

E-Commerce: An Emerging Approach in Modern Era

Annu

Assistant Professor, G.B.N.K.M.V. Anjanthali (Karnal), Haryana, INDIA

Abstract: E-Commerce or Electronic Commerce is a methodology of modern business, which addresses the requirements of business organizations. It can be broadly defined as the process of buying or selling of goods or services using an electronic medium such as the Internet. E-Commerce refers to the paperless exchange of business information using Electronic Data Interchange, Electronic mail, Electronic Bulletin Boards, Electronic Funds Transfer and other network-based technologies. E-commerce is the most recent step in the evolution of business transactions. It replaces the swapping of money for goods with the exchange of information from computer to computer.

Keywords: E-commerce, Electronic Data Interchange, Electronic Funds Transfer, Business transactions.

I. Introduction: E-Commerce or Electronics Commerce is a methodology of modern business which addresses the need of business organizations, vendors and customers to reduce cost and improve the quality of goods and services while increasing the speed of delivery. Since 1990s, with the rapid development of the Internet, e-commerce has begun to emerge at that historic moment. The impact of e-commerce which not only affects the business and people's work but it also affects people's behavior. That's why it has become an important part of the national economy growth [1]. Due to the rapid development of e-commerce, the concept of business model has been the focus of substantial attention from both academics and practitioners [2]. E-commerce business model is significantly different from the business model of traditional corporate, and has played an important role in the development and expansion. The main question is how did e-commerce companies win other competitors in the fierce market competition? It not only depends on its own strength, but also depends on business model. Competition in modern corporations is the competition of business rather than the competition of products. E-commerce sites basically use electronic payment, where electronic payment refers to paperless monetary transactions. Electronic payment has revolutionized the business processing by reducing the paperwork, transaction costs, and labor cost. Being user friendly and less time-consuming than manual processing, it helps business organization to expand its market reach/expansion.

E-commerce refers to the paperless exchange of business information using the following ways:

- Electronic Data Exchange (EDI)
- Electronic Mail (E-mail)
- Electronic Bulletin Boards (EBB)
- Electronic Fund Transfer (EFT)
- Other Network-based technologies

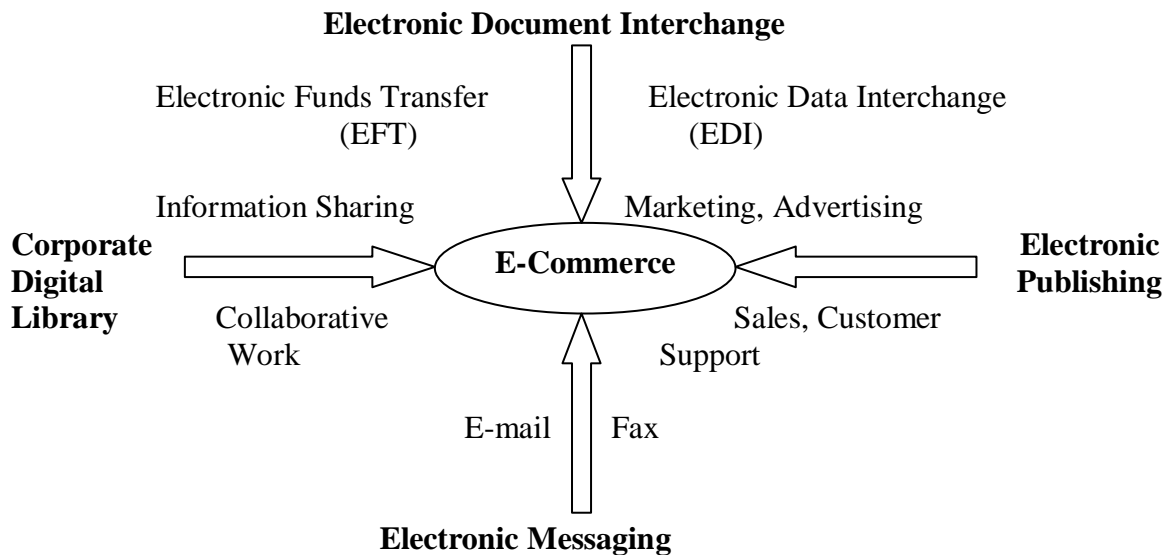


Fig. 1 Techniques used by E-Commerce

II. Features of E-Commerce:

- **Non-Cash Payment:** E-Commerce enables the use of credit cards, debit cards, smart cards, electronic fund transfer via bank's website, and other modes of electronics payment. Directly the cash is not given to the producers.
- **24x7 Service Availability:** E-commerce automates the business of enterprises and the way they provide services to their customers. It is available anytime, anywhere. Therefore, it is available 24 hours in a day. Customers can make the transactions even at the night.
- **Advertising/Marketing:** E-commerce increases the reach of advertising of products and services of businesses. It helps in better marketing management of products or services through the use of internet. With the use of internet, business can expand across the whole world.
- **Improved Sales:** Using e-commerce, orders for the products can be generated anytime, anywhere without any human intervention because it provides 24*7 hours service. It gives a big boost to existing sales volumes.
- **Support:** E-commerce provides various ways to provide pre-sales and post-sales assistance to provide better services to customers.

- **Inventory Management:** E-commerce automates inventory management. Reports get generated instantly when required. Product inventory management becomes very efficient and easy to maintain.
- **Communication improvement:** E-commerce provides ways for faster, efficient, reliable communication with customers and partners.

III. E-Commerce Models: The main aim of E- Market is to integrate the entire business life cycle, from the time customer purchase its products from the web site to the time the product is actually received by him. Amit & Zott (2001) defined that the business model depicts the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities [3]. Based on the fact that transactions connect activities, the authors further evolved this definition to conceptualize a firm's business model as a system of interdependent activities that transcends the focal firm and spans its boundaries [4]. Similarly, business models consist of four interlocking elements that when taken simultaneously create and deliver value. These are customer value proposition, profit formula, key resources, and key processes [5]. And Teece (2010) defined that a business model articulates the logic, the data and other evidence that support a value proposition for the customer, and a viable structure of revenues and costs for the enterprise delivering that value [6].

E-commerce business models can generally be categorized into the following categories:

- Business - to - Business (B2B)
- Business - to - Consumer (B2C)
- Consumer - to - Consumer (C2C)
- Consumer - to - Business (C2B)
- Business - to - Government (B2G)
- Government - to - Business (G2B)
- Government - to - Citizen (G2C)

1. Business - to – Business Model (B2B): A website following the B2B business model sells its products to an intermediate buyer who then sells the product to the final customer. As an example, a wholesaler places an order from a company's website and after receiving the consignment, sells the end product to the final customer who comes to buy the product at one of its retail outlets. The items which are exchanged in a B2B includes items related to food, electronics, shipping warehousing, paper, petrochemicals, office products and agriculture. EDI, Internet, Intranet and Extranet are the key technologies are used by the B2B Model.

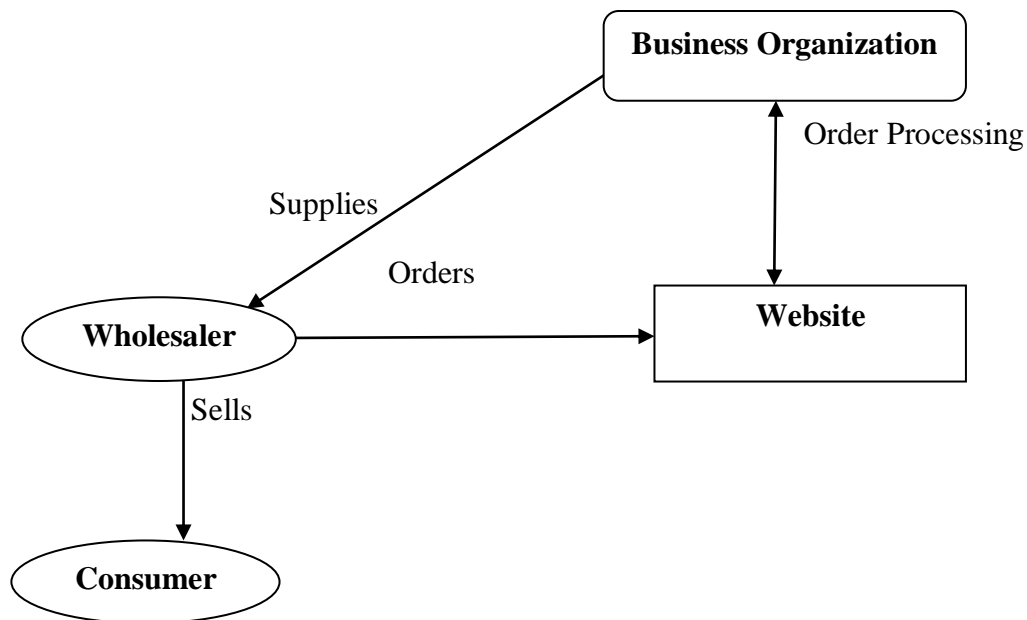


Fig.2 Business-to-Business Model

2. Business - to – Consumer Model (B2C): A website following the B2C business model sells its products directly to a customer. A customer can view the products shown on the website. The customer can choose a product and order the same. The website will then send a notification to the business organization via email and the organization will dispatch the product or goods to the consumer.

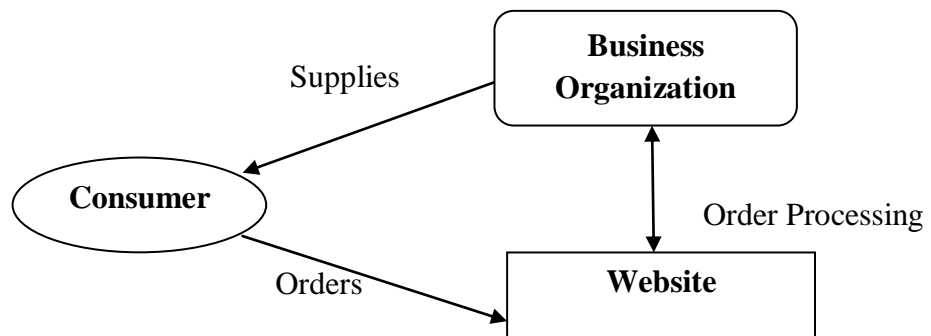


Fig. 3 Business-to-Consumer Model

3. Consumer - to – Consumer Model (C2C): A website following the C2C business model helps consumers to sell their assets like residential property, cars, motorcycles, etc., or rent a room by publishing their information on the website. Website may or may not charge the

consumer for its services. Another consumer may opt to buy the product of the first customer by viewing the advertisement on the website.

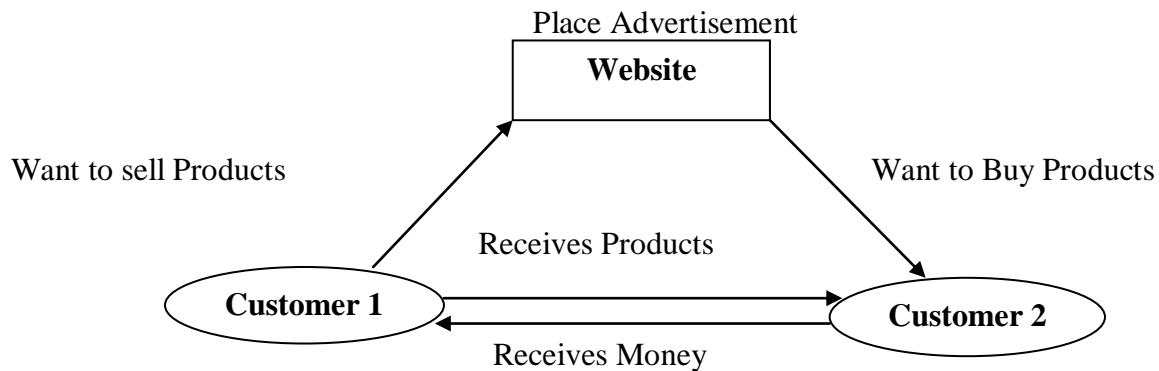


Fig. 4 Consumer-to-Consumer Model

4. Consumer - to – Business: In this model, a consumer approaches a website showing multiple business organizations for a particular service. The consumer places an estimate of amount he/she wants to spend for a particular service. For example, the comparison of interest rates of personal loan/car loan provided by various banks via websites. A business organization who fulfills the consumer's requirement within the specified budget, approaches the customer and provides its services.

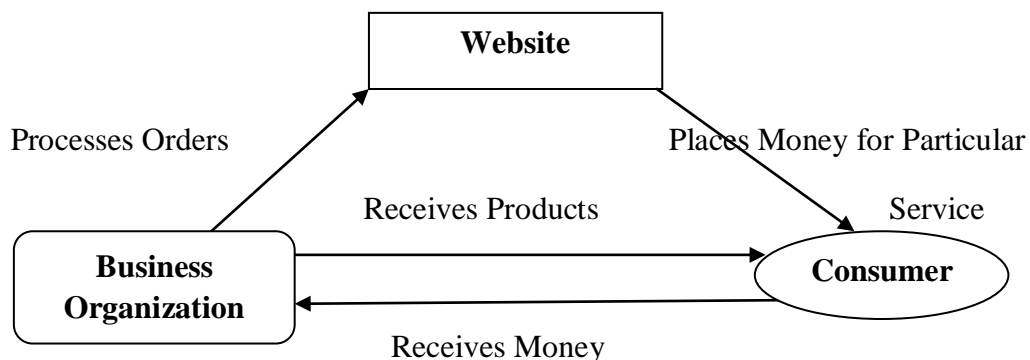


Fig. 5 Consumer-to-Business Model

5. Business - to - Government: B2G model is a variant of B2B model. Such websites are used by governments to trade and exchange information with various business organizations. Such websites are accredited by the government and provide a medium to businesses to submit application forms to the government.



Fig.6 Business-to-Government Model

6. Government - to – Business: Governments use G2B model websites to approach business organizations. Such websites support auctions, tenders, and application submission functionalities.



Fig.7. Government-to-Business Model

7. Government - to – Citizen: Governments use G2C model websites to approach citizen in general. Such websites support auctions of vehicles, machinery, or any other material. Such website also provides services like registration for birth, marriage or death certificates. As well the citizens can now-a-days apply on-line for the Aadhar Id and Domicile certificate. The main Goal of G2C websites is to reduce the average time for fulfilling citizen's requests for the various government services.

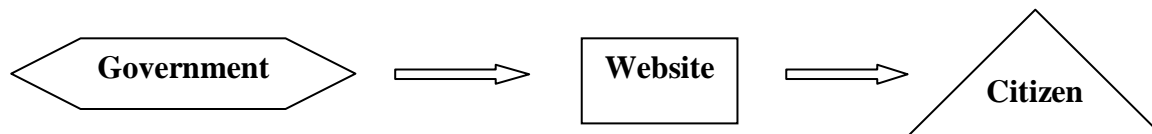


Fig.8 Government-to-Citizen Model

IV. Conclusion: The web plays an expanding role just as it does in a consumer e-commerce. Business-to-business activity is still, and we believe will remain, the main area of electronic commerce activity. This covers everything from established communications between retailers and their suppliers, the electronic banking payment systems through to the new internet based catalogue systems. In the future, all of us will conduct an ever-increasing number of business transactions today on-line. It has the main advantage of saving labor, cost as well as the time of the consumer as well as the producer. Companies who implement solutions to conduct business on-line will stay competitive and responsive in the evolving market place.

References:

- [1] Turban, E., King, D., Lee, J., Liang, T.P. and Turban, D. (2012) *Electronic Commerce 2012: A Managerial and Social Networks Perspective 7th Edition*, Prentice Hall, Upper Saddle River.
- [2] Zott, C., Amit, R. and Massa, L. (2011) *The Business Model: Recent Developments and Future Research. Journal of Management*, 1-25.
- [3] Amit, R. and Zott, C. (2001) Value Creation in E-Business. *Strategic Management Journal*, **22**, 493-520.
- [4] Zott, C. and Amit, R. (2010) Designing Your Future Business Model: An Activity System Perspective. *Long Range Planning*, **43**, 216-226.
- [5] Johnson, M.W. and Christensen, C.M. (2008) Reinventing Your Business Model. *Harvard Business Review*, **11**, 50-60.
- [6] Teece, D.J. (2010) Business Models, Business Strategy and Innovation. *Long Range Planning*, **43**, 172-194.