E-BUSINESS

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The way business is done has undergone fundamental changes during the last decades or so. The manner of conducting business is referred to as “MODES OF BUSINESS” and, the prefix “EMERGING” underlines the fact that these changes are happening here and now and that these trends are likely to continue. In fact, if one were to list the three strongest trends that are shaping business, these would be:

✓ DIGITIZATION: The conversion of text, sound, images, videos and other content into a series of ones and zeros that can be transmitted electronically.

✓ OUTSOURCING: To engage the service of an outside agency to manage and operate business activities or functions.

✓ GLOBALISATION: Integrating the economies of the world and helping in increasing the capital requirements of the business houses around the world.
Electronic business, commonly referred to as "eBusiness" or "e-business", or an internet business, may be defined as the application of information and communication technologies (ICT) in support of all the activities of business.

Electronic business methods enable companies to link their internal and external data processing systems more efficiently and flexibly, to work more closely with suppliers and partners, and to better satisfy the needs and expectations of their customers.
E-business involves business processes spanning the entire value chain: electronic purchasing and supply chain management, processing orders electronically, handling customer service, and cooperating with business partners.

Special technical standards for e-business facilitate the exchange of data between companies.

E-business software solutions allow the integration of intra and inter firm business processes.

E-business can be conducted using the Web, the Internet, intranets, extranets, or some combination of these.
Evolution of e-business

How it started

- Electronic data interchange (EDI) - electronically transfer routine documents (application enlarged pool of participating companies to include manufacturers, retailers, services)
- 1970s: innovations like electronic funds transfer (EFT) - funds routed electronically from one organization to another (limited to large corporations)
- 1990s: the Internet commercialized and users flocked to participate in the form of dot-com, or Internet start-ups.
- 1997: Introduction of a brand new phrase – e-business
Evolution of e-business (cont.)

- 2001: The emphasis shifted from B2B to B2E (Business to Employee), c-commerce (collaborative commerce), e-government, e-learning, and m-commerce (mobile commerce).

- 2011-12: Total online shopping and transactions in the United States between $7 to $10 trillion.

- 2016: According to a report entitled ‘Digital Retail 2020’ by Google and AT Kearney, online shoppers in India is estimated to grow 3.5 times to touch 175 million by 2020, from 50 million in 2015. E-tailing will drive 25 per cent of the total organised retail sales of $240 billion in India by 2020 and will reach $60 billion in gross merchandising value.
BENEFITS OF E-BUSINESS?

E-business can benefit all types of businesses. It is not limited to technology-related products and services;

E-Business can be applied to any part of a company's operations, including marketing and sales, purchasing, production, design and engineering etc.
E - BUSINESS CAN HELP A BUSINESS TO:

- Cut costs and transaction times.
- Promote, market and sell around the world and around the clock through a website.
- Improve customer support, communication and relationship management.
- Compete globally with your website against businesses of all sizes without setting up offices in other countries.
- Offer a wide range to cater for all Consumers
**IMPORTANCE OF E-BUSINESS:**

- *E-Business* merges internet technology with business processes to create new business value, new relationships & build trust for an enterprise.

- *E-Business* refers to the paperless exchange of business information using network based technology.

- Online purchase is very convenient for customers and can provide competitive advantage for vendors.
Electronic commerce, or e-commerce, refers to economic activity that occurs online.

E-commerce includes all types of business activity, such as retail shopping, banking, investing and rentals. Even small businesses that provide personal services.
Electronic commerce refers to the buying and selling of products or services over electronic systems such as the Internet and other computer networks.

However, the term may refer to more than just buying and selling products online. It also includes the entire online process of developing, marketing, selling, delivering, servicing and paying for products and services.
ADVANTAGES OF E-COMMERCE:

- Faster buying/selling procedure, as well as easy to find products.
- Buying/selling 24/7.
- More reach to customers, there is no theoretical geographic limitations.
- Low operational costs and better quality of services.
- No need of physical company set-ups.
- Easy to start and manage a business.
- Customers can easily select products from different providers without moving around physically.
Any one, good or bad, can easily start a business. And there are many bad sites which dupe customers in different ways.

There is no guarantee of product quality.

There are many hackers who look for opportunities, and thus an ecommerce site, service, payment gateways, all are always prone to attack.
**WHAT IS E-MARKETING?**

E-Marketing is a subset of E-Business that utilises electronic medium to perform marketing activities and achieve desired marketing objectives for an organisation.

E-Marketing is a broader term that describes any marketing activity performed via electronic medium.
E-Marketing

ADVANTAGES OF E-MARKETING:

- Reduction in costs through automation and use of electronic media.
- Faster response to both marketers and the end user.
- Increased ability to measure and collect data.
- Opens the possibility to a market of one through personalisation.
- Increased interactivity
DISADVANTAGES OF E-MARKETING:

- Dependability on technology.
- Security, privacy issues.
- Maintenance costs due to a constantly evolving environment.
- Higher transparency of pricing and increased price competition.
- Worldwide competition through globalisation.
## Difference between E-Business, E-Commerce and E-Marketing.

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<th>E-Business</th>
<th>E-Commerce</th>
<th>E-Marketing</th>
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<td>E-Business is a very broad entity dealing with the entire complex system that comprises a business that uses electronic medium to perform or assist its overall or specialised business activities.</td>
<td>E-Commerce is best described in a transactional context. So for example an electronic transaction of funds, information or entertainment falls under the category handled by principles of e-Commerce. Technically e-Commerce is a part of e-Business.</td>
<td>E-Marketing is also a part of e-Business that involves electronic medium to achieve marketing objectives. e-Marketing is set on a strategic level in addition to traditional marketing and business strategy.</td>
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The E-Business Network

- Intranet and Extranet
- Network Software
- Enabling Technology
- Networking Vendors
- Network Hardware
- E-Commerce Applications

E-Business Network
What is Important in an E-Business Network?

- Functionality
- Reliability
- Security
- Speed
- Scalability
- Access Control
Why Does an E-Business Network Matter to a User?

- To share knowledge and reap productivity gains by finding information faster
- To communicate faster with clients and suppliers
- To provide options for teleworking
- To implement web services
- To enable teams to work collaboratively irrespective of geography
- To better automate business procedures
Seven Value Creation Strategies of E-Business

- **Online purchasing strategy:** allows for buying and selling of products and information on the Internet and other online services.

- **Digital communication strategy:** allows for delivery of digital information, products, services, or payments online.

- **Service strategy:** allows for the cutting of costs, improving of the quality of goods, and increasing the speed of service.
- **Business process strategy:** allows automation of business transactions and work flows.

- **Market-of-one strategy:** allows for developing products for a single customer with close to the same costs as mass production.

- **Auction based strategy:** allows automation of bidding for products or customers online.

  ex: [www.eBay.com](http://www.eBay.com)

- **Pricing Strategy:** Allows businesses to pursue market share by selling at low prices or giving away products and services for free.
E-Business Examples

- **Amazon**
  - Online seller of books, music and other products
  - Low overhead costs allow price discounting

- **Yahoo!**
  - Internet search engine and the most visited site on the Web
  - Offers variety of services - free email, web page hosting, custom-designed start-up pages
  - Generates revenue by selling advertising

- **eBay**
  - Online auction service
Applications can be divided into three categories:

**Internal business systems:**
- customer relationship management
- enterprise resource planning
- document management systems
- human resources management

**Enterprise communication and collaboration:**
- VoIP
- content management system
- e-mail
- voice mail
- Web conferencing
- business process management
electronic commerce - business-to-business electronic commerce (B2B) or business-to-consumer electronic commerce (B2C):

- internet shop
- supply chain management
- online marketing
- offline marketing
When organizations go online, they have to decide which e-business models best suit their goals. A business model is defined as the organization of product, service and information flows, and the source of revenues and benefits for suppliers and customers. The concept of e-business model is the same but used in the online presence. The following is a list of the currently most adopted e-business models such as:

- E-shops
- E-commerce
- E-procurement
- E-malls
MODELS

- E-auctions
- Virtual Communities
- Collaboration Platforms
- Third-party Marketplaces
- Value-chain Integrators
- Value-chain Service Providers
- Information Brokerage
- Telecommunication
- Customer relationship
CLASSIFICATION BY PROVIDER AND CONSUMER

Roughly dividing the world into providers/producers and consumers/clients one can classify e-businesses into the following categories:

- business-to-business (B2B)
- business-to-consumer (B2C)
- business-to-employee (B2E)
- business-to-government (B2G)
- government-to-business (G2B)
- government-to-government (G2G)
- government-to-citizen (G2C)
- consumer-to-consumer (C2C)
- consumer-to-business (C2B)
# Extended E-Business Models

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<th>Consumer</th>
<th>Government</th>
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<td><strong>Consumer</strong></td>
<td>C2B priceline.com</td>
<td>C2C ebay.com</td>
<td>C2G eGov.com</td>
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Business-to-Business (B2B)

- Business-to-business (B2B) – applies to businesses buying form and selling to each other over the Internet
- E-procurement – the B2B purchase and sale of supplies and services over the Internet
- Systematic sourcing – involves buying through pre-negotiated contracts with qualified suppliers
- Spot sourcing – businesses buy transaction-oriented commodity-like products and rarely involves a long-term or ongoing relationship between buyers and sellers
B2B exchanges are new organizational forms in digital space that can take place in the following:

- Buyer model (few buyers, many sellers)
- Marketplace model (many buyers, many sellers)
- Longer term relationship model (few buyers, few sellers)
- Seller model (few sellers, many buyers)
Consumer-to-Business (C2B)

Consumer-to-business (C2B) - applies to any consumer that sells a product or service to a business over the Internet.

C2B facilitates the following:
- Social interaction
- Personal finance management
- Purchasing products and information
Consumer-to-Consumer (C2C)

- Consumer-to-consumer (C2C) – appliers to sites primarily offering goods and services to assist consumers interacting with each other over the Internet

- C2C communities thriving on the Internet:
  - Communities of interest
  - Communities of relations
  - Communities of fantasy
- **Consumer-to-government (C2G)** – constitutes the areas where a consumer (or citizen) interacts with the government

- **Government-to-business (G2B)** – includes all government interaction with business enterprises

- **Government-to-consumer (G2C)** – governments dealing with consumers/citizens electronically

- **Government-to-government (G2G)** – governments dealing with governments electronically
E-Business Best Practices

- Personalized relations
- Maintain visitor privacy
- Make your site easy to use
- Manage visitor perceptions
- Maintain site consistency
- Quick Response
Privacy is among the top concerns of Internet users.

E-business sites often require passwords and use **electronic signatures**, an electronic form of identity verification.

Companies can track customers’ shopping and viewing habits through **cookies**.

Customers usually prefer that companies do not share their personal information. Merchants have responded by joining privacy organizations.

Privacy protections may soon become legally required.

Employees also have concerns that employers are monitoring their Internet behavior.

Companies worry about data theft.
E-Business Challenges (Internet Fraud)

- **Internet Crime Complaint Center** logs more than 200,000 complaints annually.
- 50% of the complaints referred to law enforcement agencies deal with online auctions.
- **Phishing** is a growing form of Internet fraud that uses e-mail or pop-up messages to get unsuspecting victims to disclose personal information.
- **Vishing, or voice phishing**, involves phone calls to credit card customers to obtain personal and banking information.
- Payment fraud is growing.
Other Challenges of e-Business

- Lost purchases quite often due to technical reasons
- Marketing (SEO)
- Misbeliefs and mistrust among customers
- Word of Mouth (reviews, blogs, etc – social media) and crowdsourcing
- Company attitudes
- Changes, innovations and development
- Updating
- Follow up and measurement
- ENGAGEMENT
Future of e-Business

- Increases growth
- Blurred borders
- Technical requirements as well as demand for global logistics, invoicing and payments
- Mobile and HTML5
- Location and awareness (geo targeting)
- Augmented reality
- Learning from customers
- Not only B2C, B2B or C2C separately, but together (group buying sites)
- Affiliate marketing
Post Demonetization Scenario

- Though demonetisation brought with it a sudden decline in e-commerce transactions, the first quarter of 2017 has brought some positive changes.
- Demonetisation aims at pushing consumers towards making digital payments, thereby contributing to a cashless economy.
- According to NITI Aayog report, digital payments saw a whopping surge of 271 per cent in the very first month following demonetisation. The number of mobile wallet transactions has increased to 63 lakhs from 17 lakhs.
Post Demonetization Scenario

- Paytm, one among the biggest players in the mobile wallet space revealed that it served 45 million customers within 3 weeks after demonetisation.

- Transactions via RuPay cards have also increased suggesting that more JanDhan account holders have started using debit cards for online transactions.

- Despite bringing chaos in its initial days, demonetisation in the long run is considered beneficial to the growth of e-commerce in India.

- One of the long term benefits for the e-commerce industry is reduction in payments via Cash on Delivery. For online retailers COD involves additional cost and the risk of returns or thefts is higher in this form of payment.
Post Demonetization Scenario

Here is how demonetisation has affected the 4 main segments of the e-commerce industry.

► Online Retail
Online retailers like Amazon and Snapdeal welcomed the Government’s move on demonetisation but they have also had to deal with a slump in business. There was a 30 per cent-40 per cent reduction in COD orders.

► Payments
The digital wallet and payment segments have emerged clear winners post demonetisation. Local vegetable shops and paani puri vendors have been showcased on social media for displaying signs asking for digital payments. Payment gateways have already seen an 80 per cent growth and the number is increasing each week. There is a growth in low-value transactions too.
Post Demonetization Scenario

- **Logistics**

  E-commerce based logistic firms have taken a hit as 20 percent of COD orders were cancelled post the demonetisation announcement. In the transport industry most of the transactions are done through cash and this is expected to take more than a quarter to normalise.

- **Hyper-local Delivery**

  This sector in the e-commerce industry has seen tremendous growth post demonetisation. Hyper-local delivery firms supply groceries, household items and food from restaurants to customers. The number of new customers that this segment receives is increasing by the day and there is a surge in pre-paid orders. Online food-ordering platforms like Swiggy and Zomato have seen a rise in transactions.
Increase in Online Transactions in Tier-2 and Tier-3 Cities

Payments made by customers from small cities and towns underwent a major change. Digital transactions have seen a 150 per cent growth in tier-2 cities and 157 per cent growth in tier-3 cities. Demonetisation has caused an increase in digital transactions at these places by almost one-and-a-quarter times when compared to big cities.

e-wallets

1. Paytm

Paytm is an Indian payment and commerce company based out of Delhi NCR, India. Launched in August 2010, it is the consumer brand of parent One97 Communications. The name is an acronym for "Pay Through Mobile. Post demonetisation, Paytm’s traffic increased by 435%, app downloads grew 200%, and there was 250% rise in overall transactions and transaction value.
2. Freecharge

FreeCharge founded in 2010 (about to be acquired by Paytm) is an e-commerce website headquartered in Mumbai, Maharashtra. It provides online facility to recharge any prepaid mobile phone, postpaid mobile, DTH & Data Cards in India.

3. Mobikwik

Founded in 2009 MobiKwik is an Indian company offering a mobile phone based payment system. Customers add money to an online wallet that can be used for payments. The company reports a user base of 50 million customers.

4. BHIM

Bharat Interface for Money app was launched by the Govt. which simplifies the process of cashless transactions, and has the potential to give established ewallets such as Paytm, Freecharge, Mobikwik etc a run for its money, literally. Named after Dr BR Ambedkar, BHIM app has been described as a ‘wonder app’, which will usher in more cashless initiatives, and enable the poor as well the rich to be on the same platform. Indigenous digital payments app BHIM has recorded close to 20 million downloads so in April 2017.
Brian tries to figure out how to put a shopping cart on his Web site.

THANK YOU!