



# E-commerce

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# What Is Commerce?

## Commerce:

Commerce is the activity of buying and selling products, but on a larger scale

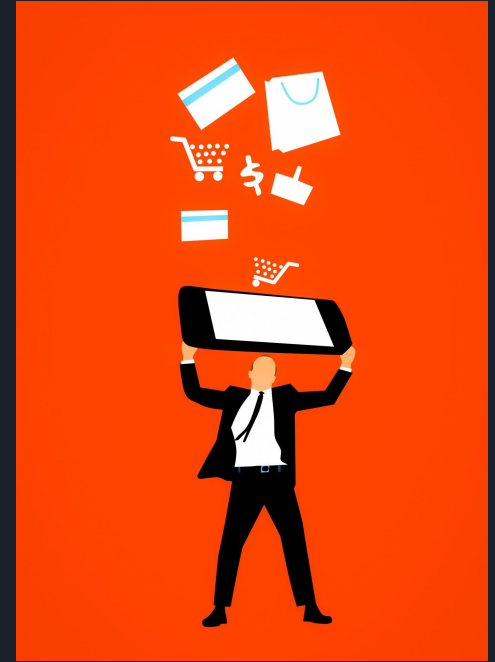
## E-Commerce:

Commerce that requires the transaction of data through the Internet



# Types of E-commerce

- Business-to-Business (B2B)
- Business-to-Consumer (B2C)
- Consumer-to-Consumer (C2C)
- Consumer-to-Business (C2B)
- Business-to-Administration (B2A)
- Consumer-to-Administration (C2A)





# Examples of e-commerce

- Product Websites
  - Amazon, E-bay, Rue21, etc.
- Social Media
  - Facebook, Instagram, etc.
- Subscriptions
  - Netflix, Hulu, Dollar Shave Club, etc.





# Is E-Commerce Profitable?

- E-Commerce is indeed a profitable business. In fact, e-commerce is arising in the upcoming years.
- E-Commerce is a more effective way to broaden a specific business. E-commerce is a good choice for both company businesses and even a business for yourself.



## Evidence that it's Profitable

- Statistics show that Americans who live in metropolitan areas spend at least 4.5 hours on average online shopping per week.
- Over 50% Americans prefer online shopping rather than going inside a store, making e-commerce successful and overall profitable.

## How does it work?

- Suppliers choose to open a shop on an e-commerce platform. They then operate and make profits, and the platforms can then also make profit through their services. Ex. Amazon & EBay



# Business Tools for E-Commerce?

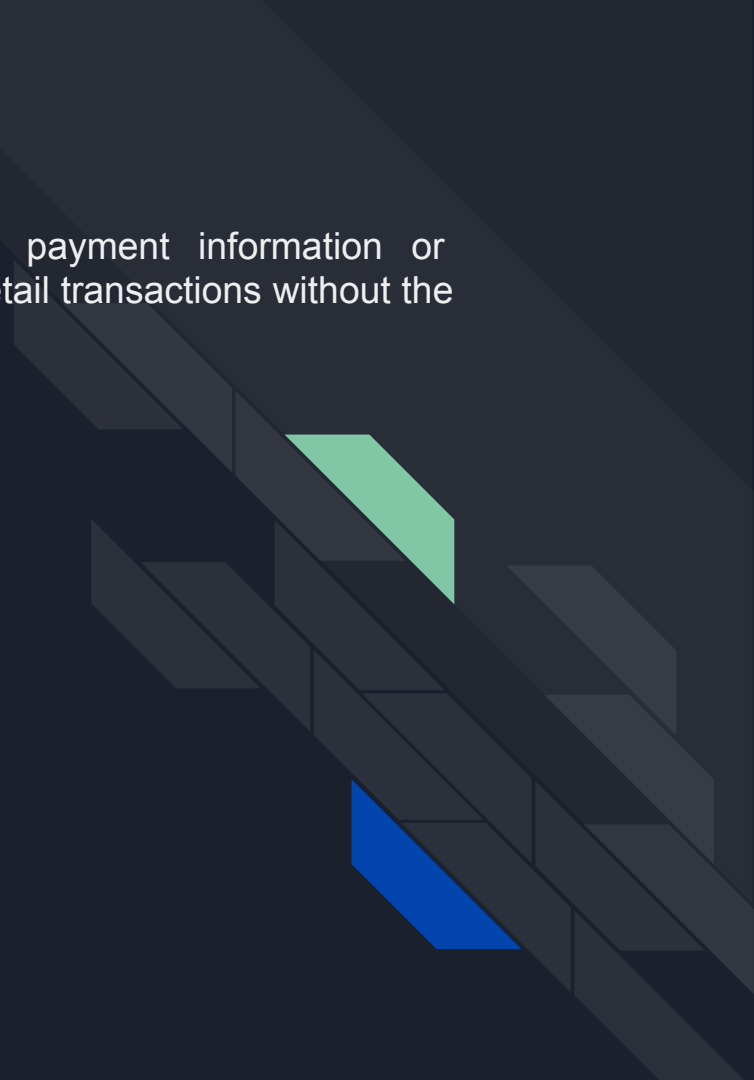
There are a number of E-Commerce tools. Shopping cart software and marketing automation are two examples. These tools can also be called app categories.

App Categories (tools) include:

- Website tools- setup online store and helps manage it.
- Research tools- helps find out about your competitors, find more opportunities, and helps you learn on how you can improve your site and advertisements.
- Business tools- manages day-to-day operations and finances of your e-commerce store
- Marketing tools-lets the world know you exist, builds a brand, and converts leads to customers..
- Analytics tools- lets you know how well you're doing and if it's working.

## E-commerce and Fraud

**E-commerce fraud** is when a criminal leverages stolen payment information or fraudulently acquired bank or credit card accounts to attempt retail transactions without the account owner's knowledge.







# E-commerce and Fraud

- The most common forms of e-commerce fraud involves a fraudster purchasing expensive goods, such as jewelry, electronics, or gift cards. They usually do this in a way that will not cause suspicion at the time of purchase. They may also take over a legitimate customer's account and have their items shipped to a separate address.
- **Chargeback fraud** or friendly fraud, happens when a person buys a product online with their own credit card information but then challenges or contests the charges. Ex: saying they didn't receive their purchases when they did.
- **Billing fraud** happens when the suspected victim's address is connected to the payment account that was used to buy the stolen products. These items are usually purchased using the shipping address of the victim but then shipped to a different address where they can be picked up by the fraudster.



# E-commerce and Fraud

- **Shipping fraud** happens when the shipping address is actually the fraudsters . Sometimes a business address may be used without the business being aware their address is being used for a fraud ring. Shipping fraud occurs mostly in coastal states that have major port cities and airports.
- **Reshipping fraud** is a pretty new scheme that sets its target on businesses and credit card holders. It starts with fraudsters buying expensive products like computers, cameras, etc. using the internet. Products are then sent to a U.S. based address of paid “reshippers” that usually have no idea they are handling stolen goods, who then repackage and mail the products internationally where the items will be sold.
- **Freight forwarder fraud** is a company or individual that organizes shipments for people or companies to get products from the manufacturer or producer to a market or customer.



# Benefits in E-commerce

- The biggest benefit of using e-commerce is the low cost, it is very common for startup business to use it to take advantage of this feature.
- It is also a very simple to work and also user friendly, such as shopping on Ebay or Amazon
- Its easy for you or you company to reach farther out to buy or sell goods, even works internationally.
- It keeps a ledger of transactions



## Benefits continued...

- Selling and buying goods online is relatively easy

- You are able to see what consumers are buying from these websites like Amazon to better cater what you're selling yourself

- When you post something online to sell you are open 24/7 until that item is sold.

- The capability of saving money by not investing it into a store, and as mentioned above you can stay open 24/7 without the cost of keeping utilities on and leasing a building.



## Benefits continued..

-As there are tons of benefits to e-commerce some are obviously more catered to bigger business and others to the individual, because it is truly beneficial to both and that is what makes it even more fascinating.

-It makes it easier to scale inventory because you see what the consumer is buying and you can even see if they are buying from your competition or not.

-Ultimately you are able to sell internationally and reach out across the globe with your product and brand for minimal cost.

# Challenges in E-commerce

- 1) Online identity verification
- 2) Computer analysis
- 3) Customer loyalty
- 4) Product return and refund policies
- 5) Retailers and manufacturers
- 6) Price and shipping
- 7) Data security



# Challenges Continued...



## Online Identity Verification:

When a consumer visits a website, how can one truly verify that the person is who they say they are?

### Solution:

There are softwares that will flag fraudulent attempts.



## Competitor Analysis:

There are many websites that sell similar products. As a merchant it is important to find something that sets your products apart from the competitors.

### Solution:

Research what your competitors are selling and how much they are selling it for. What platforms are they using to reach their consumers?

# Challenges Continued...



## Customer Loyalty:

It is more costly to acquire a new customer than retaining an existing customer.

### Solution:

Be transparent with customers. Blog regularly, send emails.



## Product return and refund policies:

Customers aren't willing to wait more than five days for deliveries. Some customers will even abandon their shopping carts for a longer delivery time.

### Solution:

Ensure the customer can easily find details for the return and refund policies. Avoid using big words, attempt to include a FAQs option to easily navigate.



# Challenges Continued...



## Price and Shipping:

As a small business owner it is more costly to ship products versus larger businesses like Amazon who can afford to not charge customers for shipping fees.

## Solution:

Look for local carriers who can deliver at a cheaper cost than larger companies.

## Retailers and Manufacturers:

Many online businesses buy their products from retailers and manufacturers. Those same retailers and manufacturers will also sell those same products.

## Solution:

In your contract ensure there is a statement that prevents your manufacturer from re-selling your product and becoming a competitor.

# Challenges Continued...

## Data Security:

Technical issues such as data security in which attackers can infect the website with viruses and can expose confidential data.

## Solution:

Regularly backup data and install software that makes it nearly impossible for information to become stolen.





# Resources

- <https://www.numinix.com/blog/2018/11/05/what-are-the-different-categories-of-e-commerce/>
- <https://www.cloudways.com/blog/what-is-ecommerce/>
- <https://optinmonster.com/ecommerce-business-challenges-solutions/>
- <https://www.experian.com/blogs/ask-experian/ecommerce-fraud-what-it-is-and-how-to-protect-yourself/>
- <https://medium.com/@briannawillsss/18-major-benefits-of-e-commerce-business-for-retailers-customers-in-2015-63c5fc87f679>