

STUDY MATERIAL

**VIVEKANANDA COLLEGE  
THAKURPUKUR  
KOLKATA-700063**

**NAAC ACCREDITED 'A' GRADE**



**TOPIC : An Introduction to E-Commerce  
COURSE TITLE : E-Commerce  
PAPER : SEC-B  
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SEMESTER : 4  
NAME OF THE TEACHER : Bodhisattwa Das  
NAME OF THE DEPARTMENT : Computer Science**

## 1 What is E-Commerce?

E-Commerce, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions. Ecommerce is often used to refer to the sale of physical products online, but it can also describe any kind of commercial transaction that is facilitated through the internet.

Whereas e-business refers to all aspects of operating an online business, ecommerce refers specifically to the transaction of goods and services.

## 2 Main Activities of E-commerce

1. Online shopping for retail sales direct to consumers via Web sites and mobile apps, and conversational commerce via live chat, chatbots, and voice assistants
2. Providing or participating in online marketplaces, which process third-party business-to-consumer or consumer-to-consumer sales
3. Business-to-business buying and selling;
4. Gathering and using demographic data through web contacts and social media
5. Business-to-business (B2B) electronic data interchange
6. Marketing to prospective and established customers by e-mail or fax (for example, with newsletters)
7. Engaging in retail for launching new products and services
8. Online financial exchanges for currency exchanges or trading purposes.

## 3 Goals of E-Commerce

1. High reach ability - The main objective and at the same time need is traction on your web store. Of course if you are selling products online what you require are customers. If you are getting good reach ability then your business will definitely grow. Therefore one of the objective is high reach ability.
2. High Conversions- People are coming on your web store and purchasing something then it will calculate as conversions and from the number of people who are buying stuff from your web store we can calculate the conversion rate.
3. Customer Satisfaction- Customer is the main part of any E-commerce business so its very important to make your customer happy and satisfied. By providing quality and desirable products, on time delivery, 24\*7 customer support, and timely sale & best deal offers you can make your customer happy. It is one of the main objectives of E-commerce.
4. Social popularity - Unless and until you are not famous and popular among people you cannot establish your brand. social presence with Digital Marketing is essential for any E-commerce business.

## 4 Categories of E-commerce

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

1. Business - to - Business (B2B)
2. Business - to - Consumer (B2C)

3. Consumer - to - Consumer (C2C)
4. Consumer - to - Business (C2B)
5. Business - to - Government (B2G)
6. Government - to - Business (G2B)
7. Government - to - Citizen (G2C)

#### **4.1 Business - to - Business (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 endproduct to the final customer who comes to buy the product at one of its retail outlets.

#### **4.2 Business - to - Consumer (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/goods to the customer.

#### **4.3 Consumer - to - Consumer (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 post/advertisement on the website.

#### **4.4 Consumer - to - Business (C2B)**

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.

#### **4.5 Business - to - Government (B2G)**

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.

#### **4.6 Government - to - Business (G2B)**

Governments use B2G model websites to approach business organizations. Such websites support auctions, tenders, and application submission functionalities.

#### **4.7 Government - to - Citizen (G2C)**

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. The main objective of G2C websites is to reduce the average time for fulfilling citizen's requests for various government services.

## 5 Advantages of E-Commerce

E-Commerce advantages can be broadly classified in three major categories

1. Advantages to Organizations
2. Advantages to Consumers
3. Advantages to Society

### 5.1 Advantages to Organizations

- Using e-commerce, organizations can expand their market to national and international markets with minimum capital investment. An organization can easily locate more customers, best suppliers, and suitable business partners across the globe.
- E-commerce helps organizations to reduce the cost to create process, distribute, retrieve and manage the paper based information by digitizing the information.
- E-commerce improves the brand image of the company.
- E-commerce helps organization to provide better customer services.
- E-commerce helps to simplify the business processes and makes them faster and efficient.
- E-commerce reduces the paper work.
- E-commerce increases the productivity of organizations. It supports "pull" type supply management. In "pull" type supply management, a business process starts when a request comes from a customer and it uses just-in-time manufacturing way.

### 5.2 Advantages to Customers

- It provides 24x7 support. Customers can enquire about a product or service and place orders anytime, anywhere from any location.
- E-commerce application provides users with more options and quicker delivery of products.
- E-commerce application provides users with more options to compare and select the cheaper and better options.
- A customer can put review comments about a product and can see what others are buying, or see the review comments of other customers before making a final purchase.
- E-commerce provides options of virtual auctions.
- It provides readily available information. A customer can see the relevant detailed information within seconds, rather than waiting for days or weeks.
- E-Commerce increases the competition among organizations and as a result, organizations provides substantial discounts to customers.

### 5.3 Advantages to Society

- Customers need not travel to shop a product, thus less traffic on road and low air pollution.
- E-commerce helps in reducing the cost of products, so less affluent people can also afford the products.
- E-commerce has enabled rural areas to access services and products, which are otherwise not available to them.
- E-commerce helps the government to deliver public services such as healthcare, education, social services at a reduced cost and in an improved manner.

## 6 Disadvantages of E-Commerce

The disadvantages of e-commerce can be broadly classified into two major categories

1. Technical disadvantages
2. Non-Technical disadvantages

### 6.1 Technical Disadvantages

- There can be lack of system security, reliability or standards owing to poor implementation of e-commerce.
- The software development industry is still evolving and keeps changing rapidly.
- In many countries, network bandwidth might cause an issue.
- Special types of web servers or other software might be required by the vendor, setting the e-commerce environment apart from network servers.
- Sometimes, it becomes difficult to integrate an e-commerce software or website with existing applications or databases.
- There could be software/hardware compatibility issues, as some e-commerce software may be incompatible with some operating system or any other component.

### 6.2 Non-Technical Disadvantages

- Initial cost - The cost of creating/building an e-commerce application in-house may be very high. There could be delays in launching an e Commerce application due to mistakes, and lack of experience.
- User resistance - Users may not trust the site being an unknown faceless seller. Such mistrust makes it difficult to convince traditional users to switch from physical stores to online or virtual stores.
- Security and Privacy - It is difficult to ensure the security or privacy on online transactions.
- Lack of touch or feel of products during online shopping is a drawback.
- E-commerce applications are still evolving and changing rapidly.
- Internet access is still not cheaper and is inconvenient to use for many potential customers, for example, those living in remote villages.

### 6.3 E-Commerce Applications

- Electronic markets – here the buyer is presented a range of products and services available in a market so that they can compare prices and make the purchase
- Electronic Data Interchange – this is a standardized system where computers communicate with one another without printed documents like order forms or invoices; it eliminates delays and errors otherwise seen when paper handling is involved
- Internet Commerce – the one we are most familiar with; the medium used to advertise, and sell innumerable products and services; the purchased goods are then shipped to the buyer.