

3- Advantages/benefits and Disadvantages/Limitations of Electronic Commerce

3-1 Advantages of Electronic Commerce

Companies are interested in electronic commerce because it can help increase profits. All the advantages of electronic commerce for businesses can be summarized in one statement: **Electronic commerce can increase sales and decrease costs.** Advertising done well on the Web can get even a small firm's promotional message out to potential customers in every country in the world. A firms الشركات can use electronic commerce to reach small groups of customers that are geographically scattered منفصلة. The Web is particularly useful in creating virtual communities that become ideal target markets for specific types of products or services. A **virtual community** is a gathering of people who share a common interest المجاميع الاهتمام, but instead of this gathering occurring يحدث in the physical world, it takes place on the Internet.

General advantages can be list as:

1. Electronic commerce provides buyers with a wider range of choices than traditional commerce.
2. Electronic commerce provides buyers with an easy way to customize the level of detail in the information they obtain about a prospective purchase.
3. Electronic payments; Tax refunds, Wages, public retirement and welfare support cost less and arrive securely and quickly when transmitted over the Internet.

4. Electronic payments can be easier to be audited **تدقق** and monitored **تراقب** than cash in hand and check, providing protection against fraud and theft losses.
5. Electronic commerce can also make products and services available in remote areas.

3-2 Disadvantages of Electronic Commerce

Some business processes may never lend themselves to electronic commerce. For example, perishable **الاشياء القابلة للضياع**; foods and high-cost unique items such as custom-designed jewelry and antiques, may be impossible to inspect adequately **يتم فحصها بدقة** from a remote location, regardless of any technologies that might be devised in the future.

General disadvantages can be list as

1. Return-on-investment **العائد من الاستثمار** is difficult to calculate.
2. Many firms have had trouble recruiting and retaining employees with the technological, design, and business process skills needed to create an effective electronic commerce presence.
3. Difficulty of integrating existing databases and transaction-processing software designed for traditional commerce into the software that enables electronic commerce.
4. Many businesses face cultural and legal obstacles **معوقات قانونية وثقافية** to conducting **للتعامل مع** electronic commerce.

3- 3 Benefit of E-commerce

3-3-1 Benefits of e-commerce to organizations

1. **International marketplace.** 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 حول العالم.
2. **Operational cost savings.** The cost of creating, processing, distributing, storing and retrieving paper-based information has decreased.
3. **Mass customization.**
4. **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 المنتج الاصيل و وظائف او مهام محددة .** Sometimes called "made to order" or "built to order."
5. **Customize order (Made to Order):** 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 website.
6. **Enables reduced inventories and overheads**

7. **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.
8. **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.
9. **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.
10. **Better Supplier**
Enables companies to procure الحصول على material and services from other companies, rapidly بسرعة and at less cost.
11. **Shortens or even eliminates marketing distribution channels, making products cheaper and vendors’ profits higher.**
12. **Decreases the cost of creating, processing, distributing, storing, and retrieving information by digitizing the process.**
13. **Helps small businesses compete against large companies.**
14. **Enables a very specialized niche market.**

3-3-2 Benefits of e-commerce to consumers.

- 1- **24/7 access.**
- 2- **this feature enables customers to visit e-shop place order 24 hours a day, all year round from almost any location.** For example, checking balances, making payments, obtaining travel details and other information.
- 3- **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.
- 4- **Price comparisons.**
Customers can make shopping around the world and conduct comparisons either directly by visiting different sites, or by visiting a single site where prices are aggregated يتم تجميعها from a number of providers and compared (for example www.moneyextra.co.uk for financial products and services).
- 5- **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.
- 6- **An environment of competition.**
Substantial discounts خصومات على الاسعار كبيرة 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. Or www.ebay.co.uk

- 7- **Makes possible electronic auctions** . المزادات .
- 8- **Allow consumers to interact in electronic communities and to exchange ideas and compare experiences.**

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

1- Enables more flexible working practices, which enhances the quality of life for a whole people in society, enabling them to work from home. Not only convenient and provides happier and less stressful working environments, it also potentially reduces environmental pollution التلوث 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 الدول النامية and rural areas المناطق الريفية النائية 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.

3-4 THE LIMITATIONS OF E-COMMERCE?

There was much hype تحيط surrounding the Internet and e-commerce over the last few years of the twentieth century. Much of it promoted ساعد the Internet and e-commerce as the panacea دواء for all ills, which raises اوجد the question, **are there any limitations of e-commerce and the Internet?**

Isaac Newton's 3rd Law of Motion, 'For every action there is an equal and opposite reaction' suggests that for all the benefits there are limitations to e-commerce. These again will be dealt with according to the three major stakeholders – organizations, consumers and society.

3-4-1 Limitations of e-commerce to organizations

- 1- Lack ضعف of sufficient system security; reliability الموثوقية ; standards and communication protocols.

There are numerous هائله reports of websites and databases being hacked because the security holes ثغرات امنيه in software. For example, Microsoft has over the years issued اصدرت many security notices and 'patches' الاصلاحات for their software. Several banking and other business websites, including Barclays Bank, Powergen and even the Consumers' Association in the UK, have experienced breaches واجهوا اخطاء in security where a technical oversight' عدم or a fault in its systems خطأ في النظام led to الى confidential client information المعلومات becoming available to all.

- 2- Rapidly evolving التطور السريع and changing technology. So there is always a feeling of trying to 'catch up' اللحاق and not be left behind لا يترك خلف التطور والمستوى التكنولوجي الحديث.
- 3- Under pressure to innovate ابتداء and develop تطوير business models to exploit للاستفادة the new opportunities الفرص

- 4- Facing increased competition from both national and international competitors often leads to price wars and subsequent unsustainable losses for the organization.

النقط التالية مهمة جدا

- 5- Problems with compatibility of older and 'newer' technology. There are problems where older business systems cannot communicate with web based and Internet infrastructures, leading to some organizations running almost two independent systems where data cannot be shared. This often leads to having to invest in new systems or an infrastructure, which bridges the different systems. In both cases this is both financially costly as well as disruptive to the efficient running of organizations.

3- 4 -2 Limitations of e-commerce to consumers

- 1- Computing equipment is needed for individual's to participate in the new 'digital' economy, which means an initial capital cost to customers.
- 2- A basic technical knowledge is required to enable end user to deal with computing equipment and navigate the Internet and the World Wide Web.
- 3- Cost of access to the Internet, whether dial-up or broadband tariff.
- 4- Cost of computing equipment. Not just the initial cost of buying equipment but making sure that the technology is updated regularly to be compatible with the changing requirement of the Internet, websites and applications.

- 5- Lack of security and privacy of personal data. There is no real control of data that is collected over the Web or Internet. Data protection laws are not universal and so websites hosted in different countries may or may not have laws which protect privacy of personal data. (Q: Explain this point)
- 6- Physical contact replaced by electronic processes. Customers are unable to touch and feel goods being sold on-line or gauge voices and reactions of human beings.
- 7- A lack of trust because they are interacting with faceless computers.

3-4 -3 Limitations of e-commerce to society

- 1- Breakdown in human interaction. As people become more using electronic interacting, there could be an erosion of personal and social skills which might eventually be detrimental to the world we live in where people are more comfortable interacting with a screen than face to face.
- 2- Social division. Which means people who do not have technical skills become unable to get better-paid jobs and could form an underclass with potentially dangerous implications for social stability.
- 3- Reliance on telecommunications infrastructure, power and IT skills, which in developing countries nullifies the benefits when power, advanced telecommunications infrastructures and IT skills are unavailable or underdeveloped.
- 4- Wasted resources. As new technology dates quickly how you do dispose of all the old computers, keyboards, monitors, speakers and other hardware or software?
- 5- Facilitates Just-In-Time manufacturing. This could potentially cripple an economy in times of crisis as

stocks are kept to a minimum and delivery patterns are based on pre-set levels of stock which last **تکفي او تدوم** for days rather than weeks (see Case Study).

CASE study

In September 2000 in the UK, protestors **المحتجين** demonstrating over the high price of petrol blocked petrol depots, preventing the delivery of petrol to petrol stations. Within days this led to petrol shortages throughout the UK. The knock-on effects **(سلسلة من ردود الافعال)** were disruption in public transport, hospital services (with cancellation of non-emergency operations), school closures, shortages in food as supermarkets reported panic buying and some warned supplies could run out 'in days rather than weeks'. Petrol and other essential supplies such as bread and milk were rationed. Even after the blockade was lifted, it took two to three weeks for supplies to get back to normal.

6- Difficulty in policing the Internet, which means that numerous crimes **can be perpetrated **وترتكب** and often go undetected.** There is also unpleasant **مادة لا **rise in the availability and access of obscene material **لا **اشخاص الشاذون جنسيا تحديدا المنجذبون نحو **واخلاقية **and ease with which paedophiles **نحو **طريقة تنكرية **اصطاد **children by masquerading **in chat rooms.**********************