E-Commerce: Models and Their Advantages

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Abstract

Basically e-commerce means doing business over internet, selling goods and services which are delivered offline as well as the products which can be digitized and delivered online such as computer software. World trade organization and United Nations Commission on International Trade Law defined electronic commerce as the production, distribution, marketing, sale or delivery of goods and services by electronic means. Electronic commerce simply is the commercial transaction of services in an electronic format. The amount of trade conducted electronically has grown extraordinarily with widespread internet usage. The use of information technology in commerce altered the traditional commerce activities in an innovative way such as electronic funds transfer, supply chain management, internet marketing, online transaction processing, electronic data interchange, inventory management systems, and automated data collection systems. An effort has been made to show the models and trends of e-commerce.

Keywords: E-Commerce, Models, Advantages, Disadvantages and Trends.

Introduction

Internet is altering the consumer's behaviour how to shop and buy goods and services and has rapidly evolved into a global phenomenon. Companies using information technology while deciding marketing strategy mainly focusing on cutting marketing costs, which will help in cost cutting of products and services in order to stay ahead in highly competitive markets. E-commerce is helping to disseminate information, to sell goods and services, to receive feedback and also to conduct customer satisfaction surveys. Customers use e-commerce to buy the product online, compare prices, product features and after sale services facility. Prospect of online business is moving in an optimistic direction as per many experts. E-commerce has the tremendous potential as well as it will provide a unique opportunity for companies to efficiently reach existing and potential customers. A decade ago business-to-consumer E commerce first evolved now it expands to other dimensions also. E-commerce assist the Scholars and practitioners to gain an improved insight into consumer behavior.

Review of Literature

Solomon (1998) studied the Consumer behaviour and said that it is the study of the processes involved when an individual selects, purchases, uses or disposes of products, services, ideas, or experiences to satisfy needs and desires. In view for the Internet to spread out as a retail channel, it is imperative to realize the consumer's mind-set, intention and conduct in light of the online buying practice.

Lepkowska-White and Rao (1999) referred vendor characteristics, security of transactions, content for privacy and customer characteristics as factors influencing electronic exchange. Donthu and Garcia (1999) proposed that risk aversion, innovativeness, brand consciousness, price consciousness, importance of convenience, variety-seeking propensity, impulsiveness, attitude toward adverting, attitude toward shopping, and attitude toward direct marketing would influence online shopping behavior.

Schiffman, Scherman, & Long (2003) in his study researched that "yet individual attitudes do not, by themselves, influence one's intention and/or behavior. Instead that intention or behavior is a result of a variety of attitudes that the consumer has about a variety of issues relevant to the situation at hand, in this case online buying. Over time the Internet buyer, once considered the innovator or early adopter, has changed. While once young, professional males with higher educational levels, incomes, tolerance for risk, social status and a lower dependence on the mass

media or the need to patronize established retail channels (Ernst & Young, 2001; Mahajan, Muller & Bass, 1990),

Sultan and Henrichs (2000) in his study concluded that the consumer's willingness to and preference for adopting the Internet as his or her shopping medium was also positively related to income, household size, and innovativeness. Vijay, Sai. T. & Balaji, M. S. (May 2009), revealed that Consumers, all over the world, are increasingly shifting from the crowded stores to the oneclick online shopping format. However, in spite of the convenience offered, online shopping is far from being the most preferred form of shopping in India. A survey among 150 internet users, including both users and non-users of online shopping, was carried out to understand why some purchase online while others do not. The results suggested that convenience and saving of time drive Indian consumers to shop online; while security and privacy concerns dissuade them from doing so. The work of Kim and Park (2005) using U.S. samples suggests that their positive attitudes as well as willingness to search for pre-purchase information leads to a strong likelihood that they will buy online. Online shoppers, are required to have computer skills in order to use the Internet for shopping. Hence, those who are not comfortable with using the computer, will likely do their shopping at the traditional store, modern shop, or discount store (Monsuwe , 2004) because it will be faster shopping there than in the Internet shop. Goldsmith and Flynn (2004) state that the home catalog is another traditional selling channel where people can shop at home because of the varieties of products offered in the catalog. They can order through the phone or by mail. It is convenient except that they are not able to touch and feel products before purchasing.

(As per author there is no latest review available on the topic - Author)

Research Methodology

The research is based upon primary and secondary data both. The primary data was collected through a questionnaire designed exclusively for the study. Secondary data was taken from research papers, Journals, magazines and websites.

Objective of The Study

1. To know the main goals of e-commerce.
2. To check out the main reason of spread of e-commerce.
3. To know about the advantages and disadvantages of e-commerce.

Online Business is Different from Conventional Business

Business done through computer and internet is known as online business and such business may be operated from a business office or home office but its primary existence is in cyber space. It is different from conventional business where in-person contact between customer and product/service provider is essential. Practically an online based business could be operated from anywhere by someone using a computer to access and maintaining a site which is hosted by an independent ISP as there are many types of

traditional businesses. Therefore, there are different types of virtual businesses. However, in virtual business, the primary communication between business operator and potential customer is done online.

Main Goals of E-Commerce

It helps in achieving following goals:
1. Reach new markets
2. Create new products or services
3. Build customer loyalty
4. Enrich human capital
5. Make the best use of existing and emerging technologies
6. Achieve market leadership and competitive advantage.

Main Reasons for The Spread Of E-Commerce

1. Digital convergence, i.e., it means that due to digital revolution almost all digital devices can communicate with one another.
2. Today's e-commerce is available to anyone, anywhere in the world, anytime 24/7.
3. It helps in bringing about positive changes in an organization.
4. People are now having a wide spread access to IT.
5. E-commerce helps in reducing operating cost and increase profit margin.
6. Demand for customized products and services is increasing.
7. It helps in reducing the infrastructure cost because need for showroom is now not required.

Advantages of E-Commerce

Time and Distance Are Not Barriers To Business

E-commerce removed the barriers of time and distance and allows people to carry out businesses efficiently. One can log on to the internet at any time, whether day or night and purchase or sell anything at his desires.

Lower Cost of Sale

As there is no human interaction during the online electronic purchase order process, therefore, the direct cost of sale for an order taken from a web site is lower than through traditional means. Further, electronic selling also eliminates processing errors, and is also more convenient for the visitor.

Cheapest Means of Doing Business

Another important benefit of e-commerce is that as compare to paper based commerce it is the cheapest means of doing business.

Buyer's Advantage

E-commerce offers a lot of advantages to buyer.
1. Reduced sorting out time.
2. Better decision making.
3. Time saving in solving discrepancies
4. Increased buying options in products.

Less Delivery Time, Labour Cost Etc.

A significant benefit of e-commerce is that it helps to reduce the delivery time, labour cost.

Price Fixation

Increased competition in a market will lead to a phenomenon where the selling price cannot be increased and the manufactured cost cannot be decreased in this difference E-commerce has

provided the solution by decimating the costs which are incurred during logistics and supply.

Disadvantages of E-Commerce

1. Because of technology phobia very few people are using e-commerce.
2. Buying products through the internet do not allow physical examination of products.
3. There are specific hardware and software that are essential to start an e-commerce company which is bulky and costly.
4. Website must be maintained and updated regularly which leads to extra labour costs.
5. It is important to have well skilled and trained workers to create and maintain e-commerce facilities of a company.
6. An E-commerce business exposes itself to security risks. Possibilities of stealing credit card numbers are the real threats in e-commerce activity.
7. It is not suitable for perishable commodities like food items.
8. When consumer is not satisfied with a particular product then returning the product and getting a refund can be even more troublesome and time consuming than purchasing.
9. Main problem in e-commerce is electronic record or message when transmitted during-transaction.

Different Models of E-Commerce

Business-To-Business (B2B)

E-commerce websites in this platform sold their product to an immediate buyer who then sells to the final customer website following B2B business models sells its product to an immediate buyer who then sells the product to the final customer.

Business-To-Consumer (B2C)

E-commerce websites in this platform sells its product directly to a customer. These platforms provide complete information and customer's feedback online to a perspective customer who can choose and order the same. Website will send a notification to organization and then organization will dispatch the goods.

Consumer-To-Consumer (C2C)

E-commerce websites in this platform helps consumer to sell their moveable and immoveable properties directly to a perspective buyer like residential property, cars, motorcycles etc. or rent a room by publishing their information on the website.

Consumer-To-Business (C2B)

E-commerce websites in this platform helps a consumer to approach website showing multiple business organizations for a particular good and service. Consumer places an estimate of amount he/she wants to spend for a particular good and service and get the desired result.

Business-To-Government (B2G)

E-commerce websites in this platform enabling the government to trade and exchange information with business organizations. It is a medium for businesses to submit application forms to the government accredited websites. It is a B2B variant.

Government-To-Business (G2B)

E-commerce websites in this platform enables the government to use websites to approach business organizations for various activities such as auctions, tenders and application submission functionalities.

Government-To-Citizens (G2C)

E-commerce websites in this platform helps government to approach citizen in general. They provide services like registration of birth, marriage or death certificates. Main objective of this model is to reduce average time for fulfilling people requests for various government services.

Peer-To-Peer (P2P)

E-commerce websites in this platform are technologically sounder than the other e-commerce models. Such a platform enables internet usage for sharing files and computer resources directly without visiting a central web server instead a common platform can be used for the transactions.

Mobile Commerce (M-Commerce)

E-commerce websites in this platform helps in the buying and selling of goods and services through wireless hand-held devices such as cellular telephones, personal digital assistants and wireless computers. It is the next generation of e-commerce enabling users to access the cyberspace hassle free.

Present Trends in E-Commerce

Electronic commerce has started a new revolution that is changing the way business houses buy and sell products and services. E-commerce is the online exchange of business information using cyberspace by electronic data interchange, electronic mail, electronic bulletin boards, electronic funds transfers and other network-based technologies making the whole transaction paperless.

However, e-commerce standards are still under development. Electronic data interchange is still the proven application for e-commerce, although it is only one of the best ways of doing electronic commerce.

Ethics in E-Commerce

The problem relating to ethics in e-commerce also cannot be ignored as it generally has legal implications. One may lead to or imply the other although an unethical act is different and not the same as an immoral or an illegal act. Ethics basically is fairness, justice, equity, honesty, trustworthiness, and equality which are also important in e-commerce.

Conclusion

The e-commerce is one of the biggest things that have taken the business by a storm. A new economic arena unveiled having a huge potential and is fundamentally changing the way businesses are done. E-commerce is becoming popular day by day and still having a huge potential which is now becoming a significant part of the consumer's daily life to meet their never ending requirements very conveniently. More consumers are indulging into internet shopping because of the value proposition it offers to customers such as convenience, options, 24x7 shopping, doorstop delivery, such reasons increased consumer confidence in shopping on the internet is increasing. As a result today they are

buying airline and railway tickets, books, home appliances, electronic gadgets, movie tickets, etc by logging on to a web site, than driving up to a store .As the research suggest that increase in usage of internet increases the online shopping so there is a need to increase in broadband penetration as it accelerates the growth of online trade. E-commerce fits into the demographic variety of customers and range of products availability. It is seen that despite the immense possibilities available on the internet it is mainly used for mailing, chatting and surfing. E-mail applications still constitute the bulk of net traffic in the country.

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