

E-Business Modules
Electronic Commerce Categories

Category	Description	Example
Business-to-consumer (B2C)	Businesses sell products or services to individual consumers.	Walmart.com sells merchandise to consumers through its Web site.
Business-to-business (B2B)	Businesses sell products or services to other businesses.	Grainger.com sells industrial supplies to large and small businesses through its Web site.
Business processes that support buying and selling activities	Businesses and other organizations maintain and use information to identify and evaluate customers, suppliers, and employees. Increasingly, businesses share this information in carefully managed ways with their customers, suppliers, employees, and business partners.	Dell Computer uses secure Internet connections to share current sales and sales forecast information with suppliers. The suppliers can use this information to plan their own production and deliver component parts to Dell in the right quantities at the right time.
Consumer-to-consumer (C2C)	Participants in an online marketplace can buy and sell goods to each other. Because one party is selling, and thus acting as a business, this book treats C2C transactions as part of B2C electronic commerce.	Consumers and businesses trade with each other in the eBay.com online marketplace.
Business-to-government (B2G)	Businesses sell goods or services to governments and government agencies. This book treats B2G transactions as part of B2C electronic commerce.	CAL-Buy portal allows businesses to sell online to the State of California.

Advantages of Electronic Commerce

Firms are interested in electronic commerce because, quite simply, it can help increase profits. All the advantages of electronic commerce for businesses can be summarized in one statement: Electronic commerce can increase sales and decrease costs. Advertising done well on the Web can get even a small firm's promotional message out to potential

customers in every country in the world. A firm can use electronic commerce to reach small groups of customers that are geographically scattered. The Web is particularly useful in creating virtual communities that become ideal target markets for specific types of products or services. A virtual community is a gathering of people who share a common interest, but instead of this gathering occurring in the physical world, it takes place on the Internet.

Advantages:	<ul style="list-style-type: none">◆ Electronic commerce provides buyers with a wider range of choices than traditional commerce.◆ Electronic commerce provides buyers with an easy way to customize the level of detail in the information they obtain about a prospective purchase.◆ Electronic payments of tax refunds, public retirement, and welfare support cost less to issue and arrive securely and quickly when transmitted over the Internet.◆ Electronic payments can be easier to audit and monitor than payments made by check, providing protection against fraud and theft losses.◆ Electronic commerce can also make products and services available in remote areas.
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Disadvantages of Electronic Commerce

Some business processes may never lend themselves to electronic commerce. For example, perishable foods and high-cost, unique items, such as custom-designed jewelry and antiques, may be impossible to inspect adequately from a remote location, regardless of any technologies that might be devised in the future. Most of the disadvantages of electronic commerce today, however, stem from the newness and rapidly developing pace of the underlying technologies. These disadvantages will disappear as electronic commerce matures and becomes more available to and accepted by the general population.

Disadvantages:	<ul style="list-style-type: none">◆ Return-on-investment is difficult to calculate.◆ Many firms have had trouble recruiting and retaining employees with the technological, design, and business process skills needed to create an effective electronic commerce presence.◆ Difficulty of integrating existing databases and transaction-processing software designed for traditional commerce into the software that enables electronic commerce.◆ Many businesses face cultural and legal obstacles to conducting electronic commerce.
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