

# ***Research on the Influence of E-commerce Development on Social Economy***

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**Abstract:** The rapid development of e-commerce has indirectly contributed to the development of the national economy as it moves into people's lives and changes and influences their lives. As a new transaction mode different from the traditional one, e-commerce introduces manufacturers, distributors, consumers, and governments into a digital virtual space, allowing people to quickly accomplish more complex business activities without being restricted by geography and time. Integrating manual and electronic information processing into an inseparable whole optimizes the allocation of resources and improves the rigor and efficiency of business system operations. Therefore, the development of e-commerce has a multifaceted impact on society, the economy, and life. This paper analyzes the influence of e-commerce on people's consumption modes, the operation of enterprises, and the development of the financial market from many angles. Through the summary of these previous views, we will describe the impact of e-commerce on the social economy. The results show that the combination of e-commerce and traditional enterprises will be the future direction of economic development.

**Keywords:** E-commerce, Social economy, Traditional economic, Influence Common development

## **1. Introduction**

In reaction to developments in the worldwide market, e-commerce has grown and expanded. It enables merchants to establish closer ties with suppliers to serve customers better. It will make it possible for business owners to select the best suppliers worldwide and sell their goods on the world market. E-commerce is built on network technology, which offers the technological framework for realizing it. E-commerce is the most recent use of network technology and its ultimate objective. E-commerce, a brand-new transaction, ushers in a new era of rapid growth for the network economy by bringing together producers, distributors, consumers, and governments. People are not constrained by geography in the e-commerce environment, and clients can easily accomplish the previously more challenging commercial activities.

In contrast, the quality of service from enterprises to customers has greatly improved. With the global Internet's popularity and maturity, e-commerce activities have emerged and developed rapidly in countries worldwide. It is a new economic approach, and its emergence means a new era will come. It will also have a particular impact on the development of the social economy.

This paper will explore how e-commerce affects the social economy and give some solutions and conclusions on the development of e-commerce and the traditional economy together.

## **2. E-commerce Changes People's Consumption Habits and Patterns**

In the case of traditional retail businesses, the purchasing behavior of consumers depends mainly on the sales site environment. Consumers enter the website and usually look at the products they buy, tending to focus on external quality. The internal rate of the product and its performance is not enough. This time can affect the consumer's shopping is to see the attitude of the sales staff. A salesperson with an excellent attitude will strongly recommend the product to the customer and elaborate on some of the issues raised by the consumer, thus stimulating the consumer's desire to buy. Customers with a bad attitude are frequently seen pretending not to see, distracting themselves from, or even ignoring them. The result is that products that could have been sold to consumers are not sold, and consumers who shop in this environment are physically and mentally depressed in an unusually depressing way. However, the Internet is very different from shopping sites, and the site also has a wide range of goods. Customers can be on any shopping site and click, browse, compare, and choose the space to increase the pressure of shopping without having to consider the mood of the sales staff, no longer subject to human interference, to better select their favorite goods [1]. According to the latest BRC-Springboard Footfall and vacancy Monitor, visits to physical retailers have decreased by 10% over the past seven years. The growing interest in the development of consumer behavior has been sparked by an increase in store closings, a decrease in foot traffic, and growth in e-commerce sales [2].

The Internet has a broad spatial and temporal spread, non-compulsory, all-day dissemination. Consumers can click on the company's website at any time, anywhere, to view corporate information conveniently and quickly. Consumers can also use social links or search engines, directly or indirectly, to operate similar products on the enterprise's website to understand the relevant product information and to achieve a comprehensive understanding of product information [1].

## **3. E-commerce Has Changed the Traditional Business of Commerce**

Since the boom in information technology, the way of doing business has changed. Product development, marketing, sales processes, and communication channels have all changed since marketers chose to sell online. E-commerce has revolutionized how goods are bought and sold and has changed how business is done because people often prefer to shop online compared to brick-and-mortar stores.

Traditional brand marketing relies on the ability to occupy high-quality resources. High rents, labor, and costs for developing SMEs are bottlenecks to development and profit-swallowing machines. It strikes the dam built by those strong brands and foreign-invested enterprises in the traditional channels to create a new, fair, and ready business ecosystem where miracles can occur. However, opportunities and challenges coexist. The changes that e-commerce has caused to traditional brand companies' internal and external environment, both in terms of supply chain transformation and more direct contact with consumers, could be the beginning of their rapid growth. And thus break through the bottleneck of business development and enter a new development period [1].

Traditional companies have similarities between today's online sales and the retail chains of more than a decade ago. The new retail format represents a new kind of life and shopping needs. For traditional businesses, one of the significant effects of the emergence of e-commerce is that it saves time and costs and increases the efficiency of business output. In the traditional mode, traditional enterprises are constrained by long capital chains and geographical restrictions, so they cannot maximize their market share. At the same time, e-commerce can help them achieve low-cost "access to the world." Therefore, traditional enterprises in e-commerce are not only a change in demand but

also the expected demand of the whole industry and end users [1]. It has been proven that approximately 90% of customers read online reviews before deciding what product or service to purchase. This directly impacts consumer decisions, so traditional retailers must be aware of this to make more strategic decisions [3].

These days, e-commerce is having its most significant impact ever. Everyone had to shop online to reduce their risk of infection during the coronavirus epidemic. Although this impacted e-commerce because they could only sell necessities, if we look ahead, people are now accustomed to buying everything online, which will help their business. Furthermore, until everything returns to normal or for a considerable amount of time, people will refrain from visiting the market out of prudence. All of this will benefit online retailers [4].

#### **4. The Development Space of E-commerce in the Financial Industry**

E-commerce has a broad market in China because of its convenience and efficiency, breaking through the limitations of time and space, and has achieved rapid development under the great attention of the national government. E-commerce will become a new growth point for the whole economy and society. E-commerce will have a substantial impact on the financial industry and the trading industry, for both industries are facing the risk of a "reshuffle," which will also provide a good opportunity for the development of the financial sector. This will lead to the emergence of online banking, electronic money management, secure electronic transaction services, and other emerging businesses in the financial industry. Online electronic payment, in particular, is an essential link in e-commerce. Through online electronic payment, people turn their dream of buying what they want without leaving home into a reality. At the same time, online payment has also injected new vitality into the financial industry [5].

In 2006, the scale of online payment users in China reached 55 million. With the development of other electronic payment methods such as mobile payment, Internet payment added 5,831 people in December 2016, with a growth rate of 14%, and the proportion of Internet payments in China increased to 64.9%. In 2017, 531 million people used the Internet to make payments. It has brought new challenges and opportunities to the financial industry, doing banking businesses like online banking, secure electronic transaction services, online money management, online insurance business, etc. These businesses' emergence has brought closer the connection between the financial industry and e-commerce [6]. E-commerce has reached huge sales. E-commerce statistics show that total global retail e-commerce sales could reach \$3.5 trillion in 2019. This represents nearly 14% of total global retail sales this year [7].

By 2040, it is expected that 95% of retail purchases will be made online. Global retail e-commerce will top \$24 trillion if these forecasts come to pass. The online sale and acquisition of financial services for e-commerce will account for a sizable portion of the advantages of e-commerce for businesses. Retailers will be able to take home a sizable portion of sales from fintech products thanks to fintech applications in e-commerce [7].

The way that e-commerce has affected the banking sector has altered significantly. People no longer need to visit a real bank office because of the enormous selection of online services that central banks provide. The fundamentals of direct deposit of paychecks, online bill payments, and a variety of other practical banking services are included in this [7].

The scale of online shopping is growing at a significant rate, and the traditional economy is facing challenges. As domestic consumers' online shopping habits slowly develop, the number of online shoppers proliferates. The China Center for International E-commerce Discussion Institute pointed out in the "World E-Commerce Report 2021" that "the number of global Internet users has reached 4.157 billion. And China is the world's largest Internet user market, with 772 million Internet users,

a penetration rate of 55.8%, and a number of online shopping. The number of consumers ranks first in the world [8].

In the current economic transformation and upgrading situation, the integration of traditional industries and e-commerce has become an inevitable development trend, and e-commerce has become an innovative platform for industrial transformation and upgrading. From the perspective of enterprises, the current development of traditional enterprises in e-commerce is more from the enterprise's own sales needs and the lack of big data to support customers' precise positioning. With the development of big data and the arrival of the digital economy, the future development trend of personalized and specialized e-commerce will prompt enterprises from the traditional online store and portal form. Gradually transition to the core business process, customer relationship management, upstream and downstream supply chain management, and establish a personalized production model based on customer needs in the network. To this end, enterprises should be network and data to make data including user needs, production, logistics distribution, channel management, etc., and become new production factors [9].

## 5. Conclusion

As a method of conducting business, e-commerce will usher in a revolutionary change never before seen. The business climate has altered as a result of the growth of e-commerce, particularly in traditional businesses. E-commerce is a natural byproduct of information technology's application to the economy and is dependent on conventional businesses. It utilizes conventional businesses, fundamentally altering the way they conduct business. It lessens the transaction links as the management of firms is deepened. It widens the scope of transactions for businesses, which is necessary to reduce the length of the production cycle, boost production efficiency, and increase business profit margins. Therefore, combining traditional enterprises and e-commerce will be the direction of future economic development in order to not be eliminated in the trend of information technology-driven industrialization. In the future, China's economy will change with the progress of e-commerce, and e-commerce will bring humans into the information society.

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