

An Introduction to E-Commerce

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Abstract – Selling products and services online is less costly than traditional methods. There are various high overhead costs that are included in offline commerce. Recurring expenses such as store management cost, counter cost, inventory cost, security cost, transportation cost, Shop rent and salary etc. So the retailers cannot afford to sell the products at low cost. That's why E-Commerce is important, because it reduces the fixed cost and variable cost and people get the products and services in low cost.

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INTRODUCTION

Today is the age of internet and things are going change very fast. No corner is unattached by electronic waves of internet. Now days, people usually pay bills online, shop online, and work online. E- Commerce is the online buying and selling process which is extremely important in our daily life now. The foremost reason behind the growth of Internet users besides social media is E- commerce. E- Commerce is at the heart of the Internet and e commerce is as important as a heart is for a body.

REVIEW OF LITERATURE

E-commerce means electronic commerce. It means dealing in goods and services through the electronic media and internet. E-commerce involves carrying on a business with the help of the internet and by using the information technology like Electronic Data Interchange (EDI). E-Commerce relates to a website of the vendor on the Internet, who trades products or services directly to the customer from the portal. The portal uses a digital shopping cart or digital shopping basket system and allows payment through credit card, debit card or EFT (Electronic fund transfer) payments.

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 (C. Nisha and G. Sangeeta, 2012). The main types of electronic commerce are: business-to-business (B2B); business to consumer (B2C); business-to-government (B2G); consumer-to-consumer (C2C); and mobile commerce (m-commerce).

RESEARCH METHODOLOGY

The present paper is conceptual and theoretical paper. A descriptive approach is adopted to study the present article.

INTERPRETATION

E-Commerce Models

Creating an e-commerce solution mainly involves creating and deploying an ecommerce site. The first step in the development of an e-commerce site is to identify the ecommerce model. Depending on the parties involved in the transaction, e-commerce can be classified into main four models. These are as follows:

1. Business-to-Business (B2B) Model

This is said to be the fastest growing sector of e-commerce. The B2B model is predicted to become the largest value sector of the industry within a few years. The B2B model involves electronic transactions for ordering, purchasing, as well as other administrative tasks between houses. It includes trading goods, such as business subscriptions, professional services, manufacturing, and wholesale dealings. Sometimes in the B2B model business may exist between virtual companies, neither of which may have any physical existence. In such cases, business is conducted only through the Internet. The main two advantages of the B2B model such as it can efficiently maintain the movement of the supply chain and the manufacturing and procuring processes, and it can automate corporate processes to deliver the right products and services quickly and cost-effectively.

2. Business-to-Consumer (B2C) Model

The B2C model involves transactions between business organizations and consumers. It applies to

any business organization that sells its products or services to consumers over the Internet. These sites display product information in an online catalog and store it in a database. The B2C model also includes services online banking, travel services, and health information. The B2C model of e-commerce is more prone to the security threats because individual consumers provide their credit card and personal information on the site of a business organization. In addition, the consumer might doubt that his information is secured and used effectively by the business organization. This is the main reason why the B2C model is not very widely accepted. Therefore, it becomes very essential for the business organizations to provide security mechanisms that can guarantee a consumer for securing business information.

3. Consumer-to-Consumer (C2C) Model

The C2C model involves transaction between consumers. Here, a consumer sells directly to another consumer. Online auction Web sites that provide a consumer to advertise and sell their products online to another consumer. However, it is essential that both the seller and the buyer must register with the auction site. While the seller needs to pay a fixed fee to the online auction house to sell their products, the buyer can bid without paying any fee. The site brings the buyer and seller together to conduct deals. Any buyer can now browse the site of www.ebay.com to search for the product he interested in. If the buyer comes across such a product, he places an order for the same on the Web site of eBay. eBay now purchases the product from the seller and then, sells it to the buyer. In this way, though the transaction is between two customers, an organization acts as an interface between the two organizations.

4. Consumer-to-Business (C2B) Model

The C2B model involves a transaction that is conducted between a consumer and a business organization. It is similar to the B2C model, however, the difference is that in this case the consumer is the seller and the business organization is the buyer. In this kind of a transaction, the consumers decide the price of a particular product rather than the supplier.

This category includes individuals who sell products and services to organizations. In addition to the models discussed so far, five new models are being worked on that involves transactions between the government and other entities, such as consumer, business organizations, and other governments. All these transactions that involve government as one entity are called e-governance.

The various models in the E-Governance scenario are:

- a) **Government-to-Government (G2G) model:** This model involves transactions between two governments. For example, if the Indian government wants to buy oil from the Arabian government, the transaction involved are categorized in the G2G model.
- b) **Government-to-Consumer (G2C) model:** In this model, the government transacts with an individual consumer. For example, a government can enforce laws pertaining to tax payments on individual consumers over the Internet by using the G2C model.
- c) **Consumer-to-Government (C2G) model:** In this model, an individual consumer interacts with the government. For example, a consumer can pay his income tax or house tax online. The transactions involved in this case are C2G transactions.
- d) **Government-to-Business (G2B) model:** This model involves transactions between a government and business organizations. For example, the government plans to build a fly over. For this, the government requests for tenders from various contractors. Government can do this over the Internet by using the G2B model.
- e) **Business-to-Government (B2G) model:** In this model, the business houses transact with the government over the Internet. For example, similar to an individual consumer, business houses can also pay their taxes on the Internet.

The Impact of Electronic Commerce on Business

E-Commerce and E-Business are not solely the Internet, websites or dot com companies. It is about a new business concept that incorporates all previous business management and economic concepts. As such, E-Business and E-Commerce impact on many areas of business and disciplines of business management studies.

1. **Management Information Systems –** Analysis, design and implementation of e-business systems within an organization; issues of integration of front-end and back-end systems.
2. **Human Resource Management –** Issues of on-line recruiting, home working and 'Entrepreneurs' works on a project by project basis replacing permanent employees.

3. **Finance and Accounting** –On-line banking; issues of transaction costs; accounting and auditing implications where 'intangible' assets and human capital must be tangibly valued in an increasingly knowledge based economy.
4. **Economics** –The impact of e-commerce on local and global economies; understanding the concepts of a digital and knowledge-based economy and how this fits into economic theory.
5. **Production and Operations Management** –The impact of on-line processing has led to reduced cycle times. It takes seconds to deliver digitized products and services electronically; similarly the time for processing orders can be reduced by more than 90 per cent from days to minutes. Production systems are integrated with finance marketing and other functional systems as well as with business partners and customers.
6. **Marketing** – Issues of on-line advertising, marketing strategies and consumer behavior and cultures. One of the areas in which it impacts particularly is direct marketing. In the past this was mainly door-to door, home parties and mail order using catalogues or leaflets.
7. **Computer Sciences** – Development of different network and computing technologies and languages to support e-commerce and e-business, for example linking front and back office legacy systems with the 'web based' technology.
8. **Business Law and Ethics** – The different legal and ethical issues that have arisen as a result of a global 'virtual' market issues such as copyright laws, privacy of customer information, legality of electronic contracts etc.

CONCLUSION

In nut shell, it can be concluded that no ones are unaffected from E-commerce and everybody has to face either by way of B2C or C2B or G2C or by other. Online transactions save time, money and physical efforts all around the globe. Merely by clicking on computer, we may order our desired product, file complain, pay bills and many more. Hence E-commerce leads to smart work rather than hard work.

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