

Overview of Electronic Commerce



Electronic Commerce: Definitions and Concepts

electronic commerce (EC)

The process of buying, selling, or exchanging products, services, or information via computer networks.

E-commerce (electronic commerce or EC) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the Internet.

Features of E-Commerce

- **Non-Cash Payment:** enable the use of credit cards, debit cards, smart cards, electronic fund transfer or CoD.
- **24x7 Service availability:** Automates business of enterprises and services to customers are available anytime, anywhere.
- **Advertising / Marketing:** Increases the reach of advertising of products and services of businesses.
- **Improved Sales:** Orders for the products can be generated anytime, anywhere without any human intervention.
- **Support:** E-Commerce provides various ways to provide pre sales and post sales assistance to provide better services to customers.
- **Communication improvement:** E-Commerce provides ways for faster, efficient, reliable communication with customers and partners
- **Breaks geographical barrier:** Unlike traditional retail business, ecommerce is not bounded by geographical barriers. Today an e commerce company can easily sell its products to consumers residing in any part of the country.

Benefits of EC

Benefits to Organizations

- Global Reach
- Cost Reduction
- Supply Chain Improvements
- Extended Hours
- Customization
- New Business Models
- Vendors' Specialization
- Rapid Time-to-Market
- Lower Communication Costs
- Improved Customer Relations
- Up-to-Date Company Material
- No City Business Permits and Fees

Benefits of EC

Benefits to Consumers

- More Products and Services
- Customized Products and Services
- Cheaper Products and Services
- Instant Delivery
- Information Availability
- Participation in Auctions
- Electronic Communities
- No Sales Tax

Benefits of EC

Benefits to Society

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

Technical Disadvantages

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

Nontechnical Disadvantages

- **Initial cost:** The cost of creating / building E-Commerce is very high. There could be delay in launching the E-Commerce application due to mistakes, lack of experience.
- **User resistance:** User may not trust the site being unknown faceless seller. Such mistrust makes it difficult to make user switch from physical stores to online/virtual stores.
- **Security / Privacy:** Difficult to ensure security or privacy on online transactions. Lack of touch or feel of products during online shopping.
- E-Commerce applications are still evolving and changing rapidly.
- Internet access is still not cheaper and is inconvenient to use for many potential customers like one living in remote villages.

E-commerce vs. E-business

E-commerce involves

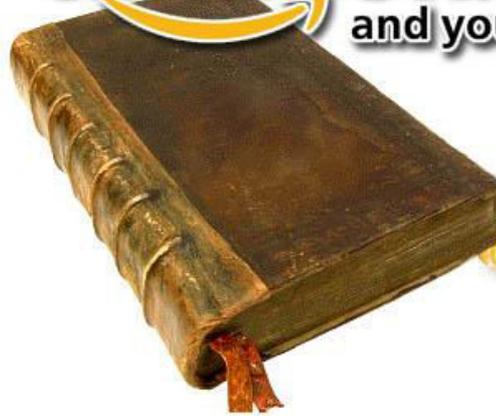
- Digitally enabled commercial transactions between organizations and individuals.
- Digitally enabled transactions include all transactions mediated by digital technology
- Commercial transactions involve the exchange of value across organizational or individual boundaries in return for products or services

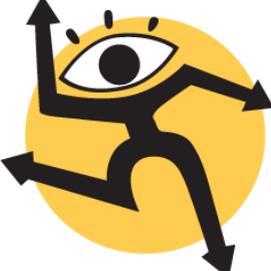
E-COMMERCE EXAMPLES:

- An individual purchases a book on the Internet.
- An individual reserves a hotel room over the Internet.
- A business buys office supplies on-line or through an electronic auction.
- A manufacturing plant orders electronic components from another plant within the company using the company's intranet.

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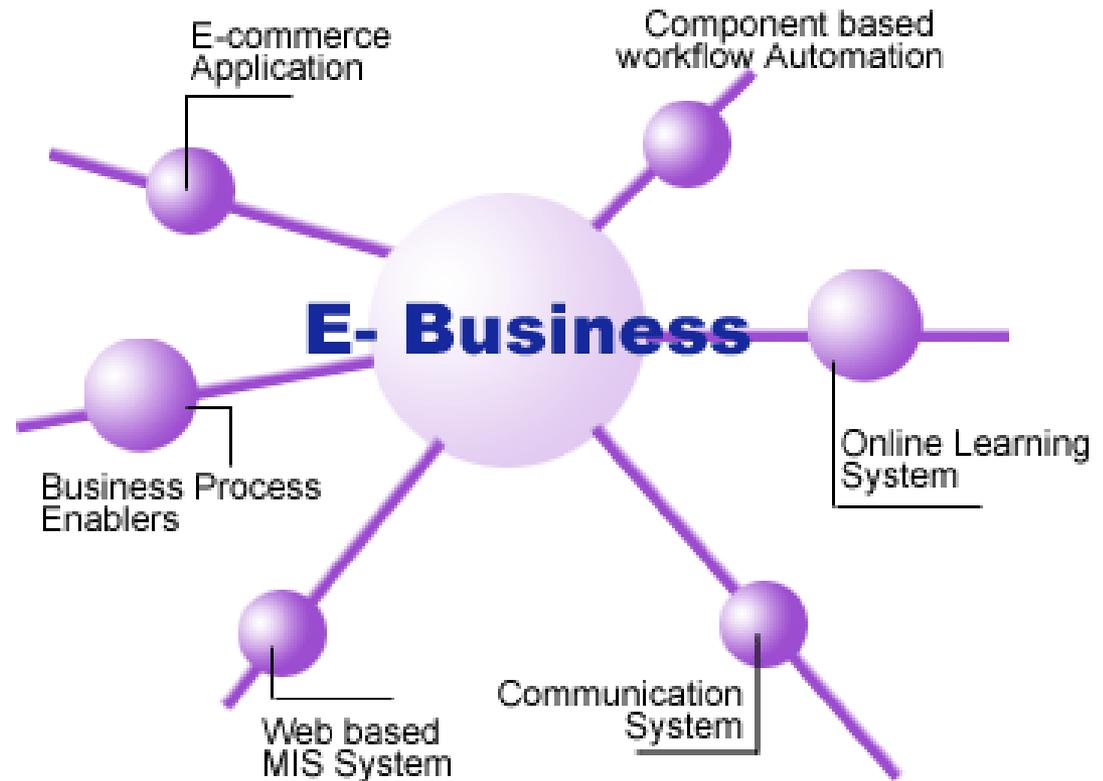
E-business

- A broader definition of EC.
- Not just the buying and selling of goods and services.
- Includes servicing customers, collaborating with business partners, and conducting electronic transactions within an organization



E-business category

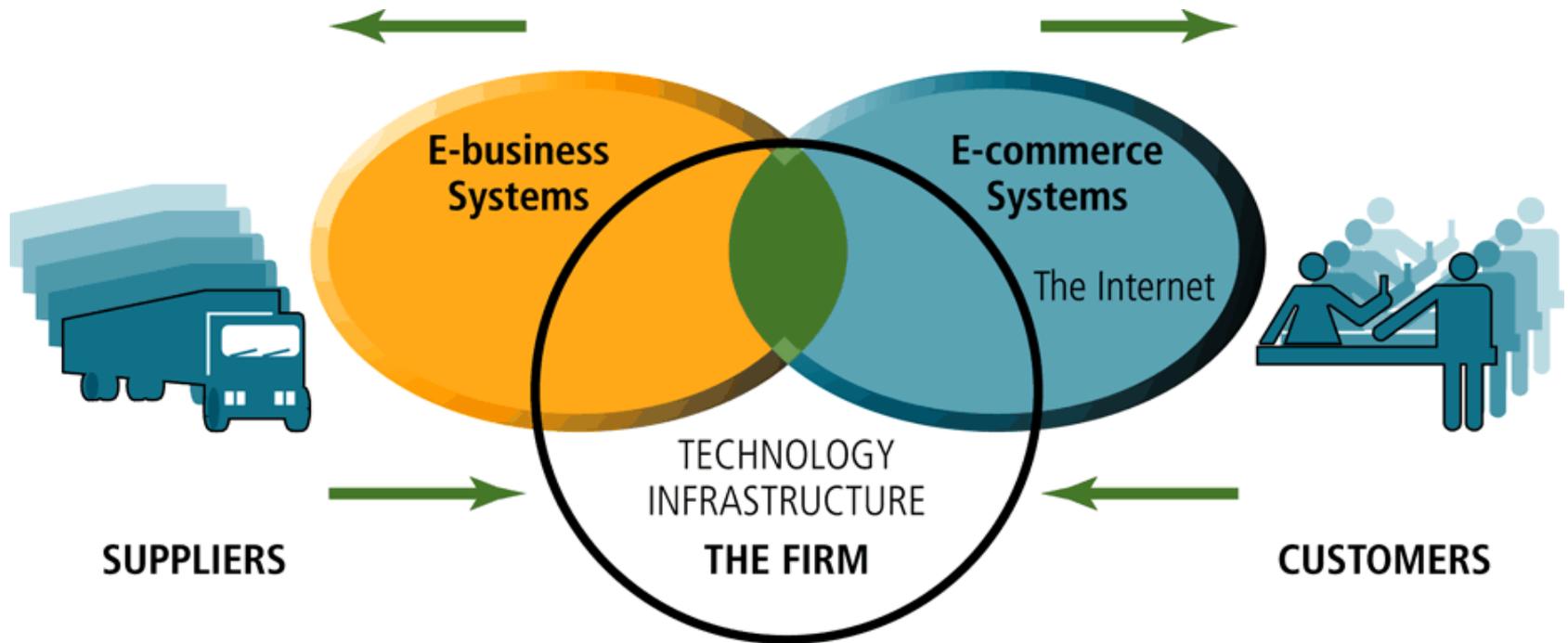
- ➔ **E-banks**
- ➔ **E-trade**
- ➔ **E-consulting**
- ➔ **E-engineer**
- ➔ **E-learning**
- ➔ **E-mail**
- ➔ **E-marketing**
- ➔ **E-transactions**



E-commerce covers outward-facing processes that touch customers, suppliers and external partners, including sales, marketing, order taking, delivery, customer service, purchasing of raw materials and supplies for production and procurement of indirect operating-expense items, such as office supplies. It involves new business models and the potential to gain new revenue or lose some existing revenue to new competitors.

E-business includes e-commerce but also covers internal processes such as production, inventory management, product development, risk management, finance, knowledge management and human resources. E-business strategy is more complex, more focused on internal processes, and aimed at cost savings and improvements in efficiency, productivity and cost savings.

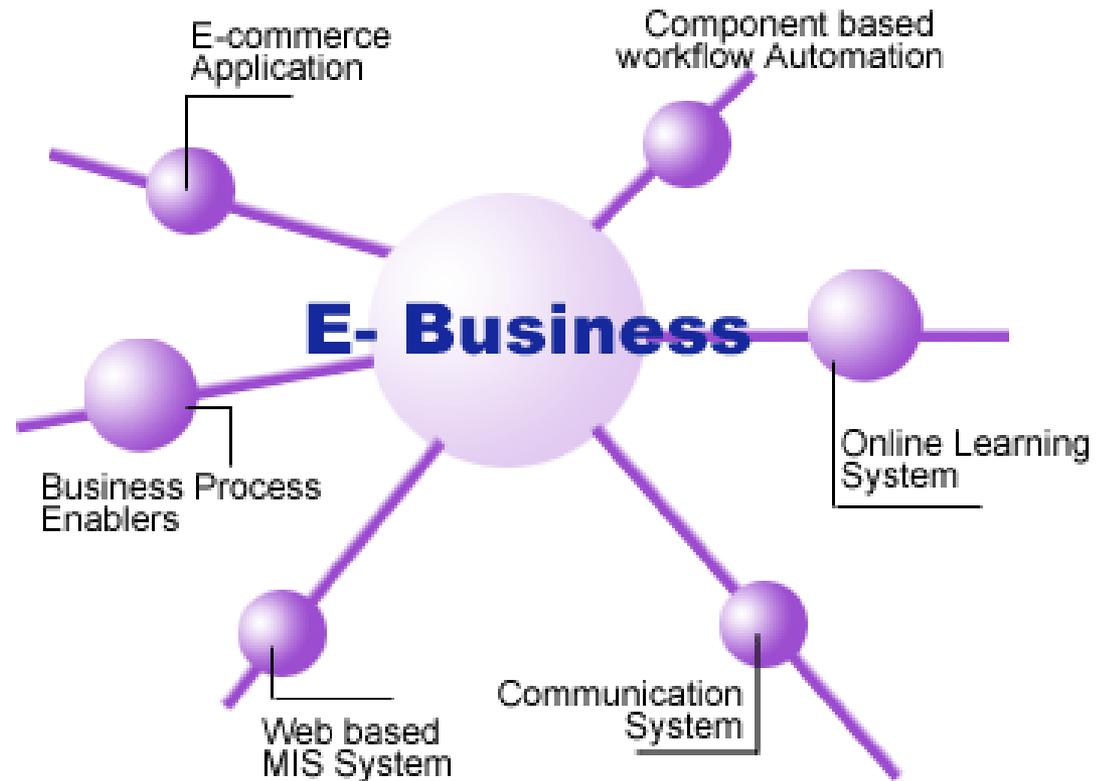
The Difference Between E-commerce and E-Business





E-business category

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- ➔ **E-transactions**



Mobile Commerce

- M-commerce (mobile commerce) is the buying and selling of goods and services through wireless handheld devices such as cellular telephone and personal digital assistants (PDAs). Known as next-generation e-commerce, m-commerce enables users to access the Internet without needing to find a place to plug in. The emerging technology behind m-commerce, which is based on the Wireless Application Protocol (WAP), has made far greater strides in Europe, where mobile devices equipped with Web-ready micro-browsers.

The industries affected by m-commerce include:

- ***Financial services***, which includes mobile banking (when customers use their handheld devices to access their accounts and pay their bills) as well as brokerage services, in which stock quotes can be displayed and trading conducted from the same handheld device
- ***Telecommunications***, in which service changes, bill payment and account reviews can all be conducted from the same handheld device
- ***Service/retail***, as consumers are given the ability to place and pay for orders on-the-fly
- ***Information services***, which include the delivery of financial news, sports figures and traffic updates to a single mobile device

Thank you

