

Chapter 3 – ebusiness system



sales intermediaryretailer, a seller that operates between manufacturers and customers

free retailer from the need for a physical store from which to distribute products

-customer can browse catalogs on their own timewhy retailers use catalogs?

electronic retailing (e-tailing)retailed conducted online, over the internet

e-tailersretailers who sell over the internet (conduct retail business online)

-high brand recognition (Dell, Sony)

-a guarantee provided by highly reliable or well-known vendors (amazon.com)

-digitized format

-relatively inexpensive

-frequently purchased item (drugs, groceries)

-commodities with standard specifications (book, CD, airline tickets) making physical inspection unimportant

-well-known packaged items that cannot be opened even in a traditional store (canned foods, chocolate , vitamins)characteristics of products

expected to facilitate higher sales

-lower product cost (increasing competitive advantage)

-reach more customers, many outside the vendor's region

-change price and catalog quickly including visual presentation (price flexibility increases competitive advantage)

-lower supply chain costs

- provide customers with a wealth of information (saving on customer service costs)
 - react quickly to customers' needs, complaints, tastes
 - provide customization of products and services and personalization of customer care
 - compete with larger companies
 - better understand customers and interact with them
 - engage customers in different activities
 - reach customers who are unreachable with traditional methods of communication
- major advantages of e-tailing to sellers
- pay less
 - find products/services not available in local stores
 - shop globally, compare prices and services
 - shop anytime and from anywhere
 - do not need to go to the store, waste time and gasoline, and be pressured
 - find collector's items
 - buy in groups, buy with friends and do social shopping
- major benefits to the buyers of using en-tailing
- direct marketing by mail-order retailers that go online
 - direct marketing by manufacturers
 - pure-play e-tailers
 - click-and-mortar retailers
 - internet(online) malls(classification of the e-tailing business models by distribution channel)

-direct marketing by mail-order retailers that go online most traditional mail-order retailers simply added another distribution channel * the internet)

-operate physical stores

-main distribution channel : direct marketing

-direct marketing by manufacturers manufacturers (dell, nike, godiva) market directly online from company sites to individual customers

-manufacturers are click-and-mortar, also selling in their own physical stores or via retailers

-pure-play e-tailer e-tailers whom do not have physical stores, only an online sales presence

e. g. amazon. com

click-and-mortar retailers-traditional businesses that developed websites to support their business activities in some ways

-or reverse trend: successful e-tailers are creating physical storefronts, leveraging the brand power of the online environment to support more traditional trading activities via store

multichannel business model a business model where a company sells in multiple marketing channels simultaneously (e. g. both physical and online stores/click and mortar

-gives cust the opportunity to select the marketing channel with which they are most comfortable

internet (online)malls malls include large numbers of independent storefronts

direct marketing broadly, marketing that takes place without intermediaries between manufacturers and buyers; in the context of this book, marketing done online between any seller and buyer

- takes orders directly from consumers/intermediaries

- sellers: retailers/ manufacturers

- sellers understand their markets better because of the direct connection to consumers

- consumers gain greater information about the products through the direct connection to manufacturers

direct marketing's advantage

virtual(pure-play) e-tailers firms that sell directly to consumers over the internet without maintaining a physical sales channel

- adv: low overhead costs and streamlined processes

- disadv: lack of established infrastructure(logistics) to support the online front-office activities

adv and disadv of virtual e-tailers

general purpose e-tailer e. g. amazon. com

selling vast range of goods and services online, capitalize on the internet to offer such variety to a diverse group of customers geographically without the need to maintain a large physical retail network

- may be composed of specialty stores

specialty e-tailers operate in a very narrow market

- would find it difficult to survive in the physical world because they would not have enough customers and could not hold the variety of stock

click-and-mortar retailers
brick-and-mortar retailers that offer a transactional website from which to conduct business

-started w/ a physical retail presence only, over time adopted an online transactions capability as well

-start online then expand to a physical store

brick-and-mortar retailers
retailers who do business in the non-internet physical world in traditional brick-and-mortar stores

via

-stores

-internet

-voice phone calls to human operators

-mobile devices
click-and-mortar retailers sell via?

-referring directories

-malls with shared services
retailing in online malls

referring directories
basically a directory organized by product type

-catalog banner --> advertise the products and vendors

-click on the product/store--> transferred to the storefront of a seller, then complete a transaction

malls with shared services
a consumer can find a product, order and pay for it, and arrange for shipment

-hosting mall provides these services

online group buying
find, collect, and share/recommend comprise the phenomenon of several social shopping models such as?

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transaction brokers electronically mediate between buyers and sellers

-revenue model: transaction fees

information portals besides information, most portals provide links to merchants, for which they are paid a commission (affiliate marketing), some provide hosting and software, and some also sell

-revenue model: advertising, subscription fees, transaction fees

community portal and social networks combines community services with selling or affiliate marketing

revenue model: advertising, subscription fees, affiliate referral fees

content creators or disseminators provide content to the masses (news, stock data). also participate in the syndication chain

-revenue model: advertising, subscription, affiliate referral fees

viral marketing use e-mail or SMS to advertise. also can direct or via affiliates

-revenue model: sales of goods and services

market makers create and manage many-to-many markets; also auction sites aggregate buyers and/or sellers

-revenue model: transaction fees

make (build)-to-order manufacturers that customize their products and services via online orders.

-revenue model: sales of goods

b2b2c manufacturer sells to a business, but deliver to individual customers

-revenue model: sales of goods and services

service providers offer online payments, order fulfillment (delivery), and security

-revenue model: sales of services

-easy to quickly find enough people to enjoy the discount of large volume buying and/or share the freight and other costs

-easier to get larger discounts when more people take part in a group purchase advantage of group buying

special sale flash sale

(personalized) event shopping

-private shopping group

-group gifting online a b2c model in which sales are done to meet the needs of special events (e. g. a wedding, black friday)

-may combined with group purchasing (to lower your cost)

-some people invited to special sales in person through email/facebook/twitter?

private shopping club a members-only shopping club, where members can buy goods at large discounts

location based e-commerce (l-commerce) delivery of e-commerce transactions to individuals in a specific location, at a specific time

-vendors send advertisements relevant to the location where customers are at a given time (using GPS for finding location)

-foursquare. com

ability to put dimensions and shape into a more physical context

-when cust buy, they can get interesting products they'd never have bought without seeing them aspect of 3-D

travel and tourism (hospitality) services online-fierce competition

-also collaboration

-revenue mode: direct revenues (commissions), revenue from advertising, lead-generation payments, consultancy fees, subscription or membership fees, revenue-sharing fees

1. online travel agents differentiate themselves through customer-service messaging and other related services, present themselves + add value to cost

2. travel bots increase

3. use social commerce to provide content to would-be customers, use these sites to study the behavior of potential customer trends that will drive further changes in the online travel industry

travel bot online sites or services that search through a range of related sites to find the best price or compare the value of travel products for a consumer

-providing general information

-reserve and purchase tickets

-accommodation

-entertainment services offered by virtual travel agencies - similar to conventional one

-travel bargains

= wireless services

-advanced check-in (in airline)

-direct marketing (buy ticket online, then print boarding pass)

-alliances and consortia (alliance between airline sand other travel companies)special services online by online travel agencies

-tremendous amount of free information

-accessible at any time from any place

-substantial discounts can be found

-direct selling saves the provider's commission and its processingbenefits of online travel services

-job seekers

-employers seeking employees

-classified ads

-job agencies (post job description and advertise their service in e-mails or other websites)

-government agencies and institutions (advertise openings for position on their websites and on other sites)parties who use the Internet job market

1. follow and read job search experts

2. search for posted positions

3. follow and read about people in ur field

4. engage, communicate with people and ask for help

5. connect with people at your target companiesthe use of twitter as an aid for job search

1. membership proposal
2. job matching
3. job offering
4. referral rewardsreferral power of social networks in job matching

electronic (online) banking (e-banking)various banking activities conducted from home or the road using an internet connection; also known as cyberbanking, virtual banking, online banking, and home banking

-cust check account

-pay bills online

-secure a loan

-informational

-administrative

-transactional

-portal

-the larger the bank the more services are offered onlinecategories of banking applications

virtual bankshave no physical location but only conduct online transactions

informational-general bank information and history

-financial education information

-employment information

-interest rate quotes

-financial calculators

-current bank and local news

administrative-account information access

- opening of new account online
- applications for services
- moving all banking online
- personal finance software applications

transactional-account transfer capabilities

- transfer funds housed at different financial institutions
- bill-pay services
- corporate services
- online insurance services
- online brokerage services
- real-time funds transfer
- online trust services

portal-links to financial information

0links to community information

- links to local business
- links to nonlocal business

-hackers getting into their accounts

-liquidity risk(risk of not having sufficient funds to pay obligation as they come due

-more susceptible to panic withdrawalsrisk of online banks

e-grocera grocer that takes orders online and provides deliveries on a daily or other regular schedule or within a very short period of time

-own a fleet of delivery vehicles, incorporate the delivery function into their business plans in order to provide greater value

on-demand delivery service EXPRESS DELIVERY MODEL made fairly quickly after an online order is received

-either done by the company-owned vehicles/outsourced to a carrier

-mortgage payments

-car loans

-telephone

-utilities

-rent

-credit cards

-cable

-to online payment of monthly bills

-online payments are received much more regularly

-quickly

-lower processing cost why recipients of online payment are eager to receive them?

electronic bill presentment and payments consumer makes payments at each biller's website either with a credit card or by billing the biller enough information to complete an electronic withdrawal directly from the consumer's bank account

same-day delivery variation of on-demand delivery service

-faster than overnight but slower than the 30-60 mins expected on on-

meant delivery of pizzas, fresh flowers, or blood.

-used often by e-grocers

-physical form (hard copy, cd-rom, dvd)

-digitized and delivered over the internet what form is software music/news stories distributed in ?

-bypass the traditional retail channel

-reduce overall cost

-capture greater profits

-disadv: retailers

are often crucial in creating demand for a product through in-store displays, advertising, and human sales efforts (lost when the producer disintermediates the traditional channel) advantage on online delivery of digital products

shopping portals gateways to webstores and e-mails; may be comprehensive or niche oriented

comprehensive/ general-purpose portal have links to many different sellers and present and evaluate a broad range of products

-offer price comparison

offers shopping at fixed prices as well as auctions why is ebay a shopping portal?

niche oriented portal information and links for purchasers in a narrow area, help customers conduct research

shopping robots (shopping agents, shopbots)tools that scout the Web on behalf of consumers who specify search area

-search web to find the best prices and availability for thousands popular items

Google Commerce Search 2. 0server that helps online retailers maximize sales, satisfaction, and usability by allowing customers to find exactly what they are looking for quickly and with no unnecessary navigation

referral economythe effect upon sales of consumers receiving a referral or recommendation from other consumers on their buying actions

-occurs on the internet via blogs, social networking sites, review sites

-potential customers perceive that the referring users are genuine and the recommendation is uncommercialadv of referral economy

sneezingattention-grabbing behavior of agencies that go out to consumer environments and boast about how great a brand or item is in order to spread the word

disintermediationthe removal of organization or business process layers responsible for certain intermediary steps in a given supply chain

reintermediationthe process whereby intermediaries(either new ones or those that had been disintermediated) take on new intermdiary roles, providing added value and assistance

channel conflictsituation in which an online marketing channel upsets the traditional channels due to real or perceived damage from competition

-damage old, valued relationship between trading partners

-

reintermediaries in cyberspaceintermediaries that have restructured their role in the purchase process

mass customizationstrategy that manufacturers use in order to meet a large demand for customized products and services

-speak with one voice

-leverage the multichannel

-empower the customer(24/7 channel for customer service, purchasing, information)traditional brick-and-mortar store with a mature website that uses a successful click-and-mortar strategy is able to do?

-speak with one voice(link all of its back-end systems to create an integrated customer experience, online experience be an extension of the experience encountered in traditional transactions)

-leverage the multichannel(offer the advantages of each marketing channel to customers from all channels, presence of both channels should benefit the customer)

empower the customer(24/7 channel for customer service, purchasing, information)

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