

# EFFECT OF INFORMATION TECHNOLOGY ON E- COMMERCE

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## ABSTRACT

Recent developments in the fields of Information Technology and internet have led to renewed interest for electronic commerce in the societies. Electronic commerce is about providing support to customers, delivering services and commodities, manages business transactions and maintaining of bond between suppliers and customers with the devices of telecommunication networks. In the new business companies and institutions providing goods and services, synchronously with development of the world in field of electronic commerce are in effect to transform the logical and physical structure of their organization in this region. This paper gives review of definitions, principles, framework, effect of information technology and advantages of electronic commerce.

## INTRODUCTION

Electronic commerce is an influential concept and process that has fundamentally changed the human life to a greater extent. Electronic commerce is a chief criteria of revolution of Information Technology and communication in the field of economy. This smart way of trading due to the enormous benefits for human has spread quickly. Electronic commerce has cancelled many of the limitations of traditional business. For example, procedure and look of traditional business has got changed. These changes act as basis for any decision in the economy. Presence of virtual markets and stores that do not occupy any physical space, still allowing access in the markets anywhere in the world without leaving home is possible. Selecting and ordering goods placed in virtual shop windows at indefinite parts of the world have got possible with the advent of e commerce. Advertising on virtual networks and payment through electronic payment systems have also been possible. With all of these opportunities electronic commerce is considered a miracle. Interaction between communication systems, data management systems and security systems, which exchange commercial information in relation to the goods or services. So the main components of electronic commerce are: communication systems, data management systems and security.

## ELECTRONIC COMMERCE FRAMEWORK

The framework is comprised of three levels that are needed for successful electronic commerce.

1. Infrastructure- This first level includes hardware, software, database and communication. It is used in term of World Wide Web on the Internet or other message switching methods on the Internet or telecommunication networks.
2. Services - This part of the framework includes a widespread variety of services that provide the ability to discover and present of information.it also includes search for trading partners, doing negotiation and agreements.

3. Products and Structures- This section of the electronic commerce framework consist of forecasts and direct provision of goods, services and trade related information to business partners and customers, sharing of information within and outside the organization and organizing environment of electronic marketplace.

## **ELECTRONIC COMMERCE & INFORMATION TECHNOLOGY**

Information technology has changed the way in which people act, organizations, governments, social activities and even the mentality of people has got changed. Education, banking, trade, health, industry, manufacturing, and even the entertainments services have effected and getting changed with the advancement in technology. Information technology have created new jobs, new industries and have brought creativity in our life in all dimensions. From scientific perspective, Information Technology is one of the leading branches of knowledge and constructor of progress of human life. Advances in Information Technology have extended to the point that some experts gave the phenomena of inventing steam engine. In economic aspect, the importance of rapid access to accurate information is the key to success in global competition. Electronic commerce is one of the important fields of Information Technology that has been emerged as the result of expansion of Information Technology.

## **USE OF WEBSITES IN ELECTRONIC COMMERCE**

Websites are effective in the business corporations. Websites act as gateways to commercial brands, products and services of manufacturers. A company that does not care about its websites ultimately will face drop in business. The websites that are not modified regularly are like an old and faded showcase in a traditional business. Therefore, companies should have a solid background and careful planning in Internet search. For many users, search engine is the main entry point to the Internet. For the continuous changes in the world around us, organizations should coordinate itself with the changes. Websites can be the suitable means to achieve this goal. For instance, web can be used up to extend markets by facilitating the exhibition of existing products into new business centres. The web can act as workmanship that facilitates products development by creating exciting, new or alternative offerings for the customers.

## **TYPES OF ELECTRONIC COMMERCE**

There are various categorises of electronic commerce and several different methods to characterize these clusters. Researchers determined a number of frameworks for the classification of electronic commerce and each of them illustrate it from a unique perspective. The major classifies of electronic commerce are Business-to-Business (B2B), Business-to-Consumer (B2C), Consumer-to-Consumer (C2C), Consumer-to-business (C2B) and Mobile Commerce (M-Commerce).

*B2B (Business-to-Business)* - It is a type of transaction that occurs between businesses or a transaction that take place between a company and the other for transfer of services and products. It could be understood as Business-to-Business includes online whole selling transactions in which businesses sell materials, products and services to other businesses through the websites.

*B2C (Business-to-Consumer)*- This refers to the transactions that happen between a business and the end consumer , creating an electronic storefronts that offer information, goods, and services between business and consumers in a retailing transaction. It includes Internet and electronic commerce model that specifies a financial transaction or online deal between a business and consumer.

*C2B (Consumer-to-Business)* - This type involves transfer of goods and services from persons to businesses. It is assumes as a business model where end users create products and services that are used by the business companies or institutions.

*C2C (Consumer-to-Consumer)* – This is an electronic medium facilitated by Internet, which contains transactions among multiple users. Through this business model two consumers deal business with each other directly.

*M-Commerce*- The term of Mobile Commerce means buying and selling of products, information and services via wireless handheld devices such as cellular phones, laptops and personal digital assistants. These devices help interact with computer networks through which conduct of online merchandise purchases is done. Mobile commerce allows the users to access Internet and do shopping without the need of finding a place to plug in. Mobile Commerce transactions continue to improve including the purchase and sale of a wide range of products and services, online banking facilities, bill payments, information delivery and so on.

## ADVANTAGES

*Buying 24\*7* - We can sell any time, day or night, 365 days round a year. Even while we are inactive, our users can visit our website, search our goods and services, and regulate their orders.

*Decrease Transaction Costs*- Buying from online store needs low operational cost, gives better quality of service, and we can cut many unnecessary costs. For example, if our goods or services are downloadable, the transport costs gets completely cancelled.

*Ease in business conduct*- By the use of electronic commerce, we do not need to set up a physical company and there are no crowds to deal with. We can buy from our house comfortably and can choose goods easily from the websites without moving around physically.

*Comparison in Prices*- Everyone can easily compare prices of the products by making comparison of the products available at different web sites. We usually get some discounts also.

## DISADVANTAGES

*Security*- Security is a main concern in electronic commerce. There exists some fraudulent websites, whose objective is to sell duplicate products and also the credentials are not safe while performing transactions from such websites.

*Reduced Social Relationships*- Electronic commerce allows the users to buy and sell goods and services without geographic limitations but in this method we do not get the opportunity to maintain contacts and relationships with other persons.

*Impact*- Electronic commerce is a mixture of all the prior methods and transaction styles. Electronic commerce and electronic business have impact on many areas of business for instance, economics, marketing, computer science, finance and accounting, production and operation management, management information system, human source management and business law.

*Marketing*- The spread of information technologies and computer networks has various effects on business especially in field of marketing. Everyone can make markets more efficiently and can improve their career. In this case, they can decrease cost of operations and catch new markets and opportunities for their business.

*Economics*- In the industry world, managers must encourage employees to create plans to take the advantages of new economic opportunities. Electronic commerce is creating new opportunities to the global economy. Transforming the traditional business to electronic commerce is hard and there are different factors companies need to adapt.

*Finance and Accounting* - Decades of progress in information technology and its wide spread applications form a new chapter of relations between people, institutions, companies and governments. New concepts are emerging in literature of trade. Internet is considered as a global network, as well as prerequisite of electronic commerce, because of flexibility, attractiveness, ease for use and low cost access is changing the traditional business. Electronic commerce has a significant impact on finance and accounting that include saving of time, increase in productivity, reduced demand for money.

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