Lecture 3

Electronic commerce

- Electronic commerce (e-commerce) describes the process of buying, selling, transferring or exchanging products, services and or information via computer networks including the Internet
- e-commerce is the use of electronic communications and digital information processing technology in business transaction to create, transform and redefine relationship for value creation between or among organization and individuals

Electronic business

- Electronic business refers to a broader definition of e-commerce, not just buying and selling of goods and services, but also servicing customers, collaborating with business partners conducting e-learning and processing electronic transactions
- E-business include any process that a business organization conducts over a computer-mediated network

Electronic business cont’

- E-business is the transformation of an organization’s process to deliver additional customer value through the application of technologies, philosophies and computing paradigm of the new economy

Electronic business cont’

- Three primary processes are enhanced in e-business:
- 1. **Production processes**, which include procurement, ordering and replenishment of stocks; processing of payments; electronic links with suppliers; and production control processes, among others;
- 2. **Customer-focused processes**, which include promotional and marketing efforts, selling over the Internet, processing of customers’ purchase orders and payments, and customer support, among others; and
- 3. **Internal management processes**, which include employee services, training, internal information-sharing, video-conferencing, and recruiting. Electronic applications enhance information flow between production and sales forces to improve sales force productivity. Workgroup communications and electronic publishing of internal business information are likewise made more efficient.

Electronic commerce

- E- commerce applications were first developed in the early 1970’s with innovations such as Electronic Funds Transfer (EFT) in which funds were routed electronically from one organization to another. –limited to large co-operations
- Then came the Electronic Data Interchange (EDI): the direct electronic exchange of standard business documents- e.g., purchase orders, invoices, shipping documents

Electronic commerce

- EDI technology enlarged the pool of participating companies from financial institutions to manufacturing, retailers, services and other business

- More new electronic commerce applications followed from travelling reservation systems to stock trading

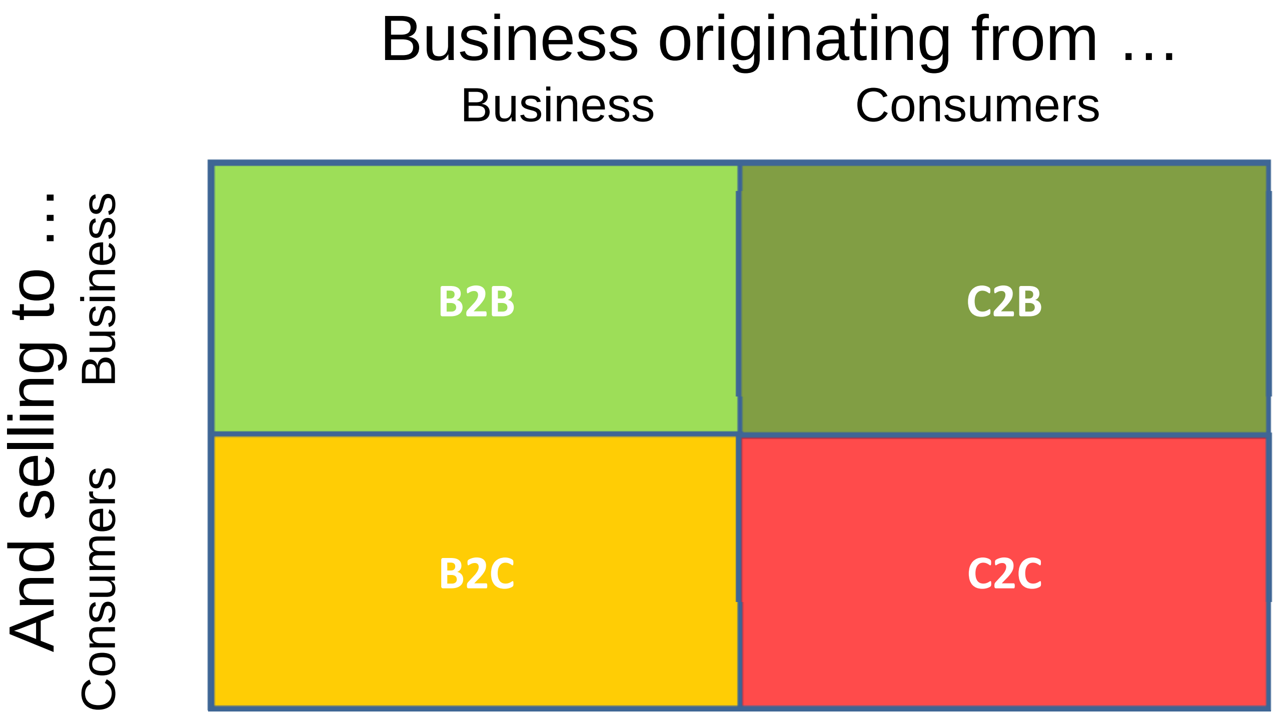
Electronic commerce

The reasons for this expansion were:

- The development of new networks, protocols, and EC software.
- The increase in competition and other business pressures (market, societal, technology, legal)
- The increase in knowledge and awareness of internet services

Assignment 3

- Discuss the benefits of e-commerce to organizations and their customers



Classification of E-commerce

Classification of e-commerce

- Classification of e-commerce is based on the nature of the transactions or interactions

  business-to-business (B2B)

  – It is the largest form of e-commerce

  – In this form the buyers and sellers are both business entities, does not involve individual consumers

  Examples of websites engaged in B2B EC

  http://www.commodityindia.com

  http://www.bluefountainmedia.com

  http://www.edensprings.co.uk

Classification of e-commerce

business-to-consumer (B2C)

This is the type in which businesses sell to the general pubic / individual shoppers through catalogs utilizing shopping cart software

Examples of websites engaged in B2C EC

www.amazon.com

http://www.hotels.com

http://www.llbean.com

Classification of e-commerce

consumer-to-business (C2B)

This is the type in which individuals use the Internet to sell products or services to organizations or individuals seek sellers to bid on products or services they need

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.

- C2B websites allow the consumers to set prices for the goods they want to purchase themselves. The selling company can make the final decision being guided by the information about the current purchase requirement.
- The C2B website acts as a mediating broker which finds the seller who is eager to sell the goods for the price formed according to the consumers' propositions
- E.g. www.priceline.com

Classification of e-commerce

consumer-to-consumer (C2C)

E-commerce model in which consumers sell directly to other consumers

This type of sites is suitable for the companies which act as mediators between the clients and sellers. C2C websites provide private individuals with an opportunity to sell or purchase goods directly. For example, among the most well-known C2C websites are

www.eBay.com

1. Is electronic commerce real?
2. Why is e-commerce so attractive?
3. How do we transform our organization into a digital one?
4. What should be my company’s strategy toward EC?
5. What are the top challenges of EC?