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E-Commerce and Non-Store Online Retail Environment

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Abstract

Non-store retailing is the selling of goods and services outside the confines of a retail facility. It is a generic term describing retailing taking place outside of shops and stores (that is, off the premises of fixed retail locations and of markets stands). The non-store distribution channel can be divided into direct selling (off-premises sales) and distance selling, the latter including all forms of electronic commerce. Distance selling includes mail order, catalogue sales, telephone

solicitations and automated vending. Electronic commerce includes online shopping, internet trading platforms, travel portals, global distribution systems and teleshopping. Direct selling includes party sales and all forms of selling in consumers' homes and offices, including even garage sales. Non-store retailing, sometimes also labelled home shopping, is consistently achieving double-digit growth, and slowly taking a bigger share of overall retailing. In the first quarter of 2014 online sales in the US represented over 6% of all sales. However, in product niches such as travel, books, and media, the share is significantly higher. As of March 2014, 19.5% of all book sales made by Amazon are for their Kindle e-book reader. Fashion and lifestyle brands have entered the non-store retailing space including Everlane, Dollar Shave Club and Tieks. According to Eurostat, 38% of European consumers consider the internet as the most important source of information about travel and 42% of consumers purchased travel services over the internet in 2008.

Keywords: E-Platforms in India, E-Commerce in India, E-Services in India

Introduction

Global distribution systems in the travel industry originated from a traditional legacy business model that existed to inter-operate between airline vendors and travel agents. During the early days of computerized reservations systems flight ticket reservations were not possible without a GDS. As time progressed, many airline vendors (including budget and mainstream operators) have now adopted a strategy of 'direct selling' to their wholesale and retail customers (passengers). They invested heavily in their own reservations and direct-distribution channels and partner systems. This helps to minimize direct dependency on GDS systems to meet sales and revenue targets and allows for a more dynamic response to market needs. These technology advancements in this space facilitate an easier way to cross-sell to partner airlines and via travel agents, eliminating the dependency on a dedicated global GDS federating between systems. Also, multiple price comparison websites eliminate the need of dedicated GDS for point-in-time prices and inventory for both travel agents and end-customers. Hence some experts argue that these changes in business models may lead to complete phasing out of GDS in the Airline space by the year 2020. On the other hand, some travel professional experts demonstrate that GDS still continue to offer the flexibility and bulk buying capacities for airline consolidators to reach travel agents that individual airline systems are not able to provide customer segments with wider choices. Their argument is, individual airline distribution systems are not designed to interoperate with competitors systems.

The non-store distribution channel is marked by low entry thresholds. Compared to store retailing that requires a retail outlet, inventory, cash flow to hire staff and advertising, non-store retail start-ups usually have to invest little to reach out to potential buyers of the goods and services they offer. Non-store retailing is therefore not only used by established brick and mortar business retailers who develop an online bricks and clicks business model presence, but also by the individual pure play, often him- or herself a consumer, to create an online store or to run sales parties. The rise of social media helps to connect sellers to potential buyers.

Under European Union law, non-store retailing is heavily regulated.[citation needed] The Distance Selling Directive 97/7/EC (incorporated into UK law as Consumer Protection (Distance Selling) Regulations 2000), the Doorstep Selling Directive 85/577/EEC, the E-Commerce Directive 2000/31/EC and Electronic Commerce Regulations 2002 and the Audiovisual Services Directive 2010/13/EU are the principal regulatory tools to deal with the most technologically intensive but also innovative distribution methods.

Lufthansa Group announced in June 2015 that it was imposing an additional charge of €16 when booking through an external global distribution system rather than their own systems. They stated their choice was based upon that the costs of using external systems was several times higher than their own. Several other airlines including Air France–KLM and Emirates Airline also stated that they are following the development.

However, hotels and car rental industry continue to benefit from GDS, especially last-minute inventory disposal using GDS to bring additional operational revenue. GDS here is useful to facilitate global reach using existing network and low marginal costs when compared to online air travel bookings. Some GDS companies are also in the process of investing and establishing significant offshore capability in a move to reduce costs and improve their profit margins to serve their customer directly accommodating changing business models.

In the United States, California's Electronic Commerce Act (1984), enacted by the Legislature, and the more recent California Privacy Rights Act (2020) enacted through a popular election proposition, control specifically how electronic commerce may be conducted in California. In the US in its entirety, electronic commerce activities are regulated more broadly by the Federal Trade Commission (FTC). These activities include the use of commercial e-mails, online advertising and consumer privacy. The CAN-SPAM Act of 2003 establishes national standards for direct marketing over e-mail. The Federal Trade Commission Act regulates all forms of advertising, including online advertising, and states that advertising must be truthful and non-deceptive. Using its authority under Section 5 of the FTC Act, which prohibits unfair or deceptive practices, the FTC has brought a number of cases to enforce the promises in corporate privacy statements, including promises about the security of consumers' personal information. As a result, any corporate privacy policy related to e-commerce activity may be subject to enforcement by the FTC.

The Ryan Haight Online Pharmacy Consumer Protection Act of 2008, which came into law in 2008, amends the Controlled Substances Act to address online pharmacies.

Conflict of laws in cyberspace is a major hurdle for harmonization of legal framework for e-commerce around the world. In order to give a uniformity to e-commerce law around the world, many countries adopted the UNCITRAL Model Law on Electronic Commerce (1996).
Internationally there is the International Consumer Protection and Enforcement Network (ICPEN), which was formed in 1991 from an informal network of government customer fair trade organisations. The purpose was stated as being to find ways of co-operating on tackling consumer problems connected with cross-border transactions in both goods and services, and to help ensure exchanges of information among the participants for mutual benefit and understanding. From this came Econsumer.gov, an ICPEN initiative since April 2001. It is a portal to report complaints about online and related transactions with foreign companies.

There is also Asia Pacific Economic Cooperation (APEC) was established in 1989 with the vision of achieving stability, security and prosperity for the region through free and open trade and investment. APEC has an Electronic Commerce Steering Group as well as working on common privacy regulations throughout the APEC region.

In Australia, Trade is covered under Australian Treasury Guidelines for electronic commerce and the Australian Competition & Consumer Commission regulates and offers advice on how to deal with businesses online, and offers specific advice on what happens if things go wrong.

In the United Kingdom, The Financial Services Authority (FSA) was formerly the regulating authority for most aspects of the EU's Payment Services Directive (PSD), until its replacement in 2013 by the Prudential Regulation Authority and the Financial Conduct Authority. The UK implemented the PSD through the Payment Services Regulations 2009 (PSRs), which came into effect on 1 November 2009. The PSR affects firms providing payment services and their customers. These firms include banks, non-bank credit card issuers and non-bank merchant acquirers, e-money issuers, etc. The PSRs created a new class of regulated firms known as

payment institutions (PIs), who are subject to prudential requirements. Article 87 of the PSD requires the European Commission to report on the implementation and impact of the PSD by 1 November 2012.
In India, the Information Technology Act 2000 governs the basic applicability of e-commerce.

In China, the Telecommunications Regulations of the People's Republic of China (promulgated on 25 September 2000), stipulated the Ministry of Industry and Information Technology (MIIT) as the government department regulating all telecommunications related activities, including electronic commerce. On the same day, The Administrative Measures on Internet Information Services released, is the first administrative regulation to address profit-generating activities conducted through the Internet, and lay the foundation for future regulations governing e-commerce in China. On 28 August 2004, the eleventh session of the tenth NPC Standing Committee adopted The Electronic Signature Law, which regulates data message, electronic signature authentication and legal liability issues. It is considered the first law in China's e-commerce legislation. It was a milestone in the course of improving China's electronic commerce legislation, and also marks the entering of China's rapid development stage for electronic commerce legislation.

For a long time, companies had been troubled by the gap between the benefits which supply chain technology has and the solutions to deliver those benefits. However, the emergence of e-commerce has provided a more practical and effective way of delivering the benefits of the new supply chain technologies.

E-commerce has the capability to integrate all inter-company and intra-company functions, meaning that the three flows (physical flow, financial flow and information flow) of the supply chain could be also affected by e-commerce. The affections on physical flows improved the way of product and inventory movement level for companies. For the information flows, e-commerce optimized the capacity of information processing than companies used to have, and for the financial flows, e-commerce allows companies to have more efficient payment and settlement solutions.

In addition, e-commerce has a more sophisticated level of impact on supply chains: Firstly, the performance gap will be eliminated since companies can identify gaps between different levels of supply chains by electronic means of solutions; Secondly, as a result of e-commerce emergence, new capabilities such implementing ERP systems, like SAP ERP, Xero, or Megaventory, have helped companies to manage operations with customers and suppliers. Yet these new capabilities are still not fully exploited. Thirdly, technology companies would keep investing on new e-commerce software solutions as they are expecting investment return. Fourthly, e-commerce would help to solve many aspects of issues that companies may feel difficult to cope with, such as political barriers or cross-country changes. Finally, e-commerce provides companies a more efficient and effective way to collaborate with each other within the supply chain.

Impact on employment

E-commerce helps create new job opportunities due to information related services, software app and digital products. It also causes job losses. The areas with the greatest predicted job-loss are retail, postal, and travel agencies. The development of e-commerce will create jobs that require highly skilled workers to manage large amounts of information, customer demands, and production processes. In contrast, people with poor technical skills cannot enjoy the wages welfare. On the other hand, because e-commerce requires sufficient stocks that could be delivered to customers in time, the warehouse becomes an important element. Warehouse needs more staff to manage, supervise and organize, thus the condition of warehouse environment will be concerned by employees.

Impact on customers

E-commerce brings convenience for customers as they do not have to leave home and only need to browse website online, especially for buying the products which are not sold in nearby shops. It could help customers buy wider range of products and save customers' time. Consumers also gain power through online shopping. They are able to research products and compare prices among retailers. Also, online shopping often provides sales promotion or discounts code, thus it is more price effective for customers. Moreover, e-commerce provides products' detailed information; even the in-store staff cannot offer such detailed explanation. Customers can also review and track the order history online.

Conclusion

In 2018, E-commerce generated 1.3 million tons of container cardboard in North America, an increase from 1.1 million in 2017. Only 35 percent of North American cardboard manufacturing capacity is from recycled content. The recycling rate in Europe is 80 percent and Asia is 93 percent. Amazon, the largest user of boxes, has a strategy to cut back on packing material and has reduced packaging material used by 19 percent by weight since 2016. Amazon is requiring retailers to manufacture their product packaging in a way that doesn't require additional shipping packaging. Amazon also has an 85-person team researching ways to reduce and improve their packaging and shipping materials.

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