



E-Business

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- **E-commerce** – the buying and selling of goods and services over the Internet
- **E-business** – the conducting of business on the Internet including, not only buying and selling, but also serving customers and collaborating with business partners

E-business model

- – an approach to conducting electronic business on the Internet

	Business	Consumer
Business	B2B	B2C
Consumer	C2B	C2C

Models (cont)

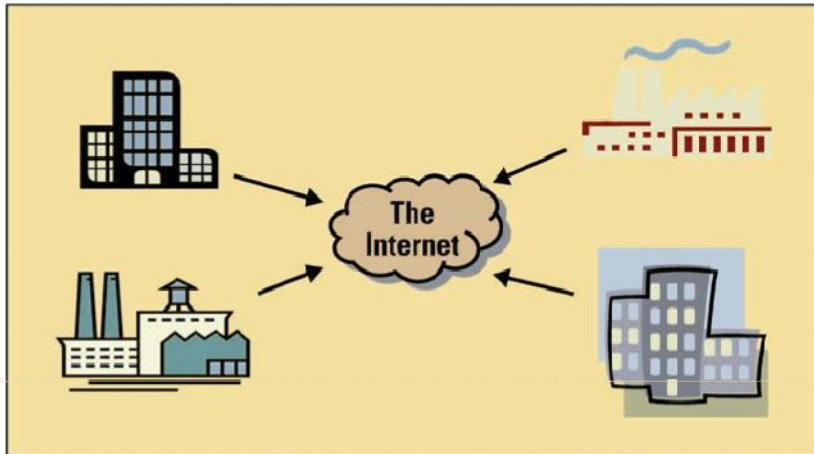
E-Business Term	Definition
<i>Business-to-business (B2B)</i>	Applies to businesses buying from and selling to each other over the Internet.
<i>Business-to-consumer (B2C)</i>	Applies to any business that sells its products or services to consumers over the Internet.
<i>Consumer-to-business (C2B)</i>	Applies to any consumer that sells a product or service to a business over the Internet.
<i>Consumer-to-consumer (C2C)</i>	Applies to sites primarily offering goods and services to assist consumers interacting with each other over the Internet.

Models Cont.

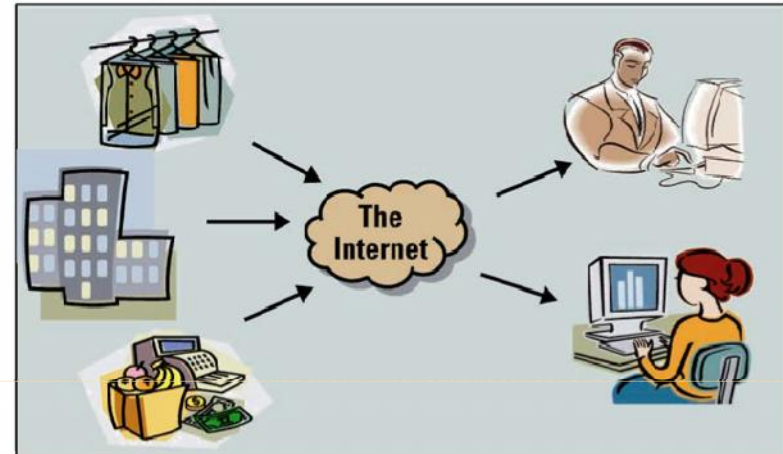
- **Business to Employee**
 - Normally implemented through intranet
- **Government-to-citizen (G2C)**
 - A person filing income taxes online.
- **Government-to-business (G2B)**
 - Government purchases supplies using Internet-enabled procurement system.
- **Government-to-government (G2G)**
 - Foreign government accessing U.S. federal regulations

Models (cont)

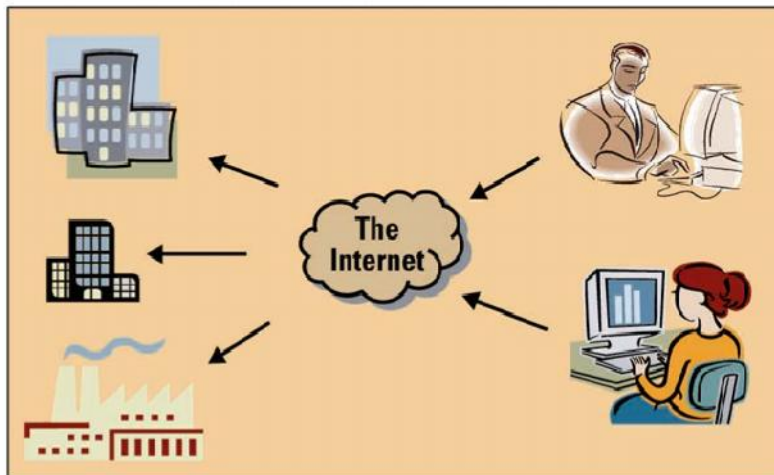
Business-to-Business (B2B)



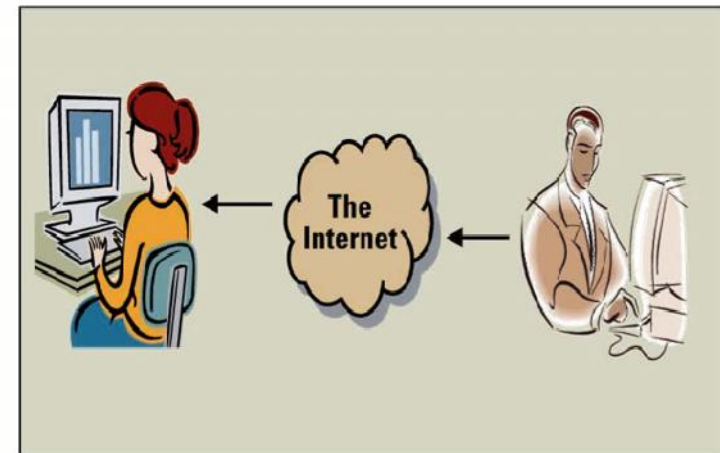
Business-to-Consumer (B2C)



Consumer-To-Business (C2B)



Consumer-To-Consumer (C2C)

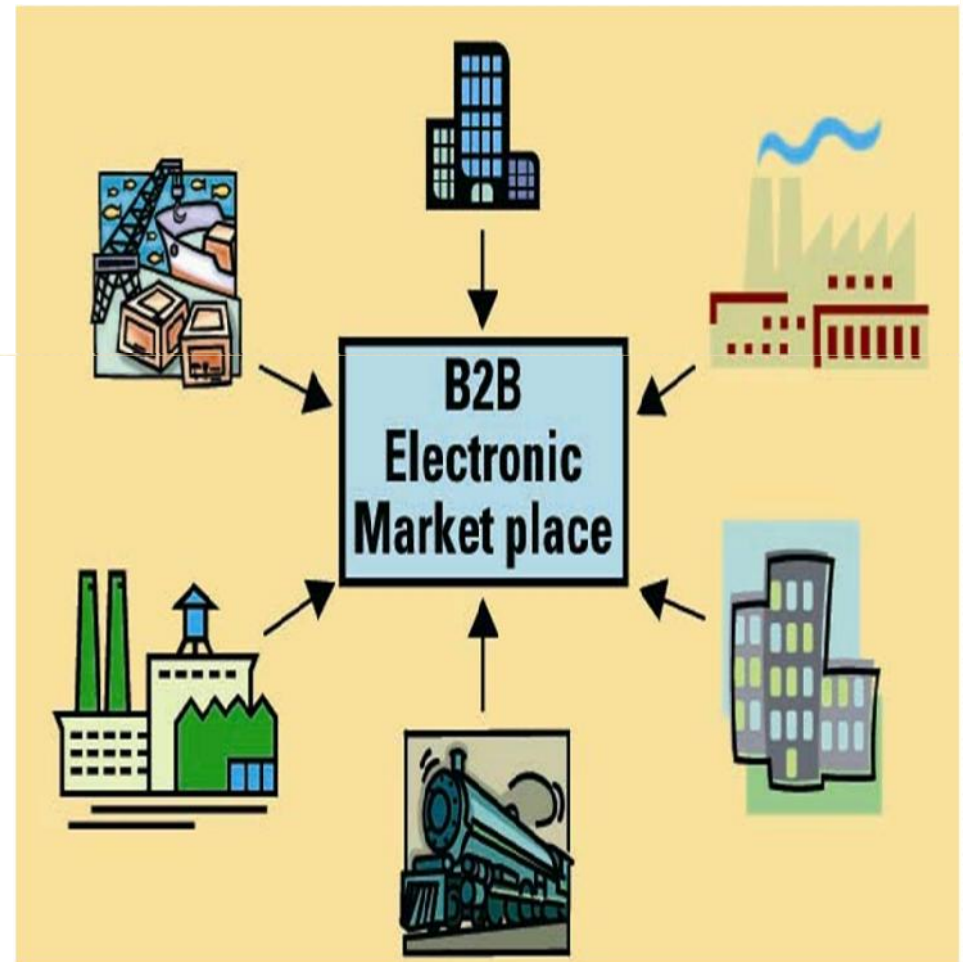


Business-to-Business (B2B)

- **Businesses buying from and selling to each other over the Internet**
- **B2B relations tend to be more complex and have higher security needs**
- **Account for 80% of all on-line business (E-business)**

Business-to-Business (B2B)

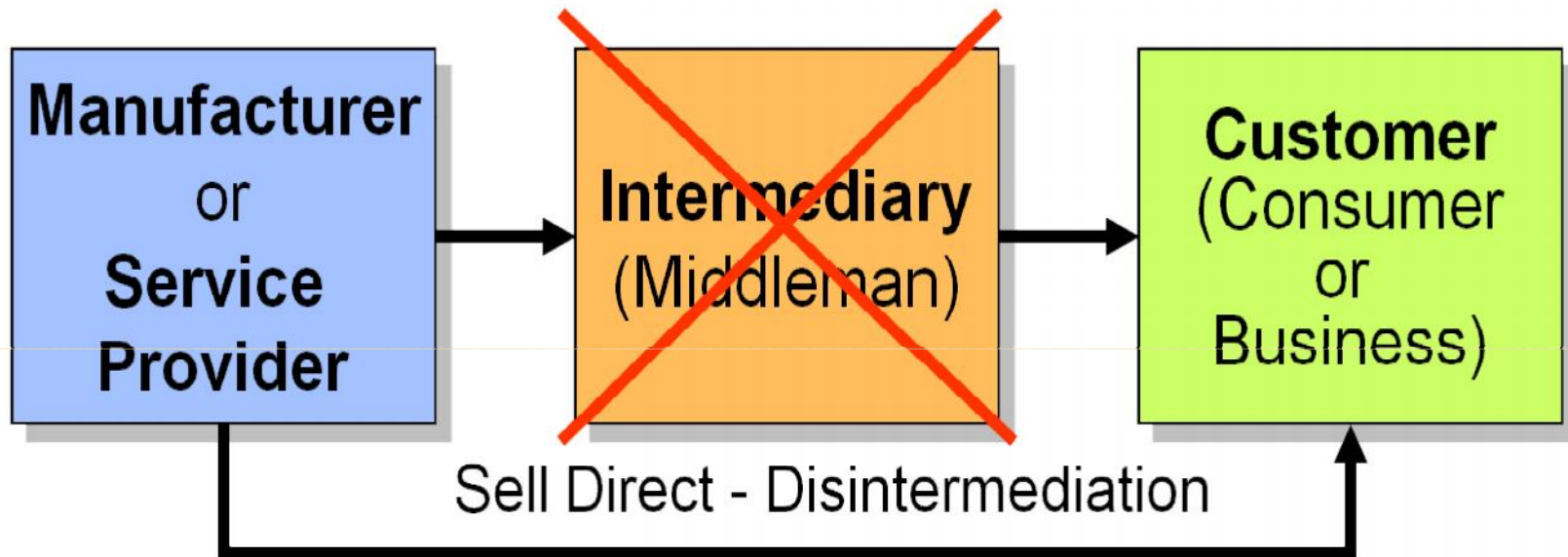
- **Electronic marketplace (e-marketplace)** – interactive business communities providing a central market where multiple buyers and sellers can engage in e-business activities



Business-to-Consumer (B2C)

- B2C -Businesses that sell their products or services to consumers over the Internet, avoiding any intermediaries
- **Disintermediation** - removal of the intermediary (middleman) in a sale. Companies can sell directly to customers (retail or wholesale) without assistance
 - **e-shop** – a version of a retail store where customers can shop any time without leaving their home (also called **e-store, e-tailer, on-line store**)

B2C: Disintermediation



Example

- Airlines selling directly to flyers without a travel agent or customer service representative

E - Banking

- Financial institutions offer:
 - Online banking
 - Management of credit card, checking, and savings accounts
 - Electronic bill pay
 - Bill payment online
 - Online investing
 - Growing in popularity
- Extensive use of Internet for obtaining financial information

Consumer-to-Business (C2B)

- C2B – any consumer that sells a product or service to a business over the Internet
- The demand for C2B e-business is expected to increase over the next few years due to customer's desire for greater convenience and lower prices

Consumer-to-Consumer (C2C)

- C2C – sites primarily offering goods and services to assist consumers interacting with each other over the Internet
 - Online auctions
 - **Electronic auction (e-auction)** - Sellers and buyers solicit consecutive bids from each other and prices are determined dynamically
 - **Forward auction** - Sellers use the site as a selling channel to many buyers and the highest bid wins
 - **Reverse auction** - Buyers use the site to purchase a product or service, selecting the seller with the lowest bid



ORGANIZATIONAL STRATEGIES FOR E-BUSINESS

- Primary business areas taking advantage of e-business include:
 - Marketing/sales
 - Financial services
 - Procurement
 - Customer service
 - Intermediaries

Marketing/sales

- Generating revenue on the Internet
 - **Online ad (banner ad)** - box running across a Web page that contains advertisements
 - **Pop-up ad** - a small Web page containing an advertisement
 - **Viral marketing** - a technique that induces Web sites or users to pass on a marketing message
 - **Mass customization** - gives customers the opportunity to tailor products or services

Financial Services

- Online consumer payments include:
 - Financial cybermediary
 - Electronic check
 - Electronic Funds Transfer (EFT)

Procurement

- **Maintenance, repair, and operations (MRO) materials** (also called **indirect materials**) – materials necessary for running an organization but do not relate to the company's primary business activities
 - **E-procurement** - the B2B purchase and sale of supplies and services over the Internet
 - **Electronic catalog** - presents customers with information about goods and services offered for sale, bid, or auction on the Internet

Customer Service

- Customer service is the business process where the most human contact occurs between a buyer and a seller
- e-business strategists are finding that customer service via the Web is one of the most challenging and potentially lucrative areas of e-business
- The primary issue facing customer service departments using e-business is consumer protection

Consumer Protection

- Illegal or harmful goods, services, and content
- Insufficient information about goods and their suppliers
- Invasion of privacy
- Cyber fraud

Intermediaries

- **Intermediaries** – agents, software, or businesses that bring buyers and sellers together that provide a trading infrastructure to enhance e-business
- **Reintermediation** – using the Internet to reassemble buyers, sellers, and other partners in a traditional supply chain in new ways

MEASURING E-BUSINESS SUCCESS

- Most companies measure the **traffic** on a Web site as the primary determinant of the Web site's success
- However, a large amount of Web site traffic does not necessarily equate to large sales
- Many organizations with high Web site traffic have low sales volumes

Web metrics

- Clickstream data tracks the exact pattern of a consumer's navigation through a Web site
 - Clickstream data can reveal:
 - Number of pageviews
 - Pattern of Web sites visited
 - Length of stay on a Web site
 - Date and time visited
 - Number of customers with shopping carts
 - Number of abandoned shopping carts



E-business **benefits** include

- Highly accessible
- Increased customer loyalty
- Improved information content
- Increased convenience
- Increased global reach
- Decreased cost

Demerits

- Protecting consumers
- Increasing liability
- Providing security

NEW TRENDS IN E-BUSINESS: M-COMMERCE

- **Mobile commerce or m-commerce** - any electronic **transaction** or **information interaction** conducted using a **wireless, mobile device**, and **mobile networks**, that leads to **transfer** of real or perceived **value** in exchange for **information, service, or goods** (MobileInfo, 2004)
- **Mobile commerce** - the ability to purchase goods and services through a wireless Internet-enabled device

Key Drivers of M-Commerce

- Growth of consumer interest in adoption of the Internet and e-commerce
- Real-time transfer of data over 3G and 4G cellular networks
 - “Always-on” connectivity
- M-commerce market in the United States grew from \$396 million to \$1.2 billion from 2008 to 2009.