

BUSINESS TO BUSINESS (B2B) AND BUSINESS TO CONSUMER (B2C) MANAGEMENT

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ABSTRACT

In this paper we will explain the detail regarding business concept of electronic commerce. E-commerce is the exchange of money for goods or services between companies and end consumers. The most common definition of ecommerce is that of a web based catalogue from which buyers can order products and sellers can receive payments. Ecommerce has two broader forms .i.e. Business to Business and Business to Consumer. Business-to-business (B2B) describes commerce transactions between businesses, such as between a manufacturer and a wholesaler, or between a wholesaler and a retailer. Business to Consumer (B2C) Ecommerce provides organizations with the system that allows them to deliver buyers to the merchants and gain from the commission rewards provided by the merchants.

GENERAL TERMS

Ecommerce, Collaborative Commerce, Electronic Exchange, Electronic Data Processing.

KEYWORDS

B2B, B2C, Cataloguing, Shopping Cart, SSL.

INTRODUCTION

Business to Business or B2B applies to those companies who want to market their goods or services exclusively to other businesses and not to consumers. Business to Consumer or

B2C applies to those businesses that want to market their goods or services to consumers. B2B and B2C websites are companies that through their website attract potential customers and in some cases customers can purchase produces and or even services through their website. The major differences between the two are that B2B conducts business transactions between other businesses, while B2C conducts business directly with the customer cutting out the middle man.

1.1 BUSINESS TO BUSINESS ECOMMERCE (B2B)

Business-to-business (B2B) describes commerce transactions between businesses, such as between a manufacturer and a wholesaler, or between a wholesaler and a retailer. B2B Ecommerce can save or make the company money. B2B is also used in the context of communication and collaboration. Many businesses are now using social media to connect with their consumers (B2C); however, they are now using similar tools within the business so employees can connect with one another. When communication is taking place amongst employees, this can be referred to as B2B communication.

Much of the recent discussion of electronic commerce has focused on the business to consumer segment activity. This seems natural, as there are over 100 million customer households making the market attractive. But as recent behavior of professional investors shows, the opportunities in business to business may be much greater.

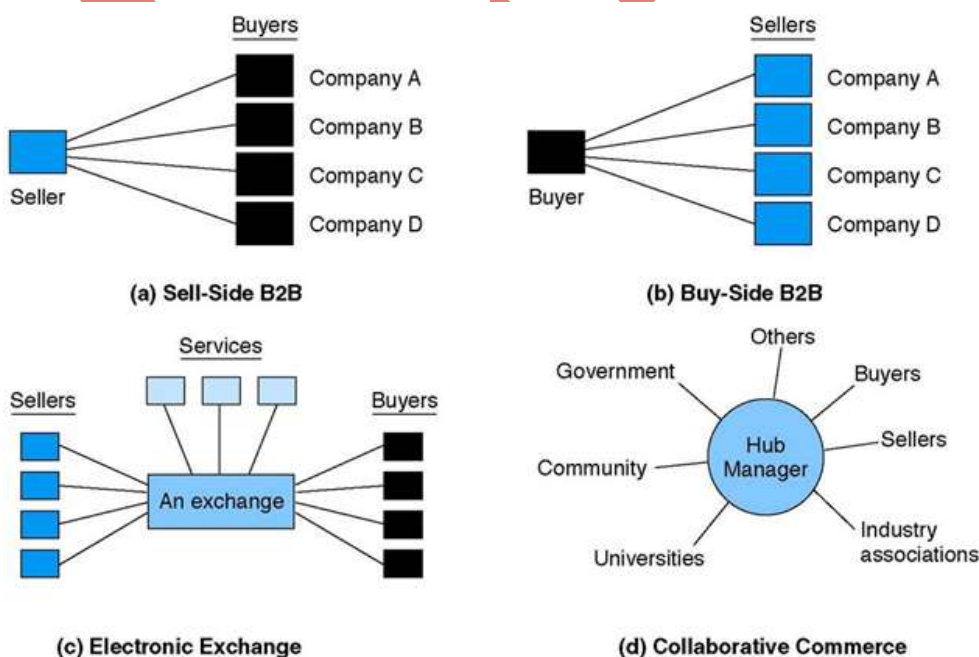


Fig 1: B2B Activities

1.2 BENEFITS OF BUSINESS TO BUSINESS ECOMMERCE

Some ways companies have benefited from B2B ecommerce as under:

- Managing inventory more efficiently.
- Adjusting more quickly customer demands.
- Getting products to market faster.
- Cutting the cost of paperwork.
- Reigning in rough purchases.
- Obtaining lower prices on some supplies.

1.3 MODELS OF BUSINESS TO BUSINESS ECOMMERCE

Many organizations are implementing electronic commerce in numerous ways and receiving tangible benefits. But as electronic commerce matures and develops, these ways are likely to change based on the accelerating adoption rate. Based upon review, three models are starting to appear in the marketplace.

1.3.1 Transaction Based: A single company establishes a common transactional method for conducting business with its major customers or key suppliers. This offering is common across all business units within the company and includes common tools, techniques, and infrastructure.

1.3.2 Process Based: Two companies establish a common business process to conduct business efficiently and effectively between the two firms. The two firms establish and share this common practice jointly, both within their firm and outside their organization with this predetermined trading partner.

1.3.3 Strategic relationship based: Two or companies establishing a strategic relationship partnership based on all major interactions between the organizations. This includes transactions, processes, and any other collaboration between the two organizations. From technology perspective this includes linking the CRM, ERP and SCM system of the two organizations. This way each organization can actually monitor sales activity, production schedules, inventory management and technical services exchange.

1.4 BUSINESS TO BUSINESS ECOMMERCE WEBSITES TYPES

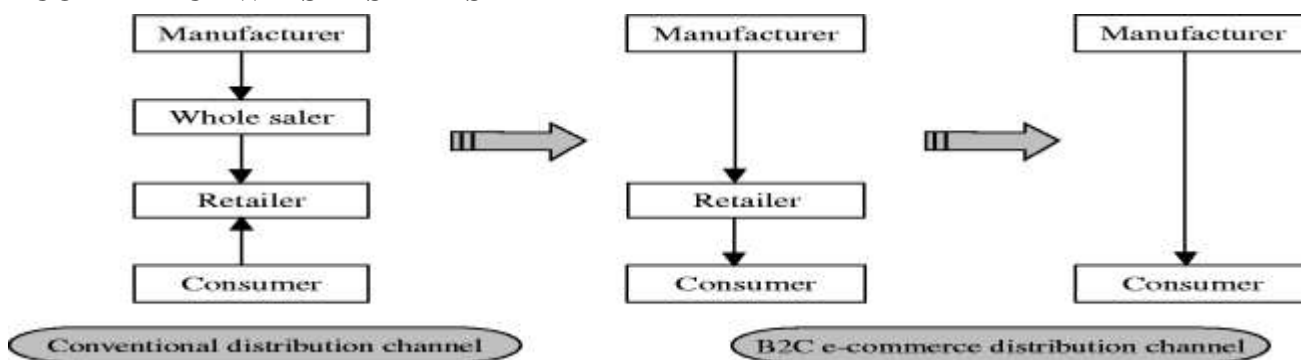


Fig 2: B2C Activities

B2B websites can differ from each other based on the functions that they perform. Below are some of the basic types of B2B ecommerce websites that you can select from:

1.4.1 Websites for Companies: In most cases, the target customers for B2B ecommerce companies are other companies. For this reason, these suppliers set up company websites that allow them to exhibit their products or services. These B2B Ecommerce sites may also include options for user registration, real-time inventory, and dealer/distributor locator and distributor logins.

1.4.2 E-procurement Sites: E-procurement sites are business to business sites where the purchasing agents of companies can submit a request for proposal, bid for products and purchase products from the vendors. These websites are typically custom built to serve a niche market or a particular industry.

1.4.3 Broker Sites: These websites act as a broker between those who want to purchase a particular product and suppliers in the industry. These websites bring together the suppliers and the buyers in the industry.

1.4.4 Industry Vertical Portals: These websites can provide information about products in a particular industry, allow users to conduct discussions, provide product listings and serve a broader purpose compared to the other types of B2B procurement sites.

1.5 BUSINESS TO CONSUMER ECOMMERCE (B2C)

Business to Customer describes activities of business serving end consumers with products and/ or services. Individuals visit an organization's website before they buy the product. They click on a shopping link which sends them directly to a list of hundreds of the top online merchants. The purchase is made as if they had gone to the merchant directly. The purchase is sent to buyer and the referring organization gets a commission on every sale.

Business to Consumer Ecommerce provides organizations with the system that allows them to deliver buyers to the merchants and gain from the commission rewards provided by the merchants.

1.6 BUSINESS TO CONSUMER ECOMMERCE ELEMENTS

B2C consist of various elements such as cataloguing, order planning and generation, cost estimation and pricing, order fulfillment and delivery, product maintenance, category management, order and credit card processing.

1.6.1 Cataloguing: The cataloguing is the process of displaying items from a database based on categories and sub categories selected by the clients. It creates a very simple ecommerce system that allows viewers to select items for purchase from the product catalog. Cataloguing is a major operation used in the business to consumer ecommerce. Customers can communicate with the shop lines through the network system used in the business.

For this purpose a technique must be required to fulfill all needs of the consumer. To do shopping online, there be need of some catalog, which will describe the quality, price and brand of the item.

1.6.2 Order Planning and Order Generation: The order planning and generation enables initiation of individual orders as well as block orders in an easy to use and flexible manner. Each order goes through a complete life cycle. The status of an order indicates in what stage of the lifecycle an order resides. .i.e. initiated, validated, validated with warning, sent or cancelled.

1.6.3 Cost Estimation and Pricing: before setting the pricing, there must be a complete study of cost estimation. Pricing is the bridge between customer needs and company capabilities. Pricing at the individuals order level depends on understanding the value to the customer that is generated by each order, evaluating the cost of filling each order. After ordering, estimation of cost can be done first and then set the pricing procedure.

1.6.4 Order Receipt and Accounting: When price setting is over, Accountability of the products and their cost is maintained. It is the basic and major step in the accounting system. After an acceptable price quote, the customer enters the order receipt and entry phase of ordering. Order receipt is necessary for the billing of the different products.

1.6.5 Order Selection and Prioritization: After setting the price of the product, the major operation is order selection and to set the priority for the selection of the final goods. Customer service representatives are responsible for choosing which orders to accept and which to decline.

1.6.6 Order Scheduling: This step is used for a healthy customer environment. In this phase prioritized orders get slotted into an actual production or operational sequence.

1.6.7 Order Fulfillment and Delivery: After completion of order scheduling, the next step is to fulfill and deliver the order. During this phase the actual provision of the product or service is made.

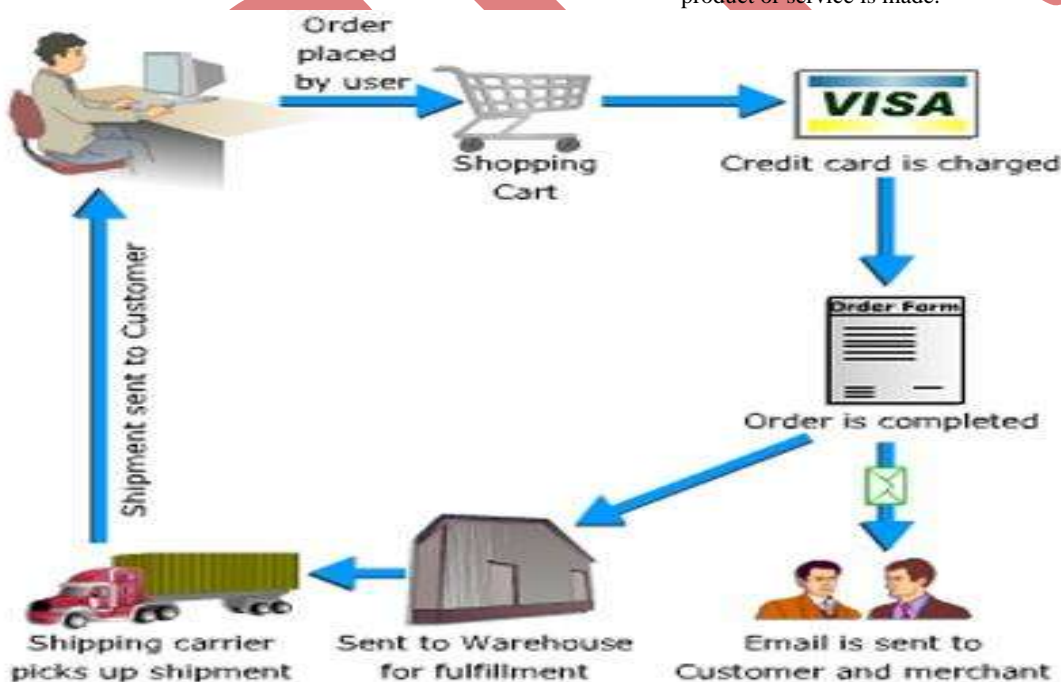


Fig 3

1.7 BENEFITS

- Anonymous consumers can login to a secured part of web site to conduct make purchases. All activity conducted by the customer is protected by the Secured Sockets Layer (SSL) protocol which provides business and the customer with peace of mind.
- Customers can review products and services which business offer and check on their availability and price.

- Allow customers to review their own account showing prior purchases, payments, credits issued, or adjustments to their account.
- As customers browse the web site they can add products they need to their shopping cart and then initiate check out process which will require credit card information to be provided. E-mail confirmations can be generated automatically after receipt of order and after shipment.
- Customers who need to know the status of their order can check your web site at any time of the day and receive detailed status information. Information regarding shipments in transit can be presented to the customer by links to carriers such as FedEx, UPS, etc.

1.8 BUSINESS TO CONSUMER ECOMMERCE COMPANIES TYPES

B2C companies divide into five major categories: direct sellers, online intermediaries, advertising-based models, community-based models and fee-based models.

1.8.1 Direct Sellers: Direct sellers, such as online retailers, sell a product or service directly to the customer via a website. One can further divide direct sellers into e-tailers and manufacturers. E-tailers are electronic retailers that either ship products from their own warehouses or trigger deliveries from other companies and stocks. Product manufacturers use the internet as a catalog and sales channel to eliminate intermediaries.

1.8.2 Online Intermediaries: Online intermediaries perform the same function as any other broker. The business

allows non-B2C companies to reap some of the benefits. Brokers offer buyers a service and help sellers by altering the price-setting processes.

1.8.3 Advertising-Based Models: Popular websites rely on advertising-based models. These websites offer a free service to consumers and use advertising revenue to cover costs. They draw a large number of visitors, making them ideal advertising streams for other companies. Advertisers will pay a premium to sites that deliver high traffic numbers.

1.8.4 Community-Based Models: Community-based models combine the advertising method that relies on traffic at sites that focus on specialized groups to create communities. Community sales and advertising take advantage of social and network marketing by focusing on specific groups that want specific products.

1.8.5 Fee-Based Models: Pay-as-you-buy or paid subscription services fall under fee-based models. The most common of these are online subscriptions to journals or movie sites such as NetFlix. These companies rely on the quality of their content to convince consumers to pay a usually nominal fee.

1.9 DIFFERENCES BETWEEN B2B AND B2C

B2B	B2C
E-Commerce refers to commerce transaction between manufacturer and retailer.	It is like the manufacturer supplying goods to the retailer or wholesaler.
There are business men at both ends.	There is a business man at one end selling his product to consumer at other end.
B2B websites have many sellers and different stores on the platform.	B2C websites usually have one supplier, the website itself.
B2B is when a company is producing something as a raw data for another company	B2C a company produce something for consumers.
A B2B transaction entails direct-sourcing contract management which involves negotiating terms that establish prices and various other factors. This may include volume-based pricing, warranty coverage, carrier and logistics preferences.	B2C has spot sourcing contract management that offers a flat retail rate for each item sold
B2B generally requires a tremendous upfront investment	B2C does not call for a business to spend money on a costly and extensive infrastructure.
B2B generally deals with back-office connectivity and invoicing a number of different partners and suppliers.	B2C results in more seamless transactions as options such as cyber-cash allows the business to accept a wider variety of payment options

CONCLUSION

Modern B2B ecommerce platforms that are purpose built for B2B ecommerce and offer personalization, B2C capabilities, and service are now available to help B2B

organizations meet the challenge of a skittish economy. Organizations that adopt such a platform today will gain the flexibility and agility they need to cut costs, retain customers, and grow. At the same time, B2B ecommerce technology will

increasingly become a necessity for organizations that wish to achieve and maintain a competitive advantage.

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