

**SES'S L.S.RAHEJA COLLEGE OF ARTS AND COMMERCE**

**Course: FYBcom COMMERCE II- Unit: IV Introduction to service sector**  
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**E-COMMERCE**-It 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.

**Explain the features of E-commerce.**

## 1. Process-

- ✓ Information search by the consumer
- ✓ Placement of order by the consumer
- ✓ Processing of order
- ✓ Delivery of goods
- ✓ Collection of payment
- ✓ After-sales services

## 2. Types of e-commerce-B2B, B2C .B2G.C2B C2C

## 3. Exchange of information

## 4. Support systems-e-mail, directories, logistics

## 5. Global reach-beyond geographical boundaries

## 6. Benefit of ubiquity-existence everywhere at the same time

## 7. High Quality of communication-video, audio , animation

## 8. Interactivity-online marketing, networking sites, video-conferencing

## 9. Customisation-direct contact with consumer-made to order

## 10. Direct channel of distribution-no intermediaries

## 11. Benefits to consumers-convenience, 24x7, lower price, loyalty incentives

## 12. Benefit to seller-audience sizing, lower investment, lower risk, lower overheads

**Explain the functions of E-commerce.**

## 1. Registration-online shopping site-Amazon, Flipkart

## 2. Information search-Without registration can compare the information on large no of sites.

## 3. EDI-Electronic Data Interchange-B2B-Standard formats-purchase orders, invoices, shipping documents-

## 4. Negotiations-between buyer and seller –save time –video conferencing

## 5. Orders-facilitates placement of order by buyers-processing

## 6. Logistics-Seller passes the order to logistics team

7. Payment-cards
8. ASS-Order modification, return policy, reward and loyalty, gift cards
9. Promotion –through online research sites, social media
10. Consumer research-feedback regarding satisfaction

**Discuss the importance of e-commerce.**

**Advantages to e-marketer**

- ✓ Global reach
- ✓ Audience sizing
- ✓ Lower investments
- ✓ Lower overheads
- ✓ High level of efficiency
- ✓ Quality assurance
- ✓ Better CRM
- ✓ Online bidding for Govt

**Advantages to Consumers-**

- ✓ Convenience in shopping
- ✓ Anytime shopping
- ✓ Lower prices
- ✓ Loyalty incentives
- ✓ Best buying decisions

**Explain the limitations of E-commerce**

- ✓ Declining profit margin due to continuous offers and acute competition
- ✓ Challenges of e-commerce laws in India—IT Act-lack of clarity
- ✓ Low entry barriers-new competitors-venture capital for new start-ups
- ✓ Low penetration in rural market-limited use
- ✓ Shortage of manpower-scarcity of trained manpower
- ✓ Challenges of retaining the employees
- ✓ Challenges of customer loyalty
- ✓ Challenges of return of goods
- ✓ Challenges of cash-on –delivery
- ✓ Problem of payment gateways-high failure rate
- ✓ Problem of touch and feel experience-physical inspection of goods
- ✓ Problem of delivery, unsuitability to certain products, language, technical problems, privacy issues, lack of trust, faulty billing etc.

## Discuss various types of E-commerce

### 1. B2B-Business to Business

It refers to online transaction between two business firms-like manufacturer and supplier, manufacturer and wholesaler, wholesaler and retailer etc.

Features

- ✓ High volume
- ✓ Raw material, components,
- ✓ Several transactions with different parties
- ✓ Value added products

Benefits

- ✓ Reduces distribution cost
- ✓ Reduces inventory levels
- ✓ Increase in productivity
- ✓ Focused brand promotion
- ✓ Wider geographical spread

### Explain the procedure for B2B E-commerce.

General Electric Trading Process network (TPN)-WEBSITE

1. Buyer prepares REQ as per his requirements
2. Buyer searches for potential suppliers
3. Buyer submits the REQ and invites potential suppliers to respond
4. Suppliers obtain REQ for processing
5. Interested suppliers submit the bids
6. Negotiations
7. Buyer selects the best bid and completes the purchase.

### 2. B2C

Companies selling the product to the customers through internet.-includes retail shopping-insurance and other services

Stages

Pre-purchase/sale stage

Purchase/sale stage

Post-purchase/sale stage

### Explain the stages in B2C.

#### 1. Pre-purchase/sale stage-

Information search

Pre-purchase decision

Registration

**2. Purchase/sale stage-**

Placement of order

Processing of order

Processing of payment

Operations Management

**3. Post-purchase/sale stage-**

Shipment

Delivery of goods

Feedback

**3. C2C**

A customer sells to another customer through internet-in the form of auction-sale of personalised services

Activities

Registration-virtual market place

Auction-at site

Sale-highest bid price

Payment

**Explain the reasons for growth of E-commerce in India.**

- Rapid growth of internet users-500 millions
- Growing awareness of e-commerce among businessmen-B2B and consumers B2C
- Growth of middle class-
- Growth of computer education
- Growth of service sector
- Influence of western life style
- Growing competition
- Increase in urbanisation

**Explain the opportunities and scope of E-commerce.**

- Travel and Tourism-ticket booking, Make my trip
- Banking-RTGS,ECS,EFTS
- Insurance-online form and renewal
- Stock market-Online trading-De-mat
- Consultancy
- Health care services
- Retail trade-pure click companies
- Education sector Fear of unknown

### What are the challenges in E-commerce?

- Fear of losing bureaucratic hold- public sector importance, authority, corruption
- Cultural changes-young generation
- Problem of skills-lack of training
- Lack of trust of customers
- Lack of clarity
- Problem of security of online transactions
- Price –wars
- No entry barrier

### What is Online Marketing Research? Explain its steps.

It involves collecting data, analysing data online regarding market information

Can be consumer research, target market, product research

#### STEPS

1. Defining marketing problem
2. Identifying research objectives
3. Preparing research design
4. Online collection of data
5. Processing of data
6. Analysis of data
7. Drawing conclusion and recommendations
8. Preparation of marketing research report
9. Implementation of recommendations
10. Review

### Objectives-

#### Fill in the blanks.

1. Generally, e-commerce transactions are conducted with the help of ---- channel. (Indirect, direct, long)
2. Audience sizing enables the on-line marketer to know about the number of ---- (groups, outlets, persons)
3. E-commerce permits----- reach. (Local, global, national) 4.E-commerce refers to the use of the ----- to transact business.(internet, agents, manufacturers)
5. E-commerce exists everywhere at the same time which is called as ----- . (Equality, humanity, Ubiquity)
6. ----- is a step in pre-purchase/sale stage in B2C stage. (Placement of order, information search, shipment)

7. Feedback is a step in ----- stage in B2C transaction. (Pre purchase/sale, purchase/sale, post purchase/sale)
8. The buyer prepares RFQ in ----- transaction. (B2C, C2C, B2B)
9. EDI is used by online retailers when trading with their ----- . (Suppliers, consumers, government)
10. In order to make purchase, the user must --- (browse, register, negotiate)

**State whether following statements are true or false.**

1. E-commerce includes all commercial transactions through electronic mode.
2. B2B transactions are conducted on small scale.
3. Transaction between a manufacturer and supplier is B2C type of e-commerce.
4. C2B means transactions between consumer and business.
5. Payment by the buyer happens at pre-purchase/sale stage.
6. EDI stands for Economic data index.
7. RFQ stands for Request For Quotation.
8. Fear of unknown is a challenge in e-commerce.
9. Online marketing research has limited coverage.
10. Online collection of data is the first step in online marketing research.