What is E-commerce?

E-commerce (electronic commerce) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet.

How does e-commerce work?

E-commerce is powered by the internet, where customers can access an online store to browse through, and place orders for products or services via their own devices. E-commerce is powered by the internet, where customers can access an online store to browse through, and place orders for products or services via their own devices.

E-Commerce – Objectives

1. Development of Business-Relationship: The business development can be done through the e-commerce being the primary and the basic object. As their direct contact in between the company and the consumer, their business relationship will be enhanced. Hence the area of the market can be increased.

2. Better-Customer Service: As it is done round the clock, the customer will always have online help regarding the products. As all the information is furnished to the customer, it becomes easy to him to choose the best product among all other alternatives. As even the service can also be done through the net immediately, the customer service will be ballooned. By highlighting the customer service, the companies are trying to subjugate a lion-share in the market.

3. Getting more Customers: In these days it becomes the mandate of the companies to double its customers, and this can be done by rendering the value add service and maintaining the quality. Hence, it is also one of the primary objectives of the companies which supply impetus for the robust growth in sales and overall profit.

E-Commerce – Important Features?

1. E-Commerce is Technology-Enabled

Traditional commerce is taking place since times immemorial but E-commerce is result of integration of digital technology with business processes and commercial transactions. The technological foundations of E-commerce are internet, WWW and various protocols.

2. Technology Mediated

In E-commerce buyers and sellers meet in cyber space rather than physical place. Hence E-commerce does not involve face to face contact.

3. Universality

Buying and selling take place through websites in E-Commerce. The websites can be accessed from anywhere around the globe at any time therefore it possess the feature of universality.

4. Intercommunication

E-commerce technology ensures two way communications between buyer and seller. On one hand by using E- commerce firms can communicate with customers through E- commerce enabled websites. On the other end, customers can also fill order forms, feedback forms and can communicate with business operating firms.

5. Delivery of Information

E-commerce serves as the best channel of communication. E-commerce technologies ensure speedy delivery of information at very low cost and considerably increase information density as well.

6. Electronic Completion of Business Processes

By using E-commerce we can perform business transactions like accounting and inventory through computers at global level.

7. Inter-Disciplinary in Nature

Implementation of E-Commerce needs a lot of knowledge of managerial, technological, social and legal issues. Besides this, understanding of consumer behavior, marketing tools and financial aspects is as crucial as designing interactive E- Commerce websites.

8. Customization

With the use of E-commerce technology, the world is moving from mass-production to mass-customization. Product customization ensures that goods are tailor made as per the requirements and preferences of customers.

Types of E-Commerce?

The major different types of E- Commerce are:

I. Business-to-Business (B2B);

II. Business-to-Consumer (B2C);

III. Business-to-Government (B2G);

IV. Consumer-to-Consumer (C2C);

V. Mobile Commerce (M-Commerce).

i. Business to Business (B2B)

1. Business to Business or B2B refers to E-Commerce activities between businesses.

2. In E-Commerce B2B, transactions are usually carried out through Electronic Data Interchange or EDI. EDI is an automated format of exchanging information between businesses over private networks.

3. EDI is composed of standards that enable businesses' computers to conduct transactions with each other, without human intervention.

4. For Example- Manufacturers and wholesalers are B2B companies.

ii. Business to Customer (B2C)

1. Business to Customer or B2C refers to E-Commerce activities that are focused on consumers rather than on businesses.

2. For instance, a book retailer would be a B2C company such as Amazon.com.

iii. Customer to Business (C2B)

1. Customer to Business or C2B refers to E-Commerce activities, which use reverse pricing models where the customer determines the price of the product or services.

2. For example – tele workers and online auctions are C2B processes.

iii. Customer to Customer (C2C)

1. Customer to Customer or C2C refers to E-Commerce activities, which uses an auction style model.

2. Customers are also the business and C2C enables customers to directly deal with each other. An example of this is peer auction giant, E Bay.

iv. M-Commerce (Mobile Commerce)

1. M-commerce (mobile commerce) is the buying and selling of goods and services through wireless technology i.e., handheld devices such as cellular telephones and personal digital assistants. Japan is seen as a global leader in m-commerce.

2. As content delivery over wireless devices becomes faster, more secure and scalable, some believe that m-commerce will surpass wire line e- commerce as the method of choice for digital commerce transactions. This may well be true for the Asia-Pacific where there are more mobile phone users than there are Internet users.

E-Commerce – Advantages

(i) Convenience – Customers can order products or services 24 hours a day wherever they are.

(ii) Information – Customers can find reams of comparative information about companies, products, competitors and prices without leaving their office or home.

(iii) Fewer Hassles – Customers don't have to face sales people or open themselves upto persuasion and emotional factors, they also don't have to wait in line.

(iv) Quick Adjustment to Market Conditions by Marketers – Companies can quickly add products to their offering and change prices and descriptions.

(v) Lower Cost – On-line Marketers avoid the expense of maintaining a store and the costs of rent, insurance and utilities. They can produce digital catalogues for much less cost than the cost of printing and mailing paper catalogues.

(vi) Relatively Building – On-line marketers can dialogue with consumers and learn from them. Marketers can download useful reports or a free demo of their softwares.

(vii) Audience Sizing – On-line Marketers can learn how many people visited their web site and how many of them shopped at particular places on the site. This information can help them improve offers and advertisements.

(viii) On-line Marketing – It is easy affordable by small firms, who otherwise would not have been able to advertise in the print or broad cost media.

(ix) E-Commerce – E-commerce through Internet and web site can access and retrieve information very fast, compared to overnight mail and even fax.

(x) Internet newsgroups set up for commercial purposes help companies place on-line advertisements and thus save cost and time.

E-Commerce – Disadvantages

1. Security

Security continues to be a problem for online businesses. Customers have to feel confident about the integrity of the payment process before they commit to the purchase. Banks such as Brac Bank, Dutch Bangla Bank have added secure payment gateways to process online banking transactions quickly and safely.

2. System and Data Integrity

Data protection and the integrity of the system that handles the data are serious concerns. Computer viruses are rampant, with new viruses discovered every day. Vi- ruses cause unnecessary delays, file backups, storage problems, and other similar difficulties. The danger of hackers accessing files and corrupting accounts adds more stress to an already complex operation.

3. System Scalability

A business develops an interactive interface with customers via a website. After a while, statistical analysis determines whether visitors to the site are one-time or recurring customers. If the company expects 2 million

customers and 6 million show up, website performance is bound to experience degradation, slowdown, and eventually loss of customers. To stop this problem from happening, a website must be scalable, or upgradable on a regular basis.

4. E-Commerce is Not Free

So far, success stories in e-commerce have forced large business with deep pockets and good funding to invest in creating on-line websites. According to a report, small retailers that go head-to-head with e-commerce giants are fighting losing battle. As in the brick-and-mortar environment, they simply cannot compete on price or product offering. Brand loyalty I related to this issue, which is supposed to be less important for online firms. Brands are expected to lower search costs, build trust, and communicate quality. A search engine can come up with the best music deals, for example, yet consumers continue to flock to trusted entities such as HMV.

5. Customer Relations Problems

Not many businesses realize that even e- business cannot survive over the long term without loyal customers. Building customer loyalty to a specific site is not an easy task. Customers are notoriously fickle-minded, and do not minding visiting a competing website just to avail even one-time benefits or discounts.

6. Products-

People Won’t Buy Online Imagine a website called furniture, com or living.com, where venture capitalists are investing millions in selling home furnishings online. In the case of a sofa, you would want to sit on it, feel the texture of the fabric etc. Beside the sofa test, online furniture stores face costly returns which makes the product harder to sell online.