

E-Commerce: An Evolution

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Abstract: E-Commerce has created a new environment in business transactions using internet. It deals with providing information to the consumers regarding product of their interest. It provides a platform of advertisements of products; allow negotiations, order for raw material, settlement of financial transactions etc. E-commerce is internet and business setting on the same string. E-commerce finds its way through Electronic Data Interchange (EDI). It was only after the business analysts realize the need of catering to the needs of the kaleidoscopic markets that they brought in the virtual e-system to handle transactions in business where speedy and regular functioning was ensured. E-commerce extends special advantages to the business units that have a global span where they cannot do without speedy and efficient transactions throughout the world. E-commerce is a remarkable revolution in effectively handling the commercial world. It has enveloped almost all the major nations of the world.

Meaning of E-Commerce

E-commerce is the business environment in which information for the buying, selling and transportations of goods and services moves electronically (via internet). This includes business to business transactions, online retail, and the digitalization of the financial industries. Some experts and leading 'Entrepreneurs' even argue that e-commerce includes all the steps that occur in any business cycle, such as placing ads, completing invoices, and providing customer support. The term e-commerce, often used interchangeably with IBM's coined term e-business, covers a lot of ground and refers to all these areas.

Definitions of E-Commerce

According to Prashant Jain: "The exchange of business information using electronic formats, including Electronic Mail (email), Electronic Bulletin Boards (EBBs) and Electronic Funds Transfer (EFT) is called E-commerce". As per Microsoft Computer Dictionary: "Electronic commerce is a commercial activity that takes place by means of connected computers, electronic commerce can occur between a user and a vendor through an online information service, the internet, or a BBS, or between vendor and customer computers through Electronic Data Interchange (EDI). According to Kalakota and Whinston: "E-commerce is a dynamic set of technologies, applications and business process that links enterprises, consumers and communities through electronic transactions and electronic exchange of goods, services and information".

Business Models

- B2B (Business to Business)
- B2C (Business to Customer)
- C2B (Customer to Business)
- C2C (Customer to Customer)

E-commerce is subdivide into these above categories. These are explained as under...

Business to Business: Companies doing business with each other such as manufacturers selling to distributors and wholesalers selling to retailers. Price is based on quantity of order and is often negotiable.

Business to Customer: Business selling to the general public typically through catalogues utilising shopping card software. In the business to customer model, the business unit deals with the customer like : taking down their orders, receiving payments and many other activities, all electronically controlled.

Consumer to Business: E-commerce that involves individuals selling to businesses may include a service/product that a consumer is willing to sell. Individuals offer certain prices for specific products/services. Companies such as: www.Pazaryerim.com and www.Mobshop.com are examples of C2B.

Consumer to Consumer: Using C2C e-commerce, consumers sell directly to other consumer using the internet and web technologies. Individuals sell a wide variety of services/products on the web or through auction sites. Such as: www.ebay.com and gittigidiyar.com through classified ads and advertising.

Significance of E-commerce

For Organisation: One of the most exciting developments springing from e-commerce in the higher degree of personalisation that is made possible. The best part of e-commerce is that the orders are received by the organisation as soon as they are placed by the customer on the net. since major part of the work is done by the net itself, paperless mode of doing work is prevalent in the organisation that reduces the headache of maintaining records manually. E-commerce provides a major advantages to the organisation, a fast realisation of money as soon as the payment is made by the customers.

For Consumers: E-commerce is a round-the-clock advantage for the customers. E-commerce allows a fast and flexible execution and response to the market opportunities. Consumer can shop anywhere in the world. Currently, according to (WTO) there are no custom duties puts on products bought and traded globally electronically. Online businesses never sleep as opposed to brick and mortar businesses. E-commerce allows people to carry out businesses without the barriers of time or distance, provides consumer with more choices and allows quick delivery of products and services especially with digitized product.

For Society: E-commerce enables people in third world countries and rural areas to enjoy products and services which otherwise are not available to them. And also facilitates delivery of public services at a reduce cost, increases effectiveness and/or improve quality. E-commerce enables more individual to work at home and to do less travelling for shopping, less traffics on the road and lower air pollution. It allows some merchandise to be sold at lower prices. Since organization may not need a physical place and full inventory.

Applications/Uses of E-commerce: The applications of e-commerce can be seen in various industries and trade related activities, such as banking, trading, education, travel and tourism, job market, real estate, match making, publishing, insurance, health care, e-tailing and electronic auctions etc.

Electronic Banking: It is also known as cyber banking, home banking and online banking. Online banking allows customers of financial institutions to conduct financial transaction on a secured website operated by the institution which can be a retail bank, credit union or building society.

Electronic Trading: Electronic trading, sometimes called e-trading, is a method of trading securities(Such as Stocks, Bonds), foreign exchange electronically. Information technology is used to bring together buyers and sellers through an electronic trading platform and network to create virtual market places such as : NASDAQ, NYSE, Arc and GLOBEX, which are known as electronic communication network(ECNs).

Electronic Marketing: The internet allows companies to react to individual customer's demand immediately without any loss of time. It doesn't matter where the customer is located. This is called e-marketing.

Online Publishing: It is the electronic delivery of newspapers, magazines, news and other information's through the internet. Online publishing was designed to provide bibliographies and selling knowledge that are stored in online databases. For example: www.expressindia.com.

Electronic Tailing: Retailing on web is called e-tailing. A customer can purchase goods through online. The customer visits the virtual malls and browsers through online catalogue and gets the product.

Electronic Searching: The evolution of the internet and electronic commerce technologies play an important role in electronic searching of data. It saves time and energy. It quickly searches and fetches the relevant information's. For example: Companies like yahoo(www.yahoo.com), Google(www.google.co.in) have successfully used the power of information retrieval system and search engines.

Limitations of E-commerce

- Any one good or bad, can easily start a business and there are many bad sites which eat up customer's money.
- As there is minimum chance of direct customer to company interactions, customer's loyalty always on a check.
- Mechanical failures can cause unpredictable effects on the total processes.

- There are many hackers who look for opportunities and thus an e-commerce site, service, payment gateways or always prone to attack.
- Some electronic commerce software might not fit with some hardware or may be incompatible with some operating systems or other components.
- There is no guarantee of product quality.

Global Trends

In 2010, the United Kingdom had the biggest e-commerce market in the world. When measured by the amount spent per capita. The Czech republic is the European country where e-commerce delivers the biggest contribution to the enterprises, total revenue almost a quarter (24%) of the country's total turnover is generated via the online channel. Among emerging economies, china's e-commerce presence continues to expand. With 384 million internet users, china's online shopping sales rose to \$36.6 billion in 2009 and one of the reasons behind the huge growth has been the improved trust level for shoppers. The Chinese retailers have been able to help consumers feel more comfortable shopping online. China cross-border, e-commerce is also growing rapidly. E-commerce is also expanding across the middle east. Having recorded the world's fastest growth in internet usage between 2000 and 2009, the region is now home to more than 60 million internet users. Retail, travel and gaming are the region's top e-commerce segments. In 2012, e-commerce sales topped \$1 trillion for the first time in history.

Deliverance

New e-commerce is still in a formative stage. The Business to business and intra organizational segments currently dominate e-commerce. Many major digital retailers are as yet in the investments and brand building mode and show no profits, yet many established retailers realized profit from the new selling channel. Buoyant growth is apparent throughout. All over the world the number of companies and countries using EDI and E-commerce are increasing. New e-commerce will present over time countless opportunities and challenges to our economies and societies. Expansion of commerce and technological innovations are two of the levers of economic growth. These forces are combined in the progress of e-commerce. The e-commerce capable countries are setting deadlines for countries not equipped with similar capabilities. For example : Singapore declared that it would not keep trade relations with those countries that do not acquire EDI and e-commerce capabilities. Almost 99% of the fortune 1000 companies have already implemented EDI. It is very difficult to imagine the backward thrust a company or country suffers because of delay in the implementation of EDI and e-commerce. Hence, the choice is between E-trade and no trade.

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