %, as can be seen in Table no. 1 and in the chart below.



Graph 3: Growth 2000-2018

Source: Personal interpretation after <https://www.internetworldstats.com/stats.htm>

As expected, English is the most widespread language on the Internet (25.3%), followed by Chinese (19.4%) and Spanish (8.1%).

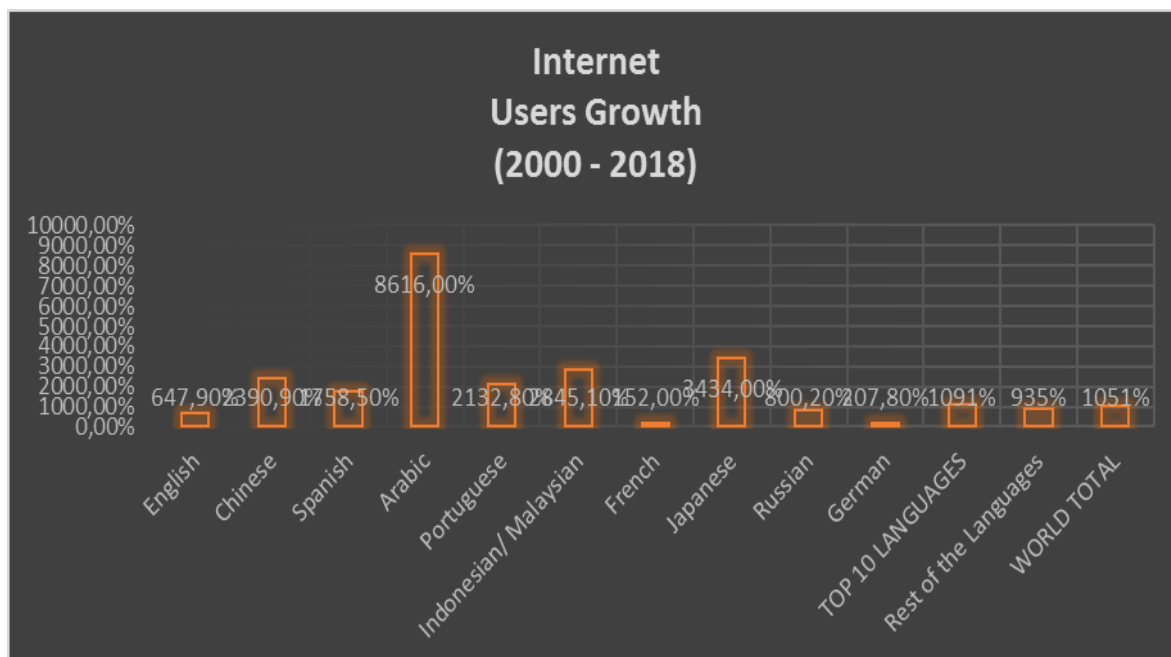
Table no. 2

Top Ten Languages Used in the Web – December 31, 2017
(Number of Internet Users by Language)

TOP TEN LANGUAGES IN THE INTERNET	World Population for this Language (2018 Estimate)	Internet Users by Language	Internet Penetration (% Population)	Internet Users Growth (2000 - 2018)	Internet Users % of World Total (Participation)
English	1,462,008,909	1,052,764,386	72.0 %	647.9 %	25.3 %
Chinese	1,452,593,223	804,634,814	55.4 %	2,390.9 %	19.4 %
Spanish	515,759,912	337,892,295	65.5 %	1,758.5 %	8.1 %
Arabic	435,636,462	219,041,264	50.3 %	8,616.0 %	5.3 %
Portuguese	286,455,543	169,157,589	59.1 %	2,132.8 %	4.1 %
Indonesian/ Malaysian	299,271,514	168,755,091	56.4 %	2,845.1 %	4.1 %
French	127,185,332	118,626,672	93.3 %	152.0 %	2.9 %
Japanese	143,964,709	109,552,842	76.1 %	3,434.0 %	2.7 %
Russian	405,644,599	108,014,564	26.6 %	800.2 %	2.8 %
German	94,943,848	84,700,419	89.2 %	207.8 %	2.2 %
TOP 10 LANGUAGES	5,135,270,101	3,206,613,856	62.4 %	1,091 %	77.1 %
Rest of the Languages	2,499,488,327	950,318,284	38.0 %	935 %	22.9 %
WORLD TOTAL	7,634,758,428	4,156,932,140	54.4 %	1,051 %	100.0 %

Source: <https://www.internetworldstats.com/stats7.htm>

But the biggest increase in the 2000-2018 period was recorded among Arabian speakers, i.e. 8.616%.



Graph 4: Growth 2000-2018

Source: Personal interpretation after <https://www.internetworldstats.com/stats.htm>

Turning to e-commerce, we can say that it has changed the way consumers shop. There's a big jump to make from brick and mortar to clicks and conversions, but these next couple of tips will show you exactly how you can increase your eCommerce store's conversion rate.

Currently, over 40% of Internet users across the globe make online transactions. This amounts to over **1 billion buyers** and, by 2020, this number will grow to 2.05 billion. With so many users logging in to check things out, it only makes sense that your business should start to plan its **eCommerce web** development strategy now! It can be a little intimidating entering the eCommerce game with giants like Amazon and Walmart vying for everyone's attention with fancy SEO services, but don't mind them. If you stick to your guns and focus on growing your audience, you'll find that your conversion rates will soar with the best of them [15].

Top 10 e-Commerce trends for future and Top 10 e-Commerce companies in the world are shown in the following figure (figure 5).

The main predictions for e-commerce in the world include [18]:

- Revenue in the "eCommerce" market amounts to US\$1,713,971m in 2018.
- Income is estimated to have an annual growth rate (CAGR 2018-2022) of 9.6% and is expected to reach \$ 2,472,788 million in 2022.
- The market's largest segment is the segment "Fashion" with a market volume of US\$480,912m in 2018.
- User insertion is at 37.4 % in 2018 and is predictable to hit 48.0 % in 2022.
- The electronic commerce in Romania was as at 31.12.2017 around the value of 2,345 million dollars. With 584,002 million dollars, China holds the first position, followed by USA (474,353.3 million dollars) and Japan with 105,487.4 million dollars [19].



Figure 5. Top 10 e-Commerce trends for future and Top 10 e-Commerce companies in the world

Source: <https://corporate.payu.com/blog/top-10-ecommerce-trends-2017> and <https://www.mbaskool.com/fun-corner/top-brand-lists/17194-top-10-ecommerce-companies-in-the-world-2017.html>

For 2018 [10], it is estimated that the 3-billion threshold will be exceeded. Nowadays, it is very easy to establish an online shop at accessible costs and to make efficient marketing campaigns meant to reach customers. Romanian traders must apply the new legislative changes imposed by the European Union, such as GDPR, the new General Data Protection Regulation that will come into force in Romania as well from 25 May 2018. "From that moment, online entrepreneurs will have the obligation to obtain the specific agreement for the use of consumers' personal data, and the latter can annul such agreement at any time. Among others, it will be compulsory to keep a record of the personal data processing activities, customers' information related to the elaboration of profiles based on such data and the communication of the purpose of the processing of such data", PayU officials note. In relation to the cross-border commerce, a recent survey shows that 55% of the Romanians who buy online have already purchased products from the websites of other countries. Moreover, more than 70% of the Romanian buyers who choose the online purchase alternative choose to buy from outside the country due to better offers or brands they cannot find locally, while 6 out of 10 mention that the more accessible prices are a decisive factor in this case.

On the other hand, according to specialists, in 2017, the most recent technological tools such as AI (artificial intelligence), AR (augmented reality) or VR (virtual reality) were mainly used by big e-commerce market players, especially in the FMCG [10] field.

The famous website www.statista.com [19] made the following predictions for e-commerce in Romania:

- Revenue in the "eCommerce" market amounts to US\$2,435m in 2018.
- It is estimated that revenue will indicate an annual growth rate (CAGR 2018-2022) of 11.5 % resulting in a market volume of US\$3,764m in 2022.

- The market's largest segment is the segment "Electronics & Media" with a market volume of US\$788m in 2018.
- User penetration is at 53.0 % in 2018 and is expected to hit 73.7 % in 2022.

CONCLUSIONS

Therefore, the term **electronic commerce** (Stephen R.P., 2003, p. 6) [8] becomes the standard designation that describes the part of sales of the electronic enterprises. It includes: the presentation of products on websites and filling in the order forms. When we hear about the formidable number of people who shop on the Internet and about how companies can create websites where they can sell their products, perform transactions, be paid, place orders, then we learn about **electronic commerce**. This is a dramatic change in how a company liaises with its customers, and the electronic commerce is booming.

In the economic schools, it is usually said that: *"the world of organizations keeps changing, the only constant thing is change"* (Stephen R.P., 2003, pp. 3-5) [8]. The most conclusive evidence of this is the Internet revolution. As we have seen lately, the Internet changes the organizations and how they operate, and electronic commerce rewrites part of the manner in which products are sold and promoted.

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