

# E-COMMERCE

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## **E-COMMERCE (electronic commerce or EC)**

- E-Commerce is the buying and selling of goods and services or the transmitting of funds or data over an electronic network, basically the internet.
- The European commission defines e-commerce as doing business electronically
- These business transactions occur either as business to business, business to consumer, consumer to consumer or consumer to business.
- E-commerce makes possible round the clock (24 hours ) business
- The business and customers are equally benefited through e-commerce.

# HISTORY

## 1970s

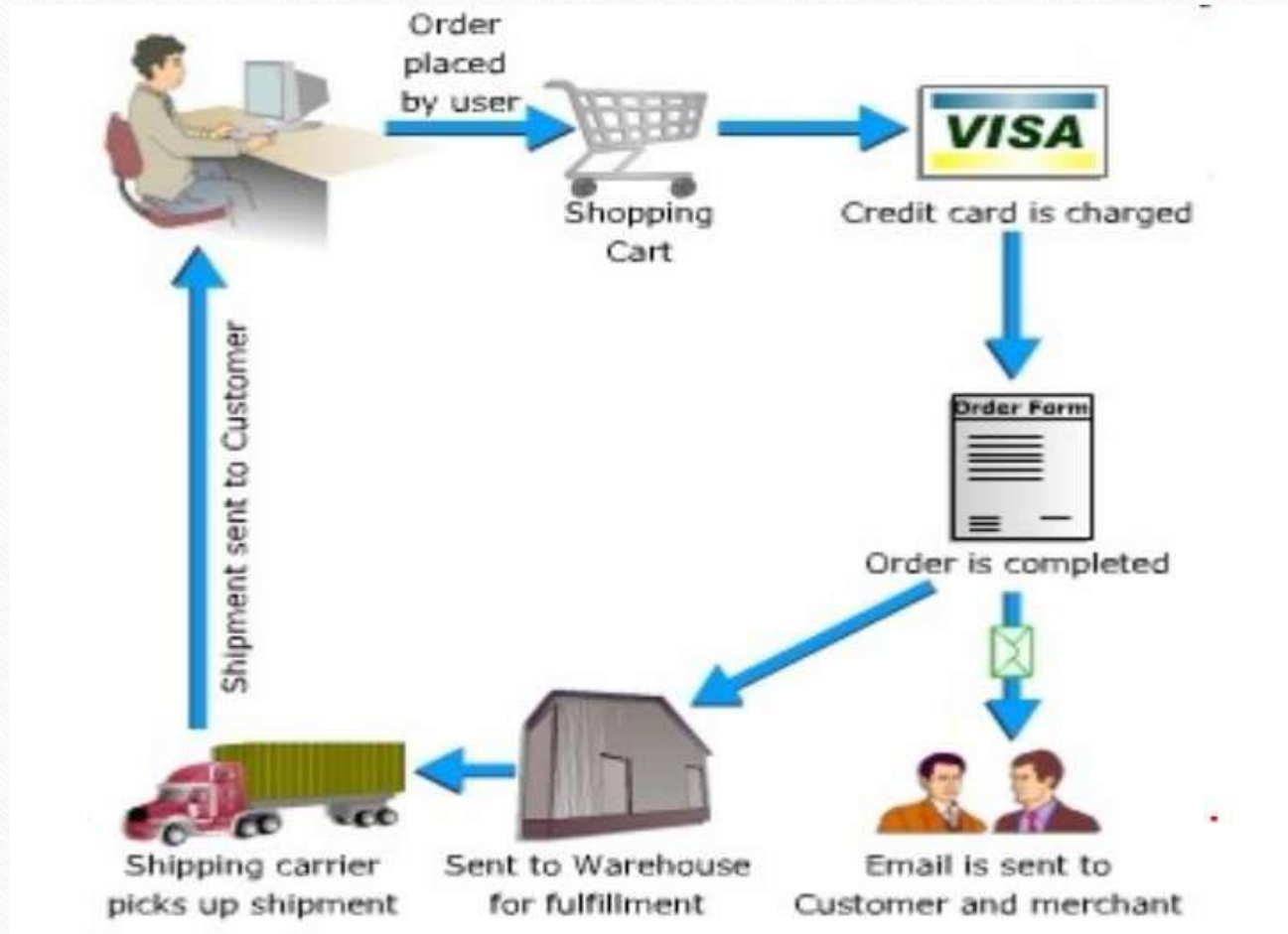
- E-commerce meant the facilitation of commercial transactions electronically, using technology such as Electronic Data Interchange (EDI) and Electronic Funds Transfer (EFT), allowing businesses to send commercial documents like purchase orders or invoices electronically.

## • 1980s

- The growth and acceptance of credit cards
- Automated teller machines (ATM)
- Telephone banking
- Airline reservation system

- 1990s
  - The Internet commercialized and users flocked to participate in the form of *dot-coms*, or *Internet start-ups*
  - Innovative applications ranging from online direct sales to e-learning experiences
- 2000s
  - Many European and American business companies offered their services through the World Wide Web.
  - Since then, People began to associate a word “e-commerce”

## PROCESS OF E-COMMERCE



## Features of E-Commerce

- **Non-Cash Payment:** E-Commerce enables use of credit cards, debit cards, smart cards, electronic fund transfer via bank's website and other modes of electronics payment.
- **24x7 Service availability:** E-commerce automates business of enterprises and services provided by them to customers are available anytime, anywhere. Here 24x7 refers to 24 hours of each seven days of a week.
- **Advertising :** E-commerce increases the reach of advertising of products and services of businesses.
- **Marketing :**It helps in better marketing management of products / services.

- **Improved Sales:** Using E-Commerce, orders for the products can be generated any time, any where without any human intervention. By this way, dependencies to buy a product reduce at large and sales increases.
- **Support:** E-Commerce provides various ways to provide pre sales and post sales assistance to provide better services to customers.
- **Inventory Management:** Using E-Commerce, inventory management of products becomes automated. Reports get generated instantly when required. Product inventory management becomes very efficient and easy to maintain.
- **Communication improvement:** E-Commerce provides ways for faster, efficient, reliable communication with customers and partners.

## **E-Commerce — Advantages**

The advantages of e-commerce can be broadly classified into three major categories:

- Advantages to Organizations
- Advantages to Consumers
- Advantages to Society



## Advantages to Organizations

- Using e-commerce, organizations can expand their market to national and international markets with minimum capital investment. An organization can easily locate more customers, best suppliers, and suitable business partners across the globe.
- E-commerce helps organizations to reduce the cost to create process, distribute, retrieve and manage the paper based information by digitizing the information.
- E-commerce improves the brand image of the company.
- E-commerce helps organizations to provide better customer service.
- E-commerce helps to simplify the business processes and makes them faster and efficient.
- E-commerce reduces the paper work.
- E-commerce increases the productivity of organizations. It supports "pull" type supply management. In "pull" type supply management, a business process starts when a request comes from a customer and it uses just-in-time manufacturing way.

## Advantages to Customers

- It provides 24x7 support. Customers can enquire about a product or service and place orders anytime, anywhere from any location.
- E-commerce application provides users with more options and quicker delivery of products.
- E-commerce application provides users with more options to compare and select the cheaper and better options.
- A customer can put review comments about a product and can see what others are buying, or see the review comments of other customers before making a final purchase.
- E-commerce provides options of virtual auctions.
- It provides readily available information. A customer can see the relevant detailed information within seconds, rather than waiting for days or weeks.
- E-Commerce increases the competition among organizations and as a result, organizations provides substantial discounts to customers.

## Advantages to Society

- Customers need not travel to shop a product, thus less traffic on road and low air pollution.
- E-commerce helps in reducing the cost of products, so less affluent people can also afford the products.
- E-commerce has enabled rural areas to access services and products, which are otherwise not available to them.
- E-commerce helps the government to deliver public services such as healthcare, education, social services at a reduced cost and in an improved manner.

## **E-Commerce – Disadvantages**

The disadvantages of e-commerce can be broadly classified into two major categories:

- Technical disadvantages
- Non-technical disadvantages

## Technical Disadvantages

- There can be lack of system security, reliability or standards owing to poor implementation of e-commerce.
- The software development industry is still evolving and keeps changing rapidly.
- In many countries, network bandwidth might cause an issue.
- Special types of web servers or other software might be required by the vendor, setting the e-commerce environment apart from network servers.
- Sometimes, it becomes difficult to integrate an e-commerce software or website with existing applications or databases.
- There could be software/hardware compatibility issues, as some e-commerce software may be incompatible with some operating system or any other component.

## **Non-Technical Disadvantages**

- **Initial cost:** The cost of creating/building an e-commerce application in-house may be very high. There could be delays in launching an e-Commerce application due to mistakes, and lack of experience.
- **User resistance:** Users may not trust the site being an unknown faceless seller. Such mistrust makes it difficult to convince traditional users to switch from physical stores to online/virtual stores.
- **Security/ Privacy:** It is difficult to ensure the security or privacy on online transactions.
- **Lack of touch or feel of products** during online shopping is a drawback.
- **E-commerce applications** are still evolving and changing rapidly.
- **Internet access** is still not cheaper and is inconvenient to use for many potential customers, for example, those living in remote villages.

## **Different types of e-commerce/Business models of e-commerce**

- I. Business-to-business (B2B)
- II. Business-to-Consumer (B2C)
- III. Business-to-government (B2G)
- IV. Consumer-to-consumer (C2C)
- V. Government to consumer (G2C)
- VI. Government-to-business (G2B)
- VII. Consumer-to-Business (C2B)
- VIII. Business-to-employee (B2E)
- IX. Peer to Peer(P2P)

1. **B2B:** It is the online exchange of products, services or information between business firms.

For example a whole sale business selling goods to a retail business.

2. **C2C:** In C2C business model a consumer sells products and services to another consumer by publishing it on a website.

For example, OLX website for selling of used cars, real estate etc.

3. **B2G:** B2G model is used to sell products and services or convey information to the government. It acts as a medium to place business proposals to government and different public sector undertakings. The proposals usually cover projects, materials, and equipments required various government departments and public sector companies.



4. **B2C:** Business to consumer e-commerce or commerce between companies and consumers, involves customers gathering information ; purchasing physical goods or receiving products over an electronic network.
5. **G2C:** This model is also a part of e-governance. The objective of this model is to provide good and effective services to each citizen. The government provides the information of all government departments, different welfare schemes and different application forms to be used by the citizens.
6. **G2B:** This is a business model that refers to government providing services or information to business organization.
7. **C2B:** It is the reverse process of B2C model. In this model consumers quote their prices and product idea and estimate. The firms which accept the terms and conditions of the consumers will meet their needs.
8. **B2E:** In this model companies use an intra organizational network which allows them to provide products and services to their employees. It is used for information sharing , cooperate announcements, special employee offers and reporting of employee benefits.
9. **P2P:** This model of e-business links people without an intermediary or common server and allows them to share files. The P2P networks have been widely used to share and transfer music files and video files between users.

**Mobile e-commerce, or m-commerce,** refers to the use of mobile devices to enable online transactions. m-commerce involves the use of cellular and wireless networks to connect laptops, smartphones such as the iPhone, Android, and BlackBerry, and tablet computers such as the iPad to the Internet.

**Social e-commerce** is e-commerce that is enabled by social networks and online social relationships. It is sometimes also referred to as Facebook commerce, but in actuality is a much larger phenomenon that extends beyond just Facebook.