



Important Concepts of E-Commerce

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ABSTRACT

The purpose of the study was to understand the concepts of e-commerce. In this paper researcher has taken the purpose of consumer-oriented e-commerce is to empower the consumer in the creation of value according to his personal preferences and needs by composing service from different business firms. Consumer-oriented e-commerce is based on the conceptualization of service which attracts multidisciplinary interest, and a consumer-oriented ideology that reverses the traditional, business-oriented value creation concepts.

Summary

The summary of the present research paper is as under:

Introduction, An overview of customer-oriented concepts, Consumer-oriented concepts in value creation, Consumer-oriented concepts in e-services, Consumer-oriented concepts in business networks and ecosystems, Conclusion and References

Keywords : Value creation, E- services, Business networks and ecosystems

• Introduction

Value creation in e-commerce is dominated by business-oriented approaches. For example, the two basic types of e-commerce, B2B and B2C, aim at business cooperation or exchanges and increased sales, respectively. The tacit assumptions here are that business firms know (better) customers' needs and value comes for the business firm and the customer alike through the improvement of the business processes. A shift in the conceptualization of value creation from business-oriented to consumer oriented approaches is taking place gradually in the recent literature. The consumer is recognized as a "co-creator of value" and the business firm as a "service provider", which operates to provide benefit (i.e. "service") to the consumer. The value for the consumer derives from the combination of service elements that usually come from different providers, because of the complex nature and the diversity of people's needs. This paper contributes in the development of consumer-oriented e-commerce that is e-commerce models that focus on the needs of the consumer (the end-customer, the individual).

• An overview of customer-oriented concepts

In this paper researcher gave review of some consumer-oriented concepts that have been developed in the literature in business-related and IT-related fields, including service management, value creation, e-services, business ecosystems,.

1.1. Consumer-oriented concepts in value creation

There is quite a lot of research recently that focuses on the concerns and the role of the consumer in economic transactions and promotes consumer-oriented concepts in value creation. All this research suggests that a paradigm shift is apparently under way in regard to the concept of value and the way it is created. The evidence of this shift is not clearly manifested in business practice yet, because it challenges deeply rooted theories of business management and suggests reconsidering the role of the business firm in the economic setting. We can distinguish three approaches on value creation: a) the production-oriented approach, b) the marketing-oriented approach and c) the consumer-oriented approach.

1.2. Consumer-oriented concepts in service management

The development of consumer-oriented concepts found fertile ground in the field of service management and service marketing. The Service-Dominant Logic (Vargo & Lusch, 2004) and the Nordic School of service management (e.g. Gringos, 2006) in particular endorse consumer-oriented concepts. The Service-Dominant Logic has been recognized as a conceptual foundation for a service based economy, as well as for the development of service science (Lusch et al. 2007b, Maglio & Spohrer, 2008, Spohrer et al., 2008). Service is defined here as the application of specialized competences (knowledge and skills) for the benefit of another entity (Vargo & Lusch, 2004). Hence, the fundamental unit of exchange in all cases is the application of specialized skills and knowledge, despite the fact that the embodiment of knowledge in tangible outputs creates the deceptive distinction between products and services. In essence all economies are service economies, because the exchange of knowledge and skills characterizes all economic activities (Vargo & Lusch, 2004). According to the Service-Dominant Logic, value creation is based on service provision. Since the benefit from the service provision is manifested in the context of the customer, it means that what firms provide should not be understood in terms of outputs with value, but rather as inputs for a continuing value-creation process with and by the consumers. The Nordic School takes a customer-oriented and relationship-focused perspective on business and considers that the concept of serving the customer should be spread throughout the organisation and embedded in all business functions. Service management seeks to understand the utility or value received by consumers in consuming or using business offerings and how services alone or together with physical goods contribute to this utility (Grönroos, 1990). A service management perspective changes the general focus of management in all firms from the product-based utility to the total utility in the consumer relationship. The focusing on the total utility, instead of more narrowly on the productbased utility, means that the value added for the consumers coming from other elements of the relationships with the consumer is considered equally important as the value that is intrinsic in the business offering. Gambeson (1994) argues that the traditional division between goods and services is void. The business offering consists

of many components, some of them being activities (services), some being things (goods). The consumer does not buy goods or services, but an offering, which renders service to the consumer and creates value for the consumer. As a result, we need to redefine our theories and develop them from a consumer perspective. The shift in focus to the concept of service is a shift from the means and the producer perspective to the utilization and the consumer perspective. If the consumer-oriented concepts for value creation are right, then the business firms should reconsider their business models according to the concept of service and they should try to identify how to innovate with services and co-create value with the consumer. This is, in general, the purpose of service science (Chesbrough & Spohrer, 2006), which is conceived as a multidisciplinary effort to understand the nature of services, how they should be designed, produced and delivered and how to innovate in a service-based economy.

1.3. Consumer-oriented concepts in e-services

The bulk of services are data and knowledge intensive (e.g. consulting services, technical support services, healthcare, etc.). In addition, the composition, coordination and delivery of services for the consumer are data and knowledge intensive processes. Consequently, information technology and the Internet have great significance in a service-based economy. The term e-service is not defined precisely in the literature. Rust & Lemon (2001) consider that the term is used in general to denote transactions in which information is the primary value exchanged. Gronroos et al. (2000) claim that e-service is any product or service that is exchanged over the Internet. Others restrict their scope of services that are delivered electronically (Javalgi et al. 2004) or over electronic networks (Rust & Kannan, 2003). Assuming that e-service is based on the concept of service, as presented in the previous section, then it has all the attributes of the service and it is consumer-oriented, too. Information technologies and the Internet are supposed to favor consumer-oriented concepts, because they provide more consumption and transaction options to the consumers. Besides, the consumers can obtain more and better quality information for the various options they have and they become more knowledgeable and, therefore, more powerful. The Internet tends to shift bargaining power to end consumers in their transactions with businesses (Porter, 2001), because it allows the end consumer to get in contact directly with a great number of producers. In certain cases, disintermediation becomes so extensive that consumers acquire access to services that were used to be available only to professionals. For all these reasons, the information technologies and the Internet tend to enable the consumers to play an active role in the selection and composition of service according to their personal preferences and needs and in the creation of value for themselves. Another source of benefit comes from the decreased cost of customization of digital services, which makes selling customized services economically feasible, even in small market segments. Information technologies enable also the business firms to interact and build relationships with consumers with the use of a variety of channels. As far as the communication with consumers becomes more flexible and less expensive, it is easier for the business firm to provide personalized information and service to different consumers.

1.4. Consumer-oriented concepts in business networks and ecosystems

In traditional business thinking, value creation is considered a linear business function, with the one firm passing its output to the next link along the supply/ value chain, until the consumer. However, as customer needs become more complex and varied, so do the products or services and the processes that are required to produce them. Linear relationships are no longer effective because a variety of inputs from different producers are fused simultaneously in the production process. Network structures have been developed as a means for the collaboration of a great variety of business firms, including partners, allies, suppliers and consumers. The underlying goal of these networks is to work together to co-produce value by creating an improved fit between business competencies, on the one hand, and customer needs, on the other. In business networks, the focus shifts from the supplier to the whole business network as an entire value-creating system. We can distinguish between business-oriented networks and customer-oriented networks; the former are created to support business objectives mostly, such as the need for efficiency, and tend to be organized in long-standing structures, such as business alliances; the latter are created to serve the increased and specialized customer needs and may be organized either in stable structures or in a per-project basis. Virtual organizations, for example, are temporary networks that are formed to execute a specific project according to the requirements of the customer. In customer-oriented networks, the role of the customer is outstanding, because the business network in developed to respond to his special needs, which should reflect on the purpose, the structure and the operations of the network. The concept of business ecosystem is a metaphor that steps forward the movement towards symbiotic and co-evolutionary business networks. The business ecosystem is an economic community comprised of a number of interacting organizations and individuals, including suppliers, producers, competitors, consumers and other stakeholders that produces goods and services of value for the consumers (Moore, 1996). All the entities in a business ecosystem are interconnected to each other, in a sense that they have an effect on each other. Business ecosystems propose a holistic way to examine the business enterprise and its relationships with its environment, showing concern for all the stakeholders. Business ecosystems can be thought as a sophisticated kind of business network, with several advantages over other forms of business networks. For example, business ecosystems concentrate large populations of different kinds of business entities.

• Conclusion

From the study it can be concluded that the E-commerce is very useful for the consumer because it helps in the development of the business. With the blessings of E-commerce the trading or transaction are become very much comfortable. People are avoiding to go to the stores as all the things are available online and we can make payment also by net banking etc. All the concept of E-commerce like improved service management, e-services, value creation and business networks and ecosystems of the business and their all consumer oriented which gave benefit to customer .

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