

E-COMMERCE

List of contents:

Abstract

Definition of E-Commerce

working of E-commerce

Present challenges facing E-commerce

Some recent technological breakthroughs

1. The reality of E-Commerce with developing countries

2. B2B E-Commerce: Issues for Developing Countries

3. The Reality of E-Marketplaces

Online store and shopping cart

Advantages of E-Commerce

conclusion

Abstract

Electronic Commerce is process of doing business through computer networks. A person sitting on his chair in front of a computer can access all the facilities of the Internet to buy or sell the products.

Unlike traditional commerce that is carried out physically with effort of a person to go & get products, ecommerce has made it easier for human to reduce physical work and to save time. E-Commerce which was started in early 1990's has taken a great leap in the world of computers, but the fact that has hindered the growth of e-commerce is security. Security is the challenge facing e-commerce today & there is still a lot of advancement made in the field of security.

The main advantage of e-commerce over traditional commerce is the user can browse online shops, compare prices and order merchandise sitting at home on their PC.

For increasing the use of e-commerce in developing countries the B2B e-commerce is implemented for improving access to global markets for firms in developing countries. For a developing country

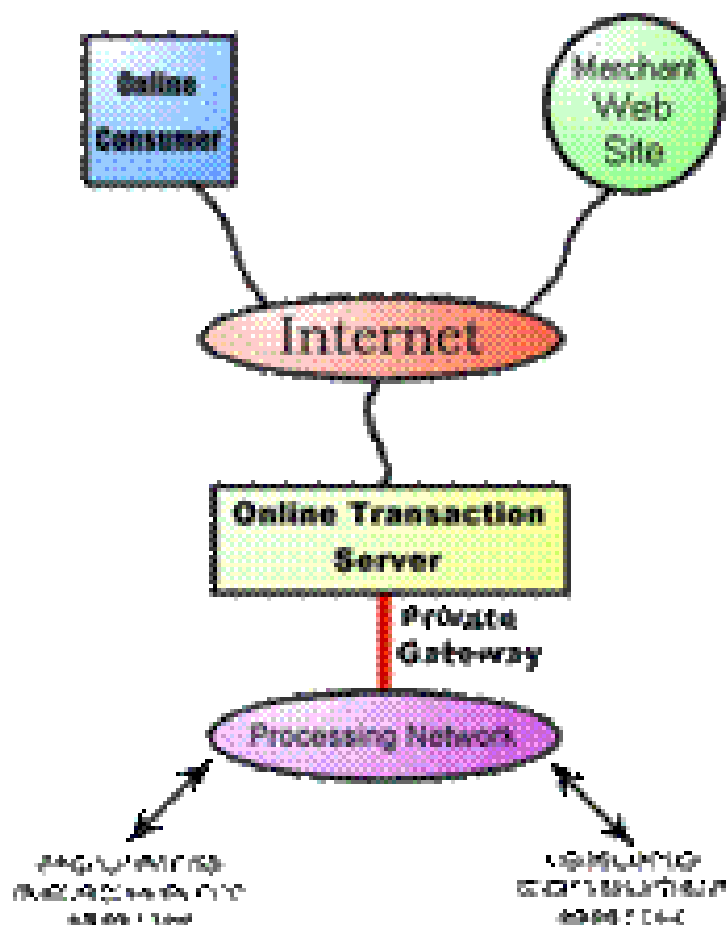
advancement in the field of e-commerce is essential. The research strategy shows the importance of the e-commerce in developing countries for business applications.

Defination of E-commerce

Electronic commerce or ecommerce is a term for any type of business, or commercial transaction, that involves the transfer of information across the Internet. It covers a range of different types of businesses, from consumer based retail sites, through auction or music sites, to business exchanges trading goods and services between corporations. It is currently one of the most important aspects of the Internet to emerge.

Working of E-COMMERCE

The consumer moves through the internet to the merchant's web site. From there, he decides that he wants to purchase something, so he is moved to the online transaction server, where all of the information he gives is encrypted. Once he has placed his order, the information moves through a private gateway to a Processing Network, where the issuing and acquiring banks complete or deny the transaction. This generally takes place in no more than 5-7seconds..



There are many different payment systems available to accommodate the varied processing needs of merchants, from those who have a few orders a day to those who process thousands of transactions

daily. With the addition of Secure Layer Technology, E-Commerce is also a very safe way to complete transactions

Present Challenges Facing E-Commerce

Speaking of obstacles, there are a lot of them that need to be uprooted before e-commerce can compete with traditional commerce. The biggest obstacle in the course of advancement of e-commerce is that the consumer's senses are limited to seeing and hearing the product. The second largest problem that e-commerce has been facing over the past few years is that of security. Traditional buyers and sellers are still paranoid about conducting business online. According to Hal Loevy, vice president of Global Marketing and Partnerships for SG SonSITE, "Despite all the noise about e-commerce, which is significant, companies still have to keep their old business practices: Can I trust who I am buying from? Who am I doing business with? What is their trading history? Am I obeying the law? Will I receive the goods as specified on screen and who do I approach if I have a problem?". According to emarketer.com, "70% of US consumers are concerned about online security; this discourages consumers from using credit cards to shop online (PaymentOne)". Also according to e-marketer.com, in December 2001, 91% of websites collected personal information and in April-May 2001, 68% of US Internet users were concerned that transactions may not be secure and other companies and individuals might gain access to their personal information.

Some recent technological breakthroughs

Finally, in order to make the online shopping experience even more better, there are a lot of new technologies like Verifi, DigiScent's iSmell and TouchSense that have emerged over the last couple of years. Even though iSmell and TouchSense are very new technologies and they haven't been adopted by the majority of internet shoppers yet, they promise a consumer-friendly future. Verifi is one technology that has been widely adopted today, and for good reason. According to a recent BizRate study, over 50% of online shoppers stated that they would not make further purchases from a Web merchant that delivered an item in a colour that wasn't what they expected. This is the problem that Imation have designed their Verifi system to solve. Here's how it works. When a shopper visits a Verifi-enabled Web site for the first time they are invited to take a Web based survey that establishes how their monitor, computer, operating system and browser handle color. This information is then stored as a cookie in the shopper's browser. Then, when they view a product image, the Verifi system reads the information in the cookie and combines this with the profile of the scanner (or digital camera etc.) that the merchant used to produce the image to generate a color-accurate image in the shopper's browser.

1) The reality of E-Commerce with developing countries

The report is about the potential offered by internet based business-to-business (B2B) e-commerce for improving access to global markets for firms in developing countries. It addresses three questions:

v Is B2B e-commerce opening new and cheaper access to global markets for developing country producer firms or, conversely, is it strengthening existing buyer-producer relationship and existing power relations?

v Are developing country producers being marginalized by the spread of B2B e-commerce trading relationships that depend on sophisticated information and communication technologies (ICT's) and on efficient logistics systems, electronic payment systems and new certification procedures?

v How can governments or technical assistance agencies help producers in developing countries to participate in B2B e-commerce developments on an equitable basis?

The question have been answered on how internet-based electronic marketplaces were actually working in 2001-2002 and how firms in developing countries were using internet applications to support and enhance their business support. This study does not examine any aspects of B2B e-commerce.

2) B2B E-Commerce: Issues for Developing Countries

Business to Business or B2B refers to electronic commerce between businesses rather than between a business and a consumer. B2B businesses often deal with hundreds or even thousands of other businesses, either as customers or suppliers.

Optimism about the potential of B2B e-commerce depends upon the idea that the major obstacle to increased sales is the cost of making products known to potential buyers in industrialized countries. This section makes explicit some of the expectations and assumptions surrounding the optimistic views of the potential of B2B e-commerce for firms in developing countries. It considers the policy implications that arise from these expectations and assumptions. It also examines the strength of the evidence supporting projections of rapid growth in B2B e-commerce transactions.

2.1) B2B e-commerce expectations and assumptions

The idea that B2B e-commerce would radically transform the way firms to do business can be summed up in four propositions about how this form of e-commerce is expected to work. These are taken from the publications of just two UN organizations concerned with trade and development, UNCTAD and ITC. However, the broadly reflect the general state of the expectations for B2B e-commerce in 2000 and 2001.

Proposition 1: e-commerce works through ‘many-to-many’ e-marketplaces

B2B e-commerce marketplaces are on-line spaces where many buyers and sellers can come together in one trading community and obtain sufficient information to make decisions about whether to buy or sell. UNCTAD’s 2001 E-Commerce and Development Report suggested that ‘many-to-many’ e-marketplaces would become the dominant component of e-commerce activity and argued that, “E-markets involve a large number of buyers and sellers that engage in many-to-many transactions and relationships. They create a trading community in buyers’ orders are matched with sellers offers’ and the trading partners benefit from other forms of collaboration”

Proposition 2: B2B e-commerce offers greater returns to firms in developing countries than other trading channels.

B2B e-commerce offers two important advantages for developing country firms.

First, e-commerce related transaction costs are less sensitive to distance than traditional marketing channels, so access to global markets is made easier.

Second, by simplifying and making market channels more efficient, B2B e-commerce enable developing country firms to retain a large share of the final consumer price of products. The process is not necessarily one of disintermediation, but rather one of more efficient, internet –based intermediation.

Proposition 3: B2B e-commerce particularly helps smaller firms to enter global markets

Reduction in the costs of accessing global markets are particularly important for Small and Medium sized Enterprises (SME's).

“E-Trade opens new commercial opportunities to the export-oriented enterprise. In particular, it empowers the small and medium-sized enterprise (SME), allowing into participate in international markets where previously market entry and promotion costs were prohibitive. It enables the firm to source production inputs more expeditiously, to stream line (i.e. eliminate intermediaries) its own supply- and export-distribution chains and to reduce business transaction costs.

Towards the end of the 1990's, there were high expectations that B2B e-commerce would encourage substantial changes in the way firms buy and sell products and that this would be associated with major reductions in the costs of transaction on the international market. It was suggested that:

v Buyers and sellers could eliminate the ‘middlemen’ and intermediaries, establish one-to-one on-line trading and rationalise marketing channels.

v Electronic trading would create opportunities for developing country producer firms to enter new markets and to strengthen their position in international trade.

3) The Reality of E-Marketplaces

How do e-marketplaces operate in practice? The answer to this question is based on the mapping of the characteristics of attributes of 184 e-marketplaces in the garments and horticulture (including some sites concerned with a broader range of agricultural products) sectors. The following illustrates the types of applications that were present at the e-marketplaces based on the web, which were included in the sample.

Types of applications in B2B e-marketplaces

v ***Direct Buyer/Seller Links:*** Provides a means for sellers to post direct links from a web site to their own company web sites. Potential buyers can follow these links to a vendor's web site. Alternatively, there may be no link and only protect and contact information about particular firm (e.g. electronic showrooms on-line directories, on-line catalogues).

v ***Line auctions On:*** Applications may take three forms

v Listing-agent auctions where the service provider acts as an agent running web-based auctions on the behalf of independent sellers who list their own auctions.

v Merchant auctions where no independent sellers are identified, and the service provider acts as a retailer, which happens to conduct its transactions by auction.

Request for quotes: This consists of a seller or buyer posting a message to a forum within an on-line environment or to individual members, indicating a desire to buy or sell items. Buyers and sellers may be unable to select the firms to which their quotes are sent as well as the individual firms from which they

Receive quotes. Messages may include price information.

v ***Trade Leads/Classifies:*** buyers and/or sellers post messages to an on-line forum or to individual members indicating a desire to buy or sell items. Buyers and sellers do not have control over which user forms can access messages posted to the forum. Messages generally do not include price information.

v ***E-Retail:*** The service provider sells products directly to users. Visitors take the role of buyers and the site provider takes the role of a seller. These platforms parallel the exchange processes common on B2C web sites.

3.1) Support services in e-marketplaces:

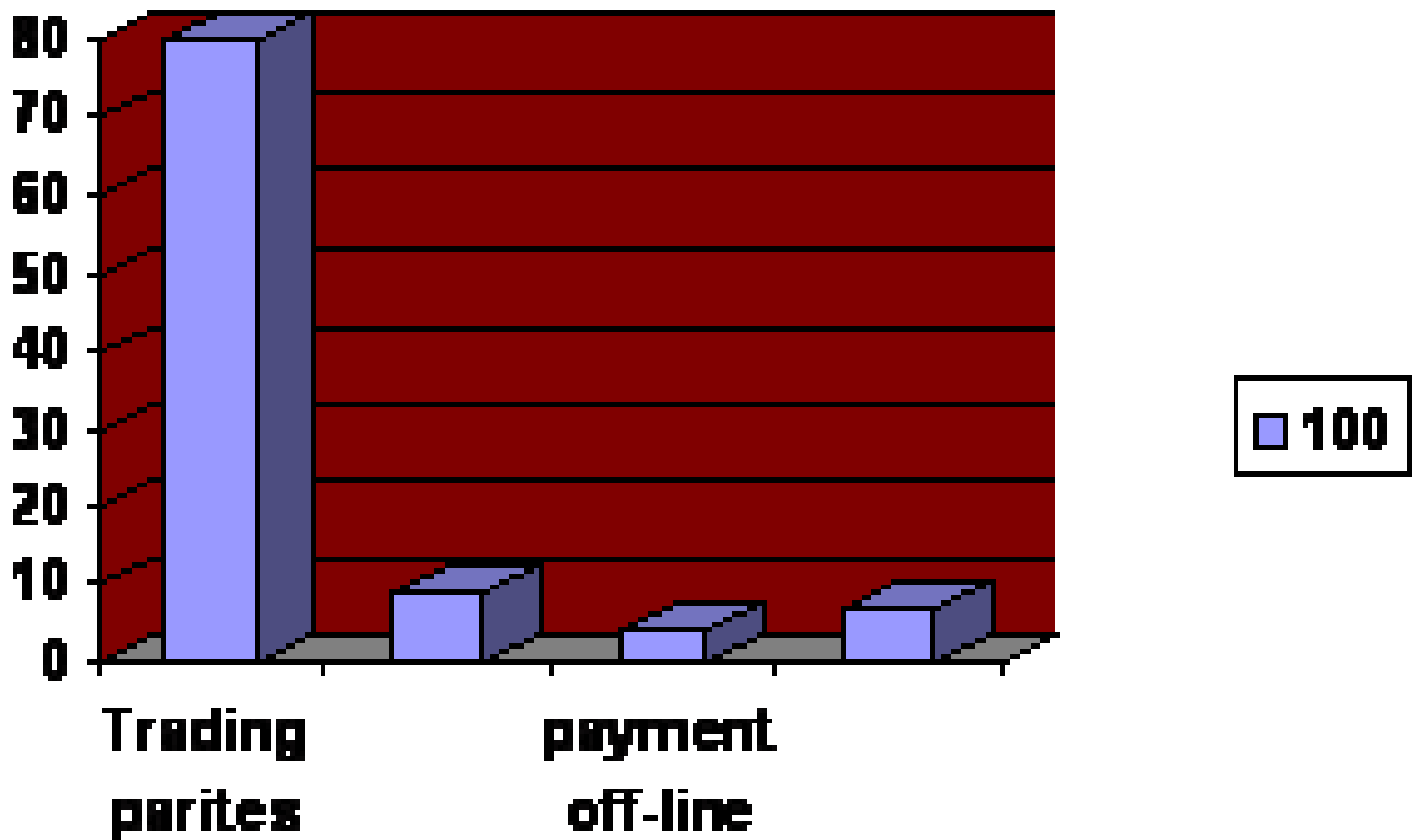
To what extent were providers of e-marketplaces offering affordable services to support the settlement of transactions on-line? On-line trading might be greatly facilitated by services that: The road to creating a successful online store can be a difficult if unaware of e-commerce principles. Researching and understanding the guidelines required to properly implement an e-business plan is a crucial part to becoming successful with online store building.

v Enable payment to be made; and

v Facilitate the delivery of the product.

Product delivery was equally unspotted. The companies hosting e-marketplace rarely played a direct rule in arranging for the delivery of the products. For 80% of the e-marketplace the buyers were left to take responsibility for arranging for the delivery of the products once they had been purchased. This was facilitated by links from some of these e-marketplace to third party service providers.

For an additional cost, e-marketplace users could access logistic service including shipping and delivery service, financial service customs brokering, insurance service and travel service. Shipping and/or delivery support service were accessible to users in 34% of the 77 horticulture and 53% of the 107 garments e-marketplace. It was not possible to excess the effectiveness of these services using the method employed in this study, but in many cases the web site provider merely provided a link to the web site of the provider of these services.



3.2) Trust service in e-marketplaces: An extremely limited amount of product and partner information was available to users of the e-marketplaces. 'Buyer and seller beware' was the norm. Of the 117 e-marketplace providers, 46% noted on their web sites that they did not mediate between firms using their sites. It was the user's responsibility to evaluate whether to enter into an exchange agreement with another firm.

Online store and Shopping cart: Shopping cart software is an operating system used to allow consumers to purchase goods and or services, track customers, and tie together all aspects of ecommerce into one cohesive whole.

When you are through browsing, you click checkout and complete the transaction by providing payment information. This can either be anew site developed from scratch, or an existing site to which you can add **ecommerce shopping cart** capabilities

Lastly, you need a marketing strategy for driving targeted traffic to your site and a means of enticing repeat customers. If you are new to ecommerce keep things simple- know your limitations. E-Commerce can be a very rewarding venture, but you cannot make money overnight. It is important to do a lot of research, ask questions, work hard and make on business decisions on facts learned from researching ecommerce. don't rely on "gut" feelings.

advantages of E-Commerce

Looking at the brighter side however, e-commerce obviously has numerous advantages over traditional commerce, the number one advantage being convenience of use. The user can browse online stores, compare prices and order merchandise sitting at home on their PC. According to Forrester, 37 percent of

online consumers use customer service more from Web retailers than traditional retailers because of its potential for ease of use and quick response times. "Once excellent proactive customer service is in place, merchants must build their brands around the promise of a satisfying experience," said Forrester's Christopher Kelley. "This means not only advertising a call center but also bragging about speedy response times and knowledgeable service reps". Dell, for example has adopted the same approach to selling their products both online and offline. This however, has proven beneficial for the company, since it helped them cut down on warehousing costs. One way in which the company has encouraged online ordering is by offering rebates on the products that are bought online. Other companies should follow Dell's example if they want to succeed in the online world.

Conclusion

E-Commerce refers to all forms of business activities across the internet. This can include E-tailing, B2B, intranets and extranets, online advertising, and simply online presence of any form that are used for some type of communication. E-Commerce has several advantages and disadvantages as indicated in these papers.

E-Commerce applications that started in early 1970's needs to be still developed in terms of security and efficiency. For the developing country like our India advancement in e-commerce is a challenge to compete with the developed countries.

Bibilography:

1. Frontiers of Electronic Commerce by Kalakota and Whinston
2. WWW.riti_internews.ro/ecommerce.htm-71k.
3. WWW.eccnet.com/papers.html-11k.