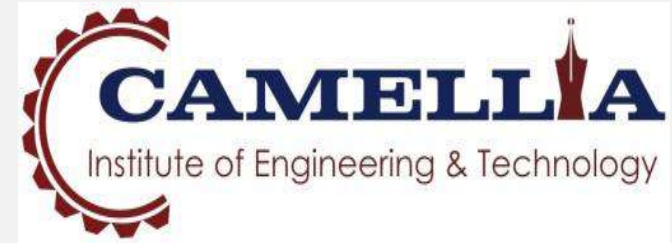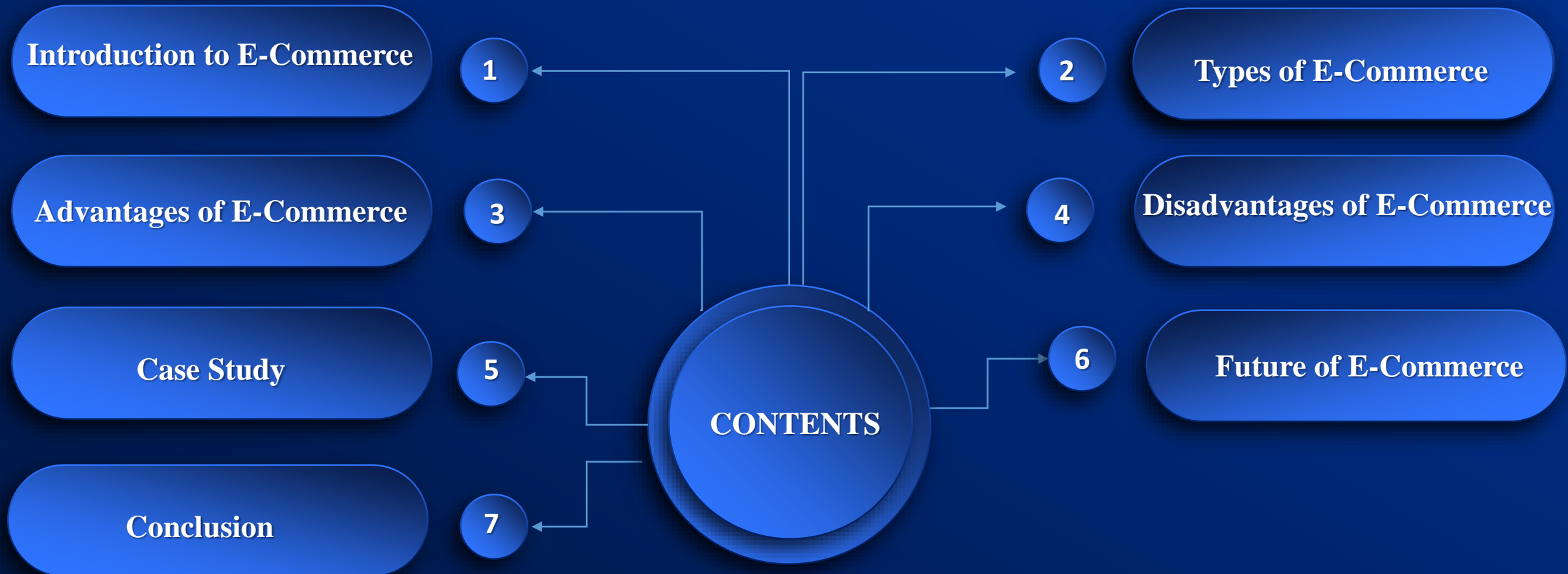# Advantages & Disadvantages of E-Commerce

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Course Code : OECCS802A
Department-   Computer Science And Engineering
PPT-Topic-   Advantages & Disadvantages of E-Commerce

Introduction to E-Commerce

Definition of E-Commerce

E-Commerce (Electronic Commerce) refers to the buying and selling of goods and services over the internet. It involves online transactions, digital payments, and electronic data exchange.

History & Evolution

- **1960s**: Introduction of **Electronic Data Interchange (EDI)** for B2B transactions.
- **1990s**: Rise of the internet led to the launch of **Amazon** (1994) and eBay (1995).
- **2000s**: Growth of secure payment systems like PayPal and mobile commerce (m-commerce).
- **2010s-Present**: Expansion of AI-driven recommendations, digital wallets, and global e-commerce platforms like **Alibaba**, **Shopify**, and **Flipkart**.

Types of E-Commerce
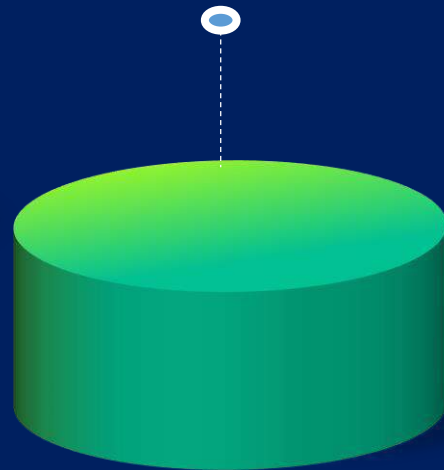
B2B (Business to Business)

- Transactions between businesses (e.g., manufacturers and wholesalers, wholesalers and retailers).
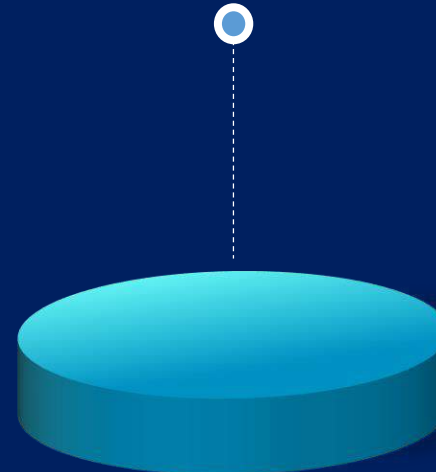
- **Example**: Alibaba, Amazon Business.
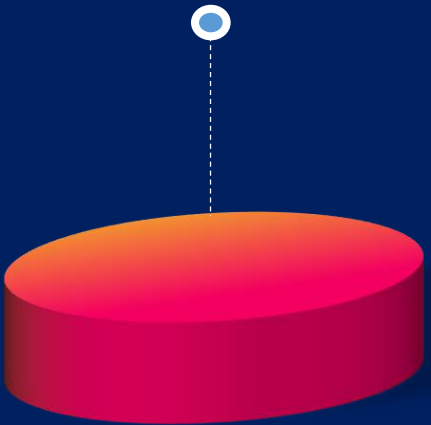
B2C (Business to Consumer)

- Businesses sell directly to consumers via online platforms.

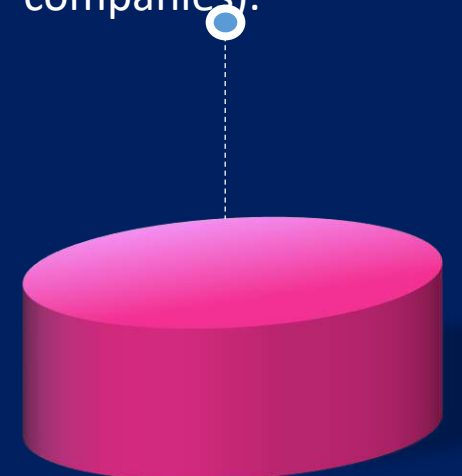- **Example**: Amazon, Flipkart, Apple Store.

C2C (Consumer to Consumer)

- Consumers buy and sell goods/services to each other using third-party platforms.

- **Example**: eBay, OLX, Facebook Marketplace.

C2B (Consumer to Business)

- Individuals offer products/services to businesses.

- **Example**: Freelancer, Upwork, Shutterstock (selling images to companies).

Advantages of E-Commerce (1/2)

Global Reach 🌍
- Businesses can sell products/services to customers worldwide.
- Removes geographical barriers and expands the market.
- Example: A small business in India can sell to customers in the USA via Amazon or Shopify.

24/7 Availability 🕐
- Online stores operate 24/7, unlike physical stores with limited hours.
- Customers can shop anytime, increasing sales potential.
- Example: E-commerce platforms like Amazon and Flipkart allow late-night purchases.

Lower Costs 💰
- Reduced operational costs compared to physical stores (no rent, fewer employees).
- Lower marketing expenses with digital ads & social media promotions.
- Example: Direct-to-consumer (D2C) brands save costs by selling online.

Convenience for Customers 🛒
- Customers can browse, compare, and purchase from home.
- Multiple payment options (credit cards, digital wallets, UPI).
- Example: Customers can order groceries via Instacart or BigBasket without visiting a store.

Personalized Shopping Experience

- AI and data analytics provide tailored recommendations based on user preferences.
- Helps increase customer satisfaction and engagement.
- Example: Netflix suggests shows, Amazon recommends products based on browsing history.

Faster Transactions

- Quick checkout and payment processes with digital wallets and instant payments.
- No need to wait in long checkout lines.
- Example: One-click checkout on Amazon, Google Pay & Apple Pay speed up transactions.

Easy Business Scaling

- Businesses can expand operations easily without heavy investment.
- Drop shipping and cloud-based platforms reduce operational challenges.
- Example: Startups can scale globally via Shopify without opening stores.

Disadvantages of E-Commerce (1/2)

Security Issues (Fraud, Cyberattacks) 🔐

- Risk of credit card fraud, phishing attacks, data breaches.
- Customers worry about sharing personal and payment information online.
- Example: Hacking incidents on major platforms like eBay & Target.

Lack of Personal Interaction ❓

- No face-to-face communication with sales representatives.
- Customers may struggle with queries, returns, or complaints.
- Example: Some customers prefer in-store shopping for a more personalized experience.

Dependence on Internet Connection 🌐

- A slow or no internet connection can disrupt transactions.
- Online stores are useless in areas with poor connectivity.
- Example: Users in rural areas may face challenges accessing e-commerce platforms.

Disadvantages of E-Commerce (2/2)

Product Quality Uncertainty

- Customers cannot physically inspect products before purchasing.
- Possibility of receiving fake, damaged, or different items.
- Example: Online customers often rely on reviews, which can be misleading.

High Competition

- Many sellers offer similar products, making customer retention difficult.
- Businesses must invest in advertising and discounts to stay competitive.
- Example: Small businesses struggle against giants like Amazon & Flipkart.

Logistics and Delivery Issues

- Delayed deliveries, high shipping costs, and product loss/damage.
- Managing returns, refunds, and international shipping can be complex.
- Example: Festive season delays during Black Friday or Diwali sales.

Case Study

⭐ Successful E-Commerce Business **Amazon**   🚨 Failed E-Commerce Business: **Toys "R" Us** Online

| Founded	Key Factors for Success	Current Status	Background		Result
1994 by Jeff Bezos as an online bookstore.	Customer-Centric Approach – Focused on user experience, fast delivery, and easy returns. Innovation & Technology – AI-driven recommendations, cloud computing (AWS). Diverse Product Range – Expanded from books to electronics, groceries, and more.	Global leader in e-commerce. Over $500 billion in annual revenue (as of 2024).	Toys "R" Us was a dominant toy retailer but struggled in e-commerce.	Late Digital Adoption – Relied too much on brick-and-mortar stores. Bad Partnership – Signed an exclusive deal with Amazon (2000-2005), preventing them from building their own e-commerce platform. Debt & Competition – Couldn't compete with Walmart & Amazon.	Filed for bankruptcy in 2017. Attempted a comeback with a digital presence but failed to regain market dominance.

Future of E-Commerce 🚀

AI & Automation
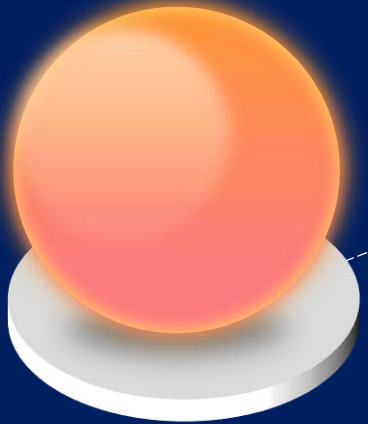
- Chatbots & Virtual Assistants – Provide 24/7 support (e.g., Alexa, Shopify AI).
- Personalized Shopping – AI suggests products based on user behavior.
- Automated Warehousing – Robots manage inventory (e.g., Amazon fulfillment).

Augmented Reality (AR) Shopping 🛍️

- Virtual Try-Ons – Try products before buying (e.g., Lenskart).
- Interactive Shopping – IKEA's AR lets users place furniture in their space.

Sustainability & Green Commerce 🌱

- Eco-Friendly Packaging – Biodegradable & recyclable materials.
- Carbon-Neutral Deliveries – Amazon & Shopify target net-zero emissions.
- Ethical Sourcing – Sustainable, fair-trade products (e.g., Patagonia).

Conclusion

E-Commerce has revolutionized the way businesses and consumers interact.

Advantages include global reach, 24/7 availability, lower costs, and personalized shopping experiences.

Disadvantages include security risks, lack of personal interaction, high competition, and delivery challenges.

Future Trends like AI, AR shopping, and sustainable practices will shape the next phase of e-commerce.

Case Study Insight: Amazon's success vs. Toys "R" Us' failure highlights the importance of innovation and adaptability in e-commerce.

THANK YOU

Do You Have Any question?