ABSTRACT

This paper is a review on Business to Consumer (B2C) electronic commerce (e-commerce) and it studies its evolution over the last decade. The Internet characteristics that affect B2C are the Internet growth, which at first includes the number of Internet users and secondly, the infrastructure, which is basically the quality and speed of the lines. Moreover, the way the Internet growth has affected the B2C e-commerce growth over the last ten years is studied in three major countries-areas. The USA because it is an Internet developed country with vast e-commerce sales, China because it is a rapidly developing Internet country with a large number of users and fast e-commerce activity growth in the last decade and finally, the European Union, because of its diversity in Internet and e-commerce growth. This paper focuses on the aforementioned three geographic areas and extracts its conclusions from the observations of B2C behavior growth in these areas.

Keywords: Business to Consumer (B2C), Electronic Commerce (E-Commerce), Evolution, Infrastructure, Internet Growth

1. INTRODUCTION

As Tsur said “Electronic commerce in its different manifestations is spreading and rapidly affecting all of us. We can say when individual customers are able to purchase goods or service over the web; this practice can be referred to as “B2C” or business to consumer (Tsur et al., 2001). Hence, a definition of e-commerce is not completely clear and there are many different definitions for it. For example, a definition of e-commerce according to the U.S. Census Bureau is; E-commerce is defined as the value of goods and services sold online (US Census Bureau Special Projects Staff, n.d.). Another definition according to Atrostic et al. is; E-commerce is any transaction completed over a computer-mediated network that transfers ownership of, or rights to use, goods or services (Atrostic, Gates, & Jarmin, 2000). Finally, according to Deiss e-commerce is the trading of goods and services over computer mediated networks (such as the Internet) (Deiss, 2002).

E-Commerce activities are generally classified as business-to-business (B2B) or business-to-consumer (B2C). Business-to-consumer e-commerce uses the Internet as a retail market channel and in the case of information, as a product or service delivery channel. B2C e-commerce is increasing rapidly and in 2005 it

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toted $189 billion or approximately 2.0% of the total business-to-consumer sales (Barkley, Markley, & Lamie, 2007). Hence, the high profits and the high growth rate are reasons to study e-commerce, especially in the last decade.

It must not be forgotten that e-commerce is an Internet based service and hence, Internet user growth and of course the quality and the speed of the Internet are basic characteristics for e-commerce growth as it is mentioned next.

On the other hand, the uneven growth of e-commerce internationally is a problem that could be overcome by bringing technology and e-commerce to underserved as well as to developing countries (Hoang, Phan, & Scott, 2002). For this reason B2C e-commerce is studied in three different geographic areas such as the USA, China and the European Union.

2. THE INTERNET GROWTH AND THE EFFECTS OF B2C E-COMMERCE

2.1. The Internet Global Growth from 2000 to 2010 and the Effects of B2C e-Commerce

The Internet has made distances shorter and the world smaller, and its influence reaches not only the technical fields of computer communications but also the society as a whole, as we move towards the increasing use of online tools to accomplish electronic commerce (“Internet World Stats” 2010; Leiner et al., 1997). Furthermore, according to Blank and Strickling the Internet is an extraordinary platform for innovation, economic growth and social communication. High-speed Internet services delivered over broadband networks are critical to maintaining the competitiveness in a global economy (Blank & Strickling, 2011). In the next sections, the parameters for Internet growth are studied.

A very important parameter for Internet growth is the number of users. In March 2000 the number of Internet users was 304 million worldwide, (which is the 5% of the World population) to reach 2,267 million users in December 2011, which is the 32.7% of the World population (“World Internet Users and Population Stats,” 2011). This means an increasing rate of 1,963 million users and corresponds to 28.31% of today’s World population.

In addition, another parameter of Internet growth is the speed and line quality which are very important for e-services such as e-commerce. According to Weinberg, over $4 billion in lost revenue is due to slow downloads over the Internet (Weinberg, 2000). Moreover, according to Zwass an appropriate infrastructure is necessary for the development of e-commerce, which means faster Internet connections, in order that the growth of e-commerce is relative not only to the number of Internet users but also to the Internet speed quality (Zwass, 1996).

Finally, the Internet offers a new means for buying, selling and providing customer services, which in turn has an impact on traditional relationships between buyers and sellers and this provides modern and rapidly evolving electronic services such as e-commerce (“E-commerce and the Internet in European businesses,” 2003). According to Mahadevan the meteoric growth of the Internet over the last decade and the B2C e-commerce services are strictly united and the results have developed in several services, such as e-mail and search engines, which play a key role towards the growth of B2C e-commerce (Mahadevan, 2000).

2.2. The Internet Growth from 2000 to 2010 in the U.S.A and the Effects of B2C e-Commerce

The Internet was first developed in the U.S.A in 1968 as DARPA (Defense Advanced Research Projects Agency) and later Bolt, Beranek and Newman developed the ARPAnet, which is the grandfather of today’s Internet (Slater III, 2002). Hence, since the early 70’s the USA possesses the necessary infrastructure for Internet provision, which was firstly used for military and government purposes and later for common users.

As it can be seen in Figure 1, broadband Internet growth starts at 4.4% in 2000 to reach 68.2% within a decade (Strickling et al., 2011).
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