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TRADITONAL COMMERCE VERSUS E-COMMERCE: A COMPARATIVE ANALYSIS

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Abstract: This article aims at underlying the differences between traditional commerce and e-commerce, presented by means of the comparative analysis we have conducted. The marketing research applied by us for this purpose has been based on a non-random sampling method, taking into consideration the subjects' accessibility to the online environment, while the survey has been our research method and we have used a questionnaire, as a research tool. The results obtained have also shown us the buying power of the products in the online environment, which is the most accessed online product category, what method do the customers prefer when it comes to online payments, which is the value they are willing to pay online and whether they trust such payments and how much do the commercials influence their decision. This research is a helpful tool that shows the stage of the online buying process in Romania, from the customer point of view.

Key words: Marketing research, e-commerce, traditional commerce.

1. INTRODUCTION

According to the company's sustainable development concept, commerce has a strategic importance for the balanced and viable development of the economic and social systems in every country. The said commerce is an accurate business sector, with a high degree of complexity, structured on multiple inner fields, within which, retail distribution, goods storage and whole supply, as well as import-export activities play an important role.[16]

From this point of view, commerce is one of the most important aspects of modern economy, becoming the main element of market economy, independently of the form it takes. The notion of commerce has a complex content, determining an economic function, which consists of buying raw materials or products, in order to sell them again in the same physical condition and also in customer-convenient conditions. At the same time, the same notion defines the profession of an economic operator group, who acts within the market, ensuring the exchanges.[1]

Under legal aspect, the notion of commerce defines the transfer of the title deeds regarding materials or services, as well as the provision of services carried out between the various production stages or directly between the manufacturer (producer) and the consumer, which, are also considered to be acts of merchant.[6]

The commerce carried out by means of the classic sale units is the most common form of commerce, representing the basis of retailing. This type of commerce is carried out by means of a large trade network, having different profiles and sizes, depending on the assortment complexity of every group of goods. A characteristic aspect is represented by the fact that, through its units, it ensures the necessary conditions for a wide assortment exposure, for an unconditional choice of the goods by the customers and also for providing commercial services that bring their contribution to the improvement of the buying process. Within this type of commerce, very complex and varied sales pitches are used.[7]

The sale becomes a technological process that involves communication and negotiation techniques, based on a good product knowledge, an argumentation capacity adapted

to the situation, on the customer's specificity and on a convincing presentation.

E-commerce is the product, service or information buying, selling or exchanging process, by means of the computer networks.[16]

From the scientific point of view, e-commerce is defined as being "a modern technology for making business, which addresses the needs of organizations, traders and consumers and for reducing the transaction costs along with the improvement of the goods and service quality and the increase of the delivery speed. The term may also be used when the computer networks are used, for searching and finding information for supporting the human or institutional decision". [17] Types of e-commerce [29]:

- Business-to-business (B2B): E-commerce model, where all the participants are companies or other organizations;
- Business-to-consumer (B2C): E-commerce model, where the companies sell to individual buyers – natural persons (emania.ro, amazon.com);
- Consumer-to-business(C2B): Natural persons (consumers), who use Internet to sell their products or services to companies and/or search for sellers who bid for the products or services they need (telejob.ro, priceline.com);
- Consumer-to-consumer (C2C): Consumers who sell directly to other consumers (okazii.ro, ebay.com);
- M-commerce Electronic commerce transactions and activities conducted through electromagnetic means (mobile phone);
- E-government: Government-to-business (G2B): Electronic commerce model, where a governmental institution buys or sells goods, services or other information from legal persons (e-licitatie.ro);
- Government-to-consumer (G2C): It covers the government-citizen relationships, at information and public service provision level (e.g. online tax payment).

The electronic commerce may also be defined as a buying or selling approach by sending remote data. This approach is specific to the expansive policy of the companies' marketing. By means of the Internet, a service and goods exchange relationship develops between the tenderer and the future buyer.[22]

Electronic commerce provides the opportunity to trade products worldwide, increasing the number of potential clients, first of all by eliminating the geographic barriers between the customers and the traders.

The relationship between the traditional commerce and the electronic one is a complementarity relationship. Seen as an electronic exchange of information between the economic environments and the potential customers, the electronic commerce either completes the classic commerce, through the opening of an e-shop that supports the company's traditional store, or is approached as a less expensive solution to launch a business.[9]

2. MARKETING RESEARCH REGARDING THE IDENTIFICATION OF THE PRODUCT PURCHASING POWER WITHIN THE ON-LINE ENVIRONMENT

2.1. The preliminary investigation

The first stage of any marketing research approach is the preliminary investigation.

Drafting the work objectives and hypotheses is an important stage, with a direct impact upon the entire research methodology and upon its costs [2].

The most significant research objectives are:

- Obtaining information regarding the online shopping frequency;
- Obtaining information regarding the sources of information concerning Black Friday;
- Obtaining information regarding the amount spent for the products purchased on-line;
- Obtaining information regarding the preferred payment methods;

Therefore, a marketing research has been conducted, with the purpose of identifying the buying power of the products in the online environment.

2.2. Drafting the research program for the investment objective

In order to achieve the purpose and implicitly, the research objectives, within the information collection, we have chosen the survey as our research method, and we have used the questionnaire as our research tool. The pretesting of the questionnaire has been performed on 11 subjects, who have not been included subsequently in the final sample. Following the pre-testing, certain questions have been redrafted, certain amendments have been made to the question order, some of the questions being cancelled.

The investigation has been conducted on a 344 natural person sample, the sampling method being a non-random one, based on accessibility.

2.3. The results of the marketing research

The most relevant results obtained following the research conducted will be presented below. Do you shop online?

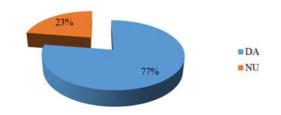


Fig. 1. The subjects' opinion about purchasing products online

77%=YES; 23%=NO

The hypothesis according to which "More than half of the investigated subjects shop online" was the basis of this investigation. According to the presented results, we may say that it is confirmed, due to the 77% of the subjects, who shop online, while the other answers have been negative.

Which is the item category you access more often to shop from?

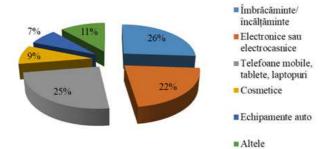


Fig. 2. The most bought items belong to the following categories.

26% = clothing and footwear; 25% = Mobile phones 22% = Electronic devices or household

appliances; 11% = Other; 9% = Cosmetic products; 7% = Vehicle equipment

According to the results presented, "Clothing/footwear" is the most accessed item category for buying products, meaning 26% of the entire group. The next category is that of the mobile phones, laptops, the buyers representing 25% of the entire group.

Have you ever heard anything about Black Friday?

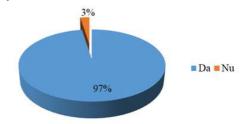


Fig. 3. How much do the subjects know about Black Friday

Starting from the hypothesis "More than half of the investigated subjects have heard about Black Friday", we may say that this is confirmed because 97% of the investigated persons have heard about Black Friday.

How do you purchase a product on line?

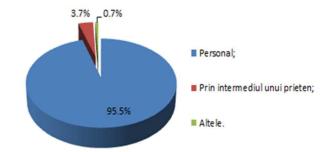


Fig. 4. The distribution of the subjects according to the product purchase method

95.5% = Personally; 3.7% = Through a friend; 0.7% = Other

The purpose of this question has been that of highlighting the percentage of the consumers who buy products online to their name. It has proven to be a high percentage, namely 95.5%. 3.7% purchase the products through a friend. Considering the fact that the sample consisted of people aged 45 and older as well, the reasons are varied, namely: limited capacity in using the computer, limited Internet access, lack of trust when it comes to use personal data on the Internet and other reasons. What is the value of the products you have purchased?

As shown by the figure above, more than half of the surveyed persons, 50.9%, have purchased products with a value raging between 200 and 1.000 RON, which reflects the middle-class Romanians, who are not willing to spend too much or who have trust issues when it comes to purchase a product on the Internet.

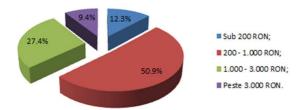


Fig. 5. The value of the products bought online 50.9% = 200-1.000 RON; 27.4% = 1.000-3.000 RON; 12.3% = less than 200 RON; 9.4% = more than 3.000 RON.

A 27.4% of them have spent between 1.000 and 3.000 RON, 12.3% have spent less than 200 RON and only 9.4% have spent more than 3.000 RON, which represents a big enough value for most of the Romanians. According to the results presented, the hypothesis on which this question has been based" At least a third of the buyers have spent between 1.000 and 3.000 RON on the products purchased online" is not confirmed.

Do you have enough trust as to pay an amount exceeding 4500 RON for a product purchased online?

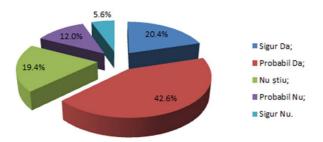


Fig. 6. The distribution of the subjects according to their trust in paying a big sum of money for purchasing products online

Because of the fact that, in Romania, the online commerce has recently started to develop, because of the Romanians' lack of trust and education from this point of view, they are not confident enough when it comes to the payment of a big sum of money for the products bought online, if they do not have the possibility of a physical contact with the product. According to the results in the chart above, we may say that

the hypothesis "Half of the subjects, at maximum, do not know if they had enough confidence to pay an amount of money exceeding 4.500 RON for a product purchased online" is confirmed, since 19,3% do not know it, the percentage being below 50. Most of the surveyed subjects 42.6% would probably be confident enough to pay an amount of money exceeding 4.500 RON for a product bough from the virtual environment.

What payment method do you prefer when you buy a product online?

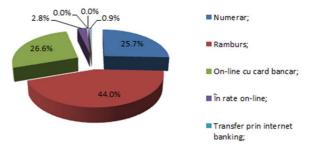


Fig. 7. The distribution of the subjects according to the payment method they used for paying the products 44.0% = payment due by return; 26.6% = online, with a credit card; 25.7% = cash; 2.8% = online, through installments; 0.9% = Internet banking transfer

The hypothesis "Most of the surveyed subjects prefer the credit card as a payment method" is not confirmed, because, according to the above chart, we may notice that most of the subjects prefer to make the payment by return, upon receiving the products ordered online, which is considered to be a better method, since it does not involve any bank account that might be compromised (44%). The cash payment refers to the payment done when the order is retrieved from the showroom, this method being preferred by 25.7% of the subjects. The second payment method preferred is that of the credit card online payment, which has a 26.6 percentage. The online installment payment is a more recent method and that is why it is preferred by less persons, namely 2.8%. The online transfer payment (internet banking) and the payment order has not been chosen by any of the subjects, while a non-significant percentage, of 0.9, prefers the payment through other methods.

How much do commercials influence your product choice?

"Most of the subjects declare to be influenced by the commercials" is the hypothesis on which this question is based. According to the results, the hypothesis is not confirmed according to the chart above because half of the subjects are more or less influenced. Only 22% of the overall number of people admit that the commercials have a major impact upon them.

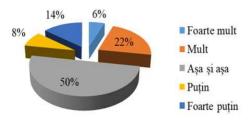


Fig. 8. The influence of the commercials upon the customers

50% = More or less 22% = A lot; 14% = Very little; 8% = Not much; 6% = Very much

Here are the results of the identification questions. 55% of the surveyed people have been men and 45% have been women. Most of the surveyed people, 52% are aged between 18 and 35. As for the environment they come from, it is to be noticed the fact that most of them come from an urban setting and only 13% come from a rural setting. Among the surveyed 77% are engineers, 5.3% are subjects, economists and 17.7% have other professions. The surveyed people's net monthly income, per family member: the income of 22.9% of the surveyed people is lower than 1000 RON, 29.7% of them have an income raging between 1.001 – 2.000 RON and 47.4% have an income that reaches or exceeds 2.000 RON.

2.4 The conclusions of the research

Following this research, the following conclusions may be drawn concerning the surveyed sample:

- 77% of the surveyed people shop online.
- 97% of the surveyed people have heard about Black Friday.
- 50.9% have purchased products with a value between 200 and 1.000 RON, which reflects the middle class of Romanians who are not willing to spend too much or who have certain trust issues when it comes to the online payment of a product bought on the Internet.

- Most of the surveyed subjects, 42.6%, would probably trust a payment exceeding 4.500 RON for a product bough in the virtual environment.
- Most of the subjects prefer to pay upon receiving the online ordered product (by return 44%). The cash payment refers to the payment done when the order is retrieved from the showroom, a method preferred by 25.7% of the subjects. The second payment method preferred is the credit card online payment, namely 26.6% of the subjects have chosen it.

Along with the appearance of the Internet, the traditional companies get new opportunities, such as diversifying their services and promoting the new and customized services, which are meant to attract new customers. Thus, the electronic commerce is actually the step towards technology, made by the traditional commerce, its alignment to the new possibilities provided by the appearance and the impressive development of computing systems and Internet.

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Comert traditonal versus e-commerce: Analiză comparativă

Acest articol își propune să sublinieze diferențele dintre comerțul tradițional și comerțul electronic, prezentat prin analiza comparativă pe care am efectuat-o. Cercetarea de marketing aplicată de noi în acest scop sa bazat pe o metodă de eșantionare non-aleatoare, luând în considerare accesibilitatea subiecților la mediul online, în timp ce sondajul a fost metoda noastră de cercetare și am folosit un chestionar ca o cercetare instrument. Rezultatele obținute ne-au arătat și puterea de cumpărare a produselor în mediul online, care este cea mai accesată categorie de produse on-line, ce metodă preferă clienții atunci când vine vorba de plățile online, ceea ce reprezintă valoarea pe care sunt dispuși să plătească online și dacă au încredere în astfel de plăți și cât de mult influențează reclamele decizia lor. Această cercetare este un instrument util care arată stadiul procesului de achiziție online în România, din punct de vedere al clientului.

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