

The Comparative Analysis of C2B and B2C

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Received: June 8, 2015 Accepted: August 15, 2015 Online Published: September 29, 2015

doi:10.5539/ijms.v7n5p157 URL: <http://dx.doi.org/10.5539/ijms.v7n5p157>

Abstract

In the era of Internet+, electric business model has become the key to the success of e-commerce enterprises. B2C model has produced many well-known electrical business empires, such as Yahoo, Ebay, Amazon, and so on. At the same time, because of customers' personalized needs, "consumer-driven" C2B electric business model has become a new growth point by many enterprises. B2C and C2B are the mainstream mode of e-business, and participants are both B - Business and C - the customer. The article will make comparative analysis on background of C2B and B2C, the direction of the supply chain, leader of the value-added process, operational efficiency and utilization of resources, consumer perceived value.

Keywords: C2B, B2C, electrical business model, value chain, integration innovation

1. Introduction

In the era of Internet+, with the development of computer network technology and cloud computing, e-commerce has entered a stage of rapid development. Worldwide electric business environments are very mature; the Chinese e-commerce network environment is also gradually developing. CNNIC data showed that by the end of December, 2013, the scale of Chinese netizen has reached 618 million, and network shopping user scale has reached 302 million. In 2013 China's rural internet penetration rate has reached 27.5%; the number of internet users and trading scale present a trend of increasing.

Electrical business model is based on a certain technology; enterprise business processes and the profit model in the network environment. B2C model has produced many well-known electrical business empires, such as Yahoo, Ebay, Amazon and so on. At the same time, because of customers' personalized needs, "consumer-driven" C2B electric business model has become a new growth point by many enterprises. Group buying on Meituan, booking on Tmall, personalized customization commodity on Haier are C2B model's typical applications in the era of internet+.

B2C and C2B are the mainstream model of e-business, and participants are both B - Business and C - the customer. In the fierce internet competition, electrical enterprises will choose to win more customers, in order to get higher profit growth point. This article will make comparative analysis mainly from the perspective of supply chain and e-business operation process of B2C and C2B, in order to provide guidance for the pattern of electrical companies.

2. Literature Review

With the continuous development of e-commerce, the studies of the patterns of electronic commerce are also gradually increased both at home and abroad. Research focuses are the following aspects:

2.1 The Comparative Analysis of B2C and Other Traditional Models—B2B or C2C

Research by Xue & Chen (2007) based on the B2B, B2C, and C2C third-party online payment. They carried on the comparative analysis just for three typical e-commerce of B2B, B2C, C2C from the perspective of the third party online payment. The article summarized the third-party online payment system model and its existing problems, and finally planned the together-construction of a third party online payment. Wu (2008) discussed fusion and development trend of B2C and C2C. Through the analysis of dangdang and taobao, the article pointed out that B2C and C2C were complementary, and the fusion of the two models was the necessary trend of the development of e-commerce in the future. Wang (2009) studied on B2B and B2C's integration of design and implementation of e-commerce system. He analyzed B2B and B2C e-commerce industry's present situation,

characteristics and development trend, and the B2B and B2C integration's possibility, advantages and necessity.

In a word, most studies, by comparing the B2C and other traditional business model, advocate the fusion of different patterns making full use of the advantages of various patterns. But in the study of different models, the researchers did not mention the emerging C2B.

2.2 The Development and Characteristics of C2B

Zhang, Kou, Chen and Li (2010) adopted system analysis and value chain theory, put forward the intelligent C2B, and analyzed the model's framework characteristics and advantages. Xu, Chen and Di (2010) discussed the problems that should be paid attention to in C2B electronic marketing model. Dai (2013) pointed out that the concept of C2B e-commerce, business model and evolution path, and put forward the real C2B model was consumer demand first and enterprise production second. Chen (2013) discussed the C2B model running mechanism and characteristics from the angle of consumer demand, and provided the reference for e-commerce model innovation. Gao (2014) pointed out that under the C2B model, the active participation of consumers to customize individualized product can meet their own needs.

In a word, the studies mentioned above expounded the concept, characteristics, nature of C2B model, and realized the consumer's dominance.

To sum up, at present most of the researches of B2C and C2B model are isolated, not combining both for comparison and analysis. As C2B's application is more and more wide, many e-business enterprises have used C2B model gradually as well as the original B2C model. So this article will make comparative analysis of B2C and C2B, to provide constructive suggestions for electric enterprises.

3. Method

3.1 Method of Comparative Analysis

Articles will make comparative analysis from background, the direction of the supply chain, leader of the value-added process, operational efficiency and utilization of resources, consumer perceived value of B2C and C2B. Tools of comparison analysis are mainly Michael Porter's Value Chain Model and 6F+2S+1P.

3.2 Michael Porter's Value Chain Model

B2C and C2B can be analyzed by the U.S. strategic scientist Michael Porter's Value Chain Model. Porter makes value-added activities inside and outside the enterprise divide into five basic activities and four supporting activities (Figure 1). Using potter's value chain, the value-added process of C2B and B2C will be analyzed.

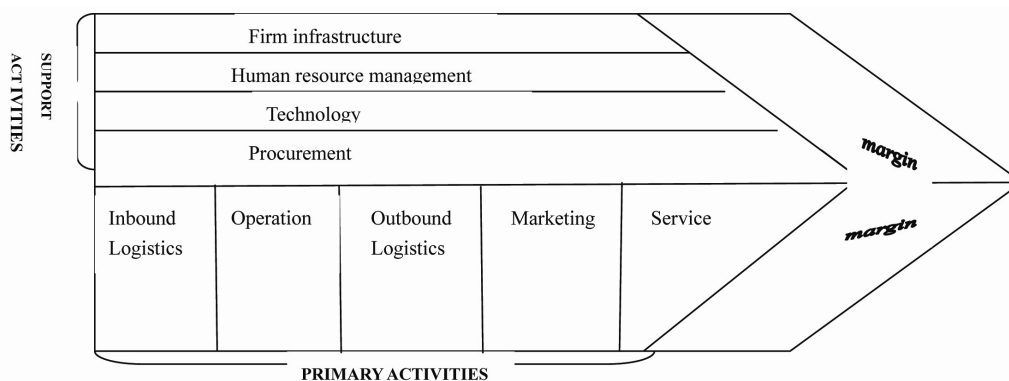


Figure 1. Michael Porter's value chain model

3.3 6F+2S+1P

From the perspective of e-commerce implementation mechanism, the overall framework of e-commerce can be visually depicted by 6F+2S+1P (Figure 2). 6F (flower) includes information flow, cash flow, logistics, credit flow, personnel flow, business flow. 2S+1P is safety, standardization and policy. Through the analysis of 6F direction, we can compare the operation process of B2C and C2B, so as to compare the efficiency of two patterns.

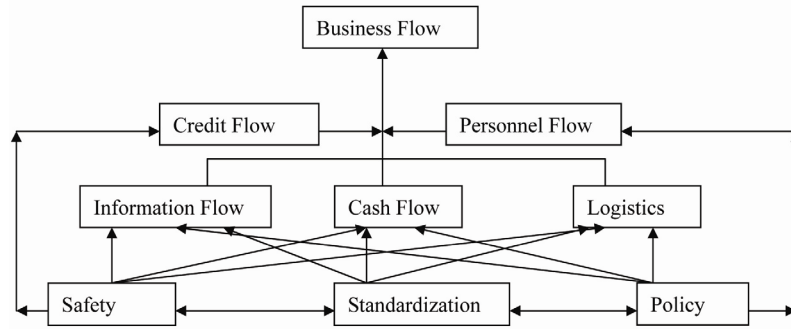


Figure 2. 6F+2S+1P

4. Discussion

4.1 The Difference of Backgrounds

In the early days of the e-business, the enterprise is the leader of e-commerce, so the mainstream pattern is B2C. B2C (business to customer) is dominated by the enterprise and the consumers are at the end of the supply chain.

But in the age of internet, consumer demands present the fragmentation, individuation, especially the young consumer groups growing up in the network environment, gradually give up the homogenized product, actively seeking morphological and functional elements difference. The development of network technology and the cloud computing can help to realize the personalized demand. So “consumer-driven” C2B (customer to business) e-commerce model has been widely concerned.

4.2 The Difference of Marketing Concept

B2C electrical business model is based on 4Ps marketing concept—Product, Price, Promotion, Place—what was put forward by E. Jerome McCarthy. The core of marketing activities is formulation and implementation of enterprise’s effective marketing mix, so the enterprise is the center.

C2B electrical business model is based on the Marketing theory of 4Cs—Consumer, Cost, Convenience, Communication—what was put forward by Robert Lauterborn in the United States. It emphasizes that enterprises should give top priority to customer satisfaction. The father of modern marketing Philip kotler deemed that enterprises should focus on customer demand. Thus, under the background of network, marketing management theory has formed the theoretical system taking customer as the center. In this context, C2B e-business model is developing gradually.

4.3 The Difference of Value Chain Flow Direction

4.3.1 The Enterprises Are the Center of the Value Chain in B2C

The value chain of B2C is a push strategy in which enterprise is dominant. The sponsor of the value chain is enterprise (Figure 3). Enterprises procure raw materials firstly and then product, and finally distribute standardized products to consumers. In this process, the enterprise’s approach is the “big purchase + large-scale production + wide distribution + big logistics + big retail”, which lead to the prolix value chain and the low efficiency.

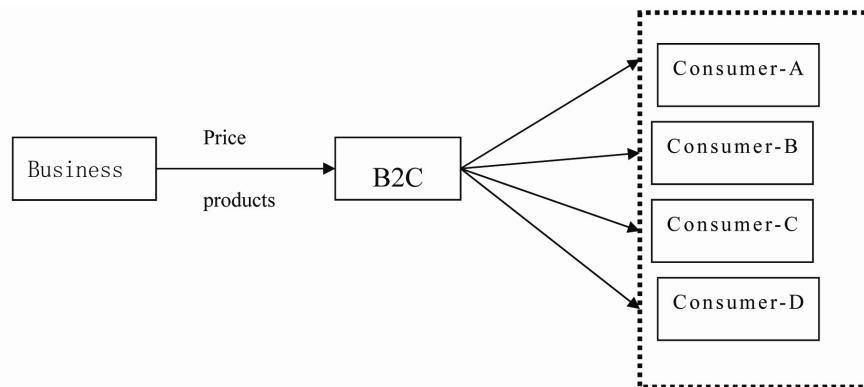


Figure 3. Value chain of B2C

4.3.2 The Consumers Are the Center of the Value Chain in C2B

Schema types of C2B mainly include: aggregating consumer's demand (Figure 4), personalized customization, consumer bidding (Figure 5), merchant subscription and services claim.

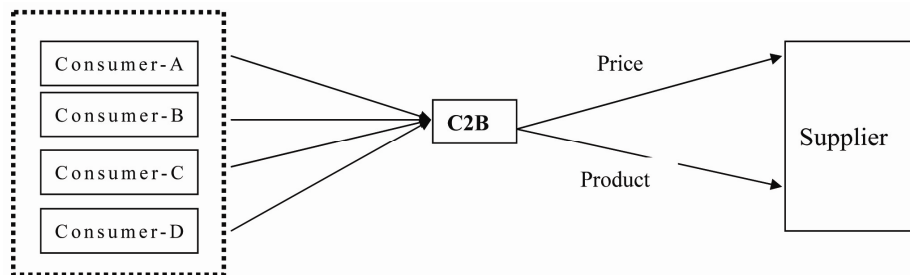


Figure 4. Flow chart of aggregating consumer demands of C2B

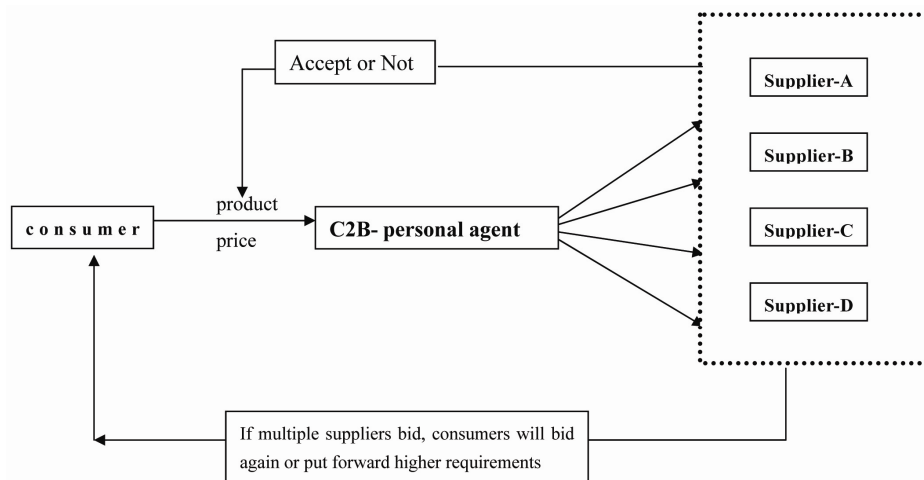


Figure 5. Flow chart of consumer bidding of C2B

In C2B, consumers put forward personalized needs to providers, and then suppliers integrate upstream supply chain according to consumer demands, forming reversed supply chain. The control of goods is transferred to the buyer from the seller, so the whole process is driven by consumers, that is to say, the supply chain is based on the consumer. Because removing middlemen, the value chain is optimized, and enterprise can realize flattening management. All in all, enterprises improve production efficiency and social efficiency.

4.4 The Difference of Direction of 6F

In B2C, enterprises are the initiator in the implementation process of e-commerce, so 6F are from business to consumer. However in C2B, information flow is a reverse process from consumer to business, and the information will be more transparent, so the enterprises improve the precision of the production. In regard to personnel flow, consumers will participate in the whole process of C2B, and consumer ideas will affect enterprise, so the personnel flow is the reverse.

Therefore, from the perspective of e-commerce implementation mechanism, the running efficiency of C2B is higher than B2C.

4.5 The Difference of Precision Marketing

In B2C, the enterprises product standardized products according to the existing technology, which can't realizing the personalized demand, cannot achieving precision marketing. In C2B, by means of the advanced database technology, enterprise can realize precise positioning, to achieve measurable and precision requirements. Enterprises collect customer orders, arouse the enthusiasm of users to participate in production design, and effectively manage upstream and downstream of supply chain, realizing precision marketing.

5. Conclusion

C2B efficiency is higher than B2C by the analysis of the above. Through C2B, consumers can customize their own products, and at the same time they can enjoy the collective bargaining, getting higher consumer surplus. Enterprises gather the orders through the C2B e-business platform in a short time, and then produce massively, forming scale effect, shorting and integrating the supply chain, which improve operational efficiency and maximize social welfare. So the development of C2B is win-win for both buyers and sellers. C2B must be perfect and mature gradually, becoming the mainstream of the electric business operation model.

Although the advantage of C2B has appeared, many difficulties still exist in the era of Internet+, for example the formulation of laws and regulations, government policy support, C2B platform supervision and punishment mechanism, credit system and financial payment security, supply chain integration capability, ability of scale production, business collaboration between enterprises, etc. Therefore, at present the C2B's overall implementation is still very difficult, so e-business enterprise can combine both B2C and C2B model. Enterprises may give priority to B2C, in the process of development, letting consumers to participate actively, gradually introducing C2B model, to realize constant collaboration between two models.

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