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Source: Scareal/Retalia

Chapter 4 - Enabling Business-to-Consumer Electronic Commerce

The Internet and World Wide Web are extremely well suited for conducting business electronically on a global basis

“There is no physical analog for what Amazon.com is becoming.”

Jeff Bezos

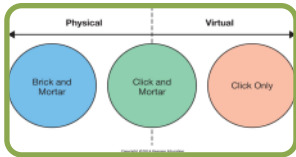
Cofounder and long-time CEO of Amazon.com

Complete the following sentences:

1. Amazon.com is _____
2. In the physical world, Amazon.com is like

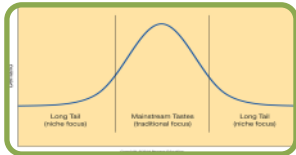
Chapter 4 Learning Objectives

After this chapter, you will be able to:



Electronic Commerce Defined

- Describe electronic commerce, how it has evolved, and the strategies that companies are adopting to compete in cyberspace.



Business-to-Consumer E-Commerce and Internet Marketing

- Describe the stages of business-to-consumer electronic commerce, understand the keys to successful electronic commerce applications, and explain the different forms of Internet marketing.



Mobile Commerce, Consumer-to-Consumer EC, and Consumer-to-Business EC

- Describe mobile commerce, consumer-to-consumer electronic commerce, and consumer-to-business electronic commerce.



Managing Finances and Navigating Legal Issues in EC

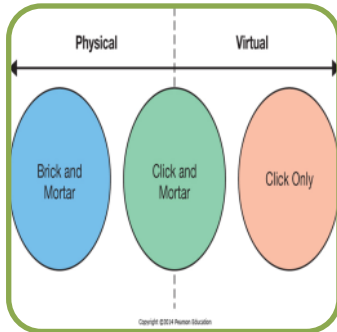
- Describe how to conduct financial transactions and navigate the legal issues of electronic commerce.



E-Government

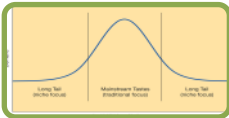
- Explain different forms of electronic government.

Electronic Commerce Defined



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[Business-to-Consumer E-Commerce and Internet Marketing](#)

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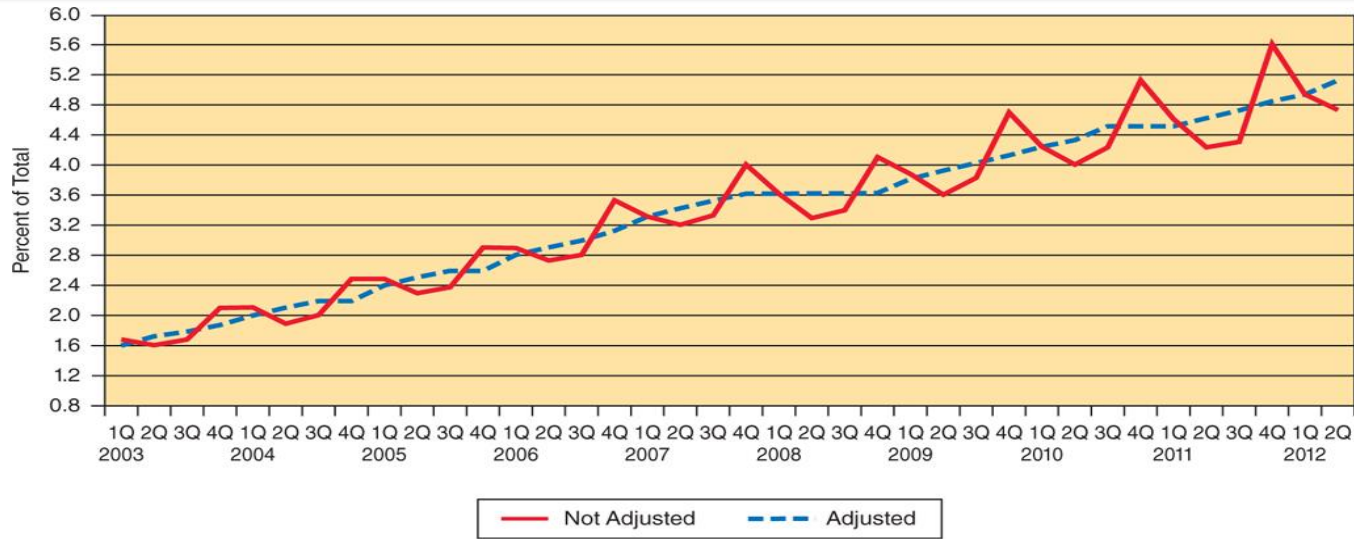
Describe how to conduct financial transactions and navigate the legal issues of electronic commerce.



[E-Government](#)

Explain different forms of electronic government.

Electronic Commerce Defined



Source: Courtesy of the U .S. Census Bureau.

- **Electronic Commerce**

“the exchange of goods, services, and money among firms, between firms and their customers, and between customers, supported by communication technologies and, in particular, the Internet”

Question

- What are the most common types of E-Commerce?

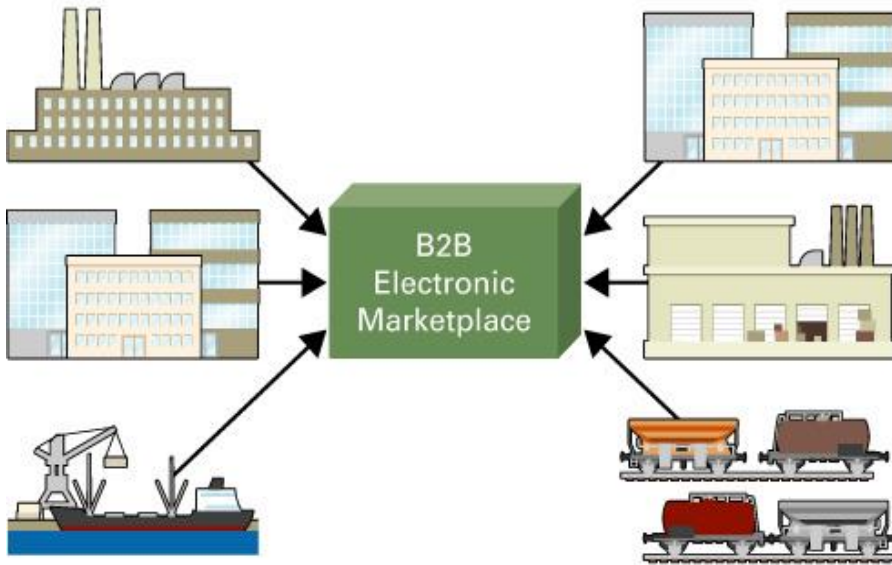
Electronic Commerce Defined:

Types of Electronic Commerce (EC)

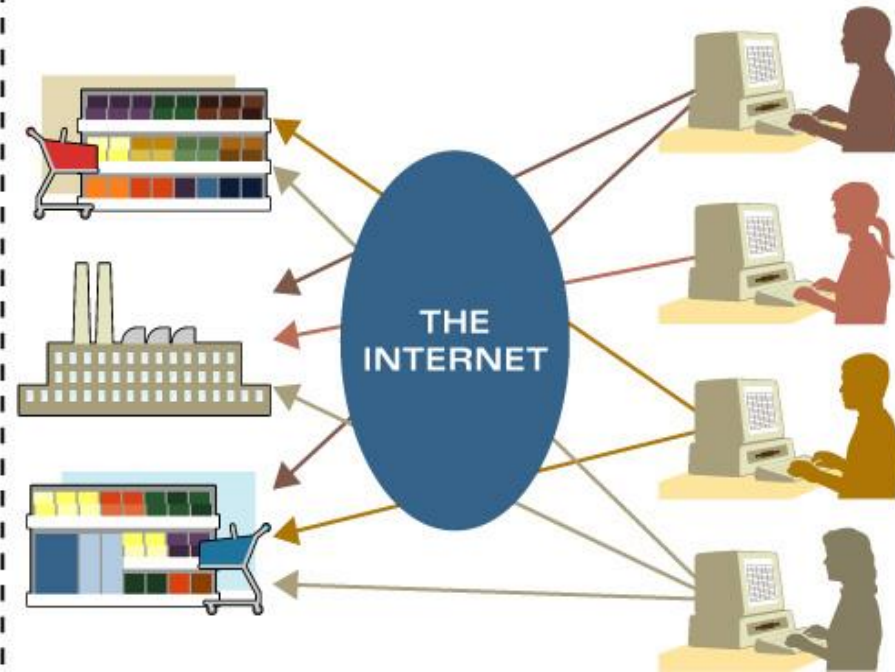
Type of EC	Description
Business-to-consumer (B2C)	Transactions between businesses and their customers
Business-to-business (B2B)	Transactions among businesses
Consumer-to-business (C2B)	Transactions between customers and businesses
Consumer-to-consumer (C2C)	Transactions between people not necessarily working together
Government-to-citizen (G2C)	Transactions between a government and its citizens
Government-to-business (G2B)	Transactions between a government and businesses
Government-to-government (G2G)	Transactions among governments

Where is the money...B2B or B2C?

**Business to Business E-Commerce Model
with an Electronic Marketplace**



Business to Consumer E-Commerce Model



Key Capabilities: Integration

Alaska Airlines Mileage Plan Account Activity - Windows Internet Explorer

https://www.alaskaair.com/mileageplan/ssl/Activity/Detail.asp

John Doe, MVP - Signed In / Sign Out

My Account | My Trips

Reservations | Deals | Day of Flight | Destinations | Mileage Plan | My Account | More...

Email Settings | My Programs | Sign-In and ID | Billing Info | Contact Info | Show All...

My Mileage Activity

[Request Mileage Credit](#)

Member Information

Member Name: John Doe
 Mileage Plan Number: 123456789
 Available Miles: 179,569

Elite Tier Status Qualification

YTD Alaska/Horizon Miles
 Miles Flown: 4,846 35,154 Miles to MVP Gold

YTD Alaska/Horizon/Qualifying Partner* Miles
 Miles Flown: 29,433 20,567 Miles to MVP Gold

YTD Alaska/Horizon/Qualifying Partner* Segments
 Segments Flown: 16 44 Segments to MVP Gold

* Northwest, American, LanChile, and Delta

Mileage Plan Activity

Show By: All Flights | Activity Date | Past 3 Months | SORT

Activity Date	Activity Type	Flight	Miles	Bonus	Total
5/20/2006	Northwest Flight AMSTERDAM TO SEATTLE/TACOMA	0033	4,887	2,444	7,331
5/20/2006	KLM Flight OSLO TO AMSTERDAM	1142	571	286	857
5/20/2006	Horizon Air Flight SEATTLE/TACOMA TO PULLMAN	2194	250	500	750
5/6/2006	KLM Flight AMSTERDAM TO RIGA	1323	835	418	1,253
5/5/2006	Northwest Flight SEATTLE/TACOMA TO AMSTERDAM	0034	4,887	2,444	7,331
5/5/2006	Horizon Air Flight PULLMAN TO SEATTLE/TACOMA	2023	250	500	750

Note: Depending on the partnership, activity will appear on your account 30-60 days after you have earned miles. If you do not see activity after 60 days, contact Mileage Plan.

FormName: MPActivityDetail

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Done | Internet | 100%

Question

- What type of integration exists between organizations?

Key Capabilities: Mass Customization



Key Capabilities: Interactive Communication



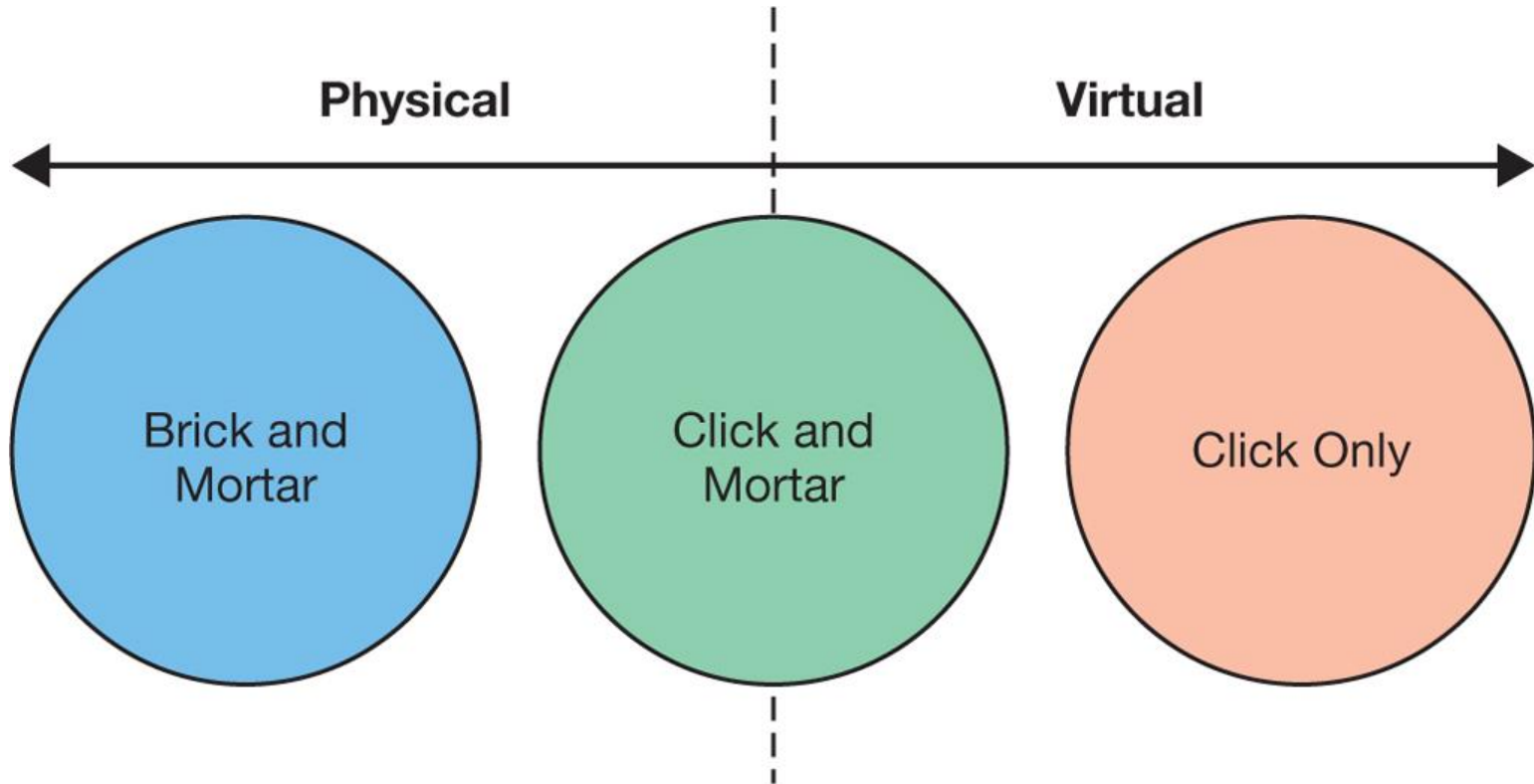
Key Capabilities: Transaction Support

The screenshot shows the Dell Online Store's 'Build Your System' interface for the XPS 700. The browser window title is 'The Dell Online Store: Build Your System - Mozilla Firefox'. The URL is 'http://configure.us.dell.com/jobstore/config.aspx?product=300&vertical=00570030&v=the'. The page features the Dell logo, navigation tabs for 'Products', 'Services', 'Support', and 'Purchase Help', and a 'Sign In' button. A banner indicates 'Dell recommends Windows XP Professional'. The main heading is 'Select Components', with a progress bar showing '1. COMPONENTS', '2. SOFTWARE & SERVICES', and '3. ACCESSORIES'. The primary component is the 'XPS 700 Special Edition Formula Red' priced at '\$3,188', with a financing option of 'As low as \$96/month'. A 'Need Help?' section offers chat support. Below, the 'BUILD YOUR SYSTEM' section shows the 'XPS 700' configuration with a 'Pentium D Processor 950 with Dual Core Technology (2.66GHz, 800MHz)' and a promotional message 'WHAT WOULD YOU DO WITH TWO BRAINS??'. A 'Help Us Choose' section lists various processor options with their respective prices and financing terms.

Question

- What do we mean when we say an organization is...
 - Brick and Mortar
 - Click and Mortar
 - Click only
- Examples?

EC Business Strategies



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EC Business Strategies: Revenue Models

Revenue Type	Description	Who is Doing This?
Affiliate marketing	Paying businesses that bring or refer customers to another business	Amazon.com's Associates program
Subscription	Users pay a monthly or yearly recurring fee for the product/service	Netflix.com, World of Warcraft
Licensing	Users pay a fee for using protected intellectual property	Symantec, Norton
Transaction fees/Brokerage	A commission is paid to the business for aiding in the transaction	PayPal.com, eBay.com, Groupon.com
Traditional sales	A consumer buys a product/service from the Web site	Nordstrom.com, iTunes.com
Web advertising	A free service/product is supported by advertising on the Web site	Facebook.com, Answers.com

Question

- What is the difference between...
 - The Internet
 - An Extranet
 - An Intranet

The Internet . . . A network of networks

- Computers and other devices capable of communicating
 - Servers, desktops and laptops
 - Phones, PDAs and other mobile devices
 - Xbox 360, Wii
 - Vending machines, appliances, etc.
- The infrastructure that connects them (fiber optics, copper, modems, routers, microwave, etc.)
- The software tools and protocols that make communication possible
- It is more than the World Wide Web!

As a result of the standards

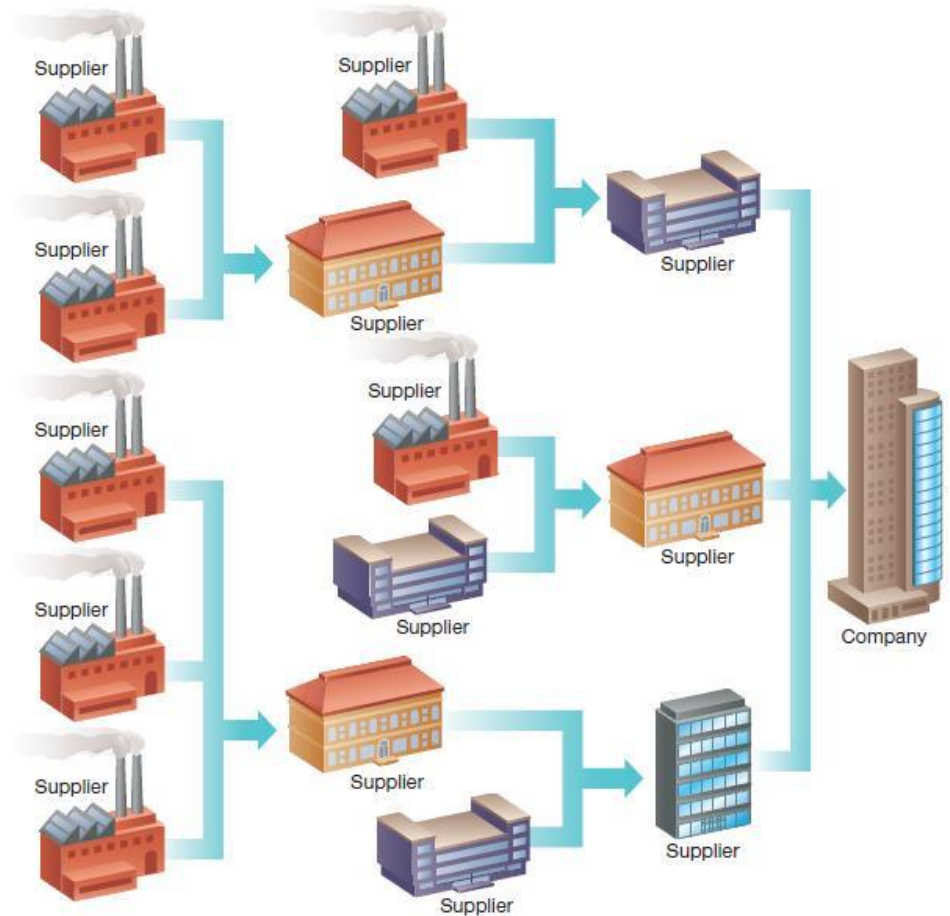
- Things you probably take for granted...
 - You can retrieve material using a browser from any Web Server regardless of technology or location
 - You can send email to any email account regardless of technology or location
 - Dissimilar computers at multiple locations can function together to complete a process

Business-to-Business E-Commerce

- B2B involves exchanges between two or more businesses; these exchanges do not include end customers (consumers).
- *Supply chain*—companies and processes moving product from suppliers of raw materials to suppliers of intermediate components, to final production, to the customer.

Supply Network

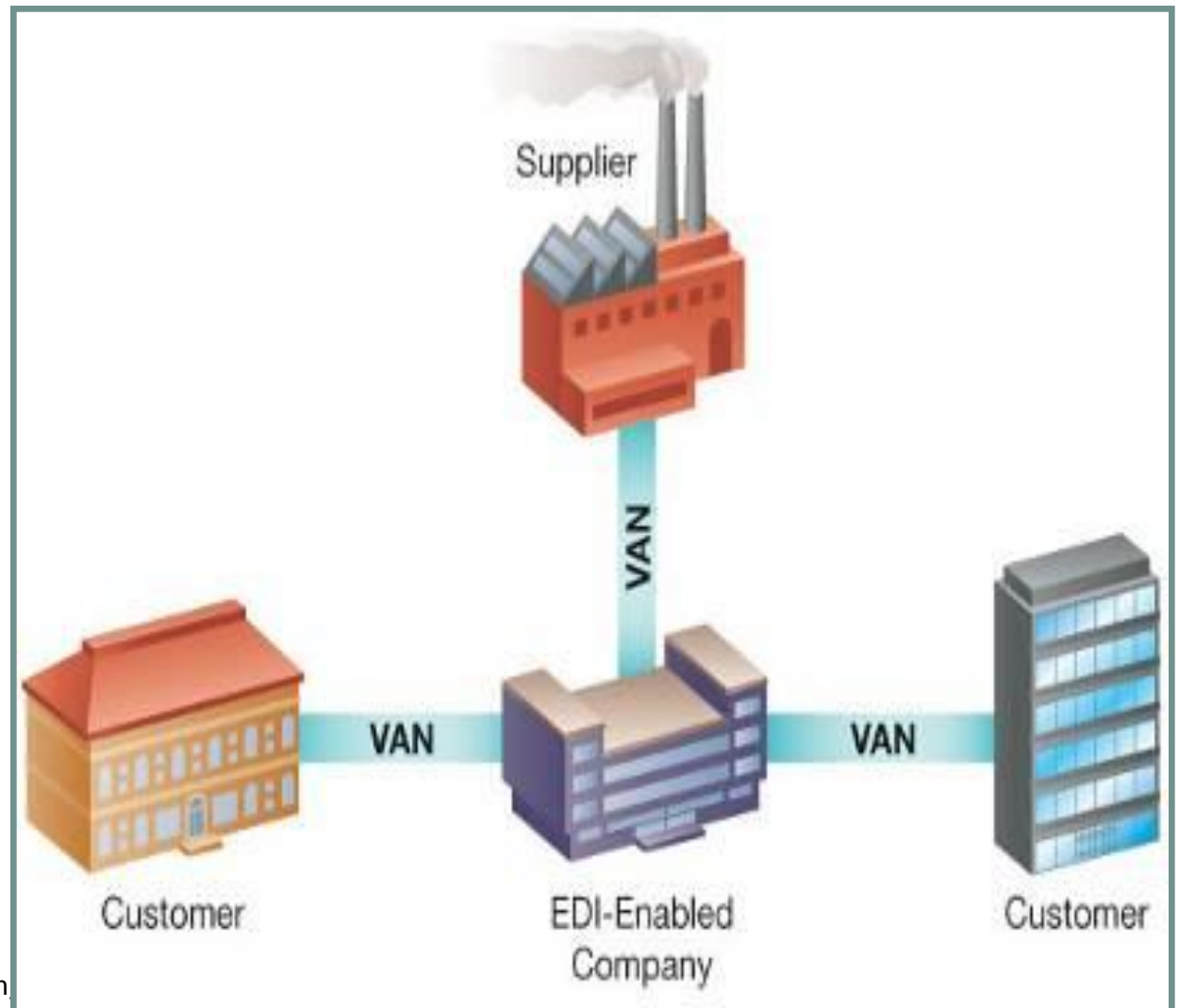
- The farther out in the supply chain one looks, the more suppliers are involved, forming a supply network.



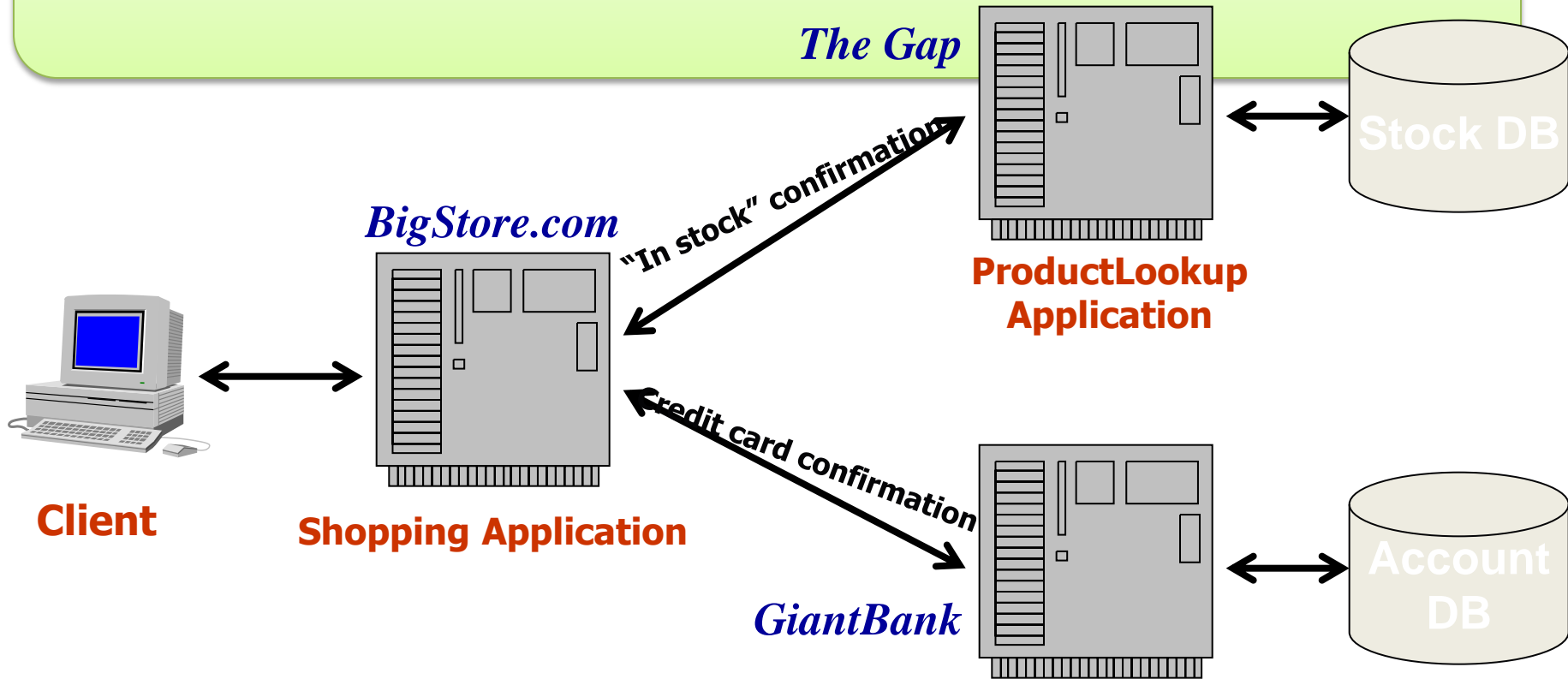
Question

- What is EDI and what do companies do with it?
- What's older, EDI or you?
- What's older, EDI or me?

Electronic Data Interchange (EDI)



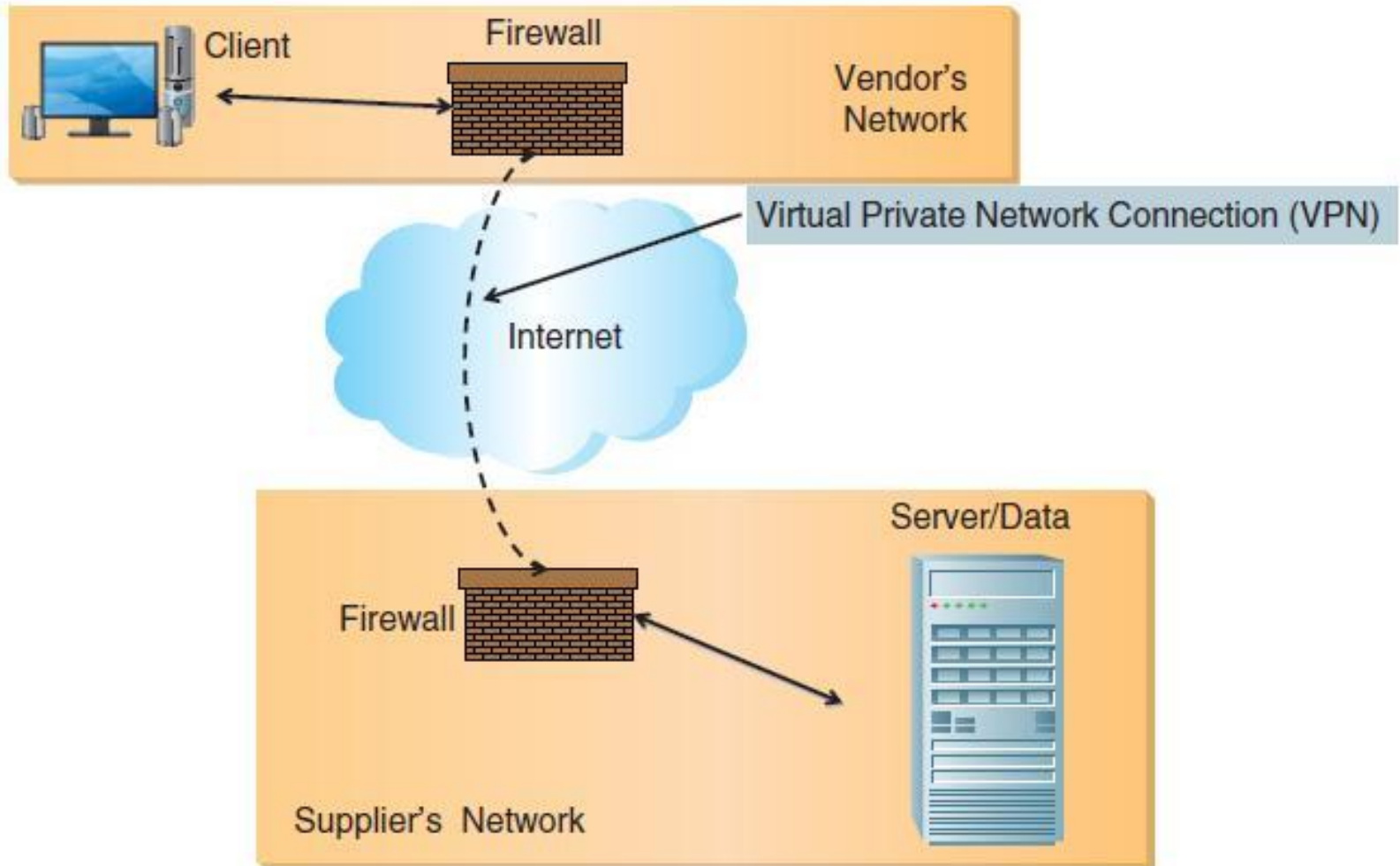
Web Services



The BigStore.com application can check whether a product is in stock at The Gap, or the verify a customer's credit card at GiantBank.

BigStore.com doesn't have to know the technology in use at the Gap or at GiantBank.

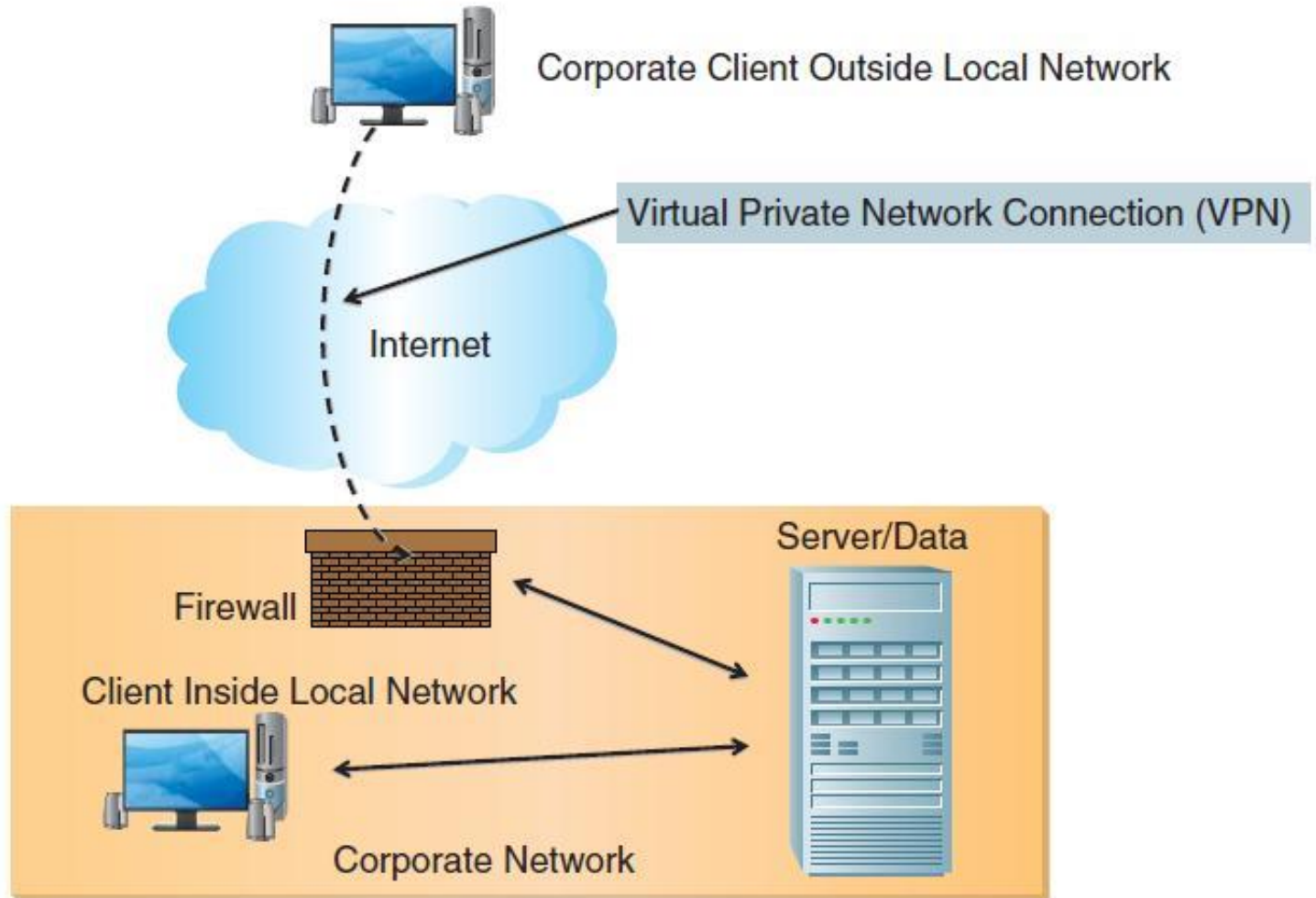
Extranet System Architecture



Business-to-Employee Electronic Commerce

- Business-to-employee (B2E) electronic commerce
- Internet based private network using Web technologies
- Boeing
 - Intranet serves more than 200,000 employees.
 - More than 1 million pages
- **Intranet**—Used to facilitate secured transmission of proprietary information within companies.
- Intranets offer similar benefits as extranets.

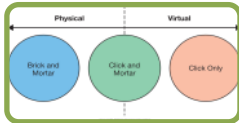
Intranet System Architecture



Intranet Applications

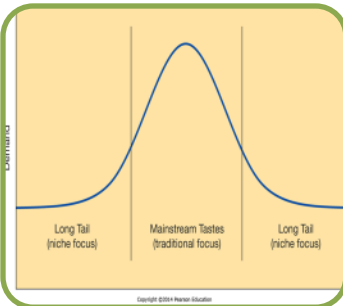
- **Training**
 - Boeing's Quality eTraining program
- **Personalized Intranet Pages**
 - Employee see only content that pertains to his or her job.
- **Real-Time Access to Information**
 - Less complicated to manage, update, distribute, and access corporate information
 - Improve employee productivity
- **Online Entry of Information**
 - Paper-base human resourced form:\$20–\$30
 - Web-based human resourced form:\$2–\$4
- **Collaboration**
 - Timely communication of business activities

Business-to-Consumer E-Commerce and Internet Marketing



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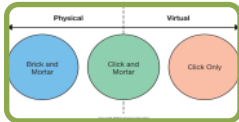
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E-Government

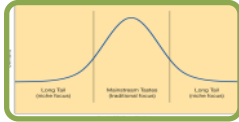
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E-Auctions

- Forward auction
 - Sellers post goods or services for sale.
 - Buyers bid on these items.
 - Highest bid wins.
- Reverse auction
 - Buyers post a request for quote (RFQ).
 - Seller proposes a bid.
 - Lowest seller bid wins.
 - This is frequently in B2B e-commerce.

E-Auction Fraud

- E-auctions marred with more fraud than any other Internet activity.
 - E-auctions represent 45 percent of all Internet fraud-related complaints.
 - Average loss: \$724
- Types of e-Auction fraud:
 - Bid luring
 - Reproductions
 - Bid shielding
 - Shipping fraud
 - Payment failure
 - Nonshipment

Mobile EC

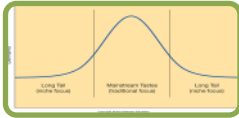
- Location-Based M-Commerce
 - Services can be offered tailored to a person's needs based on their current location
- Information on the Go
 - Customers can get further information about a product wherever they are, including in the store, but this can lead to “showrooming”
- Product and Content Sales
 - Consumers use mobile apps to make purchases while on-the-go

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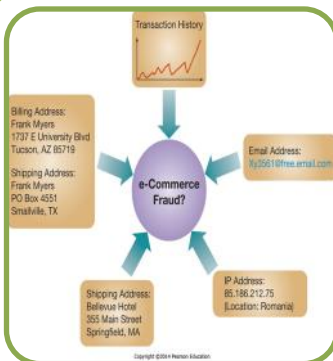
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E-Government

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E-Banking

- Online Banking
 - Convenience
 - Security Concerns
 - Mobile banking
- Online Investing
 - Increased access to financial information and analytical tools
 - Online investing
 - Mobile investing

Payment Services

- Online transactions without sharing private information with actual seller
- Payment service keeps information secure.
 - PayPal (owned by eBay)
 - Can send and receive money if you have an e-mail account.
 - Google Checkout
 - Linked with Google search
 - Users can see if merchants offer this option.

Securing Payments in the Digital World

- Credit and Debit Cards
 - Credit Cards are a simple mechanism
 - Consumers have to transfer a lot of personal information to the seller
- Managing Risk
 - Businesses are financially liable for fraudulent transactions
 - Businesses have to look for fraud indicators and sometimes reject risky transactions

Legal Issues in EC

- Taxation
 - Sales Taxes
- Digital Rights Management
 - Preventing unauthorized duplication
 - Restrict which devices can play media
 - Limit number of times media can be played

Legal Issues in EC—Taxation

- The Internet Tax Freedom Act (1998)
- Internet Tax Nondiscrimination Act (2004)
- Internet sales treated as mail-order sales
- No sales taxes paid in states where the company has no presence

Arguments for and against Ecommerce Taxation:

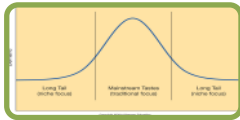
For	Against
Reduces tax income of local, state, and federal governments	Slows EC growth and opportunity
Provides unfair advantage for e-tailers over brick-and-mortar stores	Creates an opportunity for consumer fraud
Creates accountability for e-tailers	Creates a nongeographic economy where poorer states could grow
	Drives EC businesses to other countries

E-Government



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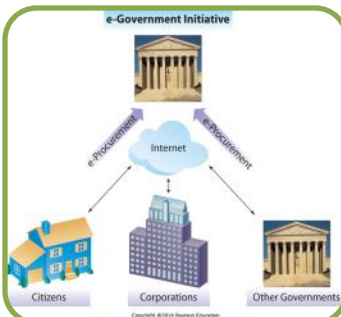
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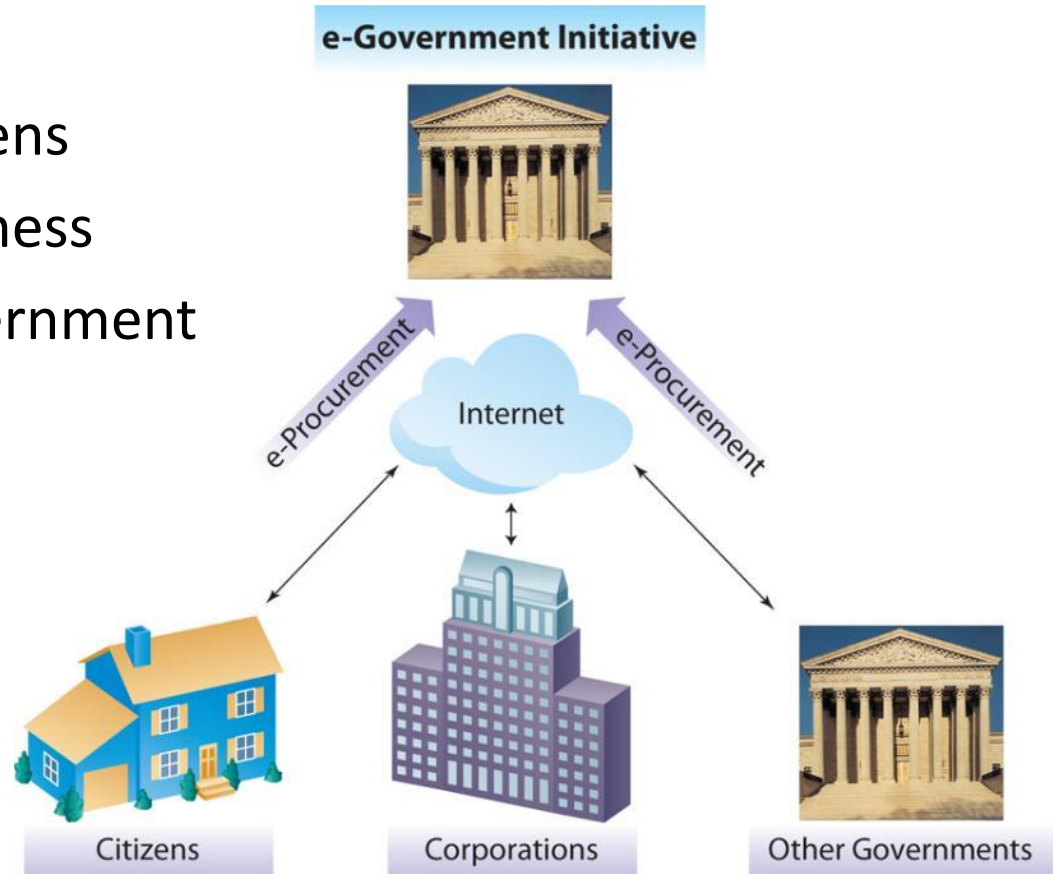


E-Government

Explain different forms of electronic government.

E-Government

- Government-to-Citizens
- Government-to-Business
- Government-to-Government



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