FUNDAMENTALS OF E- COMMERCE

Lesson # 2

Overview of the Lesson

- Main Objective
- Basic of E-Commerce.
- Types of E-Commerce.
- Process of E-Commerce
- Advantages of E-Commerce
- Disadvantages of E-Commerce
- E-Shopping Safety Tips
- Outcomes

Main Objective

- Basic knowledge about E- Commerce environment.

- Identify the main business and market place models for electronic communication and trading.

- Understanding of different transactions mechanisms available through online services.

E-COMMERCE

E-Commerce Basics

- Process of buying, selling or exchanging products, services and information through computer networks.

- It refers to the use of the Internet and the Web to manage business between and among organizations and individuals.

Domains of E –commerce

1. Physical Domain
2. Digital Domain

E-Commerce Basics

Traditional E- Commerce

▸ All the dimensions are physical in nature

▸ Perform all business transactions off-line.

▸ Buy and sell products through physical agents and representatives.

Pure E- commerce

▸ All the dimensions are digital in nature.

▸ Pure online (virtual) organizations.

▸ Buy and sell products online.

E-Commerce Basics

Hybrid Approach

- A combination of physical and digital dimensions
- Primary business carried out in the physical world.
- Provide some services on line.

E- Commerce Example

E-COMMERCE TYPES

Types of E-Commerce Models

Four Major Domain on which E-Commerce Works

- **Business-to-Business (B2B) Model**
- **Business-to-Consumer (B2C) Model**
- **Consumer –to-Business (C2B) Model**
- **Consumer-to-Consumer (C2C) Model**

Business-to-Business (B2B) Model

B2B Model describes commerce transactions between businesses, such as between a manufacturer and a wholesaler, or between a wholesaler and a retailer.

Example: Dell deals computers and other associated accessories online but it does not manufacture all those products. So, in govern to deal those products, first step is to purchases them from unlike businesses i.e. the producers of those products.

Hosts product details ①

Accesses product information ②

Internet

Receives order processes and dispatches product ④

Places an order for the product ③

Seller Business

Buyer Business

B2B Business Model
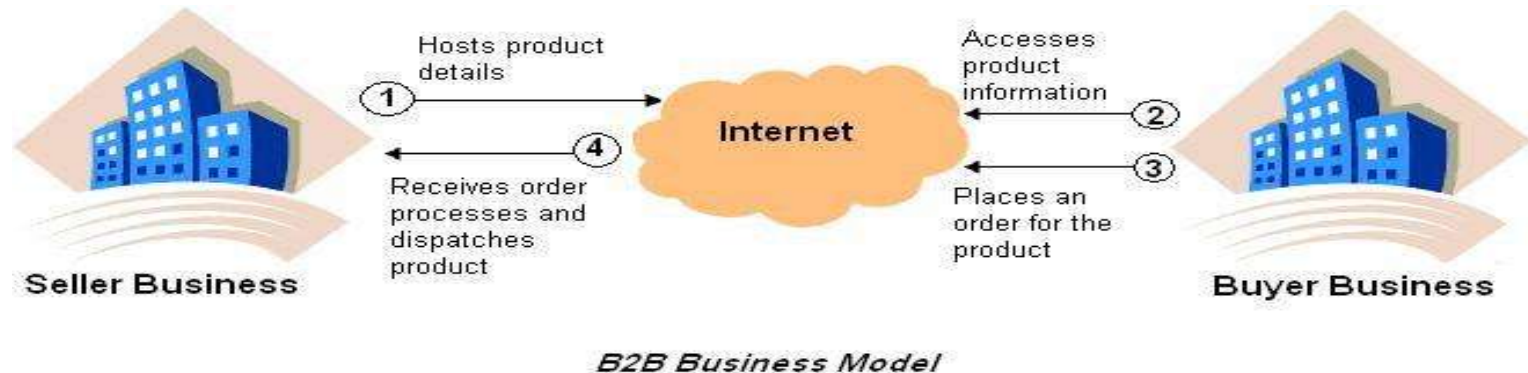
Business-to-Consumer (B2C) Model

The B2C model involves transactions between business organizations and consumers. It applies to any business organization that sells its products or services to consumers over the Internet. These sites display product information in an online catalog and store it in a database. The B2C model also includes services online banking, travel services, and health information.

Example: www.daraz.pk, www.amazon.com etc….

Hosts product details

1

Internet

Accesses product information

2

4

3

Receives order processes and dispatches product

Places an order for the product

Consumer

Seller Business

Buyer

B2C Business Model
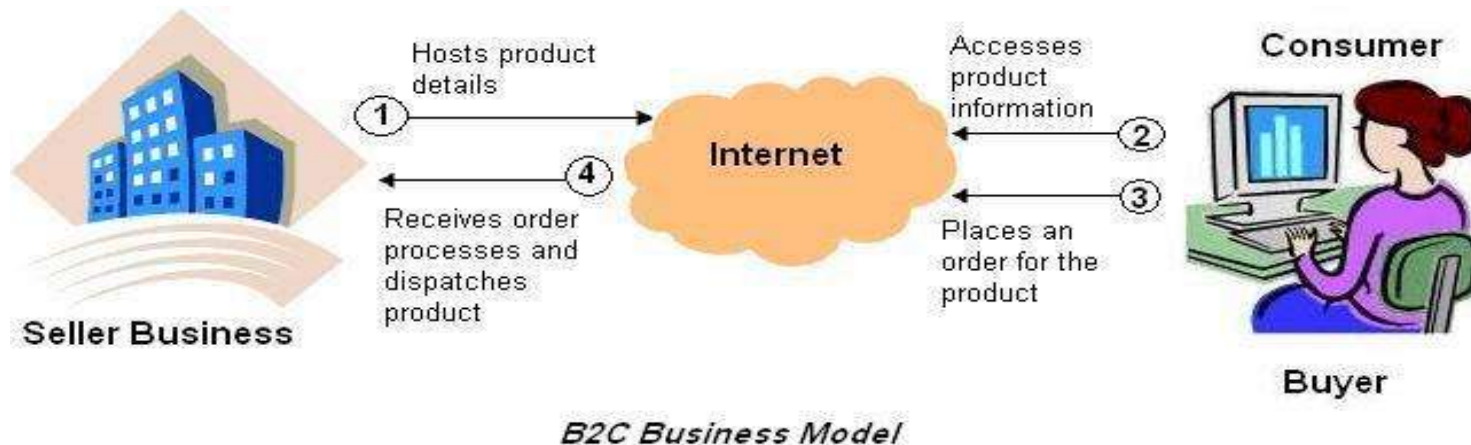
Consumer-to-Business (C2B) Model

- A C2B model, is a type of commerce where a consumer or end user provides a product or service to an organization.

- An example is Priceline.com, where the customer names a product and the desired price, and Priceline tries to find a supplier to fulfill the stated need

Consumer

Seller

1. Hosts the product with the portal

Internet

Facilitator

2. Access product information from the portal

Internet

4. Buys products on the behalf of the buyer

3. Places an order on the portal

5. Sells product to the buyer

Buyer Business
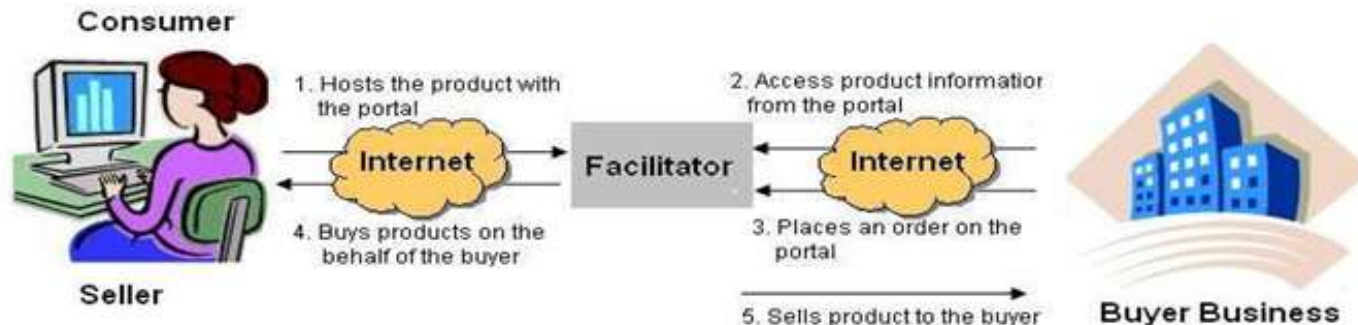
Consumer-to-Consumer (C2C) Model

The C2C model involves transaction between consumers. Here, a consumer sells directly to another consumer.

eBay.com, olx.com, etc… are common examples of online auction web sites that provide a consumer to advertise and sell their products online to another consumer.

Consumer

1. Hosts the product with the portal

Internet

Facilitator

2. Access product information from the portal

Internet

Consumer

4. Buys products on the behalf of the buyer

Seller

3. Places an order on the portal

5. Sells product to the buyer

Buyer
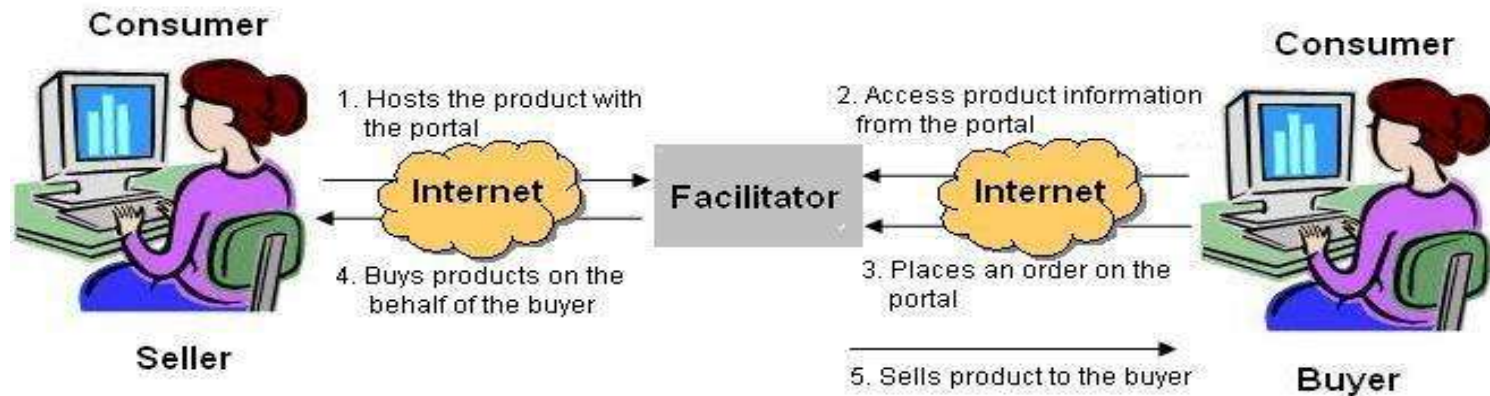
C2C Business Model

PROCESS OF E-COMMERCE

Process of E-commerce

- A consumer uses Web browser to connect to the home page of a merchant's Web site on the Internet.

- The consumer browses the catalog of products featured on the site and selects items to purchase.

- The selected items are placed in the electronic equivalent of a shopping cart.

- When the consumer is ready to complete the purchase of selected items, He/she provides a bill-to and ship-to address for purchase and delivery .

Process of E-commerce

▸ When the payment method is identified and the order is completed at the Commerce Server site, the merchant's site displays a receipt confirming the customer's purchase.
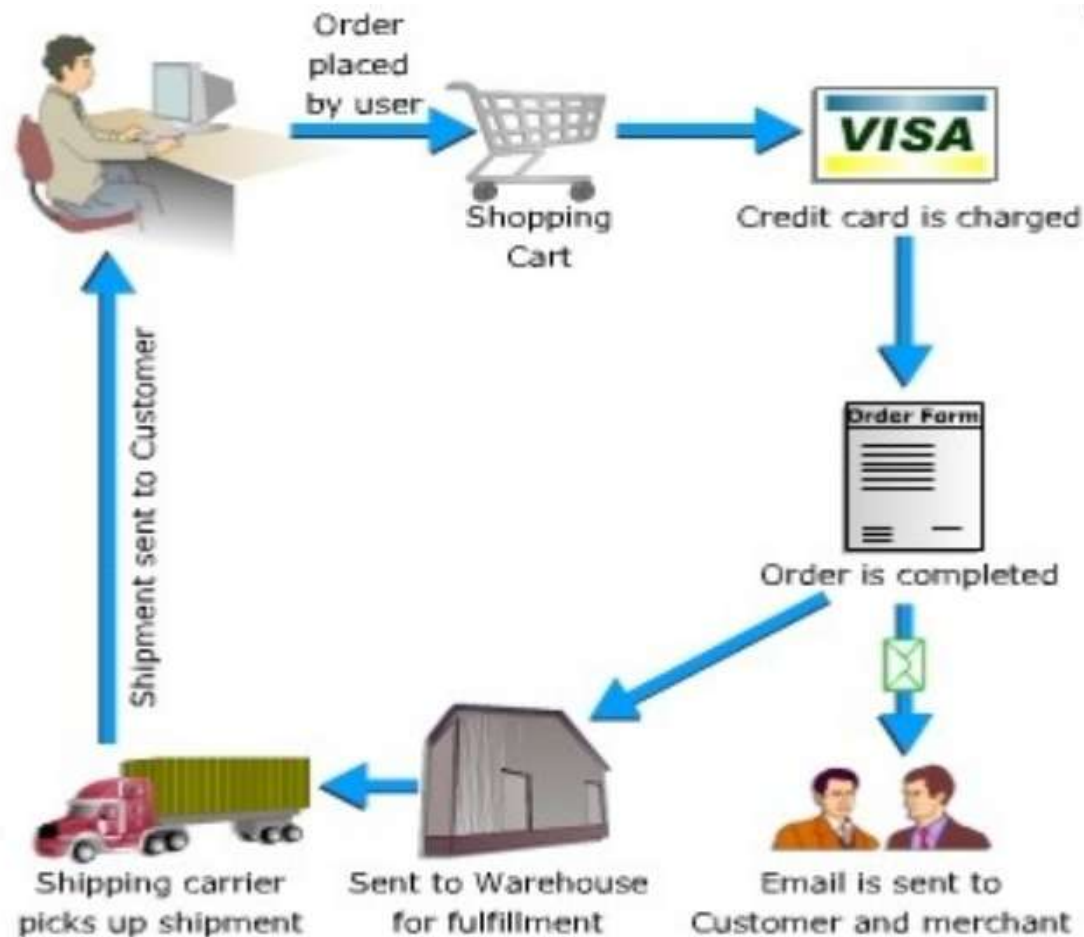
▸ The Commerce Server site then forwards the order to a Processing Network for payment processing and fulfilment.

These are some common steps of online transactions.

Process of E-commerce

ADVANTAGES AND DISADVANTAGES OF E-COMMERCE

Advantages of E- Commerce

- Faster buying/selling procedure, as well as easy to find products.

- Buying/selling 24/7.

- You can shop anywhere in the world.

- Low operational costs and better quality of services.

- No need of physical company set-ups.

- Easy to start and manage a business.

- Customers can easily select products from different providers without moving around physically.

- Communication improvement.

Disadvantages of E- Commerce

- Unable to examine products personally.

- Not everyone is connected to the Internet.

- There is the possibility of credit card number theft.

- Mechanical failures can cause unpredictable effects on the total processes.

E-Shopping Safety Tips

E-Shopping Safety Tips

- **Check out sellers**: Conduct independent research before you buy from a seller you have never done business with. Some attackers try to trick you by creating malicious websites that appear real, so you should verify the site before supplying any information.

- **Make sure the site is genuine**: Before you enter your personal and financial information to make an online transaction, look for signs that the site is secure.

E-Shopping Safety Tips

▸ **Protect your personal information**: Before providing personal or financial information, check the website's privacy policy. Make sure you understand how your information will be stored and used.

▸ **Turn your computer off when you're finished shopping**: Many people leave their computers running and connected to the Internet all day and night. This gives scammers 24/7 access to your computer to install malware and commit cyber-crimes.

Outcomes

Have the concepts and processes that comprise the technical infrastructure of e-commerce sites and be able to solve problems about online transactions.

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THANK YOU