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THE CONCEPT OF ELECTRONIC COMMERCE

Electronic commerce (e-commerce) is a system of **trading** that primarily uses the internet as the main conduit of **interaction** with customers. E-commerce includes other functions such as customer service, collaborating with business customers or partners and conducting transactions through the internet. E-commerce took root after the advent of the internet in the 1990s. Broadly speaking, e-commerce is any form of business **transaction** that involves the use of electronics such as fax, telephone, electronic payments, electronic **data interchange** and money transfer systems. However, the most used concept is that of business transaction **conducted** through the internet as the main electronic platform.

The main component of e-commerce is business-to-business transaction as it generates the highest volume of transaction. The other types are collaboration with business partners such as **suppliers** through the internet using the means: ASP (*Average Selling Price*), ATC (*Add-to-Cart Rate*), ATV (*Average Transaction Value*), BNPL (*Buy Now, Pay Later*) BOPIS (*Buy Online, Pick-up In-Store*)…etc. Another form is the business-to-consumer where a business transacts with **consumers** through the internet by DTC (*Direct To Consumer*). Consumer-to-consumer transactions are transactions where consumers meet on an electronic platform and trade. Popular C2C websites include *eBay* and *Olx.com*. Consumer-to-business platforms allow consumers to sell goods to organizations and include *Monster.com* and *Task Rabbit*. Further, there is e-governance where governments use internet platforms to serve the citizens; a great example is the *e-Citizen platform*.

A major component of e-commerce is electronic banking where customers may conduct banking transactions using internet-enabled electronic devices. It is a convenient form of banking for customers and saves banks on operational costs. It also facilitates the transfer of foreign **currency** which is an important component of international trade. E-commerce facilitates actions where traders dispose items to the highest bidder.

Conceptual framework of E-commerce

With the emergence and development of new media technologies such as the Internet, people and businesses have increased their **reliance on**, and their use of these mediums as an avenue for commerce as it can be more convenient. This new avenue is referred to as e-commerce, which has **disrupted** the way the retail industry works. It provides both opportunities and threats for businesses and consumers.

At present, there is no consistent and unique definition of e-commerce. Each State or organization has adopted its own definition, which has been dictated by each system and in consideration of the economic interests of each. It follows that the choice of this definition can have many practical and legal implications. We are going to set the definition of e-commerce first, then it's categories as follows:

Definition of E-commerce

Electronic commerce, like all concepts is the subject of varied definitions, and most times, the definition applicable would depend on the context in which it is used. E-commerce has been defined as "***sharing business information***, *maintaining business relationships and conducting business transactions by means of telecommunications networks* ".

According to the *Organisation for Economic Corporation and Development* (OECD), e-commerce has no universal definition. An attempt to define e-commerce was made by the *Concise Oxford*

English Dictionary to the effect that e-commerce means «commercial *transactions conducted electronically on the Internet* ".

For instance, defined e-commerce as buying and selling of products or services electronically via the Internet and other computer networks, however, defined e-commerce as a business where traders use the Internet as a means of promoting and selling products and services for consumers the world over Here, the Internet allows direct communication between the trader and the buyer without meeting face to face. On the contrary, every time services are rendered and paid for on the Internet, it's e-commerce.

Electronic Commerce is often interpreted as being just Internet commerce. Take for example *Patricia Buckley's* definition (...)" *Electronic Commerce (business processes which shift transactions to the Internet or some other non-proprietary, Web-based system). Electronic Commerce is a means of conducting transactions that, prior to the evolution of he Internet as a business tool in 1995, would have been completed in more traditional ways-by telephone, mail,* ***facsimile****, proprietary electronic data interchange systems or face-to-face contact* ".

Finally a definition cited by the *American Congress*: "*all transactions conducted on the Internet or through Internet access, including* ***the purchase****,* ***rental****,* ***license****, offer or goods, services or information and the provision of internet access*".

The Evolution of the Internet and Electronic Commerce

Although electronic commerce encompasses all forms of electronic commercial transactions, the recent commercialization of the Internet has greatly facilitated the growth of electronic commerce. The basis of today's Internet was initially developed through U.S. Government investment in computer networking technology dating back to the 1960's. The Internet was originally used for linking and transmitting information among scientists and universities doing government sponsored research in diverse locations. In the 1990's, however, the network was commercialized. Since then, the number of business transactions taking place electronically has grown at an astronomical pace. In fact, the volume of electronic commerce is projected to grow from just 8 billion$ in 1997 to well over 327 billion$ in the 2000's.

The Role of Government in Electronic Commerce: commerce on the Internet promises to total tens of Billions of Dollars by the turn of the century. For this potential to be realized fully, we believe that governments must adopt a non-regulatory, **market-oriented** approach to electronic commerce, one that facilitates the emergence of **a predictable** legal environment to support global business and commerce. The Government's approach to electronic commerce policy making is that:

-The private sector should **lead**.
-Governments should avoid undue **restrictions** on electronic commerce.
-Where government involvement is needed, its aim should be to support and enforce a predictable and simple legal environment for electronic commerce.
- Governments should recognize the unique qualities of the Internet.
- Electronic commerce over the Internet should be facilitated globally.

Governments around the world are participating in the creation of legal frameworks that will facilitate electronic transactions nationally and globally. The challenge is to provide **an adequate** level of protection for consumers and businesses without **stifling** competition and technological development through excessive or unnecessary regulation. Mechanisms should be established that give consumers assurances that their on-line transactions carry the same legal rights and responsibilities as off-line transactions. Questions regarding customs and taxes, protection of intellectual property rights as they affect consumers, **privacy** and security, and protection against fraud are under discussion in a variety of fora-both national and international. For example:

- Through the *World Trade Organization*, Governments are seeking to have the Internet declared **a tariff-free** environment.
- The *Treasury Department* is debating tax issues and the development of electronic payment systems through the *Organization for Economic Cooperation and Development OECD*.
- Uniform *Commercial Codes* are now being considered at the international level.

- The *Department of Commerce* is working with foreign governments to develop self-regulatory mechanisms that protect consumer privacy and the collection, storage and re-use of personal data.
- The Government is also working to encourage technological developments to expand Internet capabilities and the further development of the global telecommunications infrastructure.

Categories of E-commerce: The E-commerce is very complex and can be used for different purposes. One sector is business information services, f or example service selling captured customer information to others for marketing purposes. It can also be **advertising** found on websites and search engines. Generally speaking, when we think of e-commerce, we think of an online commercial transaction between a supplier and a client. However, and although this idea is right, we can be more specific and actually divide e-commerce into six major types, all with different characteristics. There are six 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)

A-2. 1. Business-to-Business (B2B)

Business-to-Business (B2B) e-commerce encompasses all electronic transactions of goods or services conducted between companies. Producers and traditional commerce **wholesalers** typically operate with this type of electronic commerce.

A-2. 2. Business-to-Consumer (B2C)

The Business-to-Consumer type of e-commerce is distinguished by the establishment of electronic business relationships between businesses and final consumers. It corresponds to the retail section of e-commerce, where traditional retail trade normally operates.

These types of relationships can be easier and more dynamic, but also more sporadic or discontinued. This type of commerce has developed greatly, due to the advent of the web, and there are already many **virtual stores** and malls on the Internet, which sell all kinds of consumer goods, such as computers, software, books, shoes, cars, food, financial products, digital publications, etc.

When compared to buying retail in traditional commerce, the consumer usually has more information available in terms of informative content and there is also a **widespread** idea that you'll be buying cheaper, without **jeopardizing** an equally personalized customer service, as well as ensuring quick processing and delivery of your order.

A-2. 3. Consumer-to-Consumer (C2C)

Consumer-to-Consumer (C2C) type e-commerce encompasses all electronic transactions of goods or services conducted between consumers. Generally, these transactions are conducted through a third party, which provides **the online platform** where the transactions are actually carried out.

A-2. 4. Consumer-to-Business (C2B)

In C2B there is a complete reversal of the traditional sense of exchanging goods. This type of e-commerce is very common in **crowd-sourcing** based projects. A large number of individuals make their services or products available for purchase for companies seeking precisely these types of services or products.

Examples of such practices are the sites where designers present several proposals for a company logo and where only one of them is selected and effectively purchased. Another platform that is very common in this type of commerce are the markets that sell royalty-free photographs, images, media and design elements, such as *iStockphoto*.

A-2. 5. Business-to-Administration (B2A)

This part of e-commerce encompasses all transactions conducted online between companies and public administration. This is an area that involves a large amount and a variety of services, particularly in areas such as fiscal, social security, employment, legal documents and registers, etc. These types of services have increased considerably in recent years with investments made in e-government.

A-2. 6. Consumer-to-Administration (C2A)

The Consumer-to-Administration model encompasses all electronic transactions conducted between individuals and public administration. Examples of applications include:

- Education - **disseminating** information, distance learning, etc.
- Social Security through the distribution of information, making payments, etc.
- Taxes - filing, tax returns, payments, etc.
- Health - appointments, information about illnesses, and payment of health services, etc.

Both models involving *Public Administration* (B2A and C2A) are strongly associated to the idea of efficiency and easy usability of the services provided to citizens by the government, with the support of information and communication technologies

Advantages of e-commerce

The main advantage of e-commerce is its ability to reach a global market, without necessarily **implying** a large financial investment. The limits of this type of commerce are not defined geographically, which allows consumers to make a global choice, obtain the necessary information and compare offers from all potential suppliers, regardless of their locations.

By allowing direct interaction with the final consumer, e-commerce shortens the product distribution chain, sometimes even eliminating it completely. This way, a direct channel between the producer or service provider and the final user is created, enabling them to offer products and services that suit the individual preferences of the target market.

E-commerce allows suppliers to be closer to their customers, resulting in increased productivity and **competitiveness** for companies; as a result, the consumer is benefited with an improvement in quality service, resulting in greater proximity, as well as a more efficient pre and post-sales support. With these new forms of electronic commerce, consumers now have virtual stores that are open 24 hours a day.

Cost reduction is another very important advantage normally associated with electronic commerce. The more trivial a particular business process is, the greater the likelihood of its success, resulting in a significant reduction of transaction costs and, of course, of the prices charged to customers.

Disadvantages of e-commerce

The main disadvantages associated with e-commerce are the following:

- **The start-up costs** of the e-commerce portal are very high. The setup of the hardware and the software, the training cost of employees, the constant maintenance and upkeep are all quite expensive.
- Although it may seem like a sure thing, the e-commerce industry has a high risk of **failure**. Many companies riding the dot-com wave of the 2000s have failed miserably. The high risk of failure remains even today.
- At times, e-commerce can feel impersonal. So it lacks the warmth of an interpersonal relationship which is important for many **brands** and products. This lack of a personal touch can be a disadvantage for many types of services and products like interior designing or the jewellery business.
- Security is another area of concern. Only recently, we have witnessed many **security breaches** where the information of the customers was stolen. Credit card theft, identity theft etc. remain big concerns with the customers.
- Then there are also fulfilment problems. Even after the order is placed there can be problems with **shipping**, **delivery**, mix-ups etc. This leaves the customers unhappy and dissatisfied.

Questions:

- Translate the underlined terms into Arabic.
- Give an abstract (in Arabic) to the topic.