



## E-Commerce



## LEARNING OBJECTIVES

- To learn the concept of E-Commerce.
- To know the brief history of E-Commerce.
- To analyze different types of E-Commerce business models and revenue models.
- To distinguish between E-Commerce and Traditional commerce.
- To understand the advantages and disadvantages of E-Commerce.

## 15.1 Introduction to E-Commerce

“The wise possess all”. Anyone who is quick to identify and adopt innovation will be successful. Commerce always profits from innovations. Successful businesses quickly identify developing opportunities in emerging new technology, and expand their commercial capabilities.



The customer goes to the market, checking out a variety of products, choosing required stuff, purchasing them and then paying the specific amount is traditional commerce. However, recent ways of buying or selling goods and services have come up with technology innovations.

In near future commercial activities such as buying or selling of goods between merchant and consumer will be forgotten.



**Figure 15.1** Conventional commodities exchanging System

As growth in technology and vast usage of internet, our style of living has changed and this has also modified the working of commercial trade. Refer Figure 15.1

In 1996, IBM coined the term E-Business. Just, as business is broader than commerce, E-Commerce is a subset of E-Business. E-Commerce is commercial transaction through Internet, but E-Business entirely depends on the Internet for its every intra-company and inter-company activities such as procurement of raw materials, marketing, finance, manufacturing, selling and negotiation.

While, E-Commerce is limited with monetary transactions using Internet E-Business is grounded on technologies such as Network Infrastructures (like Internet, Intranet, Extranet), Multimedia content & network publishing infrastructures (like HTML, Online Marketing), Messaging & information distribution infrastructures (like EDI, e-mail, http, Computerized Inventory Management Systems) and other Common business service infrastructures (like electronic payments gateways, globalized Supply Chain Management (SCM), Online Transaction Processing). See Figure 15.2

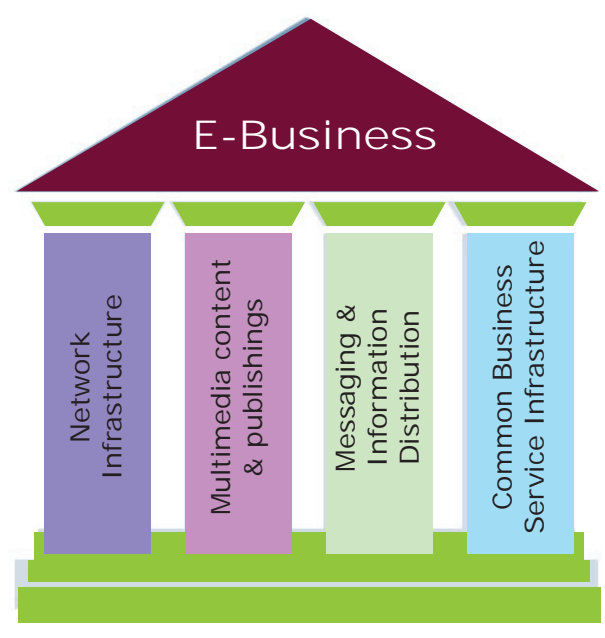


Figure 15.2 E-Business building block

A company is set to have E-Business if and only if

- It has the ability to conduct business electronically over Internet.
- It manages payment transaction through Internet.
- It has a platform for selling products & services via Internet.

### E-Commerce

E-Commerce is currently one of the most important aspects of the Internet era. Just like the words e-mail, e-book with the prefix 'e' ('e' stands for electronic) Commerce and Internet makes E-Commerce. It also allows the consumers to exchange goods and services with no barrier of time or distance. Electronic commerce has expanded rapidly over the past few years and is predicted to accelerate.

E-Commerce can be described as the process of buying or selling products, services or information via computer networks.

It could be a consumer based retail site or auction site or trade between large business organizations. The commodity could be a laptop or a wrist watch or it could be an operating system or a simple browser plugin.

The Physical products which can be seen are touched. They are distinct from intangible goods which have value but are not physical entities.

Tangibles products may be like printed books, CD's and DVD's, lamp etc., Intangible products may be like digital files, downloaded video games, music files are movies which can not be physically touch. Refer Figure 15.3



Figure 15.3 Tangible and intangible goods.

- Goods - e.g. mobile phones, digital cameras, clothes, accessories, antivirus.
- Information - e.g. subscription to some newspapers, scientific journals, television channels.
- Services - e.g. matrimonial services, placement services.
- Tangible form – e.g. a digital camera purchased by a consumer from an online shopping website which might be delivered at the requested address.
- Electronic form – e.g. a music album or a software downloaded from a site which might be delivered in electronic form.

## 15.2 The Evolution of Electronic Commerce

E-Commerce is not a completely new type of commerce. The dawn of E-Commerce started few decades ago and continues to grow exponentially. It first emerged on private networks in 1970s. Electronic Data Interchanges and teleshopping together paved the way for the E-Commerce.



In 1979, Michael Aldrich, an English entrepreneur, proposed a technique that enables online transaction processing between consumers and businesses, or between businesses. It was later proficiently called as E-Commerce. In 1980 he invented a multi-purpose home infotainment device called Teleputer, which was a fusion of Television, Computer and Telecom networking technologies.



The history of modern E-Commerce is closely twisted together with the history of the Internet. E-Commerce became really possible when the Internet was opened to commercial use. Online shopping started to grow when National Science Foundation opened the Internet to the public in 1991. Since then businesses have reached websites.

With the progress of the Internet technology and vastly developed global Internet community, large number of Dotcoms, FinTech and Internet Startups have appeared and a strong foundation of electronic commerce continues to build.

The Internet has provided new commercial potential not only for large organizations, but also provided a sustainable entry point for Small and Medium-sized Enterprises (SMEs) of E-Commerce. Today, E-Commerce is no longer an exclusive domain of large organizations or private networks.

Even though E-Commerce has been existing since few decades, it has recently sustained significant growth. It is because the Internet has transformed from an auxiliary communication medium of academics and large organizations to an entrenched communication medium that extends nearly to all parts of mainstream

society. Integrated with commercialization of the Internet, personal computers and electronic payment systems together made E-Commerce flourish.

The growth of E-Commerce is also related to the socio-technological changes. The more, the medium becomes deep-rooted, the more, are the users drawn towards it. Increase of users, increases the markets. As the markets expand, more business organizations are attracted. The more businesses accumulate it create competition. The competition leads to

innovation; innovation in turn drives the development of technology; technology facilitates E-Commerce's growth. See Figure 15.4

**DO YOU KNOW?** In August 11, 1994 by noon of the day, Phil Brandenberger of Philadelphia (U.S.A), bought a music CD (Sting's "Ten Summoners' Tales") from Kohn of Nashua (U.S.A) and paid \$12.48 plus shipping charges using his credit card through online. This is marked as the first true E-Commerce transaction.

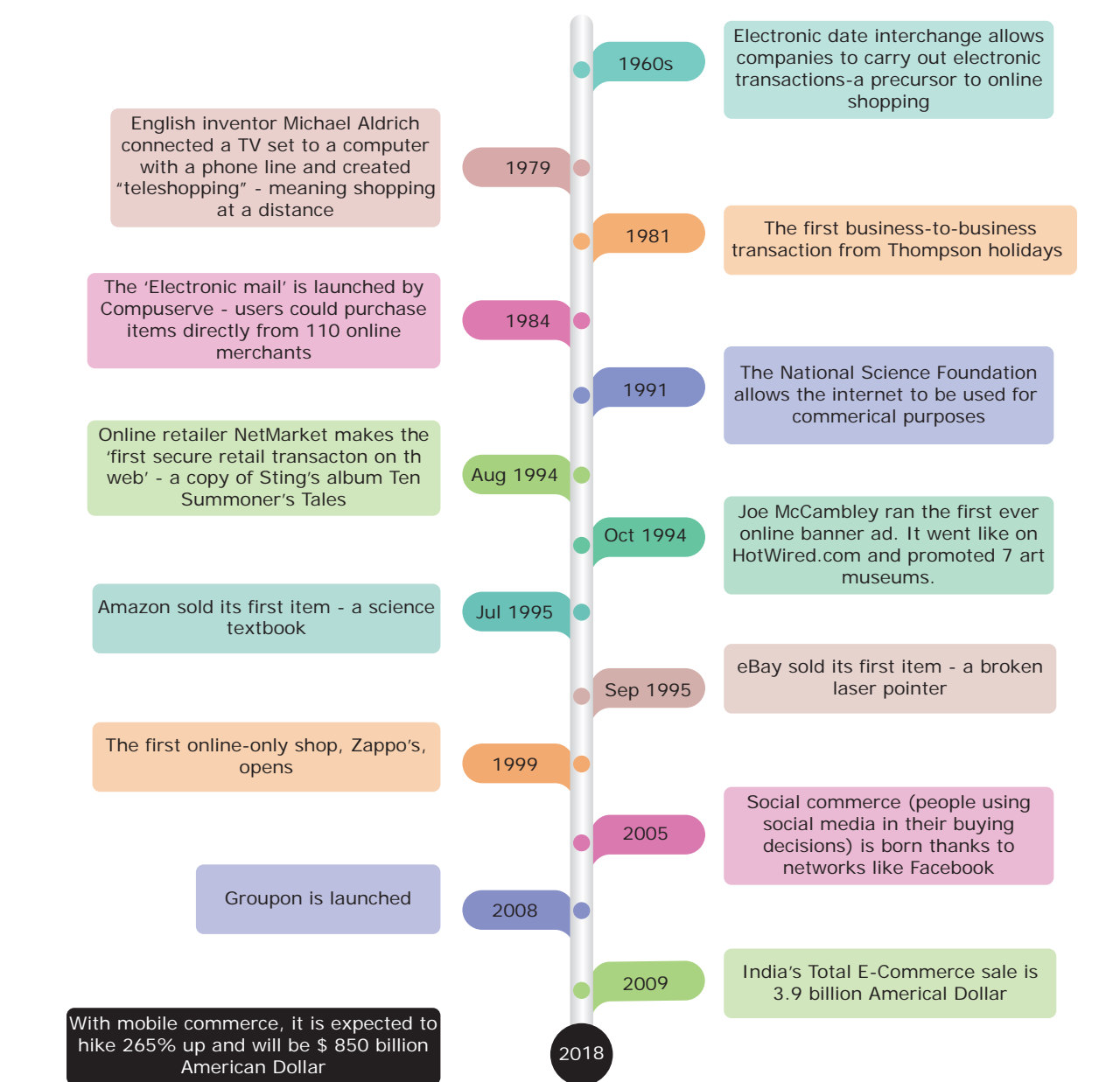


Figure 15.4 Timeline describing various events in E-Commerce



## 15.3 The Development and Growth of Electronic Commerce

Economists describe four distinct waves (or phases) that occurred in the Industrial Revolution. In each wave, different business strategies were successful. Electronic commerce and the information revolution brought about by the Internet likely go through such series of waves. Refer Figure 15.5

### • The First Wave of Electronic Commerce: 1995 -2003

The Dotcom companies of first wave are mostly American companies. Thereby their websites were only in English. The Dotcom bubble had attracted huge investments to first wave companies.

As the Internet was mere read-only web (web 1.0) and network technology was in its beginning stage, the bandwidth and network security was very low. Only EDI and unstructured E-mail remained as a mode of information exchange between businesses. But the first wave companies enjoyed the first-move advantage and customers were left with no option.

### • The Second Wave of Electronic Commerce: 2004 – 2009

The second wave is the rebirth of E-Commerce after the dotcom burst. The second wave is considered as the global wave, with sellers doing business in many countries and in many languages. Language translation and currency conversion were focused in the second wave websites. The second wave companies used their own internal funds and gradually expanded their E-Commerce opportunities. As a result E-Commerce growth was slow and steady. The rapid development of network technologies and interactive web (web 2.0, a period of social media) offered the consumers more choices of buying. The increased web users nourished E-Commerce companies (mostly B2C companies) during the second wave.

### • The Third Wave of Electronic Commerce: 2010 – Present

The third wave is brought on by the mobile technologies. It connects users for real-time and on-demand transactions via mobile technologies. The term Web 3.0, summarize the various characteristics of the future Internet which include

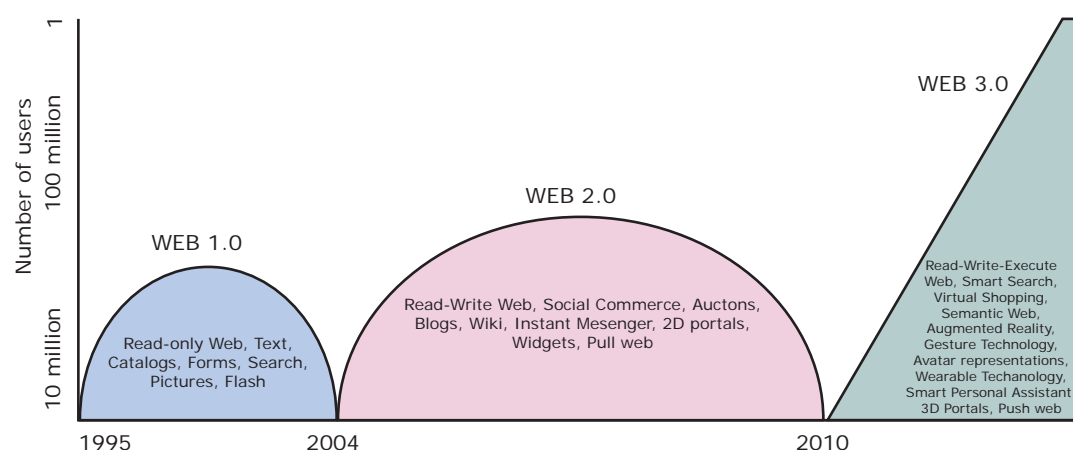


Figure: 15.5 Evolution of Electronic Commerce

**Do You Know?**

### Dotcom Bubble

The Dotcom Bubble was a historic excessive growth (excessive assumption) of economy that occurred roughly between 1995 and 2000. It was also a period of extreme growth in the usage and adaptation of the Internet as well.

In the late 1995, there was a tremendous development in US equity investments in Internet-based companies. During the dotcom bubble, the value of equity markets grew exponentially with the NASDAQ composite index of US stock market rising from under 1000 points to more than 5000 points.

**NASDAQ Composite Index (1990-Present)**

The graph shows the NASDAQ Composite Index from 1990 to 2018. Key events marked include: 'Dot-com bull market begins' (1995), 'Irrational exuberance speech' (1996), 'Dot-com market peak' (2000), 'Dot-com market trough' (2002), and 'Index matches Dot-com peak' (2018).

### Dotcom Burst

The Nasdaq-Composite stock market index, fell from 5046.86 to 1114.11. This is infamously, known as the Dotcom Crash or Dotcom Burst. This began on March 11, 2000 and lasted until October 9, 2002. During the crash, thousands of online shopping companies, like as Pets.com failed and shut down. Some companies like Cisco, lost a large portion of their market capitalization but survived, and some companies, like Amazon declined in value but recovered quickly.

## 15.4 Classification of E-Commerce Business models

Business organizations, Consumers and Government (also called as Administrations) are the major parties in the E-Commerce. Sometimes Employees (Informal workers) also indulge in this system. Based upon the entities involved in transaction, E-Commerce is classified into the following categories. The model in which the government plays as an entity is termed as e- Governance. See Figure 15.6

	BUSINESS	CONSUMER	GOVERNMENT
BUSINESS	B2B	B2C	B2G
CONSUMER	C2B	C2C	C2G
GOVERNMENT	G2B	G2C	G2G

**Figure 15.6 E-Commerce business models**

1. Business to Business (B2B)
2. Business to Consumer (B2C)
3. Business to Government (B2G)
4. Consumer to Business (C2B)
5. Consumer to Consumer (C2C)
6. Consumer to Government (C2G)
7. Government to Business (G2B)
8. Government to Consumer (G2C)
9. Government to Government (G2G)

### ● Business to Business (B2B)

In B2B E-Commerce, commercial transactions take place between different business organizations, through the Internet. For example, a cycle company may buy tyres from another company for

their cycles. When compared to other models, the value per transaction in B2B transaction is high, because of bulk purchase. The company also might get the advantage of discounts on bulk purchases. See Figure 15.7

Out-sourcing and Off-shoring are generally associated with B2B E-Commerce.

- If a company's work is hired to another company, it would be termed as out-sourcing.
- If the work is outsourced to a company, which is outside its own country, it is called as off-shoring.



Figure 15.7 Business to Business

### ● Business to Consumer (B2C)

In B2C E-Commerce, commercial transactions take place between business firms and their consumers. It is the direct trade between companies and end-consumers via the Internet. B2C companies sell goods, information or services to customers through online in a more personalized dynamic environment and is considered as real competitor for a traditional storekeeper. An example of B2C transaction is a book company selling books to customers. This mode is intended to benefit the consumer and can say B2C E-Commerce works as 'retail store' over Internet. See Figure 15.8



Figure 15.8 Business to Consumer

### ● Business to Government (B2G)

B2G is a business model that refers to business organizations sells products, services or information to Governments or to its administrations. In other words, when a company get paid for its goods, services by the Government through Internet it is called as B2G model. e.g. The Government or its administration buys laptops for students. See Figure 15.9



Figure 15.9 Business to Government

### ● Consumer to Business (C2B)

C2B can be described as a form of E-Commerce where, the transaction is originated by the consumers. The consumers will fix a requirement or specific price for a service or a commodity. C2B model, is also called as reverse auction model. Here, customer bid his price for a service or a product. Then E-Commerce business entity will match the requirement of the consumer to the best possible extent.

For instance, in a travel website (eg.yatra.com) a consumer may specify his dates of travel, his source and destination, number of tickets required and range of hotel etc. The website then finds out the various options for him which best meets his requirements. These websites generate revenue through affiliate links, sponsored advertisement or even a small commission in every booking. e.g. Name-your-price websites. See Figure 15.10



Figure 15.10 Consumer to Business

### ● Consumer to Consumer (C2C)

C2C in E-Commerce provides opportunity for trading of products or services among consumers who are connected through the Internet. In brief when something is bought and sold between two consumers using Internet it is called C2C E-Commerce. Here the websites act as a platform to facilitate the transaction. The electronic tools and Internet infrastructure are employed to support transactions between individuals. Typically, this type of E-Commerce works as Consumer to Business to Consumer (C2B2C). It means that a consumer would contact a business in search of a suitable customer. Most of the auction websites and matrimonial websites are working on this methodology.

For example, a consumer who wants to sell his property can post an advertisement on the website (eg:timesclassifieds.com). Another person who is interested in buying a property can browse the property, advertisement posted on this site. Thus, the two consumers can get in touch with each other for sale/purchase of property through another business' website. See Figure 15.11





Figure 15.11 Consumer to Consumer

- **Consumer to Government (C2G)**

Citizens as Consumers and Government engage in C2G E-Commerce. Here an individual consumer interacts with the Government. C2G models usually include income tax or house tax payments, fees for issue of certificates or other documents. People paying for renewal of license online may also fall under this category. See Figure 15.12



Figure 15.12 Consumer to Government

- **Government to Business (G2B)**

G2B is closely related to B2G. G2B in E-Commerce refers to a business model where Government providing services or information to business organization. It may be a formal offer such as a takeover bid for a road project. See Figure 15.13



Figure 15.13 Government to Business

G2B is a part of e-governance. The Government provides information about business rules, requirement and permission needed for starting a new business, and other specifications in its portal. The objective of G2B is to reduce burdens on business, provide one-stop access to information thereby boost the economy. e.g. ebiz.gov.in See Figure 15.14

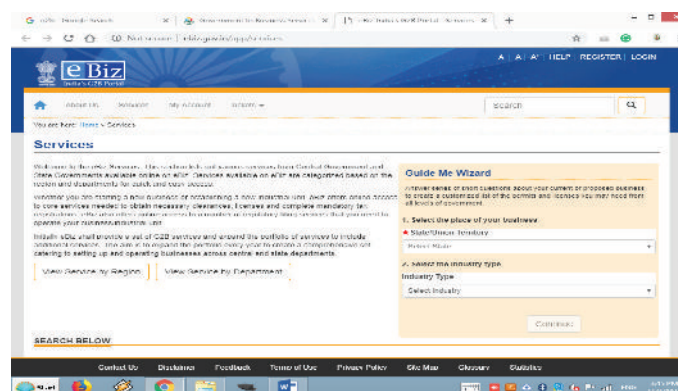


Figure 15.14 ebiz.gov.in

- **Government to Consumer (G2C)**

G2C in E-Commerce is very similar to C2G. Here the Government provides platform for its citizens to avail its services and information through the Internet. The services may be issue of certificates through online.e.g. <https://csc.gov.in/governmenttocitizen>. See Figure 15.15



Figure 15.15 Government to Consumer

- **Government to Government (G2G)**

G2G is the online (usually non-commercial) interaction between Government organizations or departments. G2G's principle objective is to implement e-governance rather than commerce. G2G model in e-governance involves distributing data or information between its agencies/departments. G2G systems can be classified into two types

- Internal facing or local level - joining up a single Government's bureaucracy. e.g. <https://www.nic.in/>
- External facing or international level - joining up multiple Governments' bureaucracy.

See Figure 15.16



Figure 15.16 Government to Government

## 15.5 E-Commerce Revenue Models

Apart from regular selling of commodities, today there are many other ways by which companies can make money from the Internet. The other forms of E-Commerce activities are:

1. Affiliate site is a form of third party marketing in which the site owner gets paid based on the performance. The affiliate site may be a price comparison service or shopping directories or review sites or blogs that contain a link to a normal retailing site and are paid when a customer makes a purchase through it. The affiliate site usually attracts visitors by offering more information and tutorials on some specific product or a topic. See Figure 15.17 to Figure 15.23

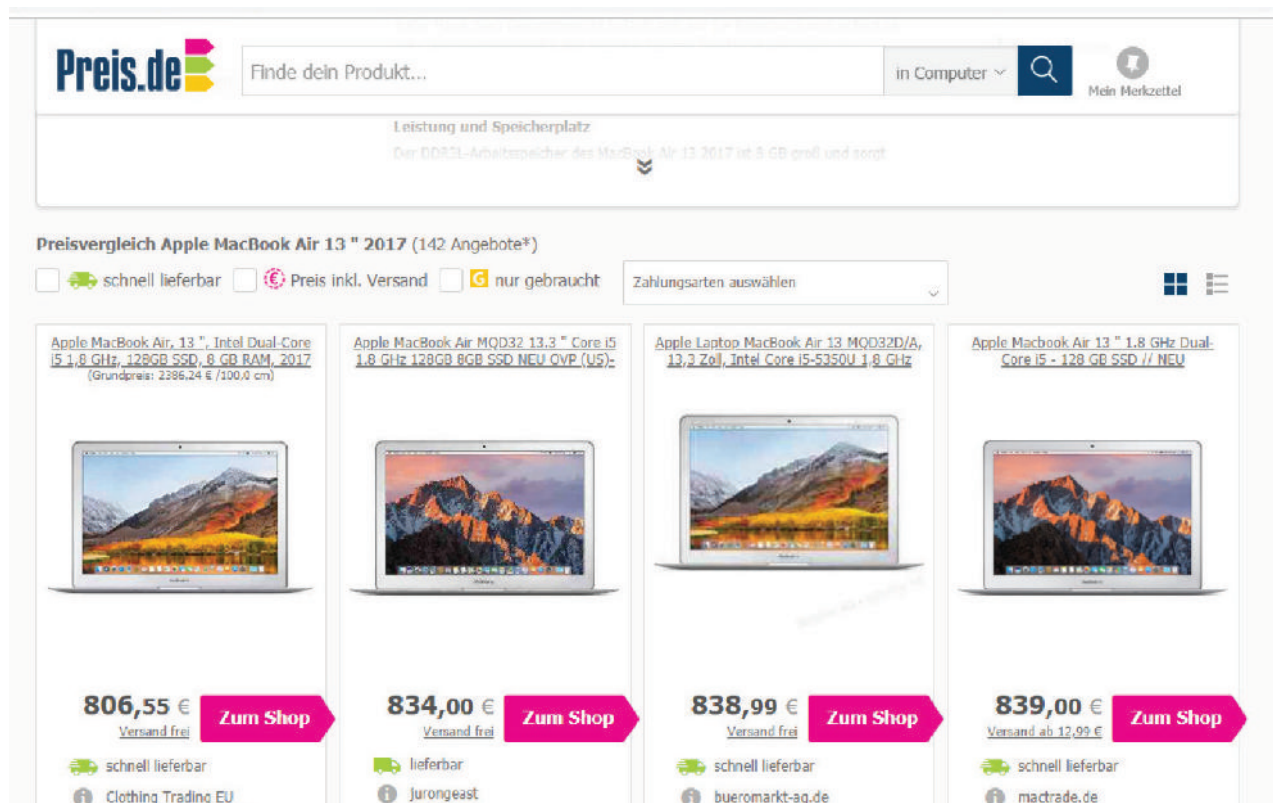


Figure 15.17 Affiliate site (price comparison website)

2. Auction site is a kind of website, that auctions items on the Internet and levies some commission from the sales. e.g. <https://www.ebay.com/>

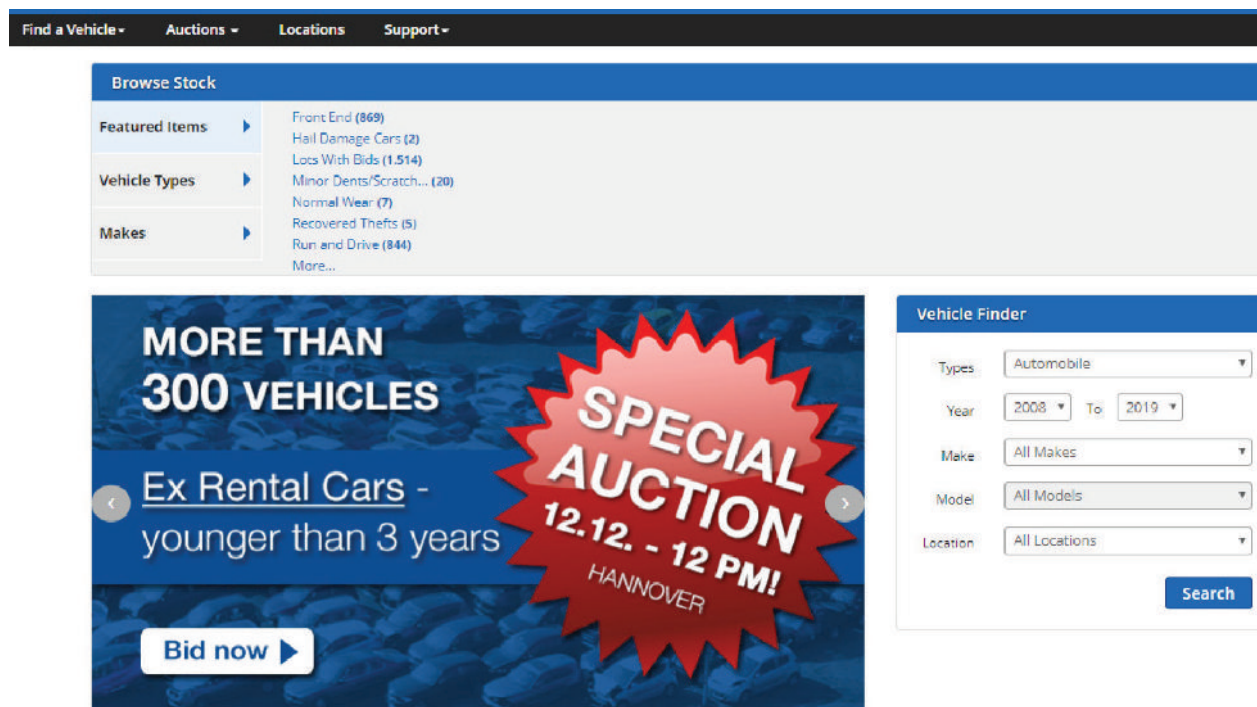


Figure 15.18 E-Auction website



- Banner advertisement site displays advertisements of other companies in its websites and thereby earns revenue.

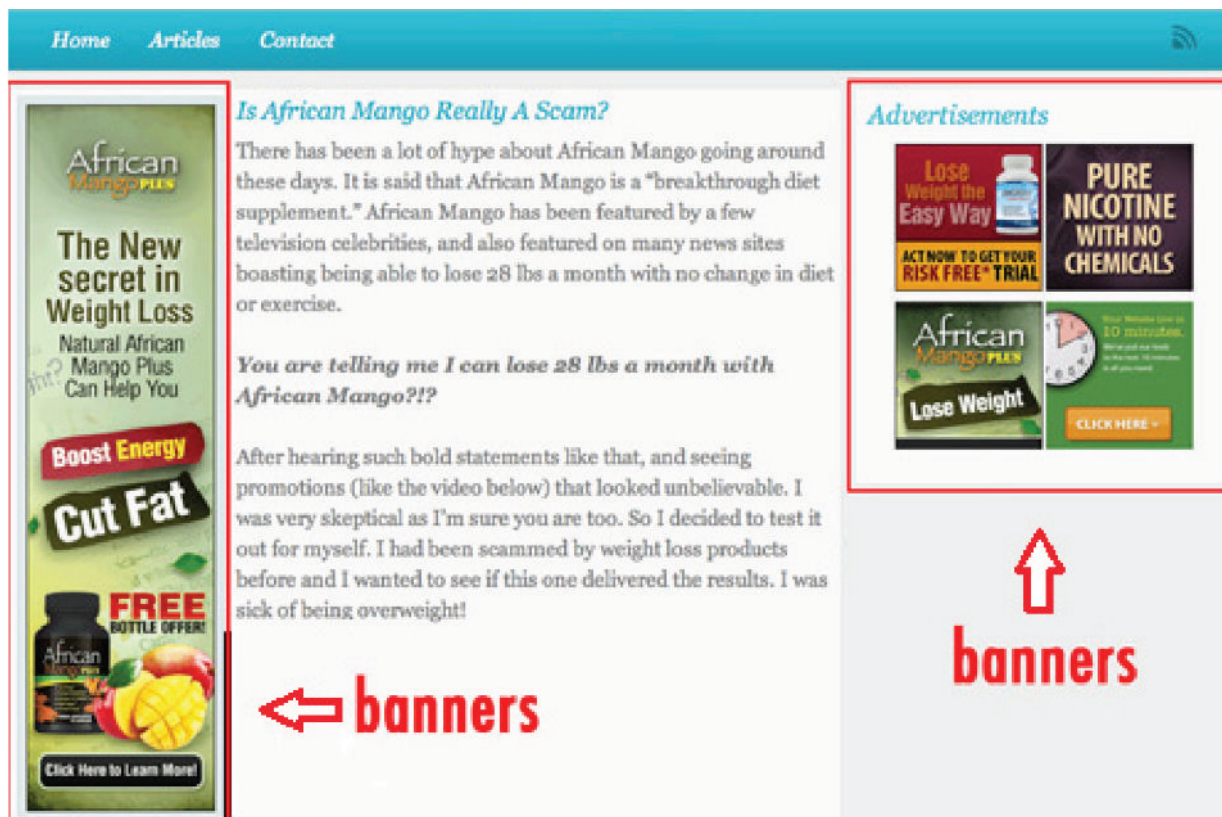


Figure 15.19 Banner advertisement site

- Bulk-buying sites collect a number of users together where every one wants to buy similar items - the site negotiates a discount with the supplier and takes commission. e.g. <https://www.alibaba.com/>

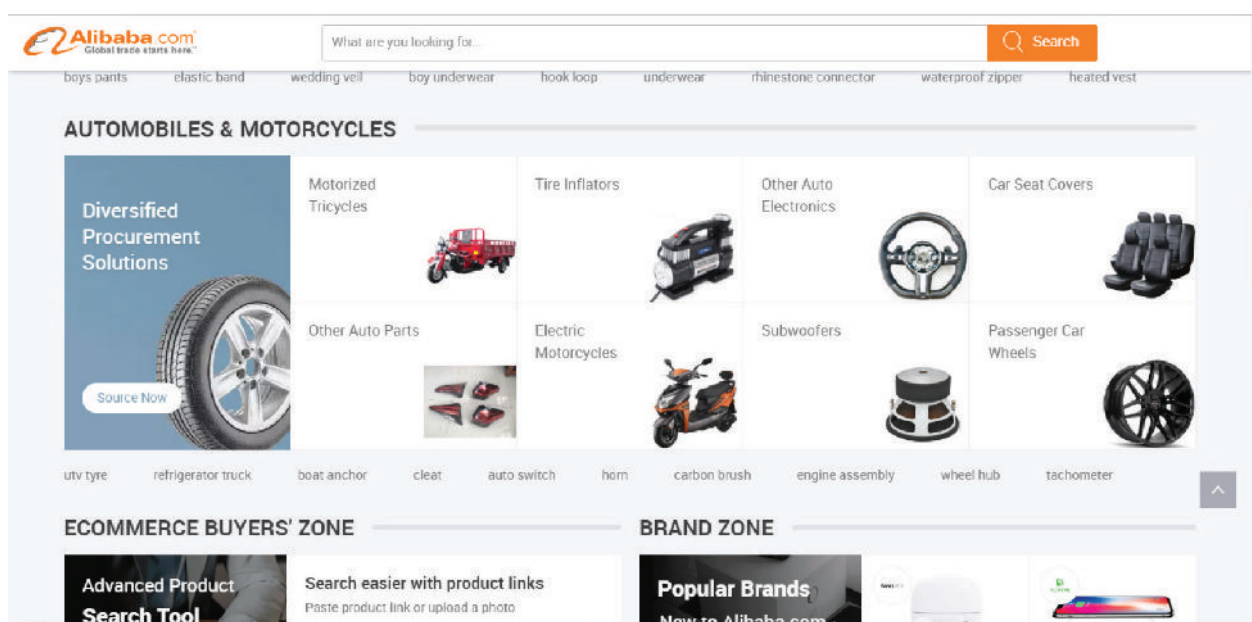


Figure 15.20 Bulk-buying sites



5. Digital publishing sites effectively host the e-books or magazines on the web. They make profits in a number of ways such as advertising, selling etc., <https://wordpress.org/>

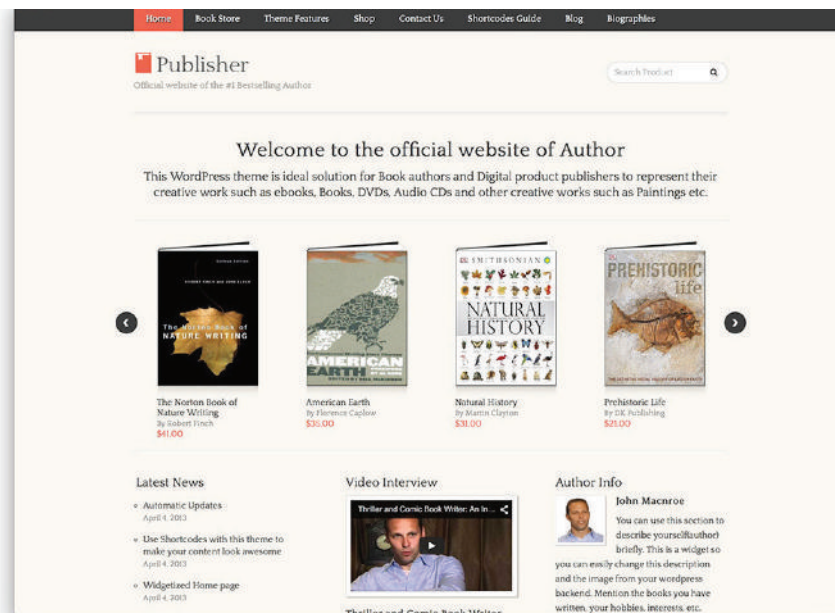


Figure 15.21 Digital Publishing website

6. Licensing sites allow other websites to make use of their software. For example, the search engines which allow a visitor of the site to search within the website more easily.

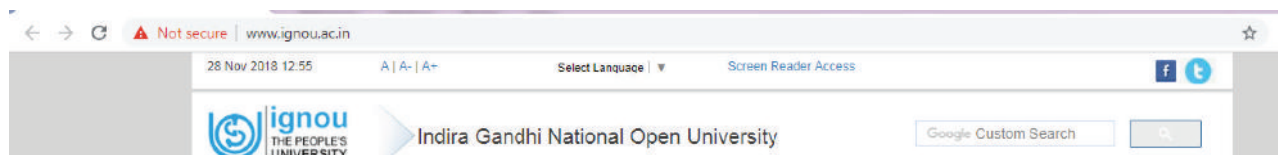


Figure 15.22 Google Search in IGNOU website

7. Name-your-price sites are just like normal retail sites. In contrast, the buyer negotiates with the retailer for a particular product or service. <https://in.hotels.com/>

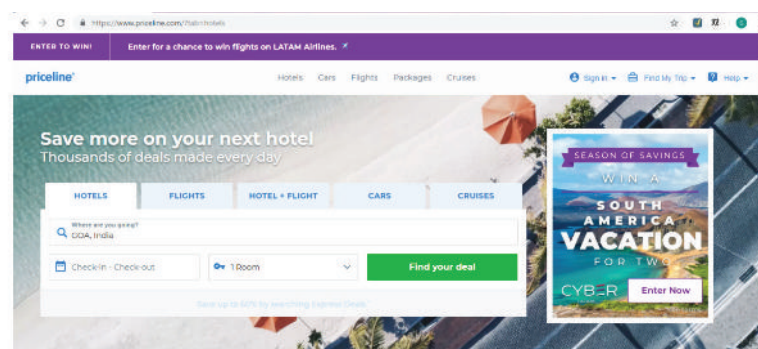


Figure 15.23 Name-your-price sites

8. Online Shopping mall site allows multi E-Commerce traders to assemble together on a single website. Often these sellers would be related to each other, for example they may all sell luxury goods. This site would take a percentage of their profit.

## 15.6 Comparison between Traditional Commerce and E-Commerce

E-Commerce isn't just commerce anymore. Even though they share the primary principle of buying and selling goods and services, there is a difference between traditional commerce and E-Commerce.

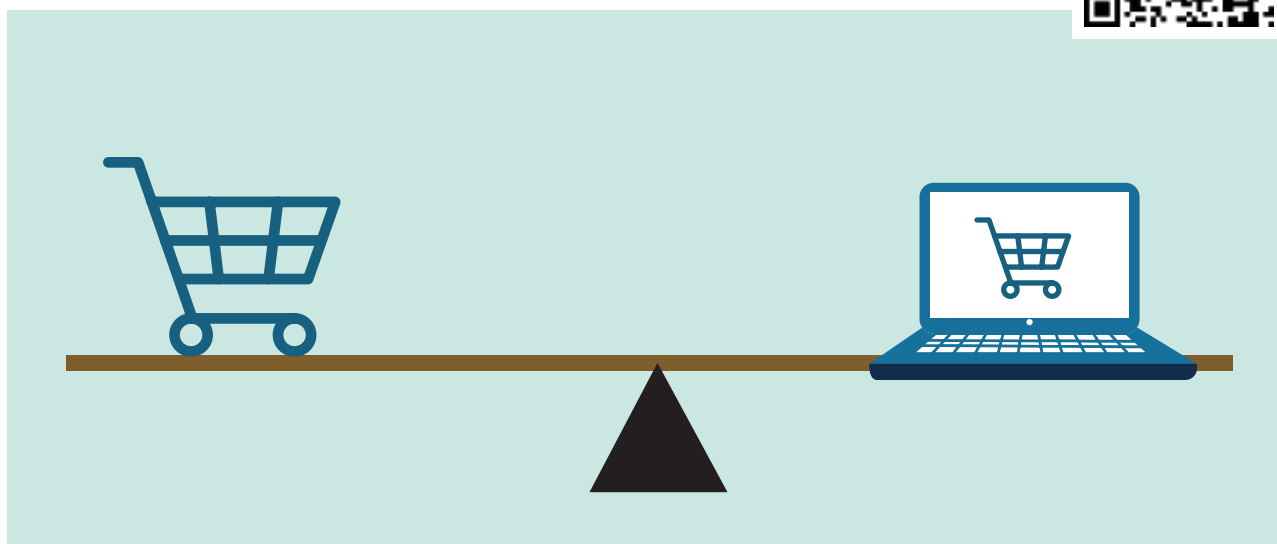


Figure 15.24 Traditional vs E-Commerce

Table 15.1 Traditional vs E-Commerce

Traditional Commerce	E-Commerce
Traditional commerce is buying or selling of products and services physically.	E-Commerce carries out commercial transactions electronically on the Internet.
Customer can face to face identify, authenticate and talk to the merchant.	Neither customer nor merchant see the other.
Physical stores are not feasible to be open at all times.	It is always available on all time and all days of the year.
Products can be inspected physically before purchase.	Products can't be inspected physically before purchase.
Scope of business is limited to particular area.	Scope of business is global. Vendors can expand their business Worldwide.
Resource focus Supply side.	Resource focus Demand side.
Business Relationship is Linear.	Business Relationship is End-to-end.
Marketing is one way marketing.	One-to-one marketing.
Payment is made by cash, cheque, cards etc.	Payment system is mostly through credit card, debit card or fund transfer.
Most goods are delivered instantly.	It takes time to transport goods.



## 15.7 Advantages and Disadvantages of E-Commerce

The pros and cons of E-Commerce affect three major stakeholders: consumers, business organisations, and society.

The following are the advantages and disadvantages of E-Commerce for a consumer.

### Advantages

- E-Commerce system is operated on all days and all the day 24 x 7. Neither consumer nor suppliers need physical store to be opened to do business electronically. People can interact with businesses at the time of their convenience.
- Speed is a major advantage in E-Commerce. Advanced Electronic communications systems allow messages to reach across the world instantaneously. There is no need to wait days for a catalogue to arrive by post. Communication delay is not a part of the Internet or E-Commerce world.
- The Internet is too easy to 'shop around' for products and services that may be more cheaper and effective than left to buy only in a Brick and Mortar shop. It provides an opportunity to buy at reduced costs. It is possible to, explore the Internet, identify original manufacturers, thereby bypass wholesalers and achieve a cheaper price.
- The whole world becomes a shop for today's customers. They can have wide choice by comparing and evaluating

the same product at different websites before making a purchase decision.

- Customers can shop from home or anywhere at their convenience. They don't need a long wait to talk to a salesman. They can read the details regarding model numbers, prices, features etc. of the product from the website and buy at their own convenience. Payments can also be made through online.

### Disadvantages

- E-Commerce is often used to buy goods that are not available locally but from businesses all over the world. Physical goods need to be transported, which takes time and costs money. In traditional commerce, when we walk out of a shop with an item, it's ours, we have it. We know what it is, where it is and how it looks. But in E-Commerce we should wait to get the product in hand. Some E-Commerce companies handle this by engaging their customer updating status of their shipments.
- Unlike returning goods to a traditional shop returning goods through online is believed to be an area of difficulty. The doubts about the period of returning will the returned goods reach source in time, refunds, exchange and postage make one tiresome.
- Privacy issues are serious in E-Commerce. In E-Commerce generating consumer information is inevitable. Not all the companies use the personal information they obtained to improve services to consumers. Many companies misuse the information and



make money out of it. It is true that privacy concerns are a critical reason why people get cold feet about online shopping.

- Physical product disputes are a major disadvantage in E-Commerce. E-Commerce purchases are often made on trust. This is because, we do not have physical access to the product. Though Internet is an effective channel for visual and auditory information it does not allow full scope for our senses. We can see pictures of the perfumes, but can not smell their fragrance, we can see pictures of a cloth, but not its quality. If we want to inspect something, we choose what we look at and how we look at it. But in online shopping, we would see only the pictures the seller had chosen for us. People are often much more comfortable in buying the generic goods (that they have seen or experienced before and in

which there is little ambiguity) rather than unique or complex things via the Internet.

- We couldn't think of ordering a single ice cream or a coffee from a shop in Paris. Though specialized and refrigerated transport can be used, goods bought and sold via the Internet need to survive the trip from the supplier to the consumer. This makes the customers turn back towards traditional supply chain arrangements for perishable and non-durable goods.
- Delivery ambiguity. Since supplying businesses can be conducted across the world, it can be uncertain whether they are indeed genuine businesses or just going to take our money. It is pretty hard to knock on their door to complain or seek legal recourse. Further, even if the item is sent, it is easy to start bothering whether or not it will ever arrive on time.



### Disruptive innovations in E-commerce

The innovations which replace the existing technologies are called as disruptive innovations.

Disruptive innovation creates a new market. Not all innovations are near disruptive. The first automobiles in the late nineteenth century were a great innovation. But it didn't affect existing animal-based road transport market until 1908 when Henry Ford

introduced affordable motor cars. The term disruptive innovation was first coined by Clayton M in his book "The Innovator's Dilemma".

**Example:** Film cameras market is disrupted by digital camera innovations, floppy disk market is interrupted by CD and USB innovations. E-Commerce itself is a disruptive innovation.





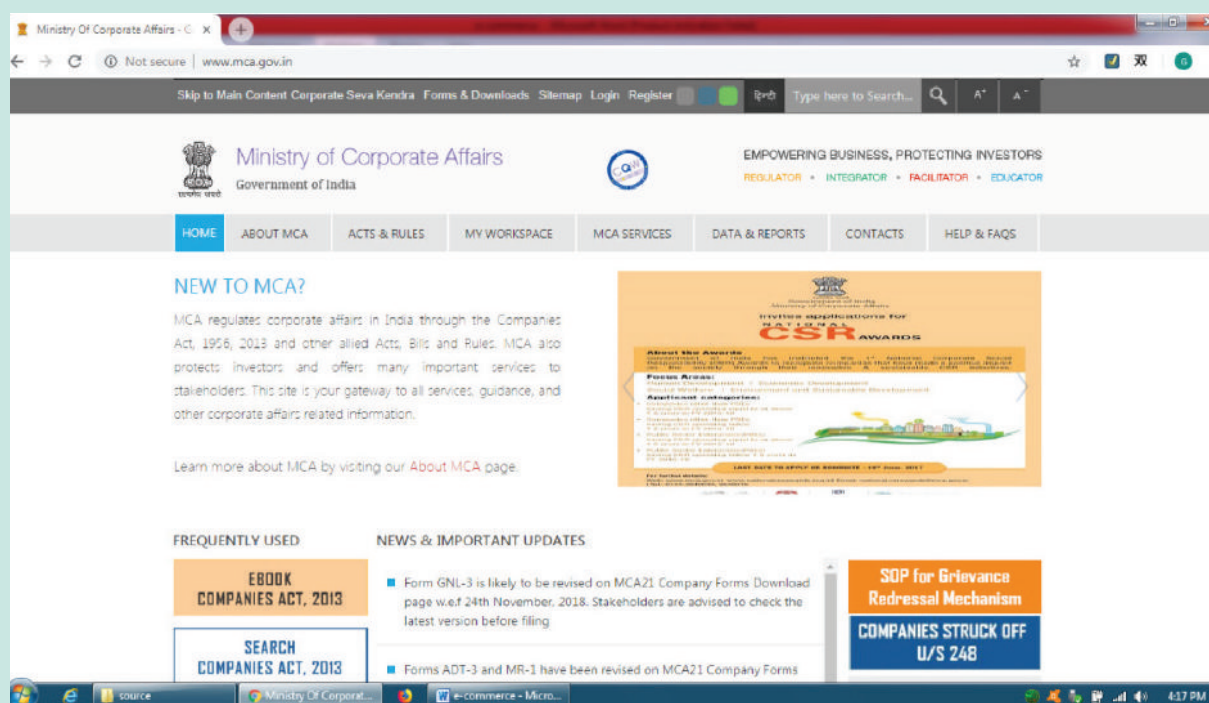
## CASE STUDY

### Steps to Start an E- Business

The following are the initial steps involved in the process to start an online business and start selling items instantly:

#### ● Business structure and Registration

Operating an E-Commerce or E-Business does not exclude from requiring certain business licenses and permits. The company must be registered before starting the trade. Registration includes business name, trade name, type of company. (e.g., Private Ltd, Public Ltd, Partnership or Sole Proprietor, LLP - limited liability partnership etc.) The company must be registered to get the bank account opened in the company name and obtaining GST registration documents easily. Any one is allowed to enroll in an online platform and start selling immediately, but there will be no limited liability protection provided to litigation. Thus, if one need to sustain and grow it is best to start with an LLP or a company. <http://www.mca.gov.in/>



Home page of Ministry of Corporate Affairs to register a Business organization online



- **Tax Registration**

Taxation is unavoidable in any country. A company must have registered with tax department of the concerned nation. In India registration with GST and other tax norms is a necessary to begin selling online, it does not matter whether we are starting our own online business website or selling on a others' portal. <https://services.gst.gov.in>, <https://ctd.tn.gov.in/home>

- **Business Bank Account**

Bank account facilitate payment systems. Once the company or LLP is registered successfully, the next step is to apply for a bank account in the name of the online venture. GST certificate is necessary to open a bank account for a business firm.

- **Payment Gateway**

The next important step is to implement a payment gateways integrated with E-Commerce website to allow customers make their payments through credit card, debit card, Internet banking, etc. With digital payment gateway, the customers can make the payment online which automatically gets transferred to business's bank account.

- **Shipment Solution**

Once the above steps are accomplished and start receiving the order, the next step is to set up

the logistics section. Logistics is a major part of the E-Commerce. Third party logistics companies may help us to deliver sold products to the customers at their mentioned destination.

- **Identifying suppliers**

Global market space comes along with competition in selling products online. so finding the best quality and best prices for the products we sell is very important. We should shop around until we find a supplier we find a suitable supplier.

- **Marketing**

Marketing plays a significant role in any business. Using Internet and social media effectively will take out product worldwide. Marketing could be started as early as it could be. Catchy captions and logos attract more new customers. It's a good idea to set up social media profiles and writing content for blogs from very first day because we do not want to wait when it is ready to serve.

- **Right technologies**

Updating our technical knowledge will give hand in E-Commerce. Technology makes so much of our work easier. So before we start our E-Commerce business, we should be familiar with some of the basic entities like customer relationship management, accounting, project management, email and marketing etc. The deeper we learn, the greater we grow..

## POINTS TO REMEMBER

- E-Commerce can be described as the process of buying or selling products, services or information via Internet.
- FinTech Financial technology is a collective term for technologically advanced financial innovations. In simple words Fintech is a new finance industry that uses technology to improve financial activity.
- The dotcom bubble was a rapid rise in U.S. equity market of Internet-based companies during 1990s.
- Web 1.0 (Web of Content) is the early web that contained text, images and hyperlinks and allowed users only to search for information and read it. There was a very little in the way of user interaction or content generation.
- Web 2.0 (Web of Communication) is a read-write web that allowed users to interact with each other.
- Web 3.0 (Web of Context) is termed as the semantic web or executable web with dynamic applications, interactive services, and “machine-to-machine” interaction.

## A-Z GLOSSARY

<b>Affiliate</b>	Business who promotes the products of another business for a commission.
<b>Blog</b>	An online platform for writing articles about a topic.
<b>Brick and mortar</b>	The term that refers to a business that has a physical store; opposite of online store.
<b>Dotcom</b>	Common name for Internet based companies.
<b>Mobile commerce</b>	Businesses that are conducted through the Internet using mobile phones or other wireless hand-held devices.
<b>Nascent stage</b>	Initial stage of growth.
<b>Off-shoring</b>	Company's work is given to overseas (another country) company
<b>Out-sourcing</b>	Hiring third party service providers to handle business on behalf.
<b>Social media</b>	In terms of E-Commerce, a platform for advertising products to targeted consumers e.g. Facebook, twitter.
<b>Tangible form</b>	Physical goods we receive.
<b>Teleputer</b>	Fusion of television, computer and telecom networking technologies.
<b>Wordpress</b>	A free, open source online blogging platform.



Where? Write  
How? Explain  
Which? What? When?  
What? How? When?

## EVALUATION



### Part I

#### Objective Questions

1. A company has E-Business if
  - a) it has many branches across the world.
  - b) it conduct business electronically over the Internet.
  - c) it sells commodities to a foreign country.
  - d) it has many employees.
2. Which of the following is not a tangible good?
  - a) Mobile
  - b) Mobile Apps
  - c) Medicine
  - d) Flower bouquet
3. SME stands for
  - a) Small and medium sized enterprises
  - b) Simple and medium enterprises
  - c) Sound messaging enterprises
  - d) Short messaging enterprises
4. The dotcom phenomenon deals with \_\_\_\_\_
  - a) Textile industries
  - b) Mobile phone companies
  - c) Internet based companies
  - d) All the above
5. Which of the following is not correctly matched
  - a) The First Wave of Electronic Commerce: 1985 -1990
  - b) The Second Wave of Electronic Commerce: 2004 – 2009
  - c) The Third Wave of Electronic Commerce: 2010 – Present
  - d) Dotcom burst: 2000 – 2002
6. **Assertion (A):** The websites of first wave dotcom companies were only in English  
**Reason (R):** The dotcom companies of first wave are mostly American companies.
  - a) Both (A) and (R) are correct and (R) is the correct explanation of (A)
  - b) Both (A) and (R) are correct, but (R) is not the correct explanation of (A)
  - c) (A) is true and (R) is false
  - d) (A) is false and (R) is true
7. Off-shoring means
  - a) Work outsourced to a branch of its own company
  - b) Work outsourced to new employees
  - c) Work outsourced to a third party locally
  - d) Work outsourced to a third party outside its own country
8. G2G systems are classified into
  - a) Internal facing and external facing
  - b) Internet facing and Extranet facing
  - c) Internal flag and external flag
  - d) Internet flag and Extranet flag
9. \_\_\_\_\_ host the e-books on their websites.
  - a) Bulk-buying sites
  - b) Community sites
  - c) Digital publishing sites
  - d) Licensing sites





10. Which of the following is not a characteristics of E-Commerce

- a) Products cannot be inspected physically before purchase.
- b) Goods are delivered instantly.
- c) Resource focus supply side
- d) Scope of business is global.

## Part - II

### Short Answers

1. Define E-Commerce.
2. Distinguish between E-Business and E-Commerce
3. Differentiate tangible goods and electronic goods with example of your own.
4. What is dotcom bubble and dotcom burst?
5. Write a short note on out-sourcing.

## Part - III

### Explain in Brief Answer

1. Describe how E-Commerce is related to socio-technological changes.
2. Write a short note on the third wave of E-Commerce.
3. Explain B2B module in E-Commerce.
4. Write a note on name-your-price websites.
5. Write a note on physical product dispute of E-Commerce.

## Part - IV

### Explain in detail

1. Write about the development and growth of Electronic Commerce.
2. List all the E-Commerce business models and explain any four briefly.
3. Explain any five E-Commerce revenue models.
4. How would you differentiate a traditional commerce and E-Commerce?
5. What are the advantages and disadvantages of E-Commerce to a consumer?



### STUDENT ACTIVITIES

- Draw a timeline describing various developments in E-Commerce.
- List the business around your society and sort it according to business modules.
- Interview a consumer who recently bought a product online and write his experience.

