ISSN 2249-5908
Issue 6, Vol. 6 (November 2016)

AN INSIGHT OF THE E - BUSINESS IN THE PRESENT SCENARIO

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ABSTRACT

Commerce, the exchange of valuable goods or services, has been conducted for thousands of years. Traditionally, commerce involved bringing traders, buyers, and sellers together in a physical marketplace to exchange information, products, services, and payments. Today, many business transactions occur across a telecommunications network where buyers, sellers, and others involved in the business transaction (such as the employees who process transactions) rarely see or know each other and may be anywhere in the world. This process of buying and selling of products and services across a telecommunications network is often called **electronic commerce** or **e-commerce**.

Many people use the term "e-commerce" in a broader sense: to encompass not only the buying and selling of goods, but also the delivery of information, the providing of customer service before and after a sale, the collaboration with business partners, and the effort to enhance productivity within organizations. Others refer to this broader spectrum of business activities that can be conducted over the Internet as **e-business**. Most people today use the terms "e-commerce"(in its broadest sense) and "e-business" interchangeably.

One of the first companies to use the term e-business was IBM, which launched an e-business marketing campaign directed at selling services to companies that needed to connect their current electronic systems to the Web.

The initial development of e-business transactions began more than thirty years ago when banks began transferring money to each other by using **electronic funds transfer (EFT)**, and when large companies began sharing transaction information with their suppliers and customers via **electronic data interchange (EDI)**. Using EDI, companies electronically exchange information that used to be traditionally submitted on paper forms, with suppliers and customers (often called **trading partners**).

These transmissions generally occur over private telecommunications networks called **value-added networks**, or **VANs**. Because of the expense of setting up and maintaining these private networks and the costs associated with creating a standard interface between companies, implementing EDI has usually been beyond the financial reach of small and medium-sized companies. Today, companies of all sizes use a less expensive network alternative to VANs for the exchange of information, products, services, and payments–the Internet. Global access to the Internet and the Web has changed the way and businesses around the world communicate.

THE INTERNET AND WORLD WIDE WEB

Almost a billion worldwide use the Internet to shop for products and services, listen to music, view artwork, conduct research, get stock quotes, keep up-to-date with current events, chat with each other, upload and download electronic files, send e-mail, and much more.

Along with increased Internet access, the amount of information available on the Web is growing very rapidly. In fact, IDC Research expects that in the near future, Internet users worldwide will exchange information equivalent in volume to the entire Library of Congress more than 64,000 times every day.

E – BUSINESS AND THE GLOBAL ECONOMY

The e-commerce market in India had clocked close to Rs 50,000 cores. It is interesting to consider whether the global economic downturn may have negatively impacted the growth of e-commerce or possibly accelerated it as consumers look to new online channels which can often deliver greater value. Today, even though there are less than 10 million internet users who are actually engaging in e-commerce activities, there are about 150 million internet users in India or around 75 million households that are ready for e-commerce. According to a report by the IAMAI, the current e-commerce market in India is around US$ 10 billion. But with different levels of adoption, the market has the potential to grow anywhere between US$ 70 billion – US$ 150 billion under one scenario and at another level it can grow between US$ 125 billion – US$ 260 billion by 2024-25.

The widespread electronic linking of individuals and businesses around the world has created an economic environment in which time and space are no longer limiting factors; the business value of information is more important than before and information itself is more accessible; traditional business intermediaries are being replaced by new business intermediaries; and buyers are growing more powerful. The Internet has levelled the playing field by making it easier and cheaper for companies of all sizes to transact business and exchange information electronically.

As many of the business limitations of space and time disappear with the emergence of the Internet, businesses that once had geographically limited customer and competitor bases are finding that the whole world is now both customer and competitor. In addition, millions of companies that previously engaged in business transactions only during traditional hours now conduct those transactions online 24 hours a day, 7 days a week.

While the Internet and the Web are providing online opportunities for sellers, it is buyers who are dramatically gaining new economic power. Internet and Web access has changed many buyers' expectations about how quickly transactions can be processed and how convenient it should be to access information about competing products and services. With Internet and Web access, buyers no longer have to travel to various physical locations to compare prices and features of the products or services they need–competing businesses that offer unique services, lower costs, or products with the best features are just a mouse click away!

In a global economy where buyers located anywhere in the world are linked directly to sellers who are also located anywhere in the world, traditional business intermediaries, such as distributors and agents, are being threatened–and new kinds of intermediaries are emerging. For example, brick-and-mortar travel agents are being replaced by travel industry e-businesses, such as Travelocity, and traditional brokerage firms are losing business to online trading services, such as E*TRADE Financial.

Global access to the Internet and the Web has led to the development of a new kind of e-business intermediary, one that organizes information on the basis of customer needs. Access to the Internet and the Web has created a business environment in which time and distance have less meaning, information has greater value, traditional intermediaries are being replaced or eliminated completely, and buyers hold more power than ever before. While buyers are enjoying greater access to markets, sellers are also finding tremendous advantages on doing e-business.

E-Business Advantages and Disadvantages

Like buyers, sellers also benefit tremendously from the global e-business-based economy. Sellers can increase sales and operations from local to worldwide markets, improve internal efficiency and productivity, enhance customer service, and increase communication with both suppliers and customers. Table 1-1 illustrates some e-business advantages for sellers and buyers.

Table 1-1: E-Business Advantages

Advantages for Sellers	Advantages for Buyers
Increased sales opportunities	Wider product availability
Decreased costs	Customized and personalized information and buying options
24 hours a day, 7 days a week sales	24 hours a day, 7 days a week shopping
Access to narrow market segments	Easy comparison shopping
Access to global markets	Access to global markets
Increased speed and accuracy of information delivery	Quick delivery of digital products and information
Data collection and customer preference tracking	Access to rich media describing products and services

Unfortunately, however, the global e-business economy also poses some disadvantages for both sellers and buyers. Businesses may find it difficult and expensive to keep up with rapidly changing technologies, and exploiting the global marketplace means businesses must confront diverse language and cultural issues, conduct transactions in different currencies, and navigate unknown political environments. Table 1-2 illustrates the disadvantages of e- business.

Table 1-2: E-Business Disadvantages

Disadvantages for Sellers	Disadvantages for Buyers
Growing competition from other e-businesses	Difficulty differentiating among so many online sellers
Rapidly changing technologies	Unpredictable transaction security and privacy
Greater telecommunications capacity or bandwidth demands	Dealing with unfamiliar, possibly untrustworthy, sellers
Difficulty of integrating existing business	Inability to touch and feel products before buying

systems with e-business transactions	them
Problems inherent in maintaining e-business systems	Unfamiliar buying processes and concerns about vendor reliability
Global market issues: diverse languages, unknown political environments, and currency conversions	Issues with state sales tax changes and logistical difficulties of product returns

E – BUSINESS MODELS

A company's business model is the way in which the company conducts business in order to generate revenue. Widespread access to the Internet and the Web is driving companies to adapt old business models and create new ones. Although there are many different ways to categorize e-business models, they can be broadly categorized as business-to-consumer (B2C), business-to-business (B2B), business-to-government (B2G), consumer-to-consumer (C2C), and consumer-to-business (C2B). Table 1-3 describes the general features of these e-business models and provides examples of e-businesses that follow them.

Table 1-3: E-Business Models and Examples

Model	Description	Examples
B2C	Business-to-consumer: business sells products or services directly to consumers	Amazon.com TatteredCoverBookStoreeDiets.com
B2B	Business-to-business: business sells products or services to other businesses or brings multiple buyers and sellers together in a central marketplace	AirParts.com Jayde.com Rackspace Managed Hosting
B2G	Business-to-government: business sells to local, state, and federal agencies to creates a marketplace to bring government agency buyers and sellers together	B2GMarket ScanPlanet.com SupplyCore
C2C	Consumer-to-consumer: consumers sell or trade directly with other consumers	eBay swapvillage.com
C2B	Consumer-to-business: consumers submit bids for products or services that competing businesses accept or decline	priceline.com

Business-to-Consumer (B2C)

Consumers are increasingly going online to shop for and purchase products, arrange financing, prepare shipment and delivery of digital products such as software, and get service after the sale. Business-to-consumer, or **B2C**, e-business includes retail sales, often called **e-retail**, of goods and services, as well as online purchases of items such as airline tickets, entertainment venue tickets, hotel rooms, and shares of stock.

Businesses that conduct their transactions from a physical location are sometimes known as **brick-and-mortar** enterprises. Many traditional brick-and-mortar retailers–from nationwide companies such as Sears, Best Buy, Barnes & Noble, and the Gap, to regional or local stores such as The Sunglass City–are now **e-retailers** who maintain online stores at which their customers can also view merchandise and make purchases. Companies such as these, which combine brick-and-mortar business facilities with e-business operations, are sometimes called **brick-and-click** companies.

Some B2C e–businesses provide high-value content for a subscription fee. Examples of e-businesses following a **subscription model** such as this include the Wall Street Journal Online (for financial news and articles), Consumer Reports (for product reviews and evaluations), and ediets.com (for nutritional counselling).

The B2C e-business category also includes **virtual malls**, which are e-business Web sites that host a number of online merchants. Virtual malls, which may also offer transaction handling services and marketing options, typically charge online merchants setup, listing, or transactions fees. Most virtual malls allow consumers to search for a specific product, compare the product features and prices offered by various stores, and even check out each store's consumer satisfaction ratings. Two examples of virtual malls are MSN Shopping and Yahoo! Shopping.

Pure-play e-retailers, merchants that offer traditional or Web-specific products or services only over the Internet, are sometimes called **virtual merchants**, and they provide another variation on the B2C model. Amazon.com–a company that sells books, electronics, toys, music, and more–is one of the most successful original pure-play e-retailers. Other successful pure-play e-retailers include eBags, which specializes in bags and luggage of all types, and Hometown Favorities, an e-business that offers hard-to-find foods.

Some businesses supplement a successful traditional mail-order business with an online shopping site, or move completely to an online store. These businesses are sometimes called **catalog mechants**. Examples of catalog merchants include Avon.com (cosmetics and fragrances), CHEF'S (cookware and kitchen accessories), Omaha Steaks (premium steaks, meats, and other gourmet food), and Harry and David (gourmet food gifts).

Business-to-Business (B2B)

Like B2C e-business models, business-to-business, or **B2B**, e-business models take a variety of forms. There are basic B2B Internet storefronts, such as Staples and Office Depot, which provide business customers with purchasing, order fulfilment, and other customized services. Some B2B e-businesses offer Internet and Web products such as Web site hosting and Web page design, networking hardware and software, or e-business consulting services.

Another B2B model is an online trading community that acts as a central source of information for a vertical market. A **vertical market** is a specific industry in which similar products or services are developed and sold using similar methods. Examples of broad vertical markets include insurance, real estate, banking, heavy manufacturing, and transportation. The information available at online trading community Web sites includes buyer's guides, supplier and product directories, industry news and articles, schedules for industry trade shows and events, and classified ads. MediSpeciality.com (healthcare industry), Hotel Resource (hospitality industry), and Elance (IT Industry) are examples of B2B e-businesses that support vertical markets.

Another subcategory within the B2B model is a B2B auction, where products and services are exchanged through online bidding. B2B auctions include both online **forward auctions**, where many buyers bid on products or services offered by a single seller, and online **reverse auctions**, in which a single buyer offers to purchase products and services from multiple competing sellers. One B2B auction site that offers both forward and reverse auction services for the retail, construction, travel, and manufacturing industries is HedgeHog.

Business-to-Government (B2G)

A variation on the B2B model is the business-to-government, or **B2G**, model. These e-businesses create a marketspace for sellers wanting do business with government agencies. B2G e-businesses provide information on government contracting and bring suppliers and government agencies together. E-businesses, such as Bidmain and B2GMarkets, follow the B2G e-business model.

Consumer-to-Consumer (C2C)

In the consumer-to-consumer, or C2C e-business model, consumers sell products, personal services, and expertise, directly to other consumers through a number of methods: by placing online classified ads, by participating in forward and reverse auctions, or by making trades. Examples of e-businesses that involve consumers welling directly to consumers are American Boat Listing, an online boat listing service; eBay, which offers both fixed price items and auctions; TraderOnline.com, which hosts classified ads; and AllExperts.com, an expert information exchange.

Converging Worlds

In this new Internet world, the line between B2C and B2B e-Business is blurring. Influenced by the emergence of Web 2.0, where people collaborate and share information online in ways previously unavailable, B2B buyers increasingly expect B2C-like personalized experiences, creating a whole new challenge for B2B providers.Faced with the demand for greater personalization, B2B e-Business initiatives must now offer features in their customer and partner transactions that were once the domain of B2C offerings.

At the same time B2B buyers want a new, more personal experience, B2C companies are looking to extend their sales models to new as well as existing markets. Like their B2B counterparts, they need to involve multiple suppliers. The net effect is that B2C initiatives require the complex guided selling, configuration and order management capabilities traditionally found in B2B business.

The convergence of B2C and B2B has created a new "Business-to-Everyone" or B2E paradigm where providing consumers with a unique and personalized experience with quick and easy access to the right products and services is the rule, not the exception. B2E recognizes that in an increasingly commoditized product world, more and more customers make buying choices based on a company's ability to satisfy their particular needs; provide complete solutions, which sometimes include multiple parties; and offer the right pricing.

The Buying Experience

In the B2E world of Web sales, self-service needs to enable potential buyers to quickly and easily find, configure and purchase the right products and services at the right price and be easily searchable and intuitive. It must be transactional, capturing, distributing and fulfilling orders promptly and accurately and providing status and details on demand as needed during the fulfillment process.

B2E initiatives also must integrate with traditional selling processes in order to fully satisfy customers' needs. Customers need to be confident that a Web self-service interaction will allow them to call the sales representative for help if necessary to complete the transaction and then check the status of an order any way they choose -- over the phone, via a call center or in person.

Conclusion

The sheer potential and scope of e-commerce has made it feasible and more attractive than any other business channel in the economy today. From a mere click of a button and a host of payment choices; consumers can purchase virtually anything under the sun with more and more companies offering free shipping. E-commerce facilitates shopping anytime, anywhere and for almost anything desired. Busy consumers prefer this to the restrictions of when a mall/shop is open and the need to physically travel to a shop. Online business takes shopping a step further by taking itself to the customer creating conveniences of shopping anywhere and at anytime. Customers can trust the process of going online and purchasing only when transactions are fast, convenient and secure. A high degree of integrity is possible only when the online electronic payment provider is reputable and trustworthy. The e-commerce world is changing rapidly in the digitized world. These e-commerce developments may have been accelerated by the global economic downturn which may be driving consumers to find new ways of reducing their costs of living. The online channel offers a clear value proposition for both merchants and consumers making it the most sought after and exciting business model today.

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Issue 6, Vol. 6 (November 2016)

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