
A MODERN MICROECONOMIC APPROACH OF COMMERCE

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Abstract

The most important steps taken in commerce, as consequences of the scientific and technical progress, are reflected in the sequence of the six major revolutions completed in this sector of activity: the emergence of large stores, the development of branches, the emergence of popular stores, the emergence of self-service, the emergence of shopping centers and the expansion of electronic commerce. This paper represents a part of a larger project in which, starting from the analysis of different types of e-commerce and instruments serving this modern commerce application, we want to determine the efficiency of the electronic commerce, its superiority to the classic commerce and, specific to the present work, to underline the half of a SWOT analysis, i.e SW (advantages and disadvantages between e-commerce and tangible commerce).

Unlike traditional commerce, electronic commerce is based only on the information that can be transmitted without being altered through a computer.

We used the analysis and comparison of and between different forms of the new commerce technologies and their impact on consumers' decisions and behavior.

The results only for the present paperwork indicate the favorable trend of e-commerce, but this on has to be promoted safely and not to produce damages or dissatisfactions for both parts involved. The online commerce, as trend and dynamics, will overwhelm the offline commerce.

Keywords: Microeconomics, Commerce offline, E-commerce, Traders, Management, Consumers' behavior.

1. GENERAL APPROACH OF FORMS AND INSTRUMENTS INVOLVED IN THE ANALYSIS

1.1. Advertising models

Besides direct sales and the system of subscriptions, the advertisements hosted by websites are also generating profit for electronic stores and websites in general. But Internet advertisements are not always possible and appropriate: the design of the universal electronic store allows the use of advertisements in stores or not, depending on the type of transactions carried out in the e-mall.

Typically, advertising banners - the most common form of advertising - are placed on the web pages with appropriate content, such as the home page, attractive sub-pages, pages resulted from keyword searches, etc.; however, the advertising activity can generate profit only if the site benefits from intense traffic. Advertising agencies will be interested in a particular site only if there is a guarantee in terms of the large number of monthly visitors.

Given that the click-through rate for advertising banners is relatively low and that it largely depends on the design, advertising prices are currently based mainly on the visibility of the website (the number of visitors). It was found that the click-through rate for the advertising banners hosted by a website frequently lies between 0.05 and 0.3%, sometimes rising up to 3% or more. However, the number of times the banner has been clicked-through can be identified directly by the beneficiary of the advertisement, on his own website, unlike the number of times the web page that hosts the advertisement has been clicked-through, which can be monitored only by the page owner.

Advertising prices differ greatly depending on the importance of the contract, the specific value and the level of specialization of the hosting web page (the more specialized, the more expensive) and other criteria (for example, in a search engine, the use of the keyword "e-banking" for advertising purposes is more expensively priced than the use of other keywords such as "business" or "Enterprise").

In practice, there are situations where the owners of the websites accept advertising banners on their pages, in return for their own banners to be hosted on other web pages (Kalakota, Andrew, 1999). Advertising banners are exchanged within "web rings" (domain circles); there have been created thousands of web rings, on various topics. Within such a ring, the web pages related to a particular field are connected by links, according to the will expressed by the page owners and their common interests.

1.2. Online marketing

Small enterprisers often complain that their company does not have a million dollar marketing budget. While we all dream about how easy it would be if we had unlimited funds, it is possible to get a decent return using a good marketing plan. Thousands of entrepreneurs (owners of online businesses) can confirm that their success, their profitable business is actually based on a small budget.

In any case, negligence can lead to mistakes that may cause profit reduction. Here are some suggestions that can draw the success of your business: try to identify the target audience; do not focus on you or your company excessively; be flexible in choosing a marketing strategy; keep and do not ignore good strategies; use follow-ups (when they decide to buy a product, many people prefer to think about the potential purchase at first. There are many reasons why a potential customer does not make the purchase immediately: money, absence of mind, hastiness); take an active role rather than a passive role; expectations from potential customers should not be too high; inform and guide visitors that have reached the website; do not try to do everything for free - or insufficiently; do not support marketing plans on pieces of advice and assumptions.

1.3. Stages of the purchase process

The stages of the purchase process in electronic commerce are the following:

1. The buyer can search for goods and services using the following options:

-Uses a browser to view the online catalogs on the seller's website;

-Consults a CD-ROM additional catalog;

- Consults a paper catalog.

2. The buyer chooses the goods that he wishes to buy.

3. The buyer is presented a list of goods, as well as their price and total price, including taxes. This list must be provided electronically by the seller's server or by the electronic purchase software in the client's computer. Sometimes price negotiations are accepted.

4. The buyer chooses the means of payment. Let us consider that he has chosen the credit card as a means of payment.

5. The buyer sends a purchase order together with the payment instructions to the seller. In this specification, the purchase order and payment instructions are digitally signed by the buyers who own certificates.

6. The seller requests the payment proof from the customer or his financial institution.

7. The seller sends the acknowledgment of the purchase order.

8. The seller delivers the goods or performs the services requested in the purchase order.

9. The seller claims the payment for the goods and services from the buyer's financial institution.

When the seller sends the buyer an authorization request, it includes the payment instructions received from the buyer and the summary of the information regarding the order. The purchaser uses the summary received from the seller to calculate the summary of the payment instructions in order to verify the dual signature.

Nowadays, more and more e-commerce products implement the SET protocol, which provides security to the Internet card payments, through cryptographic means.

2. THE SW ANALYZE OF ELECTRONIC COMMERCE COMPARED TO THE TRADITIONAL COMMERCE

Without doubt, the Internet now has a tremendous impact on the business world. This is due to its obvious advantages for both traders and buyers, compared to the traditional means of conducting commercial activities. However, the Internet has its disadvantages, which is varying depending on the parties involved, the security of the transactions or the possibility of losing confidentiality (Bucur, C., 2002).

2.1. Advantages for traders

a. The opportunity for small firms to compete with large firms

Due to the reduced costs involved by opening a virtual store, small firms face a barrier less when they try to enter into the markets that had been dominated by large firms so far. Moreover, being able to reveal flexibility and openness to new, a small firm enjoys a great advantage compared to a large firm dominated by bureaucracy and conservatism.

b. Contact with the clients 24 hours a day, 7 days a week

Unlike regular employees, who require salaries, working hours, holidays, who are subjective and whose productivity varies, a website offers information regarding the company and its products or takes and processes orders 24 hours a day, 7 days a week, at minimum costs. This draws another advantage in the case of expanding on foreign markets, when the time difference could complicate the contacts between companies. It also improves the communication with customers, who are not obliged to follow a particular schedule, being able to obtain information or place orders whenever they want.

c. Facilitating the entry into international markets

The global network is not limited by borders, it does not belong to anybody, and the access and publication costs are extremely low. Communicating with a customer on the other side of the world is as easy as communicating with someone in the other room. A manufacturing company can now sell its products to any country by the means of a website, without the need to establish contacts with the local companies or to make huge investments.

d. Reduced operating costs

These costs can be drastically reduced by automating the ordering process. There is also the possibility of complete automation, through the integration with the management system, which can increase the overall productivity of the company (Fingar, P., 2000).

e. New opportunities of practicing direct (one-to-one) marketing

Unlike a human being, the computer can hold not only the names and personal details of all the customers, but also their preferences, being able to adjust the supply and the product display in accordance to each customer's profile. Customer behavior can be studied without them even realizing it, since information such as location, browser type and operating system, the site where it comes from and searching habits is available. For this reason, many see this as a violation of individual privacy (Serbu, R., 2002).

2.2. Disadvantages for traders

a. Fraud

As in any other field, the technology of the Internet has also created new opportunities for fraud. In the absence of a direct contact, a customer can deceive the trader regarding his identity or his real payment possibilities. Most Western online stores are reluctant to sending goods to Eastern European countries because of the numerous successful attempts of fraud, using fake credit cards, initiated by Eastern Europeans.

b. Security

Another extremely important problem regards data security. A company that does not have access to the Internet does not have too many reasons to be concerned regarding the integrity of its management information systems. Connecting to a public network where anyone can access confidential data from the local network in a more or less authorized manner raises serious problems. Risks that did not exist before the emergence of this type of trade now arise (Kuckno, R., 1995) .

c. Launching and integration costs

Although compared to opening a regular store the costs of launching a virtual store are much lower, they often cannot be properly evaluated. For a company that has not implemented a management information system yet, or whose employees do not have minimal technical knowledge, the launching costs may exceed the expectations, due to the need to purchase the systems or to train the employees.

2.3. Advantages for buyers

a. Availability 24 hours a day, 7 days a week

This availability, which is independent of a particular schedule, is a major advantage for the customers, who can thus make purchases even during the night, when they are no longer held back by other more pressing issues (work, housework, etc.).

b. Convenience

Due to electronic commerce, it is no longer necessary to go to shopping centers, not even to the corner store. Each person can place the order sitting at home in front of the computer and comfortably analyzing and comparing different products.

c. Unlimited access to information and different products

The emergence of electronic commerce has given the term of "globalization" a new meaning. In order to purchase, for example, handicraft articles from Madagascar, it is no longer necessary to move to that place; you only need to open the browser and search for the address of a store that sells such items (the address can be found via search engines). At the same time, before purchasing a product, the future buyer has a much freer and cheaper access to the offers of the manufacturing and commercial companies (Kuckno, R., 1995).

2.4. Disadvantages for buyers

a. Security

The main reason why some people hesitate to use the Internet for shopping - as it emerged from the vast majority of surveys undertaken - is the fear of providing online information regarding their credit card. However, the same persons tell their credit card number over the phone to people they have never met when shopping from catalogs or television.

b. Intimacy

Another extremely important problem regards the attempt to violate personal intimacy. Potential buyers are afraid that, through the Internet, traders or other bad-intended people can collect very detailed information about them, without them even realizing it. Unfortunately, these fears are also the result of exaggerations, especially in the West, where the conspiracy theory is very fashionable.

c. Lack of direct contact

This is the most obvious drawback of electronic commerce. On the one hand, the low launching and maintenance costs of a virtual store derive exactly from the benefits of process automation, eliminating the need for additional staffing. On the other hand, it is exactly the absence of a seller, of a "human" person whom customers can call in case of doubt, which represents an obstacle to the spread of this form of trade. In this respect, some firms have even created programs that allow the verbal or visual contact between the customer and an employee of the company during their first visit on the website.

d. Access to technology

More broadly, the access to technology refers to the penetration of the Internet itself and the spread of computers and specialized knowledge. As long as an electronic commerce site will only be accessible to the people who know at least how to launch the browser and type the web address, most potential customers will prefer the corner store. In addition, while 200 million users, which is the number of people using Internet services today, seems a respectable figure, it is very low compared the entire world population of over 6 billion people. In Romania as well the number of users compared to the population of 21 million people is very low.

e. The lack of the possibility to have physical contact with the products to be purchased

The visitors of virtual stores find a lot of information regarding the products offered: the picture of the products, their characteristics, size, price, the available colors, the available sizes, etc. But the physical contact with the products – a very important factor for buyers – is lacking.

3. CONCLUSIONS

We consider that a serie of factors can lead to the development of the e-commerce, especially on home market:

- The increasing number of the well-informed people, both consumers and merchants;
- The increasing trust of the potential consumers on online instrumens of payment,
- The emergence of reliable courier services to meet the requirements of the store, as well as of the clients, in a word, the online environment;
- The more efficient mediatization of the Romanian e-commerce market, even an agresive promotionon of the virtual shop, optimal business relationships with suppliers within quality–

price–payment conditions frame;

The Romanian virtual stores, with some exceptions, are not of a large size. The average turnover of these kind of stores is around 100.000 euro.

The newsletter of each e-trader is very important in the biunivocal communication. The e-sellers are going on the principle that potential consumers have to know their products or services and the Internet is the most powerful environment for a knowledge or a marketing focused on experimented clients.

The general conclusion is that e-commerce is in trend, has a bright future, but depends on economic and cultural education of the people and environmental actions, in order to realize, exactly like in the case of cards (face-to-face with cash), the potential superiority and efficiency of the new economic (commercial) instruments). And, on the other hand, this new microeconomic approach influences macroeconomic indices and is a manifestation of the wide range process of globalization. The online commerce, as trend and dynamics, will overwhelm the offline commerce and the management has to take into account even this reality of our era.

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