

BTEC IT L3

Unit 8: e-Commerce

P2 - Benefits

A decorative graphic consisting of several horizontal lines of varying lengths and colors (teal, light blue, white) extending from the right side of the slide.

Sleepy?



Energiser Activity

M	A	R	K	E	T	U	7	U	R
R	E	Q	1	2	R	I	/	K	\$
E	W	U	I	T	A	O	4	L	&
G	D	L	J	K	D	P	2	K	J
I	S	E	P	R	I	C	I	N	G
O	L	S	H	J	N	T	K	P	Y
N	I	*	(S	G	Y	L	O	\$
S	O	I	N	C	O	M	E	R	8
F	L	U	I	D	H	G	J	K	L
K	*	^	W	E	S	E	N	O	Z

WORD LIST:

Market

Trading

Zones

Fluid

Pricing

Income

24/7

Regions

Aims & Objectives

You will understand and be able to:

- Understand the requirements of P2, Assignment 1.
- List the benefits of e-Commerce.
- Understand the benefits that e-Commerce can provide a company (Groceries 4 U).

• Taking it further:

- Name **5** companies who failed to implement an effective e-Commerce solution?
- Where are they now?

Why e-Commerce?

- Why would a company use an e-Commerce solution?
- What has recently happened to make companies look at other ways to make money?

Why?

- The main reasons for the success of internet trading has been the many benefits of which companies can take advantage
- Non-profit making organisations such as charities also have websites as a means of collecting donations and subscription fees

Task

- **In groups:**
- How many benefits can you list that an e-Commerce website can provide a company?

What are the benefits?

- Global Marketplace
- 24/7 Trading
- Relatively Low Start-up & Running Costs
- Competitive Edge & Pricing Opportunities
- Search Facilities
- Gathering Customer Information
- Alternative Income Sources

Global Marketplace

- The world is a global marketplace
- We might buy CD, DVD or computer game from Japan or USA
- Products and services are being purchased by individuals living or working outside our usual **trading region**
- Adding to companies **sources of income**
- Customers can be situated anywhere in the world and so can suppliers

24/7 Trading

- Trading online has no particular **opening** and **closing times**
- Orders online will be stored in a database
- No human intervention is required
- Customer queries are emailed
- Staff only answer during working hours
- So does not matter when the orders are placed
- Online shop is open 24 hours a day, 7 days a week
- Time-zones no longer have an effect on ability to trade

Relatively Low Start-up & Running Costs

- Companies offering web-hosting services to small businesses has ensured that start-up and running costs of having websites can be low
- It means that companies do not have to find the money for hardware and software
- They don't have to employ skilled staff to maintain the website and hardware

Competitive Edge & Pricing Opportunities

- Organisations with online presence have a competitive advantage over any company that does not
- Competitors advertise their goods/service online, including prices, delivery services
- You can see these and make your own offers more attractive to customers (lowering prices, offering cheaper or no delivery costs)
- Apply **fluid pricing** principles by adjusting your prices quickly in response to competitors

Search Facilities

- Most websites have search engines
- To help users to find information, products, or website services quickly and efficiently
- Key words are used to search the database for possible matches
- These matches are then listed for the user

Gathering Customer Information

- Is there something wrong with the website?
 - Are the prices too high?
 - Are delivery times too long?
 - Too difficult to find the right product?
 - Not enough product information given?
 - Check procedures too time-consuming?
- Another aspect is that companies can identify products that sell better than others
- Online supply and demand

Gathering Customer Information

- Software now exists that can report on visitor traffic experienced by a website
 - Detailing products & web pages viewed
- This information is analysed to build up a picture of the site usage
- Companies can compare number of hits against the orders generated
- High hit rate to low orders indicates a problem

Alternative Income Sources

- Source of income from advertising revenue
- Complementary organisations advertising each others products
- Charity search engines
- Charity offering advertising space or displaying web links for businesses

Task:

- **Individual Activity:**
- Use the list of benefits on slide 8.
- How would each benefit impact Groceries 4 U ?

To Conclude...

- Companies need to be aware that as much as there is a major benefit from e-commerce, there can also be significant disadvantages which can, usually, be overcome once organisations have become aware of them and have put some sort of remedial action in place!
- **We will look at this next week.**

Taking it further

- **Taking it further:**
- Name **5** companies who failed to implement an effective e-Commerce solution?
- Where are they now?