Module 1: E-Commerce

What is E-Commerce?

E-Commerce or Electronic Commerce means buying and selling of goods, products, or services over the internet. E-commerce is also known as electronic commerce or internet commerce. These services provided online over the internet network. Transaction of money, funds, and data are also considered as E-commerce. These business transactions can be done in four ways: Business to Business (B2B), Business to Customer (B2C), Customer to Customer (C2C), Customer to Business (C2B). The standard definition of E-commerce is a commercial transaction which is happened over the internet. Online stores like Amazon, Flipkart, Shopify, Myntra, Ebay, Quikr, Olx are examples of E-commerce websites.

Types of E-Commerce Models

Electronic commerce can be classified into four main categories. The basis for this simple classification is the parties that are involved in the transactions. So the four basic electronic commerce models are as follows,

1. Business to Business

This is Business to Business transactions. Here the companies are doing business with each other. The final consumer is not involved. So the online transactions only involve the manufacturers, wholesalers, retailers etc.

Benefits of B2B Model

- Products of import and export
- Encourages business online
- Position trade guides
- Determine buyers and suppliers

Features of B2B Model

- Long sales cycle
- More complex model and target market
- Less price sensitivity
- Niche marketing strategy focused on trade channels
- Less potential for emotional and impulse purchases
- More revenue per sale
- Customers demand more data
- Multiple users and user IDs

2. Business to Consumer

Business to Consumer. Here the company will sell their goods and/or services directly to the consumer. The consumer can browse their websites and look at products, pictures, read reviews. Then they place their order and the company ships the goods directly to them. Popular examples are Amazon, Flipkart, Jabong etc.

Benefits of B2C

- Expansion of niche marketing opportunities
- Expansion of the marketplace to global proportions
- Greater customer loyalty
- Cheaper electronic transactions

Features of B2C

- Easy to understand
- Short sales cycle
- Clear target market
- Lower risk and costs of entry
- Potential for emotional and impulse purchases
- Mass/ consumer media marketing strategy
- Price-sensitive customers

3. Consumer to Consumer

Consumer to consumer, where the consumers are in direct contact with each other. No company is involved. It helps people sell their personal goods and assets directly to an interested party. Usually, goods traded are cars, bikes, electronics etc. OLX, Quikr etc follow this model.

Benefits of C2C

- No intermediary
- Low transaction cost
- Round the clock availability
- Wide Reach

Features of C2C

- Negotiable market-based price
- Simple buying process
- Potential for emotional and purchases based on needs

4. Consumer to Business

This is the reverse of B2C, it is a consumer to business. So the consumer provides a good or some service to the company. Say for example an IT freelancer who demos and sells his software to a company. This would be a C2B transaction. **C2B examples include Google Adsense, Commission Junction, and Amazon. Fotolia is also emerging as a good C2B example**

5. Business to Government

Business to government is also referred to as the business to administration commerce. In this model, government and businesses use central websites to do business with each other more efficiently than they can off the web.

This e-commerce model is also referred to public sector marketing, which means marketing services and products to multiple government levels. With this platform, the businesses can bid on government opportunities including tenders auctions, and application submission.

6. Government to Business

Consumer to administration or consumer to government e-commerce model enables the consumers to post feedback or request information regarding public sectors directly to the government administration or authorities.

For example, when you pay electricity bill through the government website, payment of health insurance, make payment of taxes, etc.

Having understood the e-commerce business types, let us now check the e business models.

7. Peer to Peer

A peer-to-peer (P2P) service is a decentralized platform whereby two individuals interact directly with each other, without intermediation by a third party. Instead, the buyer and the seller transact directly with each other via the P2P service. The P2P platform may provide services such as search, screening, rating, payment processing, or escrow.