

## e-Commerce – Leaders and Customers

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### Abstract

e-Commerce like the technology it is representative changes every day across the global marketplace. In fact, to keep abreast of hot topics and trends from a business perspective, savvy e-Commerce businesses specifically keep watch for what is prodding those surfing and searching the Internet to jump at sales within their own industries. The following provides both a birds-eye view and an insider lens to who are the leaders and customers of e-Commerce today, and why. The following also specifically discusses the tremendous impact Amazon continues to have setting standards for best practices in e-Commerce. Other topics covered give insights on the demographics of who uses e-Commerce the most, and how Mobile-Commerce cannot be ignored to assure getting or maintaining a fair market share.

**Keywords:** e-Commerce, Amazon, m-Commerce, FedEx, PayPal.

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### Amazon e-Commerce the Poster Child

Goldberg explains how today, 21<sup>st</sup> century capitalism includes over \$2.5 trillion via e-Commerce buying and vending of manufacturing sales taking place (4). This electronic-systems buying and selling of products and services includes both before and after-sales engagement with consumer expectations prodding this activity. This kind of sales engagement shows over 90 percent of Generation Y specifically uses online research for purchasing 50 percent of their desired products and services. Consequently, Amazon easily recognized as one of the poster children of the e-Commerce best-in-class companies continues setting the standard meeting the expectations of all online shoppers whether the merchandise be a simple consumer good or a complex business product (Goldberg 4).

Applying three e-Commerce models—Business2Business, Business2Consumer, and Business2Business2Consumer potentially can benefit fledgling and new e-Commerce organizations by mastering the Amazon corporate strategy that focuses on, well- e-Commerce. This has been further explained by Goldberg (4). Read Amazon’s mission statement and it boldly announces something to the effect they want to be the world’s top customer-centered reasons as content creators, enterprises, sellers, and consumers. Amazon’s strategy in achieving this has meant implementing numbers of best-in-class successes that include efficient user-friendly navigation as well as excellent on-site search customer functions. With Amazon’s mastery of optimizing search activity vendors find more customer traffic reaching their sites. Active customers regularly receive email producing effective responses to vendor sales and specials and Amazon’s mobile Internet site fits literally in the hands of customers with mobile phones. This is the evolving trend of e-Commerce.

The increasingly viable sales, marketing, and servicing channels of e-Commerce show companies opting for this trend in business success. “Properly implemented, e-Commerce leads to operational efficiency and lower costs, generates demand that drives incremental revenue, and retains customers (Goldberg 4)” and, “Simply said, e-Commerce has become an indispensable part of a successful distribution channel strategy (Goldberg 4)”. Demographics, competition among the big players including Amazon, FedEx, UPS, and even PayPal are the names recognized from purchasing, shipping, to online easy payments. It’s a story that looks to have no ending starting with who among consumers is preferring to use e-Commerce as a norm in their lives.

### **e-Commerce Preference**

With more consumers opting to try out e-Commerce there is emerging a segment of customer preferring this shopping option over others. These are consumers who grew up using among the e-Commerce leaders both Amazon and Zappos explain, Goldberg (4). The expectations of these consumers mean having immediate access to information about vendor products and services, pricing, and any other product/service questions. Achieving the optimum impact means business must establish what is the customer/prospect base--technographic profile--personality or characteristics connected to social media. This is no different than marketing research and will be the targeted customer that gets attention first (Goldberg 4). “E-Commerce will likely become the preferred way of doing business for more of your customers, becoming a competitive advantage impacting customer satisfaction, retention, and advocacy (Goldberg 4)”.

This means a company’s e-Commerce channel will also be what Goldberg says is “among the lowest ‘cost-to-serve’ channels, since your buyers and prospects will be doing much of the legwork as they self-serve on your e-Commerce site (4)”. Pragmatically, the capability of e-Commerce producing “a win-win for all parties (Goldberg 4)” thus, enhancing the customer relationship efforts.

### **E-Commerce Challenges Traditional Shopping**

Interestingly, with e-Commerce’s continued challenge to the consumer’s traditional shopping experience, the trend has shown how retailers actively continue what consumer researchers Minsker describe as “breathing new life into the standard brick-and-mortar locations through a combination of digital technologies (16)”. Among the most popular that has emerged is the in-store kiosk. Customers can order from the vendor’s e-Commerce site from the physical location. These in-store kiosks are intended to increase opportunities for the customer completing transactions on-the-spot despite not finding what they had been looking for while in the store (Minsker 16).

Yet, advances in technology continues becoming more mainstream with e-Commerce Minsker explain as exemplified by iBeacons already using several prominent shops and department stores across the nation (16). “Retail giant Macy’s recently tested iBeacon technology at a San Francisco location and sent push notifications to customers’ mobile devices with discounts and special offers based on the customers’ preferences and past shopping experiences (Minsker 4)”. Though the augmented reality technology used by some retailers allows shoppers opening coupons as well as additional content via scanning item QR codes, still others are taking this process to the next level (Minsker 16). “Magic mirror and smart fitting room technology, for example, can take a 3-D image of a shopper and allow her to virtually try on clothing (Minsker 16)”. The technology that exists in e-Commerce runs from what Minsker describes as “digitally displayed social feeds to mobile wallets and radio-

frequency identification scanners that can track inventory in real life, high-tech shopping experiences are here to stay (16)". The reality or the future of retail looks to the development and use of digital in the physical environment. Nonetheless, it already exists now. Savvy brick-and-mortar stores already understand to compete with e-Commerce it is about bringing these technological changes into their stores (Minsker 16).

### **Amazon Challenges Fed-X and UPS**

Early in 2018, a headline in "The Wall Street Journal"—"Amazon to Launch Delivery Service That Would Vie with FedEx, UPS" sets a new momentum in global business shipping. Yet, with Amazon's creation of "Shipping with Amazon" picking up business packages and shipping them to customers, Risher describes how, "FedEx touted its '40-year head start' as a competitive edge over newcomers (A14)". But clearly Amazon is now moving toward nonstop competition with FedEx as well as UPS (Risher A14). Further, "The WSJ, citing people familiar with the matter, said Seattle-based Amazon is preparing to start the service in the next several weeks in Los Angeles with "third-party merchants" and then roll it out more broadly (Risher A14)".

The attitude of UPS to this move by Amazon has been to assure there is more than enough opportunity for its organization to grow under the "burgeoning e-Commerce (Risher A14)". Form the Memphis-based FedEx Corp. the word remains positive in its long-standing view it does not expect the delivery business now taken on by Amazon posing any serious threat to FedEx Corp. bottom line any time soon (Risher A14).

FedEx senior VP of integrated marketing and communications explained despite the WSJ headlines on the new service offered by Amazon it is only demonstrating a fundamental understanding the entire global marketing transportation industry (Risher A14). In fact, "A much clearer explanation of what it takes to truly provide outstanding service to e-Commerce and all customers is featured in a video available on [fedex.com/dream](https://www.fedex.com/dream) (Risher A14)". Revie of the video shows an emphasis on FedEx and its "40-year head start" on constructing its shipping network that has been tailor-made specific to e-Commerce. The trillions of dollar e-Commerce industry already previously described as significantly growing more rapidly than the brick-and-mortar retail industry makes up the argument there is more than enough for just one leader in commercial shipping globally (Risher A14).

With Amazon becoming a major presence in the global shipping industry two things could affect FedEx. First, obviously more competition for shipping business, and second, the potential loss of some of the volume of Amazon as part of the FedEx network (Risher A14). At the time of the announcement of "Shipping with Amazon" shares for FedEx, UPS and Amazon shares had all dropped alongside the market's posting a modest gain. No surprise, that during FedEx's quarterly earning call at the end of 2017 Amazon had been a "hot topic (Risher A14)".

One analyst sees the Amazon move to compete in shipping business raising the question, "how would that impact your go-to-market strategy (Risher A14)?" Though a long-standing customer of FedEx, Amazon, or any single customer, does not "represent more than three percent of (its) revenue or volume (Risher A14)". Repeated statements by FedEx officials assure they believe Amazon faces difficulty replicating both the domestic and global networks as well as both the practices and systems FedEx has developed during its almost 45 years in business since the company launched out of Memphis International Airport in 1973 (Risher A14). "Indeed, FedEx's more than 400,000 employees operate 664 planes, more than 170,000 trucks and motorized vehicles, 68 ground hubs and distribution centers, 11 air express hubs

and 370 freight service centers (Risher A14)". Recent years also shows FedEx's heavy investment in its FedEx Ground with automated sorting technology proving a "front line business for domestic e-Commerce (Risher A14)". At the same time, the Amazon move coincides when domestic as well as international express business shows FedEx Express ready to invest \$1.5 billion in modernizing and expanding it Memphis and Indianapolis hubs.

Late in 2017, FedEx reported with confidence how they have the capability for handling the e-Commerce packages in larger amounts with profitable rates because of the investments the organization has already made (Risher A14). One FedEx spokesman explained, "These automated facilities ... we have two major hubs coming online next year and a couple more after that. These are substantial improvements to our ability to handle this type of traffic on a profitable, long-term basis (Risher A14)". Besides, FedEx officials have assured the Amazon move to become a competitor in global marketing delivery service has come as no surprise.

### **The Signs Were There**

As far back as 2016, FedEx had been aware of Amazon's buying into Air Transport Services and its move in building out its U.S. delivery infrastructure aligned to leasing cargo jets as well (Risher A14). An announcement in 2013 about a deal Amazon had closed for Sunday deliveries of packages through the U.S. postal service, nonetheless, did not worry FedEx leaders as a challenge to them or UPS, or the U.S. Postal service in domestic package delivery any time soon (Risher A14).

Risher explains how one FedEx official noted, in certain situations, an Amazon.com or some very large e-tailer, they can unquestionably do local deliveries, choose to do so, and I think in the cases of some of them, they use various local delivery options today (A14)". In addition, "But for the vast majority of products moved, it's almost certain that they're going to be moved, they're going to be delivered by one of those three networks and some of the smaller regional players, as far as the eye can see (Risher A14)".

### **Five Years Down the Road**

Risher explains how the probability of a head-to-head competition for global commerce shipping to consumers looms larger five years down the road. Still, the future is where Amazon will emerge on how much it is prepared to invest even more for establishing comparable networks for competing with FedEx, UPS, and USPS (Risher A14). Even PayPal becomes a recognized part of e-Commerce among sellers as the most popular online pay service.

### **Shoppers Buy Where PayPal is Accepted**

There are growing numbers of consumers who see the convenience and safety of using the world's most popular online pay service – PayPal as a deciding factor on where they will use e-Commerce for their purchases. In 2,000 PayPal was only a year old and had already signed up 4 million U.S. account holders ("PayPal Leads the Way"). As of 2018, the statistics reveal in the second quarter PayPal active accounts number 244 million worldwide and represent a 15 percent year-to-year growth (Statista.com). From the beginning this had meant an average of \$6 million spent by account holder via e-mail with PayPal. Long leading the path in digital cash sales PayPal takes place of credit cards. The ease of using a PayPal account has overtaken the consumer hassle of dealing with credit cards and keeps banking information off of the Internet ("PayPal Leads the Way").

Morphed from a computer security company in 1999, PayPal based in Palo Alto, California took the leap with the belief it had been on the threshold of making it as an e-

Commerce mainstay (PayPal Leads the Way”). Gold has brought the success of this online payment service into 2018 and its acquisitions for expansion.

### **PayPal Expansion**

Already recognized globally as an online payment giant, PayPal expands its reach with the recent acquisition of a Swedish tech company called iZettle—thus, cementing the organization’s expansion to include other sectors of online payment options (Gold 67). Doing so thus, increases its global presence into stores physically. PayPal acquisition of iZettle as explained by Gold, means it is looking to gain a larger portion of the SME businesses using credit-card payments in both Latin America and Europe (4). In addition, as explained by Gold, competitor payment company Square dominating in the U.S. makes it unclear whether or not PayPal will challenge Square by bringing iZettle to the US (67).

Its recent April 2018 acquisition of Safaricom, Kenya’s Vodacom’s 35 percent-held company led to announcing that customers using the mobile wallets of the Safaricom’s M-Pesa now can transfer money both to and from their accounts with PayPal. This latest move by PayPal exhibits the organization’s long-term goals for Africa to enable e-Commerce as a means for the democratization of financial services for the entire continent (Gold 67).

This latest move by PayPal cost a hefty \$2.2 billion for iZettle explains Gold (67). The iZettle organization prepared for going public via a \$1.1 billion IPO and it remains unclear at what time the transaction will pay out for PayPal, but to date, the company has only a minor number of market competitors. With this latest move by PayPal it allows developing what Gold reports as omnichannel solutions for SMEs globally (67).

Gold further explains how one mobile-payments industry researcher views this PayPal move as, “particularly important as tech giants Apple, Amazon and Facebook are also growing in digital payments. Facebook Messenger payments has been active in Europe since late 2017 (67)”. With PayPal “awash in cash and some think this is just the beginning of an acquisition spree (Gold 67)”. Considering PayPal’s global footprint reaches 200 markets, there are those who see the acquisition of iZettle as demonstrative sign it has intentions of reaching new sectors of the market in those countries where it remains having a limited role as an e-Commerce payment option and “perhaps even attracting the unbanked. PayPal holdings include Braintree, Venio and Xoom (Gold 67)” Looking at PayPal's first-quarter 2018 results have shown revenue growth up 24 percent to \$3.69 billion and adding 8.1 million active accounts, with net new actives up 35 percent... (while) Payment transactions rose to 2.2 billion, up 25 percent (Gold 67)”. E-Commerce and m-commerce a factor that is now.

### **2020 a Milestone for E-Commerce via M-Commerce**

Analysts see 2020 as the milestone for e-Commerce via m-commerce representing nearly 50 percent of the global e-Commerce in a report Goldman Sachs released (Sluis 15). The analyst conclusions see mobile and tablet devices will reach \$626 billion in 2018—over four-and-a-half have greater sales than the \$133 billion reported in 2013 (Sluis 15). The projection came at a time when e-Commerce mobile purchases represented only 11 percent of every e-Commerce sale and, but a fraction of all consumer purchases made online as well as in stores. “But to take advantage of this growing market, retailers need to pay attention to their mobile experiences now (Sluis 15)”. Interestingly, “Mobile conversion rates tend to be lower than those on the desktop, according to ‘The State of Retailing Online,’ a recent report from Forrester Research (Sluis 15)”.

Sluis reports how e-Commerce retailers see the situation as vital and the importance of getting mobile to work. It is a matter of having necessity to the point without m-commerce there will not be “much of an e-Commerce business in a year's time (Sluis 15)”. At present, the desktop traffic is in the minority, and it continues to shrink (Sluis 15)”. Sluis reports one forecast sees “24 percent of its traffic from mobile phones, 23 percent from tablets, and the remaining 43 percent from desktops (15)” making up sales at “Schuch, a shoe retailer in the United Kingdom owned by Genesco (Sluis 15)”.

While studies show fewer consumer visits via mobile devices resulting in sales, nonetheless, other valuable services come from mobile devices in the form of micro conversions at Web sites. Reviews by visitors immediately after visiting specific online stores proves desirable when others see it using a store locator (Sluis 15). “With numbers of retailers starting out with their own separate mobile sites the new trend shows moving to having responsive designs that allows adjusting to the users’ screen size. “Fifty-three percent of retailers listed mobile optimization or responsive design as a top priority for 2014, making it the most popular area of focus (Sluis 15)”.

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