

Unit IV

Applications of E-Commerce

Topics Included:

- Applications of e-commerce to Supply chain management
- Applications of e-commerce to Customer Relationship Management
- Product and service digitization
- Remote servicing

What is Supply chain?

- The flow of material, information, money, and services from raw material suppliers through factories and warehouse to end customer.
- Supply chain entities constitute manufacturers, service-providers, distributors, retail outlets etc.
- Supply chain activities transform raw materials and components into a finished product.



Supply chain management (SCM)

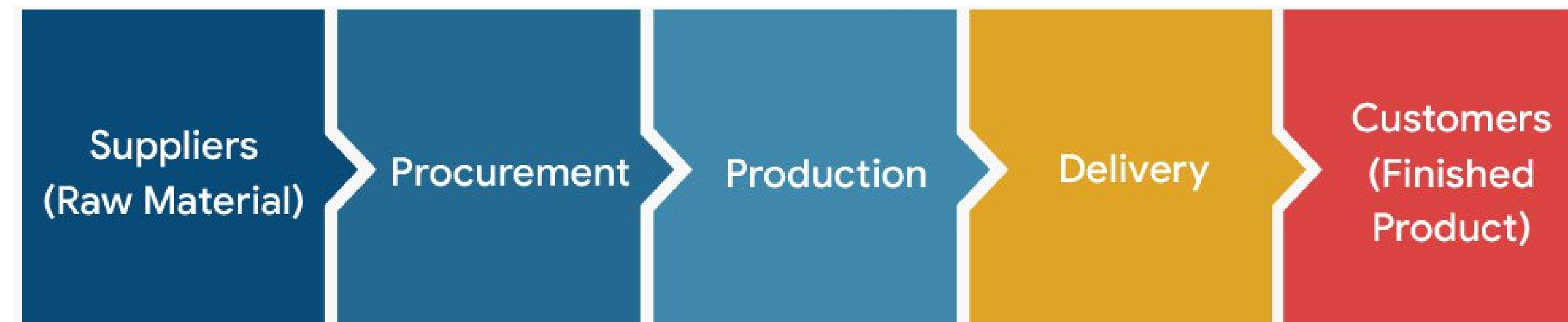
- Supply chain management means transforming a company's "supply chain" into an optimally efficient, customer satisfying process, where the effectiveness of the whole supply chain is more important than the effectiveness of each individual department.
- **SCM** is a range of activities needed to plan, coordinate, schedule and control the procurement, production and deliveries of products to customers.
- SCM is the backbone of eCommerce and is a very crucial component in its growth.

Supply Chain Management in E-commerce:

- Supply chain management in e-commerce focusses on **procurement of raw materials, manufacturing and distribution** of the right product at the right time.
- It helps the businesses to setup web based Order Supply Chain Management System.

E-SCM

- It combines the concepts of electronic business (e-business) and supply chain management (SCM), and depicts how trade channel members are
- It is a business framework consisting of many applications such as Electronic Data Interchange (EDI), Electronic Fund Transfer (EFT) etc.
- E-SCM can be used to access electronic market for sourcing of products and services to reduce cost, shorten production cycles etc.



E-SCM

Procurement

Production

Distribution

E-commerce enabled SCM

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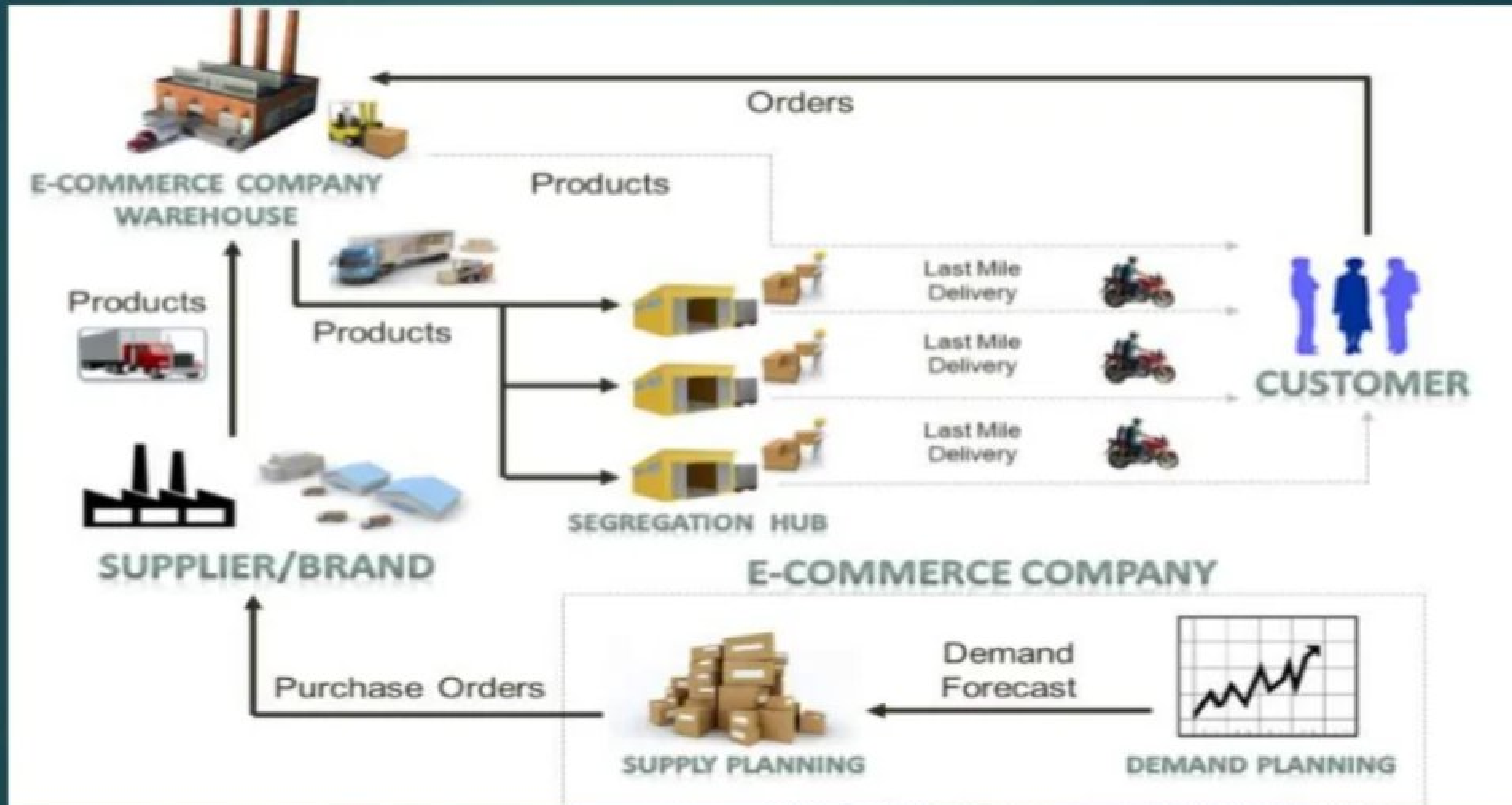
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Electronic
Procurement

Production
Optimization

Distribution, Sales &
Services Coordination

E commerce supply chain



Need for e- SCM

- ▶ Avoid costly disasters
- ▶ Reduce administrative overhead
- ▶ Reduce unnecessary inventory (thereby increasing working capital)
- ▶ To make it a more efficient channel
- ▶ Speed up production and responsiveness to consumers
- ▶ To gain higher profit margins on finished goods

FLIPKART

- ▶ Founded by Sachin bansal and benny bansal in banglore , Karnataka in 2007.
- ▶ Leading e-commerce players in the country
- ▶ With more than 2 million registered users and sale of 30000 items on a daily basis
- ▶ Started with initial capital of rs. 4 lac
- ▶ 7 warehouses, offices and dilvery centres
- ▶ 500 plus distributors
- ▶ Tie ups with more than 15 courier companies.
- ▶ Earns revenue of over and above rs. 1180 cr.
- ▶ With 4600+ employees.

Product portfolio

- ▶ Books
- ▶ Movies
- ▶ Music
- ▶ Games
- ▶ Mobiles
- ▶ Cameras
- ▶ Computers
- ▶ Healthcare and personal products
- ▶ Home appliances and electronics
- ▶ Perfumes

Product offering

- ▶ Wide range of products
- ▶ Over and above 15 million products
- ▶ Website ranking-
- ▶ India rank - 12th
- ▶ World rank - 247

Payment Options



Reciept Generation and online tracking system

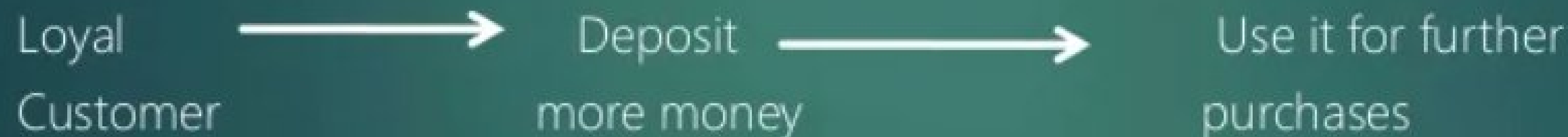
- ▶ Order Number : OD203567454 (the customer is given order no as soon as the order is being placed)
- ▶ When the receipt is forwarded to the respective customer through email or message it Contains all information- product code, date of purchase, reference no., delivery area code.
- ▶ Flipkart logistics Agency no. is also provided.
- ▶ Update of the shipment status is also provided to the buyers.
- ▶ Easy tracking of orders as the receipt is forwarded through emails as well as in the form of messages on the registered mobile number

AFTER SALES SERVICE

1. 30-DAY Money back guarantee



2. E-WALLET Feature (flipkart adds new dimensions to its operating cycle)



3. Reporting & Analytics



4. Reviews

First to review

Certified Buyer

Purchases and Procurement



Features of e-SCM

- 1) Global trading capabilities
- 2) Mass personalisation and customisation
- 3) Global knowledge exchange
- 4) Collaborative workflow
- 5) Industry specific (vertical) market place
- 6) Horizontal market places
- 7) Enterprise- to- enterprise connectivity
- 8) E-market place –to-e-marketplace connectivity

Supply Chain Activity

Supply Chain Replenishment

- Production and Distribution integration to facilitate make-to-order, and assemble to order
- Reduce inventory costing
- Eliminate stocking point

e-Procurement

- Requisition, ordering, tracking, payment
- Improving the operation of supply chain
- Web-based functions online catalog, purchase order, and shipping notice

Inventory Management using Wireless Technology

- Using PDA in inventory entries (receiving, count, issuance)

Collaboration Planning

- Buyer and seller sharing demand & forecast plans

e-Logistics

- Web-based technology to support distribution, inventory tracking, transportation

Supply Chain Infrastructure

Electronic Data Interchange (EDI)

- Facilitate supply chain relationships

Intranet

- Corporate internal network for collaboration

Extranet

- Facilitate interorganizational communication

Corporate Portal

- A gateway for internal and external collaboration, and communication

Workflow Systems and Tools

- Managing the flow of information in organization

Advantages of e-supply chain management

- Companies implementing E-SCM can enjoy the following advantages:
 1. It improves efficiency
 2. It reduces inventory
 3. It reduces cost
 4. It helps to take competitive advantage over competitors.
 5. It increases ability to implement just-in-time delivery, increases on-time deliveries, which enhances customer satisfaction.
 6. It reduces cycle time, increases revenue, by providing improved customer service.
 7. It reduces paperwork, administrative overheads, inventory build-up, and the number of hands that handle goods on their way to the end-user i.e., the customer.

Applications of e-commerce to SCM

- E-commerce impacts SCM in a variety of key ways , this includes:
 - 1) An ability to source raw materials or finished goods from anywhere in the world
 - 2) A centralised, global business and management strategy with flawless local execution
 - 3) online, real time distributed information processing to the desktop, providing total supply chain information visibility and processing capability 24*7
 - 4) the ability to manage information not only within a company but across industries and enterprises around the world

- 5) Has open internet application architecture for rapid deployment and scalability
- 6) Minimizes warehouse and transportation costs.
- 7) Minimizes direct and indirect costs.
- 8) Online shipment tracking and inquiry
- 9) Changes in the distribution system
- 10) Assists companies in minimising waste, driving out costs, and achieving efficiencies throughout the supply chain process.

Customer relationship management (CRM)

- Customer Relationship Management (CRM) is the practice of collecting data about your customers and using it to improve relationships with them. It can cover potential, current and former customers.
- The goal of CRM is to get better results from every customer interaction.
- It can help you:
 - a. Improve **customer retention**, which is more **cost-effective** than customer acquisition.
 - b. **Determine what your customers want** so you can make **smarter business decisions**.
 - c. **Develop better approaches** to marketing, sales and customer service.



5 steps in the CRM process

- Generate brand awareness. The first step to acquiring new customers is to introduce them to your business.
- Acquire leads.
- Convert leads into customers.
- Provide superior customer service.
- Drive upsells.

E-CRM

Traditional CRM + Internet = E-CRM

- Electronic customer relationship management (E-CRM) is the application of Internet-based technologies such as emails, websites, chat rooms, forums and other channels to achieve CRM objectives.
- It is a well-structured and coordinated process of CRM that automates the processes in marketing, sales and customer service.
- An effective E-CRM increases the efficiency of the processes as well as improves the interactions with customers and enables businesses to customize products and services that meet the customers' individual needs.
- It provides an avenue for interactions between a business, its customers and its employees through Web-based technologies.
- The process combines software, hardware, processes and management's commitments geared towards supporting enterprise-wide CRM business strategies.

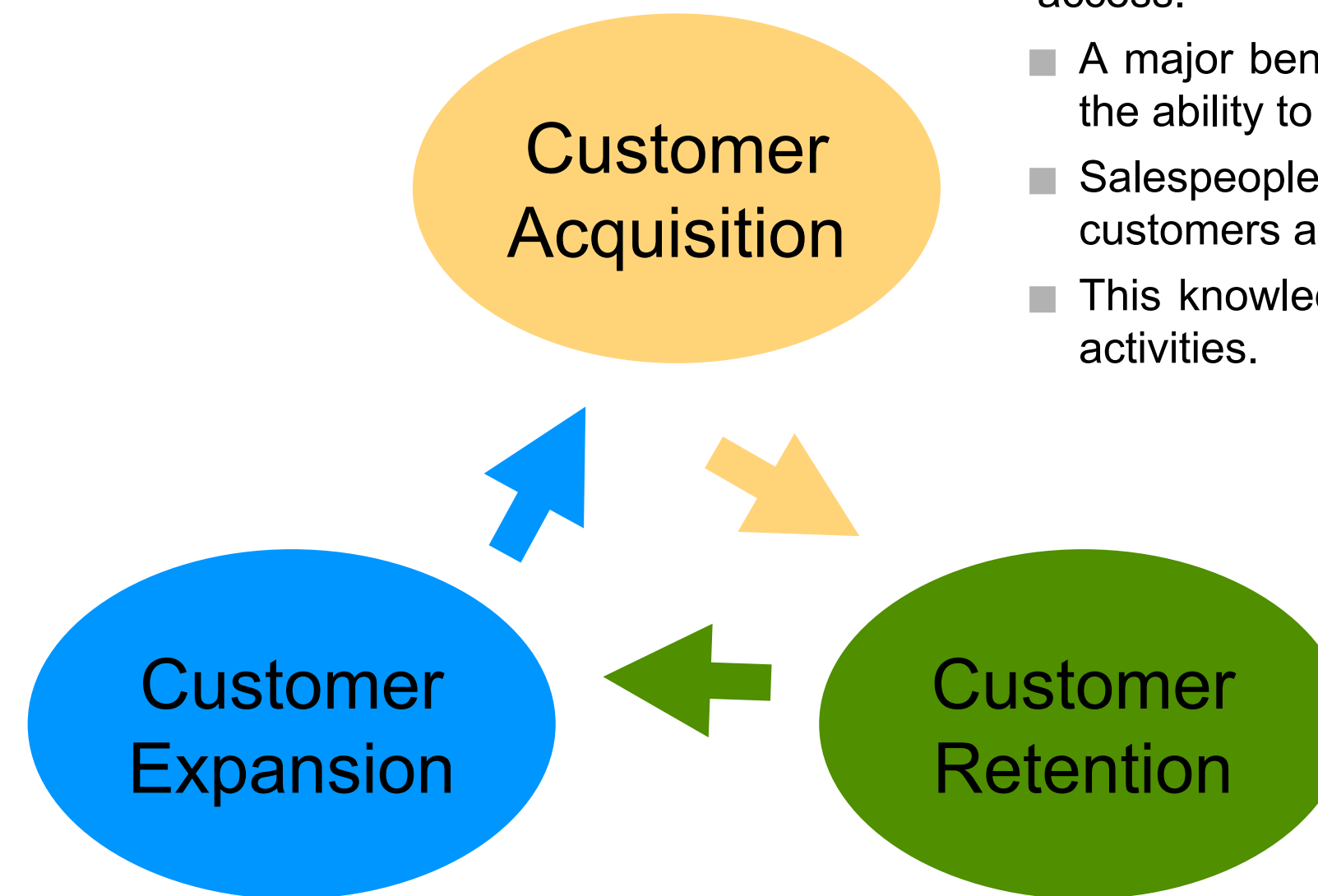
Phases of E-CRM

Customer Extension/ Expansion

- The customer extension phase of CRM includes activities intended to improve customer relationships, enabling greater revenue.
- A simple perspective is that satisfying a customer during one buying experience increases the likelihood of a follow-up visit.
- Over time, delivering quality solutions, following through on commitments and addressing problems convert a buyer into a loyal customer.
- A company also can enhance revenue through add-on product selling and cross-selling.
- Because of the high costs of customer acquisition, extending relationships with customers already captured is hugely valuable for a business.

Customer Acquisition

- Acquiring customers has always been the first important step in establishing business relationships.
- With CRM, advanced software databases are used to capture key customer data at the point of first contact.
- Profile data includes a prospect's name, address, phone number, email address and sometimes social media accounts.
- Entering this data into a computer enables future and ongoing communication access.
- A major benefit of starting a formal relationship with new prospects and clients is the ability to track their behaviors through data analysis.
- Salespeople can identify at any point in time, for instance, what percentage of customers are at each stage of the sales process.
- This knowledge allows for optimized targeting and facilitates relationship-building activities.



Customer Retention

- The real purpose of gathering data on acquired customers is to improve retention rates.
- Effective data analysis, regular and systematic follow-up communication with contacts, and well-served accounts help to increase retention rates.
- Data analysis allows a company to identify the traits of prospects and customers that offer the best lifetime earning potential as well, which enables greater focus on retaining core customers.

Why E-CRM is essential in the digital world ?

- E-CRM is considered to be essential in the digital world because of the changing dimensions in CRM as listed below:
 - ✓ Emergence of new technology
 - ✓ Effects of Globalization and Market penetration across the globe has become inevitable.
 - ✓ Changing scenarios of expectations and attitudes of Customers and Stakeholders.
 - ✓ Revenue generation strategies facilitating more avenues to measure, create and increase the profit from the business.
 - ✓ Cost reduction scenarios.



Applications of CRM to E-commerce

1) sales force automation

- It provides an array of capabilities to streamline all phases of sales process, minimizing the time that need to spend on manual data entry and administration
- This allows them to successfully perceive more customers in a shorter amount of time then would otherwise be possible

2) systems for marketing

- It is also known as marketing automation
- They help the enterprise identify and target its best customers and generate qualified leads for the sales team

Applications of CRM to E-commerce

3) Customer service and support

- The important service is comprehensive call center management including features like intelligent call routing
- CTI(computer telephone integration) : a term that can be used to describe any technology that enables **computers** to interact with telephones

4) Analytics

- Sales analytics let companies monitor and understand customer actions and preferences through sales forecasting, data quality management etc.

5) Social media

- Social media sites like twitter and Facebook are greatly amplifying the customer voice in the market place and are predicted to have profound and far reaching effect on the ways companies manage their customer relationship , this is because customers are using these social media sites to share opinions and the experience, products and services

Application areas of e-CRM

1) Banking and Finance E-CRM

- E-CRM helps a finance institution to get an insight about a customers profile by evaluating their personal holdings. E-CRM records financial data of the customers in the form of account balances, previous financial transactions and various other historical financial information.
- On the basis of customers financial performance, banks are able to know their clients and offer various products and services as per their needs.
- E-CRM thus allows banks to build a positive interaction with their clients through customer interactions, problem solving, relationship management and cross selling of products.

Application areas of e-CRM

2) Hospitality

- Every guest that visits a hotel, has a certain expectation with regards to the experience they intend to have during the course of their stay.
- The customers specify their preferences, likes and dislikes which is suitably taken care of during their vacation.
- With the use of suitable E-CRM strategies, a hotel maintains a record of historical interactions with guest, provides customizable approach towards guest and enables information sharing between various departments in order to provide their customers a unique and satisfactory experience.

Application areas of e-CRM

3) Healthcare

- E-CRM is extensively used in the healthcare industry as well. With regards to various resources available in a hospital, e-CRM helps in resource allocation within hospitals.
- It also helps to maintain inventory of medicines that have been purchased and utilized on real time basis.
- A e-CRM software also helps to keep a track of hospital occupancy ie the total capacity of the hospital, how many patients are admitted at a given point of time etc.
- E-CRM also helps to access patient information, Booking and cancellation of patients appointments, maps documentation with treatment of patients etc.

Application areas of e-CRM

4) Education

- The education industry largely benefits by the usage of E-CRM.
- Since an educational institution admits a large number of students at a given point of time, an e-CRM software helps to store large amounts of data of their students and also allows them to retrieve data of previous year students at a given point of time.
- ECRM helps an educational institution to streamline its work, helps in admission process, maintain a record of financial aid for students, maintain detail account of attendance records, examination records, alumni records etc.
- E-CRM also helps institutions to incorporate innovative solutions to enhance teaching- learning experience such as e-learning, campus recruitment etc.

Application areas of e-CRM

5) Telecom

Companies involved in telecommunication businesses also use e-CRM technologies in an extensive way. It helps to maintain customer database, handles customer care such as customer queries, complaints and feedback, streamlines the billing system.

It also helps in problem solving and handling disputes, detection of follow up activities and tracking of cases.

On the basis of historical data that has been stored, it enables a company to customize various products and plan for their customers to suit customer needs.

- Due to increased competition in the retail sector, companies are required to select a target customer base and undertake various activities to understand customer preferences and design innovative products to meet their needs.
- Companies also need to handle customer queries thereby enhancing customer loyalty.
- Once a company has built a loyal customer base they can then undertake new product promotions to loyal customers in order to enhance customer satisfaction.

Application areas of e-CRM

6) Government Organizations

- Various state and central government organizations also use E-CRM technology in order to enhance good governance in the country.
- In recent times, government has moved from paper to paperless transactions.
- Various government agencies are also providing online services for handling processing of customers documentations.
- These Include Online applications for processing of documentation like passport, PAN, Adhaar etc, retrieving documentation from govt records.
- The government has also efficiently moved to provision of online services such as Payment of taxes, Filing of returns, online railway bookings etc.

Product and service digitization

- A **digital product** could be an *ebook, ecourse, telesummit, membership site, software-* basically anything where you do the work upfront but are able to sell repeatedly or scale one too many.
- Whereas a **service** would be anything you do 1-1 like *coaching* or would require on-going implementation work like *social media management, copy-writing, website design*, and so on.
- Basically, **digital service** is one where you are trading time for money while a **digital product** is one you are able to sell repeatedly without having to reproduce your effort each time.

Benefits of product digitisation

- Generate trust in consumers mind with product journey and story
- Convey dynamic information to your users
- Collect and access product interaction information in real-time
- Protect your brand against counterfeiting
- Enhance your supply chain visibility and prevent diversion
- Customer engagement
- Good for the environment

Benefits of Digital Services

- **From the customer point of view ;**
 - Easy to use app interface.
 - Round the clock customer care from the executives.
 - Reduced costs.
 - Higher transparency.
 - Minimal human intervention.
- **How does it help to grow your business.**
 - Higher transparency.
 - Requires minimal management.
 - Mobility (reach the customer anywhere without the hassle of physically being present there)
 - Solve the user experience with respect to managing the ledger books.

Remote Servicing

- Process of delivering services remotely through the use of computer network.
- These services are normally exchanged without physical meet between the service provider and service consumer.
- The internet/telephone is one of the common media used in remote servicing.
 - E.g. Health care services such as first aid guidance service,
 - banking services,
 - Customer information services - Telephone directory service, yellow pages services
 - Commercial after sales services – Call center services offered by different organisations.

Advantages of Remote Servicing

1. Faster services especially during emergencies:
 - during accidents/emergency matters
2. Qualified knowledge guidance:
 - Expert advice and guidance, reducing risks and dangers
3. Wider reach:
 - through the use of the phase cell