



Note Junction
Best Note Provider

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UNIT-1

Introduction

E-Commerce:

E-commerce is the process of buying and selling of information, products and services using electronic medium usually over computer network. It is the transfer of traditional commerce to the computer network or internet. In e-commerce we use electronic medium to perform commercial activities such as order, payment, and delivery.

E-Business:

Basically, E-commerce and E-business are similar concepts. Some people view these things differently. E-commerce is a narrow concept which includes only buying and selling of products and services i.e., shopping by using electronic medium.

E-business is a broad concept. E-business includes more activities than just buying and selling. E-business involves:

- transactions between business partners.
- customer service
- collaboration.
- internal processes to support buying, selling, planning etc.

Hence, E-business is larger than E-commerce. i.e., E-business includes E-commerce + other activities related to business.

Pure vs. Partial E-commerce:

Pure: All the aspects (activities) of commerce are digital (electronic)
E.g. Amazon sells e-books by pure e-commerce.

Partial: Some (not all) activities are electronic. E.g. Restaurants deliver food to home with cash payment on delivery.

Order: electronic (online)

Other activities: non-electronic.

* Features / Benefits of E-commerce:

i) Ubiquity: E-commerce is widespread, that is, it is available everywhere always. It sets free market from being restricted to a physical space and makes it possible to shop from computer and other devices. The result is called a market place.

ii) Global Reach: E-commerce technologies enable a business to easily reach across geographic boundaries around the earth. Globally, companies are acquiring greater profits and business results by expanding their business with e-commerce solutions.

iii) Universal Standards: Universal Standards are standards shared by all the nations around world. These are technical standards of Internet for conducting e-commerce. It gives all the ability to connect at the same "level" and it provides network externalities that will benefit everyone. Universal technical standards lower entry costs and minimal search costs.

iv) Interactivity: E-commerce technologies permits two-way communication between customer and sellers which makes it interactive. It proves as significant feature e-commerce technology over the commercial traditional technologies of the 20th century.

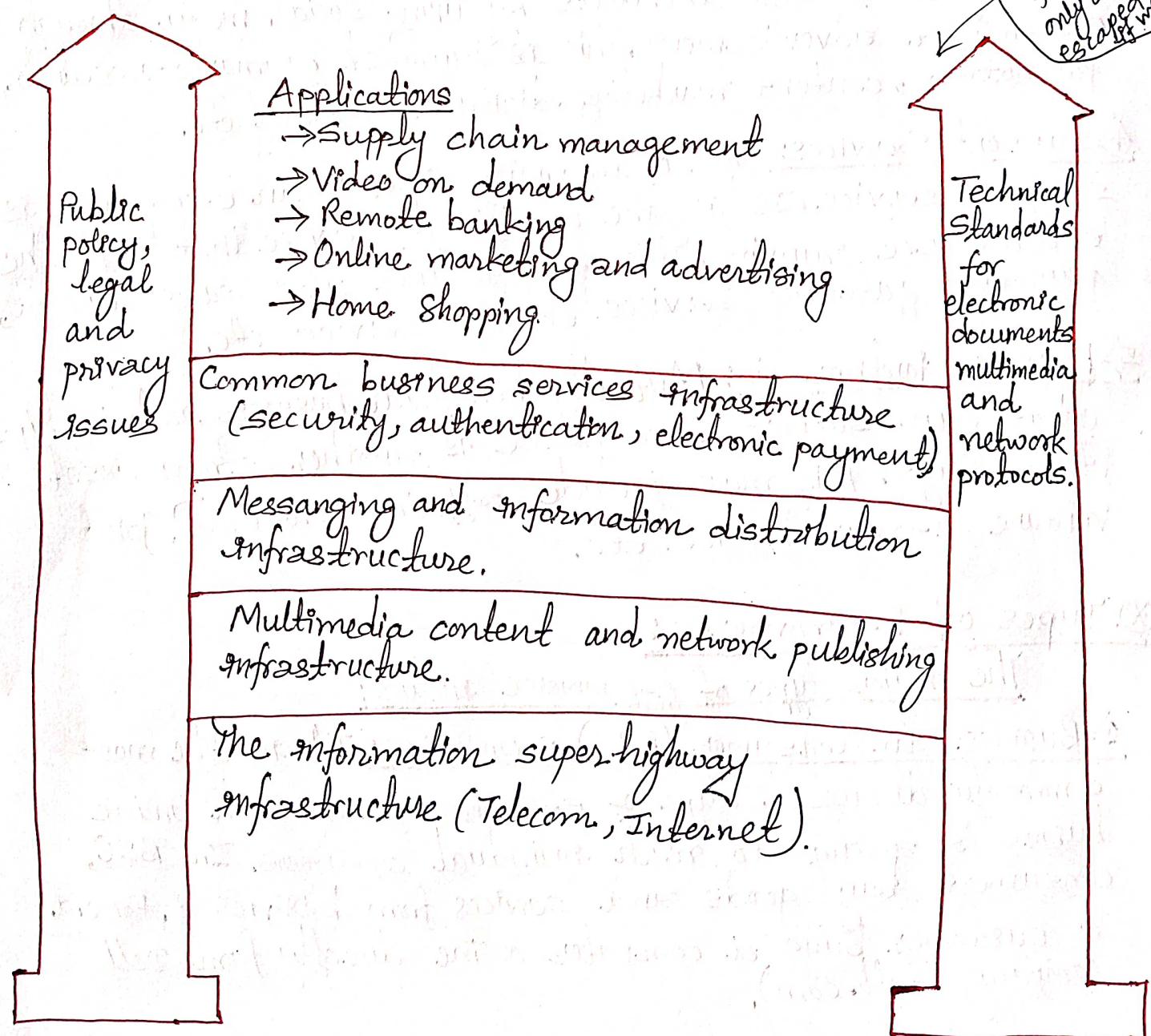
v) Information Density: Information density means total amount and quality of information available over Internet to all market buyers and sellers. Information density offers better quality information to consumer and merchants.

vi) Richness: Richness refers to the complexity and content of a message. Richness means all commercial activity and experience, conducted through a variety of messages. For example, text, pictures, videos, sound, links, SMS etc.

④ History of E-commerce:

The history of ecommerce started 40 years ago and, to this day, continues to grow with new technologies, innovations, and thousands of businesses entering the online market each year. Electronic Data Interchanges and Teleshopping in the 1970s paved the way for the modern day ecommerce store. The history of ecommerce is closely intertwined with the history of the internet. Online Shopping only became possible when the internet was opened to the public in 1991. Amazon.com was one of the first ecommerce sites in the US to start selling products online and thousands of businesses have followed since.

⑤ E-commerce Framework: (5 pillars of e-commerce):



E-commerce framework is composed of following five pillars.

1) People: They are the direct or indirect user of e-commerce. They may be playing their role on merchant side or customer side or intermediaries. System specialist and employees also belong to the member of this pillar.

2) Public Policy: The legal issues of government and regulating strategy of the e-commerce merchant form a second pillar of e-commerce. Government legal issues include taxation laws, privacy act etc. and the merchant's issues like terms and conditions, copyrights, trademarks etc. are the major rods of this pillar.

3) Marketing & Advertisement: In the latest time, web presence of an ecommerce vendor is the major strategy. This includes the strategy to attract the users by using social media through customized advertisements. This is supported by market research, promotions, content marketing, digital advertising etc.

4) Support Services: One of the major pillar of an e-commerce is support service. It is the additional service that keeps the e-commerce running. This may include after sales support, payment gateway services, content services etc.

5) Business Partnership: Mutually beneficial business relationships that can support e-commerce is another strong asset these days. This may include affiliate programs, joint venture, e-marketplace etc.

Q. Types of E-commerce:

The major types of e-commerce include:

1) Business-to-Consumer (B2C) e-commerce: It is the most commonly discussed type of e-commerce, in which online businesses attempt to reach individual consumers. In B2C, consumers buy goods and services from businesses. For e.g. a customer buys a computer online directly from Dell company (dell.com).

3) Business-to-Business (B2B) e-commerce: In this type of e-commerce, both parties are businesses. e.g. Motorcycle manufacturing company "Hero" buys tyres from MRF company. B2B e-commerce has significant growth potential and size is potentially huge.

4) Consumer-to-Consumer (C2C) e-commerce: In this type of e-commerce, both parties are consumers. e.g. there are many auction web sites where consumers can sell products to another consumer. An example of such website is olx.com where consumers can put their items on sale and another consumer buys it.

5) Consumer-to Business (C2B) e-commerce: In this type of e-commerce, a consumer sells products and services to a business. e.g. a person sells old household items to a company which collects old items and reuses them. e.g., we sell old iron and plastic to businesses which makes new items from old iron or plastic.

#The other types of e-commerce are:

1) Mobile E-Commerce or M-Commerce: Mobile e-commerce, or m-commerce refers to the use of mobile devices to enable online transactions. M-commerce involves the use of cellular and wireless networks to connect laptops, smart phones such as the iPhone, Android, tablets such as iPad to the Internet. Once connected, mobile consumers can conduct transactions, including stock trades, in-store price comparisons, banking, travel reservations, and more.

2) Social E-Commerce: Social e-commerce is e-commerce that is enabled by social networks and online social relationships. It is also sometimes referred to as Facebook commerce, but in actual it is much larger phenomenon that extends beyond just facebook.

3) Local E-Commerce: Local e-commerce, as its name suggests, is a form of e-commerce that is focused on engaging the consumer based on his or her current geographic location. Local merchants use a variety of online marketing techniques to drive consumers to their stores. Local e-commerce is the third prong of the social, mobile, and is expected to grow rapidly.

4) U-Commerce: Ubiquitous Commerce also known as U-Commerce, refers to a variety of goods and/or services. Sometimes, it is used to refer to the wireless, continuous communication and exchange of data and information between and among retailers, customers, and systems regardless of location, devices used, or time of day.

Q. Challenges in E-commerce:

- Online Identity Verification Problem: People may enter wrong information.
- Competitor Analysis: Many vendors offering same product.
We must know the market.
- Maintaining Customer Loyalty: Keep existing customer and add new.
- Product Refund and Refund Policy
- Shipping Cost
- Data Security
- Switching to M-Commerce and IOT-Commerce.
- Trust

④ Status of E-commerce in Nepal:

Currently in Nepal, there are dozens of ISPs with millions of Internet users. Initially, E-Commerce activities were mainly concentrated on Kathmandu Valley and some major cities. E-commerce was introduced in Nepal with an aim of letting Nepalis residing abroad send gifts to their families, friends, and relatives living here. The shift from physical stores to virtual ones began in the late 1990s.

Nowdays, with the increase of internet availability and the number of mobile users in rural areas, there is an increase in online activities. Today there are many E-Commerce Websites that are providing e-commerce e.g., Daraz, HamroBazar, SastoDeal, Shopmandu, etc.

⑤ Overview of Electronic Transaction Act of Nepal:

First attempt by Nepal to formally legalize and regulate electronic transactions was enacted in 2063 BS (2008 AD). It defines, regulates and recognizes electronic records and digital signature. It defines the process of dispatch, receive an acknowledgement of electronic records. It has the provision of few regulating bodies and their functions, rights and duties such as;

- Office of Certificate Control (OCC)
- Certification Agencies (CA)
- Subscriber.

It has the provision relating the use of digital signature and certificate. It has the provision relating to computer related crimes and punishments. It also defines a few documents which this act is not applicable for.