

BBA VI Semester

**Subject- FUNDAMENTALS OF ELECTRONIC
COMMERCE**

TOPIC- E-COMMERCE (Conceptual Introduction)

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Electronic Commerce:

- Electronic commerce, commonly known as E-commerce is trading in products or services using computer networks, such as the Internet.
- Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems.
- Modern electronic commerce typically uses the World Wide Web for at least one part of the transaction's life cycle, although it may also use other technologies such as e-mail.

Definition of E-commerce:

Sharing business information, maintaining business relationships and conducting business transactions using computers connected to telecommunication network is called E-Commerce.

1.1 E-Commerce Categories:

1. Electronic Markets

Present a range of offerings available in a market segment so that the purchaser can compare the prices of the offerings and make a purchase decision.

Example: Airline Booking System

2. Electronic Data Interchange (EDI)

- It provides a standardized system
- Coding trade transactions
- Communicated from one computer to another without the need for printed orders and invoices & delays & errors in paper handling
- It is used by organizations that make a large no. of regular transactions

Example: EDI is used in the large market chains for transactions with their suppliers

3. Internet Commerce

- It is used to advertise & make sales of wide range of goods & services.
- This application is for both business to business & business to consumer transactions.

Example: The purchase of goods that are then delivered by post or the booking of tickets that can be picked up by the clients when they arrive at the event.

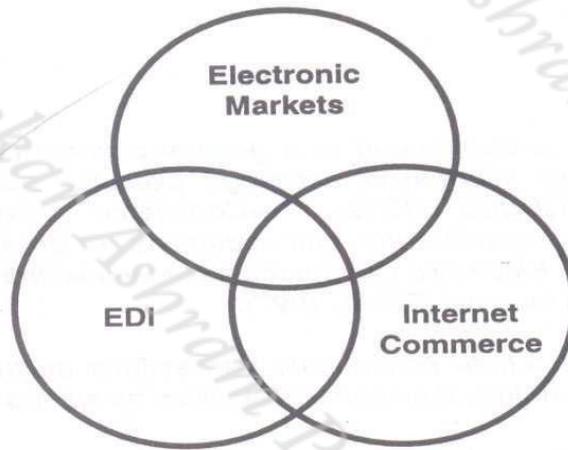


Fig. 1.1 The three categories of e-Commerce.

1.2 Advantages Of E-commerce:

- Buying/selling a variety of goods and services from one's home or business
- Anywhere, anytime transaction
- Can look for lowest cost for specific goods or service
- Businesses can reach out to worldwide clients - can establish business partnerships
- Order processing cost reduced
- Electronic funds transfer faster
- Supply chain management is simpler, faster, and cheaper using ecommerce
 - Can order from several vendors and monitor supplies.
 - Production schedule and inventory of an organization can be inspected by cooperating supplier who can in-turn schedule their work

1.3 Disadvantages Of E-commerce:

- Electronic data interchange using EDI is expensive for small businesses
- Security of internet is not very good - viruses, hacker attacks can paralyse e-commerce
- Privacy of e-transactions is not guaranteed

- E-commerce de-personalises shopping

1.4 Threats of E-commerce:

- Hackers attempting to steal customer information or disrupt the site
- A server containing customer information is stolen.
- Imposters can mirror your ecommerce site to steal customer money
- Authorised administrators/users of an ecommerce website downloading hidden active content that attacks the ecommerce system.
- A disaffected employee disrupting the ecommerce system.
- It is also worth considering where potential threats to your ecommerce site might come from, as identifying potential threats will help you to protect your site. Consider:
- Who may want to access your ecommerce site to cause disruption or steal data; for example competitors, ex-employees, etc.
- What level of expertise a potential hacker may possess; if you are a small company that would not be likely to be considered a target for hackers then expensive, complex security may not be needed.

1.5 Features of E-Commerce:

➤ **Ubiquity**

Internet/Web technology is The marketplace is extended beyond traditional available everywhere: at work, at home, and boundaries and is removed from a temporal and elsewhere via mobile devices, anytime. geographic location. -Marketspacell is created; shopping can take place anywhere. Customer convenience is enhanced, and shopping costs are reduced.

➤ **Global reach**

The technology reaches Commerce is enabled across cultural and across national boundaries, around the earth. national boundaries seamlessly and without modification. -Marketspacell includes potentially billions of consumers and millions of businesses worldwide.

➤ **Universal standards**

There is one set of technical media standards technology standards, namely Internet across the globe.

➤ **Richness**

Video, audio, and text messages Video, audio, and text marketing messages are are possible. integrated into a single marketing message and consuming experience.

➤ **Interactivity**

The technology works Consumers are engaged in a dialog that through interaction with the user. dynamically adjusts the experience to the individual, and makes the consumer a co-participant in the process of delivering goods to the market.

➤ **Information density**

The technology Information processing, storage, and reduces information costs and raises quality. communication costs drop dramatically, while currency, accuracy, and timeliness improve greatly. Information becomes plentiful, cheap, and accurate.

➤ **Personalization/Customization**

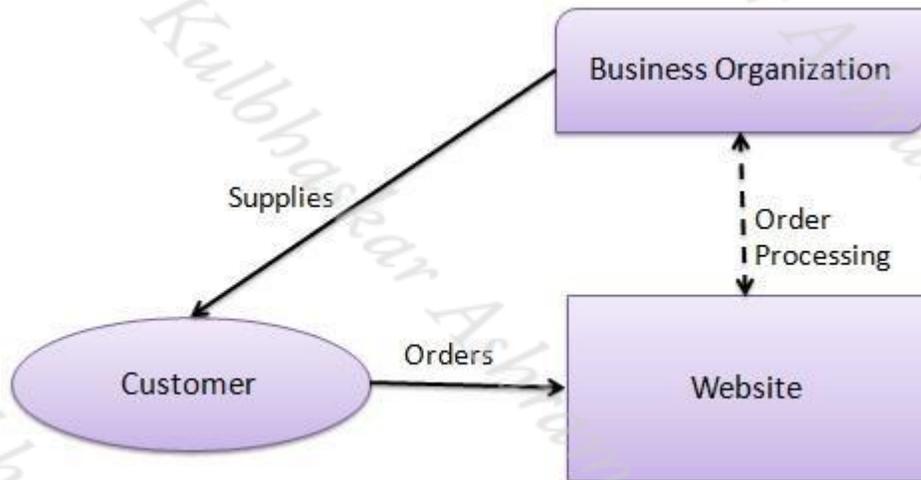
The Personalization of marketing messages and technology allows personalized messages to customization of products and services are be delivered to individuals as well as groups. based on individual characteristics.

1.6 Business models of e-commerce:

There are mainly 4 types of business models based on transaction party.

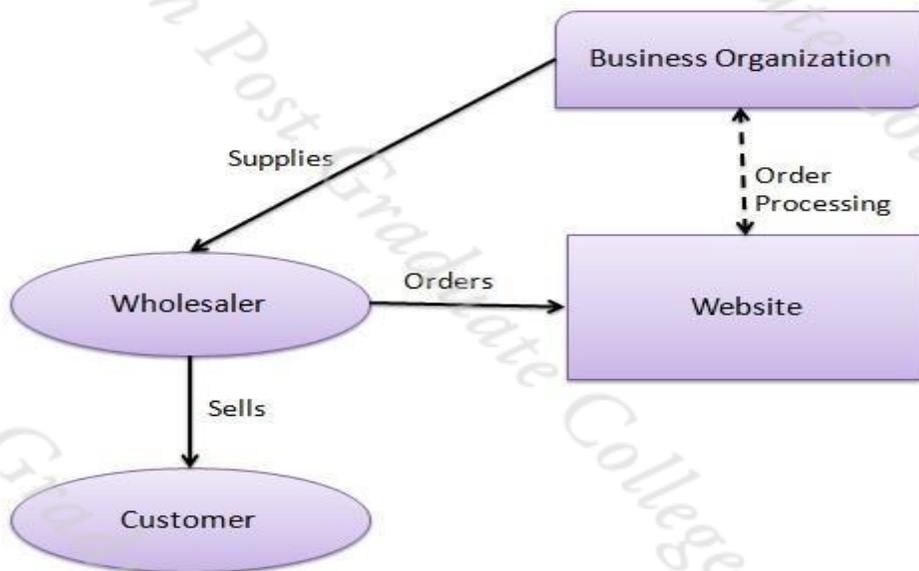
Business-to-Consumer (B2C)

In a Business-to-Consumer E-commerce environment, companies sell their online goods to consumers who are the end users of their products or services. Usually, B2C E-commerce web shops have an open access for any visitor, meaning that there is no need for a person to login in order to make any product related inquiry.



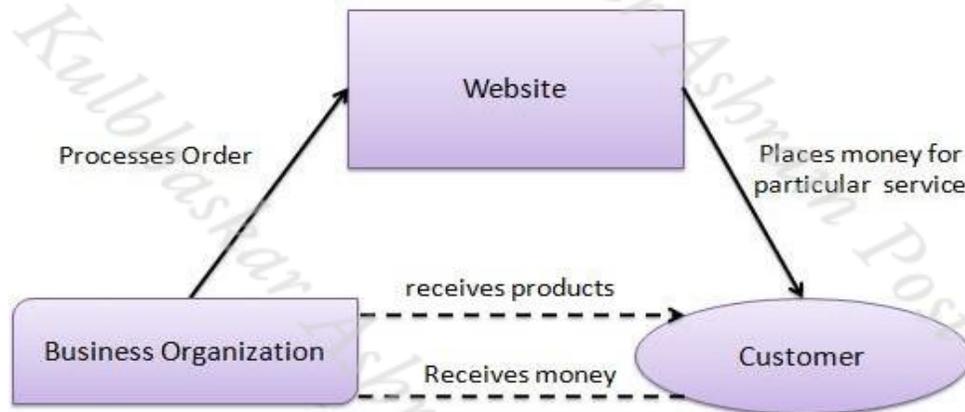
Business-to-Business (B2B)

In a Business-to-Business E-commerce environment, companies sell their online goods to other companies without being engaged in sales to consumers. In most B2B E-commerce environments entering the web shop will require a log in. B2B web shop usually contains customer-specific pricing, customer-specific assortments and customer-specific discounts.



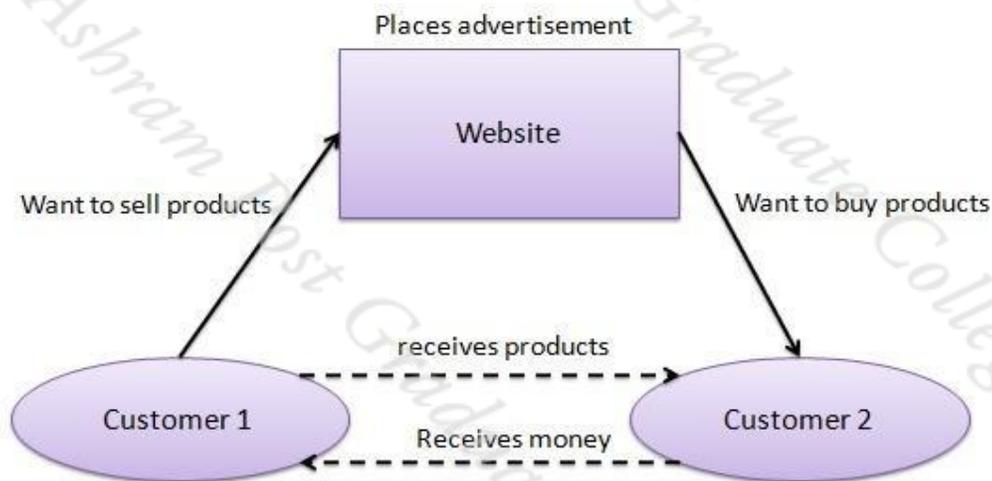
Consumer-to-Business (C2B)

In a Consumer-to-Business E-commerce environment, consumers usually post their products or services online on which companies can post their bids. A consumer reviews the bids and selects the company that meets his price expectations.



Consumer-to-Consumer (C2C)

In a Consumer-to-Consumer E-commerce environment consumers sell their online goods to other consumers. A well-known example is eBay.



1.7 E-Governance:

E-governance is the application of information and communication technology (ICT) for delivering government services, exchange of information communication transactions, integration of various stand-alone systems and services between government-to-customer (G2C), government-to-business (G2B), government-to-government (G2G) as well as back office processes and interactions within the entire government framework.

Through e-governance, government services will be made available to citizens in a convenient, efficient and transparent manner. The three main target groups that can be distinguished in

governance concepts are government, citizens and businesses/interest groups. In e-governance there are no distinct boundaries.

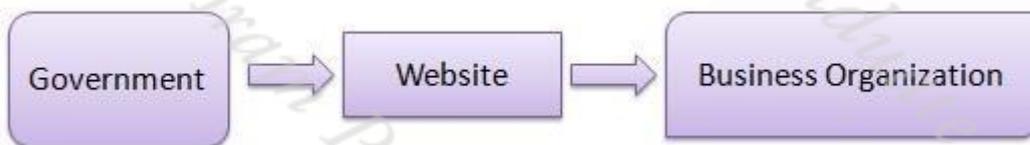
Business - to - Government (B2G)

B2G model is a variant of B2B model. Such websites are used by government to trade and exchange information with various business organizations. Such websites are accredited by the government and provide a medium to businesses to submit application forms to the government.



Government - to - Business (G2B)

Government uses B2G model website to approach business organizations. Such websites support auctions, tenders and application submission functionalities.



Government - to - Citizen (G2C)

Government uses G2C model website to approach citizen in general. Such websites support auctions of vehicles, machinery or any other material. Such website also provides services like registration for birth, marriage or death certificates. Main objectives of G2C website are to reduce average time for fulfilling people requests for various government services.

