

## 4- What Are The Benefits and Limitation Of E-Commerce? **مهمة جدا جدا**

The benefits of e-commerce can be seen to affect three major stakeholders: organizations, consumers and society.

### 4-1 Benefits of e-commerce to organizations

1- **International marketplace.** What used to be a single physical marketplace located in a geographical area has now become a borderless marketplace including national and international markets. By becoming e-commerce enabled, businesses now have access to people (consumer) all around the world.

2- **Operational cost savings.** The cost of creating, processing, distributing, storing and retrieving paper-based information has decreased (see Intel mini-case).

3- **Mass customization.**

**Mass customization defined as the process of delivering wide-market goods and services that are modified to satisfy a specific customer need.**

**Mass customization is a marketing and manufacturing technique that combines the flexibility and personalization of "custom-made" with the low unit costs associated with mass production.** Many applications of mass customization include software-based product configurations that

allow end-users to add and/or change certain functionalities of a core product. Sometimes called "made to order" or "built to order."

Mass Customization Definition | Investopedia

<http://www.investopedia.com/terms/m/masscustomization.asp#ixzz3raJGegHq>

E-commerce has revolutionized the way consumers buy goods and services. The pull-type processing allows for products and services to be customized to the customer's requirements. In the past when Ford first started making motor cars, customers couldn't have any **colour** so long as it was black. Now customers can configure a car according to their specifications within minutes on-line via the [www.ford.com](http://www.ford.com) website.

**4- Enables reduced inventories and overheads by facilitating 'pull'-type supply chain management – this is based on collecting the customer order and then delivering through JIT (just-in-time) manufacturing. This is particularly beneficial for companies in the high technology sector, where stocks of components held could quickly become obsolete (useless) within months.** For example, companies like Motorola (mobile phones), and Dell (computers) gather customer orders for a product, transmit them electronically to the manufacturing plant where they are manufactured according to the customer's specifications (like colour and features) and then sent to the customer within a few days.

5- **Lower telecommunications cost.** The Internet is much cheaper than value added networks (VANs) which were based on leasing telephone lines for the sole use of the organization and its authorized partners. It is also cheaper to send a fax or e-mail via the Internet than direct dialling.

6- **Digitization of products and processes.** Particularly in the case of software and music/video products, which can be downloaded or e-mailed directly to customers via the Internet in digital or electronic format.

7- **No more 24-hour-time constraints.** Businesses can be contacted at any time.

#### **4-2 Benefits of e-commerce to consumers.**

1- **24/7 access,** this feature enables customers to shop or conduct other transactions 24 hours a day, all year round from almost any location. For example, checking balances, making payments, obtaining travel and other information. In one case a person set up web cameras in every room in his house, so that he could check the status of his home by logging onto the Internet when he was away from home on tour.

- 2- **More choices.** Customers not only have a whole range of products that they can choose from and customize, but also an international selection of suppliers.
  
- 3- **Price comparisons.** Customers can 'shop' around the world and conduct comparisons either directly by visiting different sites, or by visiting a single site where prices are aggregated from a number of providers and compared (for example [www.moneyextra.co.uk](http://www.moneyextra.co.uk) for financial products and services).
  
- 4- **Improved delivery processes.** This can range from the immediate delivery of digitized or electronic goods such as software or audio-visual files by downloading via the Internet, to the on-line tracking of the progress of packages being delivered by mail or courier.
  
- 5- **An environment of competition** where substantial discounts can be found, as different retailers vie **تتنافس** for customers. It also allows many individual customers to aggregate their orders together in to a single order presented to wholesalers or manufacturers and obtain a more competitive price (aggregate buying), for example [www.letsbuyit.com](http://www.letsbuyit.com). Or [www.ebay.co.uk](http://www.ebay.co.uk)

## 4-3 Benefits of e-commerce to society

**1- Enables more flexible working practices**, which enhances the quality of life for a whole host of people in society, enabling them to work from home. Not only is this more convenient and provides happier and less stressful working environments, it also potentially reduces environmental pollution as fewer people have to travel to work regularly.

Q how e-commerce can enhance quality of life.

**2- Connects people.** Enables people in developing countries and rural areas to enjoy and access products, services, information and other people which otherwise would not be so easily available to them.

**3. Facilitates delivery of public services.** For example, health services available over the Internet (on-line consultation with doctors or nurses), filing taxes over the Internet through the Inland Revenue website.