

# Vitality of E-Commerce in the Reduction of Operational Costs

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**Abstract:** The intense competition among the companies in order to achieve profits led to the emergence of e-commerce as a means of modern trade, which significantly contributed in changing the future face of business. Due to tremendous advancement in the technology the process of buying and selling of goods strengthened the efficiency of the companies on the competitive grounds. The development in the information and communication technology has led to changing stances of social behavior and scenarios of economic activity and has become a means of communication for transmitting information, services and money and goods right round the clock thus reducing the applicable costs applied on the services rendered.

“E- Commerce” the terminology that speaks about electronic inclusion in trade and business on the networks. Operating costs well known as operational costs, are termed as the expenses related to the operation of a business, or a device, component, piece of equipment or facility. They are the cost of resources used by an organization just to maintain its existence.

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## THE VITALITIES:

**TIMESSENCE:** When it's a matter of time Ecommerce marketing terms utmost important both for the business and the consumers. Business can achieve more transactions on the same day as very less time is spent during each transaction. Parallely, when it comes to the consumers they can save more time during their transaction unlike the traditional commerce. For example, a banking transaction can be accomplished within few minutes via internet, whereas traditionally it requires hours of waiting and wailing. Hence, ecommerce marketing helps us in saving our precious time as payments and documentations can be completed with greater efficiency.

**Cost-effective :** than the In comparison with the traditional commerce Ecommerce is quite cost effective as you need not pay the middle person or a third party to sell your products. Hence you can save the money and can invest it in the betterment of other aspect of your business.

**Business Overheads :** Unlike other factors, even the overheads that are required to run an ecommerce business is relatively very less than that of the traditional commerce method. There are so many costs involved in the traditional commerce method such as maintenance cost, cost for staff, communications and office rental, all of which however can be replaced by a single cost i.e web hosting for the ecommerce business.

**Better connectivity :** As there are no geographical constraints and time constraints in ecommerce marketing the consumers can access your website virtually from anywhere and anytime , it provides better connectivity between the business and the consumers benefitting both at the same time.

**Convenience:** Consumers find ecommerce marketing to be more convenient than the traditional commerce as they can easily research and compare products before making a purchase and they don't need to bear the hassles of visiting places to do so. Besides, online trading has less red tape (inconvenience) compared to traditional commerce method, which makes it more convenient.

**Removes unnecessary services:** This cost reduction strategy makes the very top of the list for obvious reasons. Excluding Bottlenecks can go a long way. If you have any operating expenses that aren't entirely necessary for the viability of your business exist, then, they are placed as a lower priority and only kept in the budget if there's room after the more important expenses are covered.

### THE SNIFF/ STRATEGY:

E-Commerce Focus on quality by avoiding the mistake of just 'getting by' with products and services that are simply 'good enough'. High-quality items and high-quality customer support not only help in reducing returns, refunds, and dissatisfied customers but also help in achieving goals for operational cost reduction. It may cost your business a bit more time, attention, and money in the short-term, but it will help save you more money in the long run. Once proven to your suppliers that you're a strong seller, you can gradually build a closer and more reliable relationship with them. Suppliers need your business as much as we need their services. Our commercial history can be used as an efficient e-commerce store as a bargaining chip to negotiate for better prices from the suppliers.

If cost reduction is what you're aiming for, then dropshipping is one of the best ways to go about it. Since dropshippers don't actually store any inventory themselves, they save a ton of money that would otherwise be spent on owning, running, and maintaining a warehouse (or even several warehouses). In a more general sense, dropshipping is a favored e-commerce model because it has very low overhead costs compared to other types of e-commerce businesses, a limitless number of products you can potentially sell, and lots of flexibility when it comes to management. Having an e-commerce advertising strategy in place to bring in more customers should almost certainly rank as high-priority on your list of business expenses. But maintaining an effective marketing strategy doesn't have to run up against your plans for business cost reduction!

There are two e-commerce marketing strategies that are recommended

- a) SEO (search engine optimization)
- b) EMAIL marketing campaigns.

SEO and email marketing campaigns are both staples of marketing strategy. Because SEO is completely free and is proven to be more effective than pay-per-click advertising in search engines. And because email marketing consistently ranks as the most cost-effective type of online marketing with a median ROI of 122%. Cost reduction can actually go hand-in-hand with the reduction of business's carbon footprint. Naturally, e-commerce businesses are more sustainable than many offline businesses just by virtue of the fact that they use fewer utilities, take up less space, and create much less waste.

Operational cost reduction can be done by employing the power of technology. That doesn't necessarily mean firing employees and replacing them with robots. In contrast, you can give your team members a real upper hand by providing them with advanced tools to help streamline their work. You can integrate automation to help reduce online shopping cart

abandonment, respond to reviews, organize customer support tickets, and much more. Automation as a cost reduction strategy can also help maintain that high-quality customer service mentioned earlier on the list.

### **Conclusion**

Running an online business allows us to connect with the customers and build a successful platform from anywhere in the world. However, out of control overhead costs can make it difficult to reap the benefits. Understanding the overhead costs can improve your profits and help you serve your customers better. Focusing on areas where you can cut back will make a significant difference in your profits. The decisions for adopting e-commerce in small-size firms are dependent on the knowledge or competency of the owner/manager. By increased information exchange companies can cover much larger customer area and attract new customers. Being more informed on the characteristics of the products, customers tend to be more satisfied and more willing to make orders. Some companies still consider cost factor as the most important factor because of insufficient understanding of e-commerce and its positive effect which in turn leads to non-consistency or stopping the process of innovation.

### **References:**

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