

Exploration and Practice of Blockchain Technology Application in the Field of Digital Commerce

Caijin Ling, Ting Zeng*

School of IT, Guangdong Finance and Trade Vocational College, Guangzhou, Guangdong, China

**Corresponding author*

Abstract: *The article mainly introduces the application exploration and practice of blockchain technology in the field of digital commerce. Firstly, the basic concepts and characteristics of blockchain technology are introduced. Then, the application scenarios and practical cases of blockchain technology in the field of digital commerce are introduced. Finally, the challenges and risks of blockchain technology in the field of digital commerce are introduced.*

Keywords: *blockchain, digital commerce, application exploration, practice*

1. Introduction

With the robust growth of the global digital economy, blockchain technology has emerged as a pivotal force for innovation and transformation within the digital business sector, attributable to its distinctive advantages in security, transparency, and decentralization^[1-2]. The adoption of blockchain is not merely a technological overhaul; it represents a fundamental renewal of business models and managerial philosophies, challenging the very foundation of traditional commercial operations and offering novel mechanisms for inter-enterprise collaboration, value transfer, data sharing, and consumer engagement^[3-4].

In the tide of digital transformation, blockchain technology has demonstrated significant potential to automate commercial activities, enhance data security, and improve operational efficiency^[5]. Ranging from supply chain management to smart contracts, from digital currencies to distributed ledgers, blockchain is redefining the essence of business transactions. Its implementation not only strengthens the foundation of trust in commercial exchanges but also optimizes resource allocation, fostering broader industry collaboration and the construction of innovative ecosystems.

However, the integration of blockchain technology is not without impediments. Key issues such as technological maturity, scalability, regulatory compliance, and the disruption of traditional business processes must be addressed prior to its widespread adoption. Therefore, the article will also discuss the challenges faced in implementing blockchain technology, including technical constraints, security concerns, regulatory barriers, and the acceptance by the market and industry.

2. The basic concept and characteristics of blockchain technology

In recent years, blockchain technology has emerged as a focal topic within the global technology arena, offering not only innovative paradigms for data storage and transmission but also harboring the potential for disruptive transformations across numerous sectors. Firstly, comprehending decentralization is paramount to understanding blockchain. Traditional data management approaches often rely on centralized servers or databases for data storage and administration. In contrast, blockchain disperses data across every node in the network, substantially enhancing data security. Once data is inscribed onto the blockchain, it becomes immutable to any individual unless consent is obtained from over half of the network participants, ensuring the data's inalterability.

On the other hand, the consensus mechanism intrinsic to blockchain technology allows all network participants to achieve shared recognition or decision-making without the interference of a centralized third party. This not only expedites decision-making but also circumvents potential risks and costs associated with central entities. Moreover, all data on the blockchain is transparent, ensuring that every data operation is visible to all participants, thus bolstering system transparency.

These decentralized and immutable characteristics provide new solutions for a multitude of industries. For instance, the financial sector can leverage blockchain for cross-border payments and cost reduction in transactions; supply chain management can utilize this technology for product traceability and origin verification. Furthermore, fields such as copyright management, notarization, and real estate transactions all recognize the vast applicability prospects of blockchain.

In summary, through its distinct attributes of decentralization, security, transparency, and immutability, blockchain technology has instigated a digital revolution in modern society. Especially within the digital commerce sphere, its potential applications and inherent value are increasingly being recognized and explored by a growing number of industries and domains.

3. The application scenarios of blockchain technology in digital business

Blockchain technology has brought many innovations and advantages to digital business, providing a trusted, transparent, and unmodifiable data processing method that has changed many traditional business models and operational mechanisms. The following practical application cases can clearly show the value and potential of blockchain technology in digital business applications.

3.1 Digital currency transactions and settlement

Digital currency, as the flagship application of blockchain technology, has undeniably ushered in profound transformations within the economic and financial realms. The inception of Bitcoin not only challenged conventional monetary and payment systems but also pioneered a novel mode of value transfer. Traditional financial transactions are often hampered by various intermediaries, such as banks and payment companies, each of which can introduce time delays and additional costs. In contrast, digital currency transactions can be completed almost instantaneously, greatly enhancing transactional efficiency. Ethereum further broadened the scope of digital currency, not only serving as a means of value storage and exchange but, more importantly, introducing the concept of smart contracts. Smart contracts can be perceived as automatically-executed agreements; once the stipulated conditions within the contract are met, the corresponding operations are triggered without the necessity of third-party involvement.

Decentralized finance (DeFi) epitomizes a significant innovative application of digital currency. In traditional financial markets, activities like investing, lending, and trading necessitate the involvement of financial institutions, which frequently act as intermediaries and levy charges. The objective of DeFi is to establish a decentralized financial system, where all financial activities are executed based on smart contracts, substantially reducing costs and boosting efficiency. This implies that even individuals without bank accounts can access and leverage these financial services. They not only bring convenience to individual users but also unlock a world brimming with opportunities for enterprises and entrepreneurs. In the future, as blockchain technology further matures and finds more applications, the potential of digital currencies will be further realized.

3.2 Supply chain finance and logistics tracking

The application of blockchain technology in the logistics sector has inaugurated a novel chapter for entire supply chain management. Within the logistics process, products traverse multiple stages from producers to consumers, with each stage potentially harboring inaccuracies or omissions in information. Traditional methods of logistics tracking are often constrained by manual data entry, incompatibility between systems, and issues of data silos, resulting in the slow and imprecise conveyance of information. However, with blockchain technology, every movement of goods, storage changes, and transaction can be instantaneously recorded and encrypted. All participants can access this data, ensuring its authenticity and completeness.

Such transparency not only accelerates the circulation speed of goods but also substantially reduces risks associated with fraud, loss of goods, and erroneous deliveries. For instance, when a product encounters an issue within the supply chain, enterprises can swiftly trace the origin of the problem through blockchain's traceability function, thereby managing and addressing the issue more effectively. This significantly enhances consumer trust and minimizes the risk of brand reputation damage. On the other hand, manufacturers, logistics companies, distributors, and retailers can share a unified data platform, coordinating production and logistics plans in real-time, thereby enhancing the overall responsiveness and flexibility of the supply chain.

Blockchain technology introduces revolutionary changes to logistics and supply chain management. It not only elevates efficiency but also presents all participants with more authentic and transparent data, assisting them in making more informed decisions.

3.3 Digital identity certification and data management

Blockchain, as a distributed ledger technology, possesses distinctive advantages. In the realm of identity verification, the solutions it offers surpass traditional methods in terms of security and reliability. Conventional identity verification often relies on centralized institutions or third-party verification entities. Such methods present multiple vulnerabilities, susceptible to attackers seeking to steal or alter information. The decentralized nature of blockchain ensures that data is not under the control of a single node, and once written, it becomes virtually immutable.

Advancing further, blockchain technology enables cross-platform identity verification. Users, irrespective of the platform or application they are on, can utilize the same digital identity for verification, obviating the need for re-registration and verification on each platform. This greatly simplifies users' online experiences while ensuring the safety and privacy of their identities.

In summary, blockchain technology holds immense potential in identity verification and personal data management. With its decentralized, secure, and transparent attributes, it offers modern digital-era users a more secure, reliable, and convenient solution for identity validation.

3.4 Smart contracts and decentralized applications

The emergence of smart contracts and Decentralized Applications (DApps) has brought about revolutionary changes to modern digital transactions and application platforms. Their profound value stems from their fundamental characteristics on the blockchain: decentralization, transparency, security, and immutability.

A smart contract can be viewed as a programming protocol that defines specific conditions and rules. When these predetermined conditions are met, the contract automatically executes related actions, such as payments or data recording. It eliminates the need for manual review and enforcement found in traditional contracts, ensuring automatic, timely, and accurate execution. For instance, an online shopping platform can utilize smart contracts to ensure that once customers make payments, sellers will ship within a specified period. If not shipped within the allotted time, the payment will automatically be refunded to the customer. In conclusion, smart contracts and DApps introduce innovative transaction methods and application platforms for the digital economy era, offering users and businesses safer and more convenient solutions.

3.5 Business applications in the Internet of Things field

The application of blockchain technology in the Internet of Things (IoT) has entered a new era of innovation. The Internet of Things, as a technology connecting tens of billions of devices, generates a substantial amount of real-time data, which holds immense value for both enterprises and individual users. However, the management, storage, and security of this data often pose challenges, especially in this rapidly digitizing age.

Firstly, when confronted with the vast amount of data produced by numerous devices, ensuring the integrity and protection against misuse of this data becomes paramount. Traditional centralized data storage methods are susceptible to hacker attacks and data breaches. The decentralized nature of blockchain technology makes data storage considerably more secure, as any alteration to the information requires approval from the majority of nodes in the network. Furthermore, smart contract technology permits the execution of specific actions automatically upon meeting certain conditions, facilitating automated interactions between IoT devices.

Taking agriculture as an example, modern farming increasingly relies on advanced technologies, such as drones, sensors, and automated irrigation systems. These devices can monitor soil moisture, weather conditions, and crop growth in real-time, producing a plethora of data. With blockchain technology, this data can be securely stored and shared without concerns of tampering. When consumers purchase agricultural products, they can scan a QR code on the product using a smartphone, instantly accessing the complete production history, origin, and other relevant details of the product. Such transparency not only bolsters consumer confidence in the product but also encourages farmers to

adopt more sustainable and environmentally friendly farming practices.

In conclusion, the integration of blockchain technology and the IoT offers innovative solutions and business models for numerous industries, enhancing the security, transparency, and efficiency of data management. As both technologies continue to evolve, we can anticipate a plethora of application scenarios and business opportunities emerging in the future^[6].

4. Tractical cases of blockchain technology in digital business

Blockchain technology is being applied by more and more companies and organizations in digital business. This technology has brought revolutionary changes to the digital business field due to its decentralized, high security, high transparency, and traceable features. The following are some practical cases in digital business:

4.1 Cross-border payment and settlement areas

In the realm of cross-border payments and settlements, blockchain technology is progressively transforming traditional business models. The fundamental characteristics of decentralization, security, transparency, and immutability offered by blockchain establish a robust technological foundation. Compared to conventional cross-border payment methods, blockchain technology presents numerous advantages, significantly enhancing payment efficiency and reducing transaction costs.

Initially, traditional methods of cross-border remittance typically involve multiple banks and financial institutions, each stage of which can result in time delays and additional fees. For instance, a transaction remitted from China to the United States might need to be processed through several intermediary banks, each potentially charging a transaction fee. The entire procedure could take several days to finalize. However, with the support of blockchain technology, such transactions can be completed within mere seconds and at substantially reduced costs. Ripple, a payment protocol built upon blockchain technology, has been adopted by numerous international banks for real-time cross-border payments. With Ripple, parties involved in a transaction can confirm receipt of payments within seconds, substantially accelerating transaction speeds.

Blockchain technology can assist in instantaneous currency conversion. For example, Stellar, an open-source distributed payment infrastructure, facilitates the immediate exchange of any currency and digital asset. This implies that a user can make a payment in Chinese Yuan, and the recipient can receive it in US Dollars, with the entire conversion and payment process taking just a few seconds.

In summation, blockchain technology introduces revolutionary changes to cross-border payments. By minimizing intermediaries, elevating transaction speed and transparency, and ensuring transactional security and accuracy, this technology offers users and businesses a more efficient, cost-effective payment alternative. As more financial institutions begin to experiment with and adopt blockchain technology, the landscape of future cross-border payments is poised for further transformation.

4.2 Supply chain finance and logistics tracking areas

In the fields of supply chain finance and logistics tracking, blockchain technology is gradually altering traditional operational methods. Leveraging its decentralized, transparent, and immutable features, blockchain offers businesses real-time and accurate information on product transportation.

Take agricultural products as an example. From production and processing to the end consumer, a product undergoes multiple stages. In conventional supply chains, these stages might involve several companies and intermediaries, leading to information asymmetry, cumbersome procedures, and challenges in accurately tracing each phase. However, with blockchain technology, every stage of an agricultural product can be documented and verified. Producers, transport companies, storage entities, retailers, and even consumers can access this information^[6]. Once a phase is completed, the relevant data is recorded on the blockchain, immediately visible to all participants. This not only enhances the transparency of the entire supply chain but also aids all stakeholders in better planning and decision-making. Using conventional methods, it might take several days or even weeks to track the shipment. However, with blockchain, information about each stage, from dispatch, transit, customs clearance to final delivery, can be recorded and tracked in real-time. This not only offers companies greater efficiency but also significantly reduces the risks of goods being lost or damaged. As this technology continues to be adopted and becomes more widespread, the business models in supply

chain finance and logistics tracking are poised for further innovation and optimization.

4.3 Digital identity authentication and data management

In the digital age, the accuracy, integrity, and security of citizens' identity information have become especially pivotal. Traditional methods of identity verification and data management are plagued by a myriad of risks and challenges, such as data tampering, identity theft, and vulnerabilities in centralized databases. These issues have become increasingly pronounced in today's globalized and digitized world. Blockchain technology offers a unique and potent solution to these problems.

Take Estonia as an example. This Northern European nation stands as one of the leaders in digitalization and electronic governance. Estonia has harnessed blockchain technology to establish a digital identity system called "e-Residency." Through this system, anyone, regardless of their geographical location, can become an e-resident of Estonia and obtain a secure electronic identity. This identity can be used for signing documents, establishing companies, opening bank accounts, and more. Importantly, this system leverages the decentralized and immutable characteristics of the blockchain, ensuring that each individual's digital identity is unique, secure, and unalterable.

Identity theft is a grave concern in the contemporary world, inflicting financial and emotional harm on countless individuals. Blockchain technology addresses this issue by creating a unique, encrypted, and unalterable identity marker for each user. Such an identity marker is nearly impossible to replicate or counterfeit, significantly diminishing the risks associated with identity theft. Its decentralized nature, transparency, and immutability ensure the authenticity, integrity, and security of data, providing citizens and institutions with a more efficient and safer means for identity verification and data management. As this technology continues to evolve, we can anticipate an increasing number of industries and sectors to adopt blockchain to enhance their data management and identity verification efficiency and security.

5. Future prospects of blockchain technology in the field of digital commerce

With the rapid advent of the digital era, blockchain technology is increasingly recognized by the public and businesses alike. In fact, its applications extend far beyond the realm of finance. Numerous other digital businesses have commenced exploration into the potential uses of blockchain within their respective sectors. For instance, in supply chain management, copyright protection, real-time transactions, and the storage of medical health information, the attributes of blockchain are believed to enhance transparency, boost efficiency, and reduce fraudulent activities.

Inter-industry collaboration is also progressively taking shape. As digital technology converges with business, both established enterprises and start-ups are seeking partnerships. By pooling resources and expertise, they aim to jointly propel the application of blockchain technology. Banks, for instance, might collaborate with tech start-ups, employing blockchain technology to track and verify cross-border transactions, ensuring their authenticity and legality.

Governmental bodies and educational institutions have also begun to recognize the pivotal role of blockchain in the future economic landscape. Numerous countries have initiated research and support programs concerning blockchain technology, encouraging both enterprises and scholars to delve deeper into its intricacies. Concurrently, universities and research institutions worldwide are offering blockchain-related courses and research projects, nurturing the tech talents of tomorrow.

The widespread adoption and promotion of blockchain technology require collaboration and support from all stakeholders. As time progresses, we anticipate further technological breakthroughs and practical implementations, further fostering the role of blockchain in the domain of digital commerce. Undoubtedly, blockchain will cast a profound impact on the digital economic age, forging a future that is more transparent, secure, and efficient.

6. Summary

This article primarily explores the application and practices of blockchain technology in the realm of digital commerce. It first introduces the fundamental concepts and characteristics of blockchain technology, encompassing decentralization, security, transparency, and immutability. Subsequently, it details the application scenarios of blockchain within the digital commerce domain, including digital currency transactions and settlements, supply chain finance and logistics tracking, digital identity

verification and data management, as well as smart contracts and decentralized applications. The article then presents practical case studies of blockchain's deployment in digital commerce, encompassing areas like cross-border payments and settlements, supply chain finance and logistics tracking, digital identity verification and data management, smart contracts and decentralized applications, and commercial applications in the Internet of Things (IoT) domain. Lastly, the article touches upon the challenges and risks associated with applying blockchain in digital commerce, highlighting issues such as technological maturity and scalability, regulatory and compliance challenges, and concerns related to information security and privacy protection.

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