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**The e-business activities in the world and its effects in  
Azerbaijan economy**

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## **Abstract**

This thesis is devoted to electronic business and e-commerce activity in the world, as well as their influence on the Azerbaijani economy and studies on the degree of development and spread of electronic business in Azerbaijan.

As we know, the Internet is a very important place in the world, both in individuals and in the public and non-governmental organizations. Therefore, in a globalized world, businesses are carrying out many transactions over the Internet to overcome their competitors in all respects, which proves that they are faster and more effective than their competitors, and their longer-term and durable businesses.

Diploma work consists of introduction, 2 chapters, proposals and outcomes and literature politics.

In the introductory section, information about business, its types, its relationship with the Internet, the role of the internet in the world and its presentation to a number of spheres are given. All of these are explained under the heading of the relevance of the subject, object of research, purpose, tasks.

In the first chapter I've written about general business, e-business, e-commerce, differences between them, models of e-commerce, e-advertising, and other e-business activities.

In the second chapter I've talked about payment systems in e-commerce, PayPal system, e-business operations in Azerbaijan as Egov.az site, and some types of plastic cards which are used in Azerbaijan.

In the results after these investigations I have written about outcomes about this thesis. And founded some answers about e-business questions that I wanted find.

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# Introduction

Topicality of the topic - At present, the Internet has become an integral part for everyone. And this situation is present, especially in the fields of business. The essence of the electronic business is that entrepreneurs are able to carry out their production operations faster and thus can be more effectively. Therefore, online transactions are one of the most favoured by tradesmen.

Obtaining a competitive edge in the business world is an important factor for every businessman. Accordingly, considering the increasing competition in various spheres in the world every day, it can be seen how e-business is an important area for entrepreneurs. For this reason, of course, it will be possible to better understand the importance of e-business, of course, first of all, we should give a right and suitable definition for it.

In the course of the research, I will also explore issues such as the role of the internet factor in the world, business insights, e-business and e-commerce, the importance and development of electronic business and e-commerce in the world and in our country, payment systems during business operations.

**The object of the research** is to determine the significance of the fields such as electronic business and e-commerce.

**The purpose of the research** is to investigate the impact of e-business on the country's economy and the use of systems and methods in this area and in the world.

**Missions of the research** are the tasks that to be achieved to the objectives of the research. These tasks are listed below:

1. Identify similarities and differences between business, electronic business and e-commerce concepts

2. Analysis of business activity level of electronic business in the world and in our country;

3. Analysis of electronic business models and architecture.

As a result of the research, some information that about the level of electronic business activity, the factors influencing its development, and the business areas affected by it will be gathered and collected.

Information sources - as well as information obtained from internet resources, foreign and local articles.

There are main two questions that I will try to find and describe their answers so my thesis will be based on these two issues. The issues are :

1. What are more important distinctive and resemblances between e-commerce and e-business , then their special characteristics.
2. What is e-business position in Azerbaijan

## **1.1 E-business understanding, theoretical concepts of it and e-business as phenomenon.**

First, I would like to understand and find for myself the most clear definition or interpretation of what is called EB (electron business). Electronic business is a way of earning money through electronic devices. There is another definition of e-business: e-business is the provision of services or an end-product through electronic means such as television, telephone, Internet.

Electronic business is a qualitatively new work technology that allows the company to achieve a competitive advantage by improving the service of its customers and optimizing business relationships with partners. Internet technologies are one of the main, but not the only key aspect in e-business.

E-commerce is one of the elements of e-business. It is associated with the implementation of marketing functions, including the sale of goods and services via the Internet to the consumer.

The emergence of an Internet economy causes the elimination of outdated rules. But at the same time, new rules and relationships arise. Therefore, the application of the Internet economy requires reconsideration of business plans from each enterprise. The chaos that exists in the Internet can become an economic turmoil in the absence of care and control. That is why the Internet requires a renewed economy, along with modernity, to be both cautious and controllable.

It should be noted that in the modern era, the Internet sector is considered to be the most advanced field of electronic business. The electronic business area is characterized by a high rate of economic activity change. Proper organization of Internet business management creates a strategic advantage over competitors, enhancement of relationships with partners, and optimal use of human and other resources. It can be defined as the system of information, products and services purchasing through the use of information technologies by using standard



networks. In fact, electronic business is an expanded form of e-commerce. Internet trading is the purchase and marketing of products and services based on Internet technologies. Electronic business enhances productivity and improves relationships using information. As a result, the value is added. It means rapid development of information technologies and systems, the widespread use of network technologies have led to the emergence of a new field of e-business. The e-business area almost covers all areas of ordinary business. From this point of view, electronization of physical and informational products, banking, finance, credit operations is carried out in a wide range. Thus, electronic business is in fact the newest information technologies and systems of traditional business processes, network technologies. It is a process carried out by their means and capabilities. However, along with the fact that this new field has similarity with the traditional field, there are also distinguishing features.

Electronic business can be understood as an online form of ordinary traditional businesses. That is, electronic business is the electronic and online management of our business. Electronic business has a broader understanding of electronic commerce and has its own web site, virtual shop, organization management system, electronic advertising, marketing, business-business (B2B) and "business-consumer" (B2C) models.

The electronic business, which began as an effective tool for the realization of transactions on the technological basis of the Internet, gradually evolved into a new culture, the basis of electronic value chain and production of new principles of division. Proper organization of electronic business management gives the company a strategic advantage over competitors, enhances relationships with partners, improves productivity, reduces costs, and optimizes human resources use.

Electronic business can be viewed as an appendix to information technologies in the field of services, products and information, using standard nets. The generality of networks is an important aspect of the new way of doing business instead of the previous closed or closed networks. Electronic business has

expanded the concept of electronic commerce recently introduced into the list of scientific concepts.

Some people think e-business is the same as e-commerce. But they are not exactly same. But of course, there some differences and similarities between them. E-commerce by many scientists and experts includes not only the electronic sale of goods and services, but also the transmission of information in electronic form, establishing links between enterprises, and coordinating banking and financial institutions. In this case, e-commerce is integrated into electronic business. Therefore, in many literature, electronic business and electronic commerce (electronic commerce) are used in the same sense.

It should be taken into consideration that all electronic business and electronic commerce (in different or similar sense) are the product of the Internet and the Internet economy. In fact, the principles of electronic business are the same as the principles of traditional business, but the Internet has given him agility and higher speeds. According to these advantages, the development of the electronic version of business is now more promising. The use of Internet opportunities and new development trends create new principles and rules for the Internet economy.

In addition to all the advantages of the internet economy, it is necessary to note many of the dangers. As mentioned before, the Internet economy is the result of information, automation and computerization. These processes lead to a decline in demand for workforce in different sectors of the economy and unemployment. On the other hand, the Internet economy requires professionals and employees with special skills, knowledge and intellect. Thus, the positive results achieved by the society in the development of the Internet economy can result in the decline and deterioration of well-being of many members of that society.

Taking into account that it is possible to imagine the development of the modern era and the society with all the disadvantages, it will become clear that the application and development of the Internet will be inevitable. On the other hand,

if we consider that the development of any enterprise is directly dependent on its information, we will see that this is the case. In modern times, the information support tools of economic activity guarantee the direct business, the relationship with customers and partners, the production of modern products and standards, the determination of the sales market and the superiority in the struggle for space in the market, and the prospects for the development in the world. The most widely used and most widely used range of these devices is the Internet. Therefore, the main objective facing each venture is to maximize the use of the Internet and to minimize negative situations that may arise during use.

Electronic commerce consists of marketing, product and service sales on the technological basis of the Internet. The electronic business uses electronic information to improve value-added, improve productivity, and improve relationships between producer and consumer.

E-business - from strategic planning and business processes to partnering with partners and clients - affects all aspects of the organization of production. Modern methods and technologies that determine the enterprise's internal efficiency are well-researched, widely used and successfully used. Therefore, it is necessary to re-examine the conduct of business to maintain competitive advantage. How can one of the two businesses, which operate in certain sectors of the market, have the same effectiveness? Obviously, in that case, the venture earns the advantage that it receives as much customer service as possible for products and services produced. Competition in the new millennium is, first and foremost, in the form of a tense struggle for the customer.

What makes modern technologies accessible to the broadest and most potentially potential customer base? Of course, the Internet. Simple and universal means of communication with the customer, access to all kinds of information that affects the quality of the order throughout the day - all these are essential conditions for building long-term relationships with each client.

Significant increase in the number of participants in the economic activity and the transfer of its major part to the information platform leads to the acquisition of new content of business organization security. Secure information infrastructure becomes the most acute factor of electronic business. The principal feature of safety assurance mechanisms is that many economic activity participants are not subject to physical contact. In addition, under certain conditions, product or service delivery processes and payment arrangements can be made without the direct contact of the merchant and the buyer. Secure and reliable functioning of the information infrastructure plays an important role for electronic business in terms of the use of trade routes existing in the Ancient World and Middle Ages.

The e-business, where the economic activity is implemented, is characterized by high speed changes in the information environment. High-speed change of business environment requires coordination of all activities of participants in security management at different functional (economic, legal, organizational and technological) levels.

An unprecedented increase in the number of Internet users is another prerequisite for the development of electronic business. It should be noted that the average Internet users' average level of service is considerably higher than the average level of product and service consumers. In addition, Internet users are also the mainstay of consumers who display demand for some products and services (eg software and support, information technology, etc.).

NOP Research ([www.nop.co.uk](http://www.nop.co.uk)) revealed that in 2001, 58% of UK companies were represented on the Internet. However, in the middle of 2000 these companies accounted for 48%. Most of the companies that participated in the poll, but still did not use the Internet, have expressed their intention to take advantage of this opportunity in the near future. This intention was largely motivated by the desire to maintain the required level of competitiveness.

The massive presence of corporations and firms on the Internet shows that a new interaction channel has emerged with both business partners and clients. Many businesses currently using Internet technology have used traditional information technology priorities. Enterprises of this category usually move from traditional technology to new technology. As a rule, this transformation at the initial stage is carried out in the following forms:

- Using products and services from the company's information server as an additional advertising channel;
- Using email as a supplementary communication channel to communicate with consumers (learning demand, targeted information on innovations, getting information about advertising campaigns, etc.);
- Use as an operative (online) channel to support the products you send.

The development of global information infrastructure has radically changed business conditions. Electronic business offers companies new growth and improvements. Improving performance is achieved by changing the concept of business and creating more intimate relationships with customers. The economic basis of electronic business consists of sharp expansion of the audience, enhancement of marketing efficiency, acceleration of purchase and sale of all types of products or services.

The electronic business has a significant impact on the company's performance by reducing the duration of business cycles, reducing the costs involved in major economic activity processes, improving the quality of customer service, and thus increasing the market specific vulnerability. Electronic business is not limited to purely technological issues, but actually affects the fundamental elements of the economic activity strategy of any organization.

### **1.1.1 Formation of value chain in electronic business process**

Establishing an added value chain in the e-business process incorporates a consistent solution of the following four issues:

- Improvement of interaction channels - security of transactions, updating catalogs, announcing web sites;
- Integration of value chains (integration of these chains with relevant business partners and business outsourcing chains);
- Radically changing industry - the creation of consortiums (Consortium - monopolizing a number of major banks or bankers to carry out certain financial measures), cyber processing of activities, and creation of virtual organizations;
- Concussion (convergence - likeness, adaptation, merger, identification, meeting) – industry integration, enhancing transparency, creating electronic portals.

Although these phases in real life are not always in this sequence, usually the first two stages are related to the change of the business model, and the last two stages determine the trends in the industry as a whole.

The value chain concept is closely linked to the concept of shipping chain. The chain of transmission is a mechanism that provides access to the required volume of products or services in a certain space and time. The shipping chain incorporates the information of the mechanism for changing the physical materials and the original material in products or services consumed by users. In all chains of the shipping chain (customer demand analysis and product design, production, marketing, sales and customer support), the consumption value is added. All aspects of the chain are analyzed to determine the costs and business objectives of each business process. In addition, the impact of the organization's infrastructure, management and staff management on the value added process is also analyzed.

Formation of new value chains involves the development of a specific business development e-business strategy. This development strategy covers the following:

- Analysis of the economic situation of the electronic business market;
- Diagnostics of the company's e-business degree;

- Formation of the strategy of access to the electronic business market.

When preparing a strategy for the company's e-business, the following issues should be solved:

- Reduce the cost of obtaining the information required for business;
- Preparation, maintenance and support of information infrastructure integration;
- Formation of electronic business content in two spheres, such as interaction with business partners and clients;
- Increasing business efficiency in both spheres.

### **1.1.2 E-commerce as an ingredient of e-business**

E-Commerce is the process by which people buy real or virtual goods for money on certain systems on the internet. In e-commerce, we can say that it is an electronic version of trade. Electronic Commerce or "E-Commerce" is generally defined as the movement of purchasing goods and / or services on the Internet. It is possible to see virtual stores or virtual shopping centers on every website, especially today's hot topic. In addition to e-commerce, product and service purchasing / selling activities being carried out by computer networks, (marketing), providing customer support (in all stages of sales), commercial and logistic communication between commercial institutions and customers, and also providing global network of computer networks.

One of the requirements for e-commerce is the electronic store. The general workshop scheme of the electronic store is as follows. The potential buyer will contact the store's information server with the help of a browser. There is an electronic showcase on the server. The showcase contains the catalogs for which the goods are depicted, the search engines, the registration, the booking order, the payment of the goods, and the documentation of the receipt.

The buyer's registration is usually carried out at the time of the order registration. After selecting the goods, the buyer must fill out a special form, where it should indicate how to pay and deliver. As soon as the order has been completed, after all the information on the buyer has been recorded, this information will be accessible from the electronic store to the store's trading system. Check whether the goods are in the warehouse and the signal to the payment system is transmitted. If the requested goods are not in the warehouse, the request is directed to the consignor and the buyer is informed that when the order is completed possible. If the payment is made in the event that the goods are delivered to the buyer, the ordering must be confirmed. It usually happens via email or telephone. If there is a possibility to pay through the Internet, the used payment system will be activated. Traditional scheme of electronic bargaining includes the following:

- Buyer who forms an order using a personal computer;
- A bank that has issued and used a bank card;
- Electronic store located on the E-commerce site;
- The store's bank;
- Settlement center, where settlements are made between the issuer and the store's bank;
- An organization that supplies goods (some goods only) from the warehouse to the buyer.

In addition, there is also an additional software-hardware (accounting system, warehouse management system, etc.), which typically interacts with the components of electronic commerce and provides information support for the business of electronic trading. There is a separate and mandatory element for arbitrary electronic commerce technology that is a payment system. This system carries out settlements between the buyer, the store and the bank.

### **Benefits of E-Commerce**



The company has an open 7/24 branch office that can provide customers with information on the internet. Saving time takes seconds when electronic data is transmitted over a second. More product options are available for the customer. Your virtual store can lower your material burden. As the inventory costs information is electronically, the supplier does not have to stock. She knows how many products she has in stock and how many of these products she sells. Allows the provider to create a virtual shopping center over the internet without the need for a large office. There is no easy fluctuation in a global environment, such as the Internet, because of inflation does not hurt. If we classify these benefits as buyers and sellers;

Benefits from the customer:

- a. Allows users to shop quickly without leaving home.
- b. Transportation costs will be eliminated in product price survey.
- c. Finds more choices by choosing more products.
- d. It's easier to find the right product.
- e. More information about the product is available through the comments made by the product's users.

Benefits by Seller:

- a. Firms have a low-cost and instantly available store for their products.
- b. It is a platform where you can provide detailed information about its products.
- c. They can make sales on request, but do not have the product in stock.
- d. Not only in the region where it operates but also for the new customers in all of Turkey and the world.
- e. Accessibility makes it easy.

### **The role of logistics in e-commerce**

Success in e-commerce is undoubtedly dependent on many different variables. Logistics has a strategic role in the online shopping process, that is, it serves as a

backbone that keeps all its success components alive. It can be understood more clearly that logistics is important when it is taken into consideration that the basic task of e-commerce companies is to ensure that products are supplied without problems and within a short period of time.

Of course, it would not be enough to have a logistics structure alone to talk about sustainability in online shopping. Success can be achieved if all logistics processes that directly affect the existence of e-commerce operation are healthy. Because in an ideal logistics structure, products are delivered to customers in a timely and cost-effective manner. This will encourage businesses to increase their brand reputation and, of course, their sales, as they will encourage customers to repeat their purchases. In cases where logistics activities do not comply with this principle, it is inevitable that commercial losses will occur. For example, at a time of increased sales, requests may not be met, or incorrect order shipments may occur. Such negativities will not only shake the reputation of e-commerce businesses, but also affect "consumer confidence" in areas where the industry is most sensitive.

From there, it may be a logical step to start, when e-commerce businesses first list potential suppliers and distributors and determine which of their business models can provide appropriate and efficient service. In the next step, the optimal cost-effective logistics solution for the business can be decided and the solution partner can be reached as the result

## **Warehouse management and logistics applications for e-businesses**

Logistics steps for small and medium-sized e-commerce companies can be taken in much simpler steps compared to large businesses. However, the customer's shopping process will still resemble the firm's size. Therefore, all actions are carried out on software of all sizes at the firm until the purchase is completed and the order is in the order of preparation. Applications after this point can be varied depending on the size of the operations. In small scale e-commerce

operations, where stocks are managed from home or any office, packaging and shipping addresses can also be carried out at home. This option is ideally suited for new e-commerce initiatives, especially for cost.

On the other hand, the practice of adopting a brick and mortar business model, such as using a store as a warehouse for a company that owns a physical store and sells its products on the internet, may also be involved. In this option, the process of packaging and delivering the purchased products is still performed by the seller similar to the previous option. Large-scale e-commerce businesses that do not have warehouse management and logistics operations in the company prefer to negotiate with third-party companies. In this application, integration of the e-commerce infrastructure and logistics company ensures that online shopping processes are managed.

Thus, when customers make any online purchases, they reach this information distribution center and deliver the product to the shipping address as soon as possible. It is extremely important that this logistic approach has a perfect organizational structure. At the point where the supply and delivery process of the products is being maintained in a healthy manner in the management of a third party, e-commerce businesses can have more time to focus on increasing sales.

### **Customer satisfaction and logistics in e-commerce**

According to a research conducted in 2013, the percentage of shopping carts abandoned due to the estimated delivery time specified by the company is 44 percent, because consumers do not want to waste time waiting for delivery of the products they buy. As can be understood from this, the delivery times are very effective for customers to make purchasing decisions. It is very understandable that customers who prefer online shopping want to have their orders delivered as soon as possible because it promises to have a practical shopping experience. At this point, it would not be wrong to argue that logistics processes play a key role in the success of e-commerce firms. The first step to be taken in order to be

successful in the field of logistics is, of course, to develop customer-focused strategies. This can be started by ensuring that the stock status is updated simultaneously with each transaction. An always up-to-date inventory view will prevent the sale of a non-staple product. Thus, customer satisfaction can be ensured and brand reputation can be prevented from being affected negatively.

In addition, you should be sure that you have a good warehouse management system. In this way; consistent steps can be taken on issues such as how many items are left in the warehouse, when the products are expected to be consumed, and when they should be ordered to re-supply the products. Moreover, with warehouse management systems that provide intelligent reports using order data, it is possible to create an ideal time management as well as to prevent customers from experiencing frustration.

In the case of customer satisfaction, there are also other product replies that are important to companies to focus on. In order to efficiently manage the process of passing the replies, also referred to as reverse logistics, to the company, it is useful to be aware of exactly what the cause is. In this way, the correct department can be actuated in order to send the product to the customer in a seamless fashion, and the necessary improvements can be made so that the same problem does not occur in subsequent purchases.

On the other hand, in order to provide customer satisfaction in the reverse logistics process, it will also be a wise step to inform the customers by e-mail or text message when the products are delivered to the distribution center. In this way, it can be ensured that e-commerce consumers have information about the products and that the trust between the brand and the e-commerce is not shaken.

Of course, it is critical for consumers to be informed throughout the entire delivery process, not just on product replicas. Because informing the customers at what point in the process of delivering products has become one of the services that e-commerce companies have to offer nowadays. In this sense, integration can

be achieved with the delivery company, which ensures that orders are delivered to the buyer in order to ensure delivery is transparent.

### **1.3 E-advertising as a tool of e-business**

Internet Advertising (Online Advertising) began to emerge and spread in the US in the early 1990s. Placing information about products and services on the created sites has opened a new ad area. Internet sites like Google, Yahoo, and MSN expanded this area by providing targeted advertising to small and medium businesses. Now, internet advertising has become a great marketing business, with context, mobile, video, social networking, and search ads. Companies have begun to attract more online ads due to their effectiveness in the recent crises.

Today, as a result of the dizzying development in Information and Communication technologies, changes in marketing and advertising strategies have begun to take place and this change has caused changes in consumers' purchasing habits. Consumers now abandon traditional purchasing systems, shop through websites, follow ads on these sites, and interact and interact with other consumers, products and service providers at the same time.

The first commercial on the Internet was published as a banner ad in Hotwired site in 1994. After that, internet advertising has taken place on the market as a new type of advertising. Along with the development of the internet, the advertising on the internet has also been diversified. Advertising on the Internet, like all other types of advertising, is the interaction between the seller and the buyer. Unlike other types of ads, where the consumer can communicate with the ad. The Internet user can click on the advertisement for more information and buy the product one step ahead.

Advertising on the Internet has advantages over traditional advertising. These advantages can be listed as follows.

- In ad campaigns conducted with classic ad methods, the effectiveness of ads that are typically carried out is measured by spending per thousand people.

Compared to mass access, the Internet makes it possible to reach millions of people at very low cost. In terms of budget costs, Internet advertising also recognizes the opportunity to provide great interaction with small budget campaigns for small businesses.

- While preparing an advertisement to be used in traditional advertising methods (Billboard, TV, Newspaper, Magazine, etc.) and publishing it may take several days, the advertisement on internet becomes ready to be published when it is created.

- Users can get a wide range of information about products and / or services advertised through Internet advertising. Due to the high level of interactive interaction, businesses need to have information about consumers in various ways and expand, shrink, change, etc. their product range according to the interests of consumers. They will be able to appeal to the target groups more efficiently.

- In the Internet world, there is no limit to the creativity, interactivity, target groups, creativity. No other media is able to do this. The old rules of advertising are slowly changing. Sectors that cannot succeed with traditional advertising activities can succeed with internet advertising. For example; political campaigns, foundations, etc. as .

- Online advertising has advantages such as distribution and flexibility compared to traditional advertising. Banners can be shown 24 hours a day, 7 days a week, 365 days a year.

It's crucial to think about what we want to do before starting an online campaign. In order to take full advantage of online marketing effectiveness, the target destination of the ad and target should be set. The objectives of the Internet marketing plan may vary:

- I. Increase sales - Opening new sales channels leads to increased sales. The volume of electronic commerce is constantly increasing. Companies today can easily offer their products and services through other regions. The

financial capital needed to open electronic shops cannot be compared to the cost of the wastes we learn.

- II. The popularity of the brand on the Internet - the number of Internet users is growing. However, because of the newer technology, people are more attentive to the information they receive from the internet. Today, every brand tries to make accurate and up-to-date information on the internet to shape its image. Every company, or brand, is trying to be recognized on the Internet with its name.
- III. Brand Promotion in the Long-term Perspective - Ideas about the brand can be changed for a longer period with the help of online advertising. Users may periodically revert to these ads, or they may face up to the time they are searching. For this reason, surfing, SEO, SMM, YouTube, and other ways do not require capital investments.
- IV. Choosing a strategy according to competitors - Internet marketing gives you broader analytics capabilities. There are also many online tools available to track competitors' performance. Perhaps you start with a new cloth, or you have a very small business. There are definitely other ways to access the Internet and new markets.
- V. Expand the dealer network - You can set up new dealer networks to deliver goods and services. Many large companies now offer online collaboration programs. With this app you can even sell it as an online intermediary without any merchandise / service.
- VI. Service Level Removal - Maybe your buyer is now looking for you on the internet? Why not find it and go to other companies? Offer other contacts (Skype, WhatsApp, or Facebook) so your customers can connect with you. In the modern business life, social media marketing (SMM) has become an important tool for customer satisfaction.
- VII. Addressing people to any point - It is widely used in the Internet to shape public opinion. You can also inflate the issue you need with properly-built SMMs or video ads.

VIII. Bringing up a new product - People want to share the information they hear from social networks, usually on the internet. You can also use internet ads to promote your new product (or service). Here you can reach a wide audience in a short time with a well-established Search Engine Marketing (SEM) plan.

**The types of online advertising:**

1. Website SEO - SEO is a natural way to ensure that web sites are found in search engines like Google. It is almost free advertising. If you have prepared your site for a professional web design studio, one of the first results will be your site if you already search for the words in the site's name. The advantage of SEO is that we do not advertise it, but directly advertise it for that item at the same time. Thanks to one-time ad campaigns, AdBlock and other systems can make SEO stronger.
2. Email Subscriptions - Email ads are the 2nd most effective tools after SEO. Each of us is trying to check the email box at least once a day. It is so effective to read advertising letters because there is a chance to choose the target audience. To create, you just need a proper plan.
3. Banner Ads - Banners can be used to place ads on any site, or start a banner ad campaign using Google AdWords, Yandex.Direct. The most important achievement is the beginning of the moment. Pay-Per-View, Pay-Per-Click, Pay-Per-Action, or Fixed Cost systems can be offered at this time. Banners differ according to their location on the site or site. The most expensive banner is placed on the top of the page at the top most horizontal and right column. For the effectiveness of the ads, you must have a maximum of 2 banner ads on a single page. The longer it raises the question of the success of the ads.
4. Social Networking - According to analytical research last year (2015), most of Internet users in Azerbaijan share Facebook, YouTube , Twitter, Instagram and Video.az . The others have used Tumbler, Odnoklassniki,



Vkontakte, LinkedIn, Pinterest and Disput.az. By placing banner ads on social networks, or creating a Social Media Marketing (SMM) plan, you can take advantage of the opportunities created by online marketing.

5. Mobile ads are a novelty in this area.

## **1.2 E- business and SCM**

Supply Chain Management (SCM)- this system is generally seen in e-commerce sites. We can refer to the customer as the supply chain to the management of the right product, at the right time, with the minimum additional cost, the right price and the lowest possible cost, the material, information and currency. E-commerce sites; Customer satisfaction is gained when they operate with this system smoothly and fluently. There are generally two different types of sales in the e-commerce sector. These can be examined in two main groups as product and service. If it is a product that is sold through online store, it is necessary to plan production and supply. Therefore, Supply Chain Management is in place at this point.

Supply chain management is a form of management where the customer has integrated the flow of material, information and money that enables the right product to arrive at the right time, in the right place, at the right price, and at the lowest possible cost for the entire supply chain. The integration of basic business processes in the chain and the creation of strategies and models to enhance customer satisfaction are also part of this management system.

Long before e-commerce had taken its present form; it was described as a process of procurement management, product procurement, warehousing and shipment, while still in the 1990s. However, this form of administration has changed with the development of information technology. Now, non-producers can supply products directly using producers, distributors and wholesaler channels. In

fact, it is able to offer the same product to its customers at more affordable prices by supplying the same product over multiple channels as many successful e-commerce sites do today.

There is a need for a fast, efficient way for companies with suppliers, vendors, and distributors to distribute information and provide mutual two-way communication. This can be achieved by using technologies such as customized extranet (internet) sites, web servers and group software (e-mail supported collaboration software). The work can be started by providing web-based visibility for selected partners, suppliers and customers, and integrating the supply chain with other processes in the company. By using this type of e-business supported supply chain management solutions, we can reduce our operating costs due to stock keeping and improve customer satisfaction with appropriate inventory levels. In this respect, it is possible to adapt to market trends and changes by keeping the recommendation for customers constantly fresh.

In addition, productivity can be increased through better data integration, fewer order entry errors, less repetitive jobs, and faster communication (IBM, 2004). A simple application, such as a company marketing campaign, leads to a bulk order for a product and many breaks in the supply chain. These breaks can result in the customer's dissatisfaction, beginning with the inadequate supply of the necessary parts to buy.

As competition increases, the prospect of being met with a complete claim, in other words, the importance of customer satisfaction increases even more. This leads to the need for a supply chain communication network among all the partners in the supply chain. It is also important to carry out the activities between these partners simultaneously. In a concurrently functioning supply chain, it is much faster and more reliable to obtain the information needed to satisfy a customer's requests. The Internet creates a good environment for the simultaneous management of supply chain activities. Internet applications that are able to work simultaneously, price efficiency and quality of service will play a big role in the

formation of high supply chains. Firms carry their supply chains over the Internet in three stages. These steps are:

- Existence on the Internet

In the first phase of the development of electronic commerce, companies are present on the Internet with a static website. This is to provide information about the products and services that the sites are intended for. This is a one-way communication between the seller and the buyer. Most of the companies that have websites today are in the first phase.

- Beginning of trade (Merchant-centered E-commerce)

In the second stage it is possible to trade through the website. This reduces the cost of procurement and increases the control of buyers' purchasing. This model is more vendor-centric. The fact that the vendors have switched their processes inside the company to automation and this is related to the transmission to the receiver via the Internet. At this stage the website has information such as the quantity of the product in stock and the time of delivery, but the website is not integrated with the Supply Chain partners. This means data can be recovered and high level cooperation with supply chain partners is not possible.

- Demand-based E-Commerce (Buyer-centric E-Commerce)

The focus of the buyer-centered model used in this phase is to fully meet the wishes of the intended recipient. Collaboration between supply chain partners reaches the highest level by integrating enterprise resource planning (ERP) and Supply Chain Management into the existing electronic commerce system. The company acting as a demand center ensures that the entire supply chain works in the service of the buyer. The information is available to the buyer, which can be obtained from the entire supply chain, such as supply chain stocks, the status of the purchase, and the order status of the order.

## 1.4 E-business models

The new economy has given new e-business models and e-businesses to the business world. These e-business models are generally business models that assess the opportunities for rapid, regular information flow and sharing, time and space-independent transactional interaction. All devices, software and creative mobile applications that emerged with the development of technology cause new e-business models to emerge and old ones to differentiate.

Network based e-business models; suppliers, intermediaries, service providers, producers, consumers, aimed at facilitating communication and business processes between commercial and non-commercial institutions, increasing efficiency and saving financial resources. These business models are the result of evaluating the opportunities offered by digital, internet, and computer and network technologies. The social networking sites that have developed in recent years have created a channel through the participants and have begun to pay attention to the companies to use the messages and comments communicated via their mouths in marketing communication. Especially social network sites which are developed in the second phase of e-commerce and which are among the models that are the mainstream of sharing with web 2.0 and above are e-business models that use those sites or gain value as the number of members increases. These models, which fuel positive and negative sharing, have led to issues such as complaints management, reputation management, social shopping, and social CRM (Customer Relationship Management).

Electronic marketplaces that bring buyers and sellers together and sometimes offer auction or auction; special shopping opportunity sites offering products and services at discounted prices; virtual agents, search engines, portals, guiding those who want to navigate the virtual world and find what they are looking for; supply chains that bring suppliers together with manufacturers who work with them; social interactions, social networks that support information sharing and alliances,

blogs are e-business models that emerge in the virtual world or that have different business processes compared to similarities in the traditional world. In addition to these, service providers that develop hardware, software, network services, web site hosting, renting, security and payment systems and e-commerce solutions used in the business models developed in the whole network system as they have been attacked in America sometime in America, distribution networks that perform distribution are typical e-business models.

There are some types of e-business (commerce) models. E-business models are classified according to these features:

- a. According to the way it works
- b. According to the business model
- c. According to the platform

**According to the way it works:**

1. B2C (Business to Consumer - From Business to Consumer)
2. B2B (Business to Business)
3. C2B (Consumer to Business - From Consumer to Business)
4. C2C (Consumer to Consumer - Consumer to Consumer)
5. B2E (Business to Employee - Employee to Employee)
6. B2G (Business to Government - From Business to State)
7. G2B (Government to Business)
8. G2G (Government to Government - State to Government)
9. G2C (Government to Consumer / Citizen )
- 10.C2G (Consumer / Citizen To Government - From Citizen to State)
- 11.From business to Government (B2G): SSK transactions
- 12.Consumer / Citizen to State (C2G): On-line transactions of municipalities

**According to the business model:**

1. Horizontal E-commerce: The e-commerce business model in which a large number of products or product groups are involved. B2C e-commerce sites

in the industry also use this business model. There must be high capital for e-commerce sites that fit this business model. A team that will make the marketing, shipping and logistics of the products is costly.

2. **Marketplace:** Marketplace initiatives are e-commerce sites that enable sellers to meet consumers and sell products or services. Marketplace e-commerce sites are not direct sellers. They receive a certain commission fee by intermediating between the seller and the consumer. Marketplace business model is C2C
3. **Vertical E-commerce:** A business model that focuses on a specific product group and sells and markets it only through an established e-commerce site.
4. **Private Shopping:** The other name of this business model is Private Shopping. In the sites that use this business model, the end products of the determined brands are sold at reasonable prices and earned income.
5. **Opportunity Sites:** This business model is similar to the Private Shopping business model. Revenues are earned by selling discounted products and services at affordable prices.

#### **According to the platform:**

1. **Mobile Ecommerce:** With evolving technology, virtually every person has a smart phone or tablet. Products from this business model are delivered to consumers through mobile platforms and application markets.
2. **Social Ecommerce:** Product or service templates that are published on popular networks are delivered to consumers. As a business model, it is a new business model.

Today, the first four model approaches for e-commerce are based on the private sector. So at present, each company uses at least one of these four main models: B2B, B2C, C2B, and C2C.

First of all, I'd like to give you information on these 4 basic models.

#### **Ecommerce from Business to Business (B2B);**

This model approach is based on the fact that businesses are exchanging goods and services on the Internet. Alibaba ([www.alibaba.com](http://www.alibaba.com)) and Turkish Trade ([www.turkticaret.net](http://www.turkticaret.net)) are examples of inter-business trade. Arçelik is the first company to apply this sales model by buying orders online.

### **From Business to Consumer Ecommerce (B2C);**

This model approach is widely used. It is a method that customers can access and buy goods and services through the internet or web pages. There are many examples of [www.hepsiburada.com](http://www.hepsiburada.com), [idefix](http://idefix.com), [ticketix](http://ticketix.com), [food](http://food.com).

### **Consumer to Consumer E-Commerce (C2C);**

On Ebay or on the go, e-commerce applications that consumers buy and sell on the web via a web site is something that consumers can buy and sell on their websites. Also, payments are available in applications where people normally do, but communicate over the Internet. For example, like [sahibinden.com](http://sahibinden.com) ...

### **Consumer Business Ecommerce (C2B);**

An e-commerce application that consumers are offering to offer businesses a process. A process is followed by the process of providing customers with a bid for a particular product or service, by responding to the offer by evaluating this offer. It is usually carried out through agents. Initially, holiday reservations are used in many different areas ranging from car hire to boat trips. [www.priceline.com](http://www.priceline.com) site sample can be provided.

The B2B (B2B) volume is the largest category and is estimated to be five times larger than the Firm and Consumer Trade (B2C).

### **B2B MODEL:**

The business for business system (B2B) is the organization of complex information and trade interaction between companies through electronic communications (Internet, mobile and other means of communication). The main difference of the B2B system is the automated exchange of data between two

interacting systems, which means the presence on both sides of complex automated control systems (enterprise resource management systems). In the B2B system, any contractor can view the current needs of the company, immediately react to them, plan the delivery schedule, and determine the delivery methods, invoice, and all this information into the enterprise resource management system. First of all, B2B systems are designed to solve sales and logistics problems. In addition, this system allows you to reduce transaction costs and remove inefficient links from supply chains.

One of the most used areas of B2B e-commerce can be given as sales over sites where the producer and consumer combine but are not owned by the manufacturer. For example, sahibinden.com B2B e-commerce is functioning appropriately. However, B2C e-commerce is also a business model of e-commerce business firms are preferred at the same time. The products purchased from suppliers without holding stocks are offered for sale over the internet. There is a supplier company and its products can be added to the sites of companies which have e-commerce site thanks to XML product integration. In this kind of e-commerce business model, the firm does not hold the stock and does not allocate the budget to the extra warehouse cost. The product offered to the seller through Firman's e-commerce site is sent to the e-commerce site by the supplier and then delivered to the buyer.

Enterprises using this model do not sell a product to the end user. Sample; such as the purchase of a manufacturer that sells hospital devices, the purchase of devices by the hospital. Or, as an example, a wholesaler or wholesaler selling wholesale products may be listed as an example.

### **Models of B2B:**

1) The aggregation model (electronic trading floor) is a universal place for procurement of material and technical support for the company. In a single place,



suppliers' catalogs on groups and product categories displayed in real time are presented in a unified form.

2) The model of the shopping hub - on the site form a trade community of sellers and buyers. The seller has a special place to advertise their goods, and the buyer has the opportunity to obtain information containing the specification and description of the products. This model can be horizontal, i.e. support all sellers and buyers from different industries. The diagonal trading model supports certain categories of sellers and buyers and certain categories of goods. A feature of this model is the availability of auctions for the sale of large quantities of rare goods or auctions for the integrated supply of small companies.

3) Bulletin Board - is a structure where sellers and buyers can post something that can arouse the interest of sellers and buyers. The parties, having found each other, carry out interaction outside the structure. The purpose of this type of e-business is to encourage the industry to more standardized contacts.

4) The model of auctions - sellers and buyers exhibit competing applications for the conclusion of contracts. This is the ideal model for eliminating surpluses at the best price.

5) Brokerage site - works as an intermediary between the buyer and the seller, which exists to receive through the Internet an order from one enterprise and placing it in another enterprise.

6) Corporate site of the company - is intended for communication of the given company with other partners by counterparts, operating and potential investors. The site contains information about the company, its management, as well as product catalogs and a description of the services.

7) Online stores - this model can be built into a common corporate site or exist separately.

8) Procurement Service - allows an enterprise to carry out material and technical supplies directly through its website. To do this, you need to place your needs in material and technical resources in order to find a supplier and receive commercial offers from him.

Advantages and disadvantages of the B2B system: 1) the system expands the coverage of the market; 2) Internet platforms provide price reduction; 3) the activity of online intermediaries reduces the transaction costs of the buyers' companies; 4) Web-based systems allow you to identify the best ways to do business.

We can distinguish two groups of risks that arise in B2B customers: 1) technological risk - poor communication provider, hacking of crypt protection means, internal attack of databases with subsequent leakage of confidential information, the possibility of denial of service; 2) business risk - the risk of a discrepancy in the quality of the supplied products, the risk of the buyer losing cash prepaid for the transaction, the risk of non-payment or delay in payment, the risk of a reduction in the rate of return for suppliers and buyers. A common disadvantage of B2B sites is the lack of settlement services, as a result of which the transaction is divided into two parts: electronic (buyer and seller agree on terms) and traditional (signing documents, paying). B2B is a model in which consumers of e-commerce services act as sellers, and buyers - individuals. Advantages for the buyer: 1) the lack of geographic attachment to the point of trade; 2) comparison of information about products from different manufacturers and sellers; 3) the possibility of saving time.

### **Why is B2B important?**

Many factors, such as the recent rise of the Internet and e-commerce, the tendency of users and companies to go online shopping, technological developments, play an important role in the change of classical trade concept. B2B brings with it many advantages such as reaching wide masses over the internet and

reaching different product options. Companies that want to stand out in the fast-growing ecommerce ecosystem can stand out as pioneers in markets and verticals that have not yet been captured. In this ecosystem, where competition is huge and challenging, it is critical to be a certain area vanguard. If this is the case, the chances of those who keep their hand fast can be higher.

With the B2B site, you can reach a wider customer base. You will also have the opportunity to reach small companies via the internet, as well as you will be able to communicate with bigger brands and sell your products. Companies looking for a more affordable product for the Internet, retailers and wholesalers and B2B-oriented companies can grow customer profiles if they use this channel effectively.

In vertical areas, the importance of creating an intercompany trading platform is increasing because new business models and new markets can be created by going to B2B. In an environment where most of them concentrate on B2C and C2C, showing them in these areas will make a difference and open new doors to new sectors that remain in the shadows. Otherwise, if you have a system that you already have offline, you can find ways to increase your income by integrating it online.

The B2C system takes place in cases when the enterprise sells its goods or services via the Internet directly to the consumer. Also in this system the sale of goods is carried out according to the principle of the order of receipt of applications. An example of the implementation of B2C is electronic stores, booking and ticket sales systems.

B2C is organizationally and methodologically more simple than the B2B system. For the client, an online store is a showcase where: 1) the catalog of goods; 2) interface elements for entering registration information and forming an order for purchase; 3) making payments through the Internet; 4) obtaining information about

the company-seller; 5) presence of on-line help. The storefront is located on the Internet server and is a web site with active content.

### **3 main features of the B2C system:**

- 1) the seller himself trades manually through his managers, and not through an automated trading system;
- 2) an individual or a legal entity acting as a buyer is in a favorable position if the interface of the online store does not have a real connection with the enterprise;
- 3) features associated with the business process, because every business process is automated with the help of some control system that cannot dock with your business system, thereby depriving you of access.

## **1.5 E-business integration levels in the business environment**

In the development scheme of the development of e-business integration levels, each subsequent development phase is shaped as a logical continuation of the previous phase. The evolution of business applications goes through the following steps in the process of e-business integration:

- Server integration tools, software tools for productivity analysis, application programs for working groups, firmware applications based on Internet technologies, computerized teaching;
- Client software add-ons, coherent vertical and horizontal horizons for interest groups;
- E-commerce systems, electronic business application software, software for providing virtual company activity;
- Organization contract management processes, global search of products and services, national and global information infrastructures.

The evolution of information management technologies goes through the following steps in the process of e-business integration:

- Sending files, internal e-mails, organizational e-exchanges;
- The universal interface of news exchange, databases of economic units, technology of information exchange between the working groups of the associations;
- Organization of large storage space and analytical information retrieval technology, management of business processes on transaction processing based on knowledge storage, intelligent search engines;
- Managing e-commerce throughout the country, managing import and export information, and managing the activities of intergovernmental trade unions.

The evolution of electronic document management goes through the following stages in the process of e-business integration:

- Presentation (removal) of accounts based on pre-designed templates, revision of internal reports based on automated analysis of information flows, presentation of accounts under the agreement (agreement), internal reporting accompanying;
- Presentation of accounts, customer-driven processes, support of online payments and electronic money transfers;
- Automation of local and regional taxation, state-level banking services, analysis of trends in electronic business;
- Transnational payments, customs and excise tax (Excl. VAT - taxable tax on commodities that are widely used), international banking activities.

The evolution of security technology technologies goes through the following stages of e-business integration:

- Security certification (Certification Authority) service, support for internal authentication (Authenticity, Validation), internal audit of electronic business system, organization of encryption technology and management of security keys;
- Integrated access infrastructure, electronic digital signature, unified technology for authenticity, establishment of trusted (infra-structured) infrastructure, detection of intrusion and the elimination of their consequences;
- Services of trusted organizations, integration of financial systems, global monitoring of security.

The evolution of communication technologies goes through the following stages in the process of integrating electronic business:

- Local network of the organization, organization of interaction of the organization's units on the basis of Internet / Intranet technology, Internet-based access, single inquiry service;
- Telecommunication services that provide e-mail, protocols adaptation, catalogs of organizations with e-business partners, registration technologies, support for adaptation technologies, extranet technologies;
- Global support for global networks, state database support systems, multimedia (teleconferencing, multimedia presentations, Internet telephony).

The organization facing the level of electronic business has the following issues:

- Increasing the efficiency of the organizational structure;
- turning the organization's information resources into a tool for achieving commercial goals;
- Supporting the application of information technologies in all business spheres;
- Improvement of management technology based on electronic document circulation.

Experts from the PricewaterhouseCoopers consulting firm split the four phases of the company's integration into the new economy:

At the first stage, the company uses the Internet as an additional marketing channel. Usually the information server and client database are created. At this stage, there is no fundamental change in strategy or company structure. In the second phase, the Internet is now becoming a business instrument, coordinating business processes between the Consumer, the company itself and consumers, which is the 3 main market figures. A single electronic chain of malpractice is created, where the consumer also manages the consignor's warehouse by forming a production order. At this stage, it is beginning to use Internet technologies that provide mutual interaction of business partners. Establishing a single chain for consignor, producer and consumer sharply reduces the cost of managing production processes in the context of these three elements, which in turn leads to a reduction in overall costs. At the third stage, the company's transformation takes place. Thus, some of the business processes are fully automated, while the rest is pretty simplified or generally canceled. Guidance identifies the company's core and non-core functions. Decisions on non-core processes are made available to specialized outsourcing companies in this area. Analysts at the PricewaterhouseCoopers advisory consulting company allocate only 3 key business functions, such as product development, sales (direct customer communication) and customer service, which the company should not in any case give to anyone. Finally, the company model, which has all the major functions, is the transition to a virtual company that directly deals with customer relationships and strategic issues related to product development. If it is natural to go through these three stages of integration for traditional companies, the newly-created companies are gradually falling into the third stage as they are focused on e-business. Finally, at the fourth stage, the traditional company is abolished, and a virtual company is created. Because the entry barriers in the new economy are exacerbated sharply, and everybody strives to join a new business . Everything is

connected to the chain of value added. The product configuration is defined by the client-customer rather than the manufacturer. The execution of the order will automatically switch to the production of the required configuration.

### **1.5.1 Components of business solutions in e-business sphere**

One of the main challenges facing the modern business solution set up in the e-business sphere is the quick implementation of cost-effective ideas in concrete solutions that help improve the value chain formation processes for products or services. For successful implementation of the E-Business project you need to get a clear answer to the following key questions:

- What business solution is for the users?
- What is the content of the solution and what are the main functions?
- What are the processes and tools (infrastructure, software and hardware complexes etc.) that provide the required level of support and performance of the solution?

Entrepreneurial solutions describe the economic objectives of electronic business solutions, identify customers and partners in the solution, and the list of customers and partners agreed with the solution, the key indicators of successful implementation of solutions, measuring methods, the necessary economic partners, expected costs and benefits . Content solutions describe the content and core functionality of the solution, the economic, human, and technological mechanisms that provide the content and functionality required for data sources. It is also crucial to identify the methods and tools that provide the content and functionality of the proposed solution to the extent required by partners and customers in a similar manner in the marketplace. Managing solutions describe all the processes, regulatory acts, directives, role and responsibilities of managers involved in the implementation and implementation of the solution provided for the electronic



business solution. Technological solutions describe the unequivocality and efficiency of the systems that require interoperability of systems, software applications and interactive tools, external information sources and interaction with involved partners. Now let's talk about these solutions in more detail.

1., Entrepreneurial Solutions - The focus of entrepreneurship should be focused on a brief and clear explanation of the essence of the business solution. The following should be clearly defined and clearly stated:

- Purpose of the proposed solution;
- The maximum specific list of client and business partner quota (agreed upon) will be satisfied with the proposed solution;
- The main stages of the process of preparation and implementation of the solution and the order of priority (importance);
- Financing sources;
- Criteria for achieving goals.

When preparing for the description of the essence of the entrepreneurial solicitation, it is desirable to provide detailed explanations on the following items:

Project Purpose, Client Quota, Project Stages, Sources and Principles of Financing, Objective Criteria - Content Solutions describes the content of the solution and its key functions as well as the economic, human, and technological mechanisms that provide the content and functionality required for data sources . It is important to identify the methods and tools that provide the content and functionality of the proposed solution to the extent required by partners and customers in a similar manner in the marketplace. Conceptual description of content solution is intended to give a clear and detailed idea of the advantages and efficiency of this solution for any user.

2. Managing Solutions - As described above, describes all the processes, normative acts, directives required for the given electronic business solution, the role and

responsibility of managers involved in implementing and implementing the solution. Information processes are more important within the processes determined within the management solution. The information organizer plays a special role in the electronic business environment. Therefore, the description of the information flows and the methods and means of managing these streams is crucial. An essential element of the management solution consists of a formal description of the roles of the rights and responsibilities of all real and potential participants in business processes. The electronic business environment includes the processes of managing the electronic business, including the availability of security managers who are responsible for the implementation of the security policies and those who have the necessary rules and knowledge.

3. Technological solutions - as described above, describes the unequivocality and effectiveness of the required systems, software applications and interactive tools, external information sources, and interface databases that interact with engaging partners. High standardization simplifies and lowers the technical accompaniment required for the automated business automation system. In addition, in many cases, electronic business exists as an extension of traditional business based on existing information infrastructure. Therefore, this aspect should be considered when preparing a technological solution. When describing a technological solution, the following should be specified:

- System architecture;
- Software and hardware platforms and tools used;
- Accessibility of customers to system information.

The relatively sophisticated part of the technological solution is the architecture of the system. The architectural solution should be a clever compromise of the need to integrate existing databases and information technology with the desire to create a technical foundation for the enterprise's entire subsequent economic activity in cyberspace.

## **2.1 Payment systems for e-commerce**

Electronic payments have become increasingly popular with the advent of internet and online banking. In classic electronic commerce, payment cards have been plastic cards. Recently used payment tools have provided customer satisfaction, as well as increased security measures against possible interventions by Internet fraudsters. For example, in India, "Net Banking" is being used. In this system, the buyer does not record plastic card information on the seller's website. Selects what bank he / she wants to pay for the goods he / she will receive, and entrusts the bank with the settlement verification. Smart Cards, PayPal and Google Wallet services are also initiatives to increase security and alternative settlement systems. According to the "Alternative Payments Overview", prepared by World Pay, the value of the global e-commerce market in 2012 was \$ 1,713 trillion. In 2013, B2C sales of electronic commerce increased to \$ 1.25 trillion. At present (in 2015), 40 percent of Internet users receive goods using computers, tablets, mobile phones and other electronic devices. This means about 1 billion online buyers.

In some European countries (Great Britain, Ireland, Denmark and Turkey), the use of cards as a means of payment still prevails, while others (Poland, Finland, Germany and the Netherlands) have alternative payment options. The most popular alternative payment methods in European countries are "electronic money bags". In general, the volume of transactions with "electronic money laundering" in the world was expected to reach \$ 1,656 trillion by 2017, and in 2012 this figure was \$ 295 billion. The widespread use of tablets and smart phones has prompted the rapid development of a new trend in the e-commerce market. So far, more than 1.4 billion smart phones are used worldwide and this is an increase of 44 percent annually. Of course, in such cases mobile payments are becoming the most commonly used alternative payment method. Given the above, let's look at the payment in electronic commerce.

Payment cards:

Currently, there are two types of payment cards in the world practice and their various types are used:

1. Credit card - allows the cardholder to carry out payment transactions on a pre-defined credit limit. These types of cards work on the basis of the "pay after" model.
2. Debit card - the card holder can make a purchase, direct payment transactions. These types of cards are based on the "Pay Now" principle ("pay now" model).

Electronic money (E-cash):

Electronic money (E-cash) is digital money. Digital money offered by different companies, mainly available in two models. Online money-called "electronic money" (e-cash) is offered by DigiCash and allows to carry out all types of internet transactions. A user who downloads money from a bank account to his / her own electronic bag through special software can shop online. The company, dealing with the "electronic money" scheme, has a very small amount of internet service fees.

At the same time, it receives royalties in the form of monthly payments due to special programs that allow the customer to download electronic money from the bank. The offline (off-line) mode is digital coded cards (smart cards) and this version is used by Mondex as a result of collaboration with various banks. Thus, electronic money is loaded on these cards and can carry out various operations with them. These payment systems are applied in the most advanced regions of the world. The "Octopus card system" applied in Honk Konq has achieved great progress in the field of electronic money system. London "Transport Oyster card" system is used in transportation. The Singapore Government has issued a special electronic money program for public transportation based on the FeliCa system developed by Sony. This system is being implemented in Tokyo.

The most widespread electronic money network in the Netherlands is called "Chipknip", which is used for multi-purpose purposes. Azerbaijan has the opportunity to carry out various transactions by transferring electronic money to smart cards. Smart cards based on e-money system are used in passenger carriages, especially in bus and underground passenger transport.

Electronic money processing mechanism:

1. The customer receives electronic money from the bank
2. The Bank sends electronic money bills to the customer
3. The customer sends electronic money to the seller
4. The seller checks the bank's accuracy with electronic money.
5. Bank confirms the accuracy of electronic money
6. Sale is done.

Electronic purse (E-wallet):

"Electronic wallet (E-wallet)" is an internet based software used to carry out payment transactions. The largest Internet giants in this area are PayPal, Google Wallet, Checkout By Amazon, Moneybooks and others. To obtain an e-wallet, a customer may register on one of the companies in this area. The client who receives the program may transfer the amount of money from your regular payment cards and bank accounts to your purse. Then, by entering the E-wallet, simply entering your password and pass code or e-mail address, online shopping.

Payment via Phones:

In recent years, the new version has been used by smart phones for the use of POS terminals called by providers. Thus, one of the most widely used types of e-wallet (Ewallet) is the "Mobile Wallet" provided by PayPal and Google Wallet. This application has been designed to make online and traditional shopping on mobile phones. The "Near Field Communication (NFC)" system, which is installed on smart phones, allows paying through POS terminals. Through this system it is

possible to pay in parks, subway, shopping, cinema, buses and other public catering facilities.

Pay attention to the sequence of operations that are carried out through "Mobile Money":

1. The user activates the "Mobile Wallet" loaded on the mobile phone and draws the "Near Field Communication (NFC)" phone to the POS terminal supporting the particular program;
2. Enter the details of your debit or credit card details into the system or choose the card (which includes the details in advance of the mobile wallet);
3. The amount of the payment is selected;
4. To enter a PIN, enter the PIN number
5. The payment is made and the invoice is transferred to the buyer. At the same time, payment information is also transmitted to the mobile phone number.

At the same time, large companies operating in this area have enabled users to make money transfers between two phones through "mobile wallets". Thus, users can transfer Near Field Communication (NFC) phones to one another and transfer any amount to the other e-mail.

Recently, these accounts have been widely used to get a wide range of online stores. Thus, according to 2013, PayPal accounts for 203 countries with 137 million accounts, with Checkout by Amazon covering 27 countries with 100 million accounts and 161 Google Wallet countries. Moneybooks is also one of the largest online payment providers in the world and serves up to 800,000 online stores. This provider, which allows operations with about 41 currencies, covers more than 200 countries.

In the world practice, the volume of transactions carried out by means of "electronic money bags" is increasing in the overall online payment system. Thus, in the most advanced countries of the world, especially in the US, Canada, China,

Japan and European countries, they use the "electronic money bag" system. According to the "Alternative Payments Review" report, the volume of transactions in the US and Canada "e-money bags" is 18 percent in the alternative payment market, 13 percent in Europe, 10 percent in Latin America, 5 percent in Africa and the Middle East and 23 percent in the Asia-Pacific region. . It should be noted that China is the largest shareholder in the e-commerce market with 44 percent of the total value of the "electronic purse". In this country, Alipay is the leader in the e-commerce market with 30 percent. Then, Tenpay comes with 13.3 percent, PayPal and other companies.

Smart card is a microchip installed plastic card.

Smart cards can be used for the following purposes:

- uploading certain financial information;
- Use for calls;
- electronic money payments;
- Use of vehicles;
- shopping at online stores (through "card reader");
- Carrying out any operation through POS terminals;
- as an identity card
- and for other purposes

Advantages of the card:

- be fast and intelligent
- Reliable handling
- functionality (additional debit, credit, possibility to transfer vehicles using cards and other cards)
- High security

- Ability to work offline and online

Currently being used in advanced countries of the world, such cards are simplified by the payment process and are used for information purposes and for other purposes. Such cards can be used in any area.

Most of the US, Canadian, and European countries use such cards in transportation, shopping, and other destinations. At the same time, smart cards allow individuals to use e-government and e-services as an e-identity card. As an example, the smart cards applied in Finland are used for electronic services, smart cards in Italy are used in electronic services, smart cards and electronic cards, smart cards used in Hong Kong e-services, e-banking, e-library. In Malaysia, smart cards are used as an ID card along with the above-mentioned features. Portugal, Sweden and Finland are using smart cards in the e-government domain.

Gemplus, Rainbow Technologies and Schlumberger are engaged in the production of such cards and their readers.

Paying by finger:

"Pay by finger" is a program that allows you to make payments with fingerprints. Paying through fingerprints has some advantages:

- No monthly fee (you know additional payments are required when using cards like this)
- Simplicity and speed of payment process (about 3-5 seconds)
- Loss of card, stay at home, absence of problems with stealing
- No one has the possibility of doing business with your account
- No need for password and password during operation

Operating mechanism:



When buying with POS terminals, the receiver brings the finger closer to the biometric scanning apparatus. The system identifies the user and the payment process begins depending on the selected registration method. In the payment process, the amount of the discount on the buyer's birthday on the screen (if it is the date of birth), information on the services rendered and the goods sold and so on. it is reflected. Upon completion of the transaction, the recipient's mobile number is transmitted.

Integration with smart phones:

Recently, fingerprint software has been integrated into smart phones. The first innovator in this field is Samsung. So, the Samsung Galaxy S5 Smartphone has been introduced for the first time. Smartphone-based software allows you to make payments with fingerprints, as well as online shopping, and even shopping in traditional stores. At the same time, it is possible to carry out various operations in ATMs through the fingerprint.

In world practice, biometric payments are used as the most secure payment method. Examples of such payment methods are finger and sound methods. Such payment systems are used in the leading European countries. For example, the use of fingerprinting systems in France can be used by Banque Accord, BNP Paribas, Crédit Agricole and Crédit Mutuel Arkéa. Depending on the contracts the banks have concluded with the relevant store chains, shops are using devices that allow customers to pay with their fingers. China can also be considered an innovative country in this area. Along with banks operating in this country, online payment providers are also interested in applying such payment systems. As a result of cooperation with Alipay Company Samsung, Alipay users can pay with fingerprints on Galaxy S5 smart phones. In addition, Huawei can run the same operation with the Mate 7 Smartphone. In addition, PayPal's partnership with Samsung. As a result, Galaxy S5 smart phones have the option of paying PayPal users in 27 countries (US, Switzerland, Great Britain, Germany, France, Italy, Turkey, Mexico, Japan).

For the sake of interest, it should be noted that in order to prevent theft of money from ATMs, ATMs have been put into operation in Kenya since 2013, allowing finger operation.

## **2.2Paypal system and e-commerce**

The Paypal system significantly eases the work of users during e-commerce, which is mainly used during shopping. It is possible to send money to friends or relatives only via e-mail or by shopping online or without any credit or any type of plastic card. With Paypal you can transfer money to more than 193 countries around the world. Also, internet users have access to many popular brands through "ebay online shopping". Experts say that for many people, it is very difficult to make purchases or transfer money through the site. But it is not difficult. In order to use "Paypal" services, the user must first register on the site.

A number of requirements must be met to register. The person must first be included in the "sign up" link. In that case, open the "Individual and Business" section. If a person wants to make a purchase on behalf of a company, he / she should go into the "Business" section, or if he / she wants to use the site only, from the "Individual" section to the "open an account" link. At this point, if you only need information about yourself when entering the "Individual" section, "Business" section will require information about the company. After that, the user name, surname, e-mail address, address and so on. The information should be marked in the appropriate sections. Also, it is recommended that you write carefully and specific answers during the registration process. Otherwise, there may be problems with registration. The user will be required to enter the credit card code after the correct information has been saved in the appropriate sections. After entering the code, the person will be a member of the site, and will be able to carry out the operations that he or she wants.

US \$ 1.95 will be deducted from the user's card within 24 hours after the registration is confirmed. When using the user account, it will be offered \$ 100 for the first time. The user limit will be increased after developing the account. All card details must be accurate to develop account and increase the limit.

In order to use this system, first of all, the user must have a credit card. The person can transfer money on "Paypal" account at any time. At present, the person can use the cards of several banks such as Unibank, Bank Standard, Bank of Baku and Bank Respublika to transfer money from Paypal account.

## **2.3Egov.az site and its relationship with electronic business**

The "E-government" project has been developed under the "National Strategy for Information and Communication Technologies for the Development of the Republic of Azerbaijan (2003-2012)" and implemented within the framework of the "Electronic Azerbaijan" State Program. The project envisages the enhancement of efficiency and efficiency of government agencies' activities with the broad application of information and communication technologies (ICT), activities aimed at facilitating and facilitating contacts among the population, businesses, and relationships, building civil society relationships in a new environment, ensuring transparency and full payment.

The main directions of the project are:

1. Formation of the regulatory framework regulating the activities of e-government and its users
2. Expansion of application of modern technologies in public administration
3. Establishing key components of e-government infrastructure
4. Application and development of e-services based on the principle of "one-stop shop"

5. Increasing the level of training of civil servants, ICT specialists
6. Ensuring the security of e-government infrastructure and information systems, personal data protection
7. Increasing the literacy level of population groups in the field of information technology, ensuring access to e-government services

The main advantages of the project for the business sector:

- I. Effective and effective communication with government agencies, reducing costs
- II. Increased economic activity, competitiveness and access to foreign markets

E-services for business sector:

- 1) Do not pay for social funds
- 2) E-declaration, e-tax invoice
- 3) Registration of new companies
- 4) Customs declarations
- 5) E-license
- 6) E-purchasing, e-quotation
- 7) E-auction
- 8) Providing references and so on.

But of course there are some e-services for individuals .As,

- 1) Income tax
- 2) Job Search (Job Vacancies)
- 3) Issuance of documents (passport and driving license)
- 4) Registration Citizens (Birth, Death, Marriage)
- 5) Vehicle registration
- 6) "On-line" application (access to high school, consent to construction, pensions, benefits, etc.)
- 7) Registration at the place of residence
- 8) Health services (e-advice), etc.

But I particularly want to talk about the conditions created for businesses by egov.az. I have noted that egov.az offers a number of business opportunities for business, which allows businesses to carry out their operations in an e-form more quickly and conveniently. For example, e-invoices, e-payment etc.

As we know the main difference between e-commerce and e-business is not only the sale and purchase of electronic business, but also a number of business contracts, over-reporting, invoices, reports, contracts, etc.

There are some links that can make connect between individuals or businesses and some governmental organizations in egov.az site. For example,

1. Ministry of Taxes
2. The Ministry of Labor and Social Protection
3. The State Customs Committee
4. Ministry of Transport, Communication and High Technologies etc.

Also there is e-tax.az site that can help businessmen and individuals to make their work easier. There is a button that called as “Access to the Portal”, you can tick it then there will open one window that there are “ASAN signature”, “E-sign”. Then we can enter personal account within them. If we choose e-payment (e-qaime) choice then will open one window that we can write there goods, its number, price taxes that we must paid, etc. then sign it and send to buyer of those goods.

It was just simple example, I have mentioned before we can sign an e-contract with other businessmen or individuals if we hire or fire workers, personnel, etc. These operations make easy businesses works.

## **2.4 Types of plastic cards in Azerbaijan**

Debit plastic cards:

Debit cards are used for cash withdrawals through ATMs or POS-terminals located in cash offices of your Bank's branches. The cards work in debit mode, that is, they only allow you to spend the actual amount on the card account or withdraw cash from ATMs. In Azerbaijan and in many countries of the world, debit cards are also used to pay for products and services received. In Azerbaijan you can get the following debit cards: VISA Electron, Cirrus Maestro

These types of plastic cards are available in debit mode and can be used to make payments in banks, ATMs, payments in stores, restaurants and organizations with POS-terminals. These cards are the most widely spread cards in the world. Operations will be requested from your card account when executed in debit mode. Payment is made only if there are sufficient funds in the account.

Credit plastic cards:

Unlike debit cards, credit cards give greater freedom to their owner: the card holder may spend more than the amount he / she is able to spend, but only within the limits set by the Bank. Credit cards can be used for cash withdrawals through ATMs or POS-terminals located at cash offices of your Bank's branches. In addition, they are accepted to pay for products and services around the world. Credit cards show financial stability of their owner. Holders of elite cards, such as Visa Gold, MasterCard Gold, Visa Platinum and MasterCard Platinum, receive additional privileges and privileges. Credit cards are also accepted for payment on the Internet, but for security reasons, we advise you to use special "virtual" cards.

In Azerbaijan you can get the following credit cards: Visa Classic, MasterCard Standard, Visa Gold, MasterCard Gold, Visa Platinum, MasterCard Platinum, American Express Green, American Express Gold.

Internet plastic cards:

Certain Azerbaijani banks issue special cards Visa International and MasterCard International for payment of products and services only on the Internet. Since these cards do not contain a magnetic stripe and a PIN, it is

impossible to use cash machines to pay cash or to pay for the goods purchased at the stores. These cards only work in debit mode. If you intend to use the cards on the Internet, we recommend purchasing special Internet cards of our Bank. These cards will help you to solve a number of problems that may arise as a result of mistakes you make while working on the Internet.

Special "virtual" cards of VISA International and MasterCard International systems are designed to maximize the safety and security of your money. These types of plastic cards have no magnetic stripe and PIN-code, and they can only be used on the Internet. By keeping cards in debit mode, you save money on your account by keeping a small amount in your account.

Corporate plastic cards:

VISA Business \\ VISA Business Gold \\ MasterCard Business

This type of card is profitable for business people who are often traveling and representing expenses. Cards are issued for the name of any employee of the company. These plastic cards display the name of the company as well as the name of the cardholder and the name of the owner. Cards work in debit and credit mode, Gold cards have all the features and advantages that are paid to hotels, car rental agencies, restaurants, supermarkets and shops.

## **Conclusion**

In Introduction, I put two questions for the main research. For me, it was more important for me to learn what electronic commerce and business in Azerbaijan is. As a result of my research it became clear that the level of accessibility of electronic transactions in business activities is high due to the high level of

accessibility of Internet in Azerbaijan, and in Azerbaijan in recent years such conditions have been created more.

And as I mentioned before, the use of electronic transactions creates additional benefits for businessmen, thereby saving them both time and capital, providing more products to their clients, overcoming their competitors, generating more revenue, and as a result, they try to get a big market share.

As we know, many businesses in the globalizing world are involved in exchanges with each other, which accelerate the integration process. Thus, we are building more relationships with each other in different spheres. In this case, online transactions, transactions, contracts, contracts, settlements online have become an important element in the business world. Even businessmen, as well as individuals and citizens can benefit from such activities. Examples of this include reference from a residence, employment certificate, diploma reference, license and permits for pupils in general education schools, healthcare, education and social services.

So, our country is currently working in this field. The situation can be considered satisfactory. As regards recommendations and suggestions regarding this issue, I think first of all the population should be informed about these issues. Because people who use these activities are also populations and their increasing literacy can lead to even faster development of electronic commerce and business. For this purpose it would be advisable to conduct seminars, workshops and projects for businessmen, and to advertise, propagandize and propagandize companies for other citizens.

On the other hand, as we know, online transactions require important information, such as password, password, code, and so on. Therefore, enhancing security and organizing cybercrime measures are also important issues. Security is the most important issue if you want the development of e-commerce and business. Because the development of this area will reflect the confidence of the population and other businessmen.



Also, simplicity and speed of operations are one of the issues deemed important by the society. This issue is of crucial importance in a society that lives and operates on the principle "the faster work, the more customers and the more revenue."

Thus, the state, society and businesses must work together to effectively engage in e-commerce and business development and to meet the mutual needs.

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