THE STUDY OF E-COMMERCE

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INTRODUCTION

E-Commerce refers to the paperless exchange of business information using electronic data interchange, electronic mail, electronic bulletin boards, electronic funds transfer, World Wide Web, and other network based technologies. E-Commerce not only automates manual processes and each paper transactions, but also helps organizations move to a fully electronic environment and change the way they operate. In the last decade, organizations have started conducting E-commerce over the Internet, the network of networks. The Internet gave yet another boost to e-commerce because it is a low cost alternative to proprietary networks [1].

In order to understand electronic commerce it is important to identify the different term that are used, and access their origin and usage. According to the editor-in-chief of International Journal of Electronic Commerce, Vladimir Zwass, ‘Electronic commerce is sharing business information maintaining business relationships and conducting business transactions by means of telecommunications networks’. He maintains that in its purest form, electronic commerce has existed for over 40 years, originating from the electronic transmission of messages during the Berlin airlift in 1948.2From this, electronic data interchange (EDI) was the next stage of e-commerce development. In the 1960s a cooperative effort between industry groups produced a first attempt at common electronic data formats. The formats, however, were only for purchasing, transportation and finance data, and were used primarily for intra-industry transactions. It was not until the late 1970s that work began for national Electronic Data Interchange (EDI) standards, which developed well into the early 1990s.

1. Electronic Data Interchange (EDI)

The practice involves using computer technology to exchange information – or data – electronically between two organizations, called ”Trading Partners.” Technically, EDI is a set of standards that define common formats for the information so it can be exchanged in this way. Processes that used to be completed manually with paper have been replaced with an invisible, electronic flow of formatted data. EDI has replaced paper forms of many documents, including invoices, bills of lading, advance shipping notifications, student transcripts, healthcare claims and many others. Many businesses, government agencies and other organizations use EDI every day in the regular course of business. That’s because EDI makes doing business together a more automated and efficient process. Plus, digital technology can help ensure greater information security compared to paper documents.

1.1 EDI Benefits

For many companies, EDI is really not a choice. It may be a requirement of doing business with larger organizations, including big retailers, manufacturers and government agencies. Once you are communicating via EDI, the door is open to maximizing its value to your business. By integrating your EDI workflow with your back-end business or accounting system, you can streamline the entire process of how information flows through your organization. The benefits can be tremendous, including:

- **Lower costs** – By reducing the manual keying of data, handling of documents and other processes, you can potentially reduce the costs of labor and paper, and reduce errors (and their associated costs).
- **Higher efficiency** – Sending and receiving EDI data happens in seconds, and the information can be acted on immediately. This means time savings for you and your trading partners.
- **Improved accuracy** – You can reduce errors by using EDI because manual and duplicate entry is eliminated. Everything flows untouched, leaving a trail for easy future tracking.
- **More supply chain visibility** – With EDI, product sales data, product inventory status, demand forecasts and other metrics can be shared with suppliers and their
suppliers. This allows for better inventory management and supports just-in-time delivery.

- **Enhanced security** – Thanks to numerous communications protocols addressing encryption and other security issues, critical business or personal data may be exchanged with higher levels of security via EDI than by any other means.

- **Greater management information** – Because EDI data is electronic data, you have a source of information to guide management decisions or to mine for further analysis.

2. **Difference Between E-Commerce and E-Business**

E-Business in addition to encompassing E-commerce includes both front and back-office applications that form the engine for modern E-commerce. E-business is not just about E-commerce transactions; it's about re-defining old business models, with the aid of technology to maximize customer value. E-Business is the overall strategy and E-commerce is an extremely important facet of E-Business. Thus e-business involves not merely setting up the company website and being able to accept credit card payments or being able to sell products or services on time. It involves fundamental re-structuring and streamlining of the business using technology by implementing enterprise resource planning (ERP) systems, supply chain management, customer relationship management, data warehousing, data marts, data mining, etc.

3. **E-Commerce Types**

Based on the type of relationship between different sides of commerce, it can be categorized in different types: B2B, B2C, C2B, and C2C.

- **B2B (Business-to-Business)**
  Companies doing business with each other such as manufacturers selling to distributors and wholesalers selling to retailers. Pricing is based on quantity of order and is often negotiable.

- **B2C (Business-to-Consumer)**
  Businesses selling to the general public typically through catalogs utilizing shopping cart software. By dollar volume, B2B takes the prize, however B2C is really what the average Joe has in mind with regards to e-commerce as a whole.

  Having a hard time finding a book? Need to purchase a custom, high-end computer system? How about a first class, all-inclusive trip to a tropical island? With the advent of e-commerce, all three things can be purchased literally in minutes without human interaction. Oh how far we've come!

- **C2B (Consumer-to-Business)**
  A consumer posts his project with a set budget online and within hours companies review the consumer's requirements and bid on the project. The consumer reviews the bids and selects the company that will complete the project. Elance empowers consumers around the world by providing the meeting ground and platform for such transactions.

- **C2C (Consumer-to-Consumer)**
  There are many sites offering free classifieds, auctions, and forums where individuals can buy and sell thanks to online payment systems like PayPal where people can send and receive money online with ease. eBay's auction service is a great example of where person-to-person transactions take place every day since 1995.

Companies using internal networks to offer their employees products and services online--not necessarily online on the Web--are engaging in B2E (Business-to-Employee) e-commerce.

G2G (Government-to-Government), G2E (Government-to-Employee), G2B (Government-to-Business), B2G (Business-to-Government), G2C (Government-to-Citizen), C2G (Citizen-to-Government) are other forms of e-commerce that involve transactions with the government--from procurement to filing taxes to business registrations to renewing licenses. There are other categories of e-commerce out there, but they tend to be superfluous.

4. **Advantages of E-Commerce**

- **Time saving**: It saves time and transportation. Because there is no need to go anywhere physically.
- **No time constraints**: It can be used anywhere any time as there is no time constraints.
- **Price/Product comparison**: Helps consumers to compare price and product effectively and efficiently.
- **Cost effective**: Reduces logistical problems and puts a small business on a par with giants.
- **Boundary less (global location)**: E-commerce can be dealt globally as no specific boundary is required. It enables all the companies to expand them to global level.
- **Easy arrangement of products**: Products can be arranged in the shelves within minutes. With online store it is quite easy.
- **Lowers transaction cost**: Things can be automated in a well implemented online store. If online download facility is available then distribution cost can be cut off.
- **Flexible target market segmentation**: Target market segment here in e-commerce is flexible can be modified any time.
- **Direct communication with consumer**: Social networking sites, online advertising networks can be mediums to buzz about online store.
- **Improved customer interaction**: Quick feedback and comment forms are main features to interact with customers.
- **Simple and easier exchange of information**: Improves information sharing among merchants and customers and enables prompt quick just in time deliveries.
- **Easy transactions**: Financial transactions through electronic fund transfer are very fast and can be done from any part of the world.
- **Faster buying procedure**: E-commerce means better and quick customer services. Online customer services make customer happier. Due to absence of intermediaries for buying products. So buying procedure will be fast and quick.
- **No physical company set up**: Doing e business is cost effective because no physical set up is required for that.
- **Low operating cost**: It can be started and continued with very low investment. Staff cost is very low.

5. **Disadvantages of E-Commerce**

- **Fake websites**: Fake websites can not only disgrace e-commerce but bring bad name to e-commerce also.
- **Fraud**: Concerns about misuse of financial and personal data is a great weakness in e-commerce.
- **Limitation of products**: Limited number of products can be available.
- **Limited advertising**: Limited advertising opportunities are available because in e-commerce one cannot go for mass advertising.
- **Customer's satisfaction**: There is no interaction between customer and the seller. Therefore the scope of
convincing the customer does not exist. Many times customers prefer to buy the product by reaching personally to the market rather than purchasing through internet.

- **Fewer discounts and bargaining:** Hardly online businesses offer discounts and bargaining cannot be possible.
- **Security:** Security matter confuses customers especially about the integrity of the payment process.
- **Long delivery timing:** Delivery time can be in days or weeks which one cannot wait for.
- **More shipping cost:** Shipping cost increases if we order online.
- **No idea about quality and physical condition of the product:** Online products cannot be touched, wear or sit on the products.

6. **Opportunities in E-Commerce**

- **New technologies:** Daily number of internet users is increasing. People feel more comfortable to shop online.
- **Global expansion:** E-commerce can be operated anywhere at any time without any interruption.
- **Changing trends:** E-commerce is fast and effective even financial transactions can be made from any part of the world. People of tomorrow will feel more comfortable to buy products through internet only.
- **High availability (24 hour and seven days a week):** Along with each and every click of the mouse business is in operation.
- **Wide business growth:** E-business has wide scope and broader vision to grow.

**CONCLUSION**

After careful observations, it has come to conclusion that e-commerce has undeniably become an important part of our society. The world wide web is and will have a large part in our daily lives. It is therefore critical that small businesses have their own to keep in competition with the larger websites. Since web developers have lowered down the prices for their services, it has become more affordable for small businesses to use the world wide web to sell their products. Although there are negative aspects of e-commerce, small businesses have tried to accommodate to the needs of the consumers. For example, one of the negative aspects of e-commerce is that consumers lack the advice and guidance of sellers, to accommodate that, they have customer service through the phone of online to answer any questions. It is also important to note that e-commerce does not benefit all small companies equally. How much revenue a business gets from e-commerce depends on what kind of service it gives. For example, most people would like to try on clothes before they buy them, so it probably would not benefit a small business that sells clothes as much as a small business that sells home supplies or specialty books. Nevertheless, e-commerce does benefit any business even in small ways. This is why it is crucial to understand how e-commerce affects small businesses because it is becoming such a huge part of how society functions that it effects the economy greatly and whatever happens to the economy affects us. This is why it is important to understand this subject because in the long run, it will affect all of us.

**REFERENCES**