

## E-commerce

E-commerce is the use of the Internet and email to buy, sell and market products. It has grown in use considerably in the last five years, though it still makes up a surprisingly small part of the whole retail market (less than 5% for most retail segments).

Businesses are increasingly under pressure to provide an e-commerce aspect to their business – particularly those that sell to consumers (known as “B2C” or “Business to Consumer”). This is normally in the form of a website and certainly email.

A website can be used to provide information on the product/business, or provide a place where sales can be made. If sales are required then there needs to be a link to a warehouse for goods, so despatch can be made.

## Costs and benefits of using e-commerce

The main costs of using e-commerce for a business are:

- Expense of setting up and maintaining the website – staff will need to be trained to run the site especially if it is to be used for online purchasing.
- Businesses have become exposed to more fraud or hacking into their site.

The benefits for a business of using e-commerce are:

- Using websites to advertise more widely.
- Small business can access wider than local markets.
- Can market directly to past customers via email.
- Selling to larger markets.
- Reduces cost of sales (especially through purchasing online).
- Attracts new customers.

Businesses can therefore improve their productivity and competitive edge through the use of e-commerce. However the business fundamentals must also be in place as e-commerce is only one element in the whole business mix. These fundamentals are the key functions of the business working well e.g. a good production and distribution network.

There are a number of issues that have arisen from the use of e-commerce:

- ▶ **Consumer protection** – giving information over the Internet by customers has led to potential situations of abuse of the information. Customers have become reluctant to give out credit card information, despite the protection offered by both the business involved and the credit card company.
- ▶ With greater reliance on e-commerce there is a danger that more traditional forms of shopping will become obsolete, meaning loss of jobs and also a loss of culture. Traditional markets and High Streets may be lost.
- ▶ **Spam email** is becoming an intrusion into the household beyond the normal junk mail coming through the letterbox. Emails and e-commerce are much harder to control by the law and

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therefore unscrupulous companies may be able to take advantage of less knowledgeable and more easily manipulated consumers (especially those of school age).

To counter these problems a business which is going to use e-commerce needs to:

- ▶ Make sure it has a secure system which does not endanger the personal rights of it's customers
- ▶ Act in a socially responsible manner towards it's customers

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