Different types of E-commerce

The major different types of e-commerce are: business-to-business (B2B); business to-consumer (B2C); business-to-government (B2G); consumer-to-consumer (C2C);and mobile commerce (m-commerce).

What is B2B e-commerce?

B2B e-commerce is simply defined as e-commerce between companies. This is the type of e-commerce that deals with relationships between and among businesses. About 80% of e-commerce is of this type, and most experts predict that B2B ecommerce will continue to grow faster than the B2C segment.

The B2B market has two primary components: e-frastructure and e-markets. E-frastructure is the architecture of B2B, primarily consisting of the following:

- logistics - transportation, warehousing and distribution (e.g., Procter and Gamble).

- Application service providers - deployment, hosting and management of packaged software from a central facility (e.g., Oracle and Linkshare).

- Outsourcing of functions in the process of e-commerce, such as Web-hosting,security and customer care solutions (e.g., outsourcing providers such as eShare, NetSales, Enterprises and Universal Access).

- Auction solutions software for the operation and maintenance of real-time auctions in the Internet (e.g., Moai Technologies and OpenSite Technologies).

- content management software for the facilitation of Web site content management and delivery (e.g., Interwoven and ProcureNet).

- Web-based commerce enablers (e.g., Commerce One, a browser-based, XMLenabled purchasing automation software).

What is B2C e-commerce?

Business-to-consumer e-commerce, or commerce between companies and consumers, involves customers gathering information; purchasing physical goods (i.e., tangibles such as books or consumer products) or information goods i.e. or goods of electronic material or digitized content, such as software, or e-books and for information goods, receiving products over an electronic network.

It is the second largest and the earliest form of e-commerce. Its origins can be traced to online retailing.

B2C e-commerce reduces transactions costs by increasing consumer access to information and allowing consumers to find the most competitive price for a product or service. B2C e-commerce also reduces market entry barriers since the cost of putting up and maintaining a Web site is much cheaper than installing a "brick-and-mortar" structure for a firm. In the case of information goods, B2C e-commerce is even more attractive because it saves firms from factoring in the additional cost of a physical distribution network. Moreover, for countries with a growing and robust Internet population, delivering information goods becomes increasingly feasible.

What is B2G e-commerce?

Business-to-government e-commerce or B2G is generally defined as commerce between companies and the public sector. It refers to the use of the Internet for public procurement, licensing procedures, and other government-related operations. This kind of e-commerce has two features: first, the public sector assumes a pilot/leading role in establishing e-commerce; and second, it is assumed that the public sector has the greatest need for making its procurement system more effective.15Web-based purchasing policies increase the transparency of the procurement process(and reduces the risk of irregularities). To date, however, the size of the B2G ecommerce market as a component of total e-commerce is insignificant, as government-procurement systems remain undeveloped.

What is C2C e-commerce?

Consumer-to-consumer e-commerce or C2C is simply commerce between private individuals or consumers. This type of e-commerce is characterized by the growth of electronic marketplaces and online auctions, particularly in vertical industries where firms/businesses can bid for what they want from among multiple suppliers.16 It perhaps has the greatest potential for developing new markets.

This type of e-commerce comes in at least three forms:

● Auctions facilitated at a portal, such as eBay, which allows online real-time bidding on items being sold in the Web;

● Peer-to-peer systems, such as the Napster model (a protocol for sharing files between users used by chat forums similar to IRC) and other file exchange and later money exchange models.

- Classified ads at portal sites such as Excite Classifieds and eWanted (an interactive,online marketplace.

What is m-commerce?

M-commerce (mobile commerce) is the buying and selling of goods and services through wireless technology-i.e., handheld devices such as cellular telephones and personal digital assistants (PDAs). Japan is seen as a global leader in m-commerce. As content delivery over wireless devices becomes faster, more secure, and scalable, some believe that m-commerce will surpass wireline e-commerce as the method of choice for digital commerce transactions.

Industries affected by m-commerce include:

● Financial services, including mobile banking (when customers use their handheld devices to access their accounts and pay their bills), as well as brokerage services (in which stock quotes can be displayed and trading conducted from the same handheld device).

● Telecommunications, in which service changes, bill payment and account reviews can all be conducted from the same handheld device.

● Service/retail, as consumers are given the ability to place and pay for orders on-the-fly and

● Information services, which include the delivery of entertainment, financial news, sports
figures and traffic updates to a single mobile device.

What forces are fueling e-commerce?

There are at least three major forces fuelling e-commerce:

- ✓ Economic forces,
- ✓ Marketing
- ✓ Customer interaction forces, and
- ✓ Technology, particularly multimedia convergence.

Economic forces. One of the most evident benefits of e-commerce is economic efficiency resulting from the reduction in communications costs, low-cost technological infrastructure, speedier and more economic electronic transactions with suppliers, lower global information sharing and advertising costs, and cheaper customer service alternatives.

Market forces. Corporations are encouraged to use e-commerce in marketing and promotion to capture international markets, both big and small. The Internet is likewise used as a medium for enhanced customer service and support. It is a lot easier for companies to provide their target consumers with more detailed product and service information using the Internet.

Technology forces. The growth of ecommerce. For instance, technological advances in digitizing content, compression and the promotion of open systems technology have paved the way for the convergence of communication services into one single platform. This in turn has made communication more efficient, faster, easier, and more economical as the need to set up separate networks for telephone services, television broadcast, cable television, and Internet access is eliminated. From the standpoint of firms/businesses and consumers, having only one information provider means lower communications costs.

Components of Successful e-commerce transaction loop:

E-commerce does not refer merely to a firm putting up a Web site for the purpose of selling goods to buyers over the Internet. For e-commerce to be a competitive alternative to traditional commercial transactions and for a firm to maximize the benefits of e-commerce, a number of technical as well as enabling issues have to be considered. A typical e-commerce transaction loop involves the following major players and corresponding requisites:

The Seller should have the following components:

● A corporate Web site with e-commerce capabilities (e.g., a secure transaction server);

● A corporate intranet so that orders are processed in an efficient manner; and

● IT-literate employees to manage the information flows and maintain the e-commerce system.

Transaction partners include:

● Banking institutions that offer transaction clearing services (e.g., processing credit card payments and electronic fund transfers).

● National and international freight companies to enable the movement of physical goods within, around and out of the country. For business-to-consumer transactions, the system must offer a means for cost-efficient transport of small packages (such that purchasing books over the Internet, for example, is not prohibitively more expensive than buying from a local store).

● Authentication authority that serves as a trusted third party to ensure the integrity and security of transactions.

Consumers (in a business-to-consumer transaction) who:

● Form a critical mass of the population with access to the Internet and disposable income enabling widespread use of credit cards; and

● Possess a mindset for purchasing goods over the Internet rather than by physically inspecting items.

Firms/Businesses (in a business-to-business transaction) that together form a critical mass of companies (especially within supply chains) with Internet access and the capability to place and take orders over the Internet.

Government, to establish:

● A legal framework governing e-commerce transactions (including electronic documents, signatures, and the like).

● Legal institutions that would enforce the legal framework (i.e., laws and regulations) and protect consumers and businesses from fraud, among others.