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### Article 3: Types of e-Commerce Business Models

If you are unsure of which e-Commerce business model to select, then this article will provide a little more insight into the options available to you. There are a few models to consider before identifying the e-Commerce opportunities that can expand your business access to market.

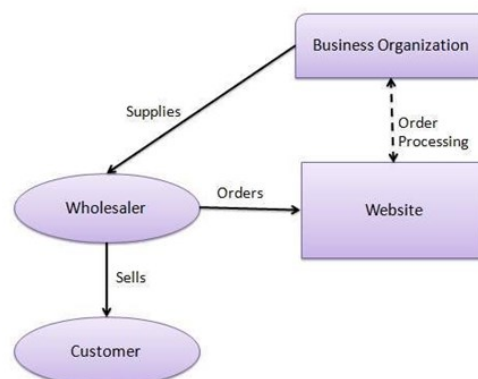
Depending on the type of product or service your business offers, one of the following five main e-Commerce models could best match your plan to research your market:

#### • Business to Business (B2B)

The B2B model refers to trade through an e-Commerce platform between businesses where the buyer and seller are two different businesses/entities. The transaction between businesses involves providing products or services, where in some cases the buyer is the end user, or the buyer resells the product to its consumers.

For example, a company that makes printers buys the parts from another company to make the printer and then sells them online to customers.

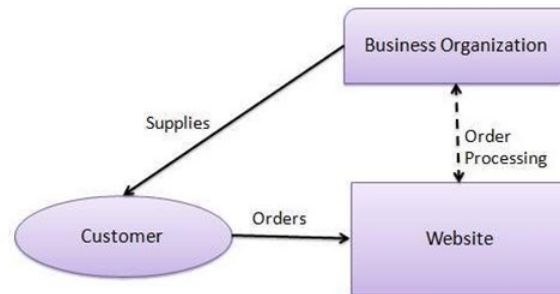
The diagram below provides a graphic representation of the relationships in the B2B model.



To access this business supply chain and provide the products and services that are required, it is important to understand what the buyers supply chain management processes and the registration and compliance requirements to become a service provider to these businesses.

- **Business to Consumer (B2C)**

The B2C e-Commerce model refers to the sale of products and services directly to a customer. The business website provides catalogues and details of the product and service for the customer to view online. The customer chooses and orders the product/service and completes the transaction via the agreed terms and conditions of purchase and delivery. For example, a customer looking for a new TV will go online and browse the online catalogue of a company. The customer will then decide which one to purchase, pay online and wait for the delivery to arrive, as shown in the graphic below. Throughout the process the customer is kept informed of the delivery status of the product/service.



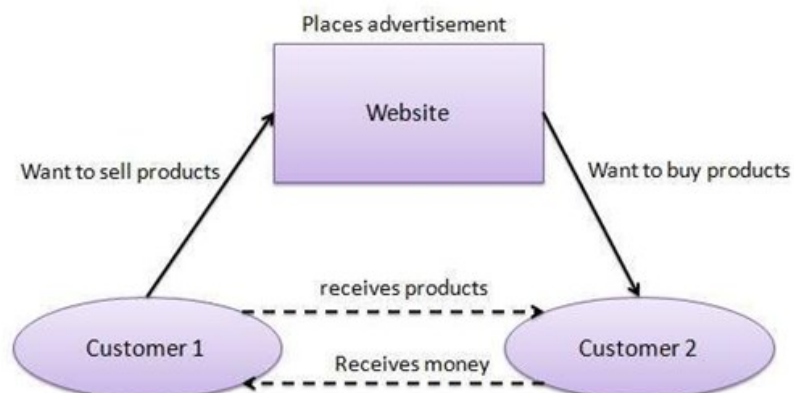
You may choose to have your own website to sell your products or service or to utilize existing platforms that have a recognized name and customer base such as Takealot, Superbalist, Amazon, Loot and others.

- **Consumer to Consumer (C2C)**

The C2C model involves the sale of products/services between consumers. The consumers in this model are not businesses and in most instances are individuals operating in their own personal capacity. There are many sites that facilitate these types of transactions and in most cases are free to advertise. Some examples include Facebook Market Place, WhatsApp, Gumtree and e-Bay.

Let's say you want to sell handmade furniture, you would list it on the e-Commerce platform and another consumer will offer to buy it. The transaction, depending on the platform, can either be completed via the platform or the buyer can make an online payment directly to the seller's bank account or pay cash on delivery or collection.

The diagram below shows the simplicity of transacting this way.



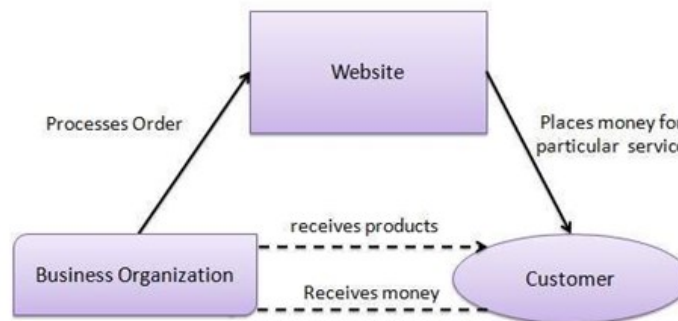
## • Consumer to Business (C2B)

This business model consists of two types of transaction options.

**Model 1-** A consumer will post the product they require with the estimated budget they wish to spend. Based on this, a business contacts the consumer with an offer. The consumer reviews the offer and selects the one that best suits their requirements and budget. An example of a platform that provides this type of service is Hippo.co.za.

**Model 2-** A consumer will post a service they offer as well as the cost for that service. Businesses requiring the service review the cost and contact the consumer to receive the service. Examples of platforms that facilitate these types of transactions include Fiverr, freelance.com and Shutterstock.

The diagram below clearly articulates the relationship between supply and demand in this type of business model.



## • Government to Business (G2B)

The G2B model is used by governments to procure products and services from businesses. This is normally done by following a strict Supply Chain Management process which involves defining the specifications and minimum requirements businesses need to comply with, in order to bid on the product/service required. Government issues tenders on official online systems and businesses access these tenders directly, if they comply with the minimum requirements and are registered on a government supply chain database.

Tender responses are submitted either through an online portal or if required, at a physical drop site within a set time frame. The bidders are notified of their bid status via official supply chain processes.

If you would like to see what Government tenders are available, click on the following link to find out more: <https://etenders.treasury.gov.za/content/advertised-tenders>

## References

[https://www.tutorialspoint.com/e\\_commerce/e\\_commerce\\_business\\_models.htm](https://www.tutorialspoint.com/e_commerce/e_commerce_business_models.htm)