

# E-Commerce

By: Kshyama Sagar Meher

This reference book can be useful for  
BBA, MBA, B.Com, BMS, M.Com, BCA, MCA  
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# Sample Preview of The Chapter

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# E-COMMERCE

## BLOCK-I: BASICS OF E-COMMERCE



### Introduction to E-Commerce

#### INTRODUCTION

Internet has revolutionised the way we do business. It has made easy to access to various kinds of information, services and products. We now have an alternative to the traditional format of buying and selling. By using internet, we can perform all types of business functions. Buyers and sellers can meet on the specially designed website or web-portal to do such transactions. In this chapter, we will understand the basics of online businesses, also called e-commerce.

#### CHAPTER AT A GLANCE

##### MEANING OF E-COMMERCE

E-commerce or electronic commerce is the business transactions over internet. E-commerce involves all types of products ranging from breads or soaps to expensive products like cars and property. The web-portals on which the e-business is conducted are of two types: Generic and Specific. Generic portals sell all types of commodities. Examples include Flipkart and Amazon. Specific sells specific products. Examples include Examples include Big Basket, which sells only grocery items.

##### E-Commerce Web-Portal

A web-portal or a portal, is a collection of several inter-related websites on a specific theme and acts as a single-stop window for the visitors for that theme. It can be called an integrated collection of web-pages to provide all the desired information at a single point and other facilities like an internal search engine, personalised logins and e-mails to its regular visitors, online forums and much more. A web-portal provides users a more cohesive experience for which it is designated. It facilitates visitors to access all these features in a user-friendly manner. A web-portal which

hosts the products and services details is called an e-commerce web-portal. A web-portal needs to be designed in such a way that sellers can provide its buyers a wide set of option of products, price-choices and related services that they offer, using it as an online shopping platform. Thus, an e-commerce web portal provides a range of activities related to selling of products and services. Specially designed ecommerce software is used to manage these activities on the portal.

##### E-Commerce Software

E-commerce software ensures smooth conduct of the entire online business and provides various facilities and utilities to both the buyer and the seller. A typical e-commerce software provides a dedicated engine for searching various products and/or price preferences. It helps a buyer to select the items to buy. It enables secure monetary transactions to complete the buying. An e-commerce software also helps the buyer to collate multiple orders in a dedicated basket and change anytime during the process. It also manages address details and order history for each of its buyers.

##### E-Commerce APIs

API stands for application programming interface. An API is a way to programmatically interact with a separate software component or resource. E-commerce APIs are used to exchange information from one feature to another, from one software to another, from one platform to another. For example, e-commerce API helps integrate various websites conducting different activities. For example, there are product information APIs for getting product details, inventory APIs for tracking the inventory management and order APIs for tracking the inventory management. These APIs interact and make the e-commerce transactions possible.

##### M-Commerce and Multi-Channel Commerce

M-commerce or mobile commerce is the use of digital devices like cellphones and tablets to conduct

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commercial transactions online. It facilitates e-commerce through mobile-friendly application interfaces, called apps or applications. Multi-channel commerce provides multiple ways for businesses to interact directly and indirectly with customers. Besides a web-portal or a mobile phone, several other channels including social-media accounts and even physical outlets, are configured to provide ease-of-access to the buyers. Multi-channel commerce uses e-mails and social media as their digital marketing channels.

**Use of Emerging Technologies in E-Commerce**

E-commerce now involves using of different new technologies such as Artificial Intelligence (AI), Machine Learning (ML) techniques, Augmented Reality (AR), Virtual Reality (VR), block chain and many more. The new technologies provide customers with an enhanced user experience (UX) and comfortable User Interface (UI).

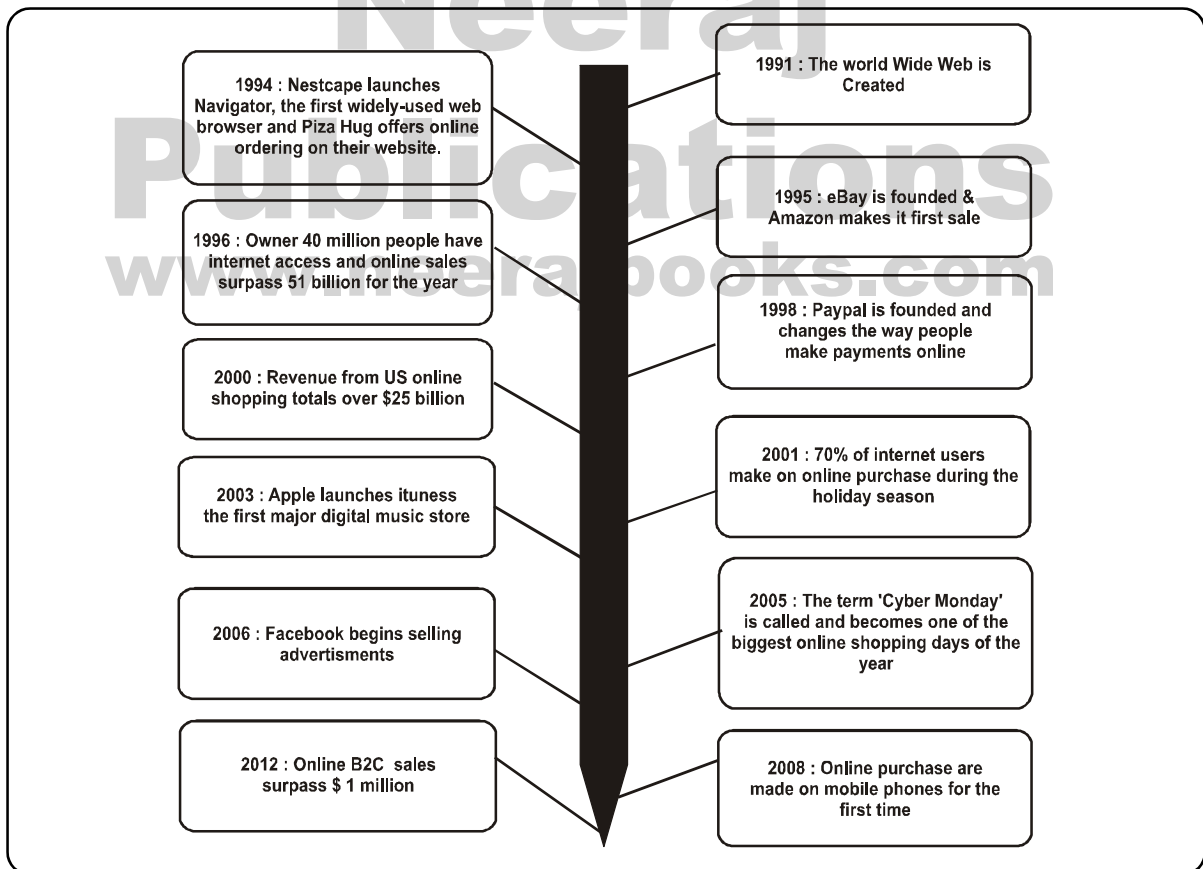
**WHY E-COMMERCE**

E-commerce is easy to use, economical and accessible. A seller does not have to build a brick and

mortar physical soap for selling a product or a service. A buyer does not have to travel to various shops to compare and buy the best product. Both buyers and sellers gain from e-commerce. Buyers can compare varied prices and features of products available on any e-marketplace just sitting at any place. E-commerce has made business more competitive, easier, diverse and more profitable.

**EVOLUTION OF E-COMMERCE**

The design of World Wide Web in 1991 made the use of Internet easy. In 1994, Pizza Hut was the first company to offer its Pizza online on its site. A year after eBay was established. Since 1995 e-commerce, earlier called web commerce, gained its prominence. Several retail websites started sale/purchase of goods and services. In late 1990s, the dot.com bubble burst. By 2005, the rise in online purchases on certain days became so much that the term “Cyber Mondays” was used.

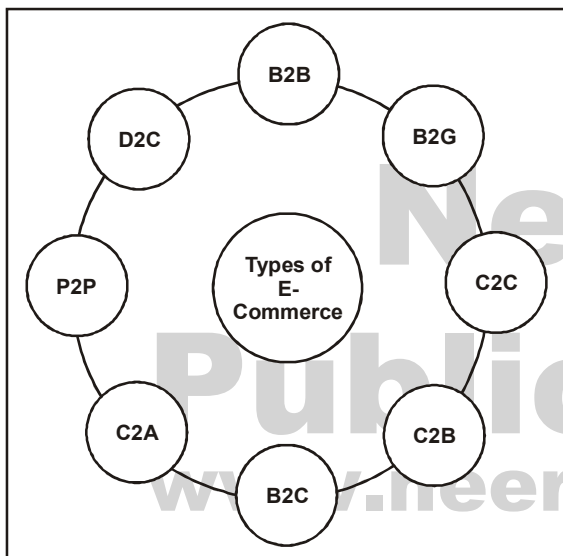


**Evolution of e-commerce (1994-2012)**

**The Present:** Now digital devices such as smart phones and tablets have widened e-commerce. Most businesses have online presence. The structure and nature of business have also changed. Changes have happened in trade practices, trade techniques and standards. E-commerce has increased the scope for businesses.

**TYPES OF E-COMMERCE**

Different models of e-commerce are classified as B2B (Business-to-Business), B2C (Business-to-Consumer), C2C (Consumer-to-Consumer), C2B (Consumer-to-Business), B2G (Business-to-Government), C2A (Consumer-to-Administration) and P2P (Peer-to-Peer) and (D2C) Direct to consumer.



**Different Types of E-commerce**

**B2B: Business-to-Business Model of E-commerce**

Business-to-Business means trade between businesses. It may be between a wholesaler and a manufacturer or a wholesaler and a retailer. An automobile company buying tire from a tire manufacturer is a B2B e-commerce.

**B2C: Business-to-Consumer Model of E-Commerce**

Business-to-Consumer (B2C) refers to the process of selling products and services directly by a business to consumers who are the end-users of its products or services. Most companies that sell directly to consumers can be referred to as B2C companies. Amazon and Flipkart are popular B2C companies.

**C2C: Consumer-to-Consumer Model of E-Commerce**

**C2C:** Consumer-to-Consumer e-commerce means consumers selling goods, services and products to

another consumer on the internet. This model involves selling of various products including movable assets and properties. OLX is an example C2C e-commerce.

**C2B: Consumer-to-Business Model of E-Commerce**

B2C e-commerce means consumers selling goods, services and products to a business. In another version of this model, the consumers create and utilize their own social media profiles like blogs to link back to the product sold on a company’s website, thereby facilitate the sale of the product and get commission for that.

**B2G: Business-to-Government Model of E-Commerce**

B2G or Business-to-Government, also called business-to-Administration, means a business selling products to governments. B2G e-business is also called public sector marketing. Government invites tenders, and selects one of the businesses which apply for that.

**C2A: Consumer-to-Administration Model of E-Commerce**

C2A or Consumer-to-Administration e-commerce includes all electronic transactions conducted between individuals and public administration. It refers to the e-commerce process followed by the consumers when interacting directly with the government agencies. Payment of utility bills including electricity and water, tax payments, health insurance payments made using web and mobile applications are examples of C2A model.

**P2P: Peer-to-Peer Model of E-Commerce**

P2P e-commerce refers to a networked model of transactions without an intermediary. It is a distributed platform in which different individuals take part in transactions without an in between third party. It is different from the client server model where communication happens from the central server. Another variation of ‘P2P’ models is any transaction for buying and selling, but simply provides a platform or individuals to interact for various ends. Such services are operated as free non-profit services or generate revenue by advertising to users or by selling users data. Open-source software, online marketplaces, crypto currency and ridesharing are examples of P2P e-commerce.

**D2C: Direct-to-Consumer Model of E-Commerce**

D2C e-commerce refers to the manufacturer/producer selling its products/produce directly to consumers online. The D2C e-commerce model does not need the middleman. The traditional retailer business model deals with bulk buying, so for a manufacturer to start selling direct-to-consumer they

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would have to start selling individual items. D2C brands such as Casper, Warby Parker and Everlane are usually sold online only and come under a specific product category.

Diagrams are given in Q&A section.

**ADVANTAGES AND DISADVANTAGES OF E-COMMERCE**

The following table lists the Advantages and Disadvantages of E-commerce:

Advantages	Disadvantages
1. The e-shop is open 24 hours a day, 7 day a week.	1. When ordering a product online, it often takes longer delivery time and more shipping charges.
2. Customer don't need to stand in queues of stores	2. Repaying your online purchase may be more difficult than buying a traditional store.
3. Larger product selection.	3. Online shopping will not be able to measure goods.
4. Possibility to shop from anywhere.	4. Money security of the customers depened on their own vigilance.
5. Attractive discounts are offered.	5. Lack of privacy.

**Advantages of E-Commerce**

The advantages of E-commerce are:

- (i) **Saves time:** A buyer does not have to spend time on travel and looking around for a product.
- (ii) **Offers personalised consumer preference:** Customers have personalized experience as they can check their history of purchases and benefits and discounts they can avail.
- (iii) **Reduces recurring cost:** E-commerce firm can be present in multiple locations at a fraction of the cost of physical presence. It can also outsource the tasks to others.
- (iv) **Customers retargeting is easier:** E-commerce firm can use various tolls to retarget a customer to retain a customer base.
- (v) **Easy to trigger an impulse buy:** It is easier for an e-commerce firm to trigger an impulse buying by using various tools.
- (vi) **Reviews are helpful:** Reviews help the consumer to make right decisions. It also helps the e-commerce firms as positive comments build trust of the consumer on the product as well as the business.
- (vii) **Detailed information helps the consumer:** The availability of detailed information helps the consumer to make a confident and right choice.
- (viii) **Low operation cost:** E-commerce reduces the cost of operations significantly as the business does not have to rely on a physical presence to provide quality service.

(ix) **Quick and affordable marketing:** E-commerce firms can apply various online strategies to reach the customers.

(x) **E-commerce has flexibility with 24/7 service capability:** E-commerce allows round-the-clock service to consumers.

**Disadvantages of E-Commerce**

The disadvantages of E-commerce are:

- (i) **No feel and touch:** A consumer cannot feel and touch a product while buying online.
- (ii) **Quality can be determined:** Buyers cannot determine the quality of a product being sold online.
- (iii) **No fixed date for delivery:** Businesses do not give exact delivery dates and buyers are not sure when the product will be delivered.
- (iv) **Difficulty in purchasing precious products:** Buyers do not feel confident to buy precious products like gold and furniture because they lack trust and are unable to verify these products.
- (v) **Site crash issues:** The functioning of servers and the quality internet service determine the online buying experience. Many times the sites get stuck and transactions fail.
- (vi) **Cybercrime and Data privacy issues:** It is unsafe to provide personal information while purchasing online because of cyber crime and data privacy issues.

**CHECK YOUR PROGRESS**

- Q. 1. State the type of E-Commerce system.**  
 (i) **The companies involved come together to conduct business with each other.**