



# Poornima

## COLLEGE OF ENGINEERING

### DETAILED LECTURE NOTES

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#### Unit 2

#### E-commerce Activities

Elements and resources impacting E-commerce and changes:-

1. Competitive Pricing
2. Product Quality
3. Shipping Time & cost
4. Online Reviews
5. Easy Return Policy
6. Loyalty Rewards
7. Easy Navigation
8. Ease of checkout

All these factors affecting E-commerce, broadly divided in four parts :-

1. Political factor
2. Economic factor
3. Social factor
4. Technological factor

1. Political factors :- Several aspects of government policy can affect e-commerce business. All firms must follow the law. Managers must find how upcoming legislations can affect their activities.

2. Economic factors :- Economic efficiency results in the reduction of communication costs, low-cost technological infrastructure, speedier and more economic ~~etc~~ electronic transactions with suppliers, lower global information sharing and advertising costs and cheaper customer service alternatives.

3. Social factors :- Incorporating the level and advancement in IT education and training which will enable both potential buyers and the workforce to understand and use the technology. Evolution of websites such as Flipkart, Paytm, Snapdeal etc has become a market place where seller negotiate with them.

4. Technological Factors :- The development of IoT is a key factor in the growth of ecommerce. Due to technological advances economic transaction have become much easier and faster.



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### Type of E-commerce Providers and vendors :-

Vendors play a very important role in the supply chain process for businesses that sell goods.  
→ Vendor is an individual or company that supplies goods and services to business or consumers.

Supplier provides goods and services to the business entities who need it.

Vendor aims at selling the product to the ultimate consumer.

Supply chain:-

Supplier → manufacturer → distributor → vendor  
→ customers.

Supplier → first entity

Vendor → last entity

Vendor → B2C (Business to customer)

Supplier → B2B

Main

5 stages of E-commerce development

Planning, designing, scheduling are primary and crucial stage



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#### Various Activities of E-commerce:

1. Search
  2. Negotiate
  3. Order
  4. deliver
  5. Invoice
  6. Payment
  7. After Sales
- Pre-Sale      → Execution      → Settlement

All these terms are combined in trade cycle.

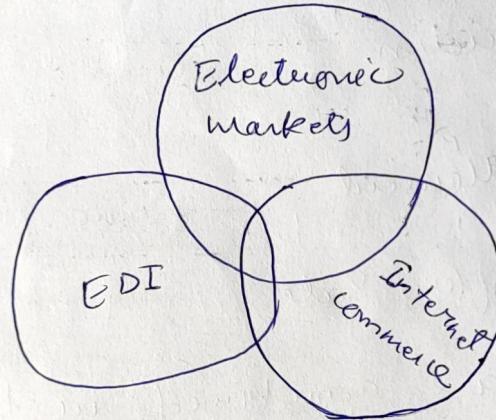
E-commerce can be applied to all, or to different phases, of the trade cycle. The trade cycle varies depending on:

- The nature of the organisations (or individuals) involved.
- The frequency of the trade b/w to partners to the exchange.
- The nature of the goods or services being exchanged.

The trade cycle has to support :

- finding goods or services appropriate to the requirements and agreeing the terms of trade (referred to as search and negotiation).
- Placing the order, taking delivery and making payment (execution and settlement).
- After-sales activities such as warranty, services etc.

### Various modes of operation Associated with E-commerce



Three categories of e-commerce

- Electronic Markets : An electronic market is the use of information and communications technology to present a range of offerings available in a market segment so that the purchaser can compare the prices (and other attributes) of the offerings and make a purchase decision. eg: airline booking system.

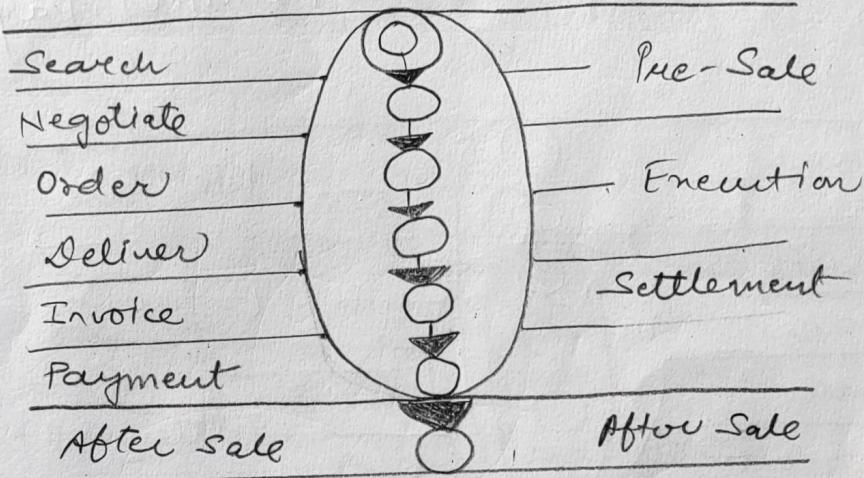


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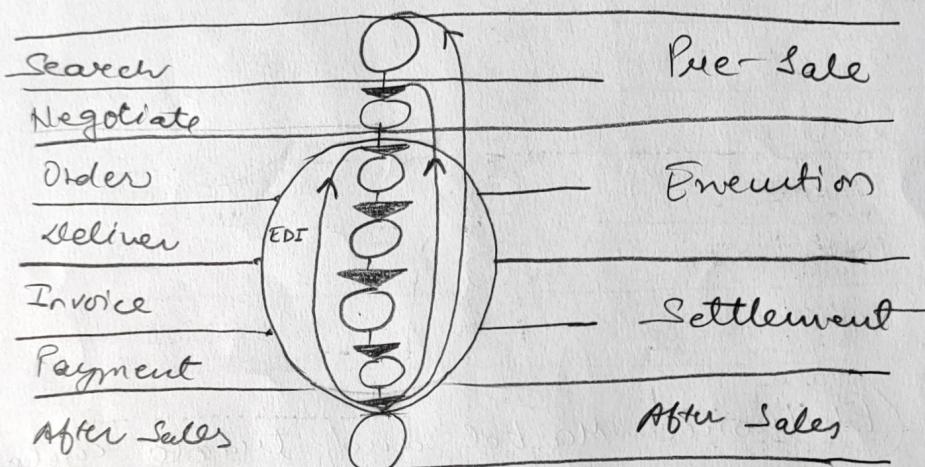
(Electronic Market and trade cycle.)

- Electronic Data Interchange (EDI)

EDI provides a standardised system for coding trade transactions so that they can be communicated directly from one computer to another without the need for printed orders and invoices and the delays and errors implicit in paper handling.

EDI is a formal system and it does not really have a place in the search and negotiations phases. EDI is used for regular repeat transactions.

EDI is based on a set of standardised messages for the transfer of structured data between computer applications. e.g. sending test results from the pathology laboratory to the hospital or despatching exam results from the exam boards to schools, but it is principally used for trade exchanges: orders, invoices, payments.



### (EDI and the trade cycle)

- Internet Commerce: Information and communication technologies can also be used to advertise and make once-off sales of a wide range of goods and services. e.g. the internet can be used for the purchase of books that are then delivered by post or the booking of tickets that can be picked up by the clients when they arrive at the event.
- The final use of Internet e-commerce ~~is~~ is for after-sales service. Many IT providers



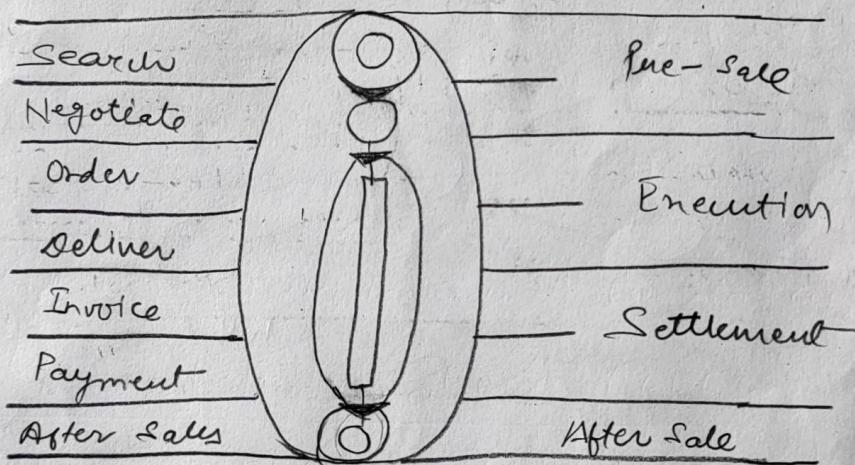
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now offers on-line support and on-line services such as banking, a special case of the use of after-sales transactions.

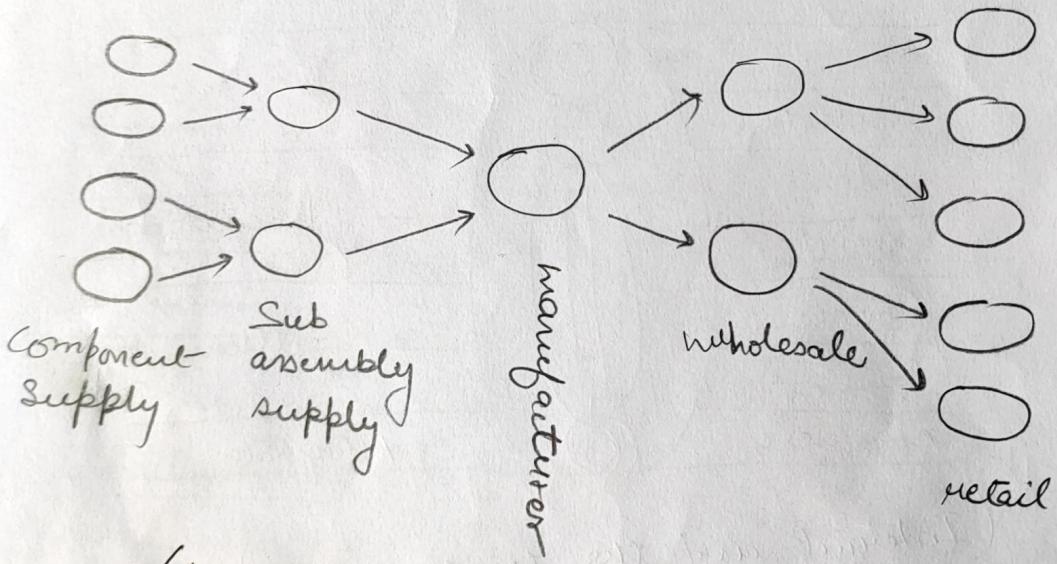


(Internet and the trade cycle)

## Main Power associated with e-commerce Act.

The production of goods and services is the result of the efforts of many organisations - a complex web of contracts and co-operation known as the supply chain or the value system.

The web of trade relationships is referred to as the supply chain or the value chain (as each stage adds value to the product before passing it on).



(Manufacturing value chain)

The products sold in shops and purchased for use in organisations are the result of a complex web of relationships between manufacturers, component suppliers, wholesalers, retailers and the logistic infrastructure that links them together.

Each trade exchange in the supply chain is a transaction that adds cost without adding intrinsic value.



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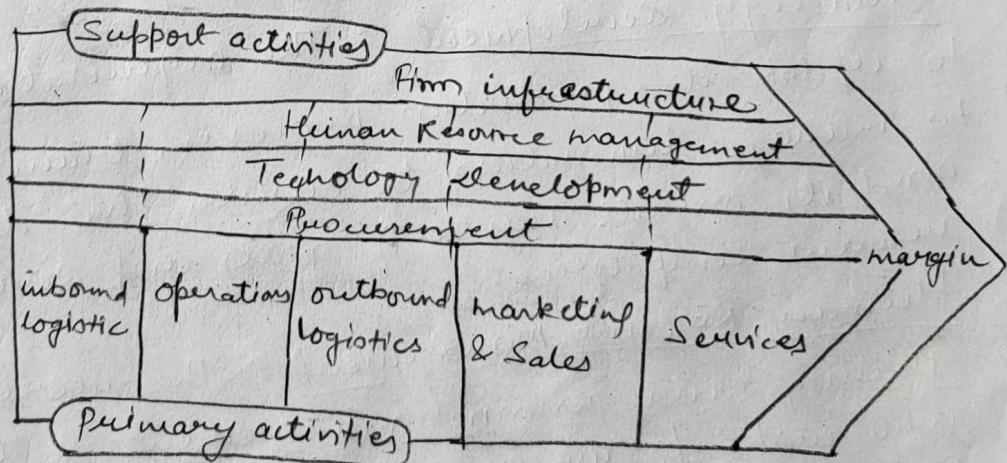
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#### Porter's Value chain Model :-

Porter (1985) introduced his model of the Generic Value Chain.

Porter's model was essentially concerned with the internal activities of the company.

- Inbound logistics: Handling goods that are bought into the company, storing them and making them available to operations as required.
- Operations : The production process, in many cases a series of sub-activities that can be represented on a detailed value chain analysis.



(Porter's Generic Value chain)

- outbound logistics : Taking the products of the company, storing them if necessary and distributing them to the customer in a timely manner.
- marketing and sales : Finding out the requirements of potential customers and letting them know of the products and services that can be offered.
- Service : Any requirement for installation or advice before delivery and then after-sales service once the transaction is completed.

To support these primary functions there will be a company infrastructure that performs a number of support activities.

- Procurement : The function of finding suppliers of the materials required as input to the operations of the organisation. Procurement is responsible for negotiating quality supplies at an acceptable price and with reliable delivery.
- Technology Development : The organisation needs to update its production processes, train staff and to manage innovation to ensure that its products and its overall range of goods and services remain competitive.
- Human Resource Management : The recruitment, training and personnel management of the people who work for the organisation.
- Firm infrastructure : The overall management of the company including planning and accountancy.



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→ Steps to design and develop e-commerce website :-

1. Discover the Perfect Product to sell.

Browse best-selling items and trending products to find ideas that people are already shopping for. Some of the best places to find this data is on the major ecommerce platforms such as:

- Amazon's Best sellers
- Alibaba New Products
- Amazon's New & interesting finds

2. Determine the Prices of Your Products

Setting prices is essential to launching your successful ecommerce website.

- All costs of materials to make your product
- Taxes
- Shipping (including packaging & delivery)
- The percentage that payment processing service charges
- Additional cost (product photography, advertising etc.)

3. Find your Perfect e-commerce website builder.
4. Pick a business Name, Domain name and Brand.
5. Build your E-commerce website:  
    Think about the framework of your site,  
    • Must include the Pages:  
        Home Page, About Page, Contact / customer service  
        Page, A blog
6. Setup a Payment method
7. Secure your website using SSL and install SSL certificates :  
    Want to ensure that we install an SSL certificate "SSL certificates encrypt the sensitive information that gets shared on your site when someone makes a purchase."
8. Preview, Test and Publish your Online store:  
    Any e-commerce website can have a variety of other pages, but most used pages is essential for from start to finish.  
        Homepage  
        Search Results  
        Product Detail  
        Order Form  
        Order Confirmation  
        Login form page and Accounts page
9. Begin promotion.



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#### Metric of ecommerce types:-

The most successful e-commerce businesses make decisions based on metrics. Only few metrics directly represent the state of business and can be turned into actionable insights that help in grow.

These are the eight most important metrics we believe every commerce store owner/marketer should track.

1. Sales conversion rate: We can find out it manually by dividing the number of people who bought a product by the total number of visitors. Most analytics tools will tell us the conversion rate also.
- 2.



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