1. Electronic Commerce:

Ecommerce, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions. Ecommerce is often used to refer to the sale of physical products online, but it can also describe any kind of commercial transaction that is facilitated through the internet.

The history of ecommerce begins with the first ever online sale: on the August 11, 1994 a man sold a CD by the band Sting to his friend through his website NetMarket, an American retail platform. This is the first example of a consumer purchasing a product from a business through the World Wide Web—or "ecommerce" as we commonly know it today.

Since then, ecommerce has evolved to make products easier to discover and purchase through online retailers and marketplaces. Independent freelancers, small businesses, and large corporations have all benefited from ecommerce, which enables them to sell their goods and services at a scale that was not possible with traditional offline retail.

Global retail ecommerce sales are projected to reach $27 trillion by 2020.

2. E-Commerce Categories:

1. Electronic Markets

Present a range of offerings available in a market segment so that the purchaser can compare the prices of the offerings and make a purchase decision.

Example: Airline Booking System

2. Electronic Data Interchange (EDI)

Electronic Data Interchange (EDI) is the electronic interchange of business information using a standardized format; a process which allows one company to send information to another company electronically rather than with paper. Business entities conducting business electronically are called trading partners.

- It provides a standardized system
- Coding trade transactions

- Communicated from one computer to another without the need for printed orders and invoices & delays & errors in paper handling
- It is used by organizations that a make a large number of regular transactions

Example: EDI is used in the large market chains for transactions with their suppliers

3. Internet Commerce

- It is used to advertise & make sales of wide range of goods & services.
- This application is for both business to business & business to consumer transactions.

Example: The purchase of goods that are then delivered by post or the booking of tickets that can be picked up by the clients when they arrive at the event.

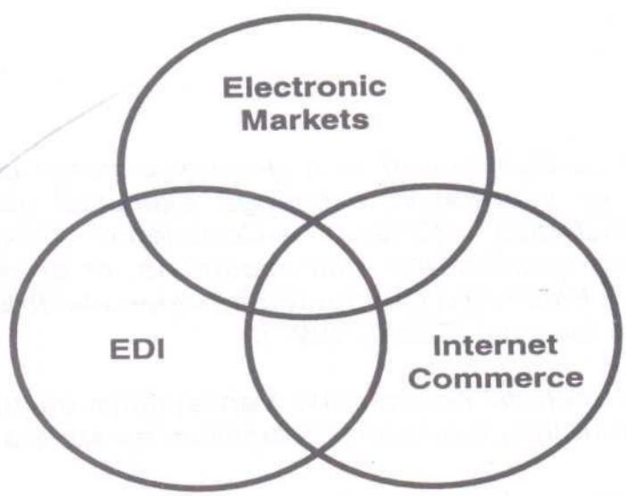

Fig. 1.1 The three categories of e-Commerce.

3. Advantages of E-commerce:

- Buying/selling a variety of goods and services from one's home or business
- Anywhere, anytime transaction
- Can look for lowest cost for specific goods or service
- Businesses can reach out to worldwide clients - can establish business partnerships
- Order processing cost reduced
- Electronic funds transfer faster
- Supply chain management is simpler, faster, and cheaper using ecommerce

- Can order from several vendors and monitor supplies.
- Production schedule and inventory of an organization can be inspected by cooperating supplier who can in-turn schedule their work

4. Disadvantages of E-commerce:

- Electronic data interchange using EDI is expensive for small businesses
- Security of internet is not very good - viruses, hacker attacks can paralise e-commerce
- Privacy of e-transactions is not guaranteed
- E-commerce de-personalizes shopping

5. Threats of E-commerce:

- Hackers attempting to steal customer information or disrupt the site
- A server containing customer information is stolen.
- Imposters can mirror your ecommerce site to steal customer money
- Authorized administrators/users of an ecommerce website downloading hidden active content that attacks the ecommerce system.
- A disaffected employee disrupting the ecommerce system.
- It is also worth considering where potential threats to your ecommerce site might come from, as identifying potential threats will help you to protect your site. Consider:
- Who may want to access your ecommerce site to cause disruption or steal data; for example competitors, ex-employees, etc.
- What level of expertise a potential hacker may possess; if you are a small company that would not be likely to be considered a target for hackers then expensive, complex security may not be needed.

6. Features of E-Commerce:

- **Ubiquity**

It refers to the fact that the visitors/ customers can access a service from any place, on any device, anytime.

- **Global reach**

The technology reaches Commerce to be enabled across cultural and across national boundaries, around the earth. The Internet allows the company to market themselves and attract new customers to their website where they can provide product information and better customer service.

- **Universal standards**

The universal standards of the internet and e-commerce greatly provide lower market entry costs which is the cost that merchants must pay simply to bring their goods to the market. At the same time, for consumers, universal standards reduce search cost which is the effort required to find suitable products.

- **Richness**

Video, audio, and text marketing messages are possible. integrated into a single marketing message and consuming experience.

- **Interactivity**

It allows two-way communication between merchant and consumer which was not afforded through traditional mediums such as newspapers, magazines, radio ads and television. Television for instance, cannot ask viewers any questions or enter into conversations with them and it cannot request that customer information be entered into a form. In contrast, all of these activities are possible on an e-commerce website. Interactivity allows an online merchant to engage a consumer in ways similar to a face-to-face experience but on a massive and global scale.

- **Information density**

Information density in e-commerce markets make prices and costs more transparent. Price transparency refers to the ease with which consumers can find out the variety of prices in a market. Cost transparency refers to the ability of consumers to discover the actual costs merchants pay for products. Many see price and cost transparencies as a benefit to consumers, but many businesses do not want this form of information made public, limiting strategic initiatives and possible related advantages.