Subject – E- Commerce

Semester – II

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Name of Topic – ① E-Commerce Vs Traditional Commerce

② M- Commerce

E-commerce Vs Traditional Commerce

Any business organisation whether manufacturing or service, must follow certain value chain. The chain starts with raw material procurement from suppliers and ends with selling processed products or services to consumers. One figure depicts traditional view of the value chain This depicts the process flowing sequentially with inputs to the procurement at the back-end stage and with outputs to the sales at the front end stage, where systems are independent The other figure depicts the value chain under e-commerce where all the systems are interrelated so as to view and operate the process simultaneously.

① Procurement

(a) Examination — In traditional system of commerce companies need to examine the material physically through a sample. But in e-commerce the whole stored appears before the buyer through the world wide web.

(b) Price comparision - High procurement cost can have an adverse effect on the price of the product and consequently on the future of the business. Under traditional system, comparing the prices of different supplier is limited by physical possibility and time. On the other side ecommerce allows buyers to access the price information of all firms through a shared data base.

(c) Placement of order — In traditional system order is placed verbally and the deal gets final shape after reaching consensus in different issues such as mode of payment, credit limit and other delivery details. In e-commerce every move is prefixed. the whole process requires a few seconds and order is placed.

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(b) Payment to suppliers. - Under traditional system of commerce payment is manual and has certain inherent risks and elongated processes. E-commerce on the otherhand, settles the payment deal through electronic payment system. Connectivity with e-banking ensures security and lower amount of risk.

(2) Processing (conversion of raw material into finished product)

(a) Inventory shipment - This process depends on availability of raw material and under traditional system after the production department sends the requisition the stores department ships the raw material. In the e-commerce approach tools such as ERP are deployed and the process of inventory shipment is just a click away.

(b) Conversion - This step requires assimilation and sequencing of different activities involving many people. In the traditional system the collaboration among different activities becomes a big stumbling block whereas and involves huge overhead costs whereas in e-commerce the manging process is easier and convenient, accuracy can be ensured and overhead cost can be lowered.

(3) Sales

(a) Market search - In traditional system the total process is based on mannual efforts and other aspects are also time taking whereas in e-commerce the aspect of information collection to market creation can be planned and done with the help of internet facilities which makes it fast, effecient and effective.

(b) Buyer creation — Under the traditional system the creation of buyer is done through vendors by publicity or advertisement and this causes repititive actions and cost enhancement. While e-commerce works round the clock and through electronic system for buyer creation. This process leads to cost reduction and customers are better informed and updated regularly regarding product enhancement and other related market scenario changes.

(c) Distribution — The length of a distribution channel increases under traditional system because of the existence of a number of intermediaries, this in turn increase both cost involved and time taken to deliver. E-commerce provides disintermediation in distribution channels leading to reduction in cost and time period of delivery.

(d) Price realization — In the traditional system the payment passes through a number of channels before reaching its destination and sometimes they are lost in the course whereas in e-commerce ensures a secure payment environment and eliminates the risk of handling cash.

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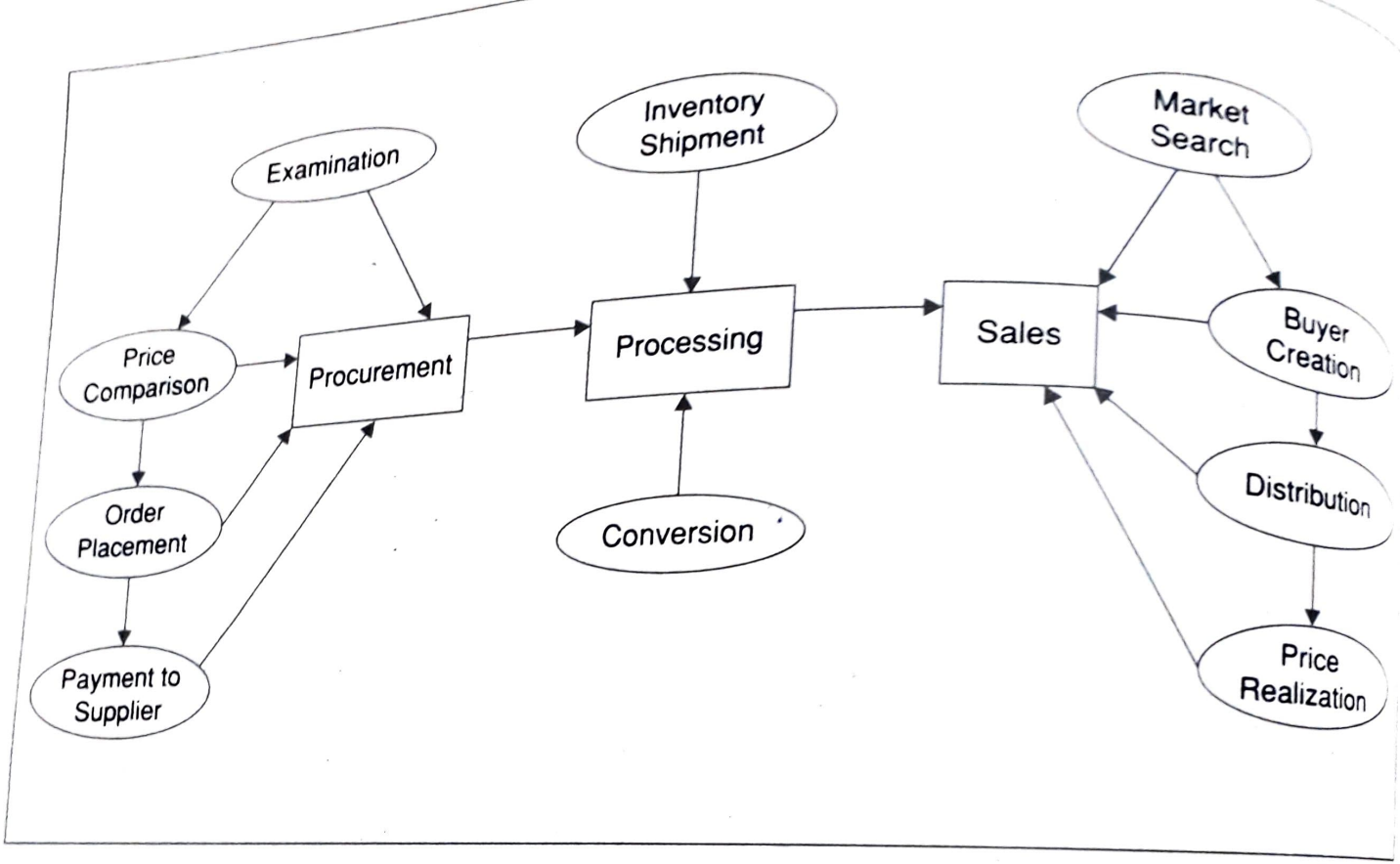

Figure 12.1 Value Chain Under Traditional System of Commerce

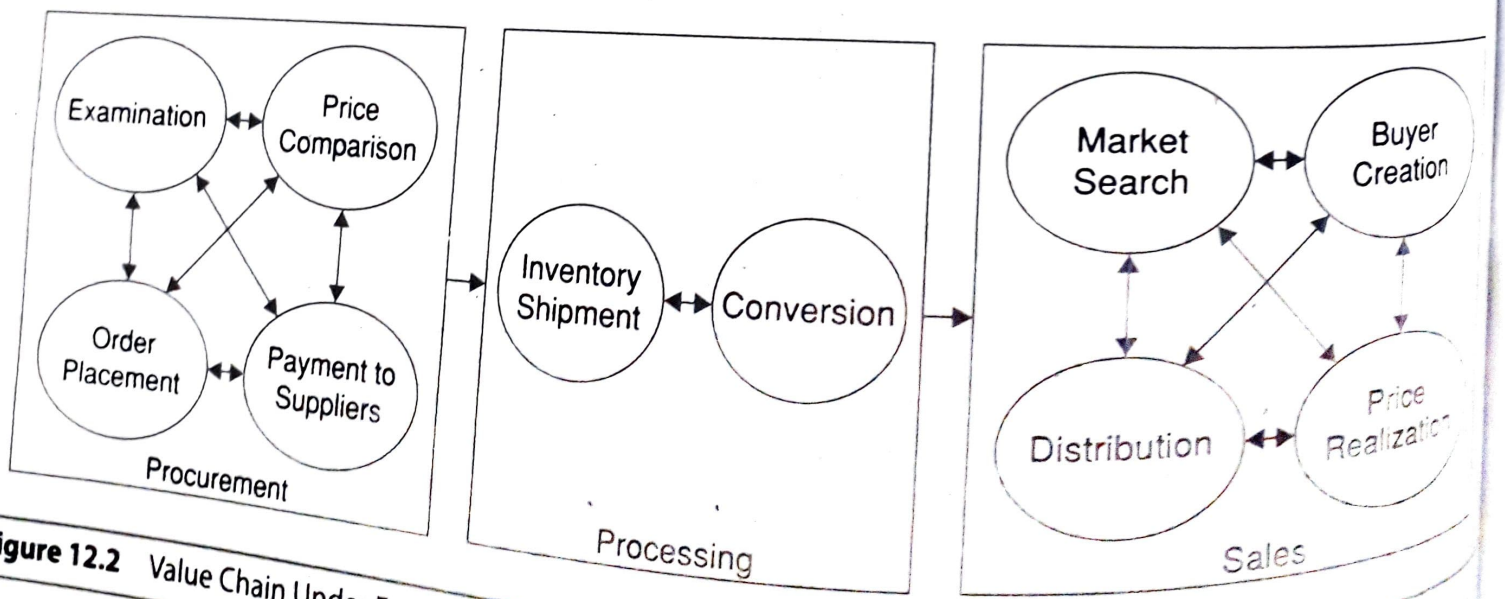

Figure 12.2 Value Chain Under E-commerce

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M-Commerce

M-commerce is an extended dimension of electronic commerce where a tiny handset connected through wireless network is used by both business houses and customers to perform their economic activities, including product searching, price negotiating, contracting, due settling, revenue realizing and bill paying. Integrating wireless network m-commerce provides real-time mobility to e-commerce

M-commerce can be defined as the creation and exploitation of market potential through carrying out various financial transactions using internet-enabled mobile phones.

Areas of Application

(a) Financial Services – Banks & financial institutions are allowing customers to operate their accounts and make financial transactions through mobile phone

(b) Trading Goods – Using a mobile handset, custo are able to purchase products and make payme

(c) Collection of toll tax – Mobile phones are used pay toll tax or electronic readers are used deduct tolls automatically.

(d) Entertainment – The telecommunication indu appears with various kinds of value added and multi-media products and services

a comparison between E-commerce & M-commerce :

	E-Commerce		M-Commerce
1.	E-Commerce activities are sponsord by government sponsored Internet.	1.	M-Commerce activities are sponsored by private mobile phone industry.
2.	Cost of entry into E-commerce enabled business is low.	2.	Cost of entry into M-Commerce enabled business is high.
3.	In E-commerce there is low cost access to the Internet.	3.	In M-commerce there is a high mobile service charge.
4.	Uses TCP/IP, HTTP as protocol.	4.	Uses GSM, TDMA, CDMA, 3G as protocol.
5.	It has global connectivity.	5.	The connectivity is primarily regional.
6.	E-commerce applications are displayed on big screens.	6.	M-commerce applications are displayed on small screens.
7.	Desktops, laptops act as interface.	7.	Cell phones & PDAs act as interface.
8.	Supports a large number of pro-gramming languages.	8.	Supports Java & few specific scripting languages.