

MIS

CHAPTER 8

E-COMMERCE

Net Flix

ADWORDS

Working 24//7

E-bake

Google – m-commerce

ECOMM ADS

Defining E-Commerce

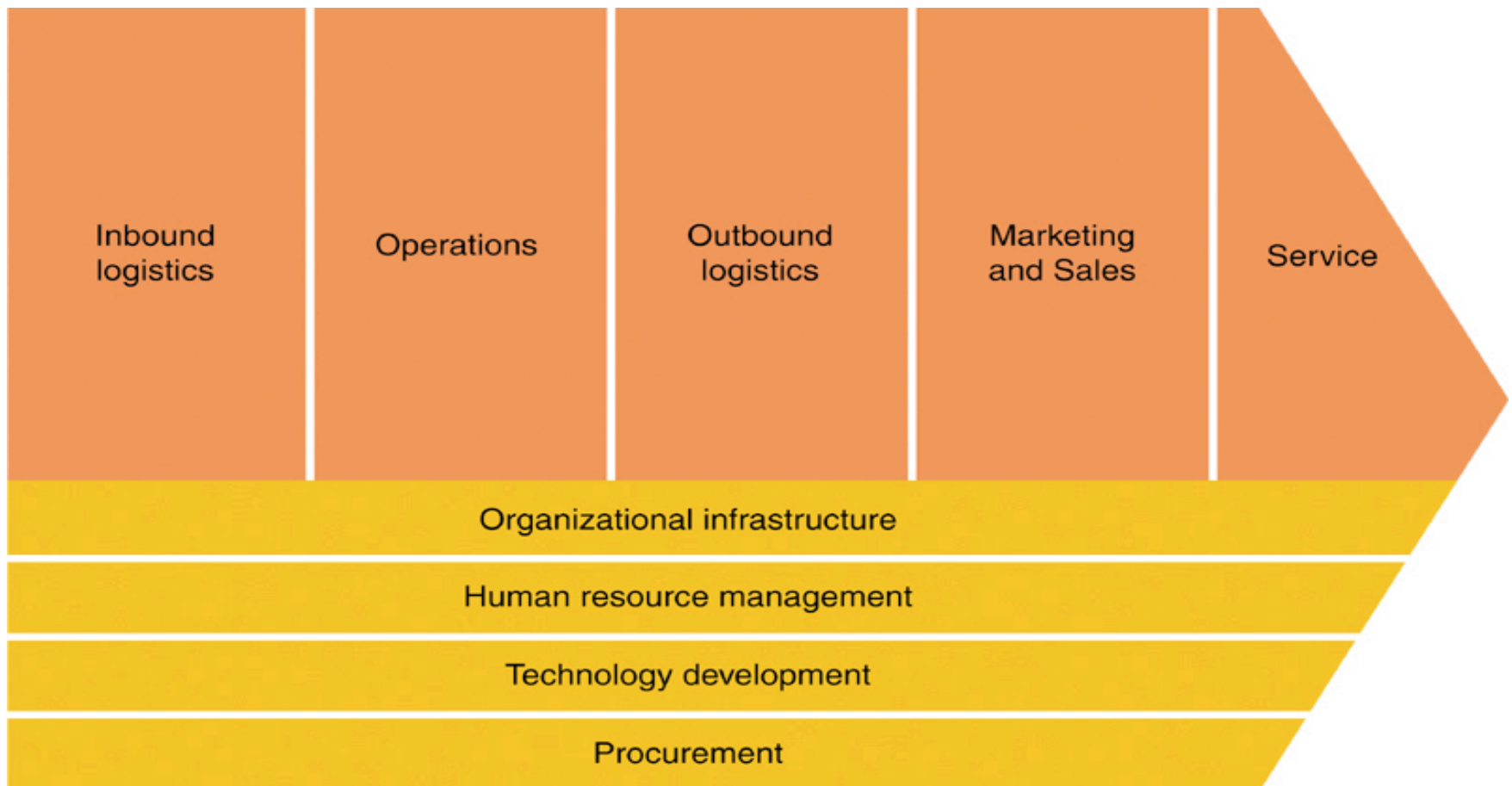


- ▶ **E-business**
- ▶ **E-commerce**
- ▶ **Business applications that use the internet:**
 - Buying and selling products and services
 - Collaborating & Communicating with other companies & partners
 - Gathering business intelligence on customers and competitors
 - Providing customer service
 - Making software updates and patches available
 - Offering vendor support
 - Publishing and disseminating information



Value Chain Analysis

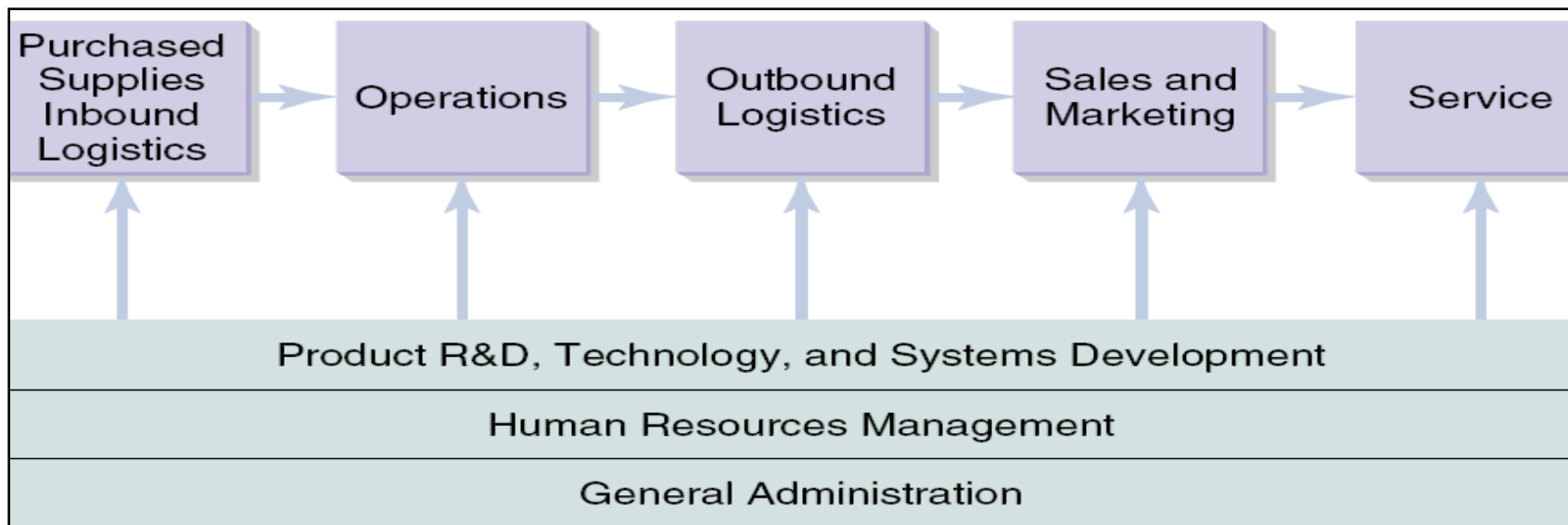
Is a process of **analyzing** an organization's **activities** to determine where **value is added** to **products** and/or **services** and what **costs** are incurred in doing so.



Net Flix



1. Describe Net Flix's competitive advantage and what are the sources of that competitive advantage ?
2. Discuss where you feel Net Flix uses of information systems helps them add value in the Value chain.



Revenue Paradigms

Sales

- Cost of goods sold

Gross margin

- Expenses

Net income

- How do we make a buck?

- Margin * Volume

$(SP - \text{cost}) * \text{Volume}$

Dell Computer: E-Commerce in Action

- ▶ Sells computers, hardware, and software directly to customers
- ▶ Lower manufacturing costs, faster delivery, and more customized products and services
- ▶ Just-in-time (JIT) inventory system
 - Keep inventory around for no more than 8 to 11 days



► Advantages of E-commerce

- Better relationships with suppliers, customers, business partners
- Price transparency
- Round the clock and global operations
- More information on potential customers
- Increasing customer involvement
- Improving customer service
- Increasing flexibility and ease of shopping

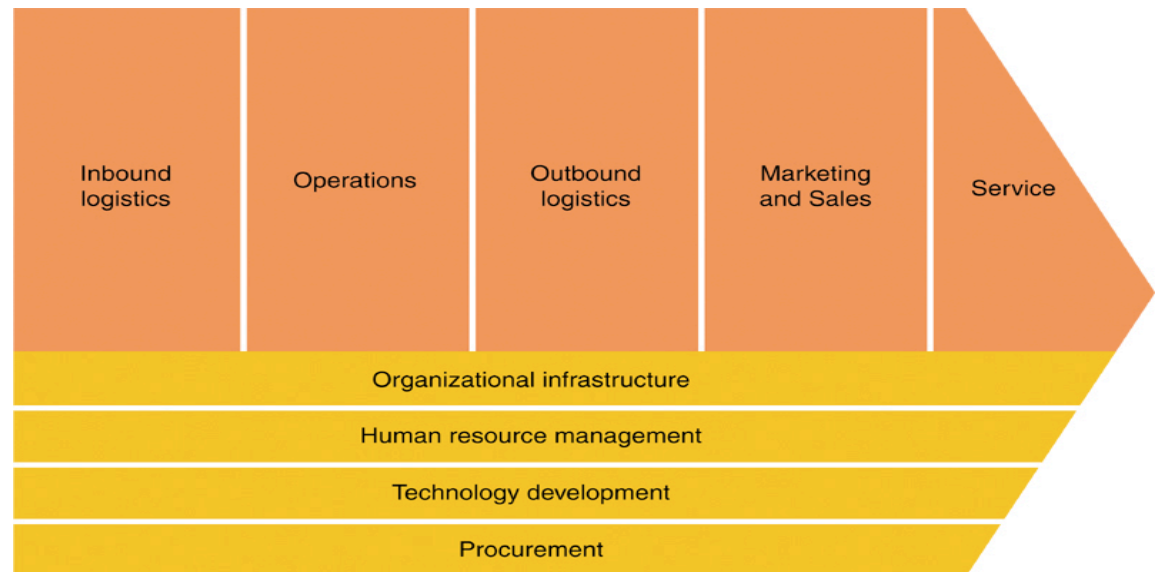
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Advantages of E-Commerce

- Increasing the number of customers
- Increasing opportunities for collaboration with business partners
- Increasing return on investment because inventory needs are reduced
- Offering personalized services and product customization
- Reducing administrative and transaction costs

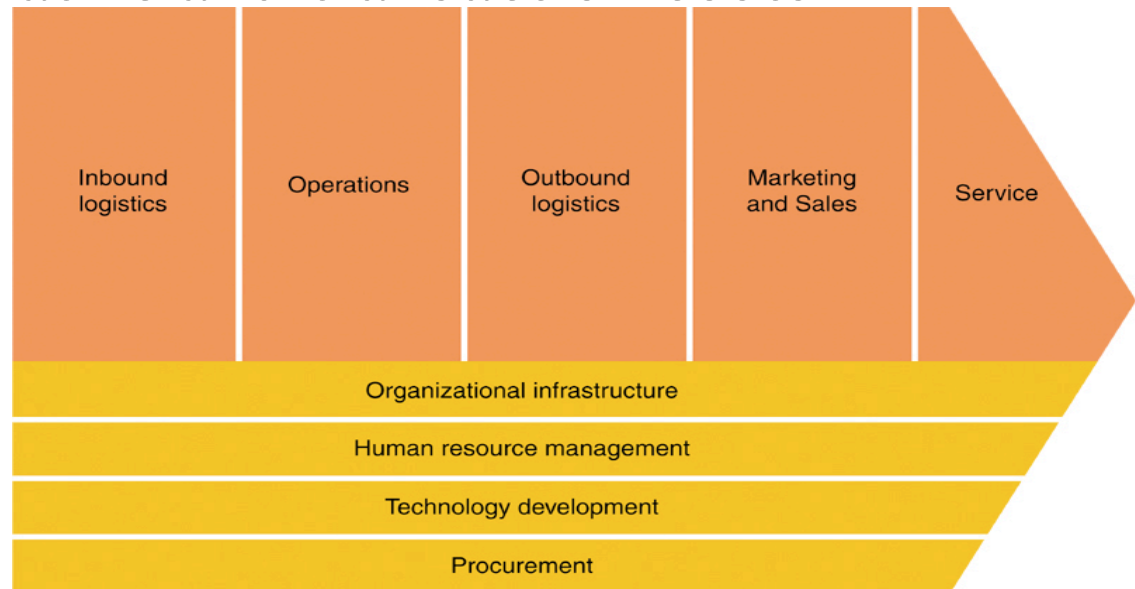
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Disadvantages of E-Commerce

- ▶ Disadvantages:
 - Bandwidth capacity problems
 - Security issues
 - Accessibility
 - Acceptance



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E-Commerce Business Models

ECOMM ADS

- ▶ Why did so many dot.com companies go out of business in 2000 and 2001?
- ▶ E-commerce companies focus their operations in different parts of the value chain
- ▶ Types
 - Merchant
 - Brokerage
 - Advertising
 - Mixed
 - Informediary
 - Subscription

ADWORDS

Major Categories of E-Commerce

Table 8.2 *Major E-Commerce Categories*

	Consumer	Business	Government
Consumer	C2C	C2B	C2G
Business	B2C	B2B	B2G
Government	G2C	G2B	G2G

B2B E-Commerce

- ▶ B2Bs use these additional technologies extensively:
 - Intranets
 - Extranets
 - Virtual private networks
 - Electronic data interchange (EDI)
 - Electronic funds transfer (EFT)
- ▶ Lowers production costs and improves accuracy
 - By eliminating many labor-intensive tasks

Major Models of B2B E-Commerce

- ▶ Three major types of B2B e-commerce models, based on who controls the marketplace:
 - Seller
 - Buyer
 - Intermediary (third-party)

Seller–Side Marketplace

- ▶ Most popular B2B model
- ▶ Sellers who cater to specialized markets come together to create a common marketplace for buyers
- ▶ **E–procurement**
 - Enables employees in an organization to order and receive supplies and services directly from suppliers
 - Can also automate some buying and selling activities
- ▶ Major vendors of e–commerce and B2B solutions include I2 Technologies, IBM, Oracle, and SAP

Buyer–Side Marketplace

- ▶ Buyer, or a group of buyers, opens an electronic marketplace
 - Invites sellers to bid on announced products or requests for quotation (RFQs)
- ▶ Buyers can:
 - Manage the procurement process more efficiently
 - Lower administrative costs
 - Implement uniform pricing
- ▶ Large corporations, such as General Electric or Boeing

Third-Party Exchange Marketplace

- ▶ Controlled by a third party
- ▶ Marketplace generates revenue from the fees charged for matching buyers and sellers
- ▶ Usually active in **vertical** or **horizontal market**
- ▶ Offers suppliers a direct channel of communication to buyers through online storefronts

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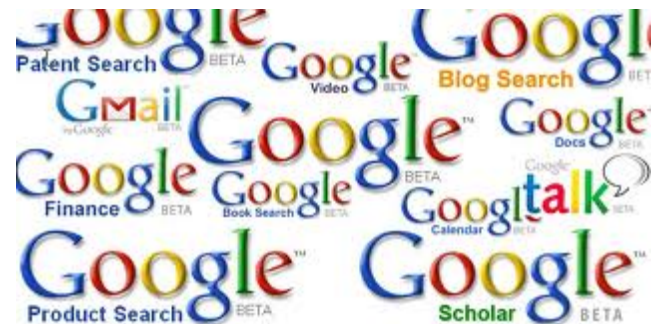
- How do we make a buck?

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Mobile and Voice– Based E–Commerce

- ▶ **Mobile commerce (m-commerce)**
 - Based on Wireless Application Protocol (WAP)
 - Using handheld devices, such as smart phones or PDAs, to conduct business transactions
- ▶ **Supporting technologies:**
 - Wireless wide–area networks and 3G networks
 - Short–range wireless communication technologies
- ▶ **Examples:**
 - iPhone apps
 - Internet Explorer Mobile
 - Google mobile



Google – m-commerce

Mobile Commerce

- ▶ Issues confronting m-commerce
 - User-friendliness of the wireless device
 - Network speed
 - Security
 - Quality of life

E-Commerce Supporting Technologies

- ▶ Electronic payment systems
- ▶ Web marketing
- ▶ Search engine optimization

Electronic Payment Systems

▶ **Electronic payment**

- Money or scrip that is exchanged only electronically

▶ **Payment cards:**

- Credit, debit, charge, and smart cards

▶ **Smart cards**

- Credit card sized
- Contains an embedded microprocessor chip storing important financial and personal information

▶ **Other types of payments:**

- E-cash
- E-check
- E-wallets
- PayPal
- Micropayments





Payments

Tap your phone to pay with Citi® MasterCard® or the Google Prepaid Card.
[More on Payments >](#)



Offers & Loyalty

Saving is simple because your Google Offers automatically sync to your Google Wallet. [More on Offers & Loyalty >](#)



Security

Stay safe with the Google Wallet PIN and with secure underlying technology.
[More on Security >](#)

Web Marketing

- ▶ Uses the Web and its supporting technologies to promote goods and services
- ▶ Terms:
 - Ad impression
 - Banner ads
 - Click
 - Cost per thousand (CPM)
 - Hit
 - Cost per click (CPC)
 - Click-through rate (CTR)
 - Cookie
 - Meta tag
 - Page view (PV)
 - Pop-up ads
 - Pop-under ads
 - Splash screen
 - Spot leasing

Search Engine Optimization

- ▶ Method for improving the volume or quality of traffic to a Web site
- ▶ Some companies offer SEO service
 - Editing a site's contents and HTML code to increase its relevance to specific keywords
- ▶ Recommendations for optimizing a Web site:
 - Keywords
 - Page title
 - Inbound links

Summary

- ▶ Michael Porter's value chain, compared e-commerce with traditional commerce
- ▶ Major e-commerce business models
- ▶ Main categories of e-commerce
- ▶ B2C e-commerce business cycle
- ▶ B2B e-commerce business models
- ▶ Mobile and voice e-commerce
- ▶ Supporting technologies