

### ***Marketing***

Many issues of marketing offline are relevant to online E-Commerce - for example, cost benefits of advertisements and advertisement strategies. Other issues are unique to E-Commerce, ranging from online marketing strategy to interactive kiosks.

### ***Computer sciences***

Many of the issues in the infrastructure of E-commerce, such as languages, multimedia, and networks, fall into the discipline of computer sciences. Intelligent agents play a major role in E-Commerce as well.

### ***Consumer behavior and Psychology***

Consumer behavior is the key to the success of B2C trade, but so is the behavior of the sellers. The relationship between cultures and consumer attitude in electronic market is an example of a research issue in the field.

### ***Finance***

The financial markets and banks are one of the major participants in E-Commerce. Also, financing arrangements are part of many online transactions. Issues such as using the Internet as a substitute for a stock exchange and fraud in online stock transactions are a sample of the many topics of the field.

### ***Economics***

Electronic commerce is influenced by economic forces and has a major impact on world and country economies. Also, theories of micro and macro-economics need to be considered in E-Commerce planning, as well as the economic impacts of E-Commerce on firms.

### ***Management Information Systems (MIS)***

The information systems department is usually responsible for the deployment of E-Commerce. This discipline covers issues ranging from systems analysis to system integration, not to mention planning, implementation, security, and payment systems, among others.

### ***Accounting and Auditing***

The back-office operations of electronic transactions are similar to other transactions in some respects, but different in others. For example, auditing electronic transactions presents a challenge for the accounting profession; so does the development of methodologies for .cost-benefit justification.

### ***Management***

Electronic commerce efforts need to be managed properly, and because of the interdisciplinary nature of E-Commerce, its management may require new approaches and theories.

### ***Business Law and Ethics***

Legal and ethical issues are extremely important in E-Commerce, especially in a global market. A large number of legislative bills are pending, and many ethical issues are interrelated with legal ones, such as privacy and intellectual property.

### ***Others***

Several other disciplines are involved in various aspects of E-Commerce to a lesser extent- for example, linguistics (translation in international trades), robotics and sensory systems, operations research / management science, statistics, and public policy and administration. Also, E-Commerce is of Interest to engineering, health care, communication, and entertainment publishing.

## **1.5 LEVELS OF E-COMMERCE**

Electronic commerce is the process of conducting commercial transactions electronically over the Internet. This process is carried out primarily in five levels, and the main aspect of e-commerce is a merchant selling products or service to the consumers.

There are five major segments under the broader category of e-business. However, the following are some popular e-commerce models used by companies engaged in e-commerce:-

- Business to business e-commerce (B2B)
- Business to consumers e-commerce (B2C)
- Consumers to consumers e-commerce (C2C)
- Business to employees e-commerce (B2E) and
- Consumer to business e-commerce (C2B)

### **Business to Business E-commerce (B2B)**

E-business is the process of conducting business on the Internet. Its scope includes not only buying and selling but also services, fulfilling the needs of customers and collaborating with business partners.

Business to business e-commerce is smart business. The opportunity for business to business e-commerce is even greater.

A wholesaler may sell products to the retailer. There are advanced e-commerce software which support multi-tier pricing. This helps to set up online stores to offer preferred pricing to some vendors and shared price to others.

This includes internet-enabled initiatives of an enterprise to form commercial linkages with another enterprise, dealer, warehouse or manufacturer. In this form of e-commerce, e paperwork and time-to-market get vastly reduced. Throughout the world, this e-commerce mode is the biggest.

In a B2B transaction, the interaction is between businesses. For example, a website that is catching for the steel industry might have facility for buyers and sellers to list their requirements and post their products. It helps them in quickly closing the transactions and the buyer can get quality, material and can choose from different suppliers.

B2B commerce is a growing business in the e-commerce arena- with the increasing use of the internet, more and more business are realizing the commercial advantage of giving business clients a streamlined and easy manner to order products or service online. It facilitates access to the ordering process to only those with whom a concern has a commercial relationship.

Business to Business e-commerce provides small and medium enterprises (SMES) with an excellent opportunity to access new markets, improve customer service and reduce costs. And while hurdles exist, they should be viewed more as speed breakers rather than road barriers. As a medium of information storage and dissemination, the internet has and is emerging a clear winner. Its rate of penetration has far outpaced the growth of other popular media such as newspaper, radio and television.

B2B transactions are however relatively high value in nature and organizations are slow to change their traditional systems for the supply chain management. The reasons for the growth in B2B e-commerce are many. In an increasing competitive scenario, e-commerce offers highly attractive cost saving options. The shift to this process is often driven by the needs of buyers.

Innovative methods of enhancing B2B and B2C levels of e-commerce include:

- CD-ROM catalogues that are linked to the user's online catalogue, enabling him to browse offline and order online.
- Kiosks placed at physical store locations or in shopping malls to introduce users to the easy online ordering options.
- Extranets to link businesses together that conduct regular business to .business transactions and
- Affiliate programmes to drive business to your commerce site from other content related sites.



B2B e-commerce is expected to be the largest mode of transacting e-business and is a global phenomenon. It involves taking internet enabled initiatives to form commercial links with other enterprises, dealers or manufacturers. In this form of e-commerce, a business firm places orders for supplies with another business firms directly over the Internet. Paperwork and time required for processing the order and delivery of the goods are thus reduced to a great extent.

#### **Business to Consumers E-commerce (B2C)**

It is for the customers to buy stores from the web. The problem to be recognized in this is to secure payment, using encryption, transaction integrity, quick response, time and reliability.

B2C e-commerce involves selling of goods and services to consumers or end users. It allows them to browse the product catalogue, select products or services and complete the order online.

In a B2C transaction, the interaction is between a consumer and the preferred business. For example, the most popular site is amazon.com, which is the first online bookseller which has proved a potential competitor to the traditional bricks and mortar booksellers such as Barrens and Noble.

In this category of e-commerce, businesses use the internet to offer to consumers sales and services around the world 24 hours a day, seven days a week and 365 days a year, The sites Amazon, Rediff and Uphar are among those belonging to this category. These websites are meant for selling goods directly to consumers through the internet. The two-way accessibility of the internet enables operating companies to directly ascertain customer preference and buying trends. Businesses are using these consumer insights to formulate marketing strategies and offer to the customers what they want and when they want. E-business in this mode significantly reduces the costs associated with intermediaries, service centres and mass marketing campaigns. Since e-commerce makes just in time delivery possible, the supplier does not have to store the goods. He can procure them from the suppliers as and when he gets the order from the buyer through the internet.

B2C is the most popular form of e-commerce, wherein the individuals are directly involved in B2C e-commerce, and businesses use the internet for offering their products or services 24 hours a day through global access. The sites Amazon.com and Rediff are among these. These websites spell goods directly to consumers over the Internet. The two way accessibility feature of the internet enables operating companies to ascertain consumer preferences and buying trends directly.

#### **Consumer to Consumer E-commerce (C2C)**

Here interaction is between consumer to consumer. For example, in sites like e-Buy Bid or Buy.com, Baazi.com which are auction sites, one can virtually sell and buy any goods (either used or new ones). This form of e-commerce is nothing but the cyber version of the good old auction houses. If anyone wants to sell anything, all one has to do is post a message on the site, giving details of the product and the expected price and wait for an interested customer to turn up and buy it. The buyer gets in touch with the seller through the Internet and the deal is crossed once the amount is finalised. Online message boards and barters are also examples of C2C e-commerce.

#### **Consumer-to-Business E-commerce (C2B)**

E-commerce, by empowering the customer, has been strategically redefining business. An example of C2B model of e-commerce is the site Price line.Com, which allows prospective airline travellers, tourists in need of hotel reservations etc. to visit its websites and indicate their preferred price for travel between any two cities. If an airline is willing to issue a ticket on the customers offered price, the consumer can then travel to the mentioned destination at his terms.

#### **Business to Employees E-commerce (B2E)**

This is concerned more with marketing a corporation's internal processes more efficiently. Customer care and support activities also hold ground. The requirement is that are all self-service with applications on the web that the employees can use themselves.

## 1.6 SWOT ANALYSIS

### Evaluating Business Unit Opportunities

Now that we have learned how to identify industry value chains and break each value chain down into strategic business units, we can learn one popular technique for analyzing and evaluating business opportunities. Most electronic commerce initiatives add value by the reducing transaction cost, creating some type of network effect, or a combination of both. In SWOT analysis (the acronym is short for Strengths, Weaknesses, Opportunities and Threats), the analyst first looks into the business unit to identify its strengths and weaknesses. The analyst then reviews the environment in which the business unit operates and identifies opportunities presented by that environment and the threats posed by that environment. As shown in the following figure which shows the questions that an analyst would ask in conducting a SWOT analysis.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• What does the company do well?</li> <li>• Is the company strong in its market?</li> <li>• Does the company have a strong sense of purpose and the culture to support that purpose?</li> </ul>	<ul style="list-style-type: none"> <li>• What does the company do poorly?</li> <li>• What problems could be avoided?</li> <li>• Does the company have serious financial liabilities?</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Are industry trends moving upwards?</li> <li>• Do new markets exist for the company's products/services?</li> <li>• Are there new technologies that the company can exploit?</li> </ul>	<ul style="list-style-type: none"> <li>• What are competitors doing well?</li> <li>• What obstacles does the company face?</li> <li>• Are there troubling changes in the company's business environment (technologies, laws, and regulations)?</li> </ul>

By considering all of the issues that it faces in a systematic way, a business unit can formulate strategies that will take advantage of its opportunities by building on its strengths, avoiding any threats, and compensating for its weaknesses. In the mid- 1990s, Dell Computer used a SWOT analysis to create a strong business strategy that has helped it become a very strong competitor in its industry value chain. Dell identified its strengths in selling directly to customers and in designing its computers and other products to reduce manufacturing costs. It acknowledged the weakness of having no relationships with local computer dealers. Dell faced threats from competitors such as Compaq and IBM, both of which had much strong brand names and reputations for quality at that time. Dell identified an opportunity by noting that its customers were becoming more knowledgeable about computers and could specify exactly what they wanted without having Dell salespersons answer questions or develop configurations for them. It also saw the Internet as a potential marketing tool. The results of Dell's SWOT analysis appear in following figure: