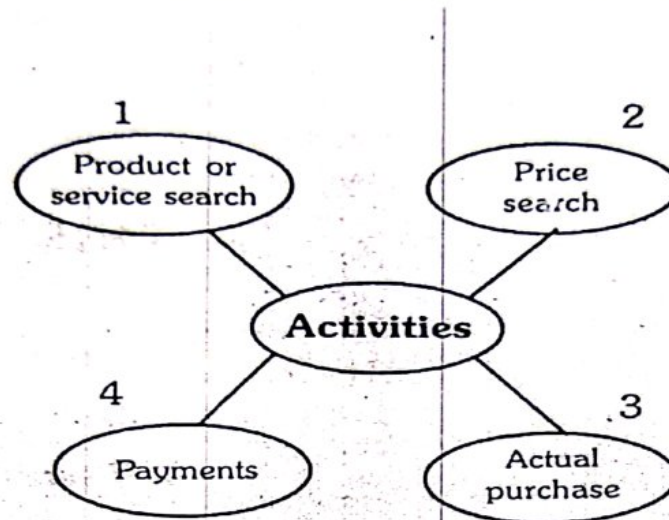


UNIT – III

E-commerce Activities :

E-Commerce is a range of online business activities that include explaining products or services and providing a mechanism for customers to buy those products and services from a website.



I. product or Service search :

Prospective customer searches for the desired product/service with appropriate features over the internet. Search process can be short and simple for products with few features and quite long and difficult for products with large number of features.

II. Price search:

After searching for the appropriate product or service, the prospective customer searches for price offerings on the required product and service over the Internet. Search process can be limited in the scope in cases where brand preferences are strong, only one supplier exists, unit costs are low or the product command low customer involvement for purchases.

III. Actual purchase:

Once the appropriate product or service is found, the price search ends appropriately. The customer makes an actual purchase either in the physical world or over the internet.

IV. Payments:

Once product or service has been purchased, the customer makes a payment for the goods or services either in the physical world or over the Internet.

Other activities involved are:

1. **Direct selling of goods:** It involves providing product information, price details on the internet to enable customer to buy a product.
2. **provision of packaged marketing:** It provides important information about the company's products.
3. **Advertising banners on Internet:** It provides information regarding links to company's home page.
4. **priced information:** It provides priced information regarding products.
5. **Agent services:** Firms may act as internet based agents and provides an internet.
6. **Research and Development :** Firms may gather product preferences and use popular sites to provide targeted products

Matrix of E-commerce models:

Principal business models are

1. Business to Business (B2B)
2. Business to Consumer (B2C)
3. Consumer to Business (C2B)
4. Consumer to Consumer (C2C)

Matrix of E-Commerce models:

	Business Buyer		Consumer Buyer		Note :
	Single	Multiple	Single	Multiple	
Business Seller	MB to SB	MB to MB	MB to SC	MB to MC	S means Single, M means Multiple, B means Business, C means Consumer
	SB to SB	SB to MB	SB to SC	SB to MC	
Consumer Seller	MC to SB	MC to MB	MC to SC	MC to MC	
	SC to SB	SC to MB	SC to SC	SC to MC	

1. BUSINESS-TO-BUSINESS (B2B)

B2B e-commerce refers to all electronic transactions of goods and sales that are conducted between two companies. This type of e-commerce typically explains the relationship between the producers of a product and the wholesalers who advertise the product for purchase to consumers. Sometimes this allows wholesalers to stay ahead of their competition.

2. BUSINESS-TO-CONSUMER (B2C)

Perhaps the most common form of e-commerce, B2C e-commerce deals with electronic business relationships between businesses and consumers. Many people enjoy this avenue of e-commerce because it allows them to shop around for the best prices, read customer reviews and often find different products that they wouldn't otherwise be exposed to in the retail world. This e-commerce category also enables businesses to develop a more personalized relationship with their customers.

3. CONSUMER-TO-BUSINESS (C2B)

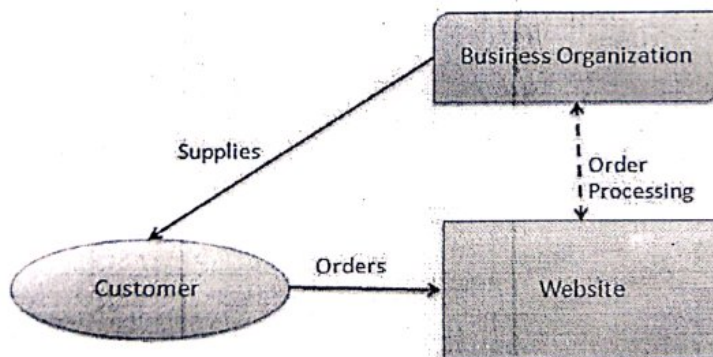
Not the most traditional form of e-commerce, C2B e-commerce is when a consumer makes their services or products available for companies to purchase. An example of this would be a graphic designer customizing a company logo or a photographer taking photos for an e-commerce website.

4. CONSUMER-TO-CONSUMER (C2C)

This level of e-commerce encompasses all electronic transactions that take place between consumers. Generally, these transactions are provided by online platforms (such as PayPal), but often are conducted through the use of social media networks (Facebook marketplace) and websites.

B2C

In B2C model, a business website is a place where all the transactions take place directly between a business organization and a consumer.



In the B2C model, a consumer goes to the website, selects a catalog, orders the catalog, and an email is sent to the business organization. After receiving the order, goods are dispatched to the customer.

Following are the key features of the B2C model –

- Heavy advertising required to attract customers.
- High investments in terms of hardware/software.
- Support or good customer care service.

Consumer Shopping Procedure

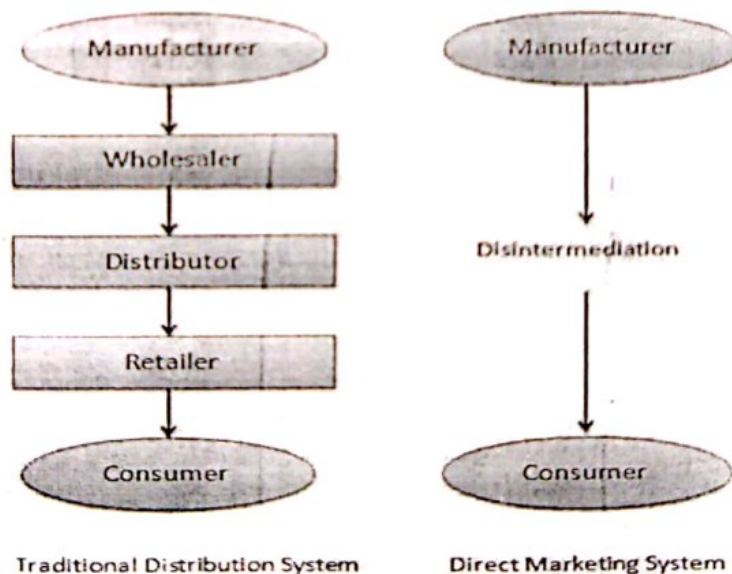
Following are the steps used in B2C e-commerce –

A consumer –

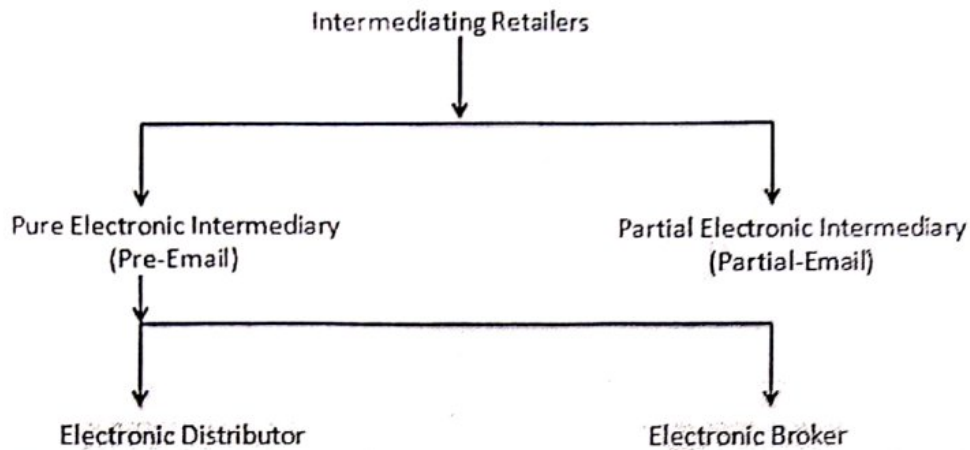
- determines the requirement.
- searches available items on the website meeting the requirement.
- compares similar items for price, delivery date or any other terms.
- places the order.
- pays the bill.
- receives the delivered item and review/inspect them.
- consults the vendor to get after service support or returns the product if not satisfied with the delivered product.

Disintermediation and Re-intermediation

In traditional commerce, there are intermediating agents like wholesalers, distributors, and retailers between the manufacturer and the consumer. In B2C websites, a manufacturer can sell its products directly to potential consumers. This process of removal of business layers responsible for intermediary functions is called **disintermediation**.

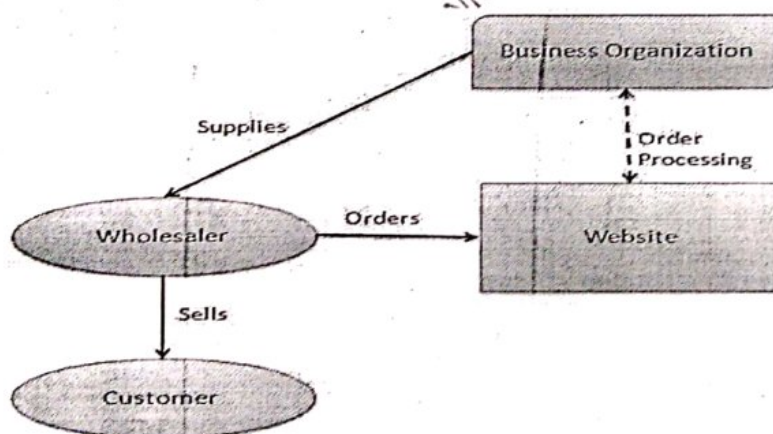


Nowadays, new electronic intermediary breeds such as e-mall and product selection agents are emerging. This process of shifting of business layers responsible for intermediary functions from traditional to electronic mediums is called **re-intermediation**.



B2B

B2B e-commerce stands for business to business electronic commerce where products are sold via online portals through the internet. A website following the B2B business model sells its products to an intermediate buyer who then sells the products to the final customer. As an example, a wholesaler places an order from a company's website and after receiving the consignment, it sells the endproduct to the final customer who comes to buy the product at the wholesaler's retail outlet.



B2B identifies both the seller as well as the buyer as business entities. B2B covers a large number of applications, which enables business to form relationships with their distributors, re-sellers, suppliers, etc. Following are the leading items in B2B E-Commerce.

- Electronics
- Shipping and Warehousing
- Motor Vehicles
- Petrochemicals
- Paper

- Office products
- Food
- Agriculture

Key Technologies

Following are the key technologies used in B2B e-commerce –

- **Electronic Data Interchange (EDI)** – EDI is an inter-organizational exchange of business documents in a structured and machine processable format.
- **Internet** – Internet represents the World Wide Web or the network of networks connecting computers across the world.
- **Intranet** – Intranet represents a dedicated network of computers within a single organization.
- **Extranet** – Extranet represents a network where the outside business partners, suppliers, or customers can have a limited access to a portion of enterprise intranet/network.
- **Back-End Information System Integration** – Back-end information systems are database management systems used to manage the business data.

Architectural Models

Following are the architectural models in B2B e-commerce –

- **Supplier Oriented marketplace** – In this type of model, a common marketplace provided by supplier is used by both individual customers as well as business users. A supplier offers an e-stores for sales promotion.
- **Buyer Oriented marketplace** – In this type of model, buyer has his/her own market place or e-market. He invites suppliers to bid on product's catalog. A Buyer company opens a bidding site.
- **Intermediary Oriented marketplace** – In this type of model, an intermediary company runs a market place where business buyers and sellers can transact with each other.

B2B Boom:

B2B e-commerce stands for business to business electronic commerce where products are sold via online portals through the internet. In today's technological world, E-Commerce is a boom. It is widely being used by the companies to improve their operational efficiency. In this the product and services orders are digitally placed.

The market for the B2B e-Commerce is quickly evolving. More and more companies are adding online sales channel for selling their products and services to increase business.

The B2B E-Commerce market is expected to grow from \$780B in 2015 to \$1.1T in 2020. According to Forrester, by the year 2019, it predicts that manufacturers and wholesalers will total account for 30% of the spending on e-Commerce technology which in the year 2013 was 20% of it. As per Frost & Sullivan B2B E-Commerce will hit \$6.6 trillion by 2020. For a successful business in E-Commerce, a robust platform is a must. A perfect and robust E-Commerce platform not only helps to boost and sales and satisfy users but also proves as cost efficient option.

There are key elements which are expected to accelerate as well as enhance the future of B2B E-Commerce.

Self service

B2B buyers prefer E-Commerce platform for buying complex products, digital goods and the subscription-based products. It provides the entire required information to B2B buyers that are needed in making educated and smart buying decision.

According to Forrester 93% of business buyers prefer to buy products online and by the year 2017, 56% of the buyers were expected to make half of their business purchases online and by the year 2020, it is expected that this number will rise to 85%.

Cross- channel engagement

Seamless cross-channel experiences for the E-Commerce platforms are must regardless of the way the customer or the prospect get in touch with you whether be it online, with a call to sales, or through one of your channel partners. The customer choose how , when and where to engage with you and these cross-channel engagements must deliver expected experience across all the customer needs and demands which are based on end to end view of customers.

Video marketing

This has become the gold standard to attract the customers and to retain them. Videos are being preferred more as a content marketing strategy. According to the sources over 895,000 hours of B2B videos ere watched in the year 2014. During the research processes half of the B2B buyers spent 30 minutes or more on watching B2B related videos and about 20% of buyers watch over an hour of the video content.

Further, short duration illustrative or tutorial videos that illustrate only the most important functionality of your product are also among the latest B2B E-Commerce trends.

Dynamic pricing

In 2016, Gartner predicted that by 2018 nearly a half of all existing B2B E-Commerce websites will be using Configure Price Quote (CPQ) tools. Such B2B E-Commerce trends help businesses

configure prices to the unique needs of customers, sales volume and order history. Moreover, these prices are transparent and do not involve any hidden charges.

Artificial intelligence

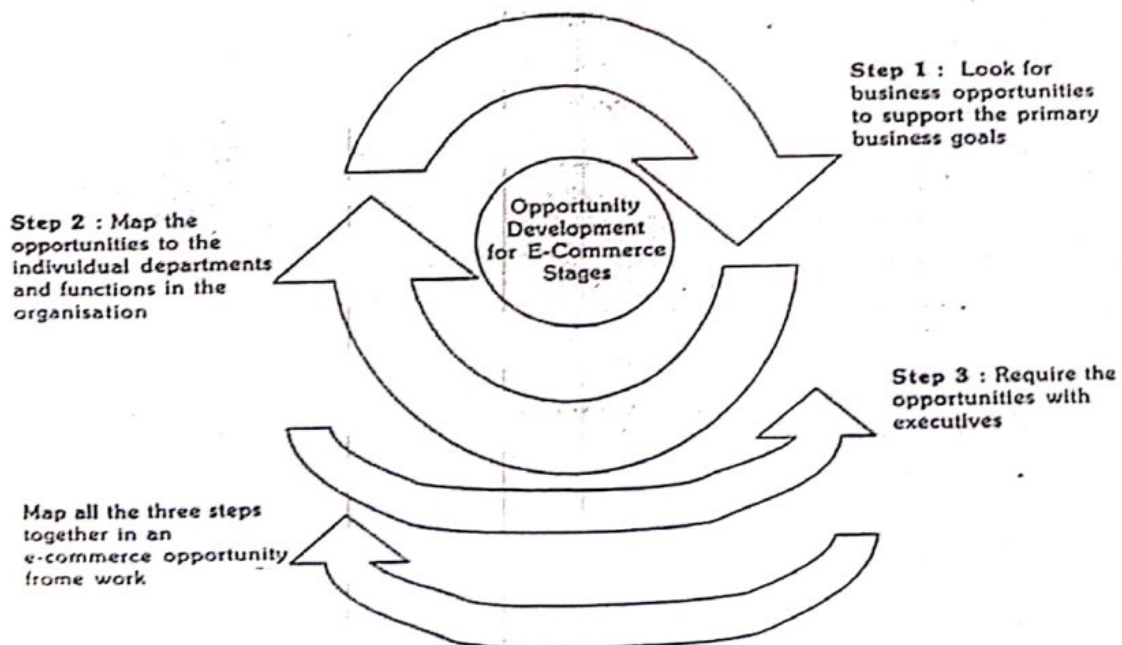
It all started from chatbots and now has expanded its wings. Eg: Amazon's Alexa Most of the E-Commerce strategists nowadays utilise AI as a part of B2B sales strategy to maximise their revenue. This is due to its ability to predict sales, optimize prices, and calculate discounts based on similar customer profiles.

Mobile friendly websites

According to the study it states that more than half of the B2B buyers are millennials so hovering over a giant stack of papers is a big no for them. They prefer to use mobile devices extensively to research about and to buy B2B products.

These all elements and trends together enhance the future of B2B E-Commerce experiences of the customers. The B2B E-Commerce trend will be globally dominating in the near future. Currently, the mega E-Commerce star Amazon accounts for 37% of the E-Commerce market alone. It is predicted that the traditional B2B retail will collapse and the B2B E-Commerce that accounts for fewer than 10% in the United States today will rise to a massive 50% by the next 10 years. Thus a golden age of B2B E-Commerce is about to invade.

E-Commerce opportunity Framework :



1. As a first step, look for the opportunities which are going to support the primary business goal.
 - Increase sales and client base.
 - Shorten the product development time.
 - Reduce inventory.
 - Expand the network for partnership.
 - Reduce publishing costs.
2. Second step is to map the opportunities to the individual departments and functions in organisation.
 - Describe how e-commerce would help.
 - Gain confidence/agreement with department members.
 - Rate the opportunity against the business goals.
3. Last step is to review the opportunities with executives.
 - Begin to quantify the process.
 - Illustrate the opportunities and relevance to the business.

After reaching the third step, you may begin the process of mapping them together in an e-commerce opportunity frame work. This may be the building block for the development of your whole strategy. Lastly, develop an e-commerce opportunity frame work, an example of which is shown below. This includes the opportunity and other changes needed to support it. In order to develop a strategy, help could be taken starting from customers. First, talk to the customers about their needs and understand thoroughly the same. How they would like to have it delivered provides invaluable insight? Buy-in and input the same to your e-commerce system.

Electronic Commerce Opportunity Frame Work (example)

Opportunity	Leverage through
1. Improving customer support	Web based customer management systems, knowledge-bases on-line information, delivery, externalisation of current internal customer support information, improved work practice at help desk level.
2. Increasing sales and client base	Web based marketing, one to one client base marketing, personalisation, interactive configuration management through the web, secure transactions for purchases via the web.
3. Reducing publishing costs	Provide information in customised form via the web, generate PDF files for information delivery, use document management technology to distribute appropriate information to parties in electronic form, reduce mail and packaging costs.

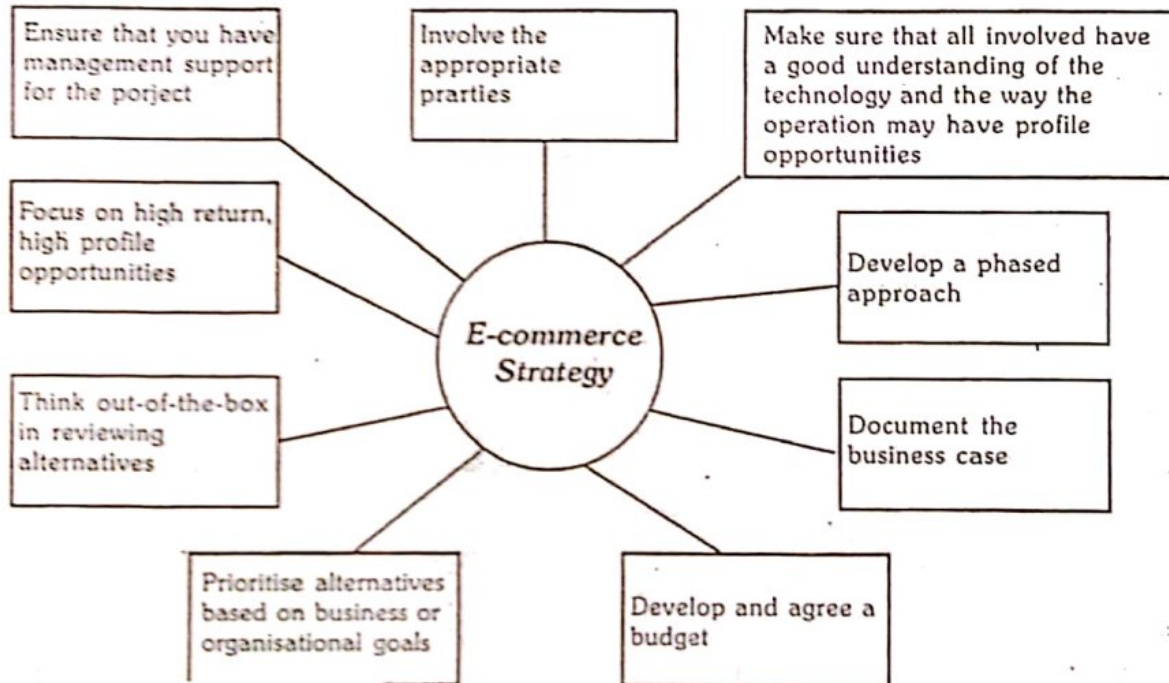
After identifying the opportunity elements, review the document with the concerned staff. Thereafter, your strategy commences to take place and you will start to gain support during the next stages. The next stage is to start the process of selling internally. E-Commerce systems, though it is simplest, have many attributes giving results to both positive and negative ways. Many areas of the organization are to participate in complex ways. Hence E-Commerce should not be taken light by oversimplifying the requirements to gain early support in the process.

Developing an E-Commerce Strategy

Strategy tells us how will we go about making the business a success.

Following points are to be considered in developing an e-commerce strategy:

We can conclude that careful choice of strategy and plans can allow you to move quickly in the right direction.



If you do not involve groups around the organisation early in the process, you are bound to put more effort at a later date which will be difficult to gain buy-in and acceptance for the project. As your ideas are documented and you have received support from your sphere of influence, you are ready to start selling them internally.

As a check point, you may see the result yourself as under:-

- Identified the appetite for change inside the organisation and built your strategy around something that will fly.
- Achieved some reasonable level of technology awareness within the working group about the relevant technology and how others are using it.
- You have documented several potential areas in the organisation that can use e-commerce effectively to support organisation and departmental goals.
- You have started to communicate these ideas through the organisation.

How to Sell Ideas Internally

- During lunch time briefings (can be open and informal; involve operational managers, executives and others that you are soliciting input).
- Departmental and organisationwide meetings (to discuss the potential of the technology and where it can be applied).
- Posting on the company intranet (in case you have one, in discussion group areas).
- Company news letters and e-mail (to outline strategy and gain feed back).

While capturing the information and to develop a business case for any major technology space, ~~do not~~ forget to involve the core working groups already discussed earlier involved in the process who ~~could~~ support your ideas.

- The appropriate executives
- Operations managers
- IT staff and management.

Create a decision making forum for E-commerce strategies as under:

- Setup a work shop forum sponsored by one of the executives to discuss the potential opportunity.
- Use any internal change management, IT work process team or Chief Information Officer (CIO)/ IT support team that has expertise to develop the business case.

Lastly hire an external consulting group who can facilitate the business case development.

The outcome you need from this process include:

- Impact on the organisation
- Cost analysis
- Savings
- Outcome of the technology plan
- New work practices/Business processes
- Gaining agreement and phased approach

Impact on the Organisation

It is to decide how your organisation is equipped to use e-commerce technology. This is the most important and difficult part of defining your strategy, because of the multifaceted nature of e-commerce and the various alternatives it presents. What mixture is right and any improper decision poses a problem, as its impact on the organisation will be felt years ahead. The variables in this issue involved are:

- Appetite for change
- Risk aversion
- State of the current operation
- Competition and financial stability.

These will change the geography of your e-commerce landscape. The factors and components that affect your strategy development is shown in the above figure 3.9.

Cost analysis

Measure the following at two points in the process:

- Tasks in the current environment.
- Comparing these with the expenses after the system has been put in place.

Estimating the Costs

- Identify your applications
- Outline how they will be used
- Estimate the costs of building, implementing and supporting them.

For a good estimate, start with all the components as per figure 3.9 that you should factor. Include, if there are any missing.

- Identification of the components.
- Evaluating the incremental staff resources.
- Try and use existing systems or platforms to keep maintenance cost down.
- Speed startup time frames.
- Estimate the cost of technology infrastructure which supports your applications (preferably common infrastructure for all applications to lower the cost).
- Calculate ROI.

Cost Estimate Components

- (i) Hardware: Servers, desktop, network, routers, gateways.
- (ii) Software: Servers, desktop, network, one-time purchases and development costs.
- (iii) Development and Implementation: One-time consulting database population, conversion, training, and testing costs.
- (iv) Support (maintenance): Annual system administration, hosting services, support, and maintenance costs.

The Technology Plan

Some technology plan should be worked out and included in the business plan and should reflect the components that are part of the solution. This can be simple and should illustrate that the basic components have been identified and how they will work in the system.

Following is a step-by-step guide to help us further to develop an effective E- Commerce strategy.

Step 1: Optimize Your Website for Conversions

If you have an E-Commerce business, your website is your storefront - if you want to increase sales, you need to make sure people can easily find what they need on your website, and that they can then complete their purchases as quickly, and as easily, as possible.

Here are a few website conversion rate optimization tips to get you started:

Add Live Chat Support

Unlike a brick-and-mortar store, E-Commerce stores don't have sales reps to assist customers with their purchases. This can often result in loss of sales opportunities because shoppers can't find the answers to their questions. But you can now provide real-time support to your shoppers using live chat.

Simplify Your Checkout Process

Your checkout process should be simple, with as few steps as possible. You want to make sure people can complete their purchases before changing their minds or getting frustrated.

Provide guest checkout options, and enable social login and sign-up options. Reduce the number of form fields to collect only the most important details about your customers. And make sure you include a progress indicator so people can see where they are in the checkout process.

Include User-Generated Content

Reviews and ratings are essential, but you should also try to collect user-generated visual content, like images of customers wearing or using your products.

You can collect customer-generated images through social media, and display the best ones on your website as social proof.

Step 2: Attract a Relevant Audience through Social Media

There are currently more than 2.5 billion social media users around the world. This makes it an excellent platform to promote your E-Commerce store, and attract a relevant audience.

Here are a few tips to help you out:

Work with Social Media Influencers

Influencer marketing has taken the world by storm - and for good reason. Influencers, especially those on social media, have thousands, and sometimes even millions of followers who look to them for advice regarding the niche in which they specialize.

Use Targeted Social Media Ads

You can also use social media to display targeted ads to a relevant audience. This is particularly important if your store is yet unknown, and you need to attract a new audience that's likely to take interest in what you have to sell.

Encourage Customers to Share Their Content

Your customers are your best advocates, and people trust recommendations from real people more than those from marketers and brands. Encourage your customers to share their content for a chance to be featured on your website.

Step 3: Send Personalized Emails

Don't forget to also include personalized emails in your E-Commerce sales strategy.

You can send personalized emails to customers at different points of contact - for example, send a welcome email once they create an account or subscribe to your newsletter

Conclusion

These are the four essential steps you need to take to develop an effective E-Commerce sales strategy

International E-Commerce:

International e-commerce is the business of selling a product through an e-commerce website to buyers in foreign countries. As the proliferation of digital tools increases internet availability worldwide, any company can sell online, making international e-commerce easier than ever before for both pure play companies and brick and mortars. For traditional retailers, e-commerce can also serve as a testing ground to determine whether new, foreign markets will be successful before opening a physical location there.

While it's tempting for e-commerce professionals to assume expansion into a country with a similar culture will require less work, the word "international" is key. No matter how much countries have in common, each one is unique. Canada is not the United States, Belgium is not France. Every global market deserves its own methodical planning and consideration.

Key points to successful international E-Commerce:

1) Localization

Localization and translation are often used interchangeably despite being quite different. Translation converts one written language into another, while localization adapts everything else for the local audience: logos, website images, colors, and any other non-linguistic elements affecting sales. In the context of e-commerce, this includes ensuring that local payment and shipping options are available, that items are culturally appropriate for the target market, and that times, dates, and prices are correctly displayed in local formats (for example, 14:40 instead of 2:40 pm). Time zones are also significant, as the difference can actually result in the company and the customer having two different purchase dates.

Additionally, address forms should be internationally optimized. While zip codes are required in the United States, they don't exist in many other countries. When they do, the format is different: Postal codes in China are six digits long, for example. In Canada, Ireland, and the United Kingdom, they are alphanumeric. For international customers to complete checkout, this field must be open and non-required, or adapted completely for different markets.

2) Pricing

Currency conversion can make pricing even more of a pain point. Fluctuations in exchange value could make the difference between a well-executed sales strategy and the inability to turn a profit. As a solution, most e-commerce marketers sell items at fixed prices to ensure that their customers are not charged a different amount later once the item ships.

Consider whether display pricing should include tax. U.S.-based customers know sticker prices are non-inclusive and anticipate a higher checkout total accordingly. This is also common in Canada

where national goods and services tax (GST), provincial sales tax (PST), can be added at point of purchase, depending on the region.

3) Landed Costs

In e-commerce, landed costs are the charges retailers pay for a product to 'land' at the client's doorstep. This includes taxes, duties, currency exchange fees, customs, tariffs, insurance premiums, shipping and handling expense, and payment processing charges; however, it does not include the cost of manufacturing (or for resellers, acquiring) the actual product.

In foreign countries, landed costs can be unexpectedly higher. For example, the average ship rate for sending an American product to Canada is around 25 percent lower than domestic, but the total landed cost is approximately 125 percent higher. In other countries, duties can work in a retailer's favor:

4) Payments

Accepting credit cards is a given in e-commerce, with 72 percent of all online transactions via credit or debit. While PayPal is popular on mobile, where nearly a third of its payment volume occurs, only 12 percent of online transactions are paid that way.

In the United States, if a company doesn't accept credit cards, then it might as well not exist. Go global, and e-commerce is a whole different story. Sixty-one percent of American shoppers have two or more credit cards, compared to Mexico, where only 19 percent hold a Visa, the country's most popular card.

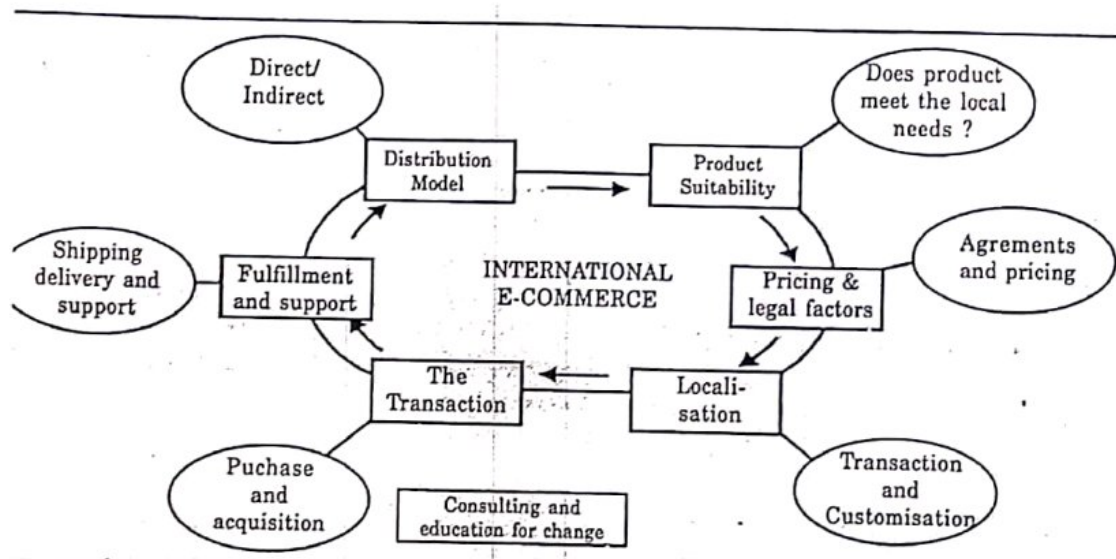
5) Logistics

Shipping costs can often seem out of a retailer's control, as UPS, FedEx, and others establish rates the company is forced to pay. Only a set number of providers ship internationally, plus different countries have their own limitations: In France, for example, many streets are too narrow for delivery trucks. Recipients have to travel to distribution centers for pick-up, so many prefer La Poste — the French mail system — which offers home delivery.

6) Customer Service

When a customer is unhappy with their order, it's important to have a plan for handling returns, exchanges, and refunds. While Americans jokingly see returns as their constitutional right, consumers in some countries (like France, for example) assume all purchases are final. Then there are the markets in between: Canadians don't return as often as Americans, but still expect a 30-day window. When expanding internationally it's important to consider how your business will address each country's return policy.

International E-Commerce strategy Development



Entering a new international market gives your company access to new customers, which can positively increase company revenue. To compliantly sell your product or service in a new international market, you will need to put together an international strategy. For a successful international expansion, keep these eight steps in mind when crafting your strategy.

1. Set Goals for Your International Strategy

Before you do anything, take the time to understand what you want to get out of your international strategy. Every business wants to gain more customers, but your goals should be more specific than that. What are your sales goals for year one, year five, and beyond? What kind of customer retention can you realistically expect? How much time and money do you expect to spend on the expansion? How long will it take to see a return on investment?

Make sure your goals align with your product/service and your industry. Set realistic targets, so you can use these goals as a benchmark for your progress.

2. Identify Your Product/ Service

While this might seem obvious, you need to know what you're going to sell in the new market. If your company only has one product or service, this step will be easy. If you have numerous offerings, decide which ones you will begin your expansion with.

3. Research New Markets

With your goals in hand, look for international markets where you can meet or exceed those goals. Cast your net wide by looking at several markets. Many governments and trade associations offer

resources to help you understand foreign markets. Read through their reports to see how your product/service will resonate with the local consumer base.

While you will need to have someone pour over reports and statistics, you can't truly understand a foreign market remotely. Attend trade shows in your target markets to make new contacts and learn about the local business culture. You can learn a lot about how to market your product/service offerings by experiencing the local life and culture.

Market research should also include the local regulatory environment. Every market has its own set of legal requirements to protect workers and consumers.

4. Understand Your Competition

To do well in any market, you need to understand the local competition and how they approach the market. Each market has its own mix of competitors and cultures that define how an industry works.

5. Plan Your Marketing Strategy

Even before you choose a target market, think about your overall marketing strategy. Do you want to have a different advertising message in each market you enter? Do you want to maintain a global brand? Or do you want a consistent, global brand that is slightly tailored for each marketplace? Choose whichever strategy will most clearly communicate your competitive advantage to new markets.

6. Plan Your International Organizational Structure

Entering one or more international markets will affect your organizational structure. A proactive plan will keep your staff focused on their individual responsibilities and promote efficient work. Consider how you will staff for each new market and how teams from different markets will communicate to share ideas.

7. Determine Your Distribution Strategy

There are many ways to get your offerings to a new market. The U.S. Department of Commerce website lists several channels:

- Direct to end-user
- Distributors in-country
- Your e-commerce website
- A third-party e-commerce platform
- Supplier to a large U.S. company with international sale
- Franchise your business.

Determine which channel best fits your business before entering the new market. Each one comes with its own set of advantages and disadvantages.

8. Assemble a Strategy Document

A written plan keeps your team aligned and can guide your organization as it begins an international expansion.

Dotcom Companies :

A dotcom, or dot-com, is a company that conducts business through its website. A dotcom company embraces the internet as the key component in its business.

Dot-coms may conduct business in one or more of the following areas:

Content, Commerce, and Connection.

Content companies provide information, either for free or for a charge, and earn most of their operating income from advertising. Commerce companies sell new and/or used goods directly over the Internet. Connection companies provide Internet services directly to customers.

Dotcoms are so named because of the URL customers type to visit the website to do business with the company, such as amazon.com. The .com at the end of the URL stands for commercial; by contrast, websites run by companies whose primary motivations are not commercial, such as nonprofit companies, often have domain names ending in .org, which is short for organization. The largest number of startups in the last 20 years have been dotcoms.

Since the .com companies are web-based, often their products or services are delivered via web-based mechanisms, even when physical products are involved. On the other hand, some .com companies do not offer any physical products at all.

- *A dotcom, or dot-com, company is a company whose business model is based on the internet.*
- *Dotcoms are named after the .com at the end of their website URLs.*

The dotcom business model requires an internet presence in order for the business to function; this is the primary component of a dotcom. The majority of the company's offerings are delivered through internet-based mechanisms, though physical products may be involved. Some dotcoms do not offer any physical products.

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