

The E-Commerce Trade Cycle and Electronic Data Interchange.

A trade cycle is the series of exchanges, between a customer and supplier that take place when a commercial exchange is executed. A general trade cycle consists of four stages that are:

1. Pre-Sales: Finding a supplier and agreeing the terms.
 2. Execution: Selecting goods and taking delivery.
 3. Settlement: Invoice (if any) and payment.
 4. After-Sales: Following up complaints or providing maintenance.
- For business-to-business transactions the trade cycle typically involves the provision of credit with execution preceding settlement whereas in consumer-to-business these two steps are typically co-incident. The nature of the trade cycle can indicate the e-Commerce technology most suited to the exchange.
 - Commercial transactions that are repeated on a regular basis, such as supermarkets replenishing their shelves, are one category of trade cycle. EDI is the e-Commerce technology appropriate to these exchanges see Figure 1.

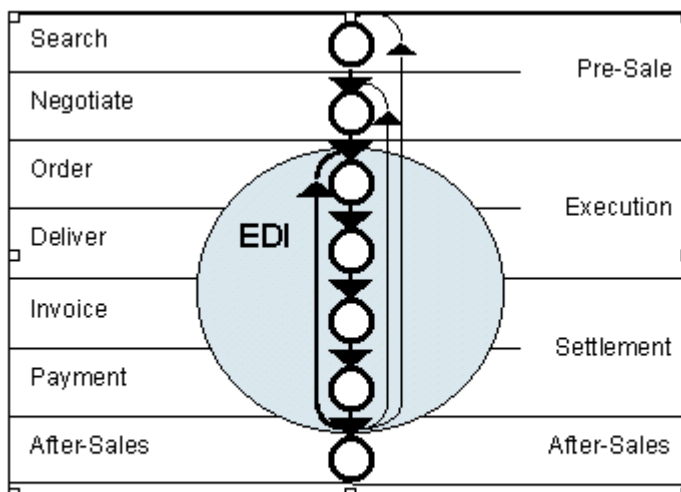


Figure 1: EDI Trade Cycle.

- Consumer transactions tend to be once-off (or at least vary each time) and payment is made at the time of the order. Internet e-Commerce is the technology for these exchanges, see Figure 2.

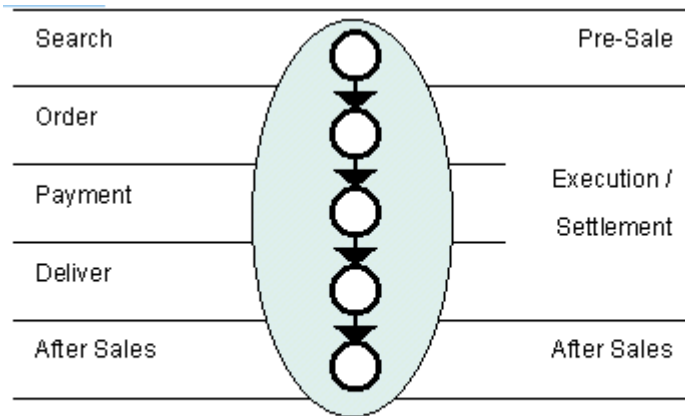


Figure 2 Consumer i-Commerce.

- The third generic trade cycle is the non-repeating commercial trade cycle and Internet e-Commerce or an electronic market is the appropriate e-technology.
- The trade cycle varies depending on :-
- The nature of the organizations
- Frequency of trade between the partners to the exchange
- The nature of goods and services being exchanged
- Trade cycle support
- 1. Finding goods and services (referred to as a search & negotiation)

- 2. Placing the order, taking delivery & making payment (execution and settlement) 3. After sales activities such as warranty, services etc.

Electronic Data Interchange (EDI)

- It provides a standardized system
 - Coding trade transactions
 - Communicated from one computer to another without the need for printed orders and invoices & delays & errors in paper handling
 - It is used by organizations that make a large no. of regular transactions
- Example: EDI is used in the large market chains for transactions with their suppliers.

Internet Commerce

- It is used to advertise & make sales of wide range of goods & services.
- This application is for both business to business & business to consumer transactions.

Example: The purchase of goods that are then delivered by post or the booking of tickets that can be picked up by the clients when they arrive at the event