

E-Commerce

Meaning and Definition

Any type of commercial transaction or exchange that takes place through the internet is termed as E-Commerce (Electronic Commerce). It may include buying and selling of physical goods, digital products and services through online unlike traditional retail stores. This form of business does not require any physical store for storage of goods. People purchase the goods by clicking on their computer system by placing order online. E-commerce refers to the digital exchange of business information using following mentioned ways through corresponding web portals.

- Electronic Data Exchange (EDI)
- Electronic Mail (e-mail)
- Electronic Bulletin Boards
- Electronic Fund Transfer (EFT)
- Other digital technologies

Various generic examples of E-Commerce platform are:

- Amazon
- Flipkart
- Myntra
- Zomato
- Swiggy
- Blinkit
- Others

Definition of E-Commerce

According to the editor-in-chief of International Journal of Electronic Commerce, Vladimir Zwass, 'Electronic commerce is sharing business information, maintaining business relationships and conducting business transactions by means of telecommunications networks.'

Features of E-Commerce

- **Ubiquitous:** The meaning of this term is omnipresence. The E-Commerce business is not restricted to the area or locality where it is presented but its presence can be felt globally.

- **Global Presence:** The potential buyers/customers of this kind of business is segmented to all over world due to its digital presence. The client may approach the business from any corner of the world and can place the order.
- **Universal Standardization:** As these kinds of business has to tackle the clientele from all over the world, hence the business has to follow a universal set of standards of quality and business ethics.
- **Detailed Product Description:** Every proposed product is available with the detailed description of the product viz. instructions to use, Do's and Dont's.
- **Interactivity:** E-Commerce platforms are interactive in nature. From the video posted regarding the product description to review of the product, everything is available there. The client may reach the customer care of the platform with two ways communication and can solve the problems.
- **Personalization:** By following the past purchase history of the customer, the platform may recommend certain personalised product suggestions meeting the expectations of the customer.
- **Easy checkout:** E-Commerce platforms facilitate the consumer to check out easily by paying through multiple methods or opting for cash on delivery option at last.
- **Safe Digital Payment:** The payment methods followed by the business for client payment is easy to use and in safe mode through various secured channel.
- **Consumer's reviews:** It plays an important role in taking the buying decision of the future customers. The reviews are given by the genuine buyers, sometimes with multimedia proofs.
- **Promotion and Discounts:** These platforms sometimes offer the consumer various discounts and offers in the form of "Certain Special days scheme", Deal of the Day" and others way.
- **Reporting tools for problem solving:** These platforms generally have strong two ways reporting tools if there is any problem in delivery of the product or amount deducted but not shown, to tackle delivery partner mistakes and errors.

- **Return Policy:** if the product delivered is not up to the mark or customer is not satisfied, it may be returned back within a specified period of time.

Limitations of E-Commerce

- **Breach of security:**

As E-Commerce involves a lot of data and EDI (Electronic Data Interchange) facilitate online transaction. Data may be vulnerable and can be misused or stolen. The data used sometimes may lead to data theft, information loss, manipulation, trade loss.

- **Late delivery:**

The order placed on the E-Commerce platform leads to late delivery of the product i.e. the order placed today can not be delivered instantly, it always takes few days to deliver the product as compared to traditional practices of purchasing doing offline on the shop, where product is delivered instantly.

- **Lack of demo:**

While purchasing online, one has to believe on the information of the product given online through visual representations and reviews of old consumers. The potential consumer can not try the product beforehand, that may lead to delivery of the product may not up to the mark of customer's expectations sometimes.

- **Payment processing error:**

While doing online transactions for the purchasing of the product available on online platform, the amount is deducted from the bank but the payment is not updated in the customer's account. This might lead to undue pressure and tension in the mind of customer.

- **Crash of website:**

The crashing of the website in between the transaction or online purchasing process creates wastage of time and resources and a matter of stress for the consumer.

- **Technological dependence:**

As E-Commerce encompasses use of Information Communication Technologies. Any technical glitch results into crash or no access of the E-Commerce web portals.

- **Limited customer support:**

Although there are two-way communications in the E-Commerce portal, still the support given by the customer care is of limited time and efforts. The consumer needs to wait for long for the solutions seeking.

- **Time consuming process of returning and exchange:**

Returning or exchanging of the product purchased online is a time-consuming process. It's always a process of few more days waiting for the product for end users.

- **Limited connection with customers:**

As the consumer and supplier have not face to face interaction so the consumer has very less time in answering of his query.

- **Fake reviews:**

In order to influence the decision of the potential customer sometimes company post fake reviews about the product result into consumer's post purchase dissatisfaction.

- **Delivery disputes:**

There are certain kind of issues may be faced by consumer during delivery of the product like illicit behaviour of delivery person, long waiting and non-delivery of the product irrespective of delivery notification of the product.

Models of E-Commerce

E-Commerce business work on different models as mentioned below.

- **B2B (Business to Business):**

It involves selling of the products or the services to the other business rather than to consumers directly. It includes selling of the products from the manufacturing company to the whole-seller or from suppliers to the business providers.

Example:

1. Indiamart
2. TBO in travel trade

- **B2C (Business to consumer):**

In this E-Commerce model businesses deals directly to consumer without any interference of any middle agent.

Example:

1. Amazon
2. Make my Trip in travel trade.

- **C2B (Consumer to Business):**

In Consumer to Business model, customers offer services, contents or products to businesses in exchange of discounts, compensation or monetary gains.

Example:

1. Shutterstock
2. TripAdvisor (Travel)

- **C2C (Consumer to Consumer):**

In this type of business model consumer sells product or services directly to the consumer by third party platform like ebay.

Example:

1. OLX
2. Airbnb (Travel)

- **C2G (Consumer to Government):**

This business model involves interactions between consumer and government in registration on various services provided by government like registration in availing different services like registering vehicles, applying for scholarships, permits and admissions in various institutions etc.

- **B2G (Business to Government):**

B2G E-Commerce refers to the use of online portals for commerce between business and government entities like licensing, tax payments, software solutions.

Example:

1. eWorldTrade
2. PPP companies

- **Direct to Customers:**

In this type of business model companies sell their products directly to end users. Like many manufacturing companies or service providers has their

own ecommerce portals to sell their products directly to consumers bypassing middleman.

Example:

1. Netflix
2. Tesla
3. IndiGo (Travel)