E-COMMERCE: SUSTAINABLE BUSINESS MODEL

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ABSTRACT

The deal of buying or selling online, commonly known as E-commerce has seen immediate growth among buyers and sellers. The penetration of the internet has been sharp for which, e-commerce has also stepped up. The competition among the players of e-commerce also keeps on leveling up day by day. With this drastic development of online buying and selling, the question of sustainability of the business model of e-commerce remains.Big online companies are investing heavy amounts in e-commerce players. Research on e-retailing says that there is ample of space left to explore in the e-commercedivision; e-commerce does not seem to get hampered as far as investors are investing.India has a high potential of sustaining the e-commerce business. Indian e-commerce is constantly on a rise in its part as more and more investors from foreign land show up for investing. With the tech-swayed generation and the wildfire of the internet, mobile phones, smartphones, tablets, and other such electronic gadgets, e-commerce is now a long-run player in the present business model.

KEYWORDS: ---

E-Commerce, Sustainable, Model, foreign, Business, etc.

INTRODUCTION

A new dimension in business will meanmore jobs and employment. A recent HSBC report pointed out that e-commerce alone could create 12 million new jobs over a decade. Thus, e-commerce has to be a sustainable model for the people to get paid off. E-commerce provides relief to the e-retailers from TV ads and gives shelter to online ads which are also more vastly approachable to the new shoppers and gain credibility.As the current business model is not very smooth and sustainable, there may come a time when the focus of e-commerce players would shift to other issues like customer segmentation for more profitability issues.A few companies launch strategies of discounting and heavy spending on advertisements for the profit factor. Instead of profits, they have been facing huge losses due to these factors. The loss-making discounting strategy of e-commerce companieshas been affecting the entire retail sector.In unkindness, the high revenues being reported by most of the major e-retailers, some of them face big losses monetarily. Companies like Snapdeal, Flipkart & Jabong too are constantly facing losses. These massive losses show that better and stronger business models are required to be framed to carry on with e-commerce.

A sustainable business Model

Sustainable e-commerce-Sustainable e-commerce is budget friendly and it boosts customer retention. Well, as a big part of sustainable e-commerce, recycled packaging comes with cost-effective benefits but there's so much more than that. And are RETURNS an inevitable part of e-commerce? E-commerce companies can benefit from sustainable business practices in several ways, and environmentally-friendly companies can attract more customers. A survey by Nielsen Global found that 73% of consumers would change their shopping habits if doing so lessened their impact on the environment.When it comes to factors such as the supply chain, creating more environmentally-friendly practices (such as reducing carbon emissions by finding suppliers closer to your warehouse) may reduce operational costs as well as help the environment.

An online retailer can also use data to manage shipping operations more sustainably. For example, you can reduce both the cost and environmental impact of packaging by consolidating orders into fewer packages and using logistical data to optimize the shipping process.

Finally, e-commerce businesses can embrace sustainable practices by opting for environmentally-friendly packaging. Some options, such as cardboard, paper, and die-cut inserts, can help you save on supply costs and also provide more flexibility and customization options.

Supply chain sustainability

The supply chain is vital for e-commerce businesses because their operation focuses entirely on receiving products and materials and delivering products to end consumers. In most cases, a company can become more sustainable by increasing the environmental-friendliness of their shipping practices.How can you achieve sustainability in your supply chain? You can reduce your overall carbon footprint by moving your network operations closer to the end consumer and sourcing your products and materials from suppliers nearer to your warehouse or workshop.Shipping locally or domestically helps reduce carbon emissions. You can further enhance your sustainability by finding a shipping partner that uses sustainable fuels or offsets emissions with carbon credits.

When sourcing materials and products, you can look for local or domestic suppliers. These suppliers reduce carbon emissions related to shipping as well. In general, the closer your suppliers are, the more sustainable your supply chain will be.Some e-commerce companies look overseas because production and materials are cheaper. However, shipping costs may be higher, and you could also get exposed to import tariffs, which can change depending on trade relations and other factors.A small, local supplier, for example, might be able to meet your pricing requirements while also significantly reducing the carbon footprint you would make with overseas suppliers.With nearby suppliers, you have another advantage as well. You can source products and materials quickly, so you have less need for storage space. You may be able to

reduce the size of your warehouse and decrease storage costs in addition to creating a more sustainable supply chain.

Order consolidation and network optimization

When shipping to the end consumer, e-commerce sites can take strategic and operational steps to lower their carbon footprint and increase sustainability. When shoppers have a full shopping cart, e-commerce businesses will have to ship all the items to them. If they ship these items all at once (a practice known as order consolidation), they can reduce shipping costs, use less packaging, and decrease carbon emissions.Some companies encourage order consolidation by offering free shipping on larger orders. Companies can also streamline shipping by having a system that tracks and manages orders. With the right e-commerce software system integrated with your store, you can track orders and plan each delivery route. With consolidated orders, you can also reduce the amount of packaging that you use because you can, potentially, ship multiple items in one package.

In theory, the idea of combining data can lead to both a streamlined operation and more sustainability. However, in practice, such streamlining is only possible if you can pair your e-commerce site with a customizable enterprise resource planning system.You need to tailor the data collection and shipping planning for the type of products that you sell. MIT recently completed a study that showed what an e-commerce company sold. Shipping and packaging were significant issues for products such as electronics or larger items. These required extra padding and packaging and were harder to combine with other products during shipping.

Apparel, such as shoes and t-shirts, do not require special packaging. However, these items have a much higher return rate. Return shipping adds to the cost of doing business, and it also increases the carbon footprint for the transaction because of the extra packaging, the return shipment, and the re-shipping of a different product.

To deal with these various issues, a company needs flexibility. An e-commerce management system that allows headless commercecan add such flexibility. Headless commerce separates the front-end and back-end experiences of an e-commerce site. This dynamic allows a company to make and test changes to specific aspects of its operation without affecting the other facets of the company.

For example, a business-to-business e-commerce site may want to include an application that manages invoices and data about customer relationships. In contrast, a consumer-oriented site would want to focus on shopping behaviors and credit card processing data.

The power of data

Changes to supply chains, shipping, packaging, and return policies can be informed by data, and you can also use data to understand hidden issues better and define return patterns and shipping performance. With the right data sets, you can determine the metrics that you need to improve to increase sustainability.With access to data, you can track issues such as order errors, which can increase sustainability and profitability. A sound e-commerce-integrated ERP system is flexible enough to allow you to make and test changes and scale to your business, and robust enough to help you decrease the number of errors related to shipping**.**

Sustainable e-commerce packaging

Packaging is another important aspect of e-commerce. Every product that gets shipped needs some sort of packaging. Because of its universal use, the packaging is an obvious target for sustainability improvements.Non-biodegradable materials, such as foams and plastics, are widely used in the e-commerce industry. These materials are cheap and readily available, but they are not good for the environment because they do not decay.Paper and cardboard are two of the most commonly used packaging materials, and both are biodegradable. Cardboard is also reusable, so consumers can return items using the same packaging. Other options, such as bioplastics, are gaining traction as well.

Some companies are addressing packaging needs by using die-cut inserts. These inserts, made from sustainable materials such as paper or cardboard, can separate multiple products inside one cardboard box or further secure fragile items without the use of packing peanuts or plastics. The advantage of these inserts is that they are cheap to cut, and you can make customized inserts for specific types of products.

Compostable or sustainable packaging can act as a marketing tool. As the Niesel survey on sustainable e-commerce showed, 73% of online shoppers would change their shopping habits to lower their impact on the environment. You can be more attractive to three out of every four shoppers if you change your packaging.Consumers can get involved as well by shopping with e-commerce companies that use sustainable packaging or by ordering multiple products at one time so that the online retailer can ship in one package rather than making repeat deliveries.

The impact of growing e-commerce on the environment

The Sustainability Annual Trends report, produced by the think tank agency, indicates e-commerce has experienced rapid growth in recent years, and doing so, this had an unprecedented environmental impact.To put this into a perspective, more than 2 billion tons of waste end up in landfills worldwide annually. All those cardboard boxes, plastic packing puffs, and Styrofoam peanuts have to be disposed of somewhere.However, there is some hope left. For example, the sheer volume of waste produced by the supply-chain network and its dire impact on the environment has already rendered it necessary for e-commerce companies to rethink their

practices and find sustainable solutions within the industry – most notably by adopting eco-friendly packaging.

The trend from recent years shows that many retailers have already given an ecological makeover to their products and have entered the green business with furniture and home accessories made of wooden pallets, paper, cardboard, or cork. In terms of environmental friendliness, some online shops have already established themselves with a sustainable business concept.

To help retailers to switch to using sustainable packaging for their products has launched an initiative that enables companies to source sustainable and ecological packaging materials. Online shops that order from Pack help can also choose to plant trees. Support for reforestation can be seen, among other things, in the eco-badge that is applied to the boxes.For example, has become an internationally recognized brand whose packaging is mainly made out of recycled waste material (80%) and printed with soy ink. Parts of the TOMS shoe collection are made of natural hemp, organic cotton, and/or recycled polyester.

Environmentally friendly shipping options

A commendable development is emerging in sustainable shipping options. If they had the choice, However, for two-thirds of the respondents, shipping price is an important factor. Cost-cautions consumers see additional costs for environmentally friendly shipping as unfavorable and would rather opt for the standard "free shipping" option. On the other hand, more than one in five Germans is willing to pay more if it helps to protect the environment. According to the respondents, the surcharge.Even though it is important to offer express delivery for some product categories, as an online retailer you should know that it is not ecological.

Conclusion: -In the last couple of years, e-commerce has been developing rapidly. It has given a completely new dimension to a customer. The e-commerce companies are striving and competing against each other to give better experiences to customers as well as manufacturers. The business models also keep developing along with the other factors related to e-commerce for an overall upliftment in the business.

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