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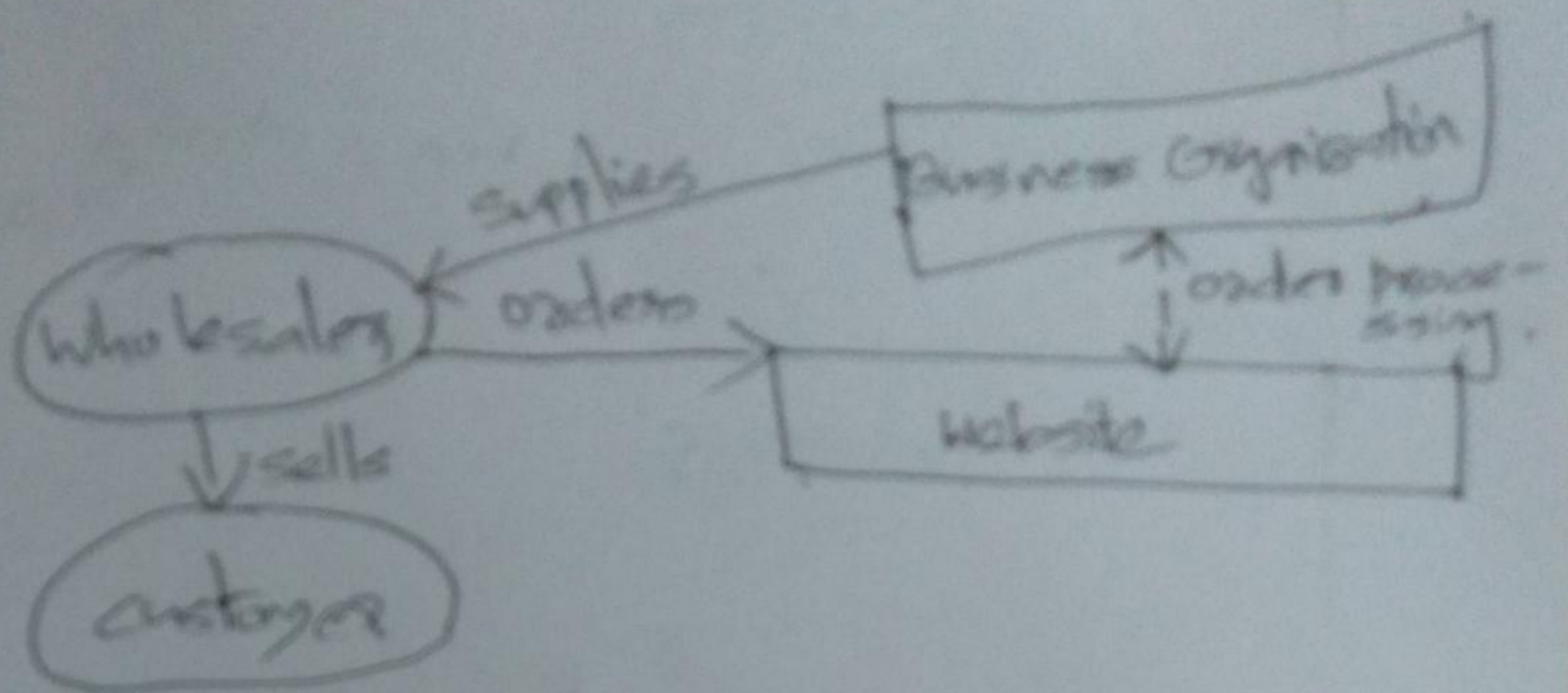Roll no. 10

E - commerce

1) Major types of E-commerce.

(1, B2B (Business - to - Business)

→ The two business interchange information electronically. The transactions between two business are undertaken via internet and extranet.

→ A website following the B2B business model sells its products to an intermediate buyer who then sells the product to the final customer.

→ As an example, a wholesaler places an order from a company's website and after receiving the consignment, sells the end product to the final customer who comes to buy the product at one of the retail outlets.

③ Business-to-customer

→ In this type, business sells product or service directly to consumers over the internet.
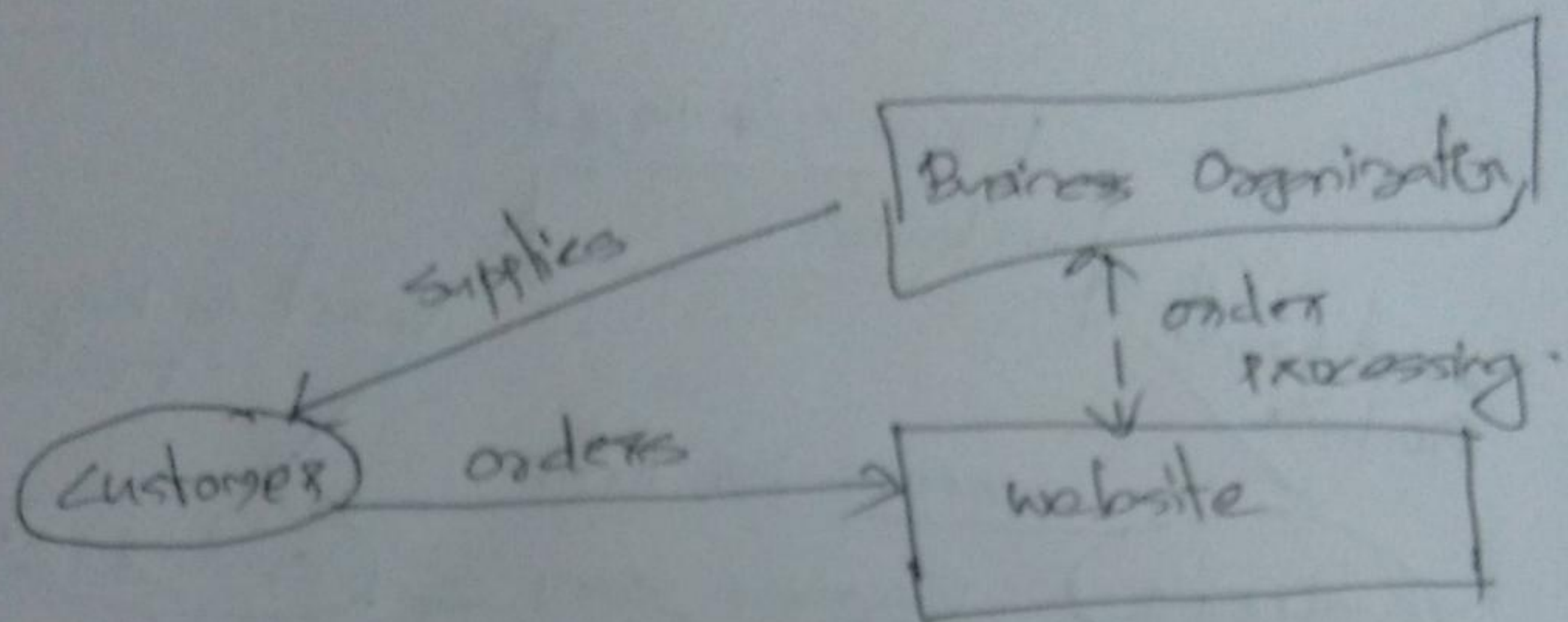
→ A website following the B2C Business model sells its products directly to a customer. A customer can view the products shown on the website.

→ The customer can choose a product and order the same. The website will then send a notification to the business organization via email and the organization will dispatch the product/goods to the customer.
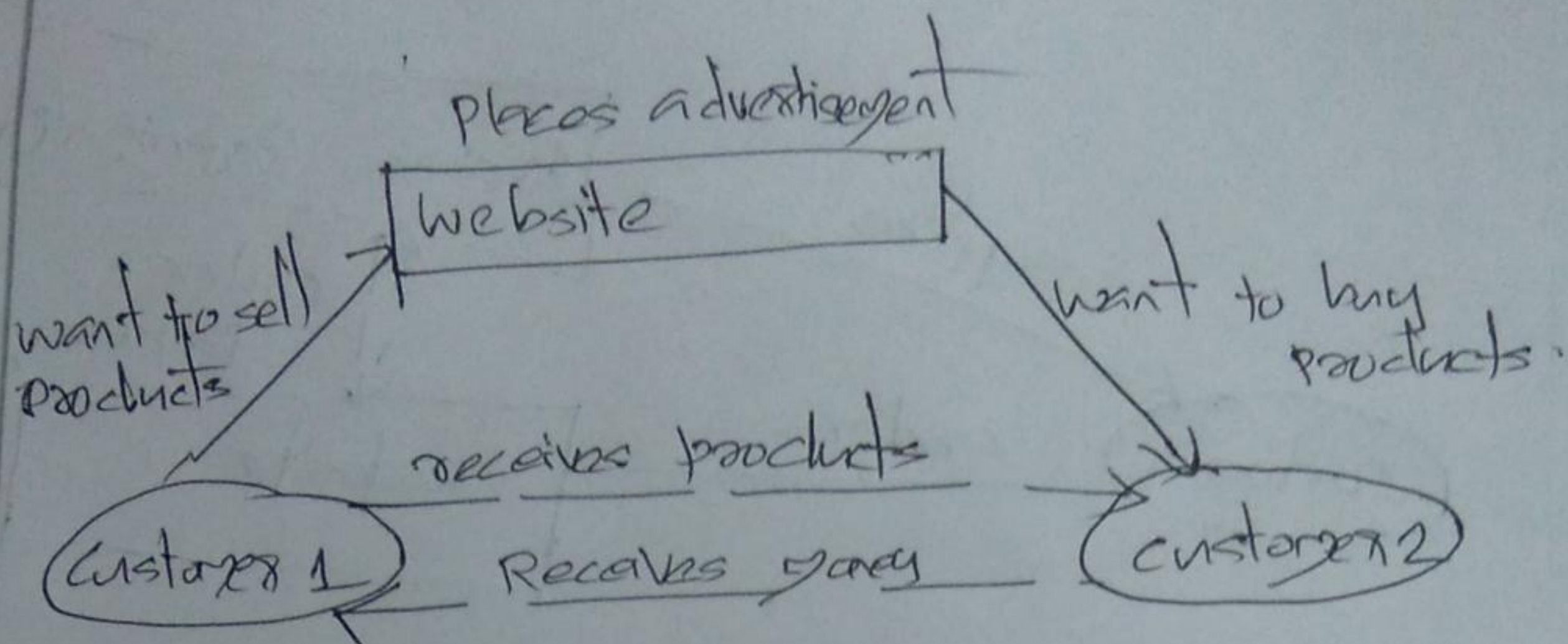
③ C2C (customer - to - customer)

→ customer-to-customer electronic commerce involves consumers selling products or services to other customer. eg: Ebay, Olx, magic.Bricks.

→ A website following the c2c business model helps consumers to sell their assets like residential property cars, motorcycles, etc. or rent a room by publishing their information on the website.

→ website may or may not charge the consumer for its services. Another consumer may opt to buy the product of the first customer by viewing the post/ advertisement on the website.

Places advertisement

| website |

want to sell products

want to buy products.

receives products

(Customer 1)   Receives money   (Customer 2)

④, C2B (Customer - to - Business)

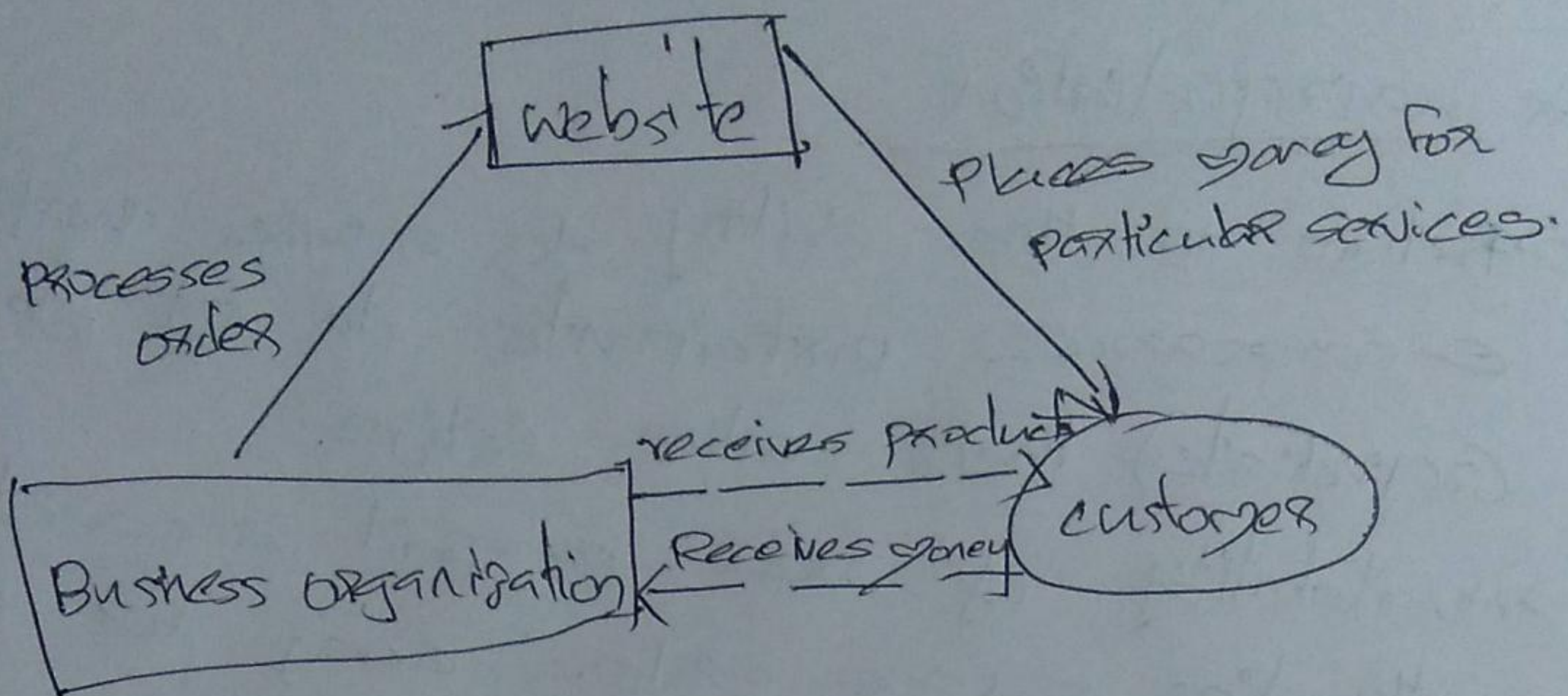→In this type, Consumers sell product or service to business over the internet.

→In this model, a consumer approaches a website showing multiple business organisation for a particular service.

→The consumer places an estimated amount he/she wants to spend for a particular service

→eg:- the comparison of interest rates of personal loan/car loan provided by various banks via websites. A business organization who fulfills the consumer's requirement within' the specified budget, approaches the customer and provides its services.

```
              website
          /            \
   PROCESSES         Places money for
   order             particular services.
      /                      \
Business organization ← receives product
                      ← Receives money   customer
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3, 6 key dimensions of E-commerce
                 security.

→ Integrity
→ Non-repudiation
→ Authenticity
→ confidentiality
→ privacy
→ Availability.

* Integrity

→ Refers to the ability to ensure that information being displayed the web site/ transmitted or received over the internet has not been altered by any way by an unauthorised party.

* nonrepudiation .

→ Refers to the ability to ensure that e-commerce participants do not deny (repudiate) their online actions.

→ Availability of free email accounts with false names makes easy for a person to post comment, send message and perhaps denying.

* Authenticity.

→ Refers to the ability to identify of a person or entity with whom you are dealing on the internet.

→ Identifying customer by Merchant, etc.

* Confidentiality.

→ Refers to the ability to ensure that messages and data are available only to those who are authorised to view them.

* <u>Privacy</u>

→refers to the ability to control the use of information a customer provides about himself to an e-commerce merchant

→ e-commerce merchant have two concerns of privacy.

→ They just establish internal polices that govern their own use of customer information and they just protect that information from illegitimate use.

→eg: hackers break into e-commerce sites and gain access to credit card information violates the confidentiality privacy of ind- ividuals.

* <u>Availability</u>.

→Refer to the ability to ensure that an e-commerce site continues to function as intended.

4, Types of Payment system

*cash :

→ legal tender defined by a national aut-hority to represent value.

→ most common form of payment.

→ They can be converted into other forms.

→ private organisation create a form of private cash: Scrip.

→ eg: trading stamps, "point" programs, other forms of customer loyalty currency.

→ It is portable

→ No authentication.

→ provides instant purchasing power.

→ No transaction fee for the use of cash.

→ does not require any complementary assets such as special hardware or existence of account.

→ It is anonymous and difficult to trace.

→ limited to smaller transaction.

→ It is easily stolen.

→ Does not provide any float

→ purchases are find, irreversible.

* Checking transfer.

→ Represents find transferred directly via a signed draft or check from a customer's checking account to a merchant or other individual.

→ second most common form of payment in US.

→ checks can be used for both small and large organisations.

→ not used for micro payments.

→ Have some float.

→ Not anonymous and require third party institution to work.

→ introduce security risk for merchants.

→ can be forged more easily than cash, authentication is required.

→ present some risk - they can be cancelled before they clear the account or can-

lance if there is not enough money in account.

* Credit card

→ Represents an account that extends credit to consumers.

→ Permits consumers to make payments to multiple vendors at one time.

→ Credit card associations: Visa and master card non profit associations set standard for issuing banks - such as citibank - issue the credit cards and process transactions.

→ Third parties - handle verification of accounts and balances.

→ credit card issuing banks - issues credit card and process transactions minimize the risk to transacting parties.

→ It offer consumers a line of credit and ability to make small and large purchases instantly.

→ Reduce the risk of theft.

→ Customer convenience.

→ offer float

→ transaction fee 3% - 5%.

* <u>Stored value</u>

→ Account created by depositing funds into an account to and from which funds are paid out or withdrawn as needed.

→ similar to checking transfers.

→ eg: debit cards, gift certificates, prepaid cards, smart cards.

→ debit card - immediately debit a checking or other demand deposit account.

→ Debit card diminates paper check.

→ P2P payment systems such as PayPal are variations on the stored value concept

→ P2P payment system do not insist on repayment, but require an account with stored value, either checking account / credit card.

* Accumulating Balance

→ Account that accumulate expenditures and to which consumers make periodic payments

→ eg: Phone, utility

→ It usually over a specific period and then paid in full at the end of the period.

5, online stored value system

→ online stored value system allow customers to make instant payments to various merchants or other individuals on the value they have stored in an online account.

→ eg PayPal.

→ PayPal enables individuals and businesses with e-mail accounts to make and receive payments up to a specified limit.

→ PayPal works by linking the users online account with a credit, debit or checking account that he/she currently possesses

→ When a transaction is processed, PayPal automatically debits the buyer's account and credits the merchant's account without having to transfer any sensitive customer credit information.

→ Stored value systems are a form of electronic payment technology.

→ They coexist with credit and debit technology and principally target the low value transactions.

→ Online stored value systems have very low transaction cost.

→ Stored value systems are based on creating a form of electronic value, for example smart cards.

→ The value can be withdrawn anytime and spent in at a later date.

→ Typical applications of stored value systems are stored value cards (svc).

6) Basic marketing and advertising strategies and tools

* website
* search engine marketing
* Display advmarketing
* Email and permission marketing
* affiliate marketing
* Viral marketing
* Lead generation marketing.
* social, local and mobile marketing and advertising.
* multichannel marketing
* customer retention techniques.
* online pricing strategies.

(*) website

⇒ A website is a collection of web pages and related content that is identified by a common domain name and published on the at least one webserver

eg: wikipedia.org, google.com, and amazon

x Search engine marketing and advertising

→ Largest marketing and advertising platform on the internet.

→ fastest growing.

→ SEO - refers to use of search engines to build and sustain brands.

→ Search engine advertising:- refers to the use of search engines to support direct sales to online customers.

* Display ad marketing:

Top 5 display ad companies
(1, Google
(2. Facebook
(3, Yahoo
(4. Microsoft

(5. AOL

4 kinds.
(1, banner ads
(2, Rich media ads
(3 advertising
(4. video ads.

* E-mail marketing

→ E-mail marketing messages sent directly to interested users.

→ Effective form of online marketing communications.

→ low cost, high response rates.

→ Ability to personalize content.

→ can be accessed via mobile devices.

→ primary cost: purchase of the list of names to which e-mail has sent.

* Affilate marketing

→ Commissions paid by advertisers to affiliate web sites for reffering potential customers to their website.

→ A firm pays a commission to other web sites for sending customers to their website.

→ Gets paid if user click on a link/ purchase a product.

* Viral Marketing

→ Process of getting customers to pass along a company's marketing messages to friends, family and colleagues.

→ spread faster

→ less expensive.

(4) Lead generation marketing

→ lead generation ← the initiation of consumer interest or enquiry into products or services of a business.

→ Also called Inbound marketing.

* Social marketing /advertising

→ the use of online social networks and communities to build brands and drive sales.

→ eg. facebook, twitter.

* Mobile marketing & advertising

→ Marketing on the mobile platform.

→ powerful devices.

→ faster networks.

* **Local marketing**
→ refers to any marketing technique a localized business in any industry uses to market itself to the area it operates in

* **Multichannel marketing**

→ marketers uses multiple channels to + each customers.

→ eg: TV, print, Radio.

* **Customer Retention Strategies:**

→ Internet offer several marketing techniques to build a strong relationship with customers.

* **Online pricing Strategies:** -

→ pricing: putting a value on goods and services.

1, Fixed cost

2, Variable cost

3, Marginal cost

2) → Price discovery refers to the act of determining the market price of a security, commodity, or goods or services.

→ 3 kinds of price discovery mechanisms.

① Auction

② Reverse auction

③ market exchange.

eg: B2B, B2C, C2C.

*Auction Broker.

→ Different auction format.

→ Auction in which auction price ascends as auction proceeds

→ Auction in which action price decends as auction proceeds

→ single auctions.

→ Double auctions.

* Reverse auction

→ the reverse auction business model is

described on the priceline website.

→ Major source of revenue are:

⤷ airline ticket reservation services.

⤷ New auto purchasing

⤷ licensing patents etc.

✷ **Market exchange:**

→ An economic system in which goods and services are produced, distributed, and exchanged by the forces of price, supply and demand.