

## E-COMMERCE

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### INTRODUCTION:

**E-commerce** in full electronic commerce. business-to-consumer and business-to-business commerce conducted by way of the Internet or other electronic networks. One of the first and most prominent e-commerce players, iconic eBay has left a huge footprint on the way we buy and sell. The Internet has created a new economic ecosystem, the e-commerce marketplace, and it has become the virtual main street of the world. Providing a quick and convenient way of exchanging goods and services both regionally and globally, e-commerce has boomed. Today, e-commerce has grown into a huge industry with US online retail generating \$175B in revenues in 2007, with consumer-driven (B2C) online transactions impacting industries from travel services to consumer electronics, from books and media distribution to sports & fitness. With more than 70% of Americans using the Internet on a daily basis for private and/or business use and the rest of the world also beginning to catch on, e-commerce's global growth curve is not likely to taper off anytime soon. However, the US recession has taken its toll on online sales. Although early 2008 estimates by Forrester Research were very strong with 2008 revenues upwards of \$204B (a 17% growth rate 2008 holiday sales showed the first decrease in the last 7 years. Research by COM Score shows sales declining by 1% for the first 49 days of the holiday season.

In the last decade, many startup e-commerce companies have rapidly stolen market share from traditional retailers and service providers, pressuring these established traditional players to deploy their own commerce websites or to alter company strategy in retaliation. This effect is most pronounced in travel services and consumer electronics. According to COM Score, online leisure travel bookings reached about \$51B in 2005, or 44% of all online sales, which were around \$122B in the same year. Roughly 30% of all travel bookings currently occur online. Consumer electronics, which includes the purchase of digital cameras, mobile phones, and home PC's, accounted for nearly \$26B of worldwide e-commerce sales occurring in 2006, according to the NPD Group. As traditional brick and mortar firms continue to lose market share to e-commerce players, they will likely see continued declines in their revenues, operating margins, and profits. It is important to note that most e-commerce players are at a competitive advantage to retailers.

They have lower operating expenses and better inventory management due to operating in a virtual commerce environment. For example, Amazon.com (AMZN) has revenue per employee of nearly \$850k while its retail counterpart, Best Buy (BBY), generates revenue per employee of only \$270k. Clearly, e-commerce vendors will have the most to gain if they successfully disrupt retail customer acquisition, disinter mediate distributors/resellers, and under-price retail establishments. As a consequence of e-commerce vendor gains, financial transaction processors and parcel shipping companies are among ancillary vendors who will gain.



## HISTORY

### Early development

#### 1979: Michael Aldrich invented online shopping

Originally, electronic commerce was identified as the facilitation of commercial transactions electronically, using technology such as Electronic Data Interchange (EDI) and Electronic Funds Transfer (EFT). These were both introduced in the late 1970s, allowing businesses to send commercial documents like purchase orders or invoices electronically. The growth and acceptance of credit cards, automated teller machines (ATM) and telephone banking in the 1980s were also forms of electronic commerce. Another form of e-commerce was the airline reservation system typified by Sabre in the USA and Travicom in the UK.

From the 1990s onwards, electronic commerce would additionally include enterprise resource planning systems (ERP), data mining and data warehousing. In 1990, Tim Berners-Lee invented the World Wide Web browser and transformed an academic telecommunication network into a worldwide everyman everyday communication system called internet/www. Commercial enterprise on the Internet was strictly prohibited by NSF until 1995.<sup>[1]</sup> Although the Internet became popular worldwide around 1994 with the adoption of Mosaic web browser, it took about five years to introduce security protocols and DSL allowing continual connection to the Internet. By the end of 2000, many European and American business companies offered their services through the World Wide Web. Since then people began to associate a word "ecommerce" with the ability of purchasing various goods through the Internet using secure protocols and electronic payment services.

## E-COMMERCE DEVELOPMENT

One of the most interesting and exciting aspects of the Internet evolution is the emergence of electronic business (e-commerce or e-business) as a viable alternative to more traditional methods of businesses being conducted today. E-commerce or e-business is defined as the process of using electronic technology to do business. B2B applications, B2C applications, portal development, etc. are all web development solutions that use e-commerce application. Setting up and running an e-commerce application, especially one that processes a large number of transactions, ( B2B applications, B2C applications, portal development, etc.) requires technical, marketing and advertising expertise – something that a complete web solution providers like Graphinet are adept at. There are many e-commerce applications today – B2B applications, B2C

applications, portal development, etc. that redefine the very foundations of competitiveness in terms of information content and information delivery mechanisms.

Businesses to Consumer (B2C application) are e-commerce applications that provide an interface from businesses directly to their consumers. The most common example of a B2C application is a retail web site featuring the business's products or services that can be directly purchased by the consumer. The importance of B2C applications varies dramatically from company to company. For some companies, reaching consumers has been the critical aspect of their business. For others that run a chain of retail stores, a B2C application should be one of the most important pieces of their Internet strategy. B2C applications remain one of the top web application development. Business-to-Business (B2B application) are e-commerce applications that forge new relationships between businesses. B2B applications provide new opportunities for businesses to leverage emerging e-commerce technologies to build their businesses.

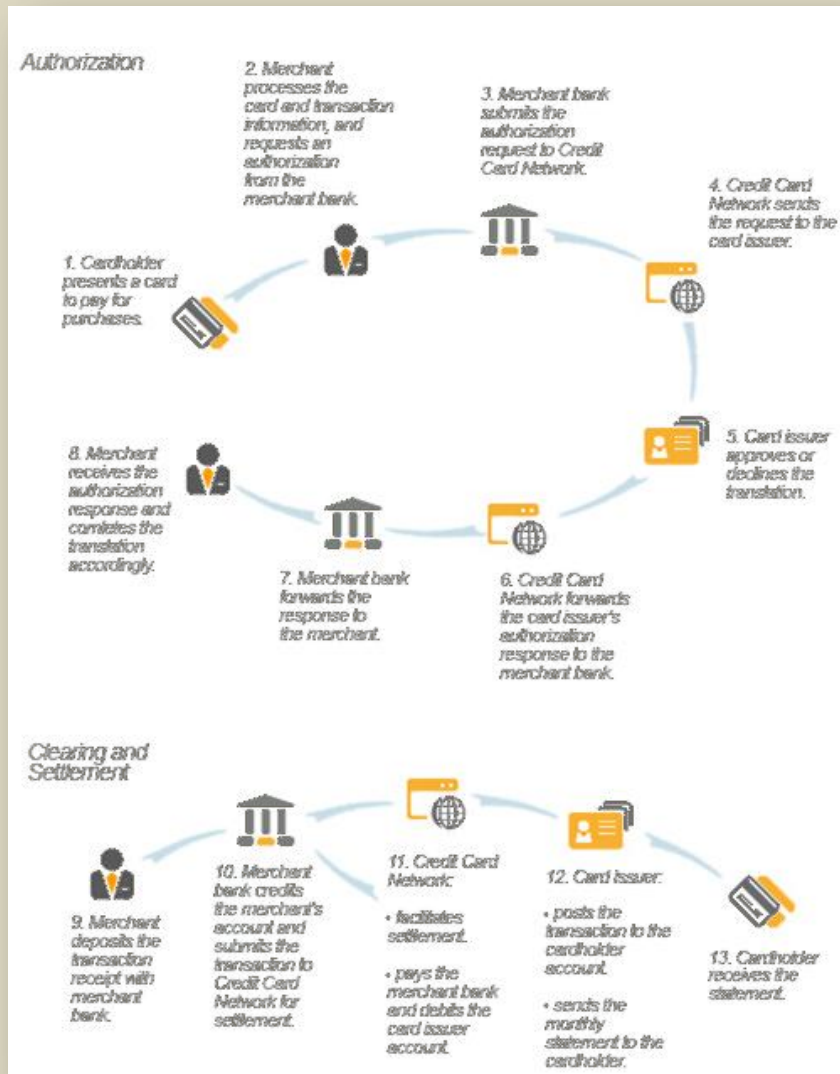
Examples of B2B applications include facilitating transactions for goods/services between companies, selling goods/services on the Internet to businesses, and supply chain integration. Legacy integration is a huge issue in B2B applications. If existing applications such as EDI or EFT are extended to help the B2B process, then the existing legacy applications can be a big help in moving forward. On the other hand, if two companies want to trade data, but have dramatically different legacy systems, legacy integration can be a challenge to overcome.

### What is E-commerce Tools?

Whether you work for a multi-million dollar ecommerce company, or you're flying solo as a weekend hobbyist, sorting the wheat from the chaff can be a daunting task when looking for the right tools for the job. Picking your CMS, shopping cart, analytics tools, coupon tools, email marketing tools and much more can be overwhelming. Here at e-commerce Tools we hope to be able to help you make those decisions easier.



## E-COMMERCE TRANSACTION PROCESS:-



## TOP10 WAYS OF IMPROVING ECOMMERCE BUSINESS NETWORK

Internet business is booming, that is a fact! Companies like Amazon and EBay are just an example of multibillion dollar companies that had become such by building their business plan around the internet. Today each of these companies are reporting billions in profits and a steady business growth. As the internet grows it trickles down into our daily lives, by making traditional services easier and better than before. But still there are some fields where most of companies are lacking, pretty much a whole industry has been built around advice on the dangers and pitfalls of selling on the net, and how to do ecommerce the right way. Some general question which should always be in the mind of every one doing e-commerce business are;

### 1.Promotion of their sites

There are many ways to promote their site but there are two no-brainers, the first is to promote the site to all existing customers – if they don't know that you sell online, they will go elsewhere. If they using the site and like it, they will probably tell their friends. So “Order online

at” and your web address should be on every piece of literature and advertising that a company produces. The second is to register with search engines. It may take a little time, but it’s often free and can produce good results. Just remember that your site will register more effectively if the pages are generated in HTML, rather than being dynamically generated from a database. In our customer’s experience this can affect traffic to your site by around 50%.

## **2. Credit card payment system**

There are three ways that merchants can take credit cards across the net. The first is by capturing card details securely, transmitting them to the desktop PC and then processing them through a normal PDQ facility. This option is only suitable if the ecommerce software has the appropriate security and is bank-approved. It costs the least and minimizes change and hassle for an existing business. The second option is to process card payments in real time on the internet. Service providers include Net Bank, Secure Trading, World Pay, Secpay and Data cash. You will need a merchant account and will generally have to wait for the money, but the PSPs charge you to process everything on your behalf. This can be suitable for medium and high volume sites. Finally, some of the above service partners provide a ‘bureau’ type service. If you are unable to acquire your own merchant account, they will transact the funds on your behalf — a useful service for some, but not cheap.

## **3. One thing that impress buyers**

Make the site fast. Use graphics effectively, not for the sake of it. Make the checkout process as easy as possible. Again, ensure that the site is not dynamically database driven unless this is absolutely essential – nothing is faster than doling out straight HTML.

## **4. Key things to turn browsers into buyers**

In short, remove the reasons why people might not buy. Make your ecommerce site oriented towards sales rather than marketing. When prospects are at the site, the marketing process is complete. So, show them the products immediately – don’t hide them behind acres of marketing copy. Provide full terms and conditions – it seems more professional plus protects you. Give your contact details, including a telephone number. Explain your guarantee and returns policy. A rock solid guarantee goes a long way to persuading people to buy. Finally, explain your security, encryption and privacy policies.

## **5. Cost of ecommerce software**

The answer varies according to the sophistication and volume of the site. However, professional ecommerce software is available for under £1,000, even under £500, and you can rent Web space capable of running such software for under £200 per annum.

## **6. Security risk**

Less than people think. In fact, the security risks run by web merchants are similar to those of mail-order companies. It is sensible for merchants to put anti-fraud policies in place such as phoning to confirm orders that are a particularly high value or that come from parts of the world more prone to fraud.

## **7. Let vendors maintain their own site**

Some companies supplying ecommerce solutions keep all site maintenance under their direct control. This means that if you want to change a price, you have to go through the

supplier. While this provides the service provider with a revenue stream, it can infuriate you, the vendor. The best way is to have a way of directly updating your site.

### **8. Can I compete with the big boys?**

The beauty of the internet means small businesses can compete effectively – no-one knows how small or big you are from a URL. Ensure your site is professional, attractive, fast and easy to use. Make sure too, that you can fulfill the orders very promptly – people expect delivery within a day or two. If you can't achieve this, make sure you communicate with the customer – email is quick and low cost.

### **9. Should I manage my store through a browser interface?**

Some companies supplying ecommerce solutions keep all site maintenance under their direct control. This means that if you want to change a price, you have to go through the supplier. While this provides the service provider with a revenue stream, it can infuriate you, the vendor. The best way is to have a way of directly updating your site.

### **10. Is ecommerce profitable?**

Absolutely yes! Selling online can be done on a small (under £1000) or large budget equally successfully and we have users to prove it. As with all business expansion do your research, get advice from trusted sources, decide what you can afford to spend to test the waters and then jump!

## **BASIC BENEFITS OF E-COMMERCE**

- Increase sales - this is the first thing that people consider
- When dealing w e-commerce
- Decreasing costs
- Provide price quotes
- Increase profits
- Understanding that profits is not the same as sales
- Expands the size of the market from regional to national or national to International Contract the market
- Reach a narrow market
- Target market segmentation allows you to focus on a more
- Select group of customers

and therefore have a competitive advantages in satisfying them

## **LIMITATION OF E-COMMERCE**

When the goods or services are sold or purchased over the Internet then this way of commerce is known as E-commerce. In this process consumers use the Internet to purchase goods and services online; added to this in web e-commerce businesses sell and communicate with other businesses through the Internet.

There is no doubt behind the fact that E-commerce has given many companies the right to cheer but there are few limitations of E-commerce too. The companies or the businesses who are selling the products are not able to communicate with the customer face to face. Due to this they

are not able to get the feedbacks about the products so that they may improvise on the products. Although online chat programs have solved this issue to some extent but it needs to be implemented on a large scale. Another limitation with E-commerce is that you are not able to touch and check quality of a product before buying it. Credit Card security is a serious issue. People who are carrying out a transaction over the Internet are worried about their credit card security. Customers are still worried and fear about their online Credit Card orders. The next one is a technological limitation that the cost involved with bandwidth and server is too high. Another limitation is that the people are becoming more and more isolated without having a contact with other people. Due to this people are facing difficulty interacting with people

### CONCLUSION

Besides giving access to the global market the internet has ``boosted the efficiency of the organizations (Impact of E-Commerce on Business Activities 2000. It has broken down the boundaries that were once there between the supplier and the customer, because of the innovative process it has also made the organizations efficient in what they. E-Commerce is the easiest way to communicate to the business chains around the world

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### Website:

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