

E-COMMERCE AN INTRODUCTION

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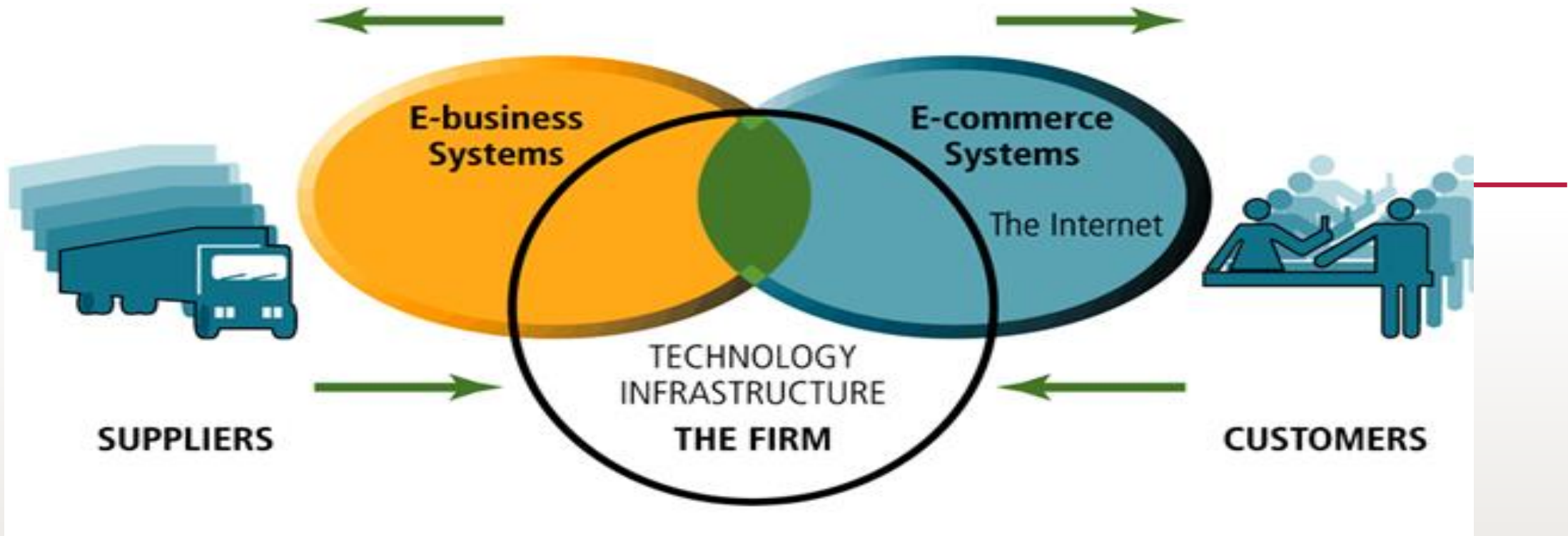


E-COMMERCE SIGNIFIES.....

- Digitally enabled Commercial transaction between & among organizational or individual boundaries in return for products or services
- Digital Commerce – or.....Digitally enabled transactions
- Use of –
 - Internet
 - Web
 - Applications
- Commercial transaction – involving exchange of value.....across organizational or individual boundaries in return for products or services
- Transactions crossing FIRM's boundary.

ECOMM VRS. E-BUSINESS





DIFFERENCE & RELATION BETWEEN
E-COMMERCE & E-BUSINESS



ONLINE CASE-STUDY OF AN E-COMMERCE FIRM WITH A DIFFERENCE

- <https://www.etsy.com/in-en/about>



- E-business:

- Digital enablement of transactions and processes *within* a firm, involving information systems under firm's control
- Does not include commercial transactions involving an exchange of value across organizational boundaries

**E-COMMERCE
VS.
E-BUSINESS**



STAGES OF ECOMMERCE

Stage		Characteristics
1	Web presence	Static or dynamic web-pages but no transactions are carried out. Would show information about the organisation, products, contact details, FAQs (Frequently Asked Questions). Faster updates are possible than with paper-based information and could be cheaper than paper-based catalogues.
2	E-commerce	Buying and selling transactions using e-commerce. Might cut out middlemen, but there is probably no fundamental change in the nature of the business.
3	Integrated e-commerce	Integrated e-commerce. For example, information can be gathered about each customer's buying habits. This can allow the organisation to target customers very precisely and to begin to predict demand.
4	E-business	E-business is now fundamental to the business strategy and may well determine the business strategy

WHEN WAS ONLINE SHOPPING INVENTED?

- Invented and pioneered in 1979 by Michael Aldrich in UK
- He connected a modified domestic television via a telephone line to a real-time multi-user transaction processing computer.
- The system was marketed beginning in 1980 and offered mainly business-to-business systems that were sold in the UK, Ireland, and Spain.
- Earliest consumer shopping experiences was Book Stacks Unlimited, an online bookstore created by Charles M. Stack in 1992. Stack's store began as a dial-up bulletin board two years before Amazon was founded by Jeff Bezos.
- In 1994, Book Stacks Unlimited moved to the Internet as Books.com and was eventually acquired by Barnes & Noble.

NEED TO STUDY E-COMM.

- Technology is different and more powerful than other technologies
- Has challenged much traditional business thinking – Mktng evoltn.
- Has a no. of unique features (8) that help explain why we have so much interest in e-commerce
- Change from Mass-marketing & Sales-force driven process to Customization & customer-centric.
- Consumers were considered as passive targets for advertising, trapped by geographical & social boundaries
- Profitable **Information asymmetries** were existing.

ABOUT THE HISTORY OF E- COMMERCE

- <https://www.miva.com/blog/the-history-of-ecommerce-how-did-it-all-begin/>

Figure 1.10: Periods in the Development of E-commerce

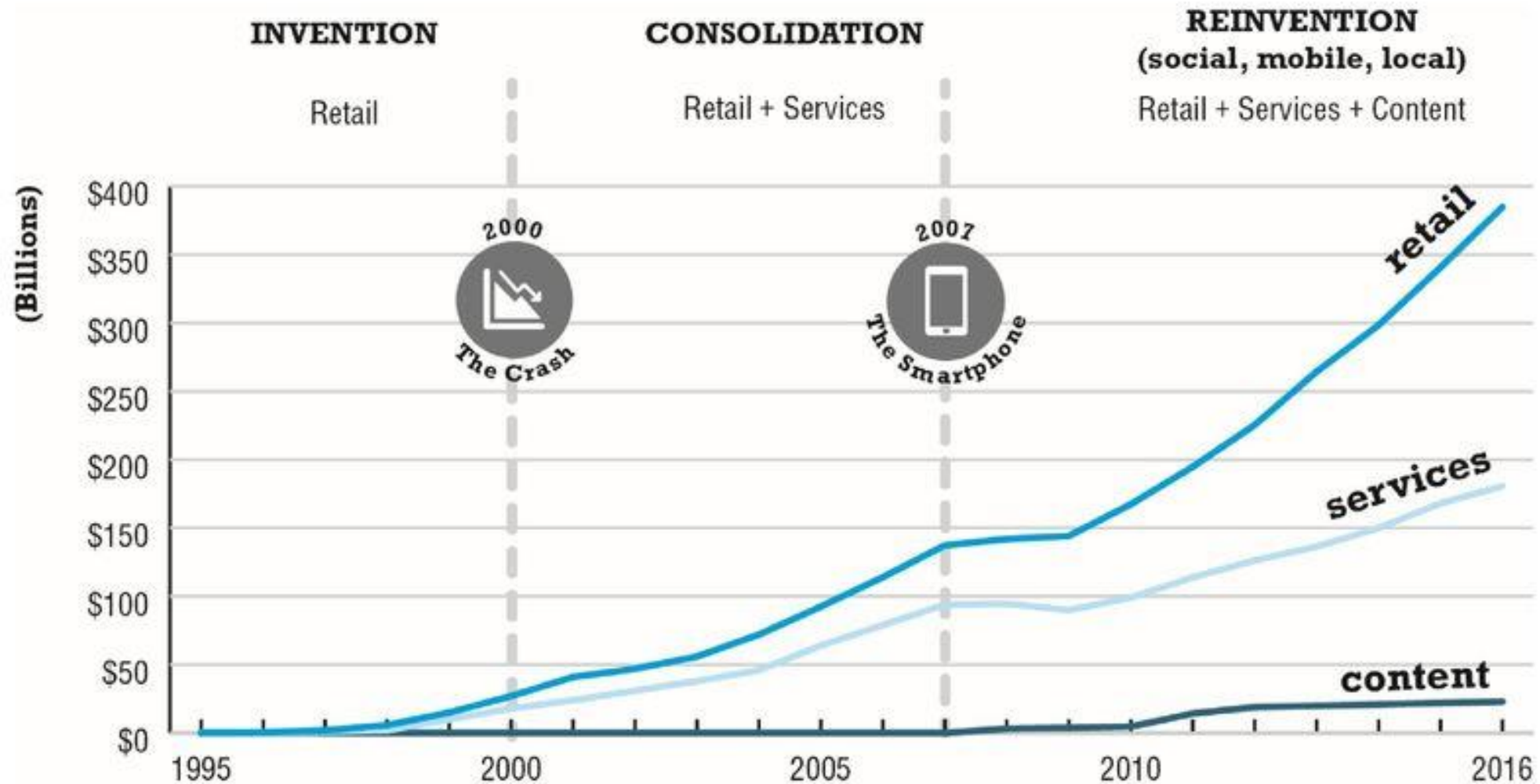




FIGURE 1.2

EIGHT UNIQUE FEATURES OF E-COMMERCE TECHNOLOGY



8 UNIQUE FEATURES EXPLAINED.....

Ubiquity –

- Marketspace : no restriction of boundaries
- less cognitive energy used (mental effort required to complete a task)
- transaction cost – spending time & money to participate in the market.

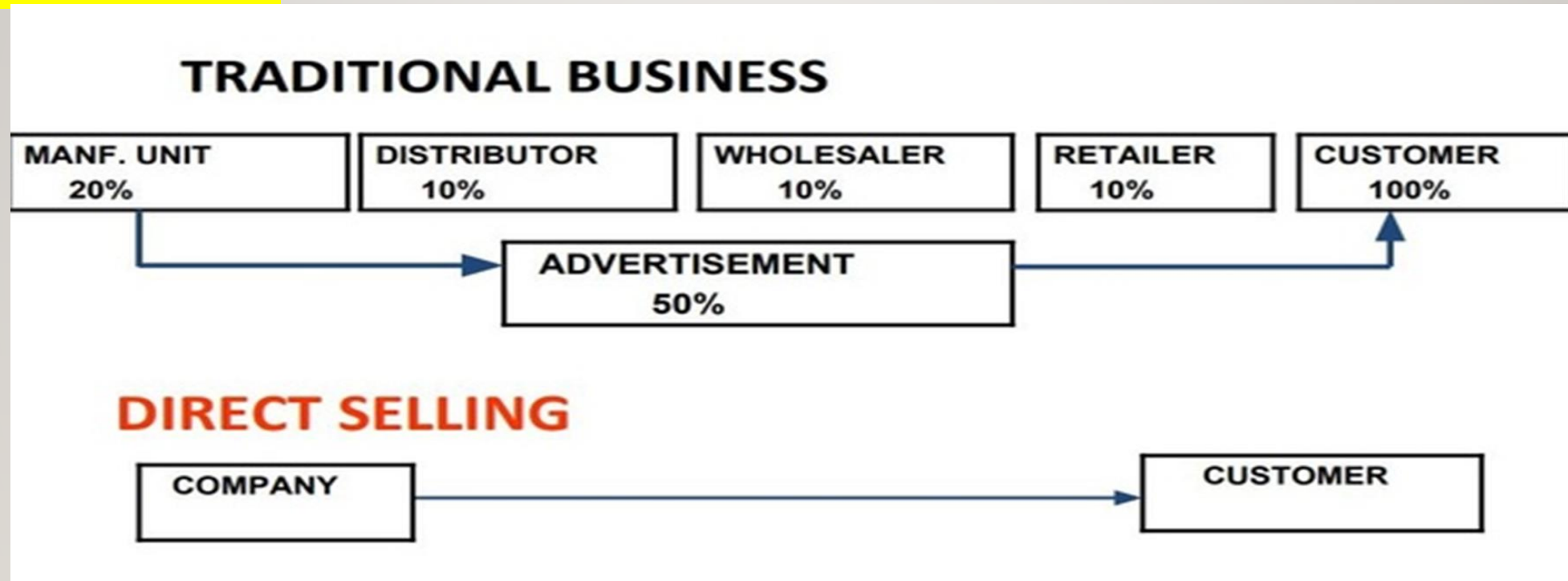


Global reach –

total no. of users/cust. a business can obtain.

Potential Mkt. size for e-comm. Business = world's online population.

UNIV. STAND – REDUCES MKT. ENTRY COSTS FOR MKTRS. & SEARCH COST FOR CUST. PRICE DISCOVERY FAST, ACCURATE & SIMPLER.



SEARCH COST

- External Cost + Internal Cost
- External – Monetary cost of acquiring the information + Opportunity cost (time taken in searching)
- Ext. Cost – Not under customer's control, can only choose not to incur them.
- Internal cost – Mental effort put in for searching, sorting & integrating with prior knowledge
- Int. Cost – depends on Cust.'s intelligence, prior knowledge, education & training

RICHNESS

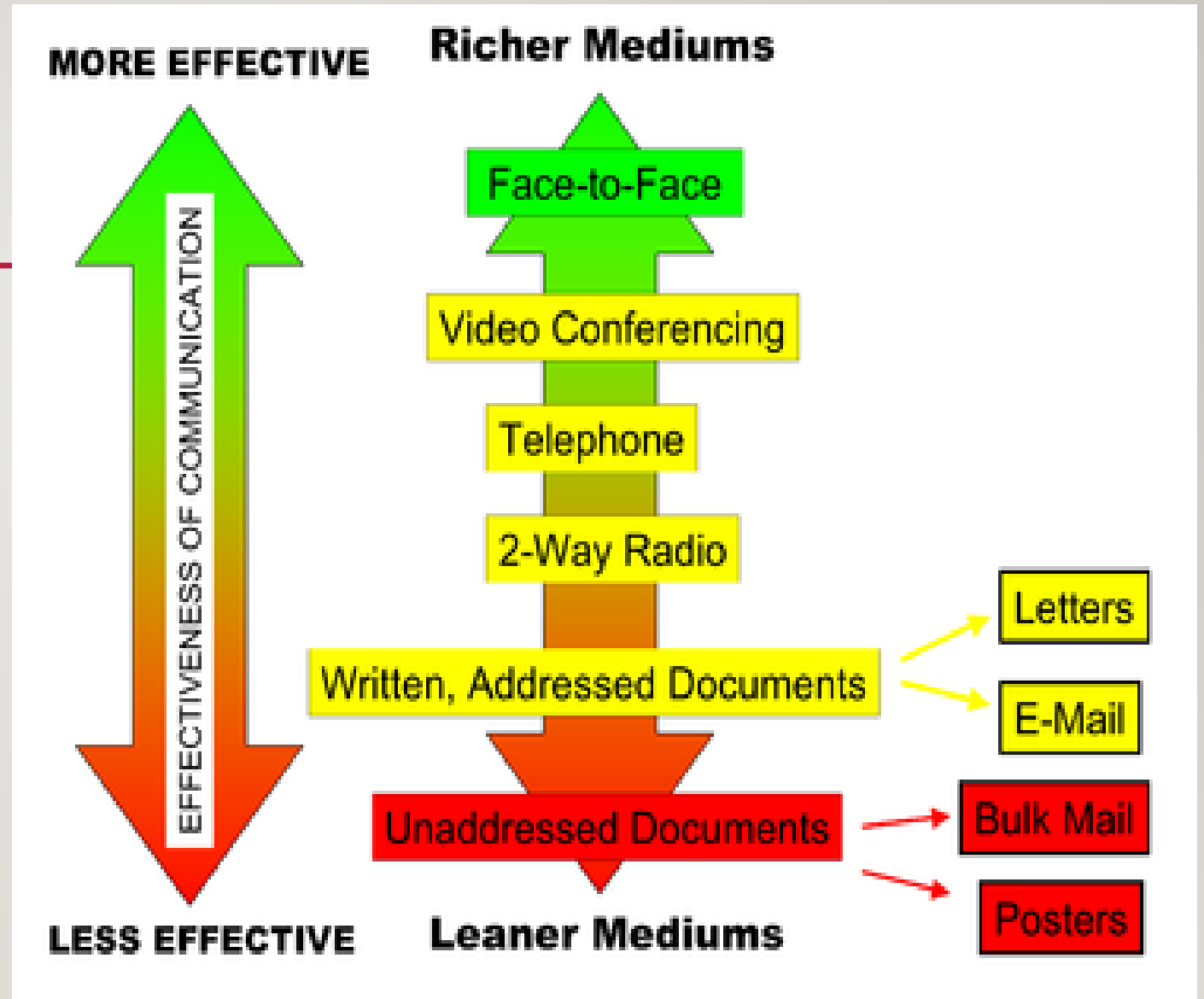
- complexity & content of the message
- Traditional markets – richness more, reach less.
- Content reduces with increase in reach.
- Eg. – chatting like a retail shop.

MEDIA RICHNESS FACTORS

All comm. Media varies in their ability to(1) enable cust. to communicate & (2) to change understanding

- Ability or capacity for real time feedback,
- No. of available channels that can be used
- Language variety
- Focus on the individual receiving the information.

RICHNES S OF A MEDIUM



MEDIA RICHNES S MODEL

medium

face-to-face/
„meeting“

video communication

telephone /
telephone conference

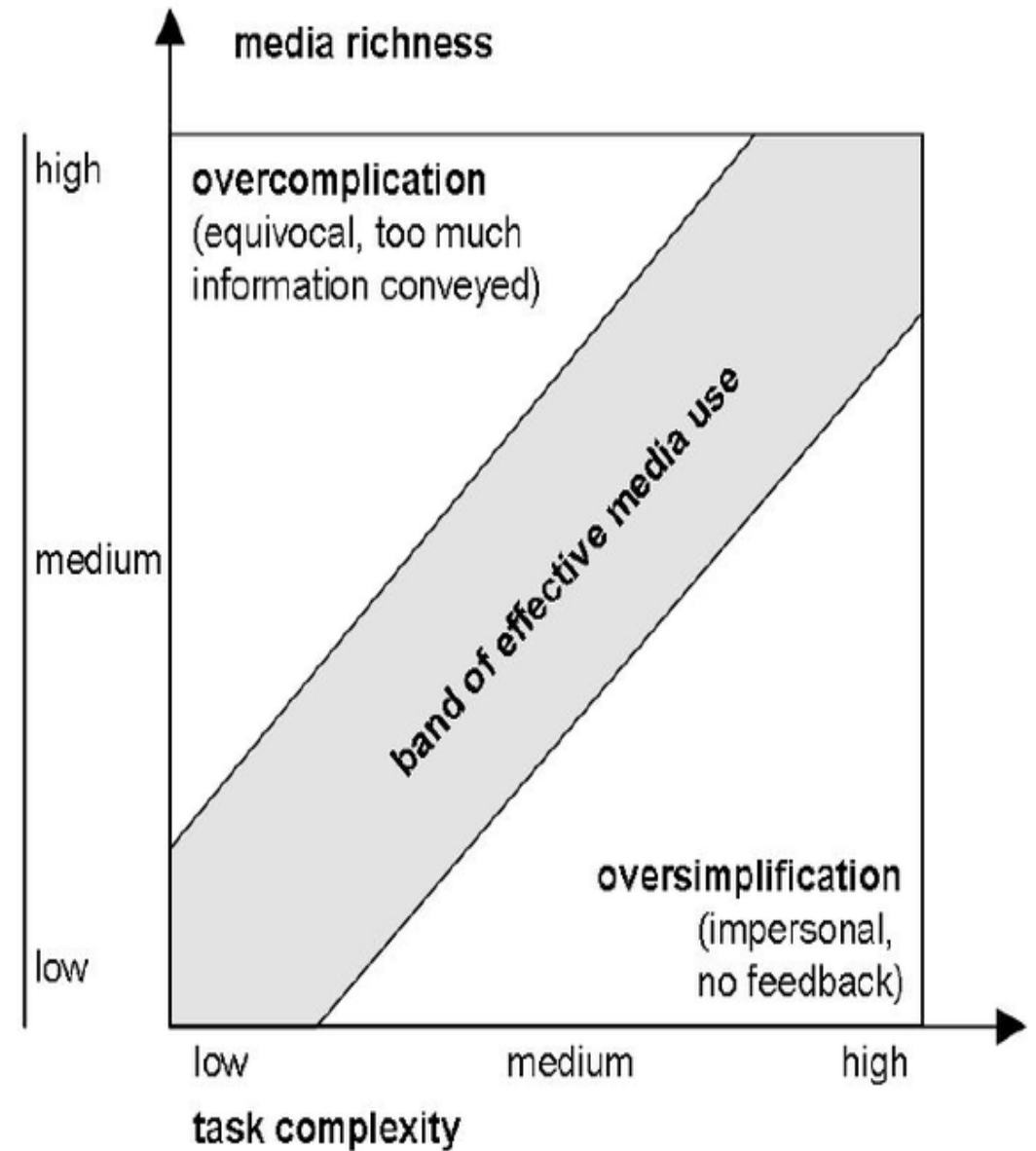
voice Mail

computer conference

fax

e-mail

letters /
documents



Info. Density

– tot. amnt. & qlty. of info. available to all mkt. participants leading to price transparency & cost transparency for consumers # ;

– #Price trans. – ease with which cons. can find out variety of prices avlbe in mkt.

#Cost trans. – ability of consm. to discover actual cost payed by merchants.

#price discrimination for mktrs- premium prices & lower prices for price-sensitive cust.

Social tech

- many-to-many model opposed to 1-to-many model of mass comm.
- Press, phone & internet
- Permitting users to program their own content consumption.

BUSINESS SIGNIFICANCE OF TECHNOLOGY

- [http://changingminds.org/explanations/theories/small_world
.htm](http://changingminds.org/explanations/theories/small_world.htm)
- https://en.wikipedia.org/wiki/Six_degrees_of_separation

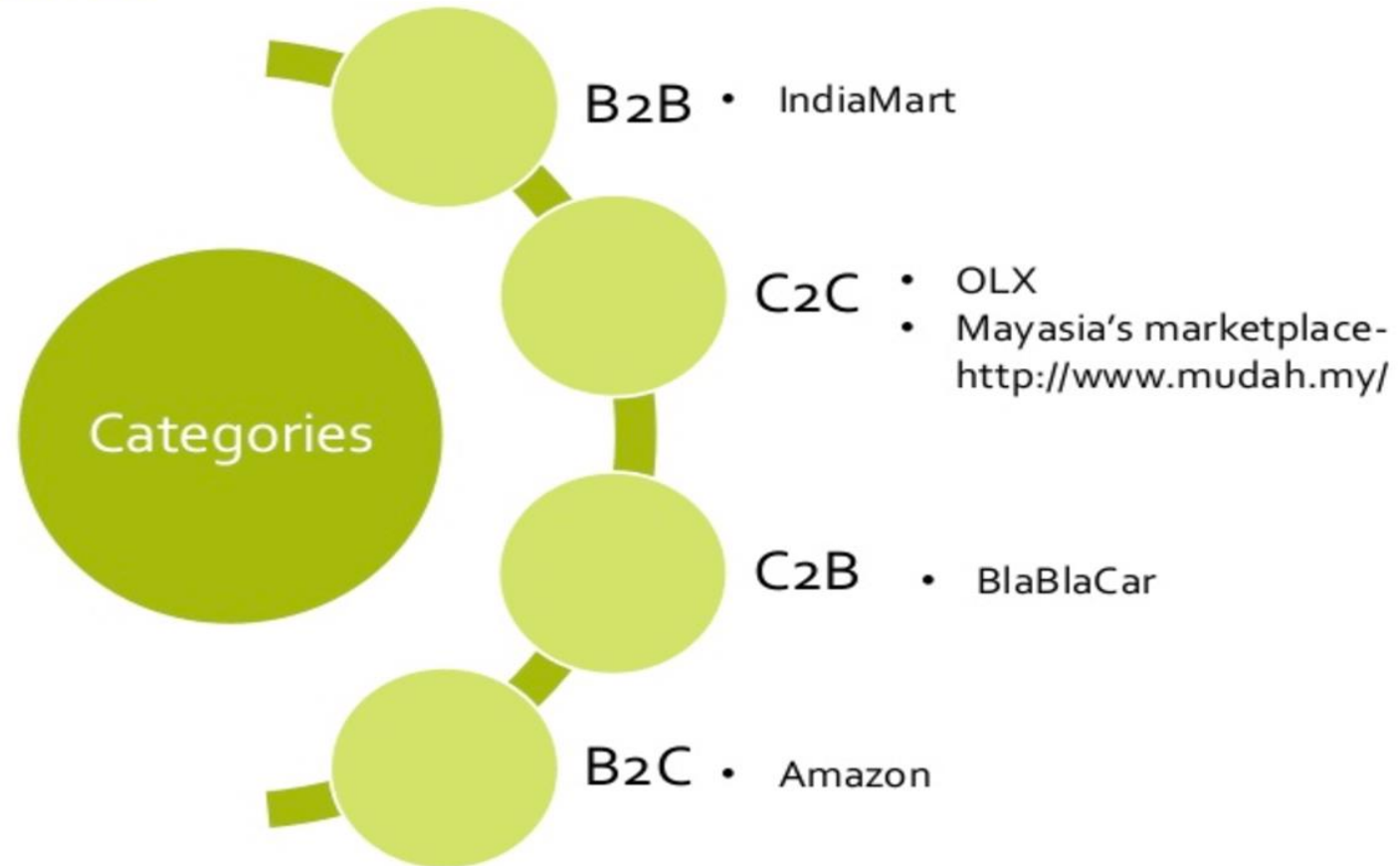
Types of e-Commerce

	Government	Business	Consumer
Government	G2G e.g. Central & State	G2B e-Tenders	G2C Information to Citizens, online forms
Business	B2G e.g. procurement	B2B Covisint.com EDI, E-P	B2C Flipkart.com Raziff.com
Consumer	C2G Online filing of tax returns	C2B Job portals like naukri.com	C2C Facebook.com, Ebay.in, flikr.com

Source : OECD

TYPES OF E- COMM

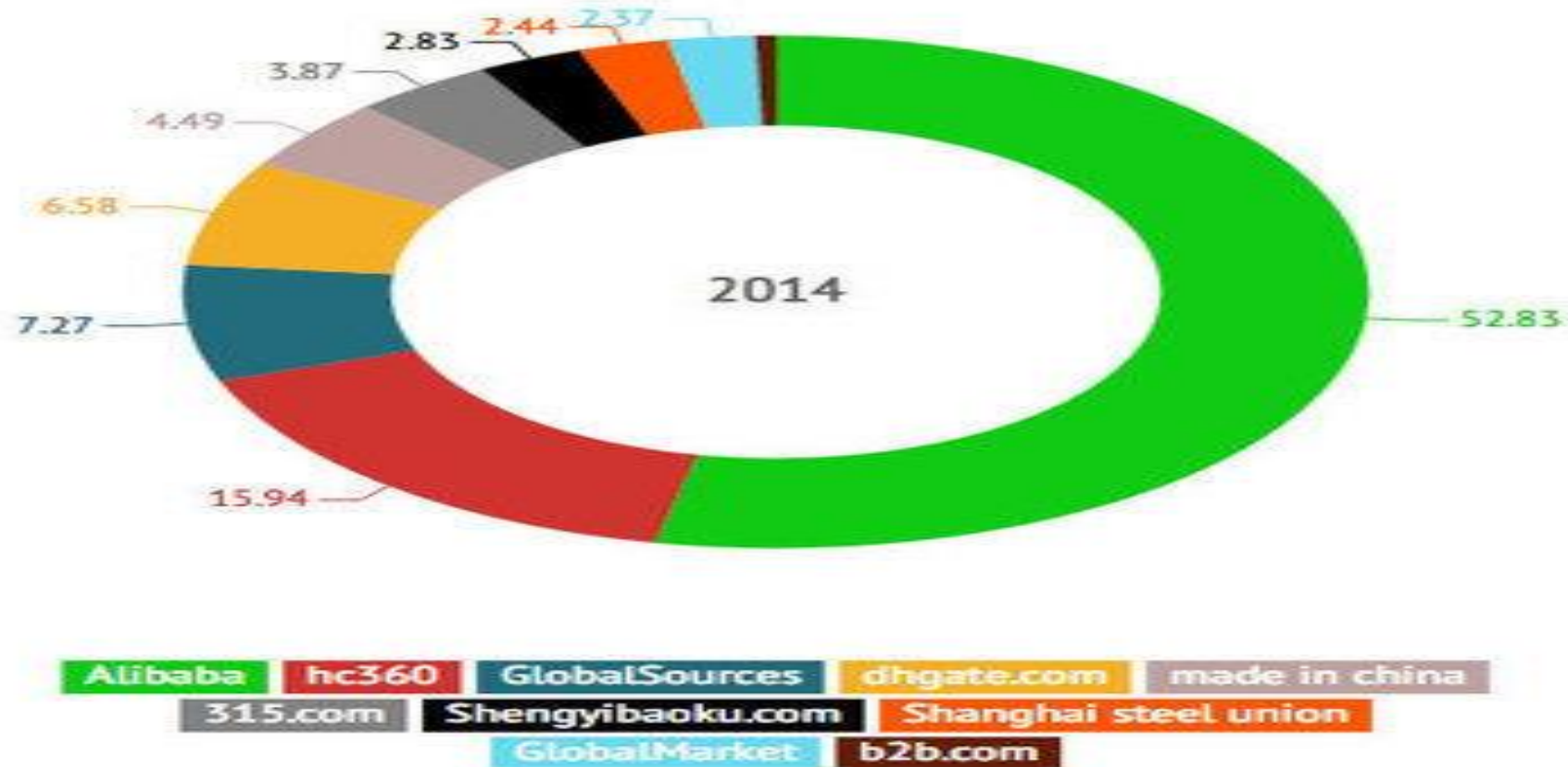
E-commerce



B2C vs B2B marketing

	B2C 'low involvement'	B2B 'high involvement'
Target market	Larger	Smaller, niche
Purchaser(s)	Single	Multiple
Buying process	Single step	Multiple step
Sales cycle	Shorter	Longer
Sales driver	Recognition and repetition	Relationship and detailed information

Chinese b2b market share (%)



<https://www.chinacheckup.com/blogs/articles/china-sourcing-websites>

MORE MODELS.....

Social E-commerce –
Facebook commerce

M-commerce

Local E-comm.

New Comm.

<https://www.spec-india.com/blog/new-commerce-a-mixed-bag-of-e-commerce-m-commerce-m-commerce-me-commerce/>

INSIGHT ON TECHNOLOGY –

- Will Apps make the Web irrelevant ?
- Start-Up Boot Camp

THE INTERNET AND THE EVOLUTION OF CORPORATE COMPUTING

COMPUTER TECHNOLOGY

Mainframe Computers
1950 – 1975



Minicomputers
1970 – 1980



Personal Computers
1980 – Present



Local Area Networks
Client/Server Computing
1980 – Present



Enterprise-wide Computing
1990 – Present



Internet and World
Wide Web
1995 – Present



BUSINESS APPLICATION

Transaction automation
Payroll
Accounts receivable

Business function automation
Marketing
Human Resources
Design

Desktop automation
Word processing
Spreadsheets
Databases

Workgroup automation
Document sharing
Project management
Messaging, e-mail

Enterprise-wide automation
Resource planning systems
Integrated finance-manufacturing systems
Human resource planning

Industrial system automation
Supply chain management
Customer relationship management
Channel management systems

E-COMM. INVOLVES 3 THEMES



TECHNOLOGY



BUSINESS



SOCIETY

E-COMM. & THEMES

- **Technology:** Development and mastery of digital computing and communications technology
- **Business:** New technologies present businesses and entrepreneurs with new ways of organizing production and transacting business
- **Society:** Intellectual property, individual privacy, and public policy

CASE STUDY

- The Pirate Bay : Searching for a safe Haven