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NEW SYLLABUS
University of Pune

BCA: Semester-II

E-COMMERCE CONCEPTS

GAUTAM BAPAT



NIRALI PRAKASHAN
the way to excellence

A Text Book Of

E-COMMERCE CONCEPTS

For

B.B.A. (Computer Application) Semester - II (Course Code: 205)
Formerly Known as B.C.A.
As per Revised Syllabus

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Preface ...

I take this opportunity to present this book entitled as “**E-commerce Concepts**” to the students of Second Semester (B.B.A.) (Computer Application). The object of this book is to present the subject matter in a most concise and simple manner. The book is written strictly according to the Revised Syllabus.

The book has its own unique features. It brings out the subject in a very simple and lucid manner for easy and comprehensive understanding of the basic concepts, its intricacies, procedures and practices. This book will help the readers to have a broader view on E-commerce Concepts. The language used in this book is easy and will help students to improve their vocabulary of Technical terms and understand the matter in a better and happier way.

I sincerely thank Shri. Dineshbhai Furia and Shri. Jignesh Furia of Nirali Prakashan, for the confidence reposed in me and giving me this opportunity to reach out to the students of management studies.

I thank Mr. Amar Salunkhe for his important inputs time to time and Mr. Akbar Shaikh who painstakingly attended to all the details to make this book appear good.

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I have given my best inputs for this book. Any suggestions towards the improvement of this book and sincere comments are most welcome on niralipune@pragationline.com.

AUTHOR



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Chapter 1 ...

Introduction to Electronic Commerce

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1.1 What is E-Commerce?**(Oct. 16)**

- Electronic commerce or ecommerce is a term for any type of business, or commercial transaction that involves the transfer of information across the Internet.
- Electronic commerce is narrowly defined as "buying and selling products/services over the Internet".
- E-commerce includes retail shopping, banking, stocks and bonds trading, auctions, real estate transactions, airline booking, movie rentals—nearly anything one can imagine in the real world.
- E-commerce allows consumers to electronically exchange goods and services with no barriers of time or distance.

1.1.1 Introduction

- Transacting or facilitating business on the Internet is called ecommerce. E-commerce is stand for "electronic commerce."
- E-commerce, means buying and selling of goods/products on the internet.
- In other words we say that "E-commerce is the art and science of selling products and/or services over the Internet".
- eCommerce, refers to the purchasing and selling of goods or services via electronic means, such as the Internet or mobile phone applications. Electronic commerce is commonly referred to as Online commerce, Web commerce, eBusiness, eRetail, e-tailing, ecommerce, eCommerce, e-commerce, ecom or EC.
- Electronic commerce, consists of the buying and selling of products or services over electronic systems such as the Internet and other computer networks.
- The term Electronic commerce refers to the use of an electronic medium to carry out commercial transactions. Most of the time, it refers to the sale of products via Internet.
- E-commerce can best be described as buying and selling of goods/products and services over the Internet so this E-commerce includes both business-to-business (B2B) and business-to-consumer (B2C) transactions.
- The potential dimension of e-commerce today is the substantial cost savings that could occur if a company's business is done electronically.
- E-commerce, is the process used to distribute, buy, sell or market goods and services, and the transfer of funds online, through electronic communications or networks.

Meaning of Electronic Commerce:

- E-commerce involves in advertising, multimedia, product information, customer support on the World Wide Web (www), Internet security and payment mechanism are all covered under electronic commerce.
- Zwass defines e-commerce as "the sharing of business information, maintaining business relationships, and the conducting business transactions by means of telecommunications networks or internet"

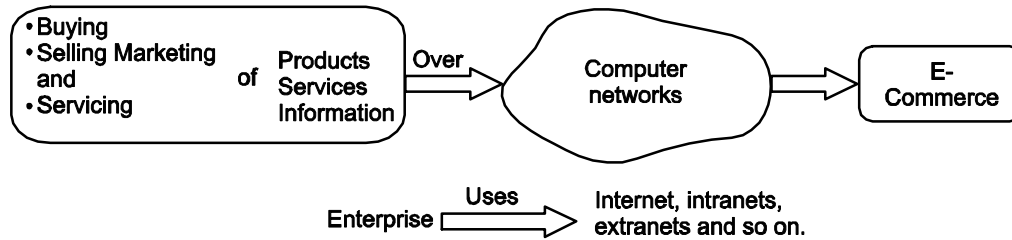


Fig. 1.1: Meaning of Electronic Commerce

- Electronic commerce could include following examples:
 - Use of multimedia web pages of product catalogs on the Internet.
 - Use by sales representatives to access customer records through corporate intranet.
 - Access of inventory databases by large customers through the extranet.

1. Electronic Commerce covers following:

- Web retailing and wholesaling,
- Online point-of-sale and Transaction processing,
- Electronic Funds Transfer (EFT),
- Electronic Data Interchange (EDI),
- Electronic Banking,
- Supply Chain Management, and
- Interactive Marketing.
- Use of multimedia web pages of product catalogs on the internet.
- Access of inventory database by large customers through extranet.

2. Enterprise Collaboration System (ECS) includes:

- Electronic Mail,
- Voice Mail,
- Discussion Forums,
- Data conferencing,
- Video conferencing, and
- Electronic Meeting Systems (EMS)
- Equited Money Installment.
- Electronic Clearance System.

1.1.2 Definition

- Some of the definitions of e-commerce often heard and found in publications and the media are listed below:
 - Doing business online is known as e-commerce.
OR
 - E-commerce is buying and selling of products, information and services over the Internet.
OR
 - Electronic Commerce (EC) is where business transactions take place via telecommunications networks, especially the Internet.
OR
 - Electronic commerce describes the buying and selling of products, services, and information via computer networks including the Internet.
OR
 - Electronic commerce is about doing business electronically.
OR
 - E-commerce, ecommerce, or electronic commerce is defined as "the conduct of a financial transaction by electronic means".
OR
 - E-commerce is the buying and selling of goods and services on the Internet, especially the World Wide Web.
OR
 - E-commerce is buying and selling, marketing and servicing and delivery and payment of products, service and information over the Internet, intranets, extranets and other networks, between an inter-networked enterprise and its prospects, customers, suppliers and other business partners.

1.1.3 Basic Concepts of E-Commerce

1.1.3.1 Importance and Uses of E-Commerce

- Following points describes importance and uses of E-commerce.
- 1. Exploitation of New Business:**

Broadly speaking, electronic commerce emphasizes the generation and exploitation of new business opportunities and to use popular phrases i.e. "generate business value" or "do more with less".
 - 2. Enabling the Customers:**

Electronic Commerce is enabling the customer to have an increasing say in what products are made, how products are made and how services are delivered.

3. Improvement of Business Transaction:

Electronic Commerce endeavors to improve the execution of business transaction over various networks.

4. Effective Performance:

It leads to more effective performance i.e. better quality, greater customer satisfaction and better corporate decision making.

5. Greater Economic Efficiency:

We may achieve greater economic efficiency (lower cost) and more rapid exchange (high speed, accelerated, or real-time interaction) with the help of electronic commerce.

6. Execution of Information:

It enables the execution of information transactions between two or more parties using inter connected networks. These networks can be a combination of 'Plain Old Telephone System' (POTS), Cable TV, leased lines and wireless. Information based transactions are creating new ways of doing business and even new types of business.

7. Incorporating Transaction:

Electronic Commerce also incorporates transaction management, which organizes, routes, processes and tracks transactions. It also includes consumers making electronic payments and funds transfers.

8. Increasing of Revenue:

Firm use technology to either lower operating costs or increase revenue. Electronic Commerce has the Potential to increase revenue by creating new markets for old products, creating new information-based products, and establishing new service delivery channels to better serve and interact with customers. The transaction management aspect of electronic commerce can also enable firms to reduce operating costs by enabling better coordination in the sales, production and distribution processes and to consolidate operations to reduce overhead.

9. Reduction of Friction:

Electronic Commerce research and its associated implementations is to reduce the "friction" in on line transactions frictions is often described in economics as transaction cost. It can arise from inefficient market structures and inefficient combinations of the technological activities required to make a transaction. Ultimately, the reduction of friction in online commerce will enable smoother transaction between buyers, intermediaries and sellers.

10. Facilitating of Network Form:

Electronic Commerce is also impacting business to business interactions. It facilitates the network form of organization where small flexible firms rely on other partner, companies for component supplies and product distribution to meet changing customer demand

more effectively. Hence, an end to end relationship management solution is a desirable goal that is needed to manage the chain of networks linking customers, workers, suppliers, distributors and even competitors. The management of "online transactions" in the supply chain assumes a central roll.

11. Facilitating for Organizational Model:

It is facilitating an organizational model that is fundamentally different from the past. It is a control organization to the information based organization. The emerging forms of techno-organizational structure involve changes in managerial responsibilities, communication and information flows and work group structures.

1.1.3.2 E-Commerce Challenges

- Various E-commerce challenges are given below:
 1. **Understanding customer evolution:** Invest ahead of customer needs.
 2. **Charting changing technology:** Match technology choices to consumer tastes.
 3. **Weathering the storm:** Reassure stakeholders with clear vision, sensible business model, and profitable venture.
 4. **Integrating offline and online activities:** Align offline and online business activities, especially advertising, branding, retail and online store design, service, warranties, returns (customer-facing activities).
 5. **Identifying key levers of competitive advantage:** Reallocate resources as competitive advantage levers evolve.
 6. **Expanding globally:** Deal with complex internationalization issues.

1.1.3.3 Features

- Some features of e-commerce which makes it considerably appreciable are given below:
 1. **Ubiquity:** Because eCommerce is ubiquitous, the market is able to extend its traditional geographic boundaries and operating hours. An example includes the ability to access the Internet wherever there is a Wi-Fi hotspot, such as a cafe or airport. In traditional commerce, a marketplace is a physical place we visit in order to transact. For example, television and radio are typically directed to motivate the customer to go someplace to make a purchase. E-commerce is ubiquitous, meaning that it is available just about everywhere at all times. It liberates the market from being restricted to a physical space and makes it possible to shop from your desktop. The result is called a market space. From consumer point of view, ubiquity reduces transaction costs - the cost of participating in a market. To transact, it is no longer necessary that you spend time and money traveling to a market. At a broader level, the ubiquity of e-commerce lowers the cognitive energy required to complete a task.
 2. **Global Reach:** E-commerce technology permits commercial transactions to cross cultural and national boundaries far more conveniently and effectively as compared to traditional commerce. As a result, the potential market size for e-commerce merchants is roughly equal to the size of world's online population.

E-commerce Concepts



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