E-Commerce
What is E-Commerce?

- a wide range of online business activities for products and services.
- any form of business transaction electronically handled.
- create, transform, and redefine relationships between or among organizations, and between organizations and individuals.
Types of E-Commerce

- B2B
  - Business to Business
  - E-Commerce between companies
  - About 80% of e-commerce is of this type
  - IBM, Hewlett Packard (HP), Cisco and Dell
Types of E-Commerce

- **B2C**
  - Business to Consumer
  - involves customers gathering information, purchasing physical goods or information goods.
  - It is the second largest and the earliest form.
  - Amazon.com, Drugstore.com, Beyond.com, Barnes and Noble, ToysRUs, E-Trade and Travelocity.
Types of E-Commerce

- **B2G**
  - Business to Government
  - commerce between companies and the public sector.
  - the use of the Internet for public procurement, licensing procedures, and other government-related operations.
Types of E-Commerce

- C2C
  - Consumer to Consumer
  - electronic marketplaces and online auctions
  - vertical industries where firms/businesses can bid for what they want from among multiple suppliers.
  - three forms:
    - auctions facilitated at a portal, such as eBay
    - peer-to-peer systems, such as the Napster model
    - classified ads at portal sites such as Excite Classifieds and eWanted
What fuels E-Commerce?

- Economic forces
  - Economic efficiency
    - Reduction in costs
      - Communication infrastructure
      - Advertising and information sharing
      - Customer service alternatives
    - Faster and easier transactions
  - Economic integration
    - Corporation to corporation or department to department communication in virtual environment
What fuels E-Commerce?

- Market forces
  - Encouraged for marketing
    - Easier access to international markets, both big and small
  - With the internet as a medium
    - enhanced customer service and support
    - target consumers are provided with more detailed product and service information
What fuels E-Commerce?

- Technology forces
  - Development of ICT (information and communication technologies)
    - convergence of communication services into one single platform.
    - Communication is more efficient, faster, easier, and more economical
    - having only one information provider means lower communications costs
    - the principle of universal access can be made more achievable with convergence.
Advantages

- reducing the cost of doing business
- serves as an “equalizer”
  - It enables start-up and small- and medium-sized enterprises to reach the global market.
- makes “mass customization” possible
  - easy-to-use ordering systems
  - allow customers to choose and order products according to their personal and unique specifications.
Advantages

- allows network production
  - Contractors are easily contacted via computer networks
  - Assembly of products faster and more efficient
- easier access and transactions between those involved
- no time constraint, all transactions can be done at any time
Disadvantages

- Security issues
- Limited access for underdeveloped areas.
- Lack of skilled human resources.
- Limited availability of payment gateways (i.e. credit cards)
Components that make E-Commerce Work

- **Seller**
  - A corporate Web site with e-commerce capabilities
  - A corporate intranet so that orders are processed in an efficient manner;
  - IT-literate employees to manage

- **Transaction partners**
  - Banking institutions that offer transaction clearing services
  - National and international freight companies to enable the movement of physical goods
  - Authentication authority that serves as a trusted third party
Components that make E-Commerce Work

- **Consumers**
  - in a business-to-consumer transaction
    - a critical mass of the population with access to the Internet
    - Disposable income enabling widespread use of credit cards

- **Firms/Businesses**
  - in a business-to-business transaction
    - critical mass of companies with the capability to place and take orders over the Internet

- **Government**
  - A legal framework governing e-commerce transactions
Internet to E-Commerce

- The Internet allows people from all over the world to get connected inexpensively and reliably.
- It allows businesses to showcase and sell their products and services online
  - potential customers, prospects, and business partners
  - information about these businesses and their products and services is easily accessible
- e-commerce spreads rapidly
  - lower costs involved
  - based on open standards
*For e-commerce to grow, the above requisites and factors have to be in place.