**Theme:** 2.

**Reading:** Getting Real About Virtual Commerce.

**Author:** P. Evans and T. S. Wurster.

*Navigation* - Yahoo!, Amazon. Became a business in its own right.

E-Commerce has to develop a strategy to make profits.

Creates a comprehensive search: Lack of ability to influence.

**Competing on:**

***-Reach:*** -Ability to connect with customers and suppliers.

-Small firms welcome: don’t compete on navigation.

-Large suppliers must compete on navigation or risk missing out.

e.g. Amazon vs. CdNow.

***-Affiliation:*** -Establishing whose interests the business represents.

***-Richness:***

*Rich Customer Information*

Traditional players have the advantage - can use more sources.

Consumer Profiling by demographics:

-Credit card companies.

-Purchasing history.

-Grocery stores.

*Rich Product Information*

Suppliers/manufacturers have the advantage.

*Branding*

-Conveys facts or beliefs: Sony.

-Conveys experience: Coke.

Brand acts as a navigator but is useless if another navigator has, by affiliation, gained consumer respect for that brand.

**The Incumbent’s Dilemma**

*These dimensions pose an organizational dilemma for incumbent product suppliers and retailers. Their value chain is being deconstructed.*

-Navigation is no longer a function, it’s now a business.

-To compete in the emerging businesses incumbents must build reach, affiliation and richness.

-Redefining strategy and scope as the business evolves beyond its physically defined origins will require huge transformation for old organizations.