E–Commerce
What is it?
E-commerce is short for ‘Electronic Commerce’

It simply means buying and selling goods using the Internet
Traditional Commerce vs. E-Commerce

Similarities
• Both aim to deliver a valued product or service
• Both want to serve a large audience
• Both strive to quickly deliver products and services

Differences
• E-commerce customers expect shorter fulfillment time
• E-commerce customers must understand Web-based technologies
• E-commerce provides a global audience
• E-commerce orders are processed without human interaction or travel to a store location
• E-commerce relies upon encryption for security
Using E-commerce gives businesses access to customers all over the world. This is known as ‘The global market’ which is reached by means of a website.

Although E-Commerce tends to be thought of mainly to do with shops, it actually covers a large range of other services: you can order concert tickets, book a hotel or a last minute holiday, reserve and pay for a movie or a restaurant and so on.

Make a list of websites you or your family frequently use to make purchases. Compare your list with the list of a partner.
Now look at this chart and see what happens:

**Disintermediation**

**Definition**
Shortening the value chain, especially concerning soft-goods (music, software, ...) Lowers customer prices: Get products *cheaper*.

⇒ Reduces costs for producers and customers.

**Mediators**

Producer  Wholesale dealer  Retailer  Consumer

Disintermediation

Producer  Internet  Consumer
Divide into four groups. Each group is given one of the following topics to discuss.

What do you think are the **advantages** for businesses of using E-Commerce? Make a list.

What do you think are the **advantages** for Customers of using E-Commerce? Make a list.

What do you think are the **disadvantages** for businesses of using E-Commerce? Make a list.

What do you think are the **disadvantages** for customers of using E-Commerce? Make a list.
Advantages of E-Commerce for a business

- Access to the global market means the business will be better known
- A business using e-commerce can get ahead of its rivals
- Lower start-up costs
- Savings on expensive showrooms
- Reduced advertising costs
- Quick response to customers
- Business is open 24/7
Advantages of E-Commerce for customers

- Customers have a huge range of goods to choose from
- They can ‘shop around’ the ‘web’ for the best bargain
- Internet prices are often lower than in shops
- Customers can shop from the comfort of their own home ’24/7’
Disadvantages of E-Commerce for a business

- Being part of the global market means the business is in competition with lots of others.
- Designing and keeping the website up-to-date is expensive and requires specialists.
- Market research needs to be very detailed to meet the needs of customers in such a wide market.
- You can’t physically see customers.
- Packing and distribution of products can be very costly and involve long distances.
- Not all the businesses target customers have access to the internet.
Disadvantages of E-Commerce for customers

• Customers need to own or have access to a computer and be on-line and know how to use the Internet

• Loss of social contact and the excitement of shopping with friends

• It is not easy to assess the quality and suitability of many products on the screen

• Inconvenience of returning unwanted goods

• You need to be at home to receive large or valuable parcels

• Customers usually have to have a credit card to make Internet purchases

• Security risks of buying on-line
How can you define E-Commerce?
How do companies benefit from the Internet?
How do customers benefit from e-commerce?
Are there any disadvantages for companies and customers?

Write a short paragraph on the topic.