Electronic commerce not only deals with buying and selling online but also "encompasses the entire online processes of developing, marketing, selling, delivering, servicing, and paring for products and services transacted on internetworked, global market places of customers, with the support of a worldwide network of business partners."

Management Information Systems by James A. O'Brien p. 162

E-Commerce: Key Terms

E-Commerce: is the front end of a web-based approach and is doing business over interconnected networks (the Internet) using Web-based technologies.

E-Business: is positioning the entire organization to function in the most effective way possible in support of an E-Commerce approach.

E-Commerce (continued)

Scope
- Business to Consumer (B2C)
- Business to Business (B2B)
- Consumer to Consumer (C2C)
E-Commerce (continued)
Electronic Payment Process

1. Electronic Shopping Carts
2. Electronic Funds Transfers
3. Micro-payment
4. Secure Electronic Payments

E-Commerce (continued)
B2C E-Commerce
- Selection and Value
- Performance and Service
- Look and Feel
- Advertising and Incentives
- Personal Attention
- Community Relationships
- Security and Reliability

E-Commerce (continued)
Success Marketplaces

E-Commerce (continued)
There are many factors that one has to take into consideration when dealing with E-commerce. Factors Include:
- Logical Business Strategies
- Organizational Structure (separate or integrate?)
- Essential Business Processes?
- B2B Emphasis?
- B2C Emphasis?
While 15% to 20% of business-to-consumer transactions have gone online, 80% of business-to-business transactions will be conducted online in six years.

The computer and telecommunications markets should become the largest online B-to-B markets in terms of sales, topping $1 trillion by 2005.

Four other industries—food and beverage, motor vehicle and parts, industrial equipment and supplies, and construction and real estate—are expected to exceed $500 billion within five years.

**B2B Commerce**

- Requires no business district.
- There are few entry barriers.
- Gains a full time global coverage.
- Web sites are relatively easy automation.
- Allows minimal or even no inventory.
- Can accomplish instant electronic distribution.
- Captures a wealth of customer data.

**The Skeptic**

If you can’t hear it, smell it, taste it, feel it, see it, hold it, measure it, compare it, or even try it, why would anyone want to buy it?

My guess is that 3% to 5% of people might buy a product through e-retailing, but that 70% of them would be dissatisfied with it.

M.W. Dippold, Rimrock, Ark.

**B2C**

The challenge and threat of Web-based business strategies.

**Example**

Vern Mastel  
Sales Manager  
Team Electronics  
Bismark, North Dakota

**B2C (continued)**

Has five employees and nearly 30 years in electronics retailing.  
Used to fight the mail-order catalogs.  
Now fights both the mail-order and Internet retailers.  
“There isn’t a product that I sell that can’t be found cheaper and in greater quantity in a mass merchant, mail-order or Internet retailer.”  
In today’s market, inventory control is the difference between survival and going out of business.
B2C (continued)

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“...”

B2C (continued)

- “I do not dare stock in depth or in quantity because of the extremely short life span of products. Many models have a life span of 3 to 6 months.”
- Customer loyalty is at rock bottom. With so many places to buy the same products, the only criteria that really matters is price.
- We used to average five shoppers to one buyer.
- Now the average is about 25 shoppers to one buyer.
- Small brick-and-mortar stores have the worse to fear. Many of us will not be in business in five years.

B2C (continued)

1996 brought the birth of B2C on the Internet.
1997 saw it sit up.
1998 was the year that e-commerce began to crawl, warts and all, into the mainstream consumer consciousness.
1999 was the year that B2C finally took off.
2000 was the year reality set in.

B2C (continued)

- Increase customer loyalty.
- Decrease time-to-market for new products.
- Reach customers in the most cost-effective way with targeted offers.
- Reduce costs per transaction substantially.
- Reduce customer service costs substantially.
- Reduce customer service time appreciably.
- Increase profitability.

Communities

There is really something quite powerful and valuable behind the concept of online community, provided it is used to support a real business objective.

Collaboration arrangements and trading services supported by E-mail, chat systems, and forums, ...

It is a mistake to believe that the community is a business model unto itself.

Internet communication is considered an important dimension in pursuing B2C opportunities via the Internet.

“Has there ever been an Internet buzzword that has been more abused or confused than community?”
Communities (continued)

1. Community is not an end in itself.
2. It needs to be attached to a working business model.
3. You need to give people a reason to participate.
4. If they see a clear value they will do so.
5. If everything works as planned, customer acquisition costs should be reduced and customer retention rates should increase.