Chapter 14

Analysis of Benefits and Risks of E-Commerce: Practical Study of Spanish SME

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ABSTRACT

The objective of this chapter is the study of the art of e-commerce, analyzing the different existing commercial models in the market such as Business to Business (B2B), Business to Consumers (B2C), Business to Business to Consumers (B2B2C), Consumers to Business (C2B), Business to Employee (B2E), Administration to Business/Consumers/Administration (A2/B/C/A), Consumers to Consumers (C2C), Peer to Peer (P2P), Mobile to Business (M2B) and Small Office Home Office (SOHO) amongst others, the level of implementation in the work place as well as the level of acception in society and the regulatory framework for the development of the activity. After this study, the central theme will be one of carrying out a study of the pros and cons that e-commerce brings to the client and to the company. Moreover, a study is carried out of the implementation of e-commerce in a Small and Medium Enterprise (SME), analyzing the technological possibilities and the market of the company which is the object of the study, as well as the associated barriers and risks.

INTRODUCTION

Technological advances have led to a change in the way people live their lives and the way they conduct their business. Internet has brought about the globalisation of products and services and has consolidated itself to become the ideal platform for the development of Small and Medium Enterprises (SMEs).

With the arrival of the internet, one can talk about a “before” and an “after”, given that thanks to the internet and e-commerce we have taken a major leap forward in the way that not only...
companies but also companies and their clients interact. We have gone from a situation where communication was contained to one where it is freely available, where anyone with access can participate, without needing to be part of a group or having to know personally those with whom one is communicating.

The incorporation of the Information and Communication Technologies (ICT) in the banking sector has changed the traditional definition of a product, merchant and client, giving way to those who know how to bank on the internet. This new financial system has created a new way of selling, taken up by those companies who wish to reach potential clients across the world.

Research has shown that Small and Medium-sized Enterprises are rapidly adopting the Internet and e-commerce. However, there is little systematic research into how such companies are adopting this new technology (Daniel et al., 2002).

Many new business have been created, and many others consolidated, which have had to adapt to take advantage of the potential that e-commerce offers them. However, in order to stand out in this business, a good sales strategy is of primary importance, also a product which is easy to send and does not need direct contact with the seller, as well as a strategy that promotes the website as much in “virtual” media as in traditional ones. Not taking into account one or more of these points can lead to the commercial failure from which the “dot.coms” suffer.

Security, which is a theme which bothers most clients, can be solved thanks to encryption systems, digital signatures and different security protocol up to the point where one is insured, all of which is much safer than leaving your credit card in the hands of the waiter that takes your money in a restaurant.

The objective is the study of the art of e-commerce, analyzing the different existing commercial models in the market such as Business to Business (B2B), Business to Consumers (B2C), Business to Business to Consumers (B2B2C), Consumers to Business (C2B), Business to Employee (B2E), Administration to Business/Consumers/Administration (A2/B/C/A), Consumers to Consumers (C2C), Peer to Peer (P2P), Mobile to Business (M2B) and Small Office Home Office (SOHO) amongst others, the level of implementation in the work place as well as the level of acceptance in society and the regulatory framework for the development of the activity.

After the study of the art of e-commerce, the central theme will be one of carrying out a study of the pros and cons that e-commerce brings to the client and to the company.

On the practical side, a study is carried out of the implementation of e-commerce in an SME, analyzing the technological possibilities and the market of the company which is the object of the study, as well as the associated barriers and risks.

DEFINITION

Is e-business the same thing as e-commerce? No.

E-business is the application of Internet-based technologies for conducting business. It includes eCommerce (i.e., the actual transaction activities) as well as other business-oriented applications such as logistics, order entry, information sharing, and transmission of information between exchange partners (Vlosky & Westbrook, 2002).

Whilst the former looks to improve efficiency and reduce production costs which form a part of the business, e-commerce is centred in the sale of products and finding customers, this being just a small part of e-business.

According to the different perspectives, e-commerce can be defined in different ways. A fairly complete definition comes not from considering it as a technology, but rather as a tool for improving the exchange of goods, services or information.

As well as the Internet, it is possible to offer e-commerce through other technologies, such as mobile phones, the fax, credit cards, Electronic Data Interchange (EDI), etc. But if we refer to
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