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THE IMPACT OF E-COMMERCE ON THE DIGITAL ECONOMY

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Abstract

Commerce has entered the stage of universal accessibility in its development. The reason for this stage was the Internet and communication tools. Commercial activity has moved to the Internet, has spread all over the world and has become available non-stop. New online business platforms have become the foundation of many large and small companies. The development and diffusion of information technology was the beginning of this global accessibility of digital resources for doing business. The symbiosis of information technology and business has become a significant factor in the development of the digital economy. This article defines concepts such as “e-commerce” and “digital economy”, and discusses a brief history of the introduction of these concepts in our modern reality. The paper discusses the main aspects of e-commerce that have influenced the development of the digital economy. The article also reviews best practices and analyses methods and tools of electronic commerce and their best use in business development.

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1. Introduction

“Digital Economy”, in simple words, is the economy of the internet and it is also referred to as “Web Economy”, “Internet Economy”, and the “Online Economy”. It is the process of making money online through various online businesses and building an economy over electronic networking. This is the economy of “the world of the web” and it has a basic structure that is similar to our global economy but the processes and strategies that are involved in it are quite different.

The digital economy includes all variables and participants of “digital value processes”. This field of economy is comprised of and affected directly by certain factors such as multi-media agencies, e-commerce, interactive online marketing, and mobile solutions providers, games developers, social media providers, etc. In contrast to the other branches of economy that are facing financial and economic crisis, the “digital economy” is, in fact, growing at considerable rates of around 10-15% p.a. (Mentsiev, Engel et al., 2020).

Digital Economy is also related to the “green economy”. The amount of thought that is currently being given to the development of global economies and societies” basically points towards two aspects: “the potential of information and communication technology (ICT) and the challenge of environmental sustainability (Riera & Iijima, 2019).

E-Commerce is, in simple words, online business. It is the business that takes place online via the internet. This includes networking strategies through social media and other internet platforms to build a successful online business.

E-Commerce is a boom in modern business. The word “e-commerce” stands for “electronic commerce” and it is basically the process of purchasing and selling goods and services and carrying out business over an “electronic network” (Mentsiev et al., 2019).

E-Commerce includes telemarketing, online advertisements, online shopping, promotion of businesses through social media, and much more. It is a huge world of business on the web and with the growing technological advancements, the prospects of e-commerce are also continually growing.

Information Technology has greatly influenced the future development of “financial sectors” and the various methods of carrying out businesses in different countries of the world. The development of business through e-commerce in a developing country like Bangladesh faces current issues of a country with an emerging economy while discussing the growth of e-commerce with the growing use of technology like smartphones and the “internet as a new distribution channel for business transactions”. He also talks about how the international trade market is also becoming more and more dependent on e-commerce and its prospects and how this also requires paying more attention to factors such as “e-commerce security” (Sanchez-Torres, 2019).

2. How E-commerce affects the digital economy

E-commerce directly affects the digital economy. As described above both of these factors of the modern world are related to the world of the web and are both integrally related to the growth and development in information technology (IT) and technological advancement in general.

It would not be wrong to say that e-commerce is the basis of the digital economy. As it has already been explained that e-commerce is the trade and business that happen online through electronic networking and this business builds an economy that also exists online. The economy that is built and constantly growing with e-commerce is the “digital economy” itself. So, this clarifies the direct relationship between e-commerce and the digital economy. Factors that affect both of these online aspects include digital media, digital banking, growth of online networking, etc.

The aspects of e-commerce such as internet advertisement and online marketing, online transactions, social media networking, online platforms for businesses, online customers and customer service, telecommunication, telemarketing, etc., all are variables that directly influence digital economy and with the speed in growth and development of these variables and aspects of e-commerce, there is also a growth in the digital economy (Mueller, 2017).

With the growth in technology, e-commerce is becoming a business standard and opening great prospects for the digital economy of the world. This means that forward growth in information and communication technology (ICT) and development in the world of computers results in an increase in the growth rates of online business transaction and helps build e-commerce which then, as a result, build a stronger and faster-growing digital economy as compared to the other branches of economy. The growth rates can be hindered if online customers are lost but since the world is becoming more and more dependent on technology, smartphones, computers, and social networking, there is a low chance for such a hindrance and higher possibilities of continual growth in these areas pertain. This means that with the passage of time and development in the various fields of technology, e-commerce, and digital economy will be the future of the majority of the trade, business, and marketing of the world. It has already successfully taken over international trade and business to a great extent.

All over the world “production and business” are becoming greatly influenced by computer and information technology. “According to the 'techopedia' definition of Digital Economy is a common term used for all those economic processes, transactions, interactions and activities that are based on digital technology. It is not only based on the use of internet but any of the many digital tools used in today's world. As a part of the digitalization of business processes the method of marketing and selling have seen a revolutionary change that is in the form of Ecommerce.” The digital tools are mainly computer platforms and application solution servers and these are the means for digitizing business and economy. E-commerce is now becoming more and more of a need of the “buyers and seller” and this is building the digital economy further (Lin et al., 2020).

3. Best practices of e-commerce

The best practices of e-commerce that have positive impacts on the digital economy include social media networking, online advertisements and marketing, online transactions, telecommunication, websites and customer services and much more.

E-commerce through social media networking basically means spreading your online business with the help of various social media platforms that include Facebook, Instagram, WhatsApp, Snap Chat, etc. This can have a huge impact because there are more than billions of users from all around the world that can be targeted to promote your business online. This means having a wider audience to reach out to and

you can even select a certain portion of viewers that you wish to target and that you feel like will be more interested in your business. This strategy is great for the digital economy as it requires no or minimum financial input and the reach is huge and hence provides a great financial output by boosting your online business (Huang & Chang, 2019).

Online Advertisement and marketing is basically an e-commerce strategy that includes commercials of your business on the internet, posted on social media or various websites. One of the best examples of online advertisements and marketing is "Google Ads" which are a huge success in the digital world of business. These advertisements are great in reaching out to a broad market around the entire world and are a highly effective strategy for boosting e-commerce and consequently boosting the digital economy as well.

Online transaction means the transactions and transfer of funds via internet banking. Online transactions have played an important role in the growth of e-commerce and as a result, in the integral growth of the digital economy as well. Making payments for online purchases had been made extremely easy through online transaction methods and it has further allowed international trade and business through the internet more successful and convenient for people all around the world. Through online transactions e-commerce has bloomed and grown into something new and huge because now online businesses are not only restricted to a single region; it has eliminated physical boundaries of doing business around the globe and has hence allowed a great development and increase in the digital economy as well.

Similarly, telecommunication has had a grand positive impact on the growth of both e-commerce and digital economy as they are both directly linked to one another. Through the new and improved modes of telecommunication, the process of reaching out to various clients, customers, and target audiences had been made all the more convenient and efficient (Lamba et al., 2020).

Furthermore, websites and customer services have played a great role in improving the overall experience of online business. Reaching out to customers to assist and guide them has been made more efficient with the advancement in information and communication technology (ICT) and it has also in-turn made it easier for customers and clients to reach out for help. Websites help people get in touch with the company and the company's customer service center. Automated responses and robotic assistance have made the entire process more fast and time-saving. Furthermore, online customer service centers have opened new prospects of job opportunities for people from all around the world. This has resulted in a great boost for e-commerce and the digital economy (Mentsiev, Anzorova et al., 2020).

There are many more strategies and practices that involve a direct impact of e-commerce on digital banking. Both of these aspects are becoming to be more of a paradigm in the modern world with a future that can be anything one might imagine and interestingly enough both the aspects go hand in hand, as discussed above.

The process of digitizing business, commerce, and economy is different for different countries of the world and each country is undergoing these developments at their own pace. Within an economy, according to the development of the economy and the technology department, all sectors have their own pace. However, "consumer retailing has become most popular due to digital transactions" (Mou et al., 2020).

The impact of internet usage, internet disclosure, internet experience and the improvement of ICT have positive implications for the information technology (IT) infrastructure and for the E-Commerce

development in the country. Finding shows that the behavior of internet users for purchasing online is changing through the growth of ICT and IT infrastructure (Gajewska et al., 2019).

4. Conclusion

To conclude, the “digital economy” is the economy of the internet and of the business that takes place online. This economy is rapidly growing with the passage of time and development of technology and IT as opposed to other branches of economy. This economy is based on digital value processes. On the other hand, e-commerce is the business that takes place online via the internet and includes various aspects of electronic networking and directly connects to the billions of internet users from all around the world. E-commerce is also constantly growing with the development in the fields of computers, information and communication technology (ICT), and online banking. The main aspect that influences both of these factors is the “digital transactions” that draw more online consumers and act as a boost in both e-commerce and digital economy. Both, digital economy and e-commerce are paradigms with great future prospects with the development of science and technology. This is the future of business and will result in the major digitization of business and economy around the world.

The digital economy is directly related to e-commerce and strategies to improve online business automatically result in a boost in the digital economy as well. This is a huge achievement and is the reason that digital economy is the leading branch of economy in terms of development. All the factors that affect these fields are digital and related to technology so they require minimum financial input and maintenance, hence, resulting in huge profits and financial growth. The methods of e-commerce have allowed for expanded market growth and the means of online banking have further helped in this growth and development which set a strong base for the digital economy and its bright future in the online world, globally.

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