



DECIPHERING E-COMMERCE: TYPES, EFFECTS, AND TRANSACTIONAL DYNAMICS

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ABSTRACT	KEY WORDS
This article delves into e-commerce, analyzing its types, effects, and transactional dynamics in today's digital world. It explores six key categories, from B2B to C2A, highlighting benefits for consumers and sellers and addressing challenges like market growth and cybersecurity risks. Additionally, it examines the evolving transaction process and its impact on businesses and consumers, emphasizing e-commerce's crucial role in driving global trade and economic growth in the digital age.	Electronic commerce, e-commerce, types of e-commerce, transactional dynamics, B2B, B2C, C2C, C2B, B2A, C2A, benefits of e-commerce, challenges of e-commerce, cybersecurity risks, market growth, digital landscape, global trade, economic development.

Introduction

In today's digital age, electronic commerce (e-commerce) stands as a cornerstone of global trade, revolutionizing the way businesses operate and consumers engage with products and services. From the bustling transactions between businesses (B2B) to the seamless interactions between consumers and governments (C2A), e-commerce encompasses a spectrum of transactional dynamics, each with its unique characteristics and implications. This article delves into the types, effects, and transactional intricacies of e-commerce, exploring its transformative potential and the challenges it faces in an increasingly interconnected world.

There are mainly six basic types of electronic commerce, as illustrated in Figure 1.1.2. These types include Business-to-Business (B2B), where transactions occur between businesses, and Business-to-Consumer (B2C), which involves businesses selling directly to consumers. Other types include Consumer-to-Consumer (C2C), Consumer-to-Business (C2B), Business-to-Government (B2G), and Government-to-Business (G2B), each representing different transaction dynamics within the digital economy.

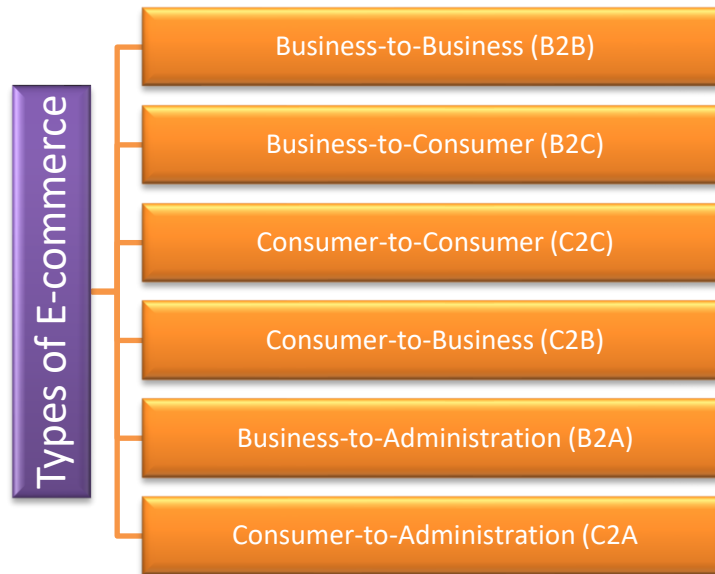


Figure 1. Schematic illustration of the types of the E-commerce based on their characteristics¹

1. **Business-to-Business (B2B):** This category of electronic commerce involves transactions between companies, where goods or services are exchanged electronically. It is commonly utilized by manufacturers and traditional industrial wholesalers for online trading.
2. **Business-to-Consumer (B2C):** In B2C e-commerce, businesses sell products or services directly to individual consumers online. This is the typical online shopping scenario, where consumers browse and purchase items from various retail websites. The internet has greatly expanded this business model, offering a wide range of products such as electronics, books, clothing, and more. Consumers enjoy access to detailed product information and competitive prices, along with convenient delivery options.
3. **Consumer-to-Consumer (C2C):** C2C e-commerce involves electronic transactions between individual consumers, often facilitated by online platforms provided by a third party. This includes activities like selling personal items on auction websites or trading goods through online classifieds.
4. **Consumer-to-Business (C2B):** C2B e-commerce reverses the traditional exchange model by allowing individuals to offer their products or services to businesses. This model is commonly seen in crowdsourcing platforms, where companies seek specific services or products from individuals. Examples include freelance services, design competitions, and stock photography websites.
5. **Business-to-Administration (B2A):** This category encompasses online transactions between businesses and government entities. It includes a wide range of services, such as tax filing, social services, healthcare administration, and legal documentation. The expansion of e-government initiatives has significantly increased the availability and accessibility of these services in recent years.

¹ Jain V., Malviya B., Arya S. An overview of electronic commerce (e-Commerce) //Journal of Contemporary Issues in Business and Government. – 2021. – T. 27. – №. 3. – C. 667. (Accessed to 22.04.05) (Available at https://www.researchgate.net/profile/Vipin-Jain-13/publication/351775073_An_Overview_of_Electronic_Commerce_e-Commerce/links/60a8d9af45851522bc0aed79/An-Overview-of-Electronic-Commerce-e-Commerce.pdf)

6. Consumer-to-Administration (C2A): C2A e-commerce involves electronic transactions between individuals and government agencies. This includes services like online education, social security benefits distribution, tax filing, and healthcare appointments. These online platforms provide individuals with convenient access to government services and information.²

E-commerce offers numerous benefits for both consumers and sellers alike. From the consumer's perspective, the primary advantage is the convenience and time-saving aspect. Consumers can access e-commerce platforms from anywhere in the world and place orders at any time of day or night. Some key advantages for consumers include:

- Lower prices compared to traditional retail stores.
- Increased flexibility, allowing purchases to be made 24/7 without the need for physical interaction with the seller.
- Time-saving, as consumers can buy or sell products at their convenience.
- Easy access to detailed product information through simple clicks, enabling informed decision-making.
- Convenience of shopping and conducting transactions from the comfort of one's home or office.
- Ease of switching between different sellers if unsatisfied with a particular company's service.
- Access to a wider range of products than what is available locally or nationally.
- Ability to read product reviews and see what others are buying before making a purchase decision.

For sellers, e-commerce offers several advantages as well, including:

- Increased sales and reduced operational and maintenance costs.
- Revenue generation opportunities through online transactions.
- Significant savings on procurement and purchase-related expenses.
- Enhanced customer loyalty and retention.
- Reduced transportation costs for delivering products.
- Improved customer-supplier relationships.
- Accelerated sales processes.
- Enhanced internal and external communication.
- Enhanced brand image and promotion of the company and its products.³

Overall, e-commerce has transformed the way businesses operate and interact with customers, offering numerous benefits for both buyers and sellers in terms of convenience, cost savings, and efficiency.⁴

² Jain V., Malviya B., Arya S. An overview of electronic commerce (e-Commerce) //Journal of Contemporary Issues in Business and Government. – 2021. – T. 27. – №. 3. – C. 667. (Accessed to 22.04.05) (Available at https://www.researchgate.net/profile/Vipin-Jain-13/publication/351775073_An_Overview_of_Electronic_Commerce_e-Commerce/links/60a8d9af45851522bc0aed79/An-Overview-of-Electronic-Commerce-e-Commerce.pdf)

³ Sodikov M. Key Features of Digital Advertising Development in Tourism in Uzbekistan. – 2023. <https://yashil-iqtisodiyot-taraqqiyot.uz/journal/index.php/GED/article/download/715/714>

⁴ Jain V., Malviya B., Arya S. An overview of electronic commerce (e-Commerce) //Journal of Contemporary Issues in Business and Government. – 2021. – T. 27. – №. 3. – C. 668. (Accessed to 22.04.05) (Available at https://www.researchgate.net/profile/Vipin-Jain-13/publication/351775073_An_Overview_of_Electronic_Commerce_e-Commerce/links/60a8d9af45851522bc0aed79/An-Overview-of-Electronic-Commerce-e-Commerce.pdf)

E-commerce, like any other technology, encounters various challenges that affect both buyers and sellers using the internet for business purposes. These challenges include⁵:

- Limited growth of the e-commerce market: Collaboration between private and public enterprises is crucial to foster growth in the e-commerce industry. Joint efforts enhance credibility and support success in e-commerce endeavors.
- Cybersecurity risks: E-commerce websites face the constant threat of hacking and cyberattacks, leading to financial losses for customers. Ensuring system protection and reliability is essential to mitigate these risks.
- Reluctance of financial institutions: Banks and financial institutions in developed countries have been hesitant to actively support the e-commerce market. However, their involvement is necessary to expand e-commerce and address issues like credit card fraud.
- Cultural differences in purchasing behavior: Bargaining deals with suppliers is common in developed countries, posing a challenge for e-commerce adoption in developing nations where such practices are less prevalent.
- High internet costs: Despite efforts to reduce bandwidth costs, internet prices remain high due to the expenses associated with network delivery and maintenance.
- Trust issues: Establishing trust in electronic transactions is critical for e-commerce success. Clear laws and regulations are needed to ensure the accuracy and legitimacy of online transactions, fostering trust among consumers.⁶

In addition to these challenges, developing countries also face unique obstacles in their e-commerce development, including:

- Limited access to education.
- Cultural diversity and adherence to traditional practices.
- Inadequate infrastructure for online marketing.
- Insufficient marketing and promotional efforts.
- Political instability.
- Higher costs of services and products compared to traditional markets.
- Limited internet coverage.
- Disorganized communication networks.
- Few trusted businesses and enterprises.
- Lack of direct interaction between buyers and sellers.⁷

Despite these challenges, the e-commerce industry is expected to become a leading sector in electronic business in the coming years. The e-commerce revolution has significantly impacted the transaction industry, opening new markets rapidly and breaking down geographical barriers. It has transformed traditional market systems, leading to improvements in people's lives. While e-

⁵ A. G. Khan, "Electronic Commerce: A Study on Benefits and Challenges in an Emerging Economy," Type Double Blind Peer Rev. Int. Res. J. Publ. Glob. Journals Inc, 2016. (Accessed to 22.04.05)

⁶ Sodikov M. Digital Advertising Oasis: Qatar's E-Marketing Revolution. – 2023. <https://yashil-iqtisodiyot-taraqqiyot.uz/journal/index.php/GED/article/view/1419>

⁷ Dilafruz S. E COMMERCE AND BENCHMARKING STRATEGY FOR INDUSTRIAL ENTERPRISE DEVELOPMENT //Евразийский журнал академических исследований. – 2023. – Т. 3. – №. 5 Part 3. – С. 21-27. <https://www.in-academy.uz/index.php/ejar/article/view/14864>

commerce offers benefits to both customers and sellers, it presents challenges for traditional businesses aiming to maintain sustainability.⁸

The impacts of e-commerce on business can be categorized into positive and negative aspects. Positive impacts include various benefits that businesses derive from engaging in electronic commerce. These benefits encompass opportunities for revenue growth, expanded market reach, reduced operational costs, enhanced customer loyalty, improved supplier management, accelerated production processes, and strengthened value chains:

- Expansion of market exposure and share.
- Reduction in operating expenses.
- Global reach and extended market coverage.
- Increased customer loyalty.
- Improved management of suppliers.
- Acceleration of the production process.
- Strengthening of the value chain.⁹

Negative impacts include:

- Direct monetary loss due to fraud and deception.
- Risk of private data exposure and subsequent losses.
- Potential business disruptions leading to lost opportunities.
- Unauthorized access to resources, leading to financial losses.¹⁰

The process of e-commerce

The process of e-commerce typically involves multiple transactions, as illustrated in Figure 1.1.3. It comprises various steps to complete these transactions. For instance, let's consider a scenario where a retailer, sells a variety of goods and services. Another dealer from another country, is considering entering this market. However, a retailer has no plans for physical presence or employees in another country. Nonetheless, residents of the country can still purchase goods from them via its website on the Internet.

To establish an online presence, they can collaborate with an Internet service provider to connect its website to the Internet. they can either maintain its own web server connected to the provider or rent space on the provider's server or on a third-party server connected to the Internet.

Customers access the Internet through local phone connections or direct connections like cable modems. Once online, they use web browsers to navigate retailer's cybermall, select products, and proceed to payment, providing credit or debit card details. Upon completion of payment, customers can download digital products or services. For physical goods, the retailer makes shipping arrangements, allowing customers to download payment receipts and shipping information.

⁸Соди́кова Д. ANALYSIS OF E-COMMERCE FACTORS INFLUENCING ON ECONOMIC DEVELOPMENT //Economics and Innovative Technologies. – 2023. – Т. 11. – №. 4. – С. 349-360. <https://iqtisodiyot.tsue.uz/journal/index.php/iit/article/view/360>

⁹ Tiwari, Sunita, and Pratibha Singh. "E-commerce: prospect or threat for environment." *International Journal of Environmental Science and Development* 2.3 (2011): 211.

<https://citeseerx.ist.psu.edu/document?repid=rep1&type=pdf&doi=02dc9dee46779c543e35f12238a5a03db44cdb2e>

¹⁰ Sui, Daniel Z., and David W. Rejeski. "Environmental impacts of the emerging digital economy: the e-for-environment e-commerce?." *Environmental Management* 29 (2002): 155-163.

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This e-commerce process is further detailed in Figure 1.1.3. While credit facilities may be offered to customers, transactions usually follow a 'cash' trade cycle, involving immediate settlement via credit cards or e-cash. The Internet facilitates various stages of this trade cycle, from searching for goods to making purchases. Some sites offer transaction execution and settlement services, with delivery either electronically or through home delivery services.

After-sales service forms the final part of the e-commerce transaction. Many IT providers now offer online support and services. Whether or not these follow earlier online transactions varies.

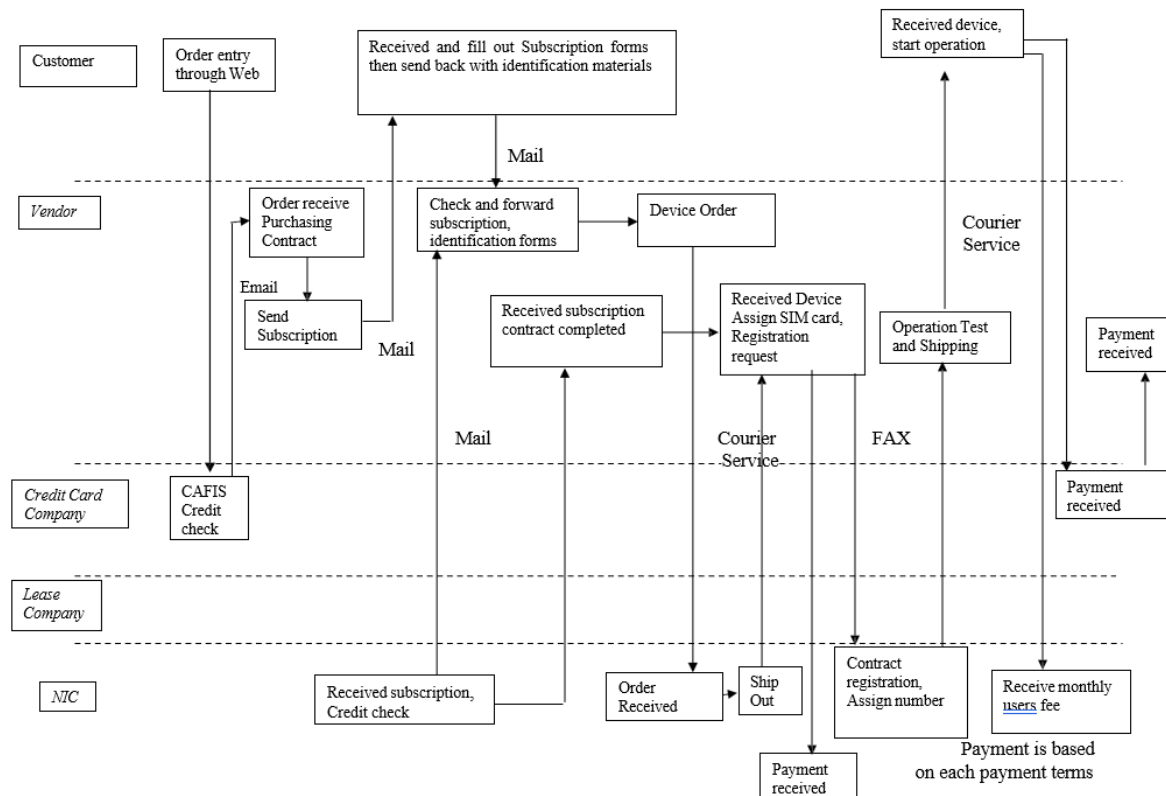


Figure 1.2 E-commerce Process Charter.¹¹

CONCLUSION

In conclusion, e-commerce offers diverse transactional opportunities across sectors, from B2B to C2A. While it brings convenience and market access, challenges like cybersecurity and cultural barriers persist. Nevertheless, with continued innovation and collaboration, e-commerce is poised for growth, shaping the future of business in the digital age.

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