

What is E-commerce?

What is Electronic Commerce?

Electronic commerce (e-commerce) is the use of electronic communication to do business. It may be used to carry out business-to-business or business-to-consumer transactions. The real benefit of e-commerce is not that it makes old processes work better, but rather it provides a means to break with tradition and create new ways of doing business. For example, using the Internet will allow some businesses to remain small while building a larger turnover by reducing the cost of doing business.

The Internet is now a valuable communication tool which offers small business a great opportunity to market itself internationally and reach a global client base. It is estimated that 81% of small businesses in Australia are connected to the Internet.

The best e-commerce solution is dependent on the type of data trading partners need to exchange to run their businesses effectively. It is important to focus on the business process rather than the technical issues such as hardware and software. Different e-commerce tools are suited to different business objectives and different trading partners.

Benefits of E-Commerce

E-commerce can provide the following benefits over non-electronic communication:

- **Reduced Costs** : reduced labour, reduced paper work, reduced errors in keying in data, etc.
- **Reduced Time** : shorter lead times, faster delivery of product.
- **Flexibility with Efficiency** : the ability to handle complex situations, product ranges and customer profiles without the situation becoming unmanageable.
- **Enhanced Long-Term Trading Partner Relationships** : improved communication between trading partners leads to enhanced long-term relationships.
- **Lock in Customers** : the closer you are to your customer and the more you work with them to change from normal business practices to best practice e-commerce the harder it is for a competitor to upset your customer relationship.
- **New Markets** : the Internet has the potential to expand your business into wider geographical locations. However, it is necessary to develop the appropriate production capacity and distribution channels to support market demands generated by promoting your business to a larger marketplace.



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