**Introduction to Commerce**

Commerce is basically an economic activity involving trading or the buying and selling of goods.

For e.g. a customer enters a book shop, examines the books, select a book and pays for it. To fulfill the customer requirement, the book shop needs to carry out other commercial transactions and business functions such as managing the supply chain, providing logistic support, handling payments etc.

As we enter the electronic age, an obvious question is whether these commercial transactions and business functions can be carried out electronically.

In general, this means that no paperwork is involved, nor is any physical contact necessary. This often referred to as electronic commerce (e-commerce).

The earliest example of e-commerce is electronic funds transfer. This allows financial institutions to transfer funds between one another in a secure and efficient manner.

Later, electronic data interchange (EDI) was introduced to facilitate inter-business transactions.

**E-Commerce**

• “E-Commerce or Electronic Commerce, a subset of E-Business, is the purchasing, selling and exchanging of goods and services over computer networks (such as Internet) through which transactions are performed”.

• “E-Commerce can be defined as a modern business methodology that addresses the needs of organizations, merchants and consumers to cut costs while improving the quality of goods and services and increasing the speed of service delivery by using Internet”.

• E-Commerce takes place between companies, between companies and their customers, or between companies and public administration.

**FEW EXAMPLES OF E-Commerce are**:

• Amazon.com, an online bookstore started in 1995 grew its revenue to more than 600$ million in 1998.

• Microsoft Expedia, an integrated online travel transaction site helps to choose a flight, buy an airline ticket, book a hotel, rent a car etc. in only a few minutes.

**E-Commerce vs Traditional Commerce**

• E- Commerce is about the sale and purchase of goods or services by electronic means, particularly over the internet. In a pure e-commerce system, transactions take place via electronic means. In this case, you will access a cyber bookstore and download a digital book from a server computer.

• In a physical or traditional commerce system, transactions take place via contact between humans usually in a physical outlet such as a bookstore.

For e.g. if you want to buy a book, you will go to a physical bookstore and buy the physical book from a salesman.

• E-Commerce is more suitable for standard goods, intangible goods; whereas traditional commerce is more suitable for non standard goods, perishable goods, and expensive goods.

• Complex products such as cars are better served by integrating e-commerce and physical commerce.