

Consumer-To-Consumer (C2C) Electronic Commerce: The Recent Picture

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Abstract Consumer-to-consumer, the oldest form of e-commerce has facilitated in large part by websites offering free classified advertisements, auctions, forums, and individual pages for start-up entrepreneurs. C2C is a form of e-commerce we know, used well before internet appeared. Recently C2C is supported by large websites. Since its existence, C2C has gone through tremendous changes in technology as well as increase in market size and revenue from year to year. Due to its fast growing and increase in market size and revenue, there is the need to investigate the recent situation of C2C to determine how beneficial the growth is being to customers. This paper will discuss the recent statistics of C2C market size and revenue. The paper will also discuss the origin, definition, business model, advantages and disadvantages of C2C e-commerce. The paper will further look at some features of C2C e-commerce website.

Keywords Market size, Statistics, Auction

1. Introduction

Consumer-to-consumer electronic commerce is a growing area of e-commerce. However, according to Meta analysis of critical themes of e-commerce, C2C e-commerce was only represented in the area of online auctions [7]. C2C transactions generally involve products sold through a classified or auction system. Products sold are often used or second hand. C2C is projected to grow in the future because of its cost effective; this means it minimizes the cost of using third parties. Retailers see it as very important, given the growing use of social media channels by consumers to share their opinion about specific stock, which often drives increased traffic to stores [5]. C2C is the oldest form of e-commerce we know, used well before internet appeared, although they can and are supported by large websites nowadays. They are a way of helping people to deal directly with each other or to buy more conveniently from companies. The goal of C2C is to enable buyers and sellers to find each other easily. They benefit in two crucial commerce areas. Firstly, they benefit from competition for product and second they can easily find products that are otherwise difficult to locate [9].

C2C e-commerce differs from a business-to-business model or business-to-consumer model because consumers interact directly with each other. However, a business does operate the online platform on which C2C transaction takes

place. Buyer can shop for free, but sellers sometimes have to pay a fee to list their products. Consumers often play an active role in monitoring e-commerce sites for scam and other inappropriate content [12].

In most cases, C2C e-commerce is helped along by a third party who officiate the transaction to make sure goods are received and payments are made. This offers some protection for consumers taking part in C2C e-commerce, allowing the chance to take advantage of the prices offered by motivated seller. The purpose of this paper is to discuss the origin, definition, business model, statistics, advantages and disadvantages of C2C e-commerce. The paper will further look at some features of C2C e-commerce website.

2. C2C E-commerce: Origin

There are two implementation of C2C e-commerce that is credited with its origin. These are classified and auction [11]. The oldest auction house is Stockholm Auction House which was established in Sweden in 1674. Auction however, has been recorded as far back as 500 B.C. Derived from the Latin word “augere” which means to increase [2]. Auction have since been widely used method of liquidating assets, and has evolved into many different variations. The most successful current form of auction is based on the internet with systems such as eBay [8].

C2C e-commerce has become more famous recently with the advent of the internet. Companies such as Craigslist, eBay, and other classified and auction based sites have allowed for greater interaction between consumers, facilitating the customer to customer model [10]. Newspapers and other similar publications were frequent

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Circulation and therefore were able to be used to facilitate a common need. Some people wanted things; others had things and wanted to sell them. This was the birth of classifieds [13]. C2C has come a long way and will still enjoy the current changes in technologies as they appear.

3. Definition of C2C E-commerce

This is a business model where two individuals or consumers transact or conduct business with each other directly [6]. Generally, an intermediary/third party maybe involved, but the purpose of the intermediary is only to facilitate the transaction and provide a platform for the people to connect to each other. The intermediary would receive a fee or commission, but is not responsible for the product exchange. C2C normally takes the form of an auction where the bidding is done online [4].

3.1. Some Important Features or Functionalities of C2C Web Application

- ✧ The buyer can purchase products from multiple sellers
- ✧ The same customer can act as both buyer as well as seller
- ✧ The online market place will allow buyer to browse products by using different criteria such as; best seller, most popular product, from your city and many more
- ✧ Different sellers can bid on the products wish list item listed by the buyer, what they are looking for so that the buyer can get different best prices and offers from sellers
- ✧ The social media linking functionalities include, community or forum discussion and blog and other social media website link interface.
- ✧ The back end interface includes features for administration to manage buyer and seller accounts, payment settings, gallery setting, etc.

3.2. C2C E-Commerce Business Model

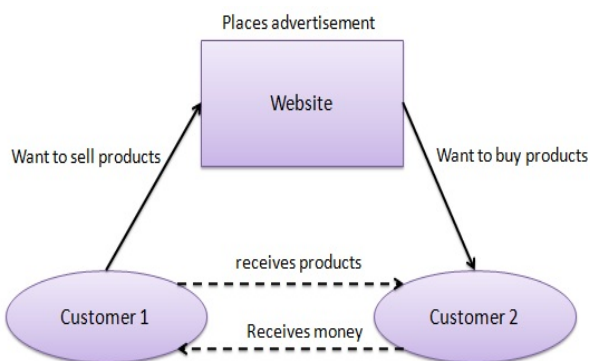


Figure 1. C2C business model (source: www.tutorialspoint.com)

The C2C model involves transactions between consumers. Here a consumer sells directly to another consumer. EBay and www.bazee.com are common examples of online auction websites that provide a consumer to advertise and

sell their product online to another consumer. However, it is important that both the seller and the buyer register with the auction site. While the seller needs to pay a fixed fee to the online auction house to sell their products, the buyer can bid without paying any fee. The site brings the buyer and seller together to conduct deals [15].

Figure 1 shows two customers (customer 1 and customer 2) and a website providing the space for advertisement. Customer 1 places advert on the website about products he wants to sell and customer 2 visits the website to search for products he wants to buy. The transaction between the customers goes on until payment and delivery of product is done.

4. C2C E-commerce Statistics

C2C e-commerce is facilitated in large part by websites offering free classified advertisement, auctions, forums, and individual pages for start-up entrepreneurs. Etsy, eBay, Craigslist, Taobao, Amazon, and kickstarter all offer functions to enable C2C transactions and interactions. Since its launch in 1995, the online auction and selling website eBay has been one of the leaders of C2C e-commerce and statistics show that it is one of the fastest growing internet companies with its annual net revenue doubling between 2008 and 2013. Recent market data shows that eBay's audience stretches over most over most of the world and drew over 84million USA visitors in the beginning of 2014 [14]. The success of eBay makes Alibaba realize that Chinese C2C market is also a big gold mine. Currently the monthly volume of business on eBay website is 60million or so, and increase 20% per month. Though eBay charges commission that is only less than 1/10 of the whole business, and has made no profit, these categories of eBay proves that C2C categories are feasible in China. Alibaba invested a huge amount of money to create Taobao website, at the same time eBay declared that it would add to Chinese eBay more investment and pay 15,000,000 Yuan to buy the remaining share of American eBay in order to put eBay under full control [1].

Analysys International estimates that the Chinese B2C and C2C online market will reach RMB 2,568 billion (\$412 billion) by 2015 with an associated marketing spend of 48.87 billion RMB. Currently Taobao generates 50,000 sales per minutes as China's biggest C2C mall. There are 242 million online shoppers spending \$40,000 per seconds. 17% of online shoppers account for 47% of sales. There are 5million online shoppers and there are 146 million shoppers using mobile connection [3].

The figure below shows the monthly worldwide revenue of Etsy.

During those months, the C2C e-commerce website's sales generated revenue of \$14.7 million up from 115.2million U.S dollars in online sales in October 2013.

In 2014, C2C has recorded 105billion dollars market size as compared to 71billion dollars for B2C e-commerce.

C2C market size has experienced tremendous increase from 2004 to date. This increase in market size could be attributed to popularity and patronage C2C has got since its

existence.

The figure below shows the e-commerce (C2C, B2C) market size.

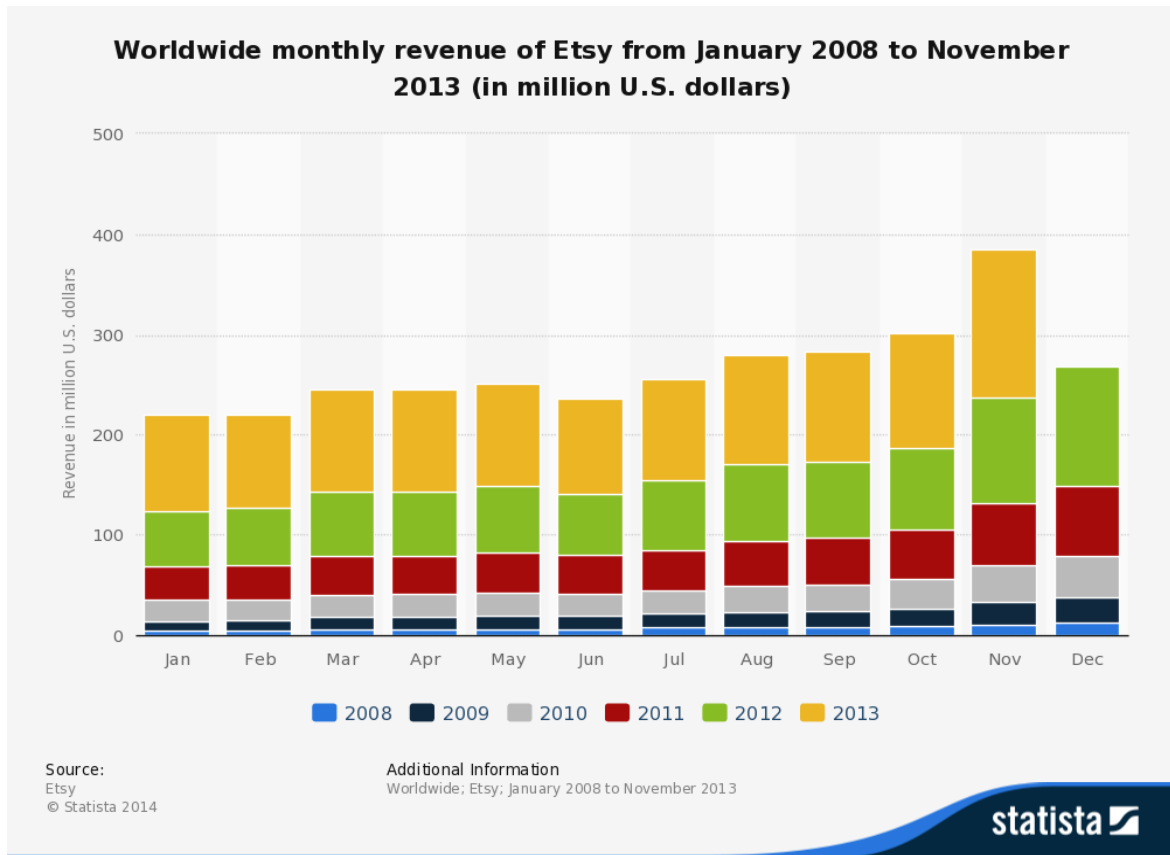


Figure 2. Etsy worldwide monthly revenue (source: www.statista.com)

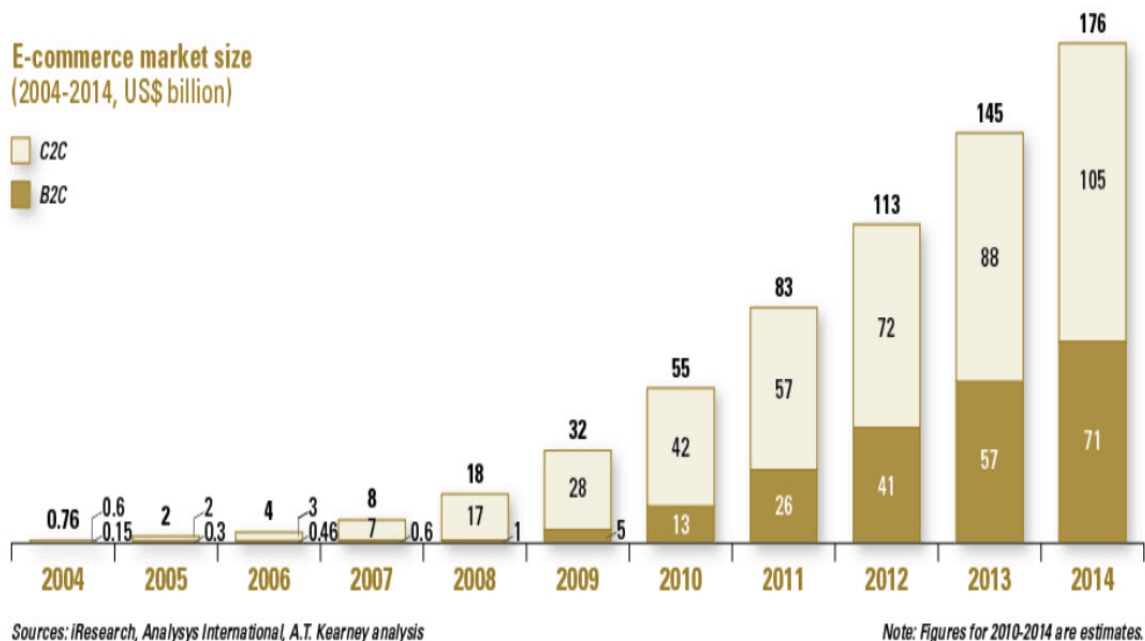


Figure 3. E-commerce (C2C, B2C) market size (source: iResearch, Analysys Int., A.T. Kearney analysis)

4.1. Advantages of C2C E-Commerce

- ✧ It is always available so that consumers can have access to whenever they feel like shopping
- ✧ There is regular updating of the website
- ✧ Consumers selling products to other consumers benefit from the higher profitability that result from selling directly to one another
- ✧ There is a low transaction cost; sellers can post their goods over the internet at a cheaper rate far better than higher price of renting a space in a store
- ✧ Customer can directly contact sellers and do without an intermediary.

4.2. Disadvantages of C2C E-Commerce

- ✧ Payment made has no guarantee
- ✧ There could be theft as scammers might try to create their website with names of some famous C2C websites such as eBay to attract customers.
- ✧ There is lack of controlling quality of the products.

5. Conclusions

C2C e-commerce has come a long way through its journey. As it happens in every society, there are successes and setbacks. Even though C2C e-commerce has chopped some glorious successes since it was established there are still some shortcoming that needs to be addressed. As it is said we cannot tackle 21st century's problems with 19th century's solutions therefore, C2C e-commerce websites must update their technologies to suit the current happenings in their business. It is every body's wish to buy or sell without any threat to their security. However, I would like to edge C2C e-commerce websites to upgrade their security measures to arrest the situation of scammers and fraudsters that pose threat to the security of consumers and sellers.

C2C e-commerce is making progress and there are more positive results to be seen in the future. As a growing e-commerce, I believe in the near future C2C e-commerce websites will increase their payment technology to allow consumers to purchase products at ease.

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