Good report about economic commerce and application

Business, Marketing

Part-A: Privacy Protection

Introduction

Privacy policies are statements, usually stated on e-commerce platforms, which govern and determines the way in which the e-commerce platform gets or collects, uses maintains and discloses information from users (Ecommerce Platforms, 2014). It also covers how the information collected by the platform is protected against unauthorized third parties who might intend to have access to it for wrong purposes. 84% of Americans believe that privacy protection in the US is not adequate while 78% believe that consumers have lost confidence over how their information is being used (Head and Yuan, 2001: 150). They further explained that the suspected lag in privacy protection is the major reason that is keeping a number people off the internet. Hence, limiting the internet and making its revolutionary potential unattainable.

Privacy protection is a complex issue because it is not only technical but also legal, social and economic. It is now much easier to collect information and this further pose risk of privacy violation. This is to the increase in sophistication of technologies and different means of information collection and storage such as database, data mining, data warehouse and so forth. In addition, since privacy policy is just a claim by individuals, groups, and institutions to determine the extent, to which they will collect, use and communicate information to others, it is usually subjective. It is important that privacy ensure that the use of the information is legal and ethical and also prevent unpermitted people from gaining access to the information.

Privacy Protection Features

The privacy protection features may vary from one organization or website to another. However, there are common features that are expected to be present in the list of privacy protection features of an e-commerce site. Trustee and some other top notch organizations set standards for high privacy protection. Web sites that display Trustee can be deemed to be of the high standard and having effective privacy protection features. In case, a website is solemn about protecting the privacy of its users, it must have some specific privacy protection features. Some of these privacy protection features include the following:

Information collected

- Personal information

The personal information required for privacy protection varies from website to website and depends largely on the services offered by the website. For instance, the privacy protection feature of a website might require pictures. A good example of this is Facebook whose personal information requirement includes pictures as well as name, email, gender and birth date (Facebook, 2009). Personal information is important for most e-commerce platforms in order to render better services to you (Google).

- Device information: this includes the IP address, cookies and other information related to one’s device.

As have been outlined earlier, the information collected depends on the services offered by the website. For instance, website that require payments will need your banking and payment information and so forth.

How the information is used

The privacy policy should also specify how the information collected is used. This is one of the prime and most critical aspects of privacy protection and should specify clearly how the website will use the information. This is also imperative to consider that how the information is used that may differ greatly from website to website. This is why it is imperative to spend time in reading the privacy policy in order to know everything about how your information is used. For instance, Google use the information obtained from you or other sources to provide, maintain, protect and improve their services. They also use the information collected to protect the service and users effectively. Cookies are important information collected by most services used in tracking your computer and ensuring that the right user logged into the service. They are also used to improve the users' experiences and the overall quality of the service. In some cases, pixel tags are used instead of cookies (Google).

Sharing and disclosure of the information

Another important policy is how the information is shared and disclosed. The companies or organizations should be able to state clearly where and what the information will be disclosed to and what will prompt the disclosure. For instance, Skype states that it will not sell, rent, trade or transfer any of the personal and/or traffic data or communications beyond the confine of Microsoft. Its control affiliates or subsidiaries without one explicit permission. However, conditions stated in the laws or perhaps order of the adequate and legal authorities might also warrant the disclosure of the personal information. Most services and website have the same or similar privacy policy with respect to their website or service.

Information protection

Security is an important aspect of privacy but security is not privacy. Head and Yuan (2001: 150) pointed out that information is secure in case the owner of the information can control it. But in case of private, the subject of the information can control it. Security is essential to privacy because privacy cannot be protected without controlling the distribution and access to information. This explains why e-commerce sites and other websites make security an important privacy policy. For instance, Facebook keeps the account information collected on a secure server behind a firewall. When sensitive information is inscribed, the information is likely to be encrypted using secure socket layer technology (SSL). There are also other means of security are used by most services to protect your information.

Changing, viewing and removing your information

The privacy protection should also specify how you can change, remove and view your information. The user of the service should be able to have absolute control over the information he provides, and he should be able to change it as at any point in time.

In general, there are other features that could be present in the list of the privacy protection features of a website but the list presented above are the most general ones.

Comparison and Ratings of Websites

Web sites offering similar services often have similar privacy protection features. It is possible to compare such websites with respect to the services they offer. Good examples of well-known websites whose privacy protection features can be compared include Skype, Google, Facebook, and PayPal.

The websites listed here have all of the features outlined above and much more. The privacy protection features of Skype include the type of information Skype collects and use; how Skype use the information; and how Skype discloses the information? Moreover, how Skype use cookies; advertising choice; Linked websites and third-party applications as well as how Skype protect your personal information; how long your personal data is kept in Skype and so forth. (Skype, 2014).

Google’s privacy policy is designed in order to get the right information and presents more relevant search results and also help you connect with people and share information. The privacy policy includes the kind of information Google collects and why they collect it; how Google use the information; how to access and update your information; the security of your information. Google privacy policy on specific Google products such as Chrome, Chrome OS, and Books, Wallet, Fiber and so forth provide additional privacy information with respect to such products (Google).

Facebook features a number of interesting privacy policy that includes the information they collect; information shared with third parties and how the information is used. In addition, it includes how they share information; how one can view, change or remove information and how one can protect information. Facebook provides robust security for information with its high-quality and effective privacy protection policy (Facebook, 2009).

The last but not least, PayPal, provides privacy policy that governs how it collects, use, share, store and secure users' information. The privacy policy includes how PayPal collects information; how they use cookies; as well as how they protect and store personal information. In addition, it also includes how the personal information collected is used; how the personal information is shared with PayPal users; how it is shared with other PayPal users; how you can access or change information and so forth. (PayPal, 2013).

These four services have highly effective privacy protection characteristics, but it is easy to see that Google and Facebook should be ranked higher than PayPal and Skype. This rating is made from taking a look at the information they collect and the security standards they employ in protecting the information. However, this is imperative to consider that the privacy policies of the four services considered here are top notch.

Conclusion

Privacy protection and policy is a hydra-headed concept that must be followed legally. It involves a lot of concepts that must be put in mind when creating a privacy policy. Users of any service should be able to review their privacy policies in order to ensure that their personal information or data will not be used for unethical and illegal purposes. The companies considered here including Google, Facebook, Skype and PayPal all have top notch and effective privacy protection policies and protect the information they collect using robust technologies like SSL and others.

Part-B: First Movers and Market Followers

Introduction

The term first mover simply refers to the first company to establish or innovate a given kind of business. He is the pioneer of the business and the first in the new market. Most studies explain that it pays to be the first mover in a business. Many argue that is better and wiser to let others develop the market and then venture into the market when it is more attractive (Kabuth, 2003). It is imperative to study the benefits and demerits of first movers and market followers in order to ascertain how to make the most of the market. Kerin, Varadarajan & Peterson (1992: 33) argue that first movers have the advantage of achieving long-term competitive advantage in the market. They further added that first mover status may or may not produce sustainable advantage because of the increase in controllable and uncontrollable forces. Obviously, first movers do have the advantage over the market but market followers also have a great edge and advantage. This part of the report takes a look at features of first movers and relevant examples.

First Movers and Market Followers

Fast followers not the first movers are the real winners in a market (Seave, 2014). He pointed out the assumption that first movers have persistent advantage in the market is false. In fact, it has been shown that first movers had a 47% failure rate while fast followers had only 9% failure rate. However, Suarez and Lanzolla (2005) found that most business executives believe that early movers or first movers have quite a profound advantage. However, while some academic studies prove that first mover advantage does exist, some other academic studies show that it does not exist. Nonetheless, Suarez and Lanzolla (2005) reported that even though first movers status does confer it some levels of advantages, it does not do so categorically as such advantage depends on a lot of circumstances. There are examples of first movers that had the advantage in their market. These examples include Gillette in safety razor industry and Sony in personal stereo. On the other hand; one can easily site examples of market followers who took over the market and had the advantage over the market. For instance, Xerox is a first mover in fax machine industry but it failed to have the advantage over the market. In addition, eToys was a first mover in retail marketing but it did not have the advantage over the market (Suarez and Lanzolla, 2005).

Suarez and Lanzolla (2005) identified three factors that determine whether first movers would have the advantage in the market. These factors include creating a technological edge over competitors and taking over the scarce assets before later arrivals ever have access to them. It also includes building customer base quite early, and those customers would find it costly or inconvenient to opt into the features offered by market followers.

On taking a look at dot. com companies, one will easily question to notion that first movers into the market always have the advantage. Suarez and Lanzolla (2005) pointed out that markets where technology leads, usually do not favor first movers but first movers are usually favored over market followers in markets where the market leads technology. Wong, (2003: 1) evaluated a case study of two dot. com companies namely, Yahoo and Google. Yahoo is a first mover in the search engine, and it still stands as a very successful leader in the Internet Communications and Commerce industry. However, Google which entered the market two years after it is obviously the leader in the market. The statistics revealed on January 2003 showed that Google exceeded Yahoo in audience reach with 29. 5% audience reach while Yahoo had only 28% audience reach (Wong, 2003: 34). This is quite obvious that the chasm widened over the years with Google becoming the most used search engine across the globe.

Relevant Theories on Market Followers/ First Movers

The theory of first movers have strong competitive advantage in the market is well supported by empirical evidences based on the dominant design. In other words, first movers who were able to develop dominant deign often end up having competitive advantage (Kabuth, 2003: 21). The study further outlined that the failure rate of market entrants is lower if the first mover has not developed a dominant design.

Hidding and Williams (2002) was able to evaluate the concept of “ first mover advantage” with the aim of justifying huge marketing expenses and large financial losses. They showed that the assumption regarding first mover advantage is not quite valid. The study revealed that even some of the leaders in the markets studied regarding the first three entrants, but 80%, of the product categories studies, observed that the first movers lost their advantage. As pointed out earlier, Suarez and Lanzolla (2005) stated three tactics in which first mover advantage might work. However, it is imperative to consider that there are conditions in tactics that may be likely to succeed or fail. These conditions are largely dependent on background factors and not the capabilities and resources of firms. Such factors include the pace of technology evolution and the pace of market evolution that are obviously beyond the control of any firm. It can be argued that markets where technology innovations are quite encouraging to market followers while markets with gradual and slow-paced technology innovation usually favor first movers.

Two Ecommerce Companies: Analysis

Amazon can be presented as leading example of an e-commerce company that pioneered the e-commerce market. Anthony (2012) pointed out that not all first movers ever had the advantage over the market, but the case of Amazon was different. Amazon achieved the notable feat and advantage over the market as a first mover because of it appropriately reacted to later movers. Three factors determine the maintainability of first mover advantage in e-commerce. This includes continuous innovation, speed of implementing and patenting (Mellahi and Johnson, 2000: 445). Lieberman (2007: 5, 7) pointed out several approaches that Amazon. com employed to remain the leading company in its industry, and one such strategy is the use of patents. An example of this is Amazon's patent on one-click ordering and Priceline's patent for reverse auctions. Furthermore, Amazon. com took advantage of customer switching cost to capture customers. This helped users to grow accustomed to Amazon's site and allowed experienced buyers to search more of Amazon's services than those of its competitors. In addition, the network effect played a dramatic role in positioning Amazon in placing it in the market today. The feedback loop did not only benefit

Amazon but also eBay and Yahoo.

eBay is an e-commerce company besides Amazon that made a notable progress as a first mover. The online auction platform started operation in 1995 and after two years it went into the business as would be expected. A lot of market followers joined suit, but this time around they operated in spatial market setting. That is to say, whereas eBay operated in the U. S. A and had little impact on the German market as the market follower like Feininger operated in the German market. However, on considering the online auction industry, eBay is a first mover whereas Feininger is a market follower. Several factors contributed to eBay’s success and not necessary due to its position as the first mover (Timing of Market Entry, 2012: 361). The report stated that it is not enough to be a first mover. In the context of B2C, eBay is a second mover in the German market but it placed itself as a leader in the market. (Timing of Market Entry, 2012).

Moreover, Amazon, eBay and Yahoo which are identified as first movers are not first movers but are preceded by some other firms (Lieberman, 2007: 13). It can be argued that they are first movers in the context of public companies as both are internet communication and commerce ventures and deal on internet searches.

Conclusion

The part of the report clearly shows that first-movers could have an edge over the market, but they do not do so categorically. In other words, the probability of first movers losing and even disappearing in the market is also very high. In fact, Seave (2014) pointed out that while first movers have 47%

failure rate, market followers have only 9% failure rate. However, some first movers like Amazon had great competitive advantage over its competitors but studies made it clear that it was able to achieve such feat because of its appropriate response to later movers. In addition, Amazon. com employed a number of strategies that paid off and helped it maintain its position as a first mover and had a great advantage in the market. Such strategies include network effects, patent, switching cost and others. In conclusion, it became obvious that in markets where technology takes the lead over the market (" such as dot. com ventures") followers have a great advantage. In such industries, it is easier for market followers to outmatch first movers.

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