

UNIT -2

Types of E-commerce Activities:

- **Online Shopping:** A prevalent example of e-commerce is shopping via the internet. Virtual stores are created online, often boasting more variety of choices that are available at physical stores. There are also stores that exist only online and benefit from the lack of investment into physical infrastructure.
- **Electronic Payments:** Payment systems for utility bills, phone, cable and internet bills, as well as online shopping, are an important aspect of e-commerce. Here, security needs to be ensured regarding credit card and personal information.
- **Virtual Auctions:** One version of e-commerce is the online auction popularized by eBay. These websites offer customers the benefit of selling to others at the best possible price.
- **Internet Banking:** E-commerce has allowed many people to forego frequent visits to the bank and instead perform their regular banking activities online via secure banking service.
- **Online Ticketing:** Ticketing for almost all types of activities is now done online. This includes travel ticketings such as air travel, bus and trains, as well as tickets for entertainment and sports events. This allows people to avoid queues and just go on the day of the event.
- **EDI (Electronic Data Interchange)**
- **Online customer support**

Modes of operation:-

- **Business-to-Business (B2B)**
- **Business-to-Consumer (B2C)**
- **Consumer-to-Consumer (C2C)**

Various modes of payment in ecommerce:-

- **Electronic payment** – is becoming central to online business. E-commerce sites use electronic payment, where electronic payment refers to paperless monetary transactions. Electronic payment has revolutionized the business processing by reducing the paperwork, transaction costs, and labor cost. Being user friendly and less time-consuming than manual processing, it helps business organization to expand its market reach/expansion. Listed below are some of the modes of electronic payments

- Credit Card
 - Debit Card
 - Smart Card
 - E-Money
 - Electronic Fund Transfer (EFT)
- **Credit Cards:** - Credit cards are the most common and most utilized mode of payments when it comes to online shopping. Users only have to enter their card number and date of expiry and lastly the CVN number for card verification and they are done.
 - **Debit Cards:-** Debit cards are associated with the bank account balance. So the consumers can only use the money that is present in their bank accounts. Debit cards are also utilized a lot for online shopping.
 - **E-Wallets:** E-wallets are a type of service given by the ecommerce websites for consumers' significance of payment. In e-wallets, consumers can store and save their credit cards, debit cards and bank account information to directly shop from the ecommerce without any need of providing details of credit or debit cards each time.
 - **Net Banking:** This method is the most convenient method of payment. user don't need to have any card for the payment. He/She can directly pay the bill from their bank accounts. The only thing required is to register with the bank for the net banking facility. It is done from the user's end. Once done, the consumer can shop easily.
 - **Mobile Payment:** It is one of the latest method of doing online transactions or payments and all are through mobile phones. The customer has to send a payment request to his/her service provider via text message; the customer's mobile account or credit card is charged for the purchase. To set up the mobile payment system, the customer just has to download a software from his/her service provider's website and then link the credit card or mobile billing information to the software.
 - **Payment Gateways:** Developers also embed payment gateways like PayPal, WorldPay etc to make online payments for ecommerce shopping.

Ecommerce Matrix:-

E-Commerce Matrix	Business	Consumer	Government
Business	B2B GM / Ford EDI Networks	B2C Amazon Dell Sun	B2G Online tax filing Customs paperwork pre-clearing
Consumer	C2B Priceline Accompany	C2C EBay Paypal QXL	C2G Online tax filing
Government	G2B Online permit applications Online tender documents	G2C Online permit applications Online license renewals	G2G Interpol - FBI

Comparative table of the C2C, B2C, and B2B business models

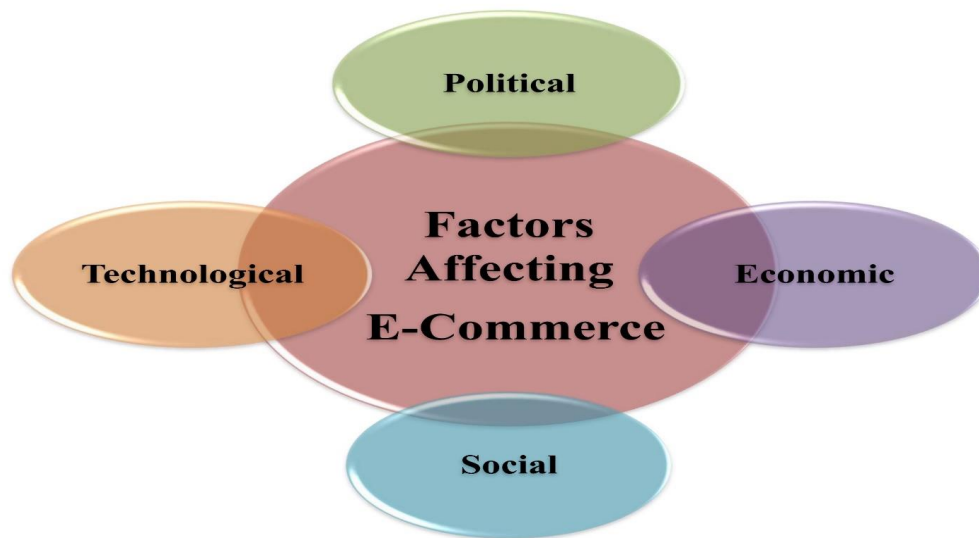
Factors	C2C	B2C	B2B
Value of sale	Tens of dollars	Tens and hundreds of dollars	Thousands and millions of dollars
Pricing	Negotiable market based price (market price)	Standard pricing	Customer pricing
Length of sales process	Hours to days	Days to weeks	Days to months
Number of decision makers involved	One or two	One or two	Several people to a dozen or more
Complexity of buying process	Simple enough; the price, delivery and payment terms are negotiable.	Relatively simple; the price, delivery and payment terms are negotiable, but more rarely.	Complex, long stipulations concerning the price; all the nuances are discussed even the warranty.
Motivation for purchase	Individual needs or emotions	Individual needs or emotions	Business needs
Buying process for provider to use marketplace	Single step	Multiple step	More multiple step
Goal tasks of a marketplace	<ul style="list-style-type: none"> - present the good/ service - present own solution and UVP - create a community of customers 	<ul style="list-style-type: none"> - show a great variety of goods/services - present the brands - create conditions for competition (more comfortable, reliable, faster) 	<ul style="list-style-type: none"> - suggest a solution for business - sell to big players - be the first in own niche
Gaps	Public flea markets, private services	Retailers (goods or services)	Supply chain, wholesalers, service

Elements of E-Commerce:-

Customer Experience: - Taking user feedback and user rating or experience of purchase. It helps in making brand value and trust in ecommerce.

Back-end Integration: - Strong back-end integration is also an important element.

Digital Marketing: - Digital marketing strategy is a massive undertaking, and brands need to approach this area of e-commerce. Organizations need to attract visitors to their websites, qualify leads, spark their interest with personalized communications, and close the deal over a wide range of channels and devices.



Technological Factor: - State of telecommunication infrastructure.

Access to new technological developments

Bandwidth availability and internet rates.

Political Factor: - Number and type of government initiatives to support use and development of modern technology.

Discouraging rules and regulations of the government.

Ability of the government to adapt and plan for the technological growth and development.

Social factor: - Literacy level of the people and penetration rate of PCs

Number of internet users

Willingness and ability of the people to adopt the new technology.

Economic factor: - Economic growth of the country.

Average income of the people

1. **Management Information Systems** – Analysis, design and implementation of e-business systems within an organization; issues of integration of front-end and back-end systems
2. **Human Resource Management** – Issues of on-line recruiting, home working and ‘Entrepreneurs’ works on a project by project basis replacing permanent employees.
3. **Finance and Accounting** –On-line banking; issues of transaction costs; accounting and auditing implications where ‘intangible’ assets and human capital must be tangibly valued in an increasingly knowledge based economy.
4. **Economics** –The impact of e-commerce on local and global economies; understanding the concepts of a digital and knowledge-based economy and how this fits into economic theory
5. **Production and Operations Management** –The impact of on-line processing has led to reduced cycle times. It takes seconds to deliver digitized products and services electronically; similarly the time for processing orders can be reduced by more than 90 per cent from days to minutes. Production systems are integrated with finance marketing and other functional systems as well as with business partners and customers.
6. **Marketing** – Issues of on-line advertising, marketing strategies and consumer behavior and cultures. One of the areas in which it impacts particularly is direct marketing. In the past this was mainly door-to door, home parties and mail order using catalogues or leaflets.
7. **Computer Sciences** – Development of different network and computing technologies and languages to support e-commerce and e-business, for example linking front and back office legacy systems with the ‘web based’ technology.
8. **Business Law and Ethics** – The different legal and ethical issues that have arisen as a result of a global ‘virtual’ market issues such as copyright laws, privacy of customer information, and legality of electronic contracted.

E-Commerce vendors: - are needed to supply the software and services used to start and operate most online stores. However, they are more prominently known for supplying consumable and durable goods to online shop owners so that they can resell the items at a profit.

E COMMERCE SERVICE PROVIDERS:-

1. Wix Stores – Simple, Beautiful, Affordable

Wix is originally a website builder that allows you to create websites via drag and drop. On top of that, it also has features that allow you to build an online store.

SiteBuilder – Best for Beginners SiteBuilder is the best website builder Their drag-and-drop interface is intuitive, simple, and comprehensive. SiteBuilder has everything you need to get started – domain, hosting, analytics tools, SEO, and sufficient ecommerce tools. It comes with unlimited bandwidth and storage space.

BigCommerce – Best for Small Business

BigCommerce provides a hosted eCommerce solution both as a full SaaS platform as well as a shopping cart for other types of websites. It's probably most similar to Shopify

Shopify – Best for Boutique Shops

Shopify has become one of the most well-known names in the eCommerce sphere. It's a fully-featured hosted solution with hundreds of thousands of users.

Stages of e-commerce development

First Stage e-commerce firms (Exhibit 1) are those that represent the vast majority of distributors. Currently, this group sells less than 5 percent of all demand online and makes up 60 percent of all firms. These firms are typically smaller and mid-size players. Most have a proprietary programmed e-commerce platform, and their online offering is not competitive and, most likely, not growing. Our research finds that many of the firm's online sales have begun to decrease as more competitive offerings become available.

Next are Second Stage e-commerce distributors. These firms are notable for two reasons: they sell from 5 to 12 percent of demand online, and have recognized the need for off the shelf technology. In the early days of e-commerce, there was not suitable software for e-commerce and distributors had transaction platforms that were proprietary programmed. Today, the software is good and price is coming down with SaaS models appearing. Second Stage firms have begun to incorporate new software in their online platform and, typically, their sales increase. However, these firms have few IT and e-commerce specialists and, despite better software, their online efforts may have stagnated. .

The overall average for online sales in B2B distribution is 12 percent of demand. However, only 20 percent of total firms reach this.

Third Stage firms sell between 12 percent of total demand online to 25 percent. They are, typically, mid-size and larger firms. However, we do find smaller firms in the mix. They are characterized by a solid core of e-commerce technology including Transaction Platform, These firms have begun

to invest in e-commerce specialists and often see their online sales rise as their offering is competitive. These firms have begun to change their organization to capitalize on the technology including some reductions in the sales effort and brick and mortar locations. It is during this stage that critical decisions await management namely, the need to significantly reduce brick and mortar outlets and the sales complement and the opportunity to create new business models using the technology.

Fourth Stage firms sell 25 percent to half of demand online. They are, typically, well-versed in the technology and its usage and have increasing budgets for investment in software and people. Additionally, these firms have made many of the painful cultural changes to personnel and assets to allow e-commerce to flourish. As branch locations are reduced, sales territories and inside sales and customer service positions are reduced and consolidated. The role of the outside sales force changes to a specific service or technical/application expert. The firm's software suite is built-out with the best in class software and we see the use of Fintech software (online software that offers varying credit options) along with online quotation software.

Fifth Stage firms are the most advanced in distribution markets and sell 50 percent or more of their demand online. They often were catalog distributors before moving online or are new Internet based models of distribution. They are characterized by the best technology and often have proprietary technology that leads the industry. These firms make liberal use of advanced analytics to understand online buyers, and they've long ago reduced brick and mortar and sales efforts. The competitive advantage of Fifth Stage firms is that they have developed unique models of business specific to e-commerce.

Man power associated with ecommerce :- People required to perform various function in ecommerce.

1. **Technology**
2. **Merchandising**
3. **Sourcing**
4. **Order management**
5. **Customer support**
6. **Accounting**
7. **Logistics and warehousing**

- **Technology:** - Quite unlike to typical mindset in India, that once we have made a website, why do we need continued technology team? E-commerce poses a continued requirement of technology enhancement / optimization / support. With scale, everything changes in technology.

- **Merchandising:** - There are many crucial aspects where people are required in this function. Right from active identification of what to sell to constantly updating the web store with refreshed screens. List of key areas where people are required Identification of what kind of products to sell - range/lines, etc. - <- a small team who understand categories, product and consumer preference well, can keep scanning for newer products and funneling them into sourcing pipeline.
- **Sourcing** - Identification of vendors, on-boarding, setting up payment, delivery cycles process, etc. This requires people depending on 2 factors a) what stage your ecommerce business is in? b) Your business models. This function needs intensive people for a early stage market place business and in few years the team size stabilize.
- **Order/ Customer management:-** More orders, more processes, more people to do the job. Right from order verification, address verification, coordination between various parties to deliver the order, and if there is an issue, handling and resolving the customer request. This team is typically termed as mid and back office of e-commerce, with contact center being mid office and all other operational processes being back office.
- **Accounting:-** Some companies who fail to deploy right technology in accounting systems, may need a large team just to ensure AR and AP due to multiparty environment of e-commerce. Account reconciliation, payment support to parties, managing accurate accounting for individual customers are the areas that may need intense manpower. Hence our suggestion for offline retailers going online is that please look beyond Tally for your e-commerce accounting.
- **Logistics and Warehousing:** - Manpower requirement in this function is dependent on the business model you have chosen and functions you have in-sourced. For marketplaces as they try to do most of things themselves right to the last mile delivery, the need of manpower is substantial however for brands, they can safely ride on 3rd parties to meet their delivery, and even warehousing needs.

Warehouse typically need scaling of manpower for:

- Inward of goods, proportional to growth in product assortment, suppliers and variety.
- Picking, packaging largely proportional to number of items per order and vary category by category.
- Dispatch, proportional to number and size of boxes.

Components of ecommerce business case:-

Gain a deeper understanding of your business

Many entrepreneurs begin with a concise list on a small piece of paper and expand their plans from there. If you run into subjects you don't know much about (tax questions, supply chain issues, warehousing needs, employee benefits options, and so forth), put them on a separate list and research them later.

At this stage, what you're aiming for is a synopsis of your final business plan. As you write, try to answer the following questions:

- Do you plan to sell physical products, digital products, or services?
- Who is your customer?
- Will you need an external site, or can you work from home?

Identify resources needed to run your business

You have a top-notch business idea. Now, you need to gather the resources to make it happen. Nearly all legitimate businesses require some form of monetary investment, but the list of supplies doesn't stop there. Let's look at three resource categories: financial, physical, and human.

Financial Resources

Most small business owners start with relatively limited funds and build capital as they progress. If you can afford to buy equipment and inventory using your savings, that's great. If you can't, there are four main options open to you:

- A business loan.
- A partner or financial means.
- An angel investor.

Physical Resources

Think about the type of tech you'll need for your ecommerce business, like (at least) one reliable computer, a decent camera to take product photos, a printer, and shipping supplies. If you plan to manufacture your own products, you'll need raw materials or ingredients. And don't forget about the big items you might need, like business premises, vehicles, and machinery.

Human Resources

Some entrepreneurs prefer to work alone, while others form partnerships. Partnerships have several advantages over flying solo: you can pool ideas and financial or physical resources, for example.

Human resources also include employees, subcontractors you rely on to perform essential tasks (couriers, freelancers, etc), and people in your supply chain. You need talented and dedicated people on your team — and you'll need to pay them accordingly, so they stick around.

Build a road map for the future

Where do you want to be in five years? 10 years? Do you plan to build a global ecommerce empire? Do you intend to take your company public? Do you want to create jobs in your city or help people thrive in developing countries — or both?

This document is your game plan for success. In it, you'll describe your expansion strategies, your sales goals, and your personal ambitions. You'll come up with milestones and identify key performance indicators (KPIs).

Evaluate what your competitors are doing

Many fledgling entrepreneurs spend countless hours worrying about whether or not their business ideas are unique.

Spot opportunities

Opportunities are everywhere — you just have to know where to look. You might be able to form marketing partnerships with companies whose products complement yours.

Steps of ecommerce business case

All business plans are a little different, but most contain seven key elements. You might decide to add additional topics when you write your own plan, but if you begin with the following headings, you'll get off to a good start.

Steps of ecommerce business case :-All business plans are a little different, but most contain seven key elements. If you begin with the following headings, you'll get off to a good start.

1. Executive summary.
2. Company overview.
3. Market analysis.
4. Products and services.
5. Marketing plan.
6. Logistics and operations plan.
7. Financial plan.

1. Executive Summary:-An executive summary refines your business idea into a clear and persuasive one-page outline. Your executive summary belongs near the beginning of your business.

a) **What does your business do?**

Provide a brief summary of what your company does. Make it compelling and easy to digest. Are you a B2B business or a B2C business? Do you sell products or services? What industry is your business in?

b) **What goals does your business want to achieve?**

Write about your vision for your company. What do you want to accomplish? Why are you better than the competition?

c) **What products do you sell?**

Provide a short but information-packed overview of the products you sell. If you sell a lot of products. If you believe that your products are better than other companies' similar products, say so.

d) **Who is your audience?**

Write about your target audience here. If you plan to market your products to a range of different consumers, tell your readers who they are.

e) **Where are you going to sell your products?**

If you have a physical store as well as a website, mention it here. If you're strictly an ecommerce merchant, you might have several online sales channels — a company website, eBay, Amazon

2. Company Overview: - Now you need to provide readers with a comprehensive overview of your business. By the time they've finished reading your company description, reviewers will know what type of business you run, what you plan to do, and what makes your venture special.

This part of your business plan is succinct but vital.

a) **Brand name.**

List your main brand name or your business name and its associated brand names. The best brand names are both memorable and easy to associate with their parent companies' industries.

b) **Business structure.**

Write about the legal structure of your company here. Are you a sole proprietor, an LLC, an S-corporation, a C-corporation, or a partnership?

c) **Domain name.**

If you haven't already got one, now is the time to register a memorable and relevant domain name for your business. Keep it as short as possible, and make sure it includes your brand name for SEO purposes.

d) **Mission.**

Your mission statement is part of your branding strategy. In one or two sentences, it has to convey *why* you are in business at all. What drives you? What's your passion? Why did you come up with this business idea in the first place?

e) **Vision.**

Tell your readers all about your overarching business-related dreams. Where do you want to take your company? How will you get there? How can your customers travel with you?

f) **Your team and key people.**

Mention all the major players in your company here. You don't have to write down all 300 of your warehouse employees, but you do need to list your key personnel. Here are a few examples:

- Company owner — that's probably you.
- CEO — that's probably also you.
- Partners.
- Customer service manager.
- Logistics manager.
- PR and social media specialist.
- Advertising manager.
- SEO manager.
- Copywriters.

3. Market Analysis: - To win in the ecommerce world, you have to know your target market.

a) **Market opportunities.**

To create sales projections, you have to estimate a baseline level of interest for your product or service.

- Strengths: List the best things about your company.
- Weaknesses: Be honest. Are there things you need to work on?
- Opportunities: Can you turn industry challenges into golden opportunities?
- Threats: Which external threats do you need to tackle to succeed?

b) **Competitive analysis.**

If you don't understand your competitors, you can't gain the upper hand. Conducting a competitive analysis can help you get ahead of the crowd. First, try to pinpoint the market leaders in your industry; then, identify your direct and indirect competitors. Line them up and list each company's:

- Business model.
- Mission statement.
- Domain name.
- Monthly website traffic.
- Key product features.
- Product pricing strategy.

Once you know what your rivals have to offer, you can position your company as a better alternative. There are three main ways to do this:

- c) **Differentiation:** If you offer a totally unique product or a significantly better version of your competitor's product, you'll stand out.
- d) **Consumer segmentation:** Some companies concentrate on a very specific target market and build a following in that niche before expanding into the mainstream.
- e) **Cost leadership:** Put simply, you promote your company as an industry price leader — money talks, but discounts sing.

4. Products and Services: - You gave a brief overview of your products or services in your executive summary. Now it's time to expand on that description. If you peddle a product or service, go into detail about it; if you sell a range of items or provide a number of different services, highlight general features and benefits (quality, price, uniqueness, etc).

5. Marketing Plan: - Your business idea rocks, and you're embedded in a growing niche. Now you have to drive traffic to your ecommerce site and convince visitors to buy your products. In short, you need an effective marketing plan.

First, you need to determine your marketing campaign budget. Unless you have unlimited funds, you'll need to find a way to put your product in front of potential customers without spending a fortune.

Get with Neil Borden's marketing mix and use the 4 Ps to write a great plan:

- **Product:** What makes your product or service unique? How does it fulfill consumer demand?
- **Price:** How much does your product or service cost to produce or provide? How much will your customers pay?

- Place: Where will potential customers look for your product? Where will your product receive the most attention?
- Promotion: Which marketing channels will you use to highlight your product?

6. Marketing Channels: - Exceptional marketing strategies drive positive conversion rates. Step one: figure out where your future clients are *now*. Step two: create attention-grabbing marketing strategies and plunk them in front of your consumer base.

a) Paid marketing channels.

Most companies use paid marketing channels to some extent because they produce measurable results relatively quickly. Examples include:

- Pay per click (PPC) advertising: You pay a publisher like Google each time someone clicks on a promoted link.
- Affiliate marketing: Websites and blogs sell your product for a percentage of the profits.
- Social media ads: You pay to advertise your product on Facebook or Twitter.
- Influencer marketing: You hire a social media influencer to promote your product.

b) Organic marketing channels.

Organic marketing channels drive traffic to your website over a longer period of time. Organic marketing tactics help build your brand name. Examples include:

- Search engine optimization (SEO): You include relevant keywords and phrases in your website content; search engines notice and your site ranking improves.
- Social media pages: You interact with followers and maintain an up-to-date presence on Facebook, Instagram, and Twitter.
- Blogger networks: External blogs drive traffic to your site via strategically placed links.
- Content marketing: Advertorials, articles, and on-site blog posts drive traffic to category and product pages.

7. Logistics and Operations Plan: - The logistics and operations section of your business plan covers everything from tech requirements (computers, printers, cameras) to warehousing. Writing this segment of your plan will help you understand the realities of running an ecommerce company. If you need investors, this is where you list your business's everyday capital and expense requirements.

Your logistics and operations plan should cover the following:

- Suppliers: Where do your raw materials or products come from? Do your suppliers require payment in advance? If so, how much?

- **Production:** Will you create your own products, or will you use a third-party manufacturing company or a dropshipping company? How long is your lead time? How will you cope with spikes in demand?
- **Shipping and fulfillment:** If applicable, how long is your projected wholesale shipping time? How long will it take you to pack and ship products to customers? Will you use a third-party shipper? Will you ship internationally?
- **Inventory:** How much inventory will you keep on hand, and where will you put it? How will you track incoming and outgoing inventory? Do you need warehouse storage space?

8. Financial Plan: - Nearly all businesses need a certain amount of capital to get going. Some entrepreneurs come up with their own start-up costs, while others form alliances with wealthier partners. Still, others look for angel investors, create crowd funding campaigns, or take out business loans.

Most financial plans include the following three economic analyses:

a. Income statement.

Your income statement provides a breakdown of your revenue sources and expenses over a specific time period — a month, a quarter, or a year. If you subtract your expenses from your revenue sources, you'll come up with your bottom line (your profit or loss). You can project these figures based on similar ventures if you haven't started your business yet.

b. Balance sheet.

Entrepreneurs use balance sheets to calculate how much equity they have in their businesses. All your assets (machinery, stock, business premises, vehicles, etc) go in a column on the left; your liabilities (accounts and wages payable, business loan repayment, business credit card payments, taxes, etc) go in a column on the right. If you subtract your liabilities from your assets, you get your business's shareholder equity.

c. Cash-flow statement.

Cash-flow statements are like real-time income statements. Instead of listing expenses and revenue per quarter or per annum, cash-flow statements indicate *when* expenses and revenue go out and come in. If you have more money coming in than going out, you have positive cash flow; if you have more money going out than coming in, you have negative cash flow. If you forecast cash flow, you may be able to adjust the way you do business to keep your company solvent.

Methods of communication used during web design

Almost every website uses some or the other common methods of communication. Here's a list of some of the basic ways that websites communicate with the visitors:

1. Text

Text is an obvious form of communication that is popular online. Irrespective of whether you've placed the text in the main body content or within a headline, website visitors will rely on the same for understanding the basic message conveyed by the site.

2. Images

Photos and images work as excellent resources for creating an attractive and interesting website design. As per a research, it has been found that images are capable of conveying a message much faster and more emphatically as compared to text.

3. Icons

The upside of using icons is that they easily communicate messages without using any form of text. Using familiar icons on web pages is an activity that helps in establishing instant connect with the site visitors.

4. Design Styles

Style of the website's design also plays a crucial role in communicating a message to the visitors. There are some design styles which are common in specific industries and work as excellent tools for indicating to visitors something about the website.

Building an Ecommerce Website in 7 Effortless Steps

1. Start with a strategy
2. Choose a domain and platform for ecommerce website
3. Decide on pricing and setup payments
4. Design your stores and add products
5. Create a great checkout experience
6. Market your growing business
7. Improve your online sales with data