BSc CsIt SEM - VI
E-Commerce
Unit 1: Introduction

Syllabus:

Unit 1: Introduction (4 Hrs.)

E-commerce, E-business, Features of E-commerce, Pure vs. Partial E-commerce, History of E-commerce, E-commerce Framework (People, Public Policy, Marketing and Advertisement, Support Services, Business Partnerships), Types of E-commerce: B2C, B2B, C2B, C2C, MCommerce, U-commerce, Social-Ecommerce, Local E-commerce, Challenges in Ecommerce, Status of E-commerce in Nepal, Overview of Electronic Transaction Act of Nepal

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E-commerce

Electronic commerce (e-commerce) is often thought simply to refer to buying and selling using the Internet. People immediately think of consumer retail purchases from companies such as Amazon, eBay etc. But e-commerce involves much more than electronically mediated financial transactions between organizations and customers. E-commerce should be considered as all electronically mediated transactions between an organization and any third party that it deals with. By this definition, non-financial transactions such as customer requests for further information would also be considered to be part of e-commerce.

To many people, the term "electronic commerce" means shopping on the part of the Internet called the World Wide Web (the Web). However, electronic commerce also includes many other activities, such as businesses trading with other businesses and internal processes that companies use to support their buying, selling, hiring, planning, and other activities.

Some people use the term e-business when they are talking about electronic commerce in this broader sense. That is they use the terms "electronic commerce" and "electronic business" interchangeably. Internet technologies include the Internet, the World Wide Web, and other technologies such as wireless transmissions on mobile telephone networks.

Examples of Ecommerce

Online shopping

Online Shopping occurs when a customer buys through a digital platform. If you buy something from online, for example, retail giant Amazon (Retail Giant Store), you are online shopping.

Internet Banking

We also call it online banking. Nearly all banks today offer services through their website. We can transfer money, apply for an overdraft facility, and pay off our credit cards online. An overdraft facility is an arrangement with the bank in which your account may be in debit. We can also apply for loans and even mortgages on some websites.

BSc CsIt SEM - VI
E-Commerce

Electronic payments

Some companies have an online electronic payments service which allows you to perform transactions digitally. They say their service is extremely safe and effective.

for example, pay pal is a global online payments system that supports online money transfers. It is an electronic alternative to traditional paper methods like money orders and checks.

Purchasing tickets online

This E-commerce service helps consumers purchase tickets for concerts and movies. We can even buy bus and train tickets online. There is no need go to a ticket office and stand in line. We can purchase the tickets online from the comfort of our homes.

Online Auctions

People can place bids and acquire products at competitive prices online.

Retail

The sale of products directly to a consumer without an intermediary.

Drop shipping

The sale of products that are manufactured and shipped to consumers via a third party.

Digital products

Downloadable items like templates, courses, e-books, software, or media that must be purchased for use. Whether it's the purchase of software, tools, cloud-based products or digital assets, these represent a large percentage of ecommerce transactions.

Wholesale

Products sold in bulk. Wholesale products are usually sold to a retailer, who then sells the products to consumers.

Advantages of E-Commerce

1. E-commerce provides the sellers with a global reach. They remove the barrier of place (geography). Now sellers and buyers can meet in the virtual world, without the hindrance of location.
2. Electronic commerce will substantially lower the transaction cost. It eliminates many fixed costs of maintaining brick and mortar shops. This allows the companies to enjoy a much higher margin of profit.
3. It provides quick delivery of goods with very little effort on part of the customer. Customer complaints are also addressed quickly. It also saves time, energy and effort for both the consumers and the company.
4. One other great advantage is the convenience it offers. A customer can shop 24×7. The website is functional at all times, it does not have working hours like a shop.
5. Electronic commerce also allows the customer and the business to be in touch directly, without any intermediaries. This allows for quick communication and transactions. It also gives a valuable personal touch.

Disadvantages of E-Commerce

1. The start-up costs of the e-commerce portal are very high. The setup of the hardware and the software, the training cost of employees, the constant maintenance and upkeep are all quite expensive.
2. Although it may seem like a sure thing, the e-commerce industry has a high risk of failure. Many companies riding the dot-com wave of the 2000s have failed miserably.
3. At times, e-commerce can feel impersonal. So it lacks the warmth of an interpersonal relationship which is important for many brands and products. This lack of a personal touch can be a disadvantage for many types of services and products like interior designing or the jewelry business.
4. Security is another area of concern. Only recently, we have witnessed many security breaches where the information of the customers was stolen. Credit card theft, identity theft etc. remain big concerns with the customers.
5. Then there are also fulfilment problems. Even after the order is placed there can be problems with shipping, delivery, mix-ups etc. This leaves the customers unhappy and dissatisfied.

E-business

E-Business refers to a broader definition of EC, not just the buying and selling of goods and services but conducting all kinds of business online such as servicing customers, collaborating with business partners, delivering e-learning, and conducting electronic transactions within organizations. However, others view e-business only as comprising those activities that do not involve buying or selling over the Internet, such as collaboration and intrabusiness activities; that is, it is a complement of the narrowly defined e-commerce. In its narrow definitions, e-commerce can be viewed as a subset of e-business.

E-business is similar to E-commerce but it is more than just a simple act of buying and selling services or goods online. In fact, it is the method of utilizing digital information and advanced communication technologies to streamline different business processes – from the initial to implementation phase.

Electronic commerce focuses on the use of information and communication technology to enable the external activities and relationships of the business with individuals, groups, and other businesses, while e-business refers to business with help of the internet.

Electronic business differs from electronic commerce as it does not only deal with online transactions of selling and buying of a product and/or service but also enables to conduct of business processes (inbound/outbound logistics, manufacturing & operations, marketing and sales, customer service) within the value chain through internal or external networks.

E-business includes a lot of business processes including online order processing, CRM (Customer Relationship Management), supply chain management and many more. E-commerce is a part of e-business.

Components of E-Business

The core components of e-business are information, communication, and transaction. Apart from them E-business has several components including BI (Business Intelligence), CRM (Customer Relationship Management), ERP (Enterprise Resource Planning), SCM (Supply Chain Management), Collaboration, online activities, and electronic transactions within the firm etc.

Business intelligence

Business intelligence is about the activities that a small business may undertake to collect, store, access, and analyse information about its market or competition to help with decision making. When conducted online, BI is efficient and quick, helping companies to identify noteworthy trends and make better decisions faster.

Customer relationship management (CRM)

CRM refers to a customer service approach that focuses on building long-term and sustainable customer relationships that add value for the customer and the company. It is a company-wide strategy that brings together information from all data sources within an organization (and sometimes from external data sources) to give one holistic view of each customer in real time. The goal is to reduce costs and increase profitability while providing customer satisfaction.

Supply chain management (SCM)

Every small business has a supply chain, the network of vendors that provide the raw components that are needed to make a product or deliver a service. The management of this network is known as supply chain management (SCM). Efficiently and effectively improving the way that a company finds raw components and then delivers the product or the service to the customer; SCM is about efficiently and effectively improving the way that a company finds those raw components and then delivers the product or the service to the customer.

Enterprise resource planning (ERP)

ERP is about integrating all departments and functions across a company (sales, marketing, human resources, finance, accounting, production, engineering, etc.) into a single computer system that can serve the particular needs of each department. The objective is to provide information quickly and efficiently to those who need it. Small businesses have many vendor choices for ERP systems. There are more than thirty vendors in the field, and they are looking to small and midsize businesses as their primary growth market.

Areas of e-business:

E-procurement:

It is also known as supplier exchange in which business to business, business to government, business to consumer, and sales of services are made with the help of the internet. Basically, e-procurement is a way adopted by the companies to reduce the costs and efforts by sourcing products or services electronically.

E-procurement is the process of buying and selling supplies and services over the Internet. It differs from e-commerce in that it makes use of a supplier's closed system typically available only to registered users.

When implemented properly, e-procurement opens the lines of communication between a company and a supplier by creating a direct link and facilitating interactions such as bids, purchase orders and emails.

Online stores:

It is an electronic sourcing (website or application) for products or services, such as online shopping stores. Online stores are also known as e-shop, internet shop, web-store, virtual store, web-shop, m-commerce, and online storefront.

Online marketplaces:

It is an electronic commerce that connects the buyers and suppliers to the services or products over the internet. The operator of an online marketplace only presents the inventory of other people and provides the transaction facility.

An online marketplace is an e-commerce site that connects sellers with buyers. It's often known as an electronic marketplace and all transactions are managed by the website owner. Companies use online marketplaces to reach customers who want to purchase their products and services. Examples of online marketplaces include Amazon, eBay, and Craigslist.

Online communities:

An online community is simply a group of people coming together for a common purpose, interest, or vision, and doing so via the internet. Online communities typically use chat rooms, mailing lists, and forums as their primary mode of interaction.

Or it can be said that, electronic communication network between individuals and organizations, which supports data and knowledge sharing as well as the preparation of transaction decisions.

Online companies:

Electronic business cooperation for connecting individual company services, resulting in a virtual business with a common transaction offer.

BSc CsIt SEM - VI
E-Commerce

Difference between e-business and e-commerce are given below

E-business

1. E-business is the use of internet technologies to empower business processes, e-commerce and enterprise communication and collaboration within a company and its various stockholders.
2. E-Business refers to performing all type of business activities through internet.
3. The scope of e-business is wider than that of e-commerce.
4. E-business empowers business process, e-commerce, enterprise communication and collaboration.
5. E-business uses internet for empowering business process, e-commerce enterprise communication, and collaboration.
6. It includes activities like procurement of raw materials/goods, customer education, supply activities buying and selling product, making monetary transactions etc over internet.

E-commerce

1. E-commerce is the buying and selling, marketing and servicing and delivering and payment of products, services, and information over the internet, intranets, extranet and other networks between an enterprise and its customer, suppliers, and business partners.
2. E-Commerce refers to the performing online commercial activities, transactions over internet.
3. The scope of e-commerce is limited than that of e-business.
4. E-commerce is a part of e-business.
5. E-commerce uses internet for buying, selling, marketing, servicing and delivering and payment of product, services, and information.
6. It includes activities like buying and selling product, making monetary transactions etc over internet.

Features of E-commerce

Ubiquity

In traditional commerce, a **marketplace** is a physical place you visit in order to transact. For example, television and radio typically motivate the consumer to go someplace to make a purchase. E-commerce, in contrast, is characterized by its **ubiquity:** it is available just about everywhere, at all times. It liberates the market from being restricted to a physical space and makes it possible to shop from your desktop, at home, at work, or even from your car, using mobile e-commerce. The result is called a **marketspace**—a marketplace extended beyond traditional boundaries and removed from a temporal and geographic location. From a consumer point of view, ubiquity reduces **transaction costs**—the costs of participating in a market. To transact, it is no longer necessary that you spend time and money traveling to a market. At a broader level, the ubiquity of e-commerce lowers the cognitive energy required to transact in a marketspace. **Cognitive energy** refers to the mental effort required to complete a task. Humans generally seek to reduce cognitive energy outlays.

Global Reach

E-commerce technology permits commercial transactions to cross cultural, regional, and national boundaries far more conveniently and cost-effectively than is true in traditional commerce. As a result, the potential market size for e-commerce merchants is roughly equal to the size of the world's online population. More realistically, the Internet makes it much easier for start-up e-commerce merchants within a single country to achieve a national audience than was ever possible in the past. The total number of users or customers an e-commerce business can obtain is a measure of its **reach**.

In contrast, most traditional commerce is local or regional—it involves local merchants or national merchants with local outlets. Television and radio stations, and newspapers, for instance, are primarily local and regional institutions with limited but powerful national networks that can attract a national audience. In contrast to e-commerce technology, these older commerce technologies do not easily cross-national boundaries to a global audience.

Universal Standards

One strikingly unusual feature of e-commerce technologies is that the technical standards of the Internet, and therefore the technical standards for conducting e-commerce, are universal standards—they are shared by all nations around the world.

In contrast, most traditional commerce technologies differ from one nation to the next. For instance, television and radio standards differ around the world, as does cell phone technology. The universal technical standards of e-commerce greatly lower **market entry costs**—the cost merchants must pay just to bring their goods to market. At the same time, for consumers, universal standards reduce search costs—the effort required to find suitable products. And by creating a single, one-world marketspace, where prices and product descriptions can be inexpensively displayed for all to see, price discovery becomes simpler, faster, and more accurate .

Users, both businesses and individuals, also experience **network externalities**—benefits that arise because everyone uses the same technology. With e-commerce technologies, it is possible for the first time in history to easily find many of the suppliers, prices, and delivery terms of a specific product anywhere in the world, and to view them in a coherent, comparative environment. Although this is not necessarily realistic today for all or even most products, it is a potential that will be exploited in the future

Richness

Information richness refers to the complexity and content of a message. Traditional markets, national sales forces, and small retail stores have great richness: they are able to provide personal, face-to-face service using aural and visual cues when making a sale. The richness of traditional markets makes them a powerful selling or commercial environment. Prior to the development of the Web, There was a trade-off between richness and reach: the larger the audience reached, the less rich the message. E-commerce technologies have the potential for offering considerably more information richness than traditional media such as printing presses, radio, and television because they are interactive and can adjust the message to individual users. Chatting with an online sales person, for instance, comes very close to the customer experience in a small retail shop. The richness enabled by e-commerce technologies allows retail and service merchants to market and sell "complex" goods and services that heretofore required a face-to-face presentation by a sales force to a much larger audience.

Interactivity

Unlike any of the commercial technologies of the twentieth century, with the possible exception of the telephone, e-commerce technologies allow for interactivity, meaning they enable two-way communication between merchant and consumer and among consumers. Traditional television, for instance, cannot ask viewers questions or enter into conversations with them, or request that customer information be entered into a form. In contrast, all of these activities are possible on an e-commerce site and are now commonplace with smartphones, social networks, and Twitter. Interactivity allows an online merchant to engage a consumer in ways similar to a face-to-face experience.

Information Density

E-commerce technologies vastly increase information density—the total amount and quality of information available to all market participants, consumers, and merchants alike. E-commerce technologies reduce information collection, storage, processing, and communication costs. At the same time, these technologies greatly increase the currency, accuracy, and timeliness of information—making information more useful and important than ever. As a result, information becomes more plentiful, less expensive, and of higher quality. A number of business consequences result from the growth in information density. In e-commerce markets, prices and costs become more transparent. Price transparency refers to the ease with which consumers can find out the variety of prices in a market; cost transparency refers to the ability of consumers to discover the actual costs merchants pay for products. But there are advantages for merchants as well. Online merchants can discover much more about consumers; this allows merchants to segment the market into groups willing to pay different prices and permits them to engage in price discrimination—selling the same goods, or nearly the same goods, to different targeted groups at different prices. For instance, an online merchant can discover a consumer's avid interest in expensive exotic vacations, and then pitch expensive exotic vacation plans to that consumer at a premium price, knowing this person is willing to pay extra for such a vacation. At the same time, the online merchant can pitch the same vacation plan at a lower price to more price-sensitive consumers. Merchants also have enhanced abilities to differentiate their products in terms of cost, brand, and quality.

Personalization/Customization

E-commerce technologies permit **personalization:** merchants can target their marketing messages to specific individuals by adjusting the message to a person's name, interests, and past purchases. Today this is achieved in a few milliseconds and followed by an advertisement based on the consumer's profile. The technology also permits **customization**—changing the delivered product or service based on a user's preferences or prior behaviour. Given the interactive nature of e-commerce technology, much information about the consumer can be gathered in the marketplace at the moment of purchase. With the increase in information density, a great deal of information about the consumer's past purchases and behaviour can be stored and used by online merchants. The result is a level of personalization and customization unthinkable with traditional commerce technologies. For instance, you may be able to shape what you see on television by selecting a channel, but you cannot change the contents of the channel you have chosen. In contrast, the online version of the Financial Times allows you to select the type of news stories you want to see first, and gives you the opportunity to be alerted when certain events happen. Personalization and customization allow firms to precisely identify market segments and adjust their messages accordingly.

Social Technology: User-Generated Content and Social Networks

In a way quite different from all previous technologies, e-commerce technologies have evolved to be much more social by allowing users to create and share content with a worldwide community. Using these forms of communication, users are able to create new social networks and strengthen existing ones. All previous mass media in modern history, including the printing press, used a broadcast model (one-to-many) where content is created in a central location by experts (professional writers, editors, directors, actors, and producers) and audiences are concentrated in huge aggregates to consume a standardized product. The telephone would appear to be an exception but it is not a mass communication technology. Instead the telephone is a one-to-one technology. E-commerce technologies have the potential to invert this standard media model by giving users the power to create and distribute content on a large scale, and permit users to program their own content consumption. E-commerce technologies provide a unique, many-to-many model of mass communication.

Pure vs. Partial E-commerce

- Pure E-electronic commerce refers to a situation where a business transacts its business activities PURELY online. that is, the goods or services sold do not have any physical presence. take a business that sells software, for example, you just pay and download, or one that sells music files online.
- Partial E-Commerce on the other hand refers to a slightly opposite situation where a business has an online presence, but still has a physical location for the goods and services it sells. For example, Amazon, Walmart, and any other you can think of. you buy the goods online but receive them physically.

History of E-commerce

History of ecommerce dates back to the invention of the very old notion of "sell and buy", electricity, cables, computers, modems, and the Internet. Ecommerce became possible in 1991 when the Internet was opened to commercial use. Since that date thousands of businesses have taken up residence at web sites.

Ecommerce was introduced about 40 years ago in its earliest form. Since then, electronic commerce has helped countless businesses grow with the help of new technologies, improvements in internet connectivity, added security with payment gateways, and widespread consumer and business adoption.

- 1969: CompuServe, the first significant eCommerce company is established by Dr John R. Goltz and Jeffrey Wilkins by utilizing a dial-up connection. This is the first time eCommerce was introduced.
- 1979: Michael Aldrich invented electronic shopping (he is also considered as founder or inventor of eCommerce). This was done by connecting a transaction-processing computer with a modified TV through a telephone connection. This was done for transmission of secure data.
- 1982: The continued growth of technology, particularly in electronics led to the launch of the first eCommerce platforms by Boston Computer Exchange.
- 1992: The 90s took the online business to the next level by introducing Book Stacks Unlimited as an online bookstore by Charles M. Stack. It was one of the first online shopping site created at that time.
- 1994: Web browser tool introduced by Netscape Navigator by Marc Andreessen and Jim Clark. It was used on the Windows platform.
- 1995: The year marked the iconic development in the history of eCommerce as Amazon and eBay were launched. Amazon was started by Jeff Bezos, while Pierre Omidyar launched eBay.
- 1998: PayPal launched the first eCommerce payment system as a tool to make money transfers.
- 1999: Alibaba started its online shopping platform in 1999 with more than $25 million as capital. Gradually it turned out to be an eCommerce giant.
- 2000: Google launched the first online advertising tool named Google AdWords as a way to help retailers to utilize the pay-per-click (PPC) context.

- 2005: Amazon Prime membership was launched by Amazon to help customers get free twoday shipping at an annual fee. Simillarly at the same time “Etsy was launched to enable small and medium scale retailers to sell goods online”, “ Square, Inc as an app-based service was launched”, “ Eddie Machaalani and Mitchell Harper launched BigCommerce as an online storefront platform” .
- 2011: Google launches its online wallet payment app, One of the earliest moves by Facebook to launch sponsored stories for advertisements
- 2014: Apple launched Apply Pay, an online payment application
- 2014: Jet.com was launched as an online shopping portal.
- 2017: Instagram introduces shoppable tags- enabling people to sell directly from the social media platform

E-commerce Framework (People, Public Policy, Marketing and Advertisement, Support Services, Business Partnerships)

The EC field is diverse, involving many activities, organizational units, and technologies. the e-commerce framework is represented like a building with three main components:

1) Roof
2) Wall
3) Foundation

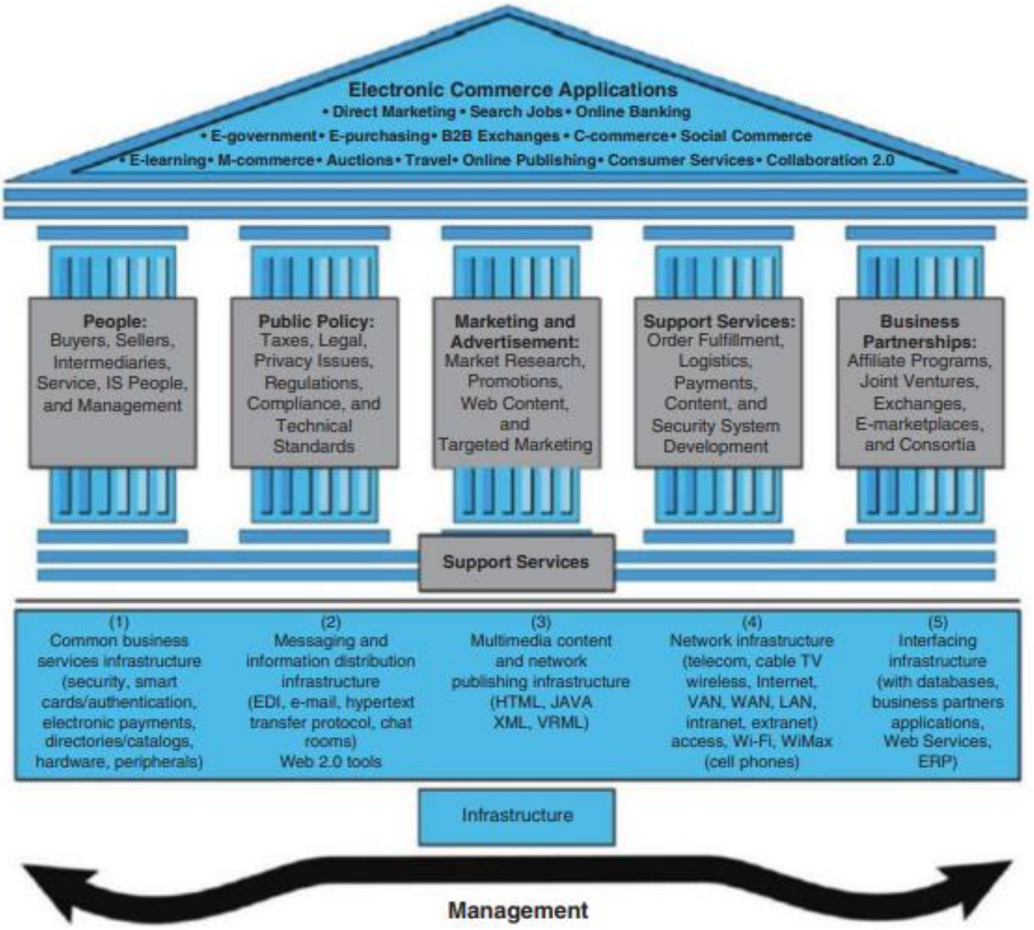

Fig. 1.2 A framework for electronic commerce

Roof:

As shown in the figure above the roof of house represents the **e-commerce applications**. To perform these applications, companies need the right information, infrastructure, and support services.

E-commerce applications include Direct Marketing, Online banking, social commerce, E-government, E-purchasing, B2B exchange, C-commerce, E-learning, M-commerce, Auctions, Travels, Online Publishing, Consumer Service, Collaboration etc…

Direct Marketing

Direct marketing is a targeted form of marketing that presents information of potential interest to a consumer that has been determined to be a likely buyer through a direct form of communication, like email, post, or telephone. This is not like advertising which targets a broader audience with high-level information. More importantly, this form of marketing targets and customizes campaigns to the recipient.

An example of direct marketing is that you could launch a direct postal marketing campaign where you target potential customers who joined your email list and never bought from you. You could offer them a 10% discount to buy from your store in the next month, with the expiry date clearly outlined. After a month you should be able to report on the campaign's success by tracking how many people used your discount code and bought from you for that period of time.

B2B exchange

A website where businesses buy and sell products and services to each other and share information. Or it can be defined as ,it is an online marketplace that enables buyers and sellers to exchange derivatives products and negotiate at an appropriate price in accordance with their exchange rules. B2B exchanges involve two of the most popular commodities, exchange services, and commodities. In the exchange, as well as in the exchange itself.

Walls:

It represents all support services for the e-commerce. Figure below shows EC applications that are supported by infrastructure and **support areas** like People, Public Policy, Marketing and Advertisement, Support Services, Business Partnerships.

- Public policies

  Public policies govern issues like universal access, privacy, and information pricing. The public policy infrastructure affects not only the specific business but also direct and indirect competitors. It should take into consideration of:
    - Cost of accessing information
    - Regulation to protect consumers from fraud and protect their right to privacy.
    - Policies of global information traffic to detect information pirating and obscene sites.

Foundation:

It represents the e-commerce infrastructure. The infrastructure for EC is shown at the bottom of the figure. Infrastructure describes the hardware, software, and networks used in EC.

It consists of:

- Common business services, for facilitating the buying and selling process
- Messaging and information distribution, as a means of sending and retrieving information (ex-EDI, e-mail, P2P file transfer)
- Multi-media content and network publishing, for creating a product and a means to communicate about it.
- Information Superhighway infrastructure consisting of telecommunication, cable operator, ISPs , Wireless technologies and Internet

Types of E-commerce: B2C, B2B, C2B, C2C

Electronic commerce can be classified into four main categories. The basis for this simple classification is the parties that are involved in the transactions. So the four basic electronic commerce models are as follows,

1. Business to Business

This is Business to Business transactions. Here the companies are doing business with each other. The final consumer is not involved. So, the online transactions only involve the manufacturers, wholesalers, retailers etc.

2. Business to Consumer

Business to Consumer. Here the company will sell their goods and/or services directly to the consumer. The consumer can browse their websites and look at products, pictures, read reviews. Then they place their order and the company ships the goods directly to them. Popular examples are Amazon, Flipkart, Jabong etc.

3. Consumer to Consumer

Consumer to consumer, where the consumers are in direct contact with each other. No company is involved. It helps people sell their personal goods and assets directly to an interested party. Usually, goods traded are cars, bikes, electronics etc. OLX, Quikr etc follow this model.

4. Consumer to Business

This is the reverse of B2C, it is a consumer to business. So the consumer provides a good or some service to the company. Say for example an IT freelancer who demos and sells his software to a company. This would be a C2B transaction.

M-Commerce

Mobile commerce, also known as m-commerce, involves using wireless handheld devices like cell phones and tablets to conduct commercial transactions online, including the purchase and sale of products, online banking, and paying bills etc.

Mobile commerce is categorised into three main categories (mobile shopping, mobile payments, and mobile banking), the highest growth areas for m-commerce are:

- In-app purchasing (such as buying clothing items via a retail app)
- Mobile banking
- Virtual marketplace apps like Amazon
- Digital wallets like Apple Pay, Android Pay, and Samsung Pay
- Mobile ticketing

U-commerce

Ubiquitous Commerce, Universal Commerce or Ultimate Commerce is the combination of traditional e-commerce and wireless, television, voice and silent commerce.

It describes the concept that buyers and sellers have the potential to interact anywhere, by using wireless devices, such as cell phones etc. Buyers and sellers interact with each other via the Internet where orders can be placed online and payments can be made via credit card or PayPal etc. The Association for Information Systems states that the qualities of U-Commerce include Ubiquitous, uniqueness, Universal and unison

- **Ubiquitous:** represents the ability to be connect at any time and in any place as well as the integration of human-computer interaction into most devices and processes, e.g. household objects.
- **Uniqueness:** stands for the unique identification of each customer or user regarding his identity, current context, needs and location resulting in an individual service.
- **Universal:** is related to everyone's devices which can be used multifunctional and as well as universal –you will always be connected no matter of your place.
- **Unison:** constitutes the data integration across applications and devices to provide users consistent and fully access to required information independent of device and location. The term unison also relates to fully synchronized devices at any time.

Social-Ecommerce

Social ecommerce is, when social media platforms are used to make a more personalized and targeted in-app experience shopping experience for customers. Simply put, it brings ecommerce functionality directly into social media platforms or it is the process of selling products directly on social media i.e. merchants sell products directly through social media platforms, allowing potential customers to interact with brands, browse goods and make purchases.

When customers are satisfied with your business, social media makes it easy for them to share and recommend your brand. Because of its very nature, social media is a place where content goes viral. These channels therefore play a very important role in your word-of-mouth marketing.

Examples of social commerce platforms and social commerce sites include Facebook business retail store pages where users can browse and shop without leaving the platform, or buy buttons on Twitter and Pinterest.

Many people wonder if social e-commerce will work for their business. In fact, it offers a myriad of business benefits for your brand. From increasing sales to driving traffic, to increasing customer engagement and website traffic.

Local E-commerce

Local eCommerce is using your online shop to sell products only to a local customer 24/7. It is also known as hyper-local commerce. It falls under the umbrella of Offline-to-Online commerce (O2O). O2O means that retailers with physical stores can (should) offer their inventory and sell to local online shoppers in the same way online pure plays sell to online shoppers.

Local commerce is the act of selling goods and services within a locality. It involves setting up a shop in your local area to sell items that are unique to your area.

There are many advantages of running a business locally. The cost of doing business locally is usually much lower than selling online. Also, you can reach more customers with less marketing costs as compared to large markets like the United States where all products are centralized in one place. The biggest advantage though is that people will be able to directly interact with you, which can lead to higher customer satisfaction levels because they will feel like they're buying from someone who lives nearby them.

Challenges in E-commerce

- An absence of online identity verification
- Competitor Analysis
- Stuck in at the old way of approach to selling
- Shopping cart abandonment
- Maintaining customer loyalty
- The headache of product return and refund
- The struggle of competing on price and shipping
- Competing against retailers and manufacturers
- A problem of data security

========================== End of Unit-1 ==========================

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