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INTRODUCTION TO E-COMMERCE

E-COMMERCE / ELECTRONIC COMMERCE / INTERNET COMMERCE

- activity of buying and selling goods or services over the Internet or open networks
- buying and selling of products, services and digital products THROUGH the Internet all fall under the umbrella of e-commerce



- All forms of transactions relating to commercial activities, including both organisations and individuals, which are based on the processing and transmission of digitalised data including text, sound and visual images (**OECD definition of e-commerce**)
- In practice, includes all forms of transactions that process and transmit digitalized data which include text, sound and visual images.

A photograph of business professionals in a meeting. In the foreground, a person's hands are seen interacting with a tablet displaying a dashboard with charts. Another person in the background is also looking at a tablet. A coffee cup is visible on the table. The image is partially obscured by a white, torn-edge graphic that separates it from the text on the right.

INTRODUCTION TO E-COMMERCE

E-commerce is the application of **information technology** and **communication technology** to three basic activities related to business:

- **Production and support** (includes assisting production, distribution and maintenance of goods and services)
- **Transaction preparation** (includes getting product information into the market place and bringing buyers and sellers into contract)
- **Transaction completion** (includes concluding transactions, transferring payments and securing financial services)

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)

Business-to-Business (B2B)

- Includes all kinds of electronic transactions, dealings and business related to the goods and services that are conducted between two companies.
- exists between the producers of a product and the conventional wholesalers who advertise the product to the consumers for purchase.
- final consumer is not involved and the online transactions only involves the manufacturers, wholesalers, retailers.....



amazon
business

The Amazon Business logo features the word "amazon" in its signature black font with a curved arrow underneath, and the word "business" in a blue sans-serif font below it.

WORLDTRADE
Connecting Businesses Globally

The WorldTrade logo consists of a stylized red and white circular emblem above the text "WORLDTRADE" in a bold, sans-serif font, with the tagline "Connecting Businesses Globally" in a smaller font below.

Alibaba.com

The Alibaba.com logo features a stylized white "A" symbol on an orange square background, with the text "Alibaba.com" in white below it.

Business-to-Consumer (B2C)

- deals with electronic business relationships between businesses and consumers
- allows consumers to shop around for the best prices, read customer reviews and find different products that they would not find otherwise in the retail world
- related to the transactions and relationships between businesses and the end customers



[Booking.com](https://www.booking.com)



ZARA

amazon marketplace

ebay

OLX
Quikr

Consumer-to-Consumer (C2C)



- all electronic transactions that take place between consumers
- electronic transactions of goods and services between two customers and is mainly conducted through a third party that provides an online platform for these transactions
- payment transactions are provided by online platforms and are conducted through social media networks and websites

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MONSTER

Consumer-to-Business (C2B)

- a consumer or an individual makes their goods or services available online for companies to purchase
- complete reversal of the selling and buying process
- relevant for crowd-sourcing projects

Business-to-Administration (B2A)



- electronic transactions that take place between companies and bodies of public administration such as government
- many services in various areas such as social security, fiscal measures, employment and legal documents

Consumer-to-Administration (C2A)

- electronic transactions that takes place between people and bodies of public administration
- allows access for consumers to receive information, make payments and establish direct communication between the government or administrations and the consumers

includes:

paying taxes and fines

filing tax returns

paying tuition to a University

distance learning

health services



B2A and C2A OBJECTIVES



Increase flexibility



Increase efficiency



Increase transparency in
public administration

PROCEDURE OF E-COMMERCE



Product/Service
there should be a product or service that has value and for which someone is willing to pay a price



Processing mechanism
website of a company should put an easy process in place so that the customer browsing through the site can place an order (shopping cart)



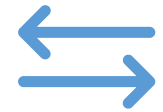
Payment gateway
collects money electronically, enables to provide downloadable products (music, e-book etc.)



Delivery of Product
site must ensure the delivery of product in good condition on time



After Sale Service
post sales services, queries related to the usage, repair or enhancement of the products or services that they have already purchased



Reverse logistics
e-commerce seller must ensure the flow of products in the reverse direction

TYPES OF CHANNELS FOR E-COMMERCE

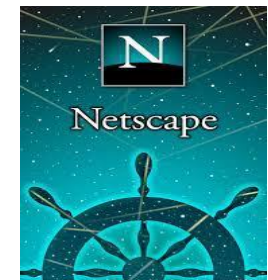
COMMERCIAL CHANNELS

-various companies set up **on-line information and marketing services** that can be accessed by those who have signed up for the service and pay a monthly fees

-these channels provide information, news, dialogues opportunities, libraries, education, travel, sports and reference, entertainment, shopping services, and e-mail...

THE INTERNET

- global web of computer networks that has made instantaneous and decentralized global communication possible
- Internet usage has spread with development of the user-friendly World Wide Web (www) browser softwares



KEY FEATURES OF E-COMMERCE

- **Technology enabled-** e-commerce is the result of integration of digital technology with business processes and commercial transactions. The technological foundations are internet, www and various protocols.
- **Technology mediated-** buyers and sellers meet in cyber space, does not involve face to face contact
- **Universality-** buying and selling take place through websites that can be accessed from anywhere
- **Intercommunication-** ensures two way communications between buyer and seller
- **Delivery of Information-** E-commerce technologies ensure speedy delivery of information at very low cost and considerably increase information density as well





KEY FEATURES OF E-COMMERCE

- **Electronic Completion of Business Processes-** enables performance of business transactions like accounting and inventory through computers at global level.
- **Inter-disciplinary in nature-** requires knowledge of managerial, technological, social and legal issues, understanding of consumer behaviour, marketing tools and financial aspects is as crucial as designing interactive E- Commerce websites
- **Virtual Communities-** online communities created by means such as chat rooms and specifically designed sites, where people can interact with each other having common interest using the internet
- **Mass-customization-** product customization ensures that goods are tailor made as per the requirements and preferences of customers

ISSUES IN E-COMMERCE

- Privacy
- Security
- Consumer Protection
- Content regulation
- Issues relating to Access



PROBLEMS and ISSUES IN E-COMMERCE

ISSUE RELATING TO PRIVACY

- The increase of electronic transactions over the Internet raises various concerns on the collection, storing and manipulation of personal information without the consent or knowledge of consumers.
- There is a chance that without the consent or knowledge of consumers, personal information may be shared with or sold to others.
- protection of privacy has become one of the most important policy issues among policy-makers, businesses and consumers

PROBLEMS and ISSUES IN E-COMMERCE

ISSUE RELATING TO SECURITY

- security can be defined as “a protection of an information resource from the threats and risks in the confidentiality, authenticity and integrity of the electronic transactions transmitted via a network”
- system should be capable of providing the same level of trust and security which is found in traditional methods of business

PROBLEMS and ISSUES IN E-COMMERCE

ISSUE RELATING TO CONSUMER PROTECTION

- consumers must be sure that they are as protected in the electronic marketplace as they are in the real marketplace
- consumer protection issues related to electronic transactions such as card information, bank information, etc.
- confidential information such as credit/ debit card information, bank account number etc. should be protected



PROBLEMS and ISSUES IN E-COMMERCE

ISSUE RELATING TO CONTENT REGULATION

- certain types of online transmissions that are deemed inappropriate, offensive or harmful to certain segments of consumers and users of e-Commerce and raise public concerns being an issue for policy makers and concerned companies

PROBLEMS and ISSUES IN E-COMMERCE

MAIN ISSUES RELATING TO ACCESS

- **Access to infrastructure**- consumers need to have access to telecommunications networks and services.
- **Access to content**- the kind and amount of content transmitted over this infrastructure is also one of the critical elements for the growth of e-commerce, contents have to be competitive, respecting the cultural values of others and not inappropriate or harmful to others
- **Universal access**- universal availability of various communication services has become a necessity for both consumers and companies of e-commerce, digital divide
- **Language and localization**: spread of e-commerce arises difficulties in communication with a native speaker of any particular country.

E-COMMERCE DIRECTIVE

Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market ('Directive on electronic commerce')

- fundamental legal framework for online services in the EU
- aims to remove obstacles to cross-border online services
- enhances administrative cooperation between the Member States and the role of self-regulation
- establishes harmonised rules on issues such as: transparency and information requirements for online service providers, commercial communication and electronic contracts, as well as limitations of liability of intermediary service providers

E-COMMERCE DIRECTIVE

sets out basic rules



- on mandatory consumer information
- steps to follow in online contracting
- on commercial communication
(covers also online advertisements and unsolicited commercial communications)



key principle – internal market clause



- ensures that providers of online services are subject to the law of the Member State in which they are established and not the law of the Member States where the service is accessible

E-COMMERCE DIRECTIVE

Exempts intermediaries from liability for the content they manage if they fulfil certain conditions

- **Liability exemption** covers only services who play a neutral, merely technical and passive role towards the hosted content

- **EXAMPLES OF SERVICES COVERED**

professional services, online advertising, online selling of products and services, online information services, entertainment services and basic intermediary services

DIGITAL SERVICES ACT PACKAGE

-published by the European Commission on 15 December 2020

- proposes two pieces of legislation

- EU DIGITAL SERVICE ACT and
- EU DIGITAL MARKETS ACT

DIGITAL SERVICES ACT (DSA)

- it will address changes and challenges that have arisen since the adoption of the e-Commerce Directive, especially in regards to online intermediaries
- three specific goals: to protect consumers, to establish transparency and accountability framework for online platforms and to foster innovation, growth and competitiveness within the single market

DIGITAL MARKETS ACT (DMA)

- if enacted it will introduce broad reforms to the application of EU competition law to the largest digital platforms (defined as gatekeepers)
- together with the DIGITAL SERVICES ACT will create safer and more open digital space for all users and ensure a level playing field for business

E-COMMERCE

Disadvantages



Advantages

PROS OF E-COMMERCE

- Customers now have access to virtual stores all the time.
- The customer can choose between different sellers.
- It enables sellers to sell their products on a global level and allows customers to make a broader choice.
- Its reach is across the global market and with minimum investments.
- It helps in making a direct and transparent business and transaction channel between the producers, wholesalers and final customers



FUTHER PROS OF E-COMMERCE

It leads to increased productivity and better service as it brings sellers and customers closer.

It provides quick delivery of goods and customer complaints are also addressed quickly.

Benefits Of Doing Business Online



E-commerce process reduces the product distribution chain to a considerable extent.

E-Commerce leads to considerable cost reduction of goods and services.

CONS OF E-COMMERCE

- Its dependence on network connectivity and information technology.
- Unable to examine the product personally.
- Lack of personal touch.
- There can be a loss of the privacy of the customer.
- Issues like credit card theft, identity theft, etc. are some of the security related concerns.
- There can be fraudulent financial transactions on online platform.
- Delay in receiving goods.
- The costs of opening the e-commerce portal and maintaining it are very high. The setup of the hardware and the software, the training cost of employees and the constant maintenance are all expensive.

In 2021, approximately 2.14 billion people – over a quarter of the global population – bought goods and services online.

**THANK YOU FOR
YOUR ATTENTION!**

