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Digital Valley

Editor : Sohan Khemka

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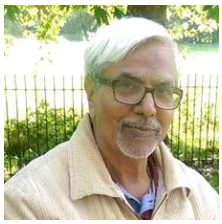

Editor's Point of View…

Gone are the days when customers needed to visit physical shops and malls for purchasing goods. E-commerce has changed the way business is done. Considering its benefits for both the buyers and sellers, if you are still running your business in a traditional way, then you are certainly losing a big opportunity to grow your business. Your competitors are already online and reaping rewards of ecommerce. If you will not embrace it soon, you will be nowhere in the competition. The benefits of ecommerce are abundant. Let's look at some of them here.

As an Organization Why you should go for e-Commerce?

- 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 organizations to provide better customer service.
- E-commerce reduces the paper work.
- E-commerce helps to simplify the business processes and makes them faster and efficient.

As a Customer Why you should go for e-Commerce?

- 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.

These were few thought for the e-commerce if you are business person and still using traditional way to buy/sell stuff then immediately start doing digitally to expand business

Regards,
Sohan Khemka

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E-Commerce

Ecommerce, 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.

The history of ecommerce begins with the first ever online sale: on the August 11, 1994 a man sold a CD by the band Sting to his friend through his website NetMarket, an American retail platform. This is the first example of a consumer purchasing a product from a business through the World Wide Web—or "ecommerce" as we commonly know it today.

Since then, ecommerce has evolved to make products easier to discover and purchase through online retailers and marketplaces. Independent freelancers, small businesses, and large corporations have all benefited from ecommerce, which enables them to sell their goods and services at a scale that was not possible with traditional offline retail.

Global retail ecommerce sales are projected to reach $27 trillion by 2020.

Brief History of E-Commerce

The history of E-commerce is a history of how Information Technology has transformed business processes. Some authors will track back the history of E-commerce to the invention of the telephone at the end of last century. The Internet was conceived in 1969, when the Advanced Research Projects Agency (a Department of Defence organization) funded research of computer networking. The Internet could end up like EDI (Electronic Data Interchange) without the emergence of the World Wide Web in 1990s. EDI (Electronic Data Interchange) is widely viewed as the beginning of E-commerce if we consider E-Commerce as the networking of business communities and digitalization of business information.

Types of E-commerce Models

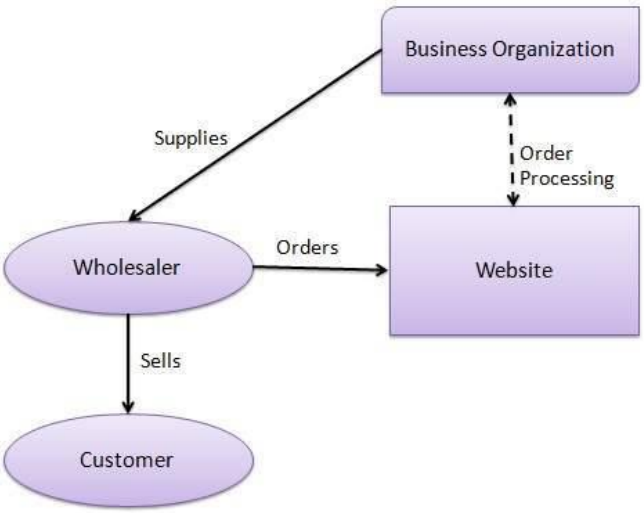
There are four main types of e-commerce models that can describe almost every transaction that takes place between consumers and businesses.

- Business-to-Business (B2B)
- Business-to-Consumer (B2C)
- Consumer-to-Consumer (C2C)
- Consumer-to-Business (C2B)
- Business-to-Administration (B2A)
- Consumer-to-Administration (C2A)

What is E-commerce - Business Models?

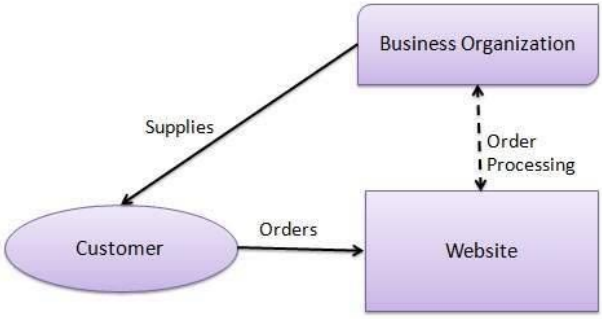
Business - to - Business

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 end product to the final customer who comes to buy the product at one of its retail outlets.



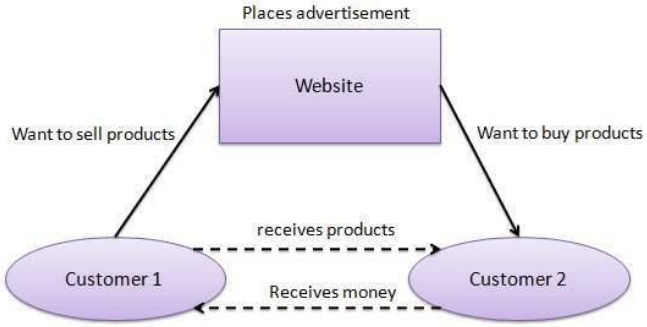
Business - to - Consumer

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.



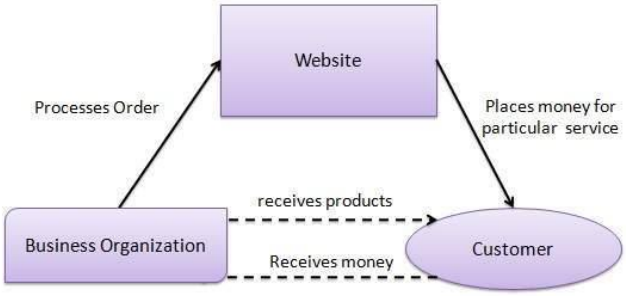
Consumer - to - Consumer

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.



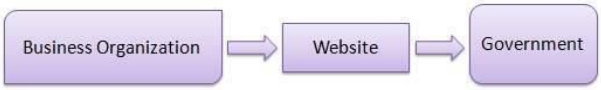
Consumer - to - Business

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 fulfils the consumer's requirement within the specified budget, approaches the customer and provides its services.



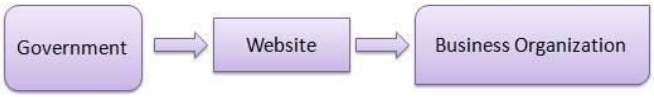
Business - to - Government

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.



Government - to - Business

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



Government - to - Citizen

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.

Examples of E-commerce

E-commerce can take on a variety of forms involving different transactional relationships between businesses and consumers, as well as different objects being exchanged as part of these transactions.

1. Retail:

The sale of a product by a business directly to a customer without any intermediary.

2. Wholesale:

The sale of products in bulk, often to a retailer that then sells them directly to consumers.

3. Dropshipping:

The sale of a product, which is manufactured and shipped to the consumer by a third party.

4. Crowdfunding:

The collection of money from consumers in advance of a product being available in order to raise the start-up capital necessary to bring it to market.

5. Subscription:

The automatic recurring purchase of a product or service on a regular basis until the subscriber chooses to cancel.

6. Physical products:

Any tangible good that requires inventory to be replenished and orders to be physically shipped to customers as sales are made.

7. Digital products:

Downloadable digital goods, templates, and courses, or media that must be purchased for consumption or licensed for use.

8. Services:

A skill or set of skills provided in exchange for compensation. The service provider's time can be purchased for a fee.

Unique features of E-commerce

- Ubiquity- The traditional business market is a physical place, access to treatment by means of document circulation. For example, clothes and shoes are usually directed to encourage customers to go somewhere to buy. E-commerce is ubiquitous meaning that it can be everywhere. E-commerce is the worlds reduce cognitive energy required to complete the task.
- Global Reach- E-commerce allows business transactions on the cross country bound can be more convenient and more effective as compared with the traditional commerce. On the e-commerce businesses potential market scale is roughly equivalent to the network the size of the world's population.
- Richness- Advertising and branding are an important part of commerce. E-commerce can deliver video, audio, animation, billboards, signs and etc. However, it's about as rich as television technology.
- Interactivity- Twentieth Century electronic commerce business technology is called interactive, so they allow for two-way communication between businesses and consumers.

Difference between Traditional Commerce and e-Commerce

BASIS FOR COMPARISON	TRADITIONAL COMMERCE	E-COMMERCE
Meaning	Traditional commerce is a branch of business which focuses on the exchange of products and services, and includes all those activities which encourages exchange, in some way or the other.	E-Commerce means carrying out commercial transactions or exchange of information, electronically on the internet.
Accessibility	Limited Time	24×7×365
Physical inspection	Goods can be inspected physically before purchase.	Goods cannot be inspected physically before purchase.
Customer interaction	Face-to-face	Screen-to-face
Scope of business	Limited to particular area.	Worldwide reach
Business Relationship	Linear	End-to-end
Payment	Cash, cheque, credit card, etc.	Credit card, fund transfer etc.
Delivery of goods	Instantly	Takes time

Advantages of E-Commerce

- Faster buying/selling procedure, as well as easy to find products.
- Buying/selling 24/7.
- More reach to customers, there is no theoretical geographic limitations.
- Low operational costs and better quality of services.
- No need of physical company set-ups.
- Easy to start and manage a business.
- Customers can easily select products from different providers without moving around physically.

E-Commerce – 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.
- There could be software/hardware compatibility issues, as some e-commerce software may be incompatible with some operating system or any other component.

E-payment System

An e-payment system is a way of making transactions or paying for goods and services through an electronic medium, without the use of checks or cash. It's also called an electronic payment system or online payment system. Read on to learn more.

The electronic payment system has grown increasingly over the last decades due to the growing spread of internet-based banking and shopping. As the world advances more with technology development, we can see the rise of electronic payment systems and payment processing devices. As these increase, improve, and provide ever more secure online payment transactions the percentage of check and cash transactions will decrease.

Popular Electronic payment methods

1. Credit Payment System

- Credit Card — A form of the e-payment system which requires the use of the card issued by a financial institute to the cardholder for making payments online or through an electronic device, without the use of cash.
- E-wallet — A form of prepaid account that stores user's financial data, like debit and credit card information to make an online transaction easier Ex : Paypal, Paytm, Bhim App, Google Tez.
- Smart card — A plastic card with a microprocessor that can be loaded with funds to make transactions; also known as a chip card.

2. Cash Payment System

- Direct debit — A financial transaction in which the account holder instructs the bank to collect a specific amount of money from his account electronically to pay for goods or services.
- E-check — A digital version of an old paper check. It's an electronic transfer of money from a bank account, usually checking account, without the use of the paper check.
- E-cash is a form of an electronic payment system, where a certain amount of money is stored on a client's device and made accessible for online transactions.

- Stored-value card — a card with a certain amount of money that can be used to perform the transaction in the issuer store. A typical example of stored-value cards are gift cards.

Pros and cons of using an e-payment system

E-payment systems are made to facilitate the acceptance of electronic payments for online transactions. With the growing popularity of online shopping, e-payment systems became a must for online consumers — to make shopping and banking more convenient. It comes with many benefits, such as:

- Reaching more clients from all over the world, which results in more sales.
- More effective and efficient transactions — It's because transactions are made in seconds (with one-click), without wasting customer's time. It comes with speed and simplicity.
- Convenience. Customers can pay for items on an e-commerce website at anytime and anywhere. They just need an internet connected device. As simple as that!
- Lower transaction cost and decreased technology costs.
- Expenses control for customers, as they can always check their virtual account where they can find the transaction history.
- Today it's easy to add payments to a website, so even a non-technical person may implement it in minutes and start processing online payments.
- Payment gateways and payment providers offer highly effective security and anti-fraud tools to make transactions reliable.

Sounds great, so are there any drawbacks?

- E-commerce **fraud** is growing at 30% per year. If you follow the security rules, there shouldn't be such problems, but when a merchant chooses a payment system which is not highly secure, there is a risk of sensitive data breach which may cause identity theft.
- The lack of anonymity — for most, it's not a problem at all, but you need to remember that some of your personal data is stored in the database of the payment system.
- The need for internet access — as you may guess, if the internet connection fails, it's impossible to complete a transaction, get to your online account, etc.

E-commerce, as well as m-commerce, is getting bigger year after year, so having an e-payment system in your online store is a must. It's simple, fast and convenient, so why not have one?

Still, one of the most popular payment methods are credit and debit card payments, but people also choose some alternatives or local payment methods. If you run an online business, find out what your target audience needs and provide the most convenient and relevant e-payment system.

2 Real-World Examples of E-Commerce

1 Private Online marketplaces

Amazon, ebay, Etsy, Alibaba, and Flipkart From here you can buy stuff as well as vendors can sell.

2 Government Online Market Place

Gem (Government e-Marketplace) Launched in August 2016, Government e-Marketplace (GeM) is an online market platform to facilitate procurement of goods and services by various Ministries and agencies of the government. It aims to enhance transparency, efficiency, and speed in public procurement of goods and services.

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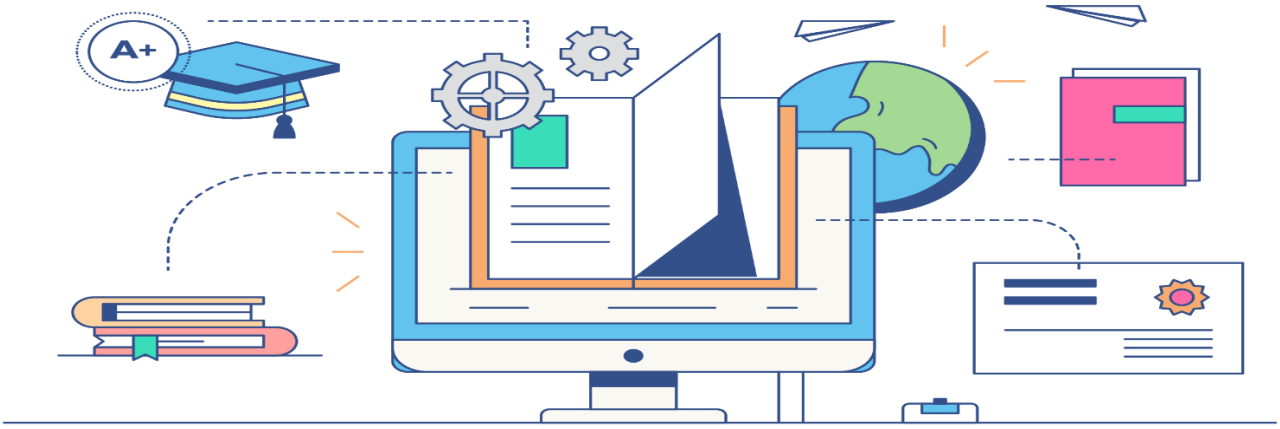

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