THE BUSINESS MODELS E-COMMERECE WITH ITS PROS AND CONS

Lavanya Deepak Row
Assistant Professor Vlb Janakiammal College Of Arts And Science
Viji.G
Assistant Professor Vlb Janakiammal College Of Arts And Science

Abstract:

This paper will explore e-commerce and discuss shortcomings associated with current definitions of e-commerce. The last decade of technology developments have permanently changed the way how businesses are operated. Companies are forced to become visible online and stay connected. They recognize adapting to the global vibrant business landscape and responding to customers' demands as key drivers to success. Since technologies have been recognized in many studies as one of the most important enabling components for successful innovative business models, it is vital to understand their roles in constructing such models. In particular, we are interested in investigating how business models of ecommerce are enabled by technology innovations. Keywords: business model, e-Commerce, technology innovation, business model classification

Introduction

we are on the edge of one of the most imperative changes in our lives - the budge to an Internet-based culture Almost the whole lot is changing - at dwelling, in Educational institutions, at occupation, in the Government — even in our holiday activities. Some changes are already apparent around the globe. A very significant change is in the manner we conduct business, especially how we handle the marketplace and commerce.

E commerce popularly known as Electronic commerce through which we can buy and sell goods to satisfy the human wants. E commerce totally changed the way of traditional shopping and gained the fame for convenience, price and variety. Goods can be purchased anytime from anywhere in the country. E commerce uses the electronic medium primarily, internet not only for buying and selling of the goods but also for funds transaction popularly known as E banking.

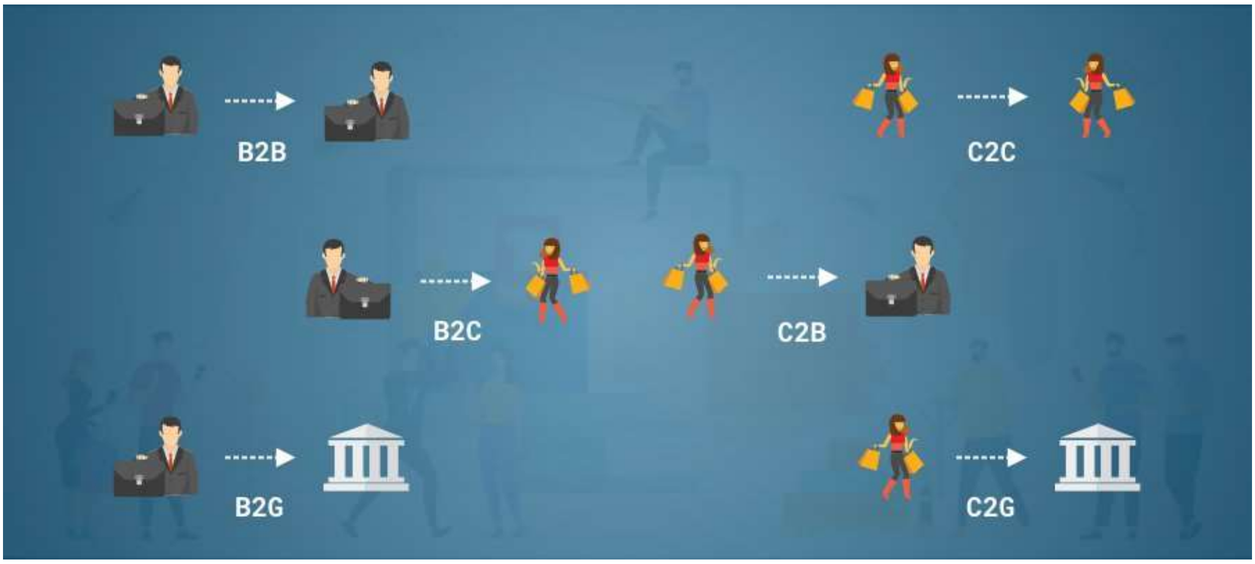
Review of Literature:

Human resources have been widely recognized as a critical success factor for e-commerce in developing countries (Ahmad et al., 2015;Dalvit et al., 2007;Malecki, 2003;Vaithianathan, 2010;Zhuang & Lederer, 2006). However, studies indicate that the workforce in developing countries often lacks skills and is unqualified to engage in e-commerce activities.

Electronic business can be understood in many different ways, depending on the specific business process that might be carried out through the Internet. Thus, several Internet usage profiles or approaches are possible. A company must determine which 8 profile or combination of profiles best suits its particular business context and strategy (Mendo and Fitzgerald, 2005).

Models of E commerce:

A business model refers to a plan for the successful operation of a business and how it relates to existing products or services in the industry. It also encompasses the revenue sources as well as the potential customer base.



There are primarily six ecommerce business models :

1. Business-to-Business (B2B)
2. Business-to-Consumer (B2C)
3. Consumer-to-Business (C2B)
4. Consumer-to-Consumer (C2C)
5. Business-to-Government (B2G)
6. Consumer-to-Government (C2G)

1) Business-To-Business (B2B)

As the name suggests, the business-to-business model of eCommerce is one where the exchange of good or service takes place between corporations instead of individuals. It is usually a situation whereby one company provide goods or services online with other companies as its target audience.

Pros

- The B2B market is anticipated as well as stable.
- There is greater customer loyalty than in other models of eCommerce
- B2B features lower operating costs after the preliminary setup since most processes are automated and valid for a long time.
- Business houses can generate a sustainable and reasonably high-profit margin from repeat clients.

Cons

- B2B ecommerce often requires substantial capital to set up. Costs include business registration, branding and setting up a physical or virtual office.
- There is a smaller pool of customers when compared to other models.

2) Business-To-Consumer (B2C)

The B2C ecommerce business model is what usually comes to people's mind when they hear the word "e-commerce." It is perhaps this attractiveness that is also responsible for the increased sales. B2C ecommerce refers to the distribution of goods and services from business to customers. It is one of the original forms of ecommerce and has grown extraordinarily in the last two decades as observed from retail giants Amazon.

Pros

- It requires a reasonably low startup capital when compared to other ecommerce models. For instance, drop shipping allows selling products without you having to manage an inventory or delivery.
- Anyone with a basic knowledge of the internet can set up and manage a B2C ecommerce store under little supervision.
- It allows for flexibility since the platform is the channel for efficiently collating market demand in real-time.
- It is easier to encourage B2C ecommerce shoppers to practice impulse buying since you can run ads targeted towards customers that are not even searching for what to buy.

Cons

- The B2C space is highly competitive with most firms already boasting a majority of the market share.
- Shipping products across borders can be a massive challenge if you mistakenly land the wrong shipping company.
- Many buyers still prefer making purchases in-store rather than online..

3) Consumer-To-Business (C2B)

The C2B ecommerce model is the contrary to B2C meaning it , would be consumers are now the ones offering commodities and services to business organizations. the C2B industry is the most significant in offering employment other than paid office jobs, because the transactions are borderless.

We divide C2B ecommerce owners into two categories:

Independent workers — these are the set of people who offer products or services on a website created for this purpose. The approach helps to interact with customers directly and negotiate deals.

Freelancers — greater part of C2B ecommerce owners are under this categories are service providers and product sellers on freelancing sites such as Fiverr and Upwork.

In a nutshell, service providers can earn as much as they can work, with a rare opportunity to apply for several job openings at once.

Pros

- C2B provides a channel for companies to source and hire a variety of service talents and products from around the globe.
- It also provides an opportunity for companies to prioritize hiring from regions where the standard of living is low, thus, reducing what figure goes on the paycheck.
- Freelancers also enjoy relative freedom and flexibility in terms of working hours.

Cons

- A high level of communication skills is required to convey project ideas.
- Companies that hire freelancers could face a challenge in sending payment to freelancers in some parts of the world.

4) Consumer-To-Consumer (C2C)

In C2C ecommerce business model, consumers sell goods to consumers typically through an independent online websites that have been created for this purpose. Normally, all peer-to-peer business deals of goods and services are carried out online falls into the category C2C e-commerce business model.

Pros

- There are usually no upfront costs to get the product or services listed on a C2C website.
- With C2C, the products is unlimited because different customers are selling various items spread across different niches.
- Any online platform that allows interaction between two or more people can facilitate a C2C trade.

Cons

- The cost charged for each sale using the C2C eCommerce model on a third-party site like eBay may eat into the profit of the merchant.
- C2C poses a high level of risk in terms of product quality than other eCommerce business models. Under C2C, most transactions require that both parties trust it each other.

5) Business-To-Government (B2G)

B2G ecommerce model is one where a business sells its product or service to the government. In most case, businesses have government or public administrative offices as their only clients and receive contracts on a long-term basis.

Pros

- It features a high-profit margin and longevity than most other eCommerce business models.
- B2G businesses can enjoy tax benefits not common to other eCommerce merchants.

Cons

- A change in government could adversely affect a B2G product or service provider
- It often requires huge capital to set up.

.6) Consumer-To-Government (C2G)

C2G is just the contradictory of the last ecommerce business model with a little difference; means ,it is the consumers offer value to the government

- Other forms of transactions between citizens and the government either facilitated by the government directly or via a third-party

Note that the government could decide to terminate C2G transactions if it doesn't realize its purpose of creating such a platform or wants to try a new approach.

Pros

.It encourages public knowledge of internet-based technology.

- There is enormous profit potential for third parties contracted to handle C2G transactions.

Cons

- A lack of internet service in some regions could restrict the performance of C2G eCommerce.
- Public awareness and education programmes may be needed to introduce the populace to such systems.

Conclusion:

Due to the rapid development of e-commerce, the concept of business model has been the focus of substantial attention from both academics and practitioners [2]. Business model is abstract rational cognition about how corporation created, delivered and obtained value and is the enterprise's core competitive advantages.The e-business models exhaustively describe components of e-business model from the perspective of value creation by using the networking modeling approach, and have been widely applied by many scholars. The Business models which analyzes the corporate business models can link the corporations and consumers through the value chain and dialysis components in system of e-business models by modeling and simulating the models, and estimate the profitability and rationality of value model of e-business models.

References:

https://www.oecdilibrary.org/docserver/236588526334.pdf?expires=1567422221&id=id&accname=guest&checksum=F1EBED25F0D6105C52B205905FD35A0A
https://magnetoitsolutions.com/blog/top-ecommerce-business-models
2015-KESAMSTA-SurveyofBMineCommerce.pdf
https://pdfs.semanticscholar.org/49c6/51cf2513a3dfdb4193d41803c04aaeaa9fcd.pdf
https://www.wisdomjobs.com/e-university/e-commerce-concepts-tutorial-7/introduction-to-e-commerce-11845.html