

# A comparative study of e-commerce business models

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**Abstract** - The emergence of e-commerce leads to a fundamental change for the financial industry. The transition into a digital economy produces numerous new opportunities as well as great risks. B2B e-commerce in particular is considered a promising field for the future. As B2B is very closely related to cooperate banking, online shopping activities, emerging B2B e-commerce business models should constantly be evaluated. This paper provides a framework of e-commerce business models and comparison with it with suitable examples.

**Key Words:** E-commerce, B2B, B2C, C2C, C2B, B2A, C2A, comparison

## 1. INTRODUCTION

E-Commerce or Electronics Commerce is a procedure of up-to-date business, which talks the requirements of business organizations. It can be clearly explained as the process of ordering or selling of goods or facilities using an electric medium such as the browser. [1]

## 2. TRADITIONAL COMMERCE Vs E-COMMERCE

S.No.	Traditional Commerce	E-Commerce
1	Solid requirement on information exchange from person to person.	Data exchanging is made easy via electric communication stations making little custom on person to person sign conversation.
2	Communication/ deal are done in synchronous form. Physical interference is required for each statement or deal.	Communication or deal can be done in asynchronous way. Electronics system automatically knows when to pass communication to mandatory person or do the dealings.
3	It is hard to find and take care the usual practices in traditional commerce.	An unchanging plan can be easily recognized and take care in e-commerce.
4	Communications of business depends upon unique skills.	In e-Commerce or Electronic Market, there is no human interference.

5	Unobtainability of a uniform platform as traditional commerce depends more on personal communication.	E-Commerce website provides user a platform where every information is existing at one place.
6	No uniform platform for info sharing as it depends heavily on personal communication.	E-Commerce provides a worldwide platform to support commercial / business activities across the world.

## 3. FEATURES

E-Commerce provides the following features –

### 3.1 Non-Cash Payment

E-Commerce also have the advantage in the usage of the credit cards, debit cards, smart cards. It also facilitates the electric fund transfer and other methods of electronic transfer through bank's website, to make people to pay cash in easy mode and it is easy to order the goods as they like.

### 3.2 24x7 Facility provider

E-commerce systematizes the commercial of creativities and the way they provide facilities to their clients. It is available at anytime, anywhere and for anyone who needs it and it is also easy to access.

### 3.3 Advertising / Marketing

E-commerce gives the way to reach advertising of products and facilities of businesses to communicate with the people. It helps in well improved marketing organization of goods/services for the people and it gives the way to know about the product to the people.

### 3.4 Better-quality Sales

In e-commerce, orders for the goods can be ordered and we can ship it at anytime, anywhere and anyone without any human interference. It gives a big improvement to current sales volumes.

### 3.5 Support

E-commerce provides various ways to give pre-sales and post-sales help to provide better services to customers.

### 3.6 Catalogue Management

E-commerce automates record management. Reports get generated instantly at any time when required. Goods record management becomes very effectual and easy to keep for our reference.

### 3.7 Communication improvement

E-commerce delivers ways for faster, effective, steady link infrastructures with customers and companions.[2]

## 4. TYPES OF E-COMMERCE

Generally e-commerce means online salable transaction between a dealer and a customer. It is actually divided into six major types, all with specific characteristics.

There are 6 basic types of e-commerce:

1. Business-to-Business (B2B)
2. Business-to-Consumer (B2C)
3. Consumer-to-Consumer (C2C)
4. Consumer-to-Business (C2B).
5. Business-to-Administration (B2A)
6. Consumer-to-Administration (C2A)

### 4.1 Business-to-Business (B2B)

Business-to-Business (B2B) e-commerce includes all the electric communications of goods or facilities conducted between the supplier companies. The goods who produces and the traditional commerce wholesalers naturally operate with the B2B electronic commerce.

A website which is using the B2B business model used to sell its goods to a middle purchaser who then vends the goods to the final customer.

For example, a wholesaler gives an order from a company's website and after getting the confirmation order, he sells the end product to the final customer who comes to get the product at single of its trade openings.[1]

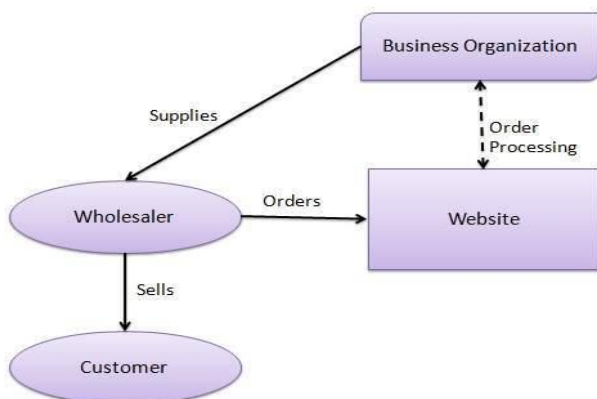


Fig-1:B2B flow

### 4.2 Business-to-Consumer (B2C)

The Business-to-Consumer type of e-commerce is notable by the creation of electronic business dealings between businesses and final customer. It gives the detail of the retail section of e-commerce, where traditional retail trade normally operates.

These types of business can be easier and more active, but also more irregular or out-of-date and it is also developed greatly, due to the intro of the web, and there are already many existing near stores and malls on the Internet where we can buy it, which vend all variety of consumer goods, like computers, software, books, cars, food, financial products, shoes, digital publications, etc.

When we compare to buying goods in the retail in traditional commerce, the consumer typically has more information about the product because we have more comparison and we have availability in terms of informative content and there is also an extensive idea of what the goods we buy that we will be getting it in cheaper, without risking an equally modified customer service, as well as giving quick dispensation and delivery of our order in correct time and at the doorstep.

For example, a website which is following the B2C business model sells its goods directly to a customer. A customer can see the products displayed on the website. The customer can choose a product and order the same. The website will then send us a notification of that goods that we have purchased to the business organization through email and the group will notice the product/goods to the customer that we have ordered to have.[6]

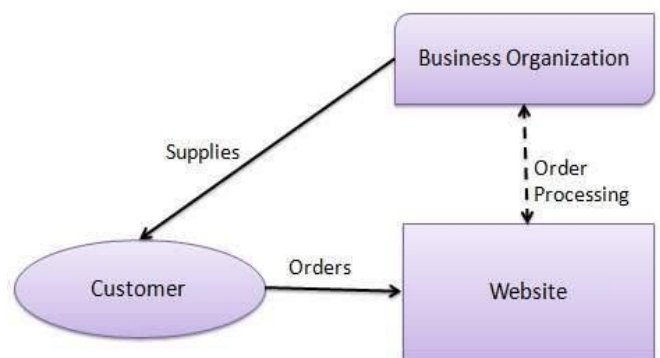


Fig-2:B2C flow

### 4.3 Consumer-to-Consumer (C2C)

Consumer-to-Consumer (C2C) type e-commerce that includes all electronic fund transfer, money transfer of goods or facilities between costumers as they needs and requirement. Generally, these transactions are held through a third party of the buyer, which gives the clear online platform where the dealings are really accepted out.

For example, A website which is following the C2C business model helps customers to sell their properties like residential property, cars, motorcycles, the things they are using etc., or stay in rent a room by giving their information on the website they can sell the goods by using this. Website sometimes may or may not charge the consumer for its services they have provided it depends on the advertisement they have given. At the same time additional customer may select to buy the product of the first customer by viewing the post/advertisement on the website of that product so that they can know about the product.[4]

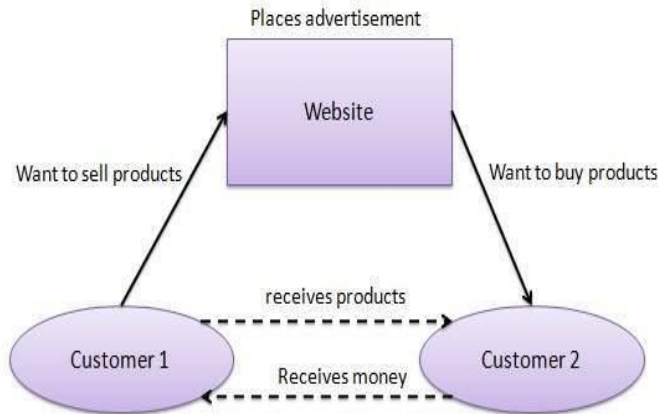


Fig-3:C2C flow

#### 4.4 Consumer-to-Business (C2B)

In C2B e-commerce model there is a complete reversal of the traditional intelligence of exchanging their goods. This type of e-commerce is very common in the place where many customer are very likely to buy the same product based on projects.

Examples of such type of e-commerce, are the websites that gives the customers to give designers from several proposals for a company logo and out of it the people who have send they are selected only one of them and effectively purchased for their purchase. Additional platform that is found here is very common in C2B type of commerce are they are the markets who sells very creative royalty-free photographs, images, media and design elements, such as iStockphoto sells many pictures that are fully related with photographs.

For example, in this model, a consumer asks a website to display multiple business organizations for a particular service. The consumer after seeing the goods it places an estimate of amount he/she wants to spend for a particular service they need. For example, when we compare the interest rates of personal loan/car loan provided by various banks through websites. A business organization which fulfills the consumer's requirement and needs within the given budget, approaches the customer and it also provides its services.[5]

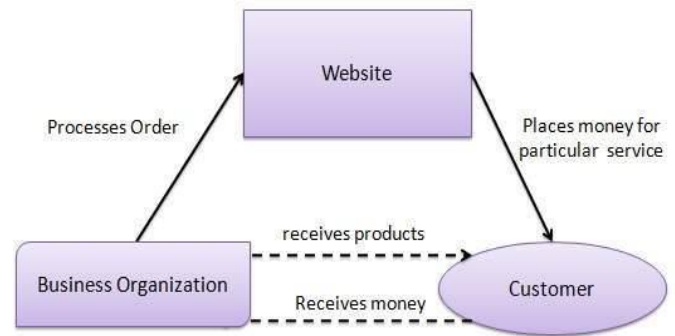


Fig-4:C2B flow

#### 4.5 Business-to-Administration (B2A)

This part of e-commerce includes all kinds of transactions that happens in online transfer between companies and public management. This is an area that includes a high amount and a variety of services they are provided, specifically in areas such as economic, social security, service, legal documents and registers, etc. These types of services have increased significantly in recent years with funds made in e-government.

B2G model is a different from B2B model. Such websites are used by governments to trade and exchange information with various business organizations for their purpose of government issues. Here business organization is accessed by the website then it links to the government.[7]

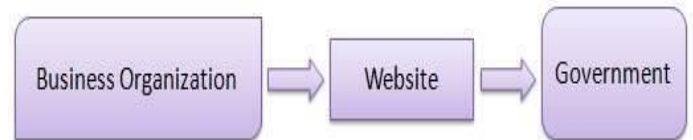


Fig-5:C2B flow

#### 4.6 Consumer-to-Administration (C2A)

The Consumer-to-Administration model includes all electronic transactions that is happened between individuals and public administration.

Examples of applications include:

- Education – distributing information to all, distance learning for those who can't come, etc.
- Social Security – through the distribution of information, making payments through online, etc.
- Taxes – filing tax returns, payments for their products, etc.
- Health – appointments, information about illnesses, and payment of health services, etc.

Both models involves Public Administration (B2A and C2A) are strongly related to the idea of capability and easy accessibility of the services provided to every person by the government, with the help of information and communication skills.

Governments uses B2G model websites to tactic business organizations for their purchase. Such websites support sales, tenders, and application suggestion functionalities for the government use.[7]

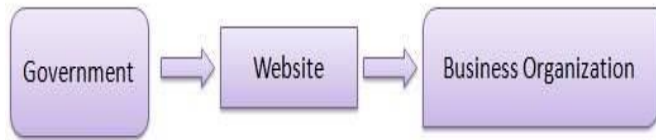


Fig-6:C2A flow

**5. COMPARISON CHART BETWEEN B2B AND B2C**

BASIS FOR COMPARISON	B2B	B2C
Meaning	The vending of goods and services between two business units is known as Business to Business or B2B.	The deal in which business sells the goods and services to the customer is called Business to Consumer or B2C.
Customer	Company	End user
Focus on	Relationship of the customer	Quality of the Product
Quantity of merchandise	Large quantity	Small quantity
Relationship	Supplier - Manufacturer Manufacturer - Wholesaler - Retailer	Retailer - Consumer
Relationship horizon	Long term relationship	Short term relationship
Buying and Selling cycle	Lengthy process	Short process

BASIS FOR COMPARISON	B2B	B2C
Buying Decision	Planned and Logical, based on needs of the customer.	Expressive, based on want and desire they show in the website.
Creation of Brand Value	Trust and Mutual Relationship of the customer	Advertising and Promotion about the product.

**6. COMPARISON CHART BETWEEN C2C AND C2B**

BASIS FOR COMPARISON	C2C	C2B
Mode of payment	eBay	Priceline
Type of communication	Peer-to-Peer (Skype)	Feedback
Source	Blogs and communities	Communities or Campaigns
Social networks	MySpace, Bebo	No social networks are used

**7. COMPARISON CHART BETWEEN B2A AND C2A**

BASIS FOR COMPARISON	B2A	C2A
Tax	Government services and transaction	National government Transaction
Services	Legal regulations	Local government Services

**8. Conclusion**

E-commerce has revolutionized the business models. Trading online enables businesses to reach much wider audience while cutting the cost of traditional retailing methods. It also provides businesses with long working hours and minimum human capital. E-commerce allows businesses to better understand and meet the demands of customers, working more closely with them by managing databases, resulting in better supply chain management activities and efficient logistics. Now a days it provides customers with fast processing and close interactions with company.[8]

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