

E-Commerce

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Abstract

E-commerce is buying and selling goods and services over the Internet. E-commerce is part of e-business as specified in Chapter E-business is a Structure that includes not only those transactions that center on buying and goods and services to generate revenue, but also those transactions that support revenue generation. These activities include generating demand for Goods and services, offering sales support and customer service, or facilitating Communications between business partners.

Introduction

The idea of electronic commerce started in the early 1970s. During this time, electronic commerce meant the facilitation of commercial transactions electronically, using technology such as Electronic Funds Transfer (EFT). This technology allows businesses to send commercial documents like purchase orders or invoices electronically. The use of ICT has enabled innovations in the world of business by introducing the concept of electronic commerce or e-commerce. E-Commerce (EC) is the process of buying, selling, transferring or exchanging products or services via a computer network. The second of generation of e-commerce was introduced in the 1980s with the acceptance of credit cards, automated teller machines (ATM) and telephone banking.

E-Commerce in Business Models

As it is mentioned in Chapter 1, the ultimate goal of e-business is to generate revenue and make a profit, similar to traditional businesses. It is factual that the Internet has improved productivity for almost all the organizations that are using it. Nevertheless, the bottom line is that productivity must be converted to profitability. To achieve profitability as the final goal, different e-businesses or e-commerce sites position themselves in different parts of the value-chain. To generate revenue, an e-business either sells products/services or shortens the link between the suppliers and consumers. Many business-to-business models try to eliminate the middleman by using the Web to deliver products/services directly to their customers. By doing this, they may be able to offer cheaper products and better customer service to their customers. The result would be a differentiation between them and their competitors, increased market

share, and increased customer loyalty. Products sold by e-businesses could be either traditional products, such as books and clothing, or digital products, such as songs, computer software, or electronic books.

Concept of E-Commerce

In this section, we are going to discuss some of the basic concepts of e-commerce such as EC organizations, EC transactions, EC Business Models and EC Framework.

EC Organizations

Introduction of e-commerce has created three types of business organizations:

- Brick-and-mortar organizations: pure physical business organizations.
- Click-and-mortar organisations: business organisations that conduct some e-commerce activities, but their primary business is done in the physical world. Many brick-and-mortar organisations are now moving towards click and- Mortar organisations, for example, May Bank and Air Asia.
- Pure e-commerce organisations: business organisations that conduct their business purely online, for example, Amazon.com.

EC Transactions

E-commerce can involve various parties. Thus we have some different EC Transactions, such as:

- Business to Business Transactions;
- Business to Customers Transactions
- Customers to Customers Transactions; and
- Customers to Business Transactions.

Most e-commerce transactions are B2B. In this type of transactions, both sellers and buyers are business organizations. For example, manufacturing companies have to buy raw materials from some suppliers. To reduce the time taken in getting the supplies, business between manufacturing companies and their suppliers are done through e-commerce. Figure 9.1 illustrates an e-commerce activity between a manufacturing company and a supplier. Payment for the transaction is normally done through the bank, which can also be connected with the companies through a B2B business transaction.

EC Business Models

A business model is a method of doing business by which a company can generate the revenue.

Some EC Business Models are

- Online direct marketing: Business organizations sell directly to customers.
- Affiliate marketing: Business organizations provide services for vendors to Place their logos (or banners) on the website. Commissions will be charged to The vendors if customers click on their logos, go to their websites and buy Their products.
- Viral marketing: Advertisement about the products are sent to some receivers who will then send the information to their friends?
- Membership: Only members can use the services provided, and members are normally charged membership fees.

Electronic Retailing

Electronic retailing is the direct sales of products or services through electronic Storefronts or electronic malls. This facility enables us to buy from home, 24 hours a day, seven days a week.

Electronic Banking

Electronic banking offers various banking activities that can be conducted online.

Some of the capabilities provided by electronic banking are:

- Paying bills;
- Applying for the loan;
- Fund transfer; and
- Account statement.

Online Job Market

There are some e-commerce companies that provide online job market. Through this job market, companies can place an advertisement for available positions. Job seekers can then apply for the job electronically.

Another type of online job market allows job seekers to place their electronic CV. Companies that are interested to hire personnel's can browse the CV and they can invite suitable job-seekers for an interview session.

Online Advertising

Traditional media for advertising are TV, radio and newspapers. This type of advertising is one-way and not interactive. Tele-marketing is a type of marketing where individuals are contacted by direct mail or telephone. This type of marketing provides interactive and personalized advertising, but it is slow and expensive.

Online advertising improves traditional marketing by providing media-rich, interactive and dynamic advertisement. It can research a large number of potential buyers all over the world.

M-Commerce and L-Commerce

M-Commerce or mobile commerce is a type of e-commerce that is done in a wireless environment, via the Internet or private network.

Mobile Banking

Many banks are now offering mobile banking services. Customers can check their account and do fund transfer by using mobile computing devices.

Mobile Shopping

Many online vendors are now allowing customers to shop through wireless devices.

Location Based Commerce

Location Based Commerce (or L-Commerce) is a type of commercial activity that Involves localization of products and services. L-Commerce developed due to the availability of technologies that allowed people to:

- Determine the exact location of a person or a thing;
- Navigate a route from one location to another location;
- Track and monitor the movement of a person or a thing; and
- Create a digital map of a specific geographical location.

By using these technologies, sellers can offer products or services to customers who are close to their locations. Some supermarkets are using these technologies to propose to customers items that they may be interested whenever they are moving closer to the place where the items are stored.

Conclusion

In general, today’s businesses must always strive to create the next best thing that consumers will want because consumers continue to desire their products, services, etc. to continuously be better, faster, and cheaper. In this world of new technology, businesses need to accommodate the new types of consumer needs and trends because it will prove to be vital to their business’ success and survival. E-commerce is continuously progressing and is becoming more and more important to businesses as technology continues to advance and is something that should be taken advantage of and implemented.

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