E-Business and E-Commerce

CHAPTER OUTLINE

7.1 Overview of E-Business & E-Commerce
7.2 Business-to-Consumer (B2C) Electronic Commerce
7.3 Business-to-Business (B2B) Electronic Commerce
7.4 Electronic Payments
7.5 Ethical and Legal Issues in E-Business

LEARNING OBJECTIVES

1. Describe the six common types of electronic commerce; provide specific personal examples of how you have used or could use B2C, C2C, G2C, and mobile commerce; and offer a specific example of B2B and G2B.

2. Discuss the five online services of business-to-consumer electronic commerce, provide a specific example of each service, and state how you have used or would use each service.
LEARNING OBJECTIVES (continued)

3. Describe the three business models for business-to-business electronic commerce, and provide a specific example of each model.

4. Describe the four types of electronic payments, provide a specific example of each one, and explain whether you would use each type.

LEARNING OBJECTIVES (continued)

5. Illustrate the ethical and legal issues relating to electronic commerce with two specific examples of each issue, and describe how you would respond or react to the four examples you have provided.

7.1 Overview of E-Business and E-Commerce

Definitions and Concepts
Types of E-Commerce
E-Commerce and Search
Major E-Commerce Mechanisms
Benefits and Limitations of E-Commerce
Definitions and Concepts

Electronic commerce

Electronic business

Definitions and Concepts (continued)

Pure versus Partial Electronic Commerce depends on the degree of digitization involved.

Brick-and-mortar organizations
Virtual organizations
Click-and-mortar organizations

Bricks and Mortar, Partial EC, and Pure EC
Types of E-Commerce

- Business-to-Consumer (B2C)
- Business-to-Business (B2B)
- Consumer-to-Consumer (C2C)

Types of E-Commerce (continued)

- Business-to-Employee (B2E)
- E-Government
- Mobile Commerce (m-commerce)

B2B and B2C Electronic Commerce
E-Commerce and Search

Major E-Commerce Mechanisms

Auctions
Forward Auctions
Reverse Auctions

Forward and Reverse Auctions

Bid price
Time
Forward Auction

Bid price
Time
Reverse Auction
E-Commerce Business Models

Online direct marketing

Electronic tendering system

Name-your-own-price

Find-the-best-price

E-Commerce Business Models (continued)

Affiliate marketing

Viral marketing

Group purchasing

Online auctions

Bartering Online
E-Commerce Business Models (continued)

Product customization
Deep discounters
Membership

Benefits of E-Commerce

Benefits to organizations
- Makes national and international markets more accessible
- Lowering costs of processing, distributing, and retrieving information

Benefits to customers
- Access a vast number of products and services around the clock (24/7/365)

Benefits of E-Commerce (continued)

Benefits to Society
- Ability to easily and conveniently deliver information, services and products to people in cities, rural areas and developing countries.
Limitations of E-Commerce

<table>
<thead>
<tr>
<th>Technological Limitations</th>
<th>Non-technological Limitations</th>
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<tbody>
<tr>
<td>Lack of universally accepted security standards</td>
<td>Perception that EC is unsecure</td>
</tr>
<tr>
<td>Insufficient telecommunications bandwidth</td>
<td>Unresolved legal issues</td>
</tr>
<tr>
<td>Expensive accessibility</td>
<td>Lacks a critical mass of sellers and buyers</td>
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7.2 Business-to-Consumer (B2C) Electronic Commerce

Electronic storefronts          Electronic malls

Luxury E-Commerce
Online Service Industries

- Cyberbanking
- Online securities trading
- Online job market
- Travel services
- Online advertising

Disintermediation

A key issue is **disintermediation**

Online Advertising

**Online Advertising methods**

- Banners
- Pop-up ad
- Pop-under ad
- Permission marketing
- Viral marketing
Issues in E-Tailing

Channel conflict

Order fulfillment

Drivers of today’s online advertising

The emergence of “communitainment.”
The increasing popularity of Usites.
Mainstreaming of the Internet.
Declining usage of traditional media.
Fragmentation of content consumption.
Consumers are multitasking and they do not like ads.

Source: PiperJaffrey

Communitainment

Communitainment is the blending of community, communication, and entertainment into a new form of online activity driven by consumers.

The bank predicts that consumers will shift more than 50% of their content consumption over the next decade to communitainment formats (e.g., social networking, video, and photo sharing sites), displacing traditional forms of media content like TV, magazines, and large Internet sites.

This trend presents a major challenge for advertisers.
Eight Types of Web sites for Advertising

**Portals**: most popular; best for reach but not targeting

**Search**: second largest reach; high advertising value

**Commerce**: high reach; not conducive to advertising

Source: Piper Jaffray

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Eight types of sites (continued)

**Entertainment**: large reach; strong targetability

**Community**: emphasize being a part of something; good for specific advertising

**Communications**: not good for branding; low targetability

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Eight types of sites (continued)

**News/weather/sports**: poor targetability

**Games**: good for very specific types of advertising

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7.3 Business-to-Business (B2B) Electronic Commerce

In B2B e-commerce, the buyers and sellers are organizations.

B2B Sell-Side Marketplace

Key mechanisms: electronic catalogs and forward auctions

Common Sell-Side Marketplaces include:
- Ariba
- Dell Auction
- bigboXX.com

B2B Buy-Side Marketplace

Key mechanism: reverse auctions

United Sourcing Alliance is a common Sell-Side Marketplace
Electronic Exchanges

- Vertical Exchanges
- Horizontal Exchanges
- Functional Exchanges

7.4 Electronic Payments

Electronic checks (e-checks)
Electronic credit cards
Purchasing cards
Electronic cash
  Stored-value money cards
  Smart cards
  Person-to-person payments

7.5 Ethical and Legal Issues

Ethical Issues

- Privacy
- Job Loss
Legal Issues Specific to E-Commerce

- Fraud on the Internet
- Domain Names
- Cybersquatting

Legal Issues Specific to E-Commerce (continued)

- Domain Tasting
- Taxes and Other Fees
- Copyright

Chapter Closing Case

- The Problem
- The Solution
- The Results