Learning Objectives

Upon completion of this unit, students should be able to:

1. Explain the difference between a traditional social network and an online social network.
2. Clarify the difference between a social network and a portal.
3. Describe the different types of social networks and online communities and their business models.
4. Portray the major types of auctions, their benefits and costs, and how they operate.
5. Reveal when to use auctions in a business.
6. Depict the potential for auction abuse and fraud.
7. Describe the major types of Internet portals.
8. Explain the business models of portals.

Unit Summary

This unit will concentrate on several very unique topics: B2B commerce and portals, auctions, and communities. Although we have focused on B2C commerce in previous lessons the same concepts apply to the B2B marketplace. The Internet is allowing businesses to locate suppliers, acquire goods and complete transactions.

B2B commerce has a long history that precedes individual consumer use of the Internet. The first stage of B2B commerce was the automated order entry system, which was used to send orders for supplies over telephone modems. In the 1980s, electronic data interchange (EDI) began which allowed from computers to communicate with one another. Information could be shared and shored. B2B electronic storefronts were developed in the 1990s began the web presence and provided an accessible catalog of goods. Electronic storefronts transitioned into Net marketplaces as the capabilities and extent of the Internet expanded. Some of the benefits of B2B commerce include: lower administrative costs, lower, search costs for buyers, reduced inventory costs, lower transaction costs, improved quality, decrease in product cycle time, increase in opportunities for collaboration, and greater price transparency.

Now, we will switch our focus to portals, auctions, and online communities. Portals provide pathways to information and interesting content as well as email and search capabilities. These sites are usually the first page that is viewed once a consumer logs onto the web and is visited frequently. In general portals provide navigation, commerce and content services. Enterprise portals provide employees access to human resources and corporate information.

Auctions allow for C2C commerce online. The introduction of eBay has allowed for individuals to sell goods to other individuals. As with traditional auctions, pricing is dynamic and depends directly on the demand for the product.
Auctions are beneficial because they provide liquidity, price development, price transparency, market efficiency, low transaction costs, and consumer aggregation. There are also several risks and costs associated with auctions. For instance, there is a delay in consumption costs. Products are not purchased and receive right away. In some cases, the consumer may not know if the auction was ‘won’ for days. Auctions also require time dedicated to monitoring the bidding. The costs of owning a computer system and internet access as well as the costs of packaging and shipping costs are paid by the consumer.

The final component of this unit is online communities. A virtual community is an online area where people can share ideas and communicate. These ‘areas’ can take on the following forms: a forum for posting and discussion, a chat room, content, and emails. Sites such as MySpace, Facebook and Flickr can be divided into groups with common interests to correspond with one another. Types of online communities include general communities, practice communities, interest communities, affinity communities, and sponsored communities. These communities can be commercial and noncommercial.