Chapter 10
E–Commerce

Abstract

There are many ways for a small business to interact with current or potential customers. E-commerce represents the most current communications channel which is supported by leading edge technology in the form of the Internet. The communication between a business and customer is referred to as Business to Customer (B2C). This communication may occur at various levels of interaction. At a very basic level a business web site may simply present a description of its products and services in the form of an electronic catalogue. More sophisticated E-commerce applications will conduct sales and provide follow-up services for customers. The advantages of implementing E-commerce outweigh the disadvantages. However, small business adoption may be restricted due to limitations of resources such as time, skills, and finances. The focus of this chapter is Business to Consumer (B2C). As a small business matures it will tend to incorporate more sophisticated aspects of E-commerce and pass through four stages – Presence, Portals, Transactions Integration, and Enterprises Integration.

INTRODUCTION

E-commerce involves the sale of products and services via the Internet. The unique properties of the Internet facilitate a variety of E-commerce models.

E-commerce allows small business to be in virtual contact with any one from anywhere at any time. The customer relations component of the value chain is improved through using E-commerce. Sales may be completed faster. Post sales service may be related to the specific customer and their purchases.

Security concerns may be addressed by establishing specific user accounts with passwords. A response to telecommunications concerns could be the adoption of encryption techniques for data exchanged via communications networks.

Internet use and E-commerce is expanding. Small business adoption of E-commerce will be facilitated by three considerations. The goals of the small business should relate to the benefits created by using E-commerce. Senior management should be knowledgeable about E-commerce and enthusiastic about its adoption. Further, employees should possess sufficient knowledge to be able to implement and use a specific E-commerce application.

This chapter is organized as follows. To begin, the context of E-commerce is described. The Internet forms the base for any E-commerce application. The benefits of the Internet all businesses to be able to better communicate with the market in general and with specific customers. Then, the four stages of E-commerce use are described. These stages relate to the E-commerce dimension of the Balanced Maturity Framework described in more detail in Chapter Thirteen. Various categories of E-commerce are then presented. The focus of this chapter is on Business to Consumer (B2C). Next, advantages and disadvantages of E-commerce are listed. Not that the advantages far outweigh the disadvantages. Then the chapter reports on a series of projects which investigated various E-commerce issues. These issues range from increasing customers, improving customer service, pursuing a differentiation competitive strategy, and inhibiters of E-commerce adopt. Finally, organizational slack is identified as a positive contributor to the adoption of E-commerce. Organizational slack allows managers and employees the time to investigate alternative technologies and how they may be applied to the specific small business. Unfortunately, small businesses tend to not possess slack. Thus, small business will innovate within the restrictions imposed by limited resources of time, skills, and finances.

ELECTRONIC COMMERCE

The Internet is an extensive network of computer networks. Computers on local business networks can be connected to the Internet.

"The computers and organizational nodes on the Internet can be of different types and makes. They are connected to one another by data communications lines of different speeds. The primary network connections and telecommunications lines that link the nodes are referred to as the backbones. For the Internet, the backbone is a fibre-optic network that is operated primarily by large telecommunications companies.

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