

# E-commerce - Business models

Every business operates on business model of its own. Business model defines how a company runs its operations & generates revenue. Every viable organization is built on a sound business model. Selecting an ecommerce business model is a challenge, especially for beginners who have little to no experience in the industry. If a business model is successfully executed, an ecommerce venture can become a significant source of income. Let us go through some most prevalent e-commerce business models in detail:

## 1. B2B Business model

A website following the B2B business model sells its products to an intermediate buyer who then sells the product to the final customer. As an example, a wholesaler places an order from a company's website and after receiving the consignment, sells the end product to the final customer who comes to buy the product at one of its retail outlets.



### Example



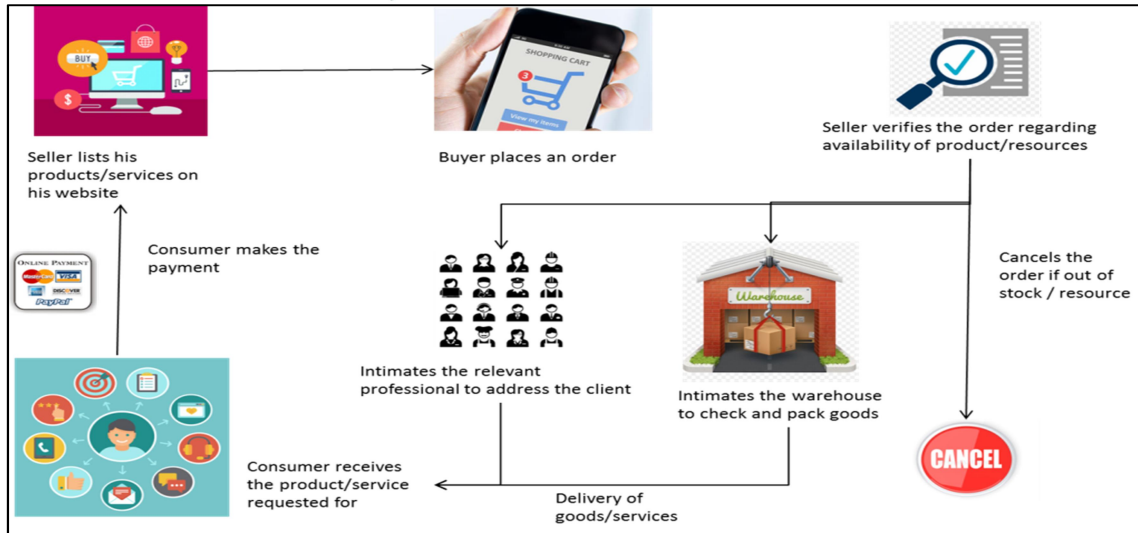
Indiamart is one of the best examples of B2B e-commerce business. Founded in 1999, the company's mission is '**to make doing business easy**'. It is India's largest B2B marketplace. With 60% market share of the online B2B Classified space in India, the channel focuses on providing a platform to Small & Medium Enterprises (SMEs), Large enterprises as well as individuals.

## 2. B2C Business model

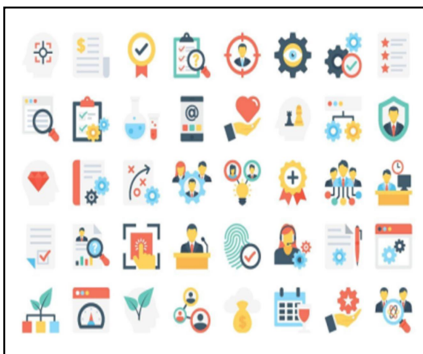
A website following B2C business model sells its products directly to a customer, the end user. A customer can choose the products shown on the website and place an order for them. They may use banking channels or payment on delivery options.

There are two broad categories under this model – Direct selling and market place model.

- I. **Direct selling** refers to the manufacturer or wholesaler of the product/brand selling their goods directly to the customers on their own website.

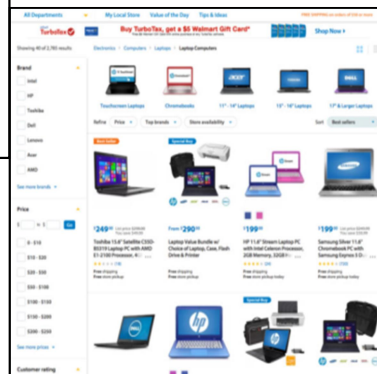


- II. **Market place model** refers to an intermediary website where several sellers list their products. The businesses use this as their market place instead of having their own website. The customers may buy a wide range of heterogeneous products at comparative rates under this model.



The E commerce site verifies the businesses who intend to be listed and advertises their offering on their website.

Various business and service providers list themselves on the E commerce platform advertising their services/goods.



The payment is received by the E commerce site, charges a commission for the online market place and pays the supplier for his product.

The E commerce site verifies the orders placed and despatches goods from its warehouse/supplier's warehouse/ connects the customer to the relevant professional.



## Examples

### Flipkart

Flipkart started off with a direct-to-consumer model selling books and some other products, before turning to a marketplace model which connect sellers and buyers and expanding its

catalogue. The sources of income to Flipkart include seller commission, advertisements, logistics and convenience fees.

### Just dial

Justdial is India's search engine for local search market which initially started as a classified website but soon transformed into a local search engine. They used word-of-mouth strategy to advertise themselves. Focussing on local brands and small businesses, the company became famous among the masses.

### Urban Clap

Urban Clap is a company that provides a variety of services of professionals and blue collar workers at the convenience of customers' home. Once can hire electricians, yoga trainers, lawyers, engineers, chartered accountants, beauticians, photographers, interior designers, etc.

## 3. C2C business model

A website following the C2C business model helps consumers to sell their assets by publishing their information on the website. Website may or may not charge the consumer for its services. Another consumer may opt to buy the product of the first customer by viewing the post/advertisement on the website.



### Examples

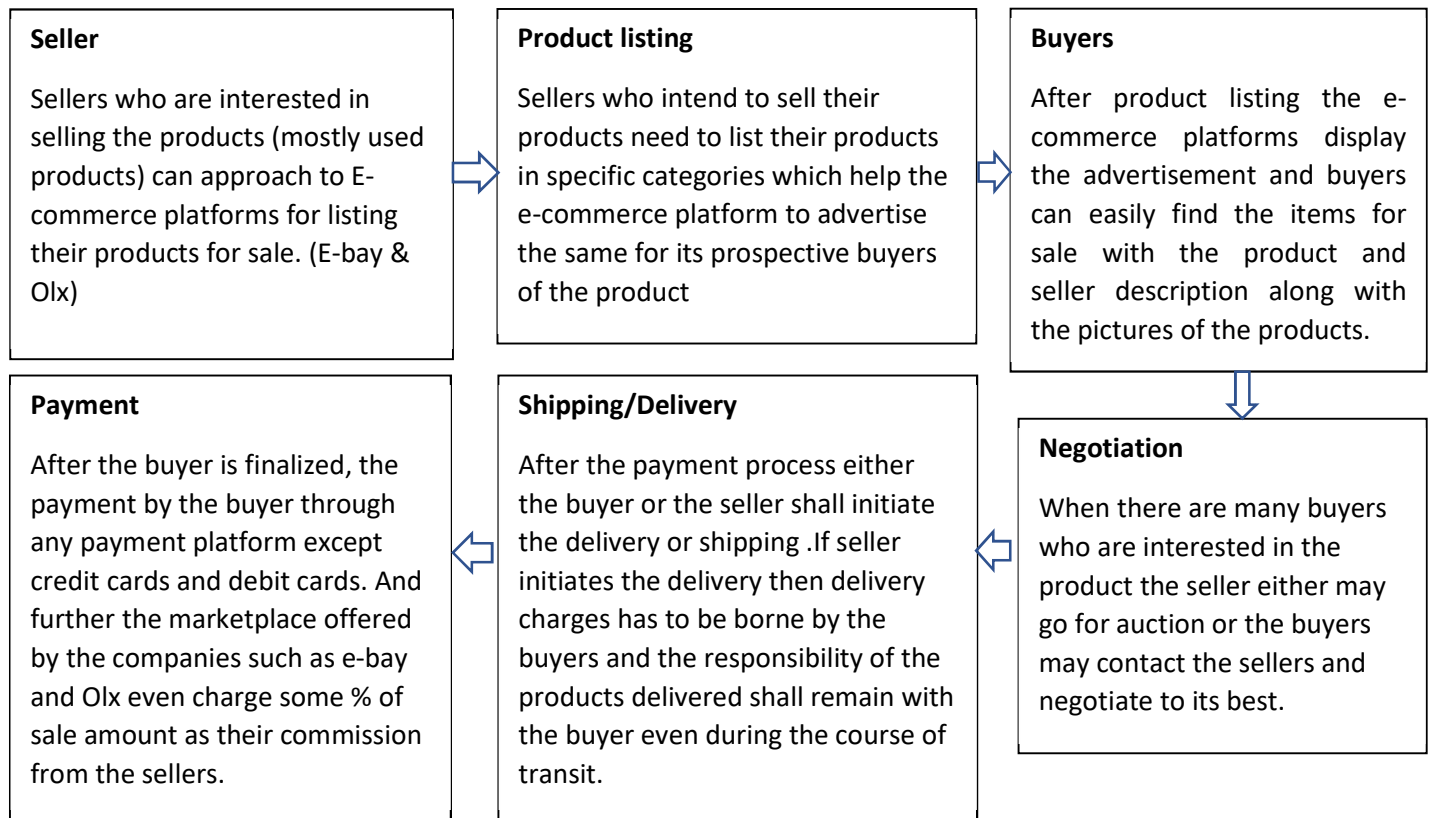


Ebay is a website which caters both B2C and C2C transactions. In C2C e-bay has a varied feature of auction where buyers bid for the product. Such feature helps both the buyers and sellers to sell and buy the used goods at their best and reasonable prices. E- bay is the most suitable example for C2C transactions.



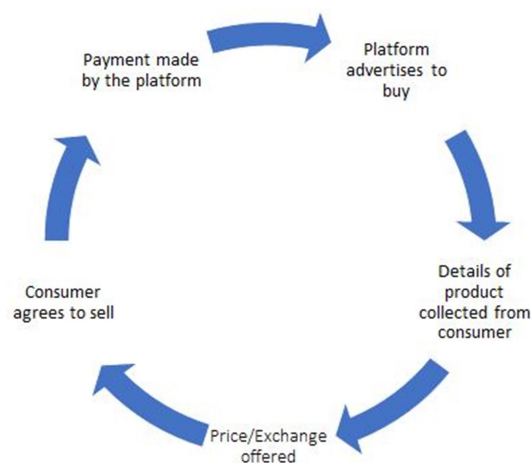
OLX is another best example for C2C e-commerce business model which works according to above mentioned process but does not involve auctions. Rather they collect nominal fees to list the sellers' product in the home page to attract the prospective buyer of that product. These websites even rate the sellers and buyers on basis of their past transactions, from which a new buyer can easily identify the genuine sellers.

## C2C Model : How it works?



#### 4. C2B business model

In this model, a consumer approaches a website showing multiple business organizations for a particular service. The consumer places an estimate of amount he/she wants to spend for a particular service.



#### Examples

##### Freelancer.com

Freelancer is an Australian crowd sourcing marketplace website, which allows potential employers to post jobs that freelancers can then bid to complete. Where the freelancers are mostly individuals who provides personalized jobs to the business organisations for some consideration. This is one of the best examples for C2B e-commerce business model.

**Upwork.com**

Another best example for this model is Upwork.com. Through Upwork, businesses get more done, connecting with proven professionals to work on projects from web and mobile app development to SEO, social media marketing, content writing, graphic design, admin help and thousands of other projects. Upwork makes it fast, simple, and cost-effective to find, hire, work with, and pay the best professionals anywhere, any time.

**5. G2C Business model**

Governments use G2C model websites to approach citizen in general. Such websites support auctions of vehicles, machinery, or any other material. Such website also provides services like registration for birth, marriage or death certificates. The main objective of G2C websites is to reduce the average time for fulfilling citizen's requests for various government services

**6. G2G models**

Government to government (G2G) is the electronic sharing of data and/or information systems between government agencies, departments or organizations. The goal of G2G is to support e-government initiatives by improving communication, data access and data sharing. When the exchange of information and services is within the periphery of the government, is termed as G2G interaction. This can be both horizontal, i.e. among various government entities and vertical, i.e. between national, state and local government entities and within different levels of the entity.

**7. C2G Model**

This model indicates the transactions between government and consumers. Where consumer provides any services or feedback that adds value to the government administration or authorities. It is an electronic platform where consumers interact with the government. It covers the areas such as election, votes, and taxation.

The C2G, short for Consumer to Government E-commerce business allows consumers to provide feedback or ask for information about government authority from the public sector. When you pay an electricity bill via the government website, it is a favourite E-commerce business model. Hence, the C2G model of business allows consumers to reach higher authorities without going around in circles.

**Example:**

A consumer can pay his income tax or GST online. The transaction involved in this case are C2G transactions.

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