

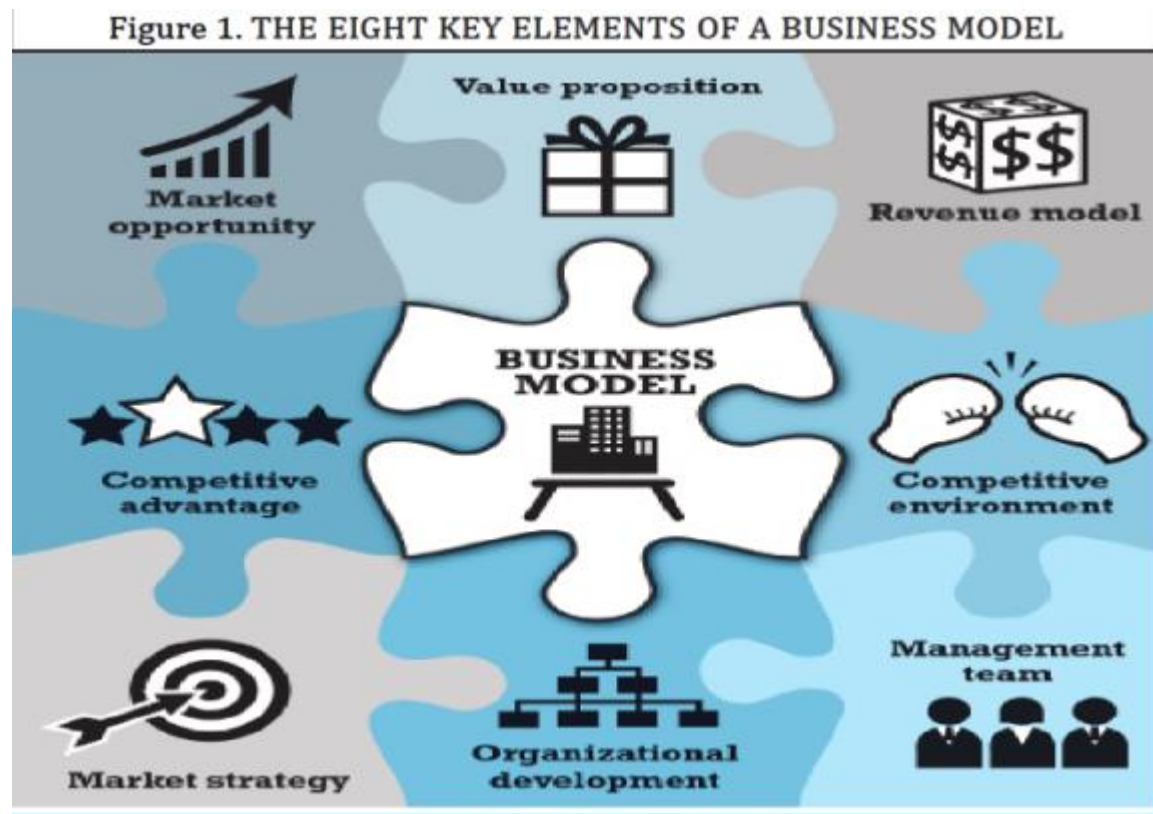
E-commerce, business models and strategies, value proposition, marketspace, Internet, Web, mobile platform.

## Introduction.

E-commerce has significantly evolved over the last decade. The iPhone was introduced in 2007. The iPad tablet was first introduced in 2010 and has already gone through several generations! Cloud services for storing and streaming content, and hosting thousands of apps, were not widely available until 2011. Smartphone and tablet devices have changed e-commerce into a social, local, and mobile experience. E-commerce business models of all types are thriving. Sales from online stores are expected to increase 385% this decade. It's easy to get caught up and excited in the latest e-commerce trends, but unless you know the fundamentals, you'll hit a profitability wall without knowing it. A booming e-commerce business takes intuition, knowledge of your market, a solid business plan, and careful research into products and business models. But one of the biggest hurdles most newcomers to the space face is easy to solve. Many would-be e-commerce business owners just don't know how eCommerce businesses are set up and what different types of e-commerce are available to them. If you want to ease into an e-commerce juggernaut, I'd suggest you start hybrid e-commerce, affiliate store. Since it began in 1995, electronic commerce has grown in the United States from a standing start to a \$695 billion retail, travel, and media business and a \$6.3 trillion business-to-business juggernaut, bringing about enormous change in business firms, markets, and consumer behavior. Economies and business firms around the globe are similarly affected. During this relatively short time, e-commerce has transformed itself from its origin as a mechanism for online retail sales into something much broader. Today, e-commerce has become the platform for media and new, unique services and capabilities that aren't found in the physical world. There is no physical world counterpart to Facebook, Twitter, Google search, or a host of other recent online innovations from Pinterest and iTunes to Tumblr. The Internet is about to replace television as the largest entertainment platform. Welcome to the new e-commerce! Ecommerce is projected to continue growing at double-digit rates over the next five years, remaining the fastest growing form of commerce. Just as automobiles, airplanes, and electronics defined the twentieth century, so

will e-commerce of all kinds define business and society in the twenty-first century. The rapid movement toward an e-commerce economy and society is being led by both established business firms such as Walmart, Ford, IBM, Macy's, and General Electric, and online firms such as Google, Amazon, Apple, Facebook, Yahoo, Twitter, and YouTube. Students of business and information technology need a thorough grounding in e-commerce in order to be effective and successful managers in the next decade. While firms such as Facebook, YouTube, Twitter, Pinterest, and Uber have grown explosively in the last two years and grabbed our attention, the traditional forms of retail e-commerce and services also remain vital and have proven to be more resilient than traditional retail channels in facing the economic recession. The experience of these firms from 1995 to the present is also a focus of this book. The defining characteristic of these firms is that they are profitable, sustainable, efficient, and innovative, with powerful brand names. Many of these now-experienced retail and service firms, such as eBay, Amazon, E\*Trade, Priceline, and Expedia, are survivors of the first era of e-commerce. These surviving firms have evolved their business models, integrated their online and offline operations, and changed their revenue models to become profitable. Understanding how these online businesses succeeded will help students to manage their own firms in the current omnichannel business environment. Main body. A business model is a set of planned activities (sometimes referred to as business processes) designed to result in a profit in a marketplace. A business model is not always the same as a business strategy, although in some cases they are very close insofar as the business model explicitly considers the competitive environment. The business model is at the center of the business plan. A business plan is a document that

describes a firm's business model. A business plan always considers the competitive environment. An e-commerce business model aims to use and leverage the unique qualities of the Internet, the Web, and the mobile platform. If you hope to develop a successful business model in any arena, not just e-commerce, you must make sure that the model effectively addresses the eight elements listed in Figure 1.



These elements are value proposition, revenue model, market opportunity, competitive environment, competitive advantage, market strategy, organizational development, and management team. Many writers focus on a firm's value proposition and revenue model. While these may be the most important and most easily identifiable aspects of a company's business model, the other elements are equally important when evaluating business models and plans, or when attempting to understand why a particular company has succeeded or failed. In the following sections, we describe each of the key business model elements more fully.

**Market Opportunity.**

The term market opportunity refers to the company's intended market space (i.e., an area of actual or potential commercial value) and the overall potential financial opportunities available to the firm in that market space. The market opportunity is usually divided into smaller market niches. The realistic market opportunity is defined by the revenue potential in each of the market niches where you hope to compete.

**Conclusion.**

We believe that for business and technology students to really understand e-commerce, they must understand the relationships among e-commerce business concerns, Internet technology, and the social and legal context of e-commerce. These three themes permeate all aspects of e-commerce, and therefore, in each paragraph, we present material that explores the business, technological, and social aspects of that chapter's main topic. Given the continued growth and diffusion of e-commerce, all students—regardless of their major discipline—must also understand the basic economic and business forces driving e-commerce. E-commerce has created new digital markets where prices are more transparent, markets are global, and trading is highly efficient, though not perfect. E-commerce has a direct impact on a firm's relationship with suppliers, customers, competitors, and partners, as well as how firms market products, advertise and use brands. Whether you are interested in marketing and sales, design, production, finance, information systems, or logistics, you will need to know how e-commerce technologies can be used to reduce supply chain costs, increase production efficiency, and tighten the relationship with customers. This text is written to help you understand the fundamental business issues in e-commerce.