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Compared to the research on B2B and B2C models, research on C2C models has been less extensive and narrowly focused on the electronic marketplaces. This undermines the analysis of the potential implications of C2C models for online retailing. In this paper, I have redefined C2C to extend its scope, studied and categorized various C2C models that facilitate trading or sharing of products and information, and provided comprehensive analysis of the implications of these models for online retailing. This research provides a framework to put various consumer-centric business models such as virtual communities, electronic marketplaces, and peer-to-peer networking applications into the C2C perspective and categorize these models based on the nature of transaction between consumers. [Article copies are available for purchase from InfoSci-on-Demand.com]

Keywords: C2C; Electronic Commerce; Electronic Marketplace; Online Communities; Virtual Communities

INTRODUCTION

The Internet as a communication medium satisfies business communication needs. At the same time, the Internet as a transaction medium facilitates commercial transactions between participating entities. Thus, Internet is a unique medium that satisfies both business communication and commercial transaction needs of participating entities. Arguably, Radio, mail-order catalog, telephone or direct sales also satisfy these two needs. However, the advantage of using the Internet for business communication and transaction lies in the fact that it is convenient and cost effective medium that facilitates rich information exchange in real time to potentially large audience. Rise and fall of the dot-coms in the past few years has proved that the Internet is neither necessary nor sufficient medium for business communication and commercial transaction. Some researchers argue that manufacturers and retailers use blend of different communication and transaction channels to conduct their business and Internet is just another one (Anderson, Brynjolfsson, Hu, & Simester, 2004). This might not be true
for all the Internet based business models. Depending on the participating entities, Internet based business models have been broadly categorized into business-to-consumer (B2C), business-to-business (B2B) and consumer-to-consumer (C2C) (Turban, McLean, Wetherbe, Bolloju, & Davison, 2002). For B2B and B2C models, the Internet is a coherent addition in their existing business channels. B2B and B2C models are mere extensions for the traditional industrial and consumer sales and marketing channels. Even in the absence of the Internet, businesses could disseminate information about their products to consumers by using various advertising media. They could sell products to consumers by different channels including retail, catalog, telesales, or direct marketing. However, this may not be true for the C2C models. It is virtually impossible to carry out efficient and effective C2C transactions in the absence of the Internet. Internet technologies have provided excellent scale and scope to consumers and facilitated efficient transactions between consumers (Bajari & Hortacsu, 2004; Ghose, Telang, & Krishnan, 2005). It may not be wrong if we say that out of all three electronic commerce models, C2C models are the unique outcome of the Internet.

Before the Internet, consumers did not have any cost efficient way to trade products, even disseminate, or exchange information with the other consumers. At the most, consumers could use classified advertisements or flea markets for trading products and exchanging information with a limited number of people. Past studies have discussed C2C markets in the context of informal farmer markets (Heisley, McGrath, & Sherry, 1991; Pyle, 1971; Sommer, Wing, & Aitkens, 1980), garage sales (Herrmann, 1996, 2004, 2006, 1997; Herrmann & Soiffer, 1984), and flea markets (Belk, Sherry, & Wallendorf, 1988; Bruin & Dupuis, 2000; Sherry, 1990). These methods were neither cost effective nor efficient in terms of scope and scale (Bajari & Hortacsu, 2004; Ghose et al., 2005). The Internet provides an almost free medium for exchanging information with other consumers and extremely cost effective medium to trade products with other consumers (Beam & Segev, 1998). The Internet also provides a unique opportunity for consumers to share, communicate, trade, exchange or transfer information. Moreover, it offers an efficient platform for the consumers to cooperate and collaborate with each other in real time.

The rise of the C2C business models has significant implications for online retailers. Commercial transactions of products between consumers may eventually reduce the sales of new products from online retailers (Lee & Whang, 2002). For example, secondary markets on online auctions may reduce potential demand of new goods and hence eventually reduce the sales of online retailers.

Current academic research in the C2C field is not as extensive as the research in B2B and B2C fields (Gonzalez, 2003). Moreover, the research on C2C field is predominantly focused on electronic marketplaces such as eBay.com. Electronic marketplace based C2C business models facilitate the commercial transaction of products but there are other C2C business models that exclusively focus on product sharing or information exchanging. For example, fatwallet.com provides a platform for consumers to share information about sales, discounts, prices and coupons (Gopal, Pathak, Tripathi, & Yin, 2006). This kind of commercial information exchange between consumers may lead towards widespread
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