International Journal of Computing and Corporate Research
ISSN (Online) : 2249-054X
Volume 4 Issue 1 January 2014
International Manuscript ID : 2249054XV4I1012014-10

E-COMMERCE : ROLE OF E-COMMERCE IN TODAY'S BUSINESS

Anjali Gupta
Assistant Professor in Commerce
CCAS Jains Girls College, Ganaur
Sonepat (Haryana), India

ABSTRACT

E-commerce stands for electronic commerce and pertains to trading in goods and services through the electronic medium. B2B, B2C, C2C and similar opportunity help consumer preferences and consumer markets developing electronic infrastructure for challenges of the future. E-commerce has revolutionized business, changing the shape of competition with internet (The NET) ,the computer communication network creating a e-commerce market place for consumers and business . With developments in the Internet and Web-based technologies, distinctions between traditional markets and the global electronic marketplace-such as business capital size, among others-are gradually being narrowed down. India is showing tremendous growth in the Ecommerce. The low cost of the PC and the growing use of the Internet is one of reasons for that. There is a growing awareness among the business community in India about the opportunities offered by ecommerce. The present paper mainly aims to discuss the Role of E-commerce in Today's Business.

Keywords: Strategy, Technology, Communications, Digital Information.

1. INTRODUCTION

1.1. What is e-commerce?

Electronic commerce or e-commerce refers to a wide range of online business activities for products and services. It also pertains to "any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact.

E-commerce is usually associated with buying and selling over the Internet, or conducting any transaction involving the transfer of ownership or rights to use goods or services through a computer-mediated network.

Though popular, this definition is not comprehensive enough to capture recent developments in this new and revolutionary business phenomenon. A more complete definition is

E-commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organizations, and between organizations and individuals

1.2. Is e-commerce the same as e-business?

While some use e-commerce and e-business interchangeably, they are distinct concepts. In e-commerce, information and communications technology (ICT) is used in inter-business or inter-organizational transactions (transactions between and among firms/organizations) and in business-to-consumer transactions (transactions between firms/organizations and individuals).

In e-business, on the other hand, ICT is used to enhance one's business. It includes any process that a business organization (either a for-profit, governmental or a non-profit entity) conducts over a computer-mediated network. A more comprehensive definition of e-business is "The transformation of an organization's processes to deliver additional customer value through the application of technologies, philosophies and computing paradigm of the new economy."

1.3. What are the different types of e-commerce?

The major different types of e-commerce are

- Business-to-business (B2B)
- Business to-consumer (B2C)
- Business-to-government (B2G)
- Consumer-to-consumer (C2C)
- Mobile commerce (m-commerce)

1.4. What is B2B e-commerce?

B2B e-commerce is simply defined as e-commerce between companies. This is the type of e-commerce that deals with relationships between and among businesses. About 80% of e-commerce is of this type, and most experts predict that B2B ecommerce will continue to grow faster than the B2C segment.

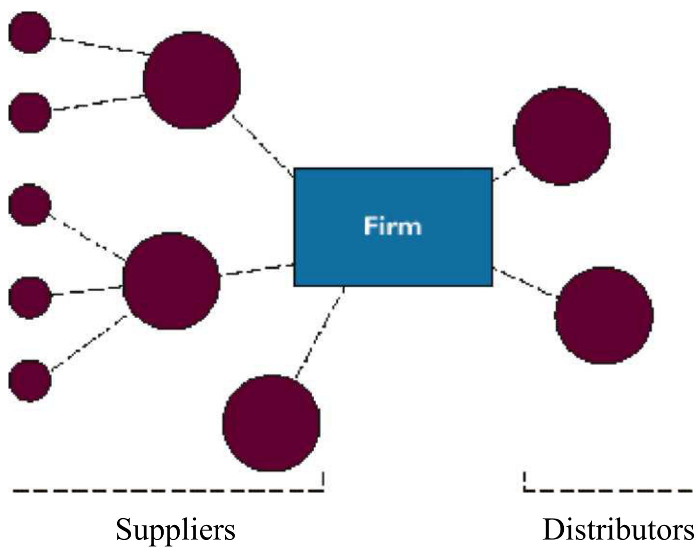
The B2B market has two primary components: e-frastructure and e-markets. Efrastructure is the architecture of B2B, primarily consisting of the following:

- Logistics - transportation, warehousing and distribution (e.g., Procter and Gamble);
- Application service providers - deployment, hosting and management of packaged software from a central facility (e.g., Oracle and Link share);
- Outsourcing of functions in the process of e-commerce, such as Web-hosting, Security and customer care solutions (e.g., outsourcing providers such as e-share, Net Sales, iXL Enterprises and Universal Access);
- Auction solutions software for the operation and maintenance of real-time auctions in the Internet (e.g., Moai Technologies and Open Site Technologies);
- Content management software for the facilitation of Web site content management and delivery (e.g., Interwoven and Procure Net); and

- Web-based commerce enablers (e.g., Commerce One, a browser-based, XMLenabled purchasing automation software).

E-markets are simply defined as Web sites where buyers and sellers interact each other and conduct transactions.

- A diagram shows how an e-commerce helps in business.
- A Private Industrial Network-This graph shows that how e-commerce helps in private industrial network.



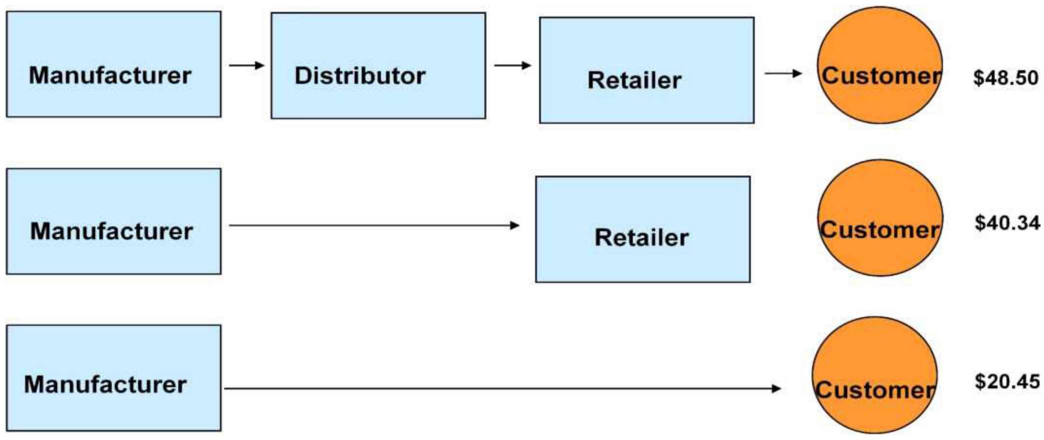
2. WHAT IS B2C E-COMMERCE?

Business-to-consumer e-commerce, or commerce between companies and consumers, involves customers gathering information; purchasing physical goods (i.e., tangibles such as books or consumer products) or information goods (or goods of electronic material or digitized content, such as software, or e-books); and, for information goods, receiving products over an electronic network.

B2C e-commerce reduces transactions costs (particularly search costs) by increasing consumer access to information and allowing consumers to find the most competitive price for a product or service.

B2C e-commerce also reduces market entry barriers since the cost of putting up and maintaining a Web site is much cheaper than installing a "brick-and-mortar" structure for a firm.

In the case of information goods, B2C e-commerce is even more attractive because it saves firms from factoring in the additional cost of a physical distribution network. Moreover, for countries with a growing and robust Internet population, delivering information goods becomes increasingly feasible.



3. WHAT IS B2G E-COMMERCE?

Business-to-government e-commerce or B2G is generally defined as commerce between companies and the public sector. It refers to the use of the Internet for public procurement, licensing procedures, and other government-related operations. This kind of e-commerce has two features: first, the public sector assumes a pilot/leading role in establishing e-commerce; and second, it is assumed that the public sector has the greatest need for making its procurement system more effective.

Web-based purchasing policies increase the transparency of the procurement process (and reduce the risk of irregularities). To date, however, the size of the B2G ecommerce market, as a component of total e-commerce is insignificant, as government, E-procurement systems remain undeveloped.

4. WHAT IS C2C E-COMMERCE?

Consumer-to-consumer e-commerce or C2C is simply commerce between private individuals or consumers.

This type of e-commerce is characterized by the growth of electronic marketplaces and online auctions, particularly in vertical industries where firms/businesses can bid for what they want from among multiple suppliers.16 It perhaps has the greatest potential for developing new markets.

Consumer-to-business (C2B) transactions involve reverse auctions, which empower the consumer to drive transactions. A concrete example of this when competing airlines gives a traveler best travel and ticket offers in response to the traveler's post that she wants to fly from New York to San Francisco.

There is little information on the relative size of global C2C e-commerce. However, C2C figures of popular C2C sites such as eBay and Napster indicate that this market is quite large. These sites produce millions of dollars in sales every day.

5. WHAT IS M-COMMERCE?

M-commerce (mobile commerce) is the buying and selling of goods and services through wireless technology-i.e. handheld devices such as cellular telephones and personal digital assistants (PDAs). Japan is seen as a global leader in m-commerce.

As content delivery over wireless devices becomes faster, more secure, and scalable, some believe that m-commerce will surpass wire line e-commerce as the method of choice for digital commerce transactions. This may well be true for the Asia-Pacific where there are more mobile phone users than there are Internet users.

Industries affected by m-commerce include:

- Financial services, including mobile banking (when customers use their handheld devices to access their accounts and pay their bills), as well as brokerage services (in which stock quotes can be displayed and trading conducted from the same handheld device);
- Telecommunications, in which service changes, bill payment and account reviews can all be conducted from the same handheld device;
- Service/retail, as consumers are given the ability to place and pay for orders on-the-fly; and
- Information services, which include the delivery of entertainment, financial news, sports figures and traffic updates to a single mobile device.

6. BENEFITS OF E-COMMERCE

Transaction costs. Three cost areas are significantly reduced through the conduct of B2B e-commerce.

- First is the reduction of search costs, as buyers need not go through multiple intermediaries to search for information about suppliers, products and prices as in a traditional supply chain. In terms of effort, time and money spent, the Internet is a more efficient information channel than its traditional counterpart.
- Second is the reduction in the costs of processing transactions (e.g. invoices, purchase orders and payment schemes), as B2B allows for the automation of transaction processes and therefore, the quick implementation of the same compared to other channels (such as the telephone and fax). Efficiency in trading processes and transactions is also enhanced through the B2B e-market's ability to process sales through online auctions.
- Third, online processing improves inventory management and logistics.

Disintermediation. Through B2B e-markets, suppliers are able to interact and transact directly with buyers, thereby eliminating intermediaries and distributors. However, new forms of intermediaries are emerging. For instance, e-markets themselves can be considered as intermediaries because they come between suppliers and customers in the supply chain.

Transparency in pricing. Among the more evident benefits of e-markets is the increase in price transparency. The gathering of a large number of buyers and sellers in a single e-market reveals market price information and transaction processing to participants. The Internet allows for the publication of information on a single purchase or transaction, making the information readily accessible and available to all members of the e-market.

Increased price transparency has the effect of pulling down price differentials in the market. In this context, buyers are provided much more time to compare prices and make better buying decisions.

7. SUPPLY CHAIN MANAGEMENT

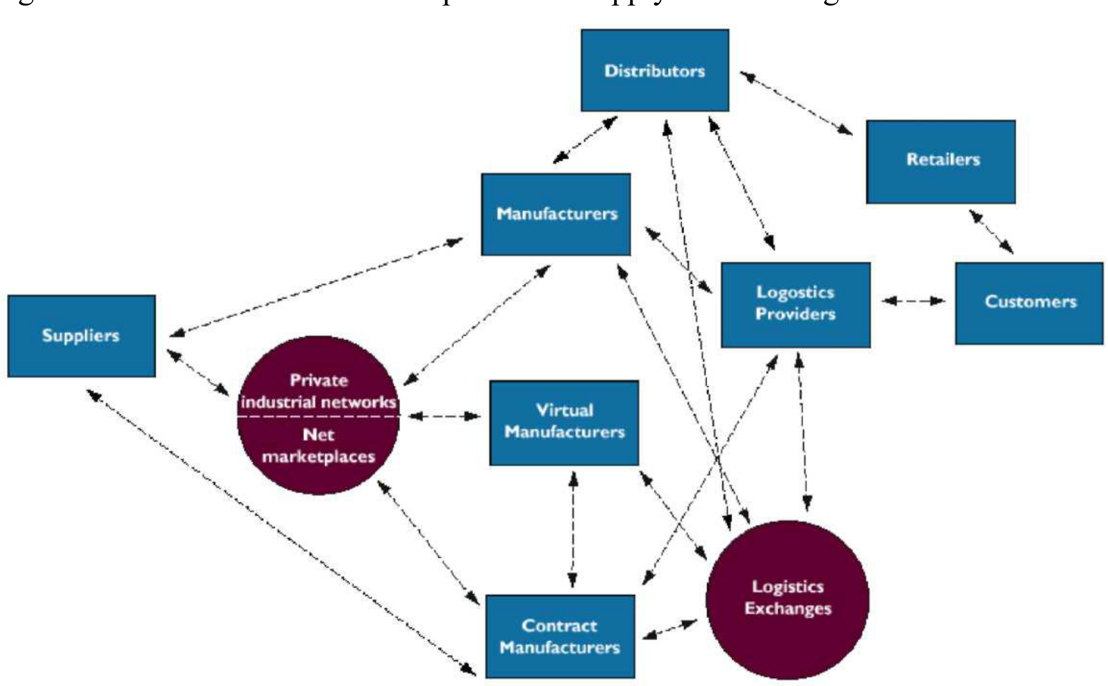
Supply Chain Management (SCM) is defined as the supervision of materials, information, and finances as they move from supplier to manufacturer to wholesaler to retailer to consumer. It involves the coordination and integration of these flows both within and among companies. The goal of any effective supply chain management system is timely provision of goods or services to the next link in the chain (and ultimately, the reduction of inventory within each link).

There are three main flows in SCM, namely:

- The product flow, which includes the movement of goods from a supplier to a customer, as well as any customer returns or service needs;
- The information flow, which involves the transmission of orders and the update of the status of delivery; and
- The finances flow, which consists of credit terms, payment schedules, and consignment and title ownership arrangements.

Some SCM applications are based on open data models that support the sharing of data both inside and outside the enterprise, called the extended enterprise, and include key suppliers, manufacturers, and end customers of a specific company. Shared data resides in diverse database systems, or data warehouses, at several different sites and companies. Sharing this data "upstream" (with a company's suppliers) and "downstream" (with a company's clients) allows SCM applications to improve the time-to-market of products and reduce costs. It also allows all parties in the supply chain to better manage current resources and plan for future needs.

A diagram shows how e-commerce improves the supply chain management.



8. WHAT ARE THE EXISTING PRACTICES IN DEVELOPING COUNTRIES WITH RESPECT TO BUYING AND PAYING ONLINE?

In most developing countries, the payment schemes available for online transactions are the following:

A.Traditional Payment Methods

- **Cash-on-delivery.** Many online transactions only involve submitting purchase orders online. Payment is by cash upon the delivery of the physical goods.
- **Bank payments.** After ordering goods online, payment is made by depositing cash into the bank account of the company from which the goods were ordered.

Delivery is likewise done the conventional way.

B.Electronic Payment Methods

Payment System	**Description**
Digital Credit Card Payment	Secure services for credit card payments On internet
Digital Wallet	Software Stores Credit Card And Other Information
Accumulated Balance Payment System	Accumulates Micropayment Purchases As Debit Balance To Be Paid Periodically
Stored Value Payment Systems	Enables Consumers To Make Instant Payments Based On Value Stored In Digital Account
Digital Cash	Digital Currency Used For Micropayments Or Larger Purchases
Peer-To-Peer Payment Systems	Sends Money Via Web To Persons Or Vendors Not Set Up To Accept Credit Card Payments
Digital Checking	Provides Electronic Check With Secure Digital Signature
Electronic Billing Presentment & Payment	Supports Electronic Payment For Online And Physical Store Purchases

9. FUTURE SCOPE

Experts predict a promising and glorious future of ecommerce in the 21st century. In the foreseeable future ecommerce will further confirm itself a major tool of sale. Successful ecommerce will become a notion absolutely inseparable from the web, because e-shopping is becoming more and more popular and natural. At the same time severe rivalry in the sphere of ecommerce services will intensify their development. Thus prevailing future trends of ecommerce will be the growth of Internet sales and evolution.

Each year number of ecommerce deals grows enormously. Sales volumes of on-line stores are more than comparable with those of "brick-and-mortar" ones. And the tendency will continue, because a lot of people are "imprisoned" by work and household duties, while Internet saves a lot of time and gives opportunity to choose goods at the best prices. Present-day Internet sales boom is the foundation for magnificent ecommerce future. To attract more customers e-store-owners will have not only to increase the number of available services, but to pay more attention to such elements like attractive design, user-friendliness, appealing goods presentation, they will have to opportunely employ modern technologies for their businesses to become parts of ecommerce future.

10. REFERENCE

[1] Asia Foundation by Digital Philippines.

[2] Business Software Alliance. 2001. E-commerce and Developing Markets: Technology, Trade and Opportunity.

[3] Coward, Chris. August 2002. Obstacles to Developing an Offshore IT-Enabled Services

[4] Harvard Business School Press.

[5] Industry in Asia: The View from the US. A report prepared for the Center for

[6] SMEs and ecommerce in Three Philippine Cities.

[7] Cronin, Mary J., ed. 1998. Banking and Finance on the Internet. U.S.A.: John Wiley & Sons.