

E-Business and E-Commerce Models and Components

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e-Business and e-Commerce

E-Commerce is short for electronic commerce, and is the buying and selling of goods and services over the internet (Rouse, 2018). Many often may use the terms e-Business and e-Commerce interchangeably, but to do so would be incorrect. E-Commerce is in fact a subset of e-Business (Khurana, 2020). E-Business is a term which encompasses any form of business, or transactions, conducted online (Khurana, 2020). E-Commerce consists of the act of selling products or services online, through a website, e-cart system, or through use of electronic payment platforms. E-Commerce also includes anything involved in shipping those goods bought and sold online (Khurana, 2020). For many businesses which maintain a physical presence, selling online can be a serious game-changer and can enable their business to gain national or international attention and popularity. E-Business encompasses additional elements necessary to maintaining an online presence, such as email marketing, inventory tracking, implementation and use of a content management system to administer the business website, and any online apps or tools which may include applications or support forums (Khurana, 2020).

e-Commerce Business Models

There are six types of e-commerce business models, to wit; business-to-business (b2b), business-to-consumer (b2c), consumer-to-consumer (c2c), consumer-to-business (c2b), business-to-administration (b2a), and consumer-to-administration (c2a) (Fernandes, 2014). In this context, the term administration is used in the model to mean electronic transactions conducted which involve public administration, such as education, social security, the internal revenue service, and health care (Fernandes, 2014). Perhaps the most cognizable model is the business-to-consumer model. Prime examples would be Costco.com, BestBuy.com, or Amazon.com. Through these websites, Costco, BestBuy, and Amazon conduct retail trade in a traditional fashion (Fernandes, 2014). Some serious advantages emerge when using B2C e-Commerce, namely, more product information is readily available to consumers, product costs are lower since administrative overhead is lower, and purchases can occur at anytime of the day or night (Fernandes, 2014).

A second model which is important to review is the consumer-to-consumer model. An outstanding example of a business effectively employing the C2C model of e-Commerce is eBay.com. eBay is a company which facilitates transactions over the internet of goods between consumers (Fernandes, 2014). Simply creating an online account is all that is needed to begin selling or buying goods on eBay. eBay has a ratings and review system incorporated into their e-Commerce platform that allows purchasers and sellers to review each other on various metrics such as transaction efficiency, promptness, transaction fluidity, and communication. This particular model of e-Commerce has greatly aided individuals who may desire to operate a resale business or even just in selling off used items in their house at a price beneficial to both parties.

A third model that has greatly contributed to enhancing the public good is consumer-to-administration e-Commerce. Any form of e-Commerce that involves administration deals with distance-learning, exchange of information with institutions of education, social security payment or distribution, e-filing tax-returns, making payments to the internal revenue service, scheduling health care appointments, paying health care payments online, or receipt of public health information (Fernandes, 2014). Each of these are distinct examples of how the public is benefiting from C2A e-Commerce. According to Fernandes (2014), C2A e-Commerce has

greatly contributed to efficiency and easy usability of government services provided to citizens and that is right on target, because gone are the days of receiving paper statements, writing and mailing a check, and we welcome the present age and how bills can be set on auto-pay and transactions can be scheduled electronically; all of this thanks to C2A e-Commerce.

e-Commerce Business Model Scenario

Of the three e-Commerce business models previously examined, the business-to-consumer (b2c), consumer-to-consumer (c2c), and consumer-to-administration (c2a), there are scenarios when that particular model becomes most advantageous to employ, and circumstances when another model would clearly be better. For each, I will identify a key question which must be answered to ascertain which model fits the circumstance best (Big Commerce, 2020). First, consider who the customer is (Big Commerce, 2020). If a business desires to sell individual packages of Tic Tac's breath mints, then the best e-Commerce business model would be business-to-consumer. Of the six e-Commerce models, business-to-business would be the worst because retailers would not be able to markup the individual Tic Tac breath mint packages enough to become profitable. If the wholesaler desired to market their product to businesses and follow a business-to-business model, they would need to package them to be sold in bulk to retailers such that the retailers could sell them individually to consumers at a profit.

When considering the consumer-to-consumer e-Commerce business model, a great question to consider is your own capabilities (Big Commerce, 2020). If, as an individual you're capable of maintaining products in storage and then devoting the necessary time and resources to selling them and managing the clients and shipping needs, a consumer-to-consumer model may be appropriate. A great example of this would be an adult with a full-time job who has childhood collectibles he/she desires to sell over eBay to bring in additional income on the side. Possibly, a poor example for use of this model would be an unemployed individual with a particular skill for hand-painting military model tanks with exquisite skill and also possessing the ability to mass-produce the models. In this instance, the consumer-to-business C2B model would be more appropriate. As seen in this illustration, knowing your own capabilities is particularly important.

Government and third party companies which interface with government services are utilizing e-Commerce more and more these days. The benefits are clear and government/administration can either interface with consumers or businesses. A great use-case for consumer-to-administration is the service TaxAct.com. TaxAct makes it possible for individuals to pay to e-File their Internal Revenue Service Form 1040 tax returns. To aid in distinguishing the ideal e-Commerce model, the company's positioning can be audited (Big Commerce, 2020). As an excellent example of using this question to guide the choice of e-Commerce business models, let us consider the USFCR. The USFCR, US Federal Contractor Registration system, is a system for award management registration and is required for businesses to do federal contracting and for nonprofits to receive grants (USFCR, 2021). It is used to help businesses streamline federal sector onboarding and to win contracts (USFCR, 2021). Clearly, by analyzing the positioning, the decision is clear, the best model would be the business-to-administration e-Commerce model and not the consumer-to-administration model.

Information Technology Components

For each of the three e-Commerce business models previously discussed, the business-to-consumer (b2c), consumer-to-consumer (c2c), and consumer-to-administration (c2a), certain information technology components are required to enable full functionality. The business-to-consumer e-Commerce model requires selling products over the internet and other specific IT components such as electronic funds transfer and inventory management systems (Rahman, 2014). Electronic funds transfer, or EFT, permits websites to charge against credit cards or a checking account via the automated clearing house (ACH). Inventory management systems are necessary to ensure that more product is not sold than is available (Rahman, 2014).

Under the consumer-to-consumer e-Commerce business model, additional information technology components are required, such as content management systems and user review and rankings systems (Rahman, 2014). Consumer-to-consumer models particularly need these systems because the intermediary or marketplace provider must have automated means to manage client interactions to be successful, and this requires information technology to be effective. The content management system allows the marketplace provider to have a method of data entry and listing creation and management for the sellers to use in order to create their listings. Similarly, the marketplace provider will need a user review and ranking system to organically guide good buyers to good sellers. If buyers and sellers are able to review each other, then the marketplace needs less human moderators and buyers will naturally purchase from sellers with better peer ratings and reviews.

Consumer-to-administration e-Commerce needs very particular information technology, namely secure-socket-layer (SSL) encryption and electronic data interchange (EDI) (Rahman, 2014). Any e-Commerce model which plans to involve administration and access to government systems or services will certainly require enhanced encryption standards and information technology components to secure the communication from end to end, and SSL does just that. A second information technology component required in C2A e-Commerce is electronic data interchange. In days gone by, standardized forms were needed to ensure the efficient exchange of information. In this day in age, EDI is used electronically to ensure that computer-to-computer exchanges of business documents and data are done in a standard electronic format (Open Text Corp, 2021). As has become evident, information technology is critical to successful employment of e-Commerce models.

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