

The Digital



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Electronic Commerce: Briefing Paper

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Electronic commerce has created an altogether new business model that maximizes the potential for instantaneous communication to a worldwide customer base. There are three kinds of EC transactions: business-to-consumer (B2C), business-to-business (B2B) and consumer-to-consumer (C2C). The combination of EC combined with the power of intelligent networking has created a vast global playing field where buyers and sellers from many different countries are free to participate.

Business-to-Consumer EC

Business-to-consumer EC involves selling products and services directly to consumers via the Internet. B2C comes in two general formats, traditional retail sales (e.g., Target,

L.L. Bean, Macy's, etc.) and those companies whose primary business model depends on the Internet as the basis for retail trade (e.g., Amazon.com, Zappos, Dell Technology, Apple Music etc.). The EC merchant, in turn, is willing and able to provide prospective customers with 24/7 hour technical support capability as well as the ability to track the status of their package delivery via the Internet (e.g., Federal Express, UPS, etc.)

Business-to-Business EC

Business-to-business EC involves on-line communication between businesses for the purpose of selling products and services as well as providing information exchange and technical support. B2B dramatically changes the structure of the traditional business supply chain which normally consists of raw material suppliers, a manufacturer, distributor and retailer. Any one of these parties can now transact with any other via an *Intranet exchange*; that is, private internal web communication. Information flows in all directions between various members of the supply chain. Moreover, any one of these parties can also transact with the customer directly. The so-called middlemen (i.e., distributors and retailers) become less important to the direct delivery of goods and services.

Consumer-to-Consumer EC

C2C EC involves the exchange of goods, services and information directly between consumers. EC websites like eBay, Craigslist, Uber and Airbnb provide opportunities for consumers to display and sell anything from consumer electronics to personal lodging rental. C2C also includes the exchange of information through Internet forums that

appeal to special interest groups. Through these forums, buyers do more than consume product information. They help generate useful information, which in turn can influence and facilitate purchasing decisions. Consumer ratings becomes especially important for sharing economy services like Airbnb, Uber and Lyft and Vacation Rental by Owner to name only a few. This becomes an important reason for advertising on social media websites. In sum, the Internet has created a virtual community of users throughout the world equally capable of buying and selling on-line as well as providing useful commentary and support information.¹

Information Search

Whether it's obtaining background information about a vacation destination spot using Expedia or comparing prices about a potential car purchase using Kelly Bluebook, EC is about information exchange. In short, consumers need information before they can make an informed buying decision. The need to search out information is the primary reason why people go on-line and use the Internet. By the late 1990s, the Internet had become the wild, wild west of communication. With so many newcomers, and given the increasing complexity of host sites and information content, there was an obvious need for search directories that would help organize and give direction on the Internet. Companies like Yahoo and later Google came along and steadily filled that immediate need.

Internet Marketing

The Internet has become an integral part of any marketing and public relations strategy for companies looking to promote their products and services. Virtually all major businesses, government and nonprofit organizations maintain a website. A well-designed website has become an essential marketing and public relations tool. An effective organizational website provides the user with:

1. contact information
2. a directory to personnel, professional staff and sales contacts
3. a description of products and service offerings
4. current news information and press releases
5. investor relations, including a copy of the company's annual report
6. information items, including reports, conference slide presentations, URL links

Micromarketing and Personalization

The mass media revolution is undergoing a reversal. Instead of identical messages being disseminated to millions of people, the power of intelligent networking permits the delivery of electronic messages to the specialized or unique needs of the individual.² This has proven especially true in the area of the Internet and marketing communication. More and more, we are witnessing the demassification of media and entertainment product made possible by Internet and intelligent networking. For marketers, the steady shift from mass to micromarketing is being driven by a combination of technological change as well as strategic opportunity. From smart phones to music steaming, consumers now have the ability to compile, edit and customize the media they use. Broadcast television and large-circulation newspapers

are no longer seen as the primary or best means of advertising to smaller niche audiences. The lessons of cable television have underscored the importance of narrowcasting. But even cable television has its limits as a medium of communication. More and more companies are using the Internet to communicate and personalize the information exchange between the advertiser (or retailer) and the end consumer. The Internet's interactive capability changes the basic relationship between the individual and media, challenging marketers to shift their emphasis from persuasion to relationship building: As communication channels continue to proliferate and fragment, successful media firms will have to focus on engaging consumers, rather than on traditional systems of distribution or types of media content.³

Endnotes

- ¹ Richard Gershon, *Digital Media and Innovation: Management and Design Strategies in Communication*, (Thousand Oaks, CA: Sage, 2017).
- ² Richard A. Gershon, Intelligent Networks and International Business Communication: A Systems Theory Interpretation. *Media Markets Monographs*. No. 12. (Pamplona, Spain: Universidad de Navarra Press, 2011); Phil Napoli, *Audience Evolution: New Technologies and the Transformation of Media Audiences*. (New York: Columbia University Press, 2011).
- ³ Keith Quesenberry, *Social Media Strategy*, 2nd ed., (New York: Rowman & Littlefield, 2019).

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