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Comprehensive Consumer perspective of E-Commerce models

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Abstract

E-Commerce is a transaction of funds for the exchange of goods or buying and selling of commodities to a digital platform. It has enormous economic effects in the future which is changing the total structure of running the business. Online shopping and retailing are the other forms of e-commerce, allowing the customer to shop through a web browser. In the 21st century, the growth and productivity in different fields like Information technology, economic and social have been greatly affected by e-commerce. It has reduced trade inefficiencies and developed backward countries to enhance the growth of economics with international competitors. For a better understanding of e-commerce, it is needed to identify the terminologies used for assessment of their usage and origin. Terms related to e-commerce are institutional security framework, (which involves data security, privacy issues, information reliability), electronic fund transfer, logistics management, inventory control, online transactions and their processing, automated data collection, internet marketing, etc. are possible with the help of mobile commerce as with the increased usage of gadgets like smart phones and tablets, e-commerce is accessible in urban and rural areas. These factors affect the end-user in obtaining electronic trade, finance, and investment to large extent.

Keyword: E-Commerce, Online Shopping, Information Technology, Transactions, Electronic Fund Transfer, Logistics management, Finance, Investment.

Introduction of e-commerce

E-Commerce is getting more lucrative in developing economies. Out of different economies, India is recognized in fifth place and has a promising future in the area of e-commerce. It has remarkable influences on the business market environment. It is leading towards the transformation from the traditional way to the modern way of business. Huge usage of the internet has added to the growth of e-commerce. People stay on the internet 24×7 through smartphones and other gadgets which led to the evolution of e-commerce activities.

E-Commerce is now a new concept that has brought a change in the way of conducting business in this modern era. It does not only include the transaction of funds through payments but also shows the art of executing the business.¹ IBM Company defines the meaning of e-commerce as “E-business can be the key in transforming the business process using internet technologies”. E-commerce has many names such as e-store, online store, web store, virtual store, web shop, internet shop, e-shop, and e-mail There

are certain other terms related to e-commerce that support the e-commerce model.² Some examples discussed are e-procurement includes an electronic supply of goods at all the levels, collaboration platform (it involves different software and instruments used mainly for implementation and maintenance of e-communication channels between companies), e-brokerage includes value chain service providers, e-payments, or e-logistics, the third-party marketplace, and different supply services. Various apps are utilized for the functioning of e-commerce. And these apps are characterized as data processing technology that involves the usage of image, animation, sound, audio, and video. They attract more consumers to the website. This includes a variety of business activities such as that are provided electronically. Immediate technology of digital content, business plans and the exchange of goods and services

Purpose of the study

- To analyze the need for e-commerce in the current scenario.
- To study the facilitators of e-commerce.
- To determine objectives of e-commerce
- To discuss the models of e-commerce
- To evaluate the merits and demerits of e-commerce
- To summarize the basic features of e-commerce

Need of e-commerce

In the current scenario, the internet has become an integral part of our life which has a great impact on different social activities. In this busy era performing any activity like going to market for purchasing essential goods and commodities, going to the banks for payments or withdrawal of money or any other cash transaction has become too difficult because of shortage of time. So these situations and circumstances had led to the growth of online shopping, which has now become an emerging part of society. Every year commerce sales are expanding to a growth rate of 25% to 30%, which shows the shift in the consumption habits of the customers. Nowadays customers can keep themselves updated by going through the product reviews and new information of different e-commerce sites instead of searching them in old magazines or directories.³ Most business owners rely more on data or information search on the internet rather than depending on the advertisement in the phone book or particularly calling a company. Though every business differs from others in different aspects such as in their style of working, promotion of the product and services, the volume of production and their methods, etc. They need the same power to survive in this digital world, also one must update themselves regarding different business transactions and their working to have a competitive advantage over others.

Suppliers of E-Commerce

- **E-commerce suppliers:**

Internet is not only a source of information but also an important tool for the digitalization of shopping, learning, communication, and all the services. Supply chain and Logistics management give better connectivity with customers with the help of internet services.

- **Social networking:**

It includes those websites and computer programs that make Communication and Information sharing easier through computers or cell phones. Different kinds of offers and attractive sales schemes are available for the customers on the sites which has attracted the customers towards e-shopping.

- **Automobile sector:**

The development in e-commerce has provided the facility of artificial intelligence, GPRS, and automatic sensor system which replaced the manual operations in cars and other automobiles. So the companies can create a customized market campaign according to the demands of customers.

- **Banks:**

The bank led to the evolution of the e-commerce industry through the online digitalized payment system, that is net banking. Some special services like De-mat, foreign exchange services have increased and improved the trading of shares /stocks.

- **Digital Platforms:**

Online digital payment systems through credit cards or debit cards made shopping easier for customers. E-wallets or e-payment apps like Paytm, phonepe, and Google pay, made the payment way easier in comparison to the other ways of transaction.

Objectives of e-commerce

- **Eliminate extra cost:**

The main aim of the firm is to eliminate the extra cost incurred other than the revenue while doing e-commerce business. Proper use of marketing techniques and automation of e-commerce websites will help businesses to attract more customers without incurring too many expenses.

- **Better relations:**

For maintaining good trade relations between company and customer communication plays an important role. The E-commerce market can be expanded and business relations can be strengthened by having proper interaction between the e-commerce companies and consumers.

- **Getting more sales:**

E-commerce companies mainly focus on increasing sales to earn more revenue. Companies can boost their sales by implementing different marketing strategies. These strategies must be tested and analyzed in the past. These ideal business tactics help the company to grab more customers' attention because "what works in the past will work in the future as well".⁴ By just reanalyzing the old tactics, or designing proper market plan companies can easily earn more profits by selling their ideal products.

- **Providing services:**

To improve the efficiency of the services, rapid advancements are made continuously in technology. Expenditure of management and selling online can be eliminated by working and cautiously choosing online platforms. Companies can create an impactful online presence to sell more products by providing quick delivery of products or services to the customers. More customers will be attracted, when they get efficient automated services such as invoice creation, chat support system, and update for the status of the product.

- **Increase in traffic:**

Another common goal of e-commerce companies is to generate appropriate traffic for businesses. Building useful traffic is more important as all kinds of traffic are not relevant for the success of the business. By collecting data related to the customer interests, requirements, age, location, and searches, helps the business to analyze the traffic and provide the goods according to their preferences.

Models of E-Commerce

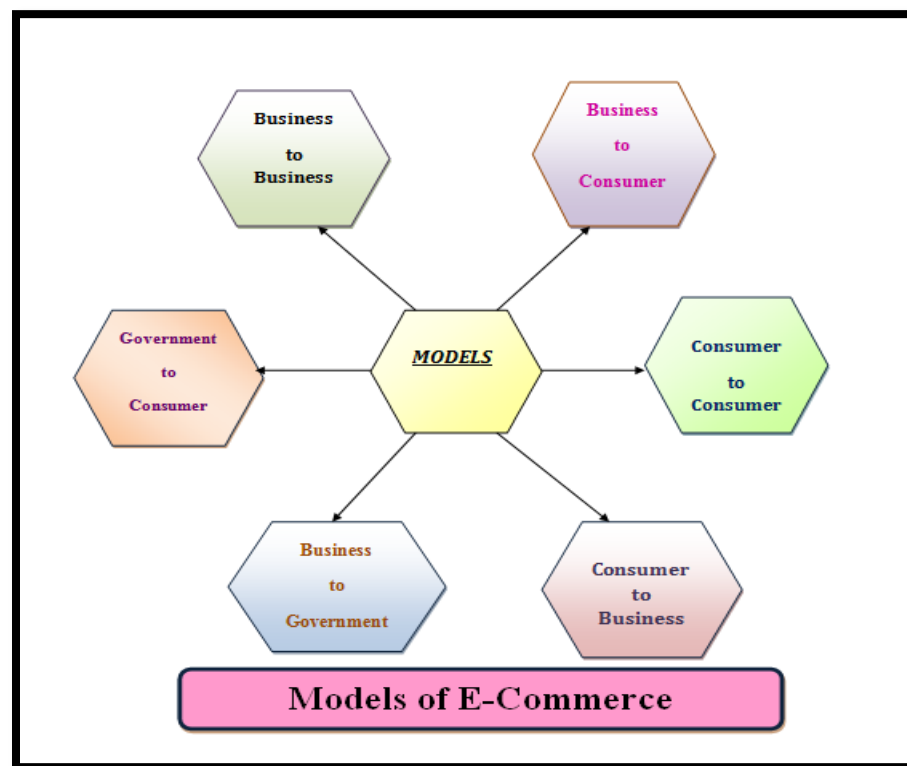


Figure – 1

Business to business (B2B):

This model focuses between two businesses rather than business and consumer. These companies provide convenient, faster, and cheaper services. In the B2B model, commodities are bought by the intermediaries who in return sell the goods to the ultimate buyer. In this model, the intermediary will be a website or a wholesaler who receives the product at consignment and sells them in their retail shops.

Example: Alibaba.com is an international website that provides a base for the companies to purchase products from all over the world from the listed sellers. B2B model can also be seen working in some Indian marketplace such as IndiaMart.com, Industrykart.com

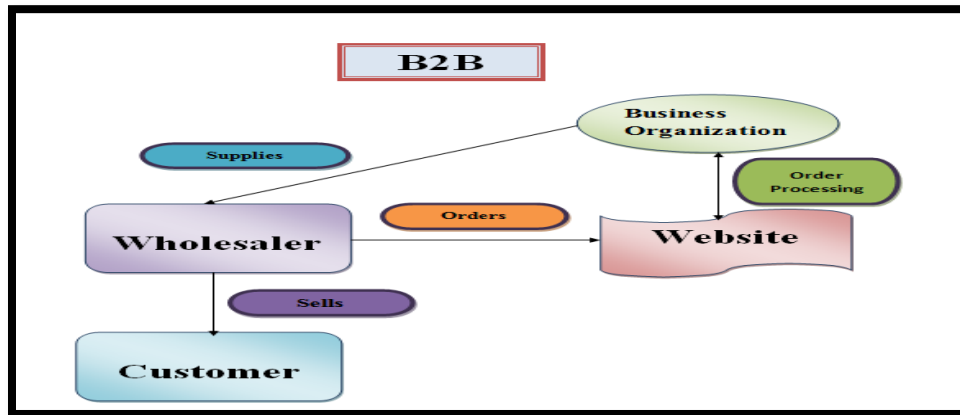


Figure-2

Business to consumer (B2C):

The interaction takes place between the consumer and the manufacturer. B2C is a business model that makes a big distinction from the business model of B2B. In the B2C model, customers can purchase the commodities directly from the company's websites. Most commercial websites provide a customized place for all the products. The customer can prefer a product and order the same. After receiving the orders, companies generally inform the customer about other orders through e-mails before dispatching the orders instantly to customer.

Example: Amazon.com is one of the largest websites under the B2C model. Other marketplaces are Lenskart.com, Nykaa.com, Snapdeal.com

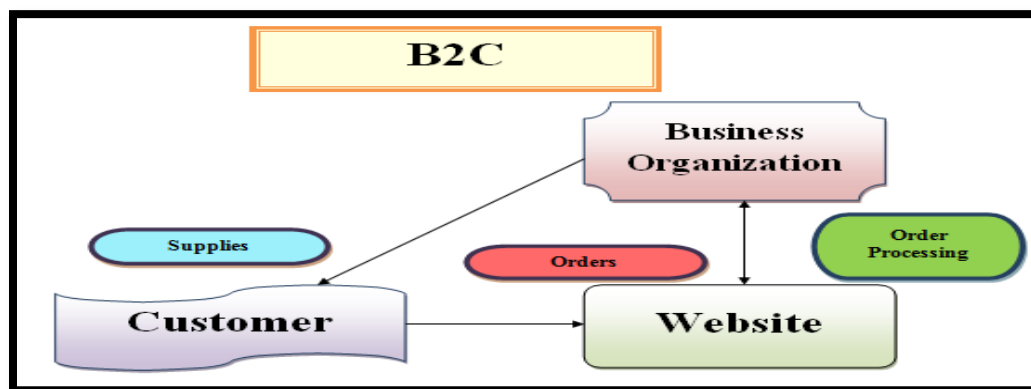


Figure-3

Government to Citizen (G2C):

It helps to create deals between the citizens and the government. Governments use websites to approach citizens in general. G2C websites furnish information related to services e.g. birth, death registration,

auctions of vehicles. By using such websites, the government can easily attend to the request of customers within the limited time of spam.

Examples: Digital India Initiative, National Portal, Bharat Bill Pay, Passport, PAN Card, Swacch Bharat Abhiyan.



Figure-4

Business to government (B2G):

When commercial marketing takes place between the companies and the public sector, it is called the B2G or G2B model. The company performs activities for the benefit of the public sector (procurement of contract act). Also in the G2B model government institutions provide information regarding the legal framework for the cooperation with the private sector. It's a type of model in which the government interacts with the business. The website provides information related to trading between the government and business. These websites provide auctions, tenders, submission of application facilities to the government.

Example: Some B2G websites are e-biz, Indian Trade, e-learning, government procurement; Government uses virtual work space software created by business agencies.

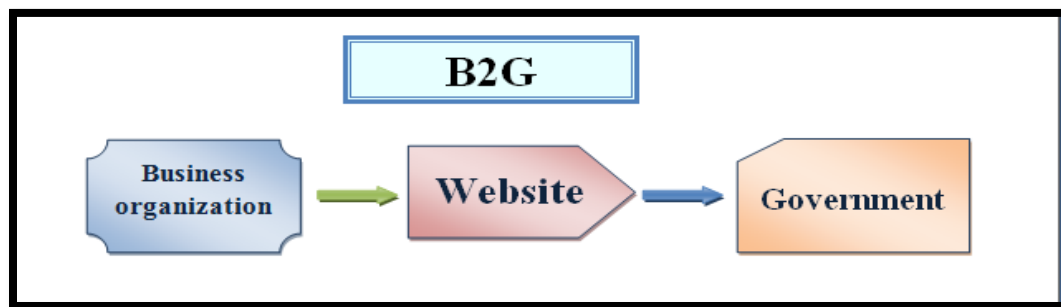


Figure-5

Consumer to Business (C2B):

This type of marketing enables the customer to draw out the value from the businesses by providing goods and services and get paid by the companies. It is a less popular model among other e-commerce models. It concentrates on customer-centric services provided to the business organization in exchange for income. To sell the products to a particular seller, customers get the chance to bid the price for those

products, which they will buy from C2B websites. Profits can be easily earned by both buyers and companies through this model.

Example: This model is used by companies such as Fiverr, Blogging websites, Upwork, etc. Many job portals are included like Monster.com, Times Job.com.

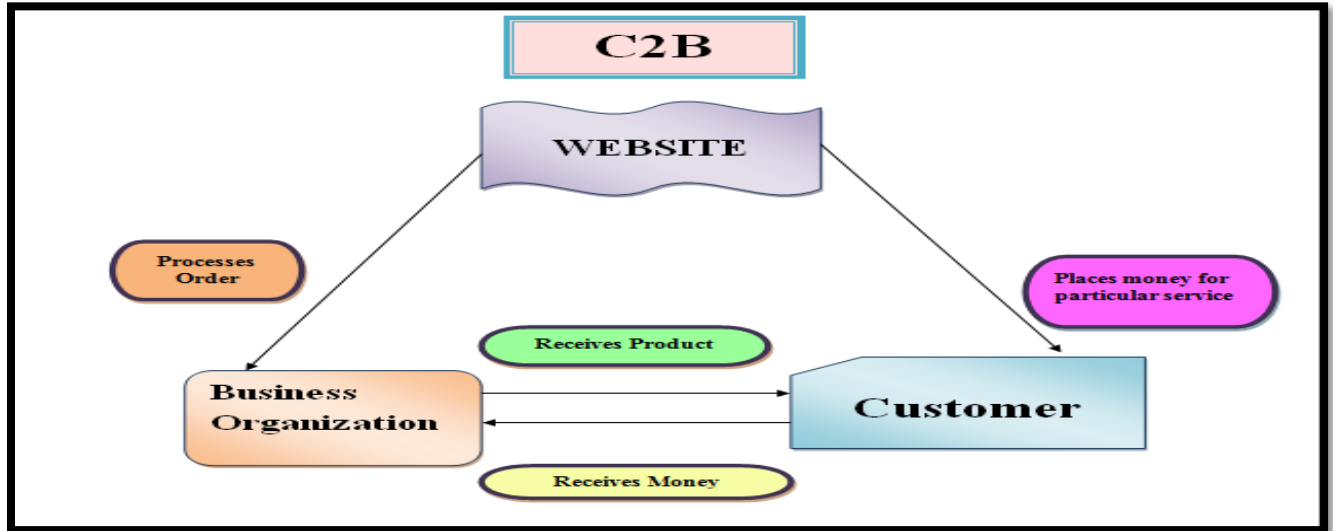


Figure-6

Consumer to consumer (C2C):

It is a business model through which customers can trade with each other on different online platforms. Using the third party channel different online deals are provided to the consumers in this kind of e-marketing. It's the most popular type of business model in the world.

The C2C model helps the consumers to sell their properties like vehicle residential property, land, flats, leasing services, etc. by publishing this information on the website. These companies sometimes charge the consumer for their services. To maintain quality control, protect the consumers C2C model deals with third-party apps.

Example: Companies engaged in such marketing services are:-Uber, Airbnb, eBay, Olx. in, Quikr.com.

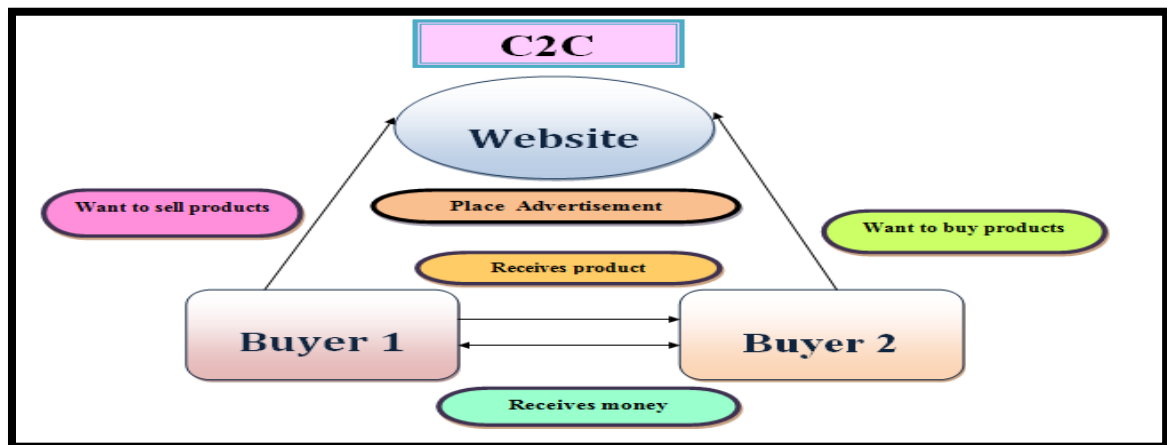


Figure-7

Advantages of E-Commerce

- **Economical:**

Generally advertising through printing, television, or radio is costly and companies have to incur heavy expenditures on it. As an alternative, online advertising is quite cost-effective in comparison to traditional advertising systems.⁵ A powerful online presence can be achieved easily today because it reduces paper costs whereas, for publicity campaigns, we have to pay for printing costs for most advertisements. Online prices are typically lower than traditional store prices; also most sites offer more discounts and promotions to their customers.

- **Security and Convenience:**

A large part of the commodities purchased by the consumers is indeed impacted due to comfort and convenience. E-Commerce websites help customers to easily place an order from anywhere, without going out from their home. 50-60% of the consumers agree to pay for such a convenient experience.

- **Various range of products:**

Large amounts of commodities or a variety of products and services are available to the customers. They can easily choose goods and services as per their requirement from anywhere around the world. Customers can buy different products from different countries through e-commerce websites.

- **Informative decision-making:**

Nowadays customers can easily buy almost everything through online shopping. This has led to the development of a well-established and specialized market for E-Commerce merchants. As e-commerce is the fastest-growing segment customers can easily compare the prices and quality of the products and can make better decisions. The customers can make better decisions based on the reviews, descriptions, and details provided regarding the products.

- **Enable Deals, Bargains, Coupons, and Group Buying:**

To make online shopping accessible to customers more and more coupons, deals, bargains, and discount schemes are provided by e-commerce websites. It's a good business tactic, as it helps in increasing the overall sales of the business, attracting more and more customers. Tempting coupons, discounts are made available to the customers to improve their shopping experience.

- **Round the clock services:**

Online websites or stores run all the time. These stores are open 24×7 and 365 days that increases the number of orders per received and also constantly opening stores is more convenient according to the customer.

Disadvantages of e-commerce

- **Payments and transaction-related issues:**

Payment refers to the exchange of money for goods, or services on some reasonable percentages that have been decided between all the parties involved. In online transactions, it is made through credit cards, debit cards, etc. The e-commerce companies may face problems related to the failure of e-transactions due to which the company has to suffer numerous losses. These issues also lead to the bad reputation of companies.

- **Security issue:**

Security is yet another big issue while transacting with E-Commerce retailers because risks related to hacking and cybercrimes are the main causes among online shopping websites. Transaction privacy issues also prevail related to the customer identity and confidential information as hackers try to gain access to such information.

- **Cut-throat competition:**

In the e-commerce market, there is huge competition among the e-commerce companies as these companies use aggressive pricing strategies that often provide huge discounts and commissions to the customers. Also, most of the companies offer similar products in this super-competitive business world, due to which customers get diverted.

- **Additional charges:**

A lot of times it happens that while placing an order or adding products on the cart extra shipping charges can be easily seen along with the purchase price due to which customers experience additional costs hidden in the prices of the products making them costlier than the market price.

- **Logistic challenges:**

The main challenge for e-commerce company systems is that the lack of standardization in postal addresses couldn't be taken as logistics management. Much investment is required for setting up warehouses and distribution. There are thousands of towns and countries that are not easily reachable. To provide timely delivery services and reach the customer on time is a big challenge under the e-commerce framework.

- **Customer loyalty and review experiences:**

Maintaining good customer loyalty is essential for e-commerce companies but most companies may face problems related to the loyalty of customers because of the entry of new e-commerce companies. To retain the customers, companies focus on providing better customer services and keep them aware of the new products and services from time to time.

Conclusion

E-commerce companies are growing rapidly in India. It is an important and integral part of business generation. Numerous e-commerce firms are growing in various dimensions which include banking,

education, commerce, and tourism, etc., they are working on improving their services through the incorporation of technologies into the service delivery mechanism.

Today, the e-commerce platform has become a necessity for people, especially those living in urban areas. With the help of various gadgets like smart phones, tablets the growth of e-commerce is encouraged and flourished.

E-commerce and e-transaction include many advantages in today's era such as consumers' wider target market, interactive communication, effective marketing strategy, and better service delivery mechanisms.⁶ E-commerce activities also go through various challenges like privacy issues, money security, or legal policies. Factors like the consistency of transactions, reliability of website, design, replacement, guarantee, regularity of promotions, in-stock indications, stability in product variety, location-based services, multiple payment options, proper content, better online transactions, quick services have contributed to the success of e-commerce in India.

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