**E-commerce**

E-commerce is the practice of conducting business transactions electronically.

**Unique features of e-commerce as commercial media**

1. ***Ubiquity***

Anyone from anywhere, using the internet and web technology can access the market.

**Effects**

* ***Enhanced*** customer ***convenience***, they don’t ***have to be*** at the ***physical*** store to make a transaction.
* ***Reduces*** transactions costs, usually goods ***imported*** have a ***markup cost*** added. So purchasing it directly from the source ***may*** be cheaper, instead of a reseller firm.
* ***24/7*** business hours, customers can shop ***anytime of the day*** using the company’s website.

1. ***Global reach***

Firms now have the ability to access markets ***outside*** their geographical ***limit***.

**Effects**

* ***More*** customers means ***higher*** sales revenue.
* ***Customers*** have access to ***wider*** range of products and services.
* However firms have to ***deal*** with ***international*** competition.

1. **Universal standards**

Refer to the **internet** and ***technological*** requirements ***accepted*** and ***used*** by different ***stakeholders*** involved in electronic ***transactions***.

**Effects**

* ***Different*** computers ***involved*** in electronic transactions can easily ***communicate*** with each other.
* ***Lower market-entry costs***, firms can easily obtain universal standard resources. E.g. web servers, computers.

1. ***Richness***

Online platforms have the ability to provide interactive, immersive and complex content e.g. images, video, music, text.

**Effects**

* Able to convey more ***detailed*** information or messages to a large customer-based simultaneously.

1. ***Interactivity***

How the technology facilitates or enables interactions with the user.

**Effects**

* Customer can participant in the delivery of goods and services to the market.
* Website features such as live chat, chatbot, etc. enables dynamic communication with customers. Obtaining instant assistance, information, etc. based on the customers needs.

1. **Personalization –**

Technology enables firms to send custom or personalized messages to individuals or groups.

**Effects**

* **Improves** customer intimacy, through personalized messages.
* Products and services can be ***customized*** to individual’s ***preferences***.

1. **Social technology**

Support ***user*** ***generated*** content and ***social networking***.

**Effects**

* Able to ***create*** or ***host*** dynamic content ***without*** the firms’ involvement.
* ***Communities*** are created around product and service ***discussions***.

**Effects of the internet on the marketplace**

1. **Reduces information asymmetry –** customers can now make more ***informed*** decisions on purchases, because they have access to product information, costs of producing, substitutes, etc.
2. **Reduces advertising costs of firms –** the internet ***allows anyone from anywhere*** to ***see*** products and services ***offered*** by a firm.
3. **Greater price discrimination –** for example, firms can set different prices on products for online-buyers and physical-buyers.
4. **Lower menu costs –** the cost incurred when a firm changes the prices of a product.
5. **May increase or decrease switching costs**
6. **Increased market segmentation.**

**Benefits of e-commerce**

* ***24/7* *business hours*** – customers can shop online anytime of the day.
* ***Enhanced speed of access***
* ***International reach***
* ***Easy accessibility***
* ***Customers have access to wide range of products.***

**Downsides of e-commerce**

* ***Customers are unable to physically see the product before purchase.***
* ***Customers may fail victim to credit card theft or fraud.***
* ***Waiting time for product shipping.***

**E-commerce application and technologies**

Technologies:

* Mobile commerce (***m-commerce***)
* Electronic funds transfer (***EFT***)
* Supply Chain Management (***SCM***)
* Electronic Data Interchange (***EDI)***
* Automated Data Collection System

Applications:

* Emails, online catalogs and shopping carts, web services, file transfer protocol, etc.

**Major types of e-commerce**

* **Business-to-consumer (BSC) –** business transactions taking place ***between*** the firm and the consumer e.g. www.nanodog.net
* **Business-to-business (B2B) –** financial transactions between **two** businesses i.e. the supplier and the retailer e.g. Metro Namibia and Shoprite.
* **Consumer-to-consumer (C2C) –** when ***consumers*** sell their goods (used or unused) to other ***consumers*** e.g. facebook.com

**E-commerce business models**

Are the different ***strategies*** or an approach used by a firm to conduct online business transactions.

* **E-tailer –** an online retailer that sell their ***physical*** goods to customers.
* **Content provider –** conducts business by providing video, music, images, news, etc. to customers.
* **Market creator –** provides a platform where buyers and sellers can meet.
* **Community provider –** provides a platform where people with similar interest can communicate and share useful information.

**E-commerce revenue models**

Are strategies or an approach used by a business to generate revenue from conducting business electronically.

* **Advertising revenue model –** to make a customer-base aware of the products or services of another business.
* **Sales revenue model –** business obtain revenue by the sale of products, services or information to customers.
* **Subscription revenue model –** the business offers customers access to a product, features of product or services, in exchange for a monthly payment.
* **Free/Premium revenue model –** provides the customer access to a product for free, however if they want additional features they would have to pay a price for it.
* **Transaction fee revenue model –** a company is based a fee for enabling or facilitating a transaction.
* **Affiliate revenue model –** a website refers or sends their users to another website in return for a referral fee.

**Electronic data interchange (EDI)**

The act of ***sending*** and ***receiving*** business documents ***between*** trading partners ***via*** the use of ***computers*** i.e. ***computer-to-computer***.

**Net marketplaces (e-Hubs)**

Is a ***single*** marketplace based on ***internet technology*** for ***large*** ***amount*** of buyers and sellers.

Characteristics:

* ***Owned*** by the ***industry*** or independent intermediary.
* Usually ***generate*** ***revenue*** from ***transaction*** ***fees*** or other services.
* Use prices determined by negotiation, auction or fixed prices.
* May be ***focus*** on ***direct goods*** (used in ***production*** process)

**Exchanges**

**m-Commerce**

Refers to the buying and selling of goods via mobile devices.