

# **E-learning course on Digital Marketing and E-commerce**

## **MODULE 3: BENEFITS OF E-COMMERCE**



# Content

1. **Changing dimensions of international trade**
2. **Benefits of e-commerce to customers**
3. **Benefits of e-commerce to entrepreneurs**
4. **E-commerce in goods and services: Differential approaches**
5. **Risks that need to be anticipated and resolved**



## Module 3: Benefits of e-commerce

Changing dimensions  
of international trade



## 3.1. Changing dimensions of international trade

- With the advancement in technology, the world has become a global village, mainly due to the digital connectivity. This has also promoted business through e-commerce.
- To start an international business/trade through e-commerce, it is important to understand trade policies and procedures, including documentation requirements of importing as well as exporting countries.
- A discussion on e-commerce held in WTO, at its Second Ministerial Conference in May 1998, recognized that global electronic commerce was growing and can create new trade opportunities. The Ministerial Conference adopted the declaration on Global Electronic Commerce. Ministers declared that members would continue their practice of not imposing customs duties on electronic transmissions.



## 3.1. Changing dimensions of international trade (2)

- Four WTO bodies were charged with carrying out the Work Programme: The Council for Trade in Services, the Council for Trade in Goods; the Council for TRIPS; and the Committee on Trade and Development. The General Council plays a central role and keeps the work program under continuous review.
- The recently concluded 13th Ministerial Conference of the World Trade Organization (#MC13 WTO), held in Abu Dhabi, decided to prolong the moratorium on e-commerce tariffs for an additional two years till 2026.
- COVID-19 has brought back the attention the importance of developing global digital trade rules and the critical role that e-commerce can play in the global economic recovery.

Source: WTO. For further details, please visit

[https://www.wto.org/english/tratop\\_e/ecom\\_e/ecom\\_e.htm](https://www.wto.org/english/tratop_e/ecom_e/ecom_e.htm)





## 3.1. Changing dimensions of international trade (3)

- E-commerce provides an added opportunity to continue supply to the buyers without going to the shops. Women can work from the comfort of their homes with flexible timings. For example, women can make masks during COVID time, which is high in demand and sell online.
- Brand building and digital marketing is equally important. Various online courses are available to learn digital marketing and social media marketing and some are free of cost as well. These can be used to learn the tactics for marketing.
- The COVID-19 pandemic also brought changes in the purchasing/sourcing patterns and more people adopted to e-commerce. Consumers changed their purchasing habits and started buying online. Thus, e-commerce and digital marketing can help in expanding local or international business.



## 3.2. Benefits of e-commerce to customers

- **Wide range of products and services**

E-commerce offers customers a wide variety of products and services through the internet. So, a customer can choose products of his/her choice and compare the prices of products with prices on different sites.

- **Convenience**

E-commerce also provides convenience to purchase goods or services without the hassle of travel and physical attendance to purchase goods. Only limitation will be that the desired product may not be available sometimes when it is out of stock, however many websites allow for getting notification if the goods become available on a later date.

- **Saves money**

In online shopping, the middlemen's cost is eliminated. To attract customers towards their products, several businesses provide special offers and discounts from time to time.



### 3.3. Benefits of e-commerce to entrepreneurs

- **Overcome geographical limitations**

Every entrepreneur aims to serve different places and expand their business. A physical shop can only meet the demands of nearby customers. E-commerce business does not restrict a company to a particular locality or nearby areas; you can buy and deliver products/services worldwide. Hence, there are no geographical limitations.

- **Low inventory**

E-commerce business involves lower inventory costs as well as lower operating cost. Additionally, no rental has to be paid (except storage for inventory of goods, if any) and no banners, display shelves, boards or other materials are required – which adds to savings.

- **New and unlimited customers**

E-commerce business allows you to attract new customers and also maintain their details in your database. Contacting them for promotional offers is more easy through digital platform [\[1\]](#).





## 3.3 Benefits of e-commerce to entrepreneurs (2)

- **Low advertising and marketing cost**

Advertising online is not that expensive. Marketing can be done on social media, many of which are free of cost. Organic search engine traffic, pay-per-click, and social media traffic are some of the advertising channels that can be cost-effective.

- **Less personnel (man power) cost**

The customers can check for the products online and place orders on their own on an e-commerce platform. Automation of all the work related to e-commerce, like billings, inventory management, transactions, payments, and other operations, leads to a reduction in the number of employees, meaning lesser establishment costs and consequently improvement in the bottom line.



# Benefits for the entrepreneurs and customers

- **Effective communication for the targeted customer**

When customers place an order for purchase, they provide the information in the registration form. Using that information and placing cookies on customer's computers, an e-commerce merchant can utilize information about customers and communicate relevant messages to give better input. For example, while searching for a particular product on amazon.com, it shows a list of similar products. Amazon also emails customers about related products, discounts, etc.

- **24 X 7**

Many physical stores are not open for 24 X 7. E-commerce is a business which is available all through day and night. Even customers can order online from a different time zone as per their convenience.



### 3.4. E-commerce in goods and services - Differential approaches

- Selling online does not mean only selling the goods, but now a days many services are also being offered online. However, the approach to sell goods and services is different.
- **Inventory/risk of storage**  
For an e-commerce business, if products are perishable or have a shorter shelf life (food items, flowers, etc.), the inventory may last for short period. However, there is no need to manage inventory in respect of a service provider and has almost no risk of storage.
- **Shipping charges vs. service charges**  
While purchasing products online, the customer needs to pay shipping charges along with the product charges. Shipping charges are different for different places based on distance and quantity. For services like hotels, restaurants, retail supplies, tourism, etc., there are no shipping charges, but it may include service charges
- **Quality service**  
Customers expect quality service from a service provider; hence, it becomes important for the supplier to ensure the quality of services offered. Services are preferred based on testimonials (record/history of the service provider, previews/comments made by users etc.); hence the service provider must ensure quality.



## 3.5. Risks and solutions

RISK	SOLUTION
<ul style="list-style-type: none"><li>• <b>Cyber security</b></li></ul>	
Your business can become the victim of a cyberattack. An entrepreneur needs to be aware of spam mail, hacking, malware, phishing attacks, etc.	To defend against such issues, one must keep updating all the software regularly and also keep all the systems protected by standardized software and the use of strong SSL (Secure Sockets Layer).
<ul style="list-style-type: none"><li>• <b>System reliability</b></li></ul>	
You may face the online payment related issues by the payment gateway, which could show errors to the customers. There is a possibility of a web server/payment gateway crash.	The operating systems and APIs (Application Programming Interface) need to be updated to protect against such threats.



## 3.5. Risks and solutions (2)

RISK		SOLUTION	
<ul style="list-style-type: none"><li>• Privacy issues</li></ul>			
The personal data of customers may be leaked or sold.		The entrepreneurs need to maintain their websites and data secured and encrypted. Also, security software should be installed and reviewed for updates from time to time. Highlighting security features on the site would help to create confidence in the customers. Further, customers must create and use strong password and keep changing regularly.	
<ul style="list-style-type: none"><li>• Bad quality product</li></ul>			
Customer complaints may arise due to delivery of bad quality products - the pictures or information shown on web pages is different from the actual product delivered to the customer		It is vital to maintain quality of products and a prompt customer grievance redressal system with an appropriate exchange policy to resolve issues.	





### 3.5. Risks and solutions (3)

RISK		SOLUTION	
<ul style="list-style-type: none"><li>• <b>Misuse of credit card information</b></li></ul>			
Hackers may use the stolen credit card to make purchases online. They may also use the stolen credit card data from other customers in your system and try to make their payments.		This is part of cyber crime. Managing online security measures is crucial. Always make sure that any suspicious transaction is verified immediately and reported to bank/police if needed.	
<ul style="list-style-type: none"><li>• <b>Intellectual property issues</b></li></ul>			
Others may copy the information or content related to your website. Your website images, logos, videos, and product descriptions can get copied by other businesses or web developers. This can result in a violation of someone else's intellectual property		It is suggested to focus on Technical Protection Services (TPSs) like trademark registration and patenting, which may help control the digital intellectual property on the internet.	



### 3.5. Risks and solutions (4)

RISK	SOLUTION
<ul style="list-style-type: none"><li>• <b>Delay in delivery of goods &amp; services</b></li></ul> <p>There could be occasions where delivery to customer might get delayed due to insufficient stocks at warehouse or delay caused due to transit issues</p>	<p>It is suggested to maintain prompt customer grievance redressal system which keeps the customer updated along with proper inventory management. Maintaining good relations with logistics operators also helps.</p>
<ul style="list-style-type: none"><li>• <b>Taxation risk</b></li></ul> <p>You might not include the appropriate sales tax in your sales, or you might not be paying fair shipping and import taxes, depending on the shipping destination. With a change in the type of transaction, the entity earning income may also withhold taxes levied.</p>	<p>It is suggested that entrepreneurs should be aware about taxation regulations, for example the countries in which the resident country in which he or she resides is having “double taxation avoidance agreements or not , etc and are advised to consult appropriate tax consultants for proper guidance to avoid errors.</p>



### 3.5. Risks and solutions (5)

RISK	SOLUTION
<ul style="list-style-type: none"><li>• <b>Delivery charges</b></li></ul> <p>For an e-commerce business, manpower is required to deliver the products to the shipping address. This may result in delivery charges being added to the cost of the product resulting in higher amount charged to customer.</p>	<p>In this regard, tie up can be done with logistics (shipping/courier) companies for best rates and optimal delivery options.</p>
<ul style="list-style-type: none"><li>• <b>Highly competitive in nature</b></li></ul> <p>Ecommerce is highly competitive in nature and customers have the option of comparing online the possible options before deciding to buy product/service from a particular website.</p>	<p>Entrepreneurs should opt for optimal marketing strategies according to their target customers and take into account various factors that might affect the customers decision to buy – like price, countries/locations , language on webpage etc. Further, undertake search engine optimisation along with advertising via various social media platforms.</p>



# Overview of module

**From this above module, we learnt:**

- **About the changing dimension of International Trade**
- **Benefits of e-commerce to Customers**
- **Benefits of e-commerce to Business**
- **Differential Approaches - E-commerce in Goods and Services**
- **Risks that need to be Anticipated and Resolved**



# References & Further reading :

- [1] “If you’re a female business owner, it’s time to jump on the e-commerce business boom | EDC.”  
<https://www.edc.ca/en/article/women-ecommerce-business-boom.html> (accessed 24/06/2025).

## Further Reading :

1. “Benefits of e-commerce to business”:

<https://www.thebalancesmb.com/advantages-of-ecommerce-1141610> (accessed 24/06/2025).

- 2.“E-commerce in goods and services differential approaches”:

<https://www.jstor.org/stable/27750992?seq=1> (accessed 24/06/2025).

3. “Risks and security issues that need to be anticipated and resolved”:

<https://www.isaca.org/resources/isaca-journal/issues/2017/volume-5/the-arem-window-strategy-to-anticipate-risk-and-threats-to-enterprise-cyber-security>

[Accessed on 24/06/2025]

<https://www.shiprocket.in/blog/ecommerce-limitations/>

[Accessed on 17/12/2020]

<https://www.oberlo.in/blog/20-ecommerce-advantages-and-disadvantages>

[Accessed on 24/06/2025]





## Exercise 1

1. E-commerce store eliminates:

Choose the correct answer.

- a. Travel time and costs.
- b. Phishing attacks.
- c. Malware attacks.
- d. None of the above.



## Exercise 1: Answer

1. E-commerce store eliminates:

- a. Travel time and costs.
- b. Phishing attacks.
- c. Malware attacks.
- d. None of the above.

**Option a is the right answer.**

As shopping at E-commerce stores will save one's time by showing the required products with multiple options and may also offer the products at cheaper prices.



## Exercise 2 : Question

2. Which of the following is a benefit to the customer?

**Choose the correct answer.**

- a. Low advertising and marketing cost
- b. Convenience
- c. Low manpower cost
- d. None of these



## Exercise 2 : Answer

2. Which of the following is a benefit to the customer?

Choose the correct answer.

- a. Low advertising and marketing cost
- b. **Convenience**
- c. Low manpower cost
- d. None of these

Option b is the right answer:

- **Convenience** - E-commerce also provides convenience to customer to purchase goods or services online without the hassle of travel and physical attendance to purchase goods.



# Thank You !

**With this, the Module 3: Benefits of E-commerce is completed.  
Please proceed to Module 4.**

