

What is e-commerce?

By Sara Choe

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Definition of E-Commerce - the exchange of goods and services for money via any electronic medium, such as TV, fax or internet.

ELECTRONIC COMMERCE FUNDAMENTALS -

Mosaic was the first graphical browser, next came Netscape.

The average user spends five hours and 28 minutes per week on the Internet.

Communication Services - supports the transfer of information from the buyer to the seller.

Data Management - defines the exchange format of the information.

Security - authenticate the source of information and guarantee the integrity and privacy of the information.

E-Commerce - 1. (inter-company commerce) Commerce conducted expected to grow exponentially via any electronic media, such as TV, fax, or the Internet. [Broader definition]

2. an integration of communications, data management, and security capabilities that allows organizations to exchange information about the sale of goods and services

E-Commerce vs. Traditional Commerce - 1. Electronic commerce is usually carried through a networked computer system, whereas traditional commerce was done via person-to-person contact, or over the phone or mail.

2. allows non-repudiation & authentication

Business-to-Business (B2B) - Commerce that is conducted between two separate businesses. One characteristic of this model is high volume and low price margins. Most studies indicate that B2B transaction value is 3-4 times higher than the average B2C transaction value. (\$127 billion by 2000)

Business-to-Consumer (B2C) - Commerce that is conducted between consumer on a PC and a business. This type of model can also be characterized by low volume and high price margin to high volume and low price margins. (\$10 billion by 2000)

Benefits of E-Commerce Traditional Commerce

Networked computer system Person-to-Person

Processes more automated

Close physical proximity

Digital ID Physical ID

Advantages of Electronic Commerce

Always open, simplifies communication, reduced paperwork, reduced errors / time / overhead, Easy

to enter into new geographical regions, new business opportunities, improved market analysis, streamline and automate purchasing.

Instant worldwide availability

Streamline buyer-to-seller relationship resulting from simplified communication and direct interaction

Reduced paperwork

Reduced errors, time and overhead costs due to the elimination of redundant information

Reduced time to complete business transactions

Entries into new market areas are facilitated.

New business opportunities are opened up as more innovative ways are designed to use the Internet.

Improved market analysis.

Wider access to assistance and advice is available from experts and peers.

Product analysis is improved because businesses can collect, collate, and make available their product information on the Internet.

The ability to streamline and automate purchasing minimizes costs associated with handling sales orders.

Issues in Electronic Commerce: ICTCRCSTA

Protecting intellectual property, confidentiality, taxation, customs, and government regulations.

Fraud (credit card - cardholder liable for maximum \$50), security, trust (will the company be around tomorrow?), service disruption.

Intellectual property - copyright infringement

Confidentiality - risk of sending personal financial information over the network

Taxation - Who pays for taxes on purchase made over the Internet?

Customs - Is it an illegal ship or buy an item if you purchase it from somewhere that the item IS legal?

Regulations - Is there any regulations of various countries being broken?

Credit Card Fraud - What are the legal protections against unauthorized or fraudulent transactions?

Security - Which technique should be used? Which is safest? Which is least likely to be compromised?

Trust - Does the buyer trust the site to provide the products or services offered?

Availability - Is the site up 24 hours a day, 7 days a week?

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