Learning Objectives

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

1. Describe the basics of business-to-business commerce – what firms buy and how – and learn how the process can be streamlined through online systems.
2. Identify the evolution of e-commerce, from electronic data interchange to the adoption of online technologies to enhance procurement, supply chain and basic information gathering processes.
3. Recognize how business-to-business e-commerce can decrease costs and improve efficiencies in acquiring customers, developing new products, managing inventory and structuring order and re-order systems.
4. Compare how Internet systems can aid procurement processes for direct and indirect materials as well as vendor services.
5. Recognize the power of incumbent marketplaces as new business-to-business e-commerce opportunities arise, as well as the role of existing intermediaries and exchanges within fragmented markets.
6. Explain how e-commerce capabilities promote supply chain integration, by creating demand visibility, speeding new products development and coordinating data.
7. Describe that as technology capabilities become accepted as appliances, online firms face greater organizational demand and legal and regulatory expectations.
8. Recognize the distinct organizational pressures for publishing sites, dynamic content sites and marketers engaged in individual consumer dialogue.
9. Identify ways to address the problem of slow response times to customer email.
10. Evaluate whether copyright material can be fairly used or requires permission.
11. Discuss emerging legal issues surrounding domain names and trademarks, jurisdiction and tax implications of online firms.
12. Analyze the issues surrounding privacy, accuracy and personal information online.
13. Evaluate the continued rapid advances in the general purpose technologies of digitization, networking and individualization.

Unit Summary

Business-to-business e-commerce consumes a greater portion of total commerce than business-to-consumer e-commerce, making it an important strategic area for Internet marketers. And there still is room to grow: while businesses were swift to adopt online systems over the past decade, they have been slower in using those systems to reshape core processes. In Chapter 15, the author explores how Internet capabilities can enhance business-to-business commerce.
commerce as firms move procurement, supply chain and information gathering processes online. The chapter traces the evolution of e-commerce among business partners, from the early development as electronic data interchange to the swift growth of online exchanges in growing markets such as China. Students are introduced to the fundamental ways that e-commerce can save firms money and time as well as aid customer acquisition, ease ordering, control off-vendor purchases and facilitate new product development. Chapter 15 also addresses how e-commerce between businesses can simplify procurement systems for direct and indirect materials, as well as services, and how it can streamline supply chain coordination.

Internet technologies increasingly function as appliances - their presence as ubiquitous and seamless in everyday life as the television or the automobile. That widespread adoption has brought greater organizational pressures for firms that operate online, as well as other emerging legal and regulatory issues.

Chapter 17 concludes the text by examining organizational structures that best meet these new demands. The chapter outlines the different organization issues for online operators as they move from publishing sites, to dynamic content to individualized consumer dialogue. Students are introduced to ways to address span-of-control issues and the problem of slow responses to customer email. The author also identifies legal concerns facing online marketers, emphasizing basic tenets of U.S. copyright law, jurisdictional questions and privacy concerns. The chapter closes by encouraging students to take the long view of emerging technologies, predicting that the only sure thing will be the continued swift pace of technological advances.

E-Commerce emerged out of the World-Wide-Web (WWW). Although many people use the terms WWW and Internet interchangeably, the WWW is just one of the many services available on the Internet. The aspect of the WWW actually is a relatively new aspect of the Internet. While the Internet was developed in the late 1960s, the WWW came into existence more than a decade ago - in the early 1990s. Since then, however, it has grown phenomenally to become the most widely used service on the Internet.

Although the Web has made online shopping possible for many businesses and individuals, in a broader sense, e-commerce has existed for many years. For decades, banks have been using electronic funds transfer (EFT, also called wire transfer), which are electronic transmissions of account exchange information over private communication networks.

Businesses also have been engaging in a form of electronic commerce, known as electronic data interchange, for many years. Electronic Data Interchange (EDI) occurs when business transmits computer-readable data in a standard format to another business. In the 1960s, businesses realized that many of the documents they exchange related to the shipping of goods - such as invoices, purchase orders, and bills of lading - and included the same set of information for almost every transaction. They also realized that they were spending a good deal of time and money entering these data into their computers, printing paper forms, and then re-entering the data on the other side of the transaction. Although the purchase order, invoice, and bill of lading for each transaction contained much of the same information such as item numbers, descriptions, prices and quantities - each paper form had its own unique format for presenting that information.
By creating a set of standard formats for transmitting that information electronically, businesses were able to reduce errors, avoid printing and mailing costs, and eliminate the need to re-enter the data.

Additional Resources:

http://www.mel.nist.gov/programs/scip.htm