

PRELUDE

- Electronic commerce, commonly known as e-commerce or eCommerce, consists of the buying and selling of products or services over electronic systems such as the Internet and other computer networks.
- The amount of trade conducted electronically has grown extraordinarily since the spread of the Internet. A wide variety of commerce is conducted in this way, spurring and drawing on innovations in electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems.
- Modern electronic commerce typically uses the World Wide Web at least at some point in the transaction's lifecycle, although it can encompass a wider range of technologies such as e-mail as well.
- A large percentage of electronic commerce is conducted entirely electronically for virtual items such as access to premium content on a website, but most electronic commerce involves the transportation of physical items in some way. Online retailers are sometimes known as e-tailers and online retail is sometimes known as e-tail. Almost all big retailers have electronic commerce presence on the World Wide Web.
- Electronic commerce that is conducted between businesses is referred to as business-to-business or B2B. B2B can be open to all interested parties (e.g. commodity exchange) or limited to specific, pre-qualified participants (private electronic market). Electronic commerce that is conducted between businesses and consumers, on the other hand, is referred to as business-to-consumer or B2C. This is the type of electronic commerce conducted by companies such as Amazon.com.
- Electronic commerce is generally considered to be the sales aspect of e-business. It also consists of the exchange of data to facilitate the financing and payment aspects of the business transactions.

TYPES OF E-COMMERCE

1. Business to Business
2. Business to Customer
3. Digital Middleman

B2B- BUSINESS TO BUSINESS

- B2B is the selling or buying between companies, wholesale rather than retail.
- B2B involves widening the circle of suppliers (for safety and competition), and of centralizing control (for records and discounts).
- B2B ecommerce is an important part of any online business. Leaving aside the simple transfer of funds, many businesses need some combination of:
 - Credit worthiness assessment.
 - Guarantee of quality and delivery of goods (escrow services).
 - Safeguards against fraud.
 - Fast collection of funds, with ability to vary the collection period.
 - Reporting: approval of sale, invoicing, delivery, payment.
 - Procedures to handle disputes.

B2C - BUSINESS TO CONSUMER

- B2C refers to a business communicating with or selling to an individual rather than a company. B2C e-commerce jumped from \$11.2 billion in 1998 to \$31.2 billion in 1999.
- Doing business online no longer requires a huge investment by retailers as it is through template-based online stores and is delivered over the internet.
- As nearly all online stores require the same functions: catalogues, order baskets, payment processing, content management and member management, it makes sense for those components to be created once and shared by all stores, with each store effectively 'renting' its own copy of the applications.
- Using the latest internet application technology, individual sites can be created within minutes of the retailer selecting a template and supplying graphics such as logos. Typically, retailers will pay only a modest monthly rental charge – and retailers require no specialist hardware or software, other than internet access.
- Anyone who wants to sell products and services over the internet, or who wants customers to be able to research their purchases on the internet, should consider an online store.
- These days, a web site should be a standard part of the promotional and advertising mix for every business, along with other tools such as Yellow Pages, newspaper advertising and signage.

Advantages of B2C E-commerce

- Shopping can be faster and more convenient.
- Offerings and prices can change instantaneously.
- Call centers can be integrated with the website.
- Broadband telecommunications will enhance the buying experience.

Challenges faced by B2C e-commerce

- The two main challenges faced by B2C e-commerce are building traffic and sustaining customer loyalty. Due to the winner-take-all nature of the B2C structure, many smaller firms find it difficult to enter a market and remain competitive. In addition, online shoppers are very price-sensitive and are easily lured away, so acquiring and keeping new customers is difficult.

DIGITAL MIDDLEMAN

- The digital middleman in e-commerce could be a company that creates a virtual community or portal on the Internet and then gathers several companies together into this community.
- The middleman then promotes this new virtual community to the public.
- Some of these communities are service or product specific and all the companies in the community provide only a specific type of service or product to the visitors.
- The virtual community provides information of the products and services of each company to the visitors allowing them to do comparisons and select the best deal.
- The middleman takes a fee from the companies for each Internet referral.
- Some digital middlemen act as **auction houses or flea markets** where sellers put up their advertisements and buyers bid for the items. The digital middleman takes a small commission from each transaction.

ADVANTAGES OF E-BUSINESS APPLICATIONS

Catalog flexibility and Online fast updating

- Direct "link" capabilities to content information and visual displays already existing on other client web site. You can update your E-Catalog anytime, whether it's adding new products, or adjusting prices, without the expense and time of a traditional print catalog.
- Extensive search capabilities by item, corporate name, division name, location, manufacturer, partner, price or any other specified need.

Shrinks the Competition Gap

- Reduced marketing/advertising expenses compete on equal footing with much bigger companies; easily compete on quality, price, and availability.

Unlimited Market Place and Business Access Which Extend Customer Base

- The Internet gives customers the opportunity to browse and shop at their convenience and at their place. They can access your services from home, office, or on the road, 24 hours a day, 7 days a week.
- The Internet allows you to reach people around the world, offering your products to a global customer base.

A 24 Hour Store Reduced Sale Cycle

- Reduce unnecessary phone calls and mailings.

Lower Cost of Doing Business

- Reduce inventory, employees, purchasing costs, order processing costs associated with faxing, phone calls, and data entry, and even eliminate physical stores. Reduce transaction costs.

Eliminate Middlemen

- Sell directly to your customers.

Easier Business Administration

- With right software, store inventory levels, shipping and receiving logs, and other business administration tasks can be automatically stored, categorized and updated in real-time, and accessed on demand.

Frees Your Staff

- Reduce customer service and sales support.

Customers will love it

- Gives customers control of sales process. Builds loyalty.

More Efficient Business Relationships

- Better way to deal with dealers and suppliers.

Workflow automation

- Shipping, real time inventory accounting system which adjusts stock levels and site, location availability instantaneously
- Secured, automated registration verification, account entry and transaction authorization features
- Automated RFP and RTQ features for vendor bid development and selection.
- Banking and accounting features customized for pre-approved third party direct sales, vendor, consignment or internal transfer transactions.

Secure Payment Systems

- Recent advancements in payment technologies allow encrypted, secure payment online.