

E-Commerce: Engine for Growth in Publishing

by Barine Kirimi.

Publishers who ignore technological advances do so at their own peril. One of the significant advances in the third millennium is the development of the Internet, which has revolutionized the manner and speed of conducting business. Through computer network technology enhanced by telecommunications, electronic commerce (EC), also known as e-business, has emerged.

In *Electronic Commerce 2004*, Efraim Turban et al define EC as “the process of buying, selling, transferring, or exchanging products, services, and/or information via computer networks, including the Internet.” EC has great potential to expand markets, productivity and competitiveness for publishers around the world.

EC benefits to publishers include expansion to international markets; reductions in the cost of creating, processing, distributing, storing and retrieving paper-based information; and reductions in printing and mailing costs. At the same time, supply chain inefficiencies such as excessive inventories and delivery delays can be minimized. EC reduces the time between the inception of an idea and its commercialization, reducing administrative and other costs. It enables companies to interact more closely with customers and to personalize communication, services, and even products, for better relationship management and increased customer loyalty. Also, a business is always open on the Web, with no overtime or other extra costs, with all company information current and up-to-date. Other benefits include improved corporate image, new business partners, simplified processes, and increased productivity and flexibility. Companies do not pay fees or need any licenses to operate online, and in many countries e-commerce transactions are exempt from sales taxes.

EC allows consumers access to shop or perform other transactions year round, 24 hours a day, from almost any location. It provides consumers with more choices by allowing them to shop in many places and conduct quick comparisons among vendors and products. In the case of electronic books, EC allows for immediate delivery. With multimedia support, consumers can locate relevant, detailed product information in seconds. EC allows customers to exchange ideas and compare experiences in electronic communities.

EC's basic elements are an e-shop on a server (Web site), a user with a Web browser, and an Internet connection between the two. In the event that a publisher is unable to set up a Web site, they can use the services of established agents already involved in e-commerce, such as Amazon.com.

A study conducted by CommerceNet (commerce.net) in 2000 found that top barriers to EC in the United States include security, legal issues, and lack of business models, key infrastructure, and qualified personnel. Worldwide, barriers to EC also include the lack of an orientation to e-business in a company's culture and organization, difficulty in business-to-business interfaces, trade barriers, and lack of standards. The success of EC depends on the legal protection available to both consumers and merchants.

EC is growing quickly because of its significant impact on business costs and productivity. In general, it is less expensive to maintain a cyber-storefront than a physical one because it is always 'open', has a global market and has fewer variable costs. For exclusively e-commerce merchants who maintain one "store" instead of many, duplicate inventory costs are eliminated. EC's impact on costs ranges from the cost of owning and operating a physical establishment, conducting a sale, placing an order, and offering customer support and after-sales service.

Publishers should note that EC is unlikely to eliminate intermediaries—such as bookstores and distributors—though their role is likely to change. E-commerce entails new ways of competing in domestic and international markets; smaller companies, in particular, can benefit from the opportunities it affords.

EC is an increasingly important way to reach customers, provide services, and improve operations. Analysts differ in their predictions about the anticipated growth rate of EC and which industry segments will grow the fastest, but publishers who want a bright future need to be prepared for the changes to come. ❖

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