

Discovering Computers 2003 Chapter 10 Objectives

- Understand how e-commerce has changed today's business practices
- Identify various e-commerce revenue streams
- Discuss the positive impact of e-commerce on global society
- Know how e-retailing works
- Differentiate between the various e-commerce business models: business-to-consumer, consumer-to-consumer, business-to-business, and business-to-employee
- Identify e-commerce market sectors
- Discuss issues associated with building an electronic storefront, accepting payment, managing product delivery, designing a site, managing the site, and promoting the site

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Discovering Computers 2003 What Is E-Commerce?

What is **electronic commerce (e-commerce)**?

- Financial business transaction that occurs over an electronic network
- Sometimes called **e-business**

Next p.10.2 Fig. 10-1

Discovering Computers 2003 What Is E-Commerce?

How are e-commerce transactions conducted?

- Primarily through desktop computers
- Wirelessly using handheld Web-enabled devices

M-commerce
E-commerce that takes place using mobile devices

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Discovering Computers 2003 What Is E-Commerce?

What is a **bricks-and-mortar business**?

- Company with a physical location, such as Wal-Mart or Kmart

Next p.10.3 Fig. 10-2

Discovering Computers 2003 What Is E-Commerce?

What is a **clicks-and-mortar business**?

- Company with a bricks-and-mortar location as well as an online presence
- Some companies have online presence without physical locations
 - E*Trade and Amazon.com

Next p.10.3 Fig. 10-3

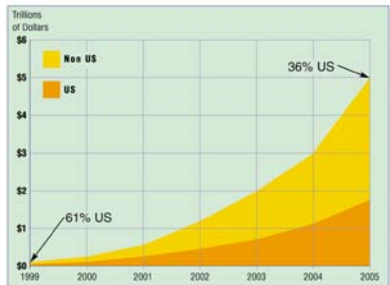
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What Is E-Commerce?

How has e-commerce grown?

- Estimates are that by 2005 worldwide e-commerce will exceed \$5 trillion




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E-Commerce Business Models

What is **business-to-consumer (B-to-C or B2C)** e-commerce?

- Sale of products or services from a business to the general public



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E-Commerce Business Models

How might a B2C e-commerce business operate?

- Customers buy products and services online
- Network contains Web hosting, security, and backup
- Warehouse receives and fulfills order



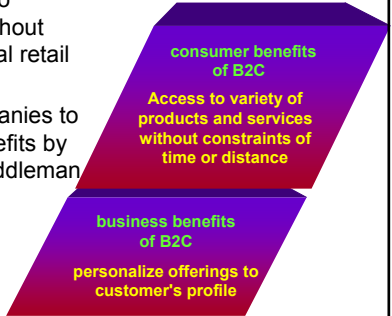
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E-Commerce Business Models

What is **disintermediation**?

- Sell products to consumers without using traditional retail channels
- Enables companies to maximize benefits by eliminating middleman




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E-Commerce Business Models

What is **consumer-to-consumer (C-to-C or C2C)** e-commerce?

- Individuals using Internet to sell products to other individuals
 - Online auction, such as eBay




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E-Commerce Business Models

What is **peer-to-peer (P2P)** e-commerce?

- Users connect to each other's hard disks and exchange files directly
- Consumer can pay another consumer to copy file



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E-Commerce Business Models
What is business-to-business (B-to-B or B2B) e-commerce?

- Sale and exchange of products and service between businesses
- Many businesses engage in both B2B and B2C
- Supply chain creates and distributes products

RAW MATERIALS → MANUFACTURING → DISTRIBUTION → HOUSEHOLDS

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E-Commerce Business Models
What are four basic types of B2B e-commerce sites?

vendor B2B
Product supplier allows purchasing agents to use network to shop, submit request for quotes (RFQs), and purchase items

brokering B2B
Acts as middleman by negotiating contract of purchase and sale

infomediary B2B
Provides specialized information about suppliers and other businesses

service B2B
Uses network to provide one or more services to business

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E-Commerce Business Models
What is vertical B2B e-commerce?

- E-commerce site specializing in a particular industry

Order Confirmation

| Item | Name and Description | Unit | Qty | Price | Total | Status |
|----------|--|---------|-----|---------|---------|--------|
| 00000000 | BusinessWeek Magazine Paper | 1000/PK | 2 | \$9.99 | \$19.98 | OK |
| 10000000 | Walla 1000 Cotton Reusable Paper 8-1/2 | EA | 1 | \$12.97 | \$12.97 | OK |
| 20000000 | Brewery Packaged Lager, Carlsberg | EA | 1 | \$12.97 | \$12.97 | OK |

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E-Commerce Business Models
What is business-to-employee (B-to-E or B2E) e-commerce?

- Use of intranet technology to handle activities that take place within a business
- Increases profits by reducing expenses within a company

Also called intrabusiness

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E-Commerce Business Models
What are some advantages of e-commerce?

- Global market 24/7
- Businesses have access to 459 million people with Internet access
- Customers can conduct price comparisons easily
- Feedback can be immediate
- Changing information can be available quickly
- FAQ (frequently asked questions) pages can provide easy access to customer support
- Ability to gather customer information, analyze it, and react
- New and traditional approaches to generating revenue
- Manufacturers can buy and sell directly, avoiding the cost of the middleman
- Distribution costs for information reduced or eliminated
- Options to create a paperless environment

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E-Commerce Revenue Streams
What is a revenue stream?

- Method a business uses to generate income
- Single Web site may use more than one method of generating revenue

direct sales of a product or service

software rentals

advertising

electronic software distribution

Web hosting

subscriptions

Internet access

online storage services

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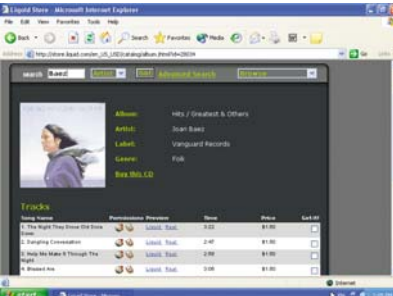
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E-Commerce Revenue Streams

What is **electronic software distribution (ESD)**?

- Sale of digital products such as software, music, movies, books, and photographs
- Purchase entitles you to download one copy of item

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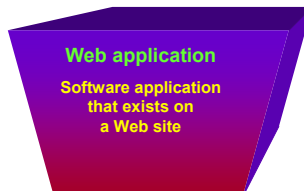
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E-Commerce Revenue Streams

How is revenue generated with software rental?

- ASP charges a rental fee before you can access and use Web application software
- Microsoft's Web applications are called .NET

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E-Commerce Revenue Streams

What is **advertisement revenue**?

- Sites earn commissions from advertising sponsor when visitors make purchases as a result of clicking advertisement on Web page

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E-Commerce Revenue Streams

How is revenue generated with an **informational Web site**?

- Visitors are required to subscribe to service
- Provides some information at no cost, but requires a subscription to access content of entire site

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E-Commerce Revenue Streams

What is a **Web hosting service**?

- Assists people and companies in hosting their Web site
- Provides hardware, software, and communications required for a Web server
- Some provide services that include managing payments and tracking inventory

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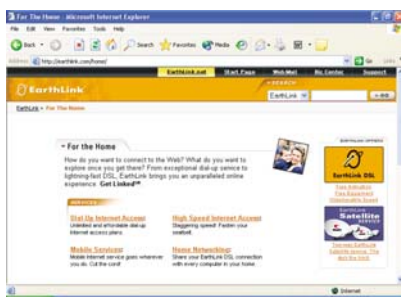
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E-Commerce Revenue Streams

How is revenue generated with Internet access?

- Some sites, such as MSN and AOL, provide Internet access
- Many have become portals offering other services

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The E-Retailing Market Sector

What is an electronic storefront?

- Web site where e-retailer displays its products
- Shopping cart allows customer to collect purchases
- Also called online catalog

add to cart



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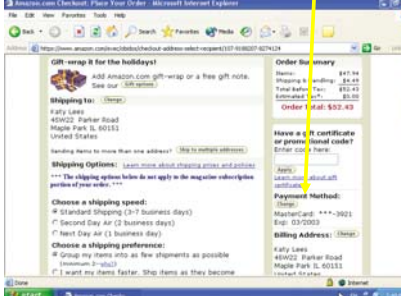
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The E-Retailing Market Sector

What is a secure checkout?

- Web site where customer enters personal and financial data
- Transaction and financial data automatically are verified at a banking Web site

credit card usual method of payment




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Other E-Commerce Market Sectors on the Web

What is online banking?

- Pay bills from your computer
- Transfer money electronically from your account to a payee's account




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Other E-Commerce Market Sectors on the Web

What is online trading?

- Invest online in stocks, options, bonds, treasuries, CDs, money markets, annuities, and mutual funds without using a broker
- Transaction fees are less expensive




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Other E-Commerce Market Sectors on the Web

What travel services are available on the Web?

- Driving directions and maps
- Airline, hotel, and car reservations



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Other E-Commerce Market Sectors on the Web

What is a shopping bot?

- Web site that searches for the best price on a specific product
- Also called a shopbot



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Other E-Commerce Market Sectors on the Web

What health services are available on the Web?

- Provide up-to-date medical, fitness, nutrition, or exercise information
- Pharmacies allow customers to refill prescriptions and ask questions

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Other E-Commerce Market Sectors on the Web

What are other Web-based business services?




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Creating an Online Store

What decisions should be made to create an online store?




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Creating an Online Store

What options are available for building a storefront?

- Develop in-house storefront
- Outsource storefront



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Creating an Online Store

What is e-commerce software?

- Allows merchant to set up a storefront
- Includes security
- Some include statistical tracking features and capability of integrating with other systems

SOME E-COMMERCE APPLICATIONS

- Actinic
- EasyMarketPlace
- e-Biz Builder
- ECmerchant™
- FreeMerchant.com
- FrontHost
- HTML Merchant
- Intershop
- Merchandizer
- Merchant-in-a-Box
- Net.Commerce
- ShopZone Pro
- SoftCart
- Web+Shop

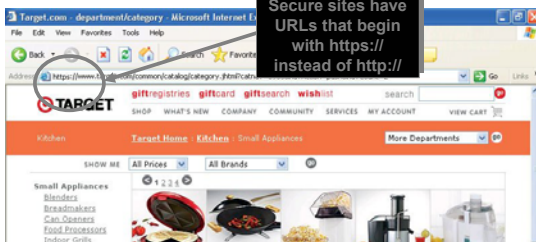
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Creating an Online Store

What is a secure server?

- Prevents access to system by unauthorized users
- Used for transactions involving credit card information



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Creating an Online Store

What is a Web site development service?

- Assists in process of creating a storefront
- Allows small businesses and individuals to participate in e-commerce arena

anyone can create a storefront and sell goods through the Yahoo! portal



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Creating an Online Store

What factors lead to customer loyalty?

- Best storefronts are efficient and easy to use
- Customers who must wait more than eight seconds for a page to download usually will click to another site

| |
|--|
| • Price |
| • Selection |
| • Web site appearance |
| • Ease of use/navigation |
| • Availability of information |
| • Ease of ordering |
| • Posted privacy policies |
| • Quality of storefront/product representation |
| • Shipping |
| • On-time delivery |
| • Quality of customer support |

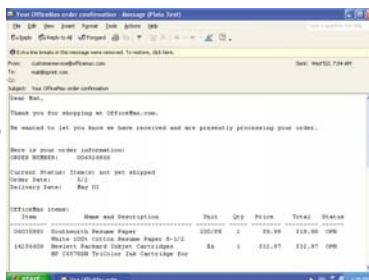
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Creating an Online Store

What is electronic Customer Relationship Management (eCRM)?

- Service after a sale
- Combines personalized touch and customized service to customers
- Automatic e-mail to confirm orders, display FAQ, and send surveys



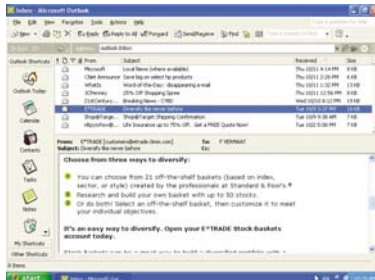
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Creating an Online Store

What is e-mail publishing?

- Process of sending newsletters via e-mail to large group of people with similar interests



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Creating an Online Store

Selecting a domain name

- Name should correspond to business name or function
- Domain name is registered with various search engines

| |
|--------------|
| scs.site.com |
| amazon.com |
| etrade.com |
| ebay.com |
| dell.com |


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Creating an Online Store

What is a submission service?

- Web-based business in which you typically pay a fee to register with hundreds of search engines



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Creating an Online Store

What is **spam**?

- Unsolicited e-mail messages or newsgroup postings
- Internet junk mail
- Usually generates antagonism instead of sales

Alternatives to spam
Promote goodwill by providing information or services for groups and individuals

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Summary of E-Commerce: A Revolution in the Way We Do Business

- What is e-commerce?
- E-commerce business models
- E-commerce revenue streams
- The e-retailing market sector
- Other e-commerce market sectors on the Web
- Creating an online store

Chapter 10 Complete

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