

NEW SYLLABUS

# E - COMMERCE

GAUTAM BAPAT



**NIRALI**  
PRAKASHAN  
MULTIMEDIA & TECHNOLOGIES

***A Book Of***

# **E-COMMERCE**

**For Semester - VI : B.B.A.**

**As Per Revised Syllabus  
Effective from June 2015**

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## **Preface ...**

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I take this opportunity to present this book entitled as “**E-Commerce**” to the students of Sixth Semester (T.Y.B.B.A.). 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. 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 Mrs. Aabha Athavale, Mrs. Anita Panajkar for their important inputs time to time and Mr. Akbar Shaikh and Ms. Chaitali Takale, who painstakingly attended to all the details to make this book appear good.

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](mailto:niralipune@pragationline.com).

**Author**

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# Chapter 1 ...

## **E-Commerce and Business Model Concepts**

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### **1.1 Introduction of E-Commerce**

**[April 17, Nov. 17]**

#### **Definition:**

E-Commerce is the buying and selling of products and services by businesses and consumers through an electronic medium, without using any paper documents. It is also called as electronic commerce. E-Commerce is widely considered the buying and selling of products over the internet, but any transaction that is completed solely through electronic measures can be considered E-Commerce. It is subdivided into three categories: Business to Business or B2B (Cisco), Business to Consumer or B2C (Amazon), and Consumer to Consumer or C2C (eBay).

Following are some definitions of E-Commerce:

It is the ability to conduct business electronically over the internet.

**OR**

It means managing transactions using networking and electronic means.

**OR**

It is a platform for selling products and services via internet.

**Characteristics of E-Commerce:**

1. Establishment of B to B relationship.
2. Electronic payment.
3. E-distribution of products and services.
4. Exchange of information.
5. Pre and post-sales support.
6. Customer relationship management.

**Features of E-Commerce**

Electronic Commerce means better business communication and data interchange information is important for every and any business. The quality and quantity of information which a business brings to customers or use this information to make decisions can determine just how competitive the business is.

- 1. Improve awareness:** How does E-Commerce help business? It helps by improving awareness to market conditions and customer preferences. Every business must know how important timing is for marketing, selling products and to complete customers demands.

If distributors, dealers and sales force do not get the right information, there will be a financial crisis as well as losing valuable customers.

E-Commerce network enables a company to implement marketing programmes with greater precision such as:

- Prevent competitiveness with a change in marketing strategies before they can react.
  - Improve awareness by revising price change and marketing programmes as and when required.
- 2. Accelerates and simplifies Reporting:** It has been an experience in conventional commercial practices with factors like delays, ineffectiveness in reporting systems and damaging effectiveness. Responsive, timely information flows from sound

management systems. Electronic commerce improves delivery and distribution both within and outside organisations. The benefits are:

- Stored lists of key recipients promote distribution.
- Electronic delivery time.

**3. Co-ordinates Sales Efforts:** Some marketing studies reveal that most sales people spend nearly 75 per cent of their time on the roads, relying heavily on telephone calls for contact with their head officers and customers. Telephone tag makes an endless frustrating game out of tracking down leads and following up to authenticate sales calls. In addition, misplaced or undelivered information results in low sales records. Other benefits of electronic business are:

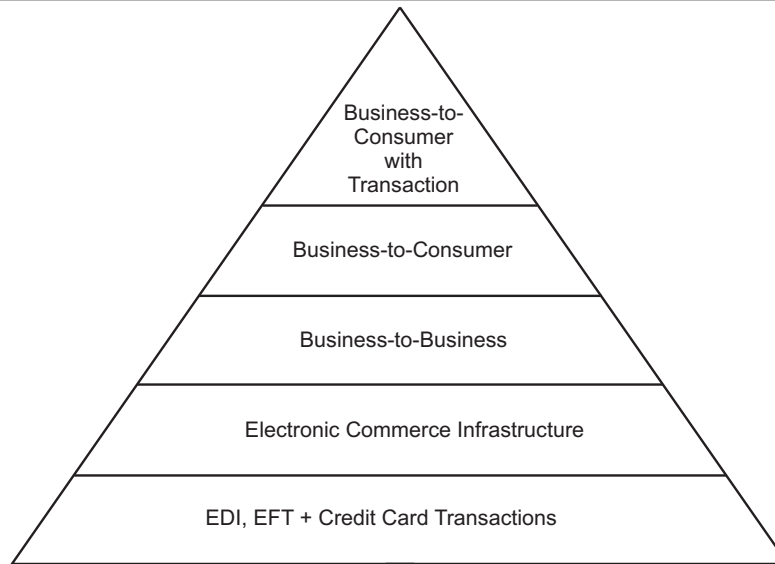
- Eliminating telephone tag.
- Sending and receiving message at convenience.
- Linking sales team numbers to gather including international representatives, and Closing sales without delays.

**4. Effectiveness and Efficiency:** E-Commerce can increase the efficiency and effectiveness of public relation programmes, broadcast press releases, financial updates and other corporate communications. Copy reviews and approvals are accelerated by circulating instant messages to key internal and external contacts.

**5. Close Contact with Clients:** In any business where maintaining close contact with customers is a priority consideration, electronic business can increase responsiveness of the company and guarantee customer satisfaction. Appointment confirmations, requests for information, follow-up reports and electronic data interchange can be affected with greater efficiency using instant messages.

**6. Planning and Execution of Meetings:** The method of electronic operations in business facilitates planning and execution of meetings. Executive management meetings, seminars and workshops take so much of time and effort to manage. Arrangements must be coordinated among a variety of diverse groups in different locations. Reports and surveys need to be maintained event. In an electronic business environment, video-conferences, document conference, computer-based conference, which offers companies the flexibility of both electronic and paper distribution, can make these jobs easier and more effective.

## 1.2 Main Activities of E-Commerce



**Fig. 1.1: Main Activities of E-Commerce**

The main activities of E-Commerce can be formed in a five layer structure activity.

- EFT and the other payment systems are the transactional foundation upon which a great deal of E-Commerce follows. A number of economic transactions occur at First level.  
This level of structure includes use of automatic teller machines (ATMs), as well as credit card payments, electronic payrolls and may more.
- E-Commerce infrastructure includes network service providers, hardware, software and enabling services.
- B2B Commerce: A term used to describe commercial transactions between businesses. These include the sale of raw materials and semi-finished products as well as the sale of products to wholesalers and retailers. The buyer of the products in these transactions is a business. The end-customer making the purchase is doing so on behalf of an organisation.
- B2C E-Commerce can involve electronic transactions in marketing, ordering and paying, after sales service and in case of virtual goods and services, delivery of goods.
- This term used to describe commerce transactions between businesses and consumers. Unlike B2B commerce, the buyer of the products in these transactions is an individual consumer, not a business.
- C2C E-Commerce consists primarily of websites where consumers deal directly with one another such as online communities and free personal classified pages.

The followings are the business uses of the Internet. These services and capabilities are a core part of a successful E-Commerce program. They either are parts of a value chain or are included as supporting activities:

- Buying and selling products and services
- Providing customer service
- Communicating within organizations
- Collaborating with others
- Gathering information (on competitors, and so forth)
- Providing seller support
- Publishing and distributing information
- Providing software update and patches

Airline and travel tickets, banking services, books, clothing, computer hardware, software, and other electronics, flowers and gifts are some popular products and services that can be purchased online. Several successful E-Businesses have established their business models around selling these products and services. E-Commerce has the potential to generate revenue and reduce costs for businesses and entities. Marketing, retailers, banks, insurance, government, training, online publishing, travel industries are some of the main recipients of E-Commerce.

### 1.3 Goals

[Oct. 16, April 17, Nov. 17]

The ultimate goal of an E-Business is to generate revenue and make a profit, similar to traditional businesses. It is fact that the Internet has improved productivity for almost all the organizations that are using it. Nevertheless, the bottom line is that productivity must be converted to profitability.

Some of the goals of ecommerce are as follows:

- 1. Fast loading pages:** Compact, efficient code and images are all essential to fast loading pages that allow visitors to see what they came to the site for quickly before hitting the back button.
- 2. Clean, product centric layout:** We want your visitors to be able to find the products that they want quickly and as possible as in little number of steps. This means dynamically generating web pages based on user metrics so that they are presented with the best possible product mix on their visits. It also means an emphasis on displaying products and not on gimmicks.
- 3. Efficient and intuitive navigation structure:** Customers should be able to browse your site as easily as possible so that they can find what they came for and even what they may not be aware of.

4. **Checkout oriented usage flow:** The site should be as simple to use as possible and inspire confidence in the user so as to lead them from product selection through payment as painlessly as possible.
5. **Search engine friendly code:** The site should be as search engine friendly as possible so that potential customers can find your site when searching for the goods or services which you carry. To accomplish this the pages should be created in such a way to emphasize specific keywords. Other strategies can include creating multiple landing pages for specific products or services that different end users might be searching for using different terms.

### **Comparing Traditional Commerce and E-Commerce**

In E-Commerce there may be no physical store, and in most cases the buyer and seller do not see each other. The Web and telecommunications technologies play a major role, in E-Commerce. Although the goals and objectives of both E-Commerce and traditional commerce are the same which is selling products and services to generate profits—they do it quite differently.

Traditional commerce presents product information by using magazines, flyers. On the other hand, e-commerce presents by using web sites and online catalogs. Traditional commerce communicates by regular, phone yet E-Commerce by e-mail. Traditional commerce checks product availability by phone, fax and letter. However, E-Commerce checks by e-mail, web sites, and internal networks.

Traditional commerce generates orders and invoices by printed forms but ecommerce by e-mail, and websites. Traditional commerce gets product acknowledgments by phone and fax. On the other hand, E-Commerce gets by email, web sites, and EDI. It is important to notice that currently many companies operate with a mix of traditional and E-Commerce. Just about all medium and large organizations have some kind of E-Commerce presence.

These are some examples: Wal-Mart Stores, GoldPC.

## **1.4 Technical Components**

### **ISDN (Integrated Services Digital Network)**

ISDN has all sorts of applications in the world of E-Commerce - its use really is dependent on the type of solution being looked at. A real-life example is its use to connect a remote (perhaps home) office to a main office computer network so that an executive can work remotely but have all the benefits of being in the main office. However, one of the drawbacks to using ISDN is that it is still essentially a dial-up service, and each channel is charged at normal telephone rates. So using both channels becomes quite expensive.

**Broadband**

The explosive growth in the numbers of business people working remotely from their head office (often in offices at home) coupled with the slower than expected take-up of ISDN has resulted in the demand for new services to provide faster Internet connections at more competitive rates.

Broadband services are based on a variety of transmission technologies:

- DSL (Digital Subscriber Line) services, that make use of existing telephony infrastructure.
- Cable Modem services, that make use of cable TV infrastructure.
- Metropolitan Area Ethernet services, that generally require the installation of new cable infrastructure, often based on fibre optic cabling, although some variants of this technology make use of DSL technology.

**ADSL (Asymmetric Digital Subscriber Line)**

The most common DSL service available is the ADSL service. The 'A' stands for 'Asymmetric', which means that the data transfer rates are not the same in both directions. The transmission rate from the subscriber to the Internet is lower than in the reverse direction.

The idea here is that downloading large web pages will account for a high proportion of the use, whereas the volume of data that needs to be transmitted from the user to the network is generally smaller.

**Cable Modem Services**

The Cable Modem services offered by the cable TV companies are only available in those areas already served by a cable TV network. The data transmission rates available with these services are similar to ADSL, and as with ADSL, the number of subscribers sharing the infrastructure affects the transmission rates that are actually delivered. With both ADSL and Cable Modem services, it is a simple matter to connect the cable modem or the ADSL filter into an existing LAN, allowing the external Internet connection to be accessed by all of the PCs connected to the LAN. A router is used to achieve this. One side of the router connects to the LAN, and the other side to the cable modem or the ADSL filter.

**Metropolitan Area Ethernet services**

Where significantly higher data transmission rates are needed, Metropolitan Area Ethernet services are emerging that will allow data rates of up to 10 Gigabits/second to be achieved between the customer premises and the service provider, if suitable fibre optic cabling is available (or can be installed) in order to make this possible. This kind of approach might be used in order to allow a large company that was spread across a number of sites to interconnect their LANs, making them look like one single LAN from the point of view of the users.

**Leased Lines**

Telecoms operators offer a variety of options for permanent connections for data transmission. These include ISDN, but also higher capacity dedicated links and variable bandwidth links, where capacity is shared with other users. Connections are also available from 'network providers', companies which have private network capacity who lease some or all of their capacity from telecoms companies. Leased lines may be used to connect LANs into a WAN (e.g. head office to a branch) or for teleconferencing.

**Wireless Networking**

The majority of networking installations to date have been based on fixed cabling of one kind or another, from coaxial cables to twisted pair cabling and optical fibre. The problem with cable-based networking infrastructures is they are cable-based, and so every device that needs to connect to the LAN has to have a cable trailing from it. Two relatively new networking technologies aim to change the way we think about constructing and using LAN installations:

- 802.11 Wireless LANs, sometimes known as 'Wi-Fi' (an adaption of the popular home entertainment term 'Hi-Fi');
- Bluetooth.

Bluetooth is a technology that was originally conceived as a means of replacing the cables between a computer and its peripherals - for example, printers, scanners, and so on. The data transfer rates that it can achieve are adequate for this kind of use, but not for connecting a PC to a LAN. It is now starting to appear in conjunction with other kinds of devices as well - for example, to connect a palmtop computer to a host PC or to connect a hands free kit to a mobile phone. The transmission range for Bluetooth is significantly shorter and as less power is needed to drive the radios in Bluetooth devices, this technology is more appropriate than Wi-Fi for use in smaller, low power devices.

**Wireless LAN**

Wireless access points generally have an Ethernet port that allows them to be connected to a conventional wired LAN backbone but for small business use, it is possible to network a number of PCs together using only a wireless access point.

Connecting a PC or laptop to the wireless LAN involves the use of a wireless LAN interface that will slot into the PCMCIA socket of a laptop, or plugs into a USB socket of a desktop PC. Increasingly, modern laptop computers are being manufactured with inbuilt wireless LAN capability. If it is necessary to use more than one wireless access point to achieve the necessary coverage within a building, a wireless-enabled PC will automatically connect to the access point that offers the best signal.

# E-Commerce



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