E-Commerce

Module 1:History of E-commerce & Indian
Business Context

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INTRODUCTION

➢ E-commerce is short for electronic commerce.

It includes all business transactions that use electronic communications and digital information processing technology.

➢ EDI(Electronic Data interchange) is an early form of e-commerce.

➢ Electronic data interchange (EDI) is the digital exchange of business documents between companies using computers.

MEANING&CONCEPT

➢ E-commerce is concerned with the buying and selling information,products and services over computer communication n/ws.

➢ Information is electronically transfered from computer to computer in an automated manner.

Definitions :-

      1. E-commerce refers to the paperless exchange of business information using EDI, E-mail, bulleting boards(**Computerized system used to exchange public messages or files**) and other n/w based technologies.

Definitions

2. Use of computers and n/ws to do commerce is known as e-commerce.

3. WTO defines e-commerce as a commercial process that includes productions , distribution , sales or delivary of goods and services through the electronic means .

4. E-commerce is where business transactions take place via telecommunications n/ws,especially the Internet.

History of e-commerce

- EDI is widely viewed as the beginning of E-commerce.
- EDI originated in the mid-1960s.(paperless offices)
- The ability to use these technologies appeared in the late 1970s and allowed business companies and organizations to send commercial documentation electronically.
- In the mid 1970s ,EDI was formalized by the Accredited by the Accredited stds committee of Industry representatives.
- 1970-1980:Companies began to adopt EDI.

History of e-commerce

First generation of e-commerce:

➢ EDI allowed companies to exchange information, place orders,and conduct electronic funds transfer through computers.

Second generation of e-commerce:

➢ It is characterized by the transaction of goods and services through the Internet.

➢ 1960-Inception of Internet.(ARPANET-predecessor to the Internet was established)

➢ 1986-NSF(national science fondation) launched NSFNET(providing high speed communication links b/w major super computers across the United States.

History of e-commerce

- By the end of the 1980s,the internet had still used for non-commercial purpose,and all of its n/ws were based on the free use of the NSFNET backbone directly or indirectly.

- Development of GUI &WWW

- 1990- creation of HTML with URL specifications

- 1991-NSFNET decided to remove commercial restrctions on the use of the n/w.

- First internet companies to allow electronic transactions-Amazone &Ebay.

Features of e-commerce

1.Ubiquity

2.Global Reach

3.Universal stds

4.Ample information

5.Interactivity

6.Information Density.

7.personalization/customization

Ubiquity

- Ubiquity means it is available everywhere,at all times.(shopping can take place anywhere)
- The new market place extended beyond traditional boundaries.
- It gives much freedom to consumers and reduces transaction costs.
- Customer convenience enhanced.

Global Reach

- E-commerce reaches beyond cultural & national boundaries.
- Buying&selling-more convenient &cost effective.
- The potential market size for e-commerce is expanding very fast.

Universal stds

- Stds that are shared by all nations around the world

- Reduce product search cost, and by creating a single, one world market place, where price discovery becomes simpler, faster and more accurate.

4.Ample information

- Customers need not depend on the services of sales people to get information about products and services.It is available in internet.

Interactivity

- It allows two way communication b/w merchant and consumer.
- It allows a feeling both to merchants and customers of face-to –face experience

Information Density

- It reduces information cost and raises quality.
- It also reduce information collection, storage, processing and communication costs.
- It gives more plentiful information.

.personalization/customization

- E-commerce permit personalization & customization.
- Personalization-It allows personalized msgs to be delivered to specific individuals.
- Customization-changing the delivered product/service based on user's preference.

advantages of e-commerce

- E-Commerce advantages can be broadly classified in three major categories –
- Advantages to Organizations
- Advantages to Consumers
- Advantages to Society

Advantages to Organizations

International Marketplace:

➢ *The market for a web based busines s is not restricted by any geographical boundaries*

➢ *Traditional* physical marketplace located in a geographical area has now become a borderless marketplace including national and international markets.

➢ By becoming e-commerce enabled,businesses now have access to people all around the world. In effect all ecommerce businesses have become virtual multinational corporations.

Operational Cost Savings

The cost of creating, processing, distributing, storing and retrieving paper-based information has decreased.

Reduced Inventories And Overheads

- Ecommerce need not Stock large inventory .
- This is based on collecting the customer order and then delivering through JIT (just-in-time) manufacturing. This is particularly beneficial for companies in the high technology sector.

Mass customization

- E-commerce has revolutionized the way consumers buy goods and services.
- It allows for products and services to be customized to the customer's requirements.

Lower telecommunications cost

- The Internet is much cheaper than value added networks (VANs) which were based on leasing telephone lines for the sole use of the organization and its authorized partners.

- It is also cheaper to send a fax or e-mail via the Internet than direct dialing.

Digitisation of products and processes

- Particularly in the case of software and music/video products which can be downloaded or e-mailed directly to customers via the Internet in digital or electronic format.

- No more 24-hour-time constraints. Businesses can be contacted by or contact customers or suppliers at any time.

BENEFITS OF E-COMMERCE TO CONSUMERS

1.Easy accessibility

- Enables customers to shop or conduct other transactions 24 hours a day, all year round from almost any location.

- For example, checking balances, making payments, obtaining travel and other information.

Benefits of e-commerce to consumers

2. More choices :

- Customers can choose a wide range of products and customize,
- Customers can buy products and services from international suppliers.

Benefits of e-commerce to consumers

3.Price comparisons

Customers can 'shop' around the world and conduct comparisons either directly by visiting different sites, or by visiting a single site where prices of different sellers are exhibited.

Benefits of e-commerce to consumers

4.**Improved delivery processes**

- Immediate delivery of digitized or electronic goods.
- On –line packages are delivered by mail or courier.

Benefits of e-commerce to society

FLEXIBLE WORKING PRACTICES:

- enhances the quality of life of people in society, enabling them to work from home.

- provides happier and less stressful working environments.

- reduces environmental pollution as fewer people have to travel to work regularly.

BENEFITS OF E-COMMERCE TO SOCIETY

Connects people:

- Enables people in developing countries and rural areas to enjoy and access products, services, information.

Facilitates delivery of public services:

For example, health services available over the Internet (on-line consultation with doctors or nurses).

Transition to ecommerce in India

- Commercial internet sevices in India-1995

Advantages:

1.Huge savings in time and money.

2.People can shop anywhere within minutes.

THE INTERNET &INDIA

- Current internet penetration rate in India:34%
- 2011-17% internet users

Ecommerce opportunities for industries

- E-merchandise
- E-finance
- Stock trading
- Travel & tourism
- Health care

1.E-merchandise

- Ecommerce is useful for selling goods and services electronically and moving items through distribution channels.

eg: Internet shopping for h/w,books,clothes etc.

2.E-finance

- E-commerce for banking ,debit cards , telephone and Internet banking and mortgages on-line.

mortgages on-line:It is a loan of money which you get from a bank

3.Stock trading

- E-commerce mortages on-line is presently used for stock trading.
- Investors will be able to understand latest trends in stock market .

Stock market:it is a place where shares of public listed companies are traded

- They can trade in securities at competitive rates.

Stock trading : buying and selling shares of publicly traded companies.

4.Travel &tourism

E-commerce is bringing <u>new business opportunities </u>to the global travel & tourism industry.

➢ Online travel sales

➢ Tourism related institutions

➢ Internet companies

5.Health care

➢ Rising population & increasing life expectancy has led to a high domestic demand for health care products and services .

➢ Offline health retailers can't cover this services.

➢ Health care sector offered online health retailers .They can provide larger consumer base with lesser operational cost.

E-transition challenges for Indian corporates

Classification:

(i)   Internal resisting issues

(ii) External driving factors

Internal resisting issues

1.Bureaucratic resistance

2.Cultural changes

3.Lack of preparation

4.Lack of resources

1.Bureaucratic resistance:

➢   E-commerce may compel staff to follow new method of operation. Hence they fear the destabilization of existing power equations in the organization.

➢   Fear among staff is a major barrier for a transition to e-commerce.

2.Cultural changes

➢Introduction of e-commerce results in conflict of cultures in the organization because implementation of ecommerce is done by young talented peoples(externally recruited).

➢Conflict b/w modern & traditional culture

3.Lack of preparation

➢ Lack of adequate preparation .

➢ E-commerce require a good amount of home work. But many organizations are not seriously viewing its transition.

4.lack of resources

- Lack of funds
- Non availability of expert staff
- Absence of training facilities

External driving forces:

1.Global economy

2.Strong competition

3. Market forces

4.Awareness among consumers

5.Increase expectation of consumers

6.Government regulations

7.Technological changes

8.Communication technology

9.Stay competitive

1.Global economy

➤ huge gap b/w the growth rate of developed &developing nation. so more and more developed nations are investing in every part of world.

➤ E-commerce is the solution for it

2.Strong competition

- Business organizations & companies are implementing new techniques every day to face the attack from their competitors.
- E-commerce-tool adopted by the companies.

3. Market forces

➢   corporations are encouraged to use ecommerce in marketing and promotion to capture international markets.

➢ Internet –medium for customer service & support
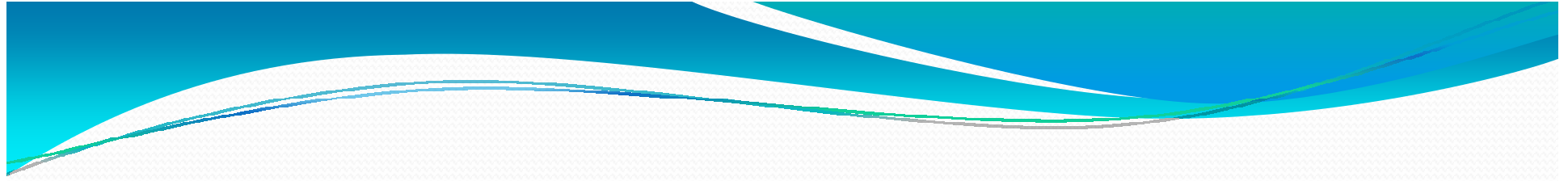
4.Awareness among consumers

➢ Internet,print media and electronic media keep update the consumers about new products and their rates.

5.Increase expectation of consumers

➢ Expectation of conumers about quality and services are very high.

6.Government regulations

In order to regulate e-commerce business and other Internet activities ,IT act gives various provisions which provide a right environment for the e-commerce.

7.Technological changes

➢   perfect solution for business

8.Communication technology

➢Devt of ICT-growth of e-commerce

➢Faster,easier and more efficient communication.

➢Less communication cost

9.Stay competitive

➢   customer-driving force behind an ecommerce channel .