

Chapter I

Introduction to E-Commerce

ABSTRACT

The growth, integration, and sophistication of ICT are changing our society and economy. The emergence of the Internet as a general communication channel has opened the opportunity for E-Commerce (EC) to expand worldwide. EC is now viewed by researchers and practitioners as providing the future direction in which organizations must move. Diffusion of the Internet has led to significant shifts in the methodology of operating business globally. Therefore, it is both an interesting and challenging issue to address, explore, and conceptualize proliferation of EC and also adoption and cultural resistance and evolution for global consumers.

1.1. INTRODUCTION

John Chambers, CEO, Cisco Systems believes that:

“Over the next two decades, the Internet economy will bring about more dramatic changes in the way we work, live, play, and learn than we witnessed during the last

200 years of the industrial revolution.” (Hancock, 2002, quoted from 2000 Cisco Systems Annual Report).

Software guru Bill Gates, in his famous book *Business @ the Speed of Thought* (1999), powered this argument by saying “The fundamental rule of Business is: Internet Changes everything”.

11th century Europe observed the evolution of credit-based banking systems. These concepts are still running with their modified forms (Chown, 1994). They underpin all modern forms of financial transactions. The adoption of information technology has raised the prospect of radical change to this traditional model. For the last fifteen years, information technology has gained a revolutionary strength, which ensures the transformation of the basic mechanisms of business. This transformation is accelerated and supported by computer-based applications to business processes (Miers, 1996). The emergence of the Internet as a general communication channel has opened the opportunity for Electronic-commerce (EC) to expand worldwide. The proliferation of the Internet and Internet based economy, extensive use and adoption of information and communication technology (ICT), and the changing consumer process brought about through electronic communities are likely to lead to a new wave of reengineering, reformations, mergers, and acquisitions. This proliferation of EC also significantly affects traditional marketing concepts. Once the CEO of Kodak concluded that he could not tell if the Kodak website can create money. However, he recognized it was important because it was the acceptable way of selling products since door-to-door salespersons, now the consumers are knocking on Kodak’s door.

Following industrial revolution in Europe, whatever definitions are used for the electronic revolution, it is recognized that these changes take place globally. For example, global competition, interest rates, laws and regulations, social concerns, industry traditions, consumer preferences, market segmentation, globalization, cultural impact, shift of central global economy from the west to Asian giants, like Singapore, China, South Korea, Malaysia, Thailand, Taiwan, Hong Kong, Philippine, India are all part of the broader market economy which can affect all business activities.

Two contemporary social, cultural, and economic trends are globalization, and the widespread proliferation of EC and ICT. EC is now viewed by researchers and practitioners as providing the future direction in which organizations must move to facilitate the conducting of both business-to-business (B2B) transactions and business-to-customer (B2C) transactions. Diffusion of the Internet has led to significant shifts in the methodology of operating business globally. Therefore, it is both an interesting and challenging issue to address, explore, and conceptualize proliferation of EC and also adoption and cultural resistance and evolution for global

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