

Chapter 1

What is Electronic Commerce?

E-commerce means electronic buying and selling on the Internet.

What is Electronic Business?

E-business is any electronic transaction (e.g., information exchange), which subsumes e-commerce.

E-business encompasses all the activities that a firm performs for selling and buying services and products using computers and communications technologies.

The Information Superhighway and The World Wide Web.

The backbone of the information superhighway and e-commerce is the Internet.

What is Internet?

The Internet is a collection of millions of computers and network systems of all sizes.

The information superhighway is also known as the Internet.

No one actually owns or runs the Internet.

The Internet started in 1969 as a U.S. Defense Department Advanced Research Projects Agency project called ARPANET. It served from 1969 through 1990 as the basis for early networking research and as a central backbone network during development of the Internet.

These backbones linked all existing networks in a three-level structure:

1. Backbones.
2. Regional networks.
3. Local area networks (LANs).

What is NAP?

NAP is a public network exchange facility where Internet service providers (ISPs) can connect with one another.

What is TCP/IP?

TCP/IP is the common language of the Internet that allows the network systems to understand each other.

What are Protocols?

Protocols are conventions and rules that govern a data communications system.

The World Wide Web (WWW or the Web) changed the Internet by introducing a true graphical environment.

What is WWW?

WWW is an Internet service that organizes information using hypermedia.

Hypermedia is an extension of hypertext.

Hypertext is an approach to data management in which data are stored in a network of nodes connected by links.

Chapter 2

List the major categories of e-commerce:

1. business-to-consumer (B2C).
2. business-to-business (B2B).
3. consumer-to consumer(C2C).
4. consumer-to-business (C2B).

VALUE CHAIN AND E-COMMERCE

These supporting activities of Value-Chain include the following:

1. Obtaining various inputs for each primary activity.
2. Developing technology to keep the business competitive.
3. Managing human resources.
4. Managing company infrastructure.

E-commerce may enhance value chain by identifying new opportunities for cost reduction. The following are some examples:

1. Reducing cost: Using e-mail to notify customers versus using regular mail.
2. Revenue improvement or generation: Selling to remote customers using the company web site. These sales would not have been materialized otherwise, or selling digital products such as songs or computer software or distributing software through the Web.
3. Product or service improvement: offering online customer service or new sales channel identification.

What is Microsoft Direct?

Microsoft Direct is a web site that provides online order-management and customer assistance services to shoppers acquiring Microsoft products.

E-COMMERCE BUSINESS MODELS

What is the ultimate goal of an e-business?

the ultimate goal of an e-business is to generate revenue and make a profit.

What are E-commerce models?

E-commerce models are either an extension or revision of traditional business models, such as advertising and auction models.

List the most popular e-commerce models:

1. Merchant.
2. Brokerage.
3. Advertising.
4. Mixed.
5. Informediary.
6. Subscription.

What is Merchant Model?

The merchant model is basically the transferring of an old retail model to the e-commerce world by using the Internet.

There are different types of merchant models. The most common type of merchant model is similar to a traditional business model that sells goods and services over the Web.

Amazon.com is a good example of this type.

Using the brokerage model, the e-business brings the sellers and buyers together on the Web and collects a commission on the transactions.

The best example of this type is an online auction site such as eBay.

What is the advertising model?

The advertising model is an extension of traditional advertising media, such as radio and television.

The mixed model generates revenue both from advertising and subscriptions. Internet service providers (ISPs) such as America On-line (AOL) Time Warner generate revenue from advertising and their customers' subscription fees for Internet access.

E-businesses that use the intermediary model collect information on consumers and businesses and then sell this information to interested parties for marketing purposes.

This information is later sold to advertisers for direct marketing.

Using a subscription model, an e-business might sell digital products to its customers.

The Wall Street Journal and *Consumer Reports* are two examples. Sreet.com is another example of this model that sells business news and analysis based on subscription.

DEFINING E-COMMERCE

e-business encompasses all activities that a firm performs for selling and buying products and services using computers and communications technologies.

E-commerce is buying and selling goods and services over the Internet.

Based on this definition, e-commerce is part of e-business.

E-commerce builds on traditional commerce by adding the flexibility offered by computer networks and the availability of the Internet.