

E-COMMERCE

MEANING, FEATURES, FUNCTIONS & SCOPE OF E-COMMERCE

IMPORTANCE & LIMITATIONS OF E-COMMERCE

TYPES OF E-COMMERCE: B2C, B2B, C2C

PRESENT STATUS OF E-COMMERCE IN INDIA:

TRANSITION OF E-COMMERCE IN INDIA

E-TRANSITION CHALLENGES BY INDIAN CORPORATES

ONLINE MARKETING RESEARCH

INTRODUCTION TO E-COMMERCE

Commercial transactions or exchange of information through electronic mode. E-commerce is the sharing of business information maintaining business relationships and conducting business transactions by means of networks.

According to Kenneth C.Laudon, ‘ e-commerce refers to the use of the internet and the Web to transact business. More formally, digitally enabled commercial transactions between and among organisations and individuals’

FEATURES OF E-COMMERCE:

1 ORGANISED ACTIVITY

7 RICHNESS

2 TYPES OF E-COMMERCE

8

INTERACTIVITY

3 EXCHANGE OF INFORMATION

9 CUSTOMIZATION

4 SUPPORT SYSTEMS

10

DIRECT CHANNEL

5 GLOBAL REACH

11

BENEFITS TO CUSTOMERS

6 BENEFITS OF E-COMMERCE

12 BENEFITS

FUNCTIONS OF E-COMMERCE

1 REGISTRATION

6 LOGISTICS

2 INFORMATION SEARCH

7

PAYMENT

**3 EDI (ELECTRONIC DATA INTERCHANGE)
ACTIVITIES**

8 AFTER SALES

4 NEGOTIATIONS

9 PROMOTION OF PRODUCTS

5 ORDERS

10 CONSUMER RESEARCH

IMPORTANCE OF E-COMMERCE

**A) BENEFITS TO e-MARKETERS
TO CUSTOMERS**

B) BENEFITS

1 Global Markets

1

Convenience in shopping

LIMITATIONS OF E-COMMERCE

- 1 DECLINING PROFIT MARGIN**
- 2 CHALLENGES OF E-COMMERCE LAWS**
- 3 LOW ENTRY BARRIERS**
- 4 LOW PENETRATION IN RURAL AREAS**
- 5 SHORTAGE OF MANPOWER**
- 6 CHALLENGES OF CUSTOMER LOYALTY**
- 7 CHALLENGES OF RETURN OF GOODS**
- 8 CHALLENGES OF CASH ON DELIVERY**
- 9 PROBLEMS OF PAYMENT GATEWAYS**
- 10 PROBLEM OF TOUCH & FEEL EXPERIENCE**
- 11 PROBLEM OF DELIVERY**
- 12 PROBLEM OF CONFIDENCE**
- 13 PROBLEM OF NEGOTIATIONS**
- 14 PROBLEM OF LANGUAGE**
- 15 PRIVACY ISSUES**
- 15 LOW INTERNET USER BASE**

TYPES OF E-COMMERCE

B2B (BUSINESS 2 BUSINESS), B2C (BUSINESS 2 CUSTOMER), C2C (CUSTOMER 2 CUSTOMER)

B2B (BUSINESS 2 BUSINESS): It is online business transactions between two business firms. It is a typical model where all three parties (seller, buyer intermediary) are of equal importance. It can take place between the manufacturer and wholesaler or between wholesaler and retailer. B2B makes market more responsive as information is easily available, which makes them to access to customer all over the globe.

BENEFITS OF B2B:

- 1 REDUCES DISTRIBUTION COSTS**
- 2 REDUCES INVENTORY LEVELS**
- 3 INCREASE IN PRODUCTIVITY**
- 4 FOCUSED BRAND PROMOTION**
- 5 CUSTOMER LOYALTY**
- 6 WIDER GEOGRAPHICAL SPREAD**

ACTIVITIES INVOLVED IN B2B TRANSACTIONS

- 1 The buyer determines his requirements and prepares the RFQ (Request for Quotation) and search for potential suppliers
- 2 The buyer submit the RFQ and invites potential suppliers to respond
- 3 Suppliers obtain the RFQ for processing
- 4 Interested suppliers bid for the request accordingly
- 5 The buyer and supplier may negotiate the bids online
- 6 Finally, the buyer selects the best bid and completes the purchase

B2C (BUSINESS 2 CUSTOMER):

These transactions deal with companies selling the product to the customers through internet. Online shopping has increased significantly in recent years.

B2C process:

- 1 Pre-purchase sale stage:** Information search, Pre Purchase Decision, Registration
- 2 Purchase/sale stage:** Placement of order, Processing of order, Processing of payments
- 3 Post-purchase/sale stage:** Shipment, Delivery of goods, Feedback

C2C (CUSTOMER 2 CUSTOMER)

C2C is a type of e-commerce, where a customer sells to another customer through the internet through classified ads and auctions. Companies like ebay.com, amazon.com, etc. has made the concept of C2C popular. Apart from selling goods, the C2C model facilitates the sale of personal services or expertise online. Some of the expert information exchanges are free such as AskMe.com and abuzz.

Activities involved in C2C process:

1 Registration

2 Auction

3 Sale

4 Payment

TRANSITION TO E-COMMERCE IN INDIA

FACTORS RESPONSIBLE FOR THE TRANSITION TO E-COMMERCE IN INDIA:

- 1 RAPID GROWTH OF INTERNET USERS**
- 2 GROWING AWARENESS OF E-COMMERCE**
- 3 GROWTH OF MIDDLE CLASS**
- 4 GROWTH OF COMPUTER EDUCATION**
- 5 GROWTH OF SERVICE SECTOR**
- 6 INFLUENCE OF WESTERN LIFESTYLE**
- 7 GROWING COMPETITION**
- 8 INCREASE IN URBANISATION**

E-COMMERCE TRANSITION CHALLENGES IN INDIA

A) CHALLENGES DUE TO INTERNAL ISSUES:

1 FEAR OF UNKNOWN

2 FEAR OF LOSING BUREAUCRATIC HOLD

3 CULTURAL CHANGES

4 PROBLEM OF SKILLS

A) CHALLENGES DUE TO EXTERNAL ISSUES:

1 LACK OF TRUST OF CUSTOMERS

2 PROBLEM OF HACKING CREDIT CARDS

3 PRICE-WARS

4 NO-ENTRY BARRIERS

ONLINE MARKETING RESEARCH

STEPS IN ONLINE MARKETING RESEARCH:

- 1 DEFINE THE MARKETING PROBLEM**
- 2 IDENTIFY THE RESEARCH OBJECTIVES**
- 3 PREPARE A RESEARCH DESIGN**
- 4 COLLECTION OF DATA ONLINE**
- 5 PROCESSING OF DATA (EDITING, CODING, CLASSIFICATION)**
- 6 ANALYSIS OF DATA**
- 7 DRAWING CONCLUSIONS**
- 8 PREPARATION OF RESEARCH REPORT**
- 9 IMPLEMENTATION OF RECOMMENDATIONS**
- 10 REVIEW OF THE PERFORMANCE**

ADVANTAGES & LIMITATIONS OF ONLINE MARKETING RESEARCH

ADVANTAGES

LIMITATIONS

1 Access to Geographically Diverse Audience

1 Lack of Response

2 Accuracy

2 Problem of Technology

3 Cheaper and faster

3 Respondent Bias

4 Market Opportunities

4 Unsuitable for certain

5 Marketing Mix decisions