



Topic 2: Digital Commerce. Introduction

Definition: Digital Commerce is the electronic buying and selling of goods.

Digital commerce (D-commerce) is a type of e-commerce used by an organization that delivers and sells products online. D-commerce is used by companies that sell news, subscriptions, documents or any form of electronic content, and the digital commerce company collects payments, handles customer refunds and billing and manages other accounting functions for online publisher clients.

D-commerce is considered a form of e-commerce because it deals with the exchange of electronic goods.

Digital commerce is often the most difficult element of digital citizenship for educators to address in the classroom. Teachers may believe it is not their responsibility to teach students to be informed, careful consumers (except in certain business courses). However, online purchasing has become an important factor in students' lives. According to Harris Interactive, in 2009 America's youth ages 8-24 (Generation Y) spent \$220 billion online. Digital commerce plays a large role in students' lives, so they need to understand all aspects of these online transactions.

Learning to become an intelligent consumer is an important aspect of good citizenship. Unfortunately, it is not uncommon for students to go online and purchase items without thinking about the consequences. Often, the consequences extend beyond accumulation of debt. For example, not knowing how and where to buy items online can leave kids vulnerable to internet scams and identity theft.

If teachers hope to prepare students for the rest of their lives, digital commerce is an important issue that needs to be addressed. With concerns from major companies that have had user data stolen, everyone must be more diligent of what information is held where. This becomes more difficult as companies outsource to others for billing, etc., and also sell user information for profit.

Essential questions

Are students aware of the opportunities as well as the problems associated with purchasing items using digital technology?

Should students be made more aware of how to purchase goods and services through digital formats?

Students use internet resources to learn about items they want to purchase, and buy those items directly online. This practice has been steadily increasing over the last decade. In the Pew & Internet & American life Project report *Social Media and Young Adults*, nearly half (48%) of online teens purchase books, clothing, or music online (Lenhart, Purcell, Smith, & Zickuhr, 2010). Even with the increase of online purchasing, all internet users need to learn to be discerning online customers.

Social media is also playing a part in the online buying habits of teens. Sites such as Instagram, Pinterest, and Twitter are adding to the sharing of information about online buying. As websites collect user information (to hopefully help the customer experience and increase sales) the habits of users are being tracked. This appears on the surface to be a help for users, but how is this information being used by companies? Many students are unsure about how to shop for the best deal, and many more do not know about the hazards of providing sensitive information (such as credit card numbers, bank numbers, or other personal data) to insecure sites. Because using online tools, mobile technology, and social networking to purchase items is rapidly becoming the norm, students should be taught to understand this process.

Digital commerce may not seem to be a particularly important issue for teachers and technology leaders, but is keenly important for their students. One of the goals of education is to create educated members of a society, thus this is an important skill. Anyone who is actively working, playing, or purchasing items online is a member not only of a digital community but of an economic community as well.

Students need to understand that their actions online can follow them throughout their life (e.g., ruining their credit by running up large credit card debt). If teachers are to help prepare their students to be good citizens, they need to prepare them for interacting in a digital economy.

Business-to-consumer ecommerce has evolved dramatically since its birth in the late 1990s, putting consumers on centre stage. Consumer ratings and reviews not only shape the buying experiences of other consumers but also affect business reputation and product development. The line between businesses and consumers is further blurred by the financial opportunities opened to consumers to sell, rent, and perform tasks for other consumers through Internet platforms. Such online activity generates a wealth of data used to sketch rich consumer profiles which have become core to ecommerce business models but also brings risks, including privacy and security risks.

Enhancing consumer trust remains a cornerstone for success in a dynamic and complex e-commerce marketplace. On 24 March 2016, the OECD revised its Recommendation on Consumer Protection for Ecommerce, modernising its approach to fair business practices, information disclosures, payment protections, unsafe products, dispute resolution,

enforcement and education. The revisions built upon preparatory work that included specific policy guidance on mobile and online payments and intangible digital content products, released in 2014. Protecting digital consumers was a key theme at the OECD Ministerial on the Digital Economy, which took place on 22-23 June 2016, in Mexico.

The Internet is providing consumers with exciting opportunities to purchase an expanding range of products from a large number of suppliers, at lower prices. Enhancing the benefits of e-commerce for consumers will require maintaining an environment in which consumers have trust.

Countries should modernise their consumer protection laws to address new risks posed by online commerce, including “free” apps and peer-to-peer Internet transactions, according to new OECD guidelines for member countries and emerging economies.

See the Recommendation on Consumer Protection in E-commerce:

- OECD (2014). Consumer Policy Guidance on Intangible Digital Content Products. OECD Digital Economy Papers, No. 241, OECD Publishing, Paris. <http://dx.doi.org/10.1787/5jxvbrjq3gg6-en>
- OECD (2014), “Consumer Policy Guidance on Mobile and Online Payments”, OECD Digital Economy Papers, No. 236, OECD Publishing, Paris. <http://dx.doi.org/10.1787/5jz432cl1ns7-en>
- OECD (2008). OECD Policy Guidance on Online Identity Theft. OECD Publishing, Paris. <http://www.oecd.org/sti/consumer/40879136.pdf>
- OECD (2007). Mobile commerce guidance. OECD Publishing, Paris. <http://www.oecd.org/sti/38077227.pdf>
- OECD (2006). OECD Anti-Spam Toolkit of Recommended Policies and Measures. OECD Publishing, Paris.
- OECD (1999). Guidelines for Consumer Protection in the Context of Electronic Commerce. OECD Publishing, Paris. <http://www.oecd.org/sti/consumer/34023811.pdf>

Illegal copying and unauthorised distribution of digital works has intensified in everyday consumer products such as audio CDs, DVDs, and e-books. Copyright holders wish to prevent any unauthorised use. Both international and national legal copyright instruments provide protection for copyrighted material and remedies against their circumvention.

See the following OECD Report:

- OECD (2006). Report on Disclosure Issues Related to the Use of Copy Control and Digital Rights Management Technologies. OECD Digital Economy Papers, No. 115, OECD Publishing, Paris. <http://dx.doi.org/10.1787/231477833812>

Cardholder protection

Many active Internet users remain unwilling to purchase goods or services over the Internet. Being aware of security and privacy problems, they hesitate in launching their financial details into cyberspace. The OECD Committee on Consumer Policy (CCP) has worked in the past on a number of issues relating to consumer protection in online payments. See

- OECD (2002). Report on Consumer Protections for Payment Cardholders. OECD Digital Economy Papers, No. 64, OECD Publishing, Paris. <http://dx.doi.org/10.1787/233364634144>

E-commerce trends and challenges

Technological advances and market pressures have made telecommunications and ICT products and systems increasingly complex. Mobile providers are offering ever more sophisticated products and services. Though consumers take the full advantage of these developments they face problems of switching, fees, analysis of offers, etc. The OECD investigates how consumer policies could be amended and encourages its member countries to take appropriate actions. See

- OECD (2016). Protecting Consumers in Peer Platform Markets. <http://dx.doi.org/10.1787/5jlwvz39m1zw-en>

Peer-to-peer transactions have long played a role in commerce, but today's online platforms enable them on a much greater scale. Early examples include platforms for the sale of goods (e.g. online auction sites). Newer models include the rental of short-term accommodation and transport or mobility services. Sometimes described as the "sharing" economy or "collaborative consumption," this report refers to these innovative businesses as "peer platform markets." In addition to bringing benefits, peer platform markets raise new policy challenges, including consumer protection issues. As a general principle, consumer laws should be considered to apply to the basic offer of services to peers by peer platforms. It can be difficult, however, to apply existing laws to business models that blur the boundaries between consumers and businesses.

Several other OECD publications discuss E-commerce trends and challenges. See

- OECD (2013). Protecting and Empowering Consumers in the Purchase of Digital Content Products. OECD Digital Economy Papers, No. 219, OECD Publishing, Paris. <http://dx.doi.org/10.1787/5k49czlc7wd3-en>
- OECD (2012). Report on Consumer Protection in Online and Mobile Payments. OECD Digital Economy Papers, No. 204, OECD Publishing, Paris. <http://dx.doi.org/10.1787/5k9490gwp7f3-en>
- OECD (2009). Online Identity Theft. OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264056596-en>
- OECD (2007). Mobile Commerce. OECD Digital Economy Papers, No. 124, OECD Publishing, Paris. <http://dx.doi.org/10.1787/231111848550>

Internet fraud

The development of Internet has facilitated the globalisation of markets and cross-border e-commerce but also taken Internet fraud to new levels. Consumers are at risk of identity theft, which threatens trust and undermines the growth of online commerce. The OECD has studied the issues and made recommendations to support work by governments to ensure that consumers are adequately protected from these threats. See

- OECD (2009). Online Identity Theft. OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264056596-en>

- OECD (2007). OECD Recommendation on Cross-border Co-operation in the Enforcement of Laws Protecting Privacy, <http://www.oecd.org/sti/ieconomy/38770483.pdf>
- OECD (2006). Report on the implementation of the 2003 OECD Guidelines for protecting consumers from fraudulent and deceptive commercial practices across borders. OECD Publishing, Paris. <http://www.oecd.org/sti/ieconomy/37125909.pdf>
- OECD (2003). OECD Guidelines for Protecting Consumers from Fraudulent and Deceptive Commercial Practices Across Borders. OECD Publishing, Paris. <http://www.oecd.org/internet/consumer/2956464.pdf>

Digital Commerce Issues

- online buying through commercial sites, auction sites, and other internet locations
- online selling through auction sites and other internet locations
- media subscriptions and purchases made through applications such as iTunes
- buying and selling “virtual merchandise” for online games

Digital Commerce Keywords

- online shopping
- online auction policies
- technology and identity theft
- technology and credit issues

References

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OECD (2017). Consumers in the Digital Economy. <http://www.oecd.org/sti/consumer/consumersinthedigitaleconomy.htm>

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