



## Section 4.8

### Activity 4.8.1

1. 'E-commerce' is the buying and selling of goods and services on the internet.
2. Currys used business-to-consumer e-commerce to market its products by closing its high street Dixons stores and moving the Dixons brand completely online.
3. A potential benefit to Burberry of e-commerce is to use online streaming of its collections and fashion shows to reach a wider target audience and increase the potential market for its product.
4. The advantages of Dixons' decision to close its high street stores and go 'fully online' might be:
  - Removes the cost of operating high street shops
  - Ease of operation
  - Benefits of specialising in online selling
  - Gives it a clear brand identity.

The disadvantages might be that it loses:

- Sales of customers who do not shop online
- In-store customer feedback
- Ability to promote sales in-store
- Ability to satisfy customers through good service.

### Exam practice question

1. 'Business to business e-commerce' is e-commerce transactions conducted directly between a supplying business and a purchasing business.
2. US businesses might have benefited by using Alibaba as a way of sourcing components from Chinese suppliers because of the low prices offered by business suppliers on Alibaba.
3. One problem businesses might have using Alibaba as a way of buying and selling goods is the risk of buying counterfeit goods, and subsequently losing the trust of consumers.
4. The advantages to American consumers of Alibaba setting up operations in the US might be:
  - Lower prices
  - Wider range of goods available
  - Greater competition for US firms forces them to reduce prices and improve quality



The disadvantages might be:

- Counterfeit goods
- Poor-quality goods.

## Key concept question

The advantages of businesses using e-commerce might be:

- Lower input costs from online suppliers
- More efficient sourcing from online suppliers
- Increasing number of potential customers
- Lower costs of promotion and selling
- Increased computer/mobile device ownership
- Effective data collection on customers.

The disadvantages might be:

- Reliability of internet connections and quality of IT services in some countries
- Reduced direct contact with consumers
- Increased product returns
- Internet security
- Cost of developing effective IT infrastructure
- Increased direct competition and price comparison online.