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E-Commerce: Concept and Evolution

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ABSTRACT

Electronic commerce is rapidly growing as an impressive manifestation of globalization. The rapid expansion of e-commerce is a major opportunity for local and international trade development of LDCs including Bangladesh. However, infrastructure, culture, and attitude are significant barriers to e-commerce. This paper attempts to express the e-commerce of concept and evolution.

Keywords: E-Commerce, History, Evolution.

INTRODUCTION

Internet services are presently available in Bangladesh. Its usage for e-commerce by the Bangladeshi producers to export as well as to access inputs will be dependent on their willingness and ability to use this medium as well as that of the buyers of final products and the sellers of intermediate goods and services. E-commerce or electronic commerce, a subset of e-business, is the purchasing, selling, and exchanging of goods and services over computer networks (such as the Internet) through which transactions or terms of sale are performed electronically. Contrary to popular belief, e-commerce is not just on the Web. In fact, e-commerce was alive and well in business to business transactions before the Web back in the 70s via EDI (Electronic Data Interchange) through VANs (Value-Added Networks). E-commerce can be broken into four main categories: B2B, B2C, C2B, and C2C. (Hossain, M. S., 2010)
RESEARCH OBJECTIVES
The main objectives of the research are as follows-
- To know about the concept of e-commerce.
- To know about the conceptual e-commerce framework.

RESEARCH METHODOLOGY
This research has based on secondary data. Secondary data have collected from secondary sources such as books, master thesis, journals, e-books etc.

DATA ANALYSIS AND DISCUSSION

What is E-Commerce?
The ability to made transaction for personal or professional use over the internet is known as electronic commerce or e-commerce (Coursaris, et al., 2003). Chaffey (2007) defined e-commerce as “The exchange of information across electronic networks, at any stage in the supply chain, whether within an organization, between businesses, between businesses and consumers or between the public and private sector, whether paid or unpaid.” E-commerce allows a flexible opportunity for the business and consumer to transact without being present in front of each other. (Islam, K. M. A, 2016)

The Evolution of E-Commerce
The development of e-commerce was one of those things that happened slowly and then suddenly. At its very basic level, the term refers simply to any commerce that takes place electronically. This includes ATM and credit card transactions as well as the ability to do billing and invoicing through electronic methods. The technology allowing this kind of commerce took hold in the late 1970’s and grew steadily throughout the 1980’s. It was during this time that people started to use credit cards on a regular basis and that set the foundation for electronic commerce to get a toehold in society.

However, it wasn’t until the development of the Internet that e-commerce started looking like the type of business that we know today. For most people talking about it now, the term refers to transactions, which take place completely through the web. When you search for an item on sites such as eBay or Amazon and then pay with a credit card or online checking account, you’re conducting the kind of e-commerce.

Two things happened in the mid-1990 to make this kind of e-commerce a possibility. First, computer security was strengthened enough to make consumers and businesses feel comfortable with conducting these types of
transactions online. Second, the average person began to gain familiarity with the web and started using it for everyday activities such as online shopping.

Of course, we survived the dot-com bust and the Internet came back in a bigger and better way. Today, the average person not only has a home computer but also has the high speed Internet connection that lets him or her move easily between web pages. This makes it easy to do comparison-shopping online. More importantly, the availability of high speed Internet has increased the ability of people to work from home. These people often set up e-commerce sites, which allow them to sell products without needing a whole business behind them. These two factors combined have made it so that e-commerce has become a part of our daily lives. Now if we could only find a way to spend less than we make, we’d all be in good shape. (Hossain, M. S., 2010)

The Chronology E-Commerce Development

1984  
Electronic Data Interchange (EDI) was standardized through ASC X12. This guaranteed that companies would be able to complete transactions with one another reliably.

1990  
Tim Berners-Lee wrote the first web browser, World Wide Web (WWW), using a NeXT computer.

1992  
CompuServe offers online retail products to its customers. This gives people the first chance to buy things off their computer.

1994  
Netscape arrived and providing users a simple browser to surf the Internet and a safe online transaction technology called Secure Sockets Layer.

1995  
Two biggest names in e-commerce are launched which is Amazon.com and eBay.com

1998  
The Digital Subscriber line (DSL) provides faster, always-on Internet service to subscriber across California. This prompts people to spent more time, and money, online.

1999  
Retail spending over the Internet reaches $20 billion, according to Business.com

2000  
The dot-com has been bust.

2003  
Amazon had its first year with a full year of profit.
Figure 1: The Three Dimensions of E-Commerce

Source: International Telecommunications Union, Millennium, October 1999, Geneva

Figure 1 depicts the three dimensions of e-commerce. Business-to-Consumers (B2C) ecommerce is practically non-existent within Bangladesh, while a very limited level of Business-to-Business (B2B) and Business-to-Government (B2G) transactions exists. The potential for use of e-commerce by Bangladeshi consumers and businesses with foreign firms is much brighter, and can play an important role in boosting the country’s exports. A significant volume of B2G is also possible, as the government remains the biggest spender. (Hossain, M. S., 2010)

**E-commerce Framework**

Fingar (2000) categorized the e-commerce functionality into four main groupings shown in figure 2. He argues I-market application involves order
management, trading communities, catalogue management, marketing and advertising. Customer care deals with customer relationship management, customer self service and business intelligence support. Vendor Management systems speed up the procurement processes. Extended Supply Chain Management involves collaborative forecasting, planning, scheduling and logistics. Core business processes of e-commerce are embedded in client/server, enterprise resource planning (ERP) and legacy systems.

E-Commerce Categories

- **Business-To-Consumer (B2c) Scenarios**
  Business-to-Consumer (B2C) e-commerce is unlikely to be of much use in the foreseeable future in Bangladesh. At the domestic level, low per capita income, limited infrastructural facilities (e.g. low teledensity), weak legal environment (inadequate contract laws, poor implementation and enforcement), and lack of trust and confidence between business and consumers are going to hinder B2C.

- **Business-To-Business (B2B) Scenarios**
  As mentioned before, the Business to Business (B2B) scenario prevails in Bangladesh to a very limited extent. The B2B scenario exists mostly in the export sector, especially in the Ready Made Garments (RMG) industry. RMG has the lion’s share of the export earnings in Bangladesh, accounting for 75 percent of total exports. The current value of annual exports of the RMG sector is close to $4.35 billion. The RMG sector has begun to use the Internet, and its dependence on e-commerce is likely to grow significantly in the coming years. E-commerce through the Internet is poised to be an effective business tool for the RMG exporters. The Internet would enable them to seek information about potential buyers as well as raw material suppliers. Similarly the practice of posting a website by individual producers has begun. Opening a website is a step towards the right direction. Also, the adherence of Bangladeshi firms to quality, labor and environmental standards (e.g. ISO 9000, QS 9000) can also be shared and highlighted through the Internet technology.

- **E-Commerce in the RMG Sector**
  The RMG sector emerged during the early 1980s in Bangladesh and information has been the strategic partner in its phenomenal growth. Telex was the only tool of cross border data communication in those days. International courier services were the means of receiving the approved designs from the buyers. The Facsimile machine, in the mid-80s, radically replaced both of these orthodox communicating media (i.e. telex and courier). This “Office Automation Equipment” contributed towards accelerating RMG exports. Faster and cheaper
data communications coupled with real-time design-pattern development enabled the buyer and manufacturer expediting business negotiations.

Necessary infrastructural, legal and regulatory reforms will be essential to avail of the ecommerce technology in dealing with the international market place. Access to the market depends on the buyers and sellers’ willingness and ability to market through mediums that are mutually cost effective, reliable, and replicable. A foreign buyer, say in the readymade garments sector, expresses a preference to use e-commerce for its purchases, thereby circumventing the Letter of Credit (L/C) mechanism to place an order. Since the overseas financial institutions often insist for “Add Confirmation” it increases the cost of L/C. Add Confirmation is basically a matter of payment guarantee depending on the country’s credit rating, asset status etc., where Bangladesh generally lags behind.

E-commerce usage will become attractive when entrepreneurs will be convinced that this medium is capable of obtaining orders as well as increasing profitability by eliminating the role of middlemen. However, confidence and trust between the buyers and sellers is an important determinant. If the local producer fails to ensure adequate quality or timely delivery of products, the benefits of an efficient search and communication process will be undermined. Thus, authentication of both buyer and seller is a prerequisite for successful implementation of this medium.

- **Business-To-Government (B2G) Scenarios**

The government is a major buyer of goods and services from the private sector. Typically, the government procures goods and services by inviting tenders. This has been the traditional method of any government procurement for goods and services. Tender notices are published in the major national dailies followed by selling the Request for Proposal (RFP) documents to the interested bidders. If any bidder seeks clarification on any aspect of the RFP, the customer is mandated to notify that clarification to all bidders by mail. In addition to costing money and taking time, such notification sometimes forces the customer extending the bid-closing deadline.

Bidders also obtain the RFP document “unofficially” for a comprehensive understanding of the ‘scope of work’ as well as for assessing their own capability. The availability of the RFP and other relevant documents on-line provides an alternate choice, thereby reducing the monopoly rent that can be extracted. In order to prevent such unfair practice, the Bangladesh Telegraph and Telephone Board (BTTB) initiated publishing the RFP documents of selected projects in its website. This immediately stopped the illicit practice of unofficially selling the RFP document, and only competent bidders were able to procure the RFP documents. In addition to reducing the extra administrative
burden of BTTB, it also enabled BTTB to close those bids within a reasonable timeframe. The posting of the RFP documents on the Web is however an isolated effort being initiated by a few BTTB officials.

Introducing on-line payment or allowing electronic fund transfer for selling the RFP would be a significant leap towards B2G in Bangladesh. There are numerous instances of deliberate “unavailability” of the RFP, namely while the bids for civil infrastructure projects are invited. Syndicated vested groups forbid the other bidders’ participation by forming a cartel. B2G inherently brings transparency in such cases and ensures a level playing field for all the bidders. Electronic submission of the RFP followed by presenting the hardcopies could also be used to promote transparency, accountability and the threat or coercion that is often evidenced during the bid submission period. (Hossain, M. S., 2010)

CONCLUSION
The concepts e-commerce presented in this paper will surely benefit both academics and practitioners. For the academics, the paper sketches out a theoretical and a conceptual map of the E-commerce Framework as it relates to E-commerce. Opportunities exist to empirically test the propositions presented in the paper. For the practitioners, the trust dimensions and sources of trust, organized in a path model, serve as an evaluative framework to assess current emphasis and identify opportunities for improvement. (Sandy C. C. et al., (2003)

REFERENCES


