

A Study on Role of Information Technology in Ecommerce

Dr. Alstyné victor. Kuraty

**HOD, Department of Computer Science, K.L.E Society's J.G. COLLEGE OF
COMMERCE VIDYANAGAR, HUBBALLI**

ABSTRACT: E-Commerce, known as Electronic Commerce, deals with conducting business online and electronically. It has completely revolutionized the conventional concept of business by selling and purchasing of goods and services world-wide through internet and computer networks.

INTRODUCTION

The term electronic commerce or e-commerce refers to conduct of any sort of business transaction that involves the transfer of information through the internet. By definition it covers a variety of business activities which use internet as a platform for either information exchange or monetary transaction or both at times.

E-commerce means using the Internet and the web for business transactions and/or commercial transactions, which typically involve the exchange of value (e.g., money) across organizational or individual boundaries in return for products and services.

History of E-commerce

The beginning of e-commerce can be traced to the 1960's, when businesses started using **Electronic Data Interchange (EDI)** to share business documents with other companies. In 1979, the American National Standards Institute developed ASC X12 as a universal standard for businesses to share documents through electronic networks.

After the number of individual users sharing electronic documents with each other grew in the 1980s, the rise of eBay and Amazon in the 1990s revolutionized the e-commerce industry. Consumers can now purchase endless amounts of items online, from commodities to groceries. Other than buying and selling, many people use Internet as a source of information to compare prices or look at the latest products on offer before making a purchase online or at a traditional store.

Why E-commerce?

With the increasing diffusion of ICTs, more specifically the Internet, the global business community is rapidly moving towards Business-to Business (B2B) e-Commerce. The buyers gain a clear advantage when the Internet gives them access to the global market, by which they can compare prices across regions, find out whether prices vary by order fragmentation and get awareness about substitute products. Due to transparency of the market, customer can compare the services of various e-commerce sites easily. For instant, in case of e-commerce the competitors are one click away from customer. If clients are not happy with the products, prices or services offered by a particular ecommerce site, they are able to change much more easily than in the physical. From the Sellers' point of view, they don't need to have physical existence of shop.

TYPES OF E-COMMERCE

Business to Business (B2B):

Business to Business E-commerce refers to the full spectrum of E-commerce that can occur between two organizations B2B E-commerce includes purchasing and procurement, supplier management, inventory management, channel management, sales activities, payment management, and service and support. A few B2B pioneers are Chemdex (www.chemdex.com), Fastparts (www.fastparts.com) and Free Markets (www.freemarkets.com)

Business to Consumer (B2C):

Business to Consumer E-commerce refers to exchanges between Business and Consumer. Direct dealing between Business and Consumer has always existed, but with the Ecommerce such transactions have gained further momentum. Traditional B2C model: Manufacturer Retailer Consumer ↔ On line B2C model: Manufacturer / Retailer Consumer Examples: Amazon.com, Yahoo.com

Consumer to Consumer (C2C):

Consumer to Consumers involves transactions between and among consumers. These exchanges may or may not include third party involvement. Traditionally consumers have had dealings with other consumers, but only few of those activities were in a commercial sense. Ecommerce has made it possible to bring together strangers and providing a platform for them to trade on.

Consumer to Business (C2B):

Consumer to Business is relatively a new model of commerce and is a reverse of the traditional commerce models. Here, consumers provide services or goods to businesses and create value for the business. Consumers can band together to form and present themselves as a buyer group to businesses in a consumer to business relationship.

Business to Business to Consumer (B2B2C):

A variant of the B2B2C model wherein there is an additional intermediary business to assist the first business transact with the end consumer. Here, it is poised to much better in a web based commerce with reduced costs of having an intermediary. Example: Flipkart is one of the most successful E-commerce portals which provide a platform for consumers to purchase a different variety of products like electronic goods, apparels, books and music CDs

FUNCTIONS OF E-COMMERCE

Communication function Aimed at the delivery of information and/or documents to facilitate business transactions. Example: E-Mail.

Process management function Covers the automation and improvements of business processes. Example: networking two computers together.

Service management function Application of technology to improve the quality of service. Example: Federal Express website to track shipments and schedule.

Transaction capabilities Provides the ability to buy/sell on the internet or some other online services. Example: Amazon.com.

Benefits of E-commerce

The main benefit from the customers' point of view is significant time saving and easy access from anywhere round the globe. Customer can place a purchase order at any time.

The main benefits of ecommerce for customers are as follows:

- Reduced transaction costs for participating exchange in a market.
- Increased comfort - transactions can be made 24 hours a day, without requiring the physical interaction with the business organization. Time saving- Customer can buy or sell any product at any time with the help of internet.
- Quick and continuous access to information Customer will have easier to access information check on different websites at the click of a button.
- Convenience-All the purchases and sales can be performed from the comfort sitting a home or working place or from the place a customer wants to.
- Switch to others companies-Customer can easily change the company at any time if the service of a company is not satisfactory.

Emerging trends in e-commerce

1. **Marketing Automation**
2. **Artificial Intelligence (AI)**
3. **Enhanced Shipping Options**
4. **Mobile Commerce**
5. **Augmented Reality for Product Visualization**
6. **Voice Search Will Take Lead**
7. **Snap and Shop**

And many more

CHALLENGES OF E-COMMERCE

EXTERNAL CHALLENGES:

External forces impact how E-commerce companies plan their growth strategy and provide seamless customer experience onsite and post transaction .

Product and Market Strategy: E-commerce companies have to address issues pertaining to rapidly evolving customer segments and product portfolios access information on market intelligence on growth, size and share manage multiple customer engagement platforms focus on expansion into new geographies, brands and products and simultaneously tackle a hypercompetitive pricing environment

Customer and Digital Experience: Companies have to provide a rich, fresh and simple customer experience not geared towards discovery, manage inconsistent brand experience across platforms; manage proliferation of technologies; and handle time to market pressure for new applications. In the recent past, social media has become more influential than paid marketing.

Payments and Transactions: E-commerce companies may face issues around security and privacy breach and controlling fictitious transactions. Further, RBI restrictions for prepaid instruments or E-Wallets act as impediments. From a transactions perspective cross border tax and regulatory issues and backend service tax and withholding tax can have serious implications.

Fulfillment: Companies will need to check if the physical infrastructure gets affected by the internet speed. Also the lack of an integrated end to end logistics platform and innovation focused fulfillment option could cause delivery issues. Challenges around reverse logistics management and third party logistics interactions could also act as barriers to growth.

INTERNAL CHALLENGES: Internal forces impact how E-commerce companies can organize to drive and sustain growth.

Organization Scaling: E-commerce companies will have to make sure organization design keeps pace with the rapidly evolving business strategy, along with fluid governance, strong leadership and management development. From a growth perspective, identifying acquisition opportunities, fund raising and IPO readiness becomes necessary. From a technology perspective, it is important to transform IT as an innovation hub and address the lack of synergy between business, technology and operations functions of the enterprise.

Tax and Regulatory Structuring: Companies will need to address issues around sub optimal warehouse tax planning imbalance between FDI norms vis-à-vis adequate entity controls, inefficient holding IPR or entity structure and international tax inefficiencies. Future challenges include the new companies act, policy on related party transaction pricing and the uncertainty around GST roadmap.

Risk Fraud and Cyber Security From a risk perspective: E-commerce companies could face issues around brand risk, insider threats and website uptime. Issues around employee vendor nexus, bribery and corruption make companies vulnerable to fines. Cyber security also raises some concerns around website exploitation by external entities.

Compliance Framework: E-commerce companies have to comply with several laws, many of which are still evolving. Potential issues around cyber law compliance, inefficient anti corruption framework, legal exposure in agreements or arrangements, indirect and direct tax compliance framework and rules and regulations could pose problems. Uncertainty around VAT implications in different states due to peculiar business modes could cause issues. Today E commerce has become an integral part of everyday life.

CONCLUSION

Accessibility to E-commerce platform is not a privilege but rather a necessity for people, particularly peoples who are staying in urban areas. Due to fast adoption of internet enabled devices like Smartphone and Tablets, we have seen an unparalleled growth in E-commerce. The telecommunication technology has completely changed the way of our living, communication methods, shopping etc. It has a huge impact on how we communicate with friends and relatives how we travel, how we access the information and the way we buy or sell products and services. The growth of Ecommerce volumes in India is attracting the attention of players around the globe. E-commerce creates new opportunities for business it also creates new opportunities for education and academics. It appears that there is tremendous potential for providing E-business education.

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