E-COMMERCE NOTES

PREPARED BY BHABODEEPIKA MOHANTY

CHAPTER-1

INTORODUCTION TO E-COMMERCE

INTRODUCTION

Electronic commerce, commonly known as E-commerce is trading in products or services using computer networks, such as the Internet. Electronic commerce draws on technologies such as mobile commerce, 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 for at least one part of the transaction's life cycle, although it may also use other technologies such as e-mail.

WHAT IS E-COMMERCE

Definition of E-commerce: Sharing business information, maintaining business relationships and conducting business transactions using computers connected to telecommunication network is called E-Commerce.

E-BUSINESS

E-Business encompasses sophisticated business-to-business interactions and collaboration activities at a level of enterprise applications and business processes, enabling business partners to share in-depth business intelligence, which leads, in turn, to the management and optimization of inter-enterprise processes such as supply chain management. More specifically, e-Business enables companies to link their internal and external processes more efficiently and flexibly, work more closely with suppliers and better satisfy the needs and expectations of their customers.

In practice, e-business is more than just e-commerce. While e-business refers to more strategic focus with an emphasis on the functions that occur when using electronic capabilities, e-commerce is a subset of an overall e- business strategy. E-commerce seeks to add revenue streams using the World Wide Web or the Internet to build and enhance relationships with clients and partners and to improve efficiency using the Empty Vessel strategy. Often, e- commerce involves the application of knowledge management systems.

E-business involves business processes spanning the entire value chain: electronic purchasing and supply chain management, processing orders electronically, handling customer service, and cooperating with business partners. Special technical standards for e-business facilitate the exchange of data between companies. E-business software solutions allow the integration of intra and inter firm business processes. E-business can be conducted using the Web, the Internet, intranets, extranets, or some combination of these

CATEGORIES OF E-COMMERCE APPLICATIONS

1. Electronic Markets

Present a range of offerings available in a market segment so that the purchaser can compare the prices of the offerings and make a purchase decision. Example: Airline Booking System

2. Electronic Data Interchange (EDI)

- It provides a standardized system
- Coding trade transactions
- Communicated from one computer to another without the need for printed orders and invoices & delays & errors in paper handling
- It is used by organizations that a make a large no. of regular transactions

Example: EDI is used in the large market chains for transactions with their suppliers

3. Internet Commerce

- It is use to advertise & make sales of wide range of goods & services.
- This application is for both business to business & business to consumer transactions. Example: The purchase of goods 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.

GLOBAL TRADING ENVIRONMENT & ADOPTION OF E-COMMERCE

E-commerce is part of economics and traditional commerce, and it has a close relationship to other sciences such as administration and law. It requires an administrative and regulatory environment that is suitable for its management and legal for the protection of its clients. E-commerce, or electronic commerce, is the transmission of funds or data through the internet to facilitate the purchase and sales of goods and services. Economists confirm that the third industrial revolution focused on the software industry, the Internet and open satellite channels began with the advent of the computer. This has brought about tremendous developments in all areas of life, especially economic and commercial ones. The markets have been crowded with companies and multiple products, and competition has intensified among them then E-commerce emerged as a tool for modern commerce which has contributed significantly to changing the future of global business. One of the advantages of e-commerce is that it provides time and effort, facilitates access to foreign markets, helps economic growth and improves exports and production. However, it presents a range of challenges, especially in terms of competition in local markets where the capabilities of supra-national and multinational companies may lead to the inability of national companies to compete it and continue in the markets.

The Amazon Market, founded by Jeff Bezos in Seattle, Washington, DC on July 5, 1994 he , is the world's largest online retailer in terms of gross sales and market value. The site began as an online library, then started selling DVDs, Blu-ray discs, CDs, download and broadcast video , MP3 download and broadcast, and the company is producing consumer electronics, the world's largest provider of cloud infrastructure services.

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Comparison between traditional and E-commerce

TRADITIONAL COMMERCE	E-COMMERCE
Traditional commerce refers to the commercial transactions or exchange of information, buying or selling product/services from person to person without use of internet.	E-commerce refers to the commercial transactions or exchange of information, buying or selling product/services electronically with the help of internet.
In traditional commerce it is difficult to establish and maintain standard practices.	In e-commerce it is easy to establish and maintain standard practices.
In traditional commerce direct interaction through seller and buyer is present.	In e-commerce indirect interaction through seller and buyer occurs using electronic medium and internet.
Traditional commerce is carried out by face to face, telephone lines or mail systems.	E-commerce is carried out by internet or other network communication technology.
In traditional commerce processing of transaction is manual.	In e-commerce processing of transaction is automatic.
In traditional commerce delivery of goods is instant.	In e-commerce delivery of goods takes time.
Its accessibility is for limited time in a day.	Its accessibility is 24×7×365 means round the clock.
Traditional commerce is done where digital network is not reachable.	E-commerce is used to save valuable time and money.
Traditional commerce is a older method of business style which comes under traditional business.	E-commerce is a newer concept of business style which comes under e-business.
Its resource focuses on supply side.	Its resource focuses on demand side.
In traditional commerce customers can inspect products physically before purchase.	In e-commerce customers can not inspect products physically before purchase.
Its business scope of business is a limited physical area.	Its business scope is worldwide as it is done through digital medium.
For customer support, information exchange there is no such uniform platform.	For customer support, information exchange there is exists uniform platform.

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ADVANTAGE AND DISADVANTAGE

- Buying/selling a variety of goods and services from one's home or business
- Anywhere, anytime transaction
- Can look for lowest cost for specific goods or service
- Businesses can reach out to worldwide clients - can establish business partnerships
- Order processing cost reduced
- Electronic funds transfer faster
- Supply chain management is simpler, faster, and cheaper using ecommerce
- Can order from several vendors and monitor supplies.
- Production schedule and inventory of an organization can be inspected by cooperating supplier who can in-turn schedule their work

Disadvantages of E-commerce:

¬Electronic data interchange using EDI is expensive for small businesses

¬ Security of internet is not very good - viruses, hacker attacks can paralise e-commerce

¬ Privacy of e-transactions is not guaranteed