E-Business & E-Commerce

Pertemuan 9

Kompetensi Khusus:

- Mahasiswa mampu menunjukkan jenis-jenis E-Business, dan menghubungkakan situs E-Commerce dengan model-model E-Commerce(C3)

Materi:

1. Overview of E-business and E-Commerce
2. Business-to-Consumer (B2C) Electronic Commerce
3. Business-to-Business (B2B) Electronic Commerce
4. Ethical and Legal Issues in E-Business

1. Overview of E-Business and E-Commerce

1.1 E-Business Vs E-Commerce

- E-Business or Electronic Business refers to the use of internet, extranet, web, and intranet to conduct businesses.
- E-Business is quite similar to E-Commerce.
- E-Commerce, or the short for "Electronic Commerce" is the process of selling and buying which done via the web or the internet.
- E-Commerce, there is no need for the buyer and the seller to meet with each other in order to do the whole selling and buying process.

1.2 Comparison Chart

BASIS FOR COMPARISON	E-COMMERCE	E-BUSINESS
Meaning	Trading of merchandise, over the internet is known as E-commerce.	Running business using the internet is known as E-business.
What is it?	Subset	Superset
Is it limited to monetary transactions?	Yes	No
What they carry out?	Commercial transactions	Business transactions
Approach	Extroverted	Ambiverted
Requires	Website	Website, CRM, ERP, etc.
Which network is used?	Internet	Internet, Intranet and Extranet.

1.3 Type Of E-Commerce

- E-commerce can be conducted between and among various parties. In this section, you will identify the six common types of e-commerce, and you will learn about three of them—C2C, B2E, and e-government—in detail.

1. Business-to-Consumer electronic commerce (B2C)
2. Business-to-Business electronic commerce (B2B)
3. Consumer-to Consumer electronic commerce (C2C)

1.4 Electronic Payment Mechanisms

- Electronic payment mechanisms enable buyers to pay for goods and services electronically, rather than writing a check or using cash. Payments are an integral part of doing business, whether in the traditional manner or online. Traditional payment systems have typically involved cash and/or checks.
- In most cases, traditional payment systems are not effective for EC, especially for B2B. Cash cannot be used because there is no face-to-face contact between buyer and seller

1.5 Three Types of Electronic Payment

- Three types of electronic payment:

1. Electronic checks (e-checks)
2. Electronic cards,
3. Digital wallets.

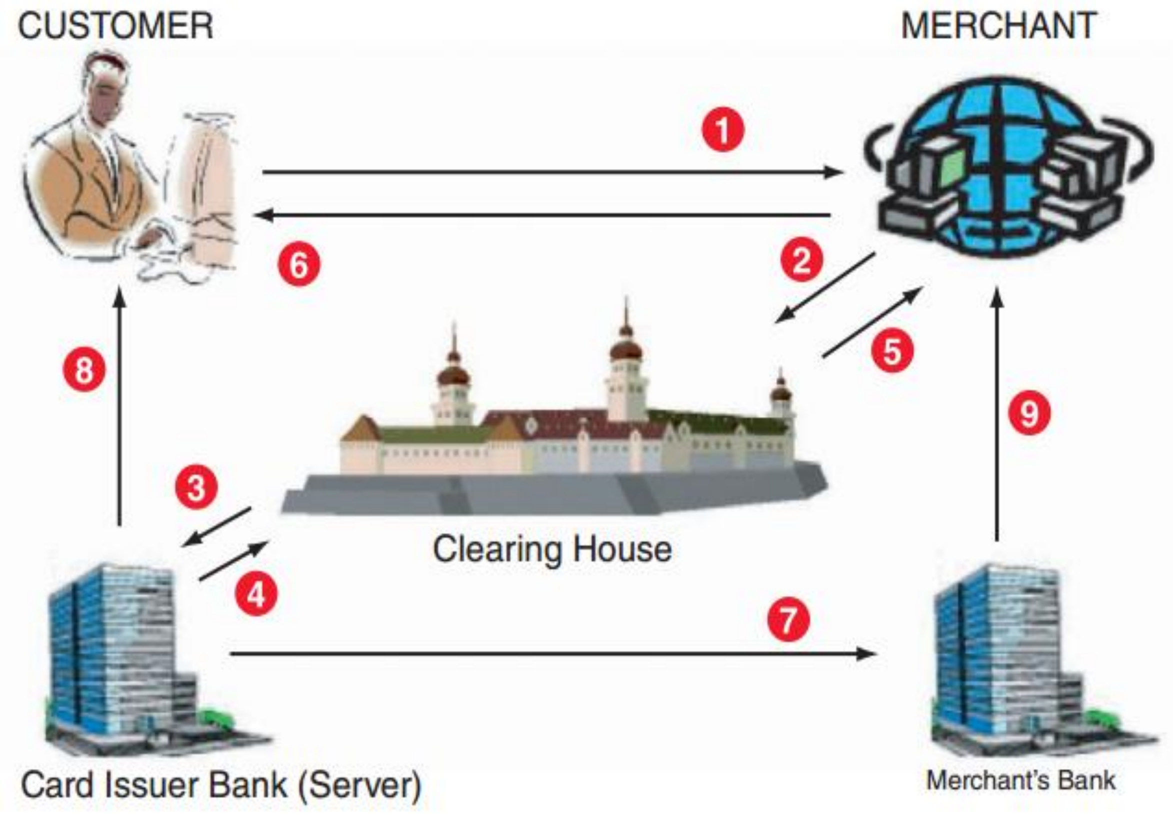
1.6 Electronic Checks (E-Checks)

- Electronic checks (e-checks), which are used primarily in B2B, are similar to regular paper checks.
- Customer who wishes to use e-checks must first establish a checking account with a bank.
- Like regular checks, e-checks carry a signature (in digital form) that can be verified. Properly signed and endorsed e-checks are exchanged between financial institutions through electronic clearinghouses.

1.7 Electronic Cards

- There are a variety of electronic cards, and they are used for different purposes.
- The most common types are electronic credit cards, purchasing cards, stored-value money cards, and smart cards.
- Electronic credit cards allow customers to charge online payments to their credit card account. These cards are used primarily in B2C and in shopping by small-to-medium enterprises (SMEs).

- How Electronic Cards Work?



1.8 Digital Wallets

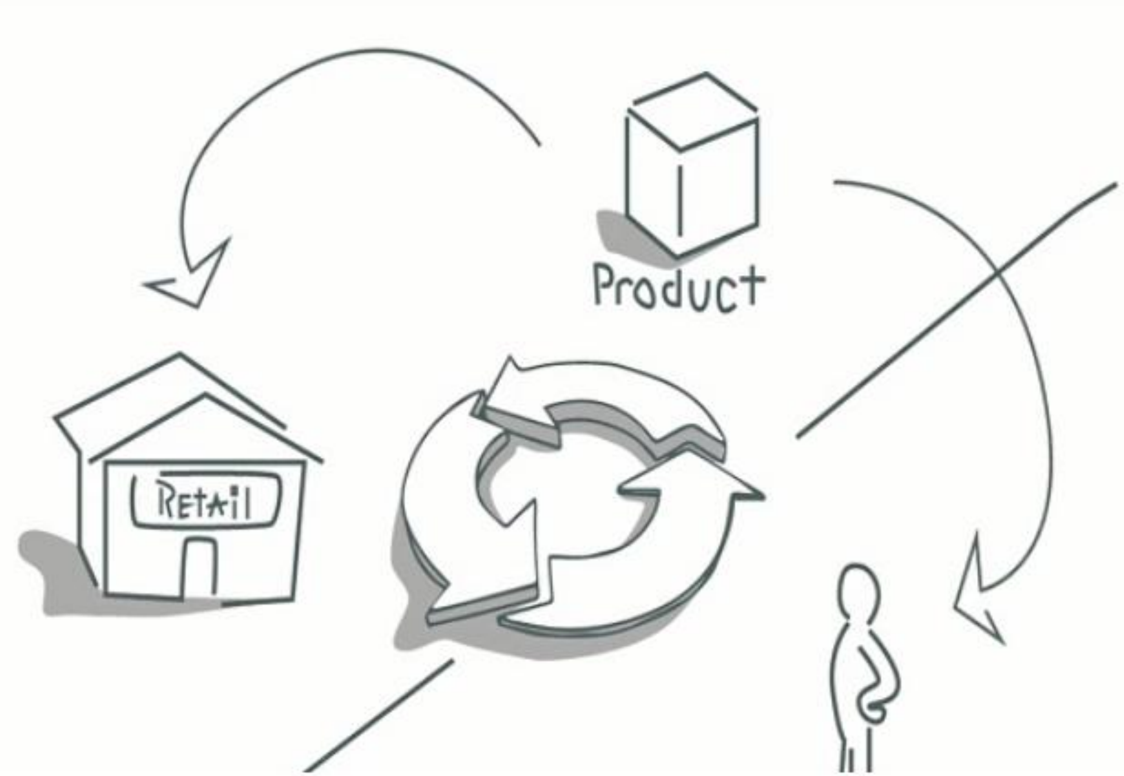
- A digital wallet is an application used for making financial transactions.
- These apps can be on users' desktops or on their smartphones
- Digital wallets replace the need to carry physical credit and debit cards, gift cards, and loyalty cards, as well as boarding passes and other forms of identification.

- Examples of digital wallet sinclude PayPal (www.paypal.com)
- Google Wallet (https://www.google.com/wallet
- Apple Pay (www.apple.com)

2. Business-to-Consumer (B2C) Electronic Commerce

2.1 Business-to-Consumer (B2C)

- The term business-to-consumer (B2C) refers to the process of selling products and services directly between consumers who are the end-users of its products or services. Most companies that sell directly tso consumers can be referred to as B2C companies.



2.2 B2C Business Models in the Digital World

- There are typically five types of online B2C business models that most companies use online to target consumers.

1. Direct Sellers

This is the most common model, in which people buy goods from online retailers. These may include manufacturers or small businesses, or simply online versions of department stores that sell products from different manufacturers.

2.2 B2C Business Models in the Digital World

2. Online Intermediaries

These are liaisons or go-betweens who don't actually own products or services that put buyers and sellers together. Sites like Expedia, Trivago, and Etsy fall into this category.

3. Advertising-Based B2C

This model uses free content to get visitors to a website. Those visitors, in turn, come across digital or online ads. Basically, large volumes of web traffic are used to sell advertising, which sells goods and services. Media sites like the Huffington Post, a high-traffic site that mixes in advertising with its native content is one example.

2.2 B2C Business Models in the Digital World

4. Community-Based

Sites like Facebook, which builds online communities based on shared interests, help marketers and advertisers promote their products directly to consumers. Websites will target ads based on users' demographics and geographical location.

5. Fee-Based

Direct-to-consumer sites like Netflix charge a fee so consumers can access their content. The site may also offer free, but limited, content while charging for most of it. The New York Times and other large newspapers often use a fee-based B2C business model.

3. Business-to-Business (B2B) Electronic Commerce

3.1 B2B Electronic Commerce

- In business to business (B2B) e-commerce, the buyers and sellers are business organizations.
- It covers a broad spectrum of applications that enable an enterprise to form electronic relationships with its distributors, resellers, suppliers, customers, and other partners.
- B2B applications utilize any of several business models. The major models are sell-side marketplaces, buy-side marketplaces, and electronic exchanges.

3.2 Sell-Side Marketplaces

- In the sell-side marketplace model, organizations attempt to sell their products or services to other organizations electronically from their own private e-marketplace Web site and/or from a third-party Web site.
- The key mechanisms in the sell-side model are forward auctions and electronic catalogs that can be customized for each large buyer.

3.3 Buy-Side Marketplaces

- Procurement is the overarching function that describes the activities and processes to acquire goods and services.
- The buy-side marketplace is a model in which organizations attempt to procure needed products or services from other organizations electronically. A major method of procuring goods and services in the buy-side model is the reverse auction.

3.3 Buy-Side Marketplaces (Lanj)

- The buy-side model uses EC technology to streamline the procurement process.
- The goal is to reduce both the costs of items procured and the administrative expenses involved in procuring them. In addition, EC technology can shorten the procurement cycle time.
- Procurement by using electronic support is referred to as e-procurement.
- E-procurement uses reverse auctions, particularly group purchasing.
- In group purchasing, multiple buyers combine their orders so that they constitute a large volume and therefore attract more seller attention. In addition, when buyers place their combined orders on a reverse auction, they can negotiate a volume discount.

3.4 Electronic Exchanges

- **Private exchanges** have one buyer and many sellers. Electronic marketplaces (e-marketplaces), called public exchanges or just exchanges, are independently owned by a third party, and they connect many sellers with many buyers.
- **Electronic exchanges** deal in both direct and indirect materials. **Direct materials** are inputs to the manufacturing process, such as safety glass used in automobile windshields and windows. **Indirect materials** are those items, such as office supplies, that are needed for maintenance, operations, and repairs (MRO).

- There are three basic types of public exchanges: **vertical, horizontal, and functional.**
- **Vertical exchanges** connect buyers and sellers in a given industry.
- **Horizontal exchanges** connect buyers and sellers across many industries.
- **Functional exchanges,** needed services such as temporary help or extra office space are traded on an “as-needed” basis

4. Ethical and Legal Issues in E-business

4.1 Ethical Issues

- Many of the ethical and global issues related to IT also apply to e-business. Here you will learn about two basic issues: **privacy and job loss.**
- By making it easier to store and transfer personal information, e-business presents some threats to privacy. To begin with, most electronic payment systems know who the buyers are. It may be necessary, then, to protect the buyers' identities.
- Another major privacy issue is tracking.

4.2 Fraud on the Internet

- Internet fraud has grown even faster than Internet use itself
- Example: In one case, stock promoters falsely spread positive rumors about the prospects of the companies they touted in order to boost the stock price.
- In other cases, the information provided might have been true, but the promoters did not disclose that they were paid to talk up the companies

4.3 Domain Names

- Domain names are assigned by central nonprofit organizations that check for conflicts and possible infringement of trademarks.
- A domain name is considered legal when the person or business who owns the name has operated a legitimate business under that name for some time. Companies such as Christian Dior, Nike, Deutsche Bank, and even Microsoft have had to fight or pay to acquire the domain name that corresponds to their company's name.

4.4 Cybersquatting

- Cybersquatting refers to the practice of registering or using domain names for the purpose of profiting from the goodwill or the trademark that belongs to someone else.
- The Anti-Cybersquatting Consumer Protection Act (1999) permits trademark owners in the United States to sue for damages in such cases.

4.5 Copyright

- This point is significant because many people mistakenly believe that once they purchase a piece of software, they have the right to share it with others.
- In fact, what they have bought is the right to use the software, not the right to distribute it. That right remains with the copyright holder.
- Protecting intellectual property rights in e-commerce is extremely difficult, however, because it involves hundreds of millions of people in 200 countries with differing copyright laws who have access to billions of Web pages.

Summary

- In business-to-consumer (B2C) electronic commerce, the sellers are organizations and the buyers are individuals. In business-to-business (B2B) electronic commerce, the sellers and the buyers are businesses. In consumer-to-consumer (C2C) electronic commerce, an individual sells products or services to other individuals.
- Electronic banking, also known as cyber banking, involves conducting various banking activities from home, at a place of business, or on the road instead of at a physical bank location.
- Online securities trading involves buying and selling securities over the Web.
- Online job matching over the Web offers a promising environment for job seekers and for companies searching for hard-to-find employees.

Continue

- E-marketplaces, in which there are many sellers and many buyers, are called public exchanges, or just exchanges. Public exchanges are open to all business organizations. They are frequently owned and operated by a third party.
- E-business presents some threats to privacy. First, most electronic payment systems know who the buyers are. It may be necessary, then, to protect the buyers' identities with encryption. Another major privacy issue is tracking, where individuals' activities on the Internet can be tracked by cookies.