



# Internet commerce ... transacting online

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The commercial advent of the Web since 1995 has opened up an extremely viable outlet for manufacturers and retailers of literally everything from food, clothes, books, music, and computers to services. With the new millennium on our doorstep, the online shopping mall is starting to take shape and is slowly starting to reconfigure the supply chain of consumer goods and services. It has also dramatically started to alter consumers' shopping habits. With only a small percentage of the world's population online (in South Africa approximately 1.2 million have access to the Internet), retailers still have a long way to go to exploit the digital retailing territory. It is also becoming more important to understand why consumers are going to the Web and how to satisfy Generation Y.

Internet commerce, e-commerce or electronic commerce is a very broad term and the process of Internet commerce that takes place between businesses differs from that carried out between a business and its consumers. There are a number of examples of business-to-consumer models on the Internet, for example Amazon (<http://www.amazon.com/>) and Dell (<http://www.dell.com/> or <http://www.dell.co.za/>). Locally, there are also Kalahari.net (<http://www.kalahari.net/>), selling books, CDs and videos like Amazon, and Megashopper (<http://www.megashopper.co.za/>), selling groceries, furniture and computers online. The process is simply described by a consumer browsing through an online catalogue of products, selecting the items he or she has an interest in, supplying payment and delivery details and the items are delivered by courier.

Business-to-business I-commerce can take many forms. The most common, which have been around for some years, is electronic data interchange or EDI as is a format used for transferring business information across private networks. EDI has been created for businesses that have regular contact with each other; no money actually changes hands electronically once an EDI transaction takes place. It is a way for businesses to automatically transfer and acknowledge receipt of order electronically without or with very little human intervention. Another scenario in the b-to-b model is businesses that are opening up their financial systems and allowing other businesses to place orders interactively using the Internet (in this context referred to as an extranet) directly into their financial systems. Once again no money exchanges hands electronically, and the business that placed the order will be invoiced for payment.

Another model that is starting to become very popular is the consumer-to-consumer model and is simply defined as consumers doing business with consumers. Web sites such as E-Bay (<http://www.ebay.com/>) and locally Aucor (<http://www.aucoractive.com/>) allows consumers to place articles up for sale and other interested consumers can then bid online for that particular article. The consumer that offer the highest bid for that article within a certain amount of time is then awarded the article and payment and delivery details are

exchanged.

In summary, Internet commerce can be very broadly defined as any online, computer-based interaction between two parties, using a telecommunications network, for the purposes of conducting business. And this way of transacting in an online environment has been seen by many as the biggest single economy that will continue to create unprecedented growth opportunities for people, companies and countries globally (Cisco, 1999).

Countries are realising that the Internet and the way of doing business online are already having an influence on their economies and social-economic level. Recently, the South African Department of Communications launched a discussion paper on Internet commerce, addressing a number of issues, such as building trust (the securing of data, privacy, digital signatures, certification, consumer protection and cyberfraud), ground rules (taxation, duties and intellectual property rights), infrastructure (information and communications technologies, telecommunications market and pricing regulation, Internet services and banking and financial services) and maximising benefits (economic and social impact, market access and business opportunities and impact on the workforce), thereby, urging all stakeholders to partake in establishing a policy for South Africa.

In the next column we will begin looking at the Internet commerce process and start to identify specific products that can be used to enable consumers to transact online. In anticipation have a look at the following Web site: OpenMarket at <http://www.openmarket.com/>.

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## References

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