

## Chapter II

# E-Commerce Background

### ABSTRACT

*Electricity, telecommunication, integrated circuits, networking, and the Internet fostered a revolution by delivering distinctive services. The power of the net lies in restructuring the global economy to benefit consumers, businesses, society, and civilization. In general sense, electronic economy is considered to have three primary components--supporting infrastructure, electronic processes (how it is conducted), and electronic commerce transactions (buying and selling). This chapter deals with the introductory concepts of B2C EC and its related issues in the global context. It describes introduction to EC and evolution of one of the basic components of EC, that is, the Internet. Then this chapter sheds light on definition, proliferation, adoption, globalization, and management issues related to B2C EC. This chapter also explains the basic concepts of M-Commerce and E-Government (EG) as the related issues.*

### 2.1. INTRODUCTION

EC is emerging as a global phenomenon. Internet is embraced by most of the countries in the world, and it seems its proliferation is unstoppable. Globalization

of EC has enormous effects on organizational structure, economical behavior, technological adoption, social and cultural adaptability, behavioral change, marketing management, and political strategy. On one side, developed countries are pursuing globalization of EC through the Internet. World Trade Organization (WTO) is enthusiastic enough to exploit the benefits and characteristics of the Internet to expedite globalization and create uniformity in global market. Nevertheless, so many developing countries are feared enough of losing control on domestic market, society, and political strategy due to invasion of multi-dimensional aspects from foreign countries through the Internet. Digital divide is a popular issue of proliferation of Internet economy. Proponents of Internet economy demand alleviation of digital divide through equal empowerment of all citizens across countries in accessing Internet. But, the opposite saying cannot simply be denied.

However, to conceptualize functions, proliferation, diffusion, cultural resistance, and impact on global economy of EC, we would like to address and explain some related issues, concepts, and paradigms of EC as a global phenomenon at the beginning. This chapter is designed to fulfill that idea. It deals with the introductory concepts of EC and its related issues in global context. This chapter consists of three sections with sub-sections. It describes introduction to EC and evolution of one of the basic components of EC, i.e., the Internet. Then this chapter sheds light on definition, classification, distinct characteristics, proliferation, adoption, globalization, and management issues related to EC.

After the advent of the Internet, electronic revolutions have been occurred 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, India are all part of the broader market economy which can affect all business activities.

The widespread diffusion of information and communication technology is changing methods of conducting business. Both consumers and businesses retailers are getting the unprecedented opportunities provided by the proliferation of the Internet and thus EC. Through online consumers can easily identify different offers, compare them, and buy the best one within no time. Business organizations use online systems even more extensively to operate their business functions, conduct procurement processes, reach new customers globally, and manage organizational relations. This electronic revolution in the global economy requires additional investments in facilities, hardware, software, services, and human capital. This advent and proliferation of information technology has changed the structure and performance of the global market, consumers' perceptions, and purchasing behavior.

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