

Unit 1: Introduction to E-Business and E-Commerce

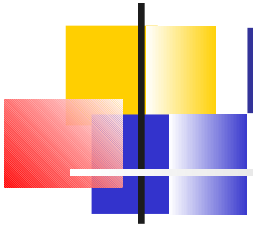
2010 Summer





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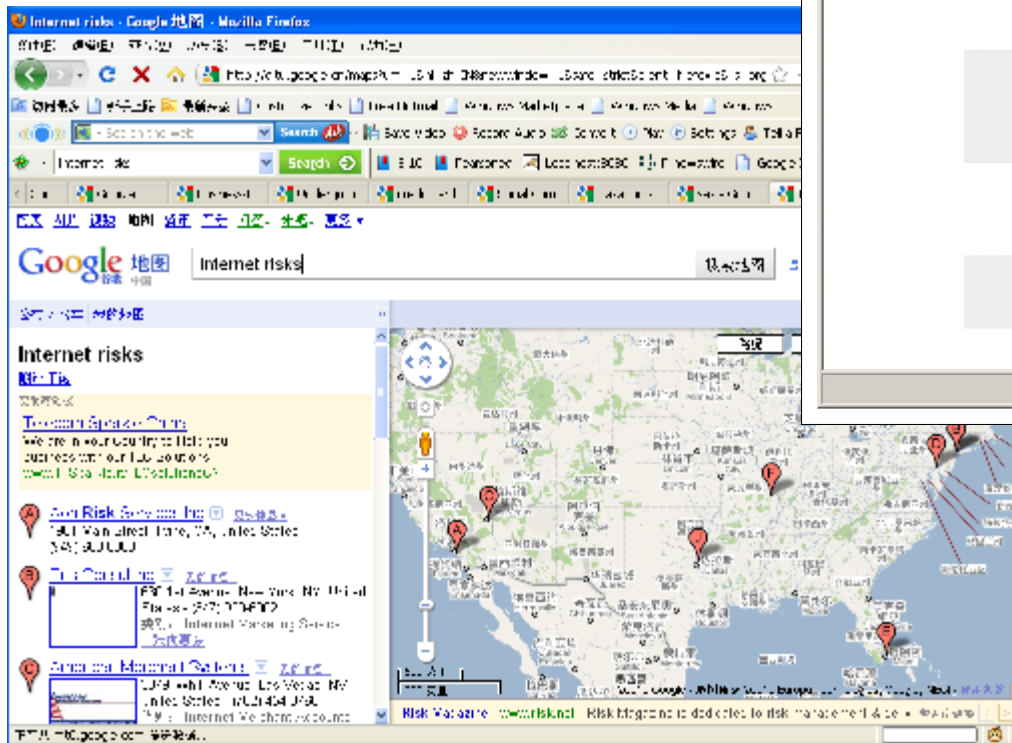
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Learning Objectives

- Define the meaning of e-business and ecommerce and their different elements
- Understanding different e-business models

Google

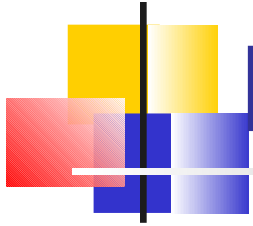




E-business opportunities

- Reach
 - Over 1 billion users globally
 - Connect to millions of products
- Richness
 - Detailed product information on 20 billion + pages indexed by Google. Blogs, videos, feeds...
 - Personalized messages for users
- Affiliation
 - Partnerships are key in the networked economy

Definition of E-Commerce (EC)



- By intuition, it is **buying** and **selling** using the **Internet**
- It should be **electronically mediated financial transactions** between **organizations** and **customers**.



Buy-side and sell-side e-commerce

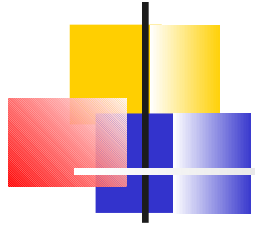
- Buy-side e-commerce: the transactions between a purchasing organization and its suppliers.
- Sell-side e-commerce: the transactions between a supplier organization and its customers.

Different types of sell-side e-commerce

- Transactional e-commerce sites
- Services-oriented relationship-building web sites
- Brand-building sites
- Portal or media sites

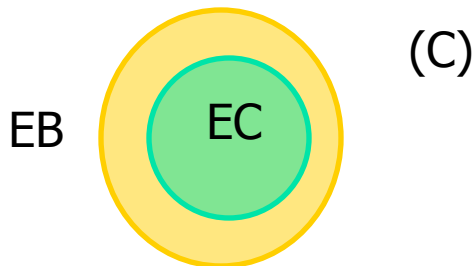
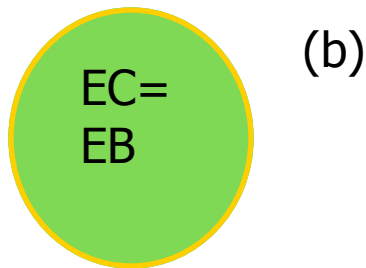
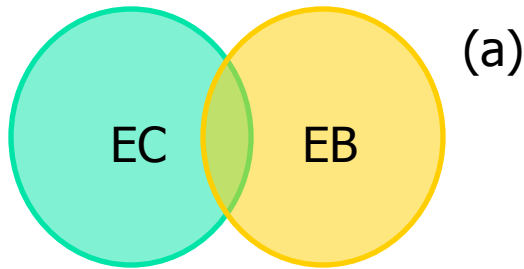


Definition of E-Business (EB)



- **Debate:** How new is the e-business concept?
- E-business is just a new label – there is no distinction between the role of e-business and traditional information systems management.

Three Definitions of the Relationship



- EC has some degree of overlap with EB
- EC is broadly equivalent to EB
- EC is a subset of EB

Models of E-commerce Transaction

- Based on e-commerce transactions between two **types of parties**, we may be able to define different business or consumer models.





Internet risks



Internet risks – what can go wrong with a transactional site?

-
-
-
-





Types of Parties



- Types of parties can be:
 - Company (B)
 - Consumer (C)
 - Government (G)
 - Person or Peer (P)
 - Employee (E)



B2B

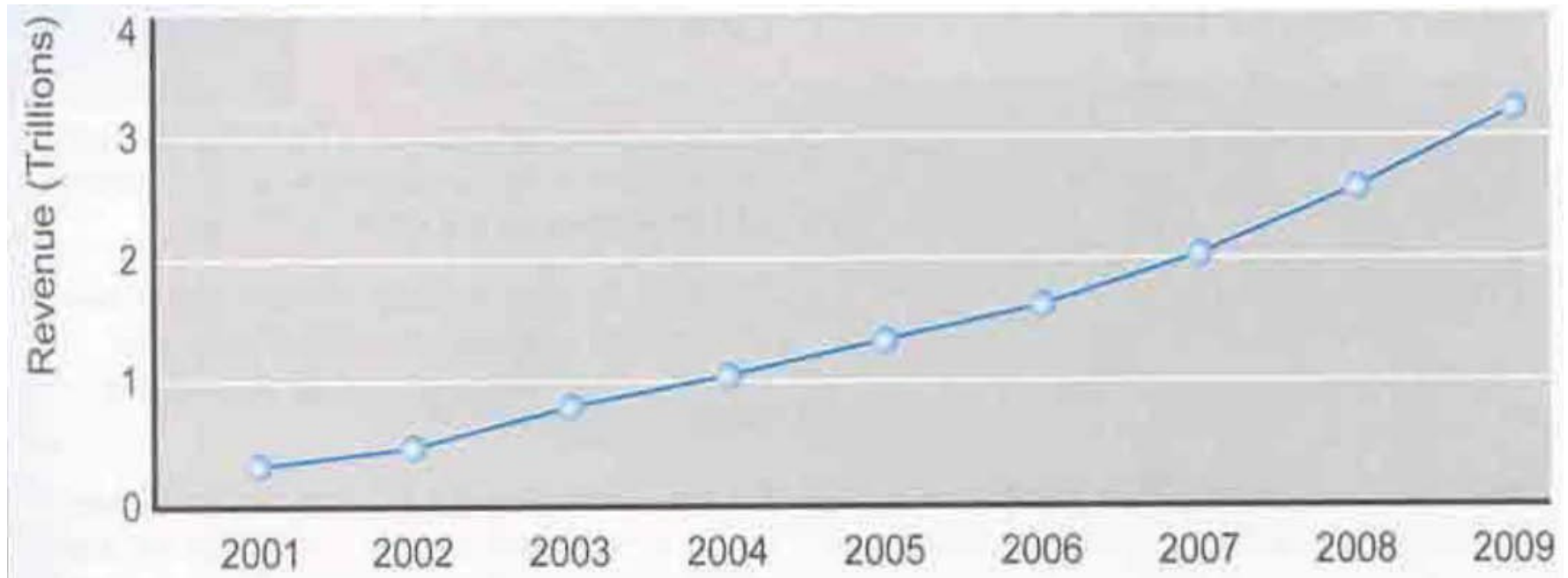


- **Business-To-Business.** A transaction that occurs between two companies, as opposed to a transaction involving a consumer.
- The term may also describe a company that provides goods or services for another company.

B2B Example

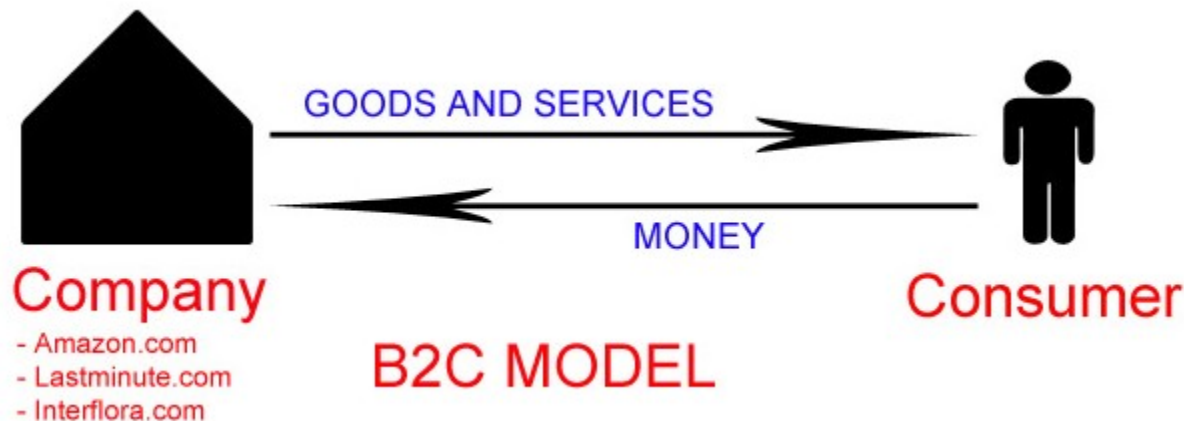


Growth of B2B e-commerce

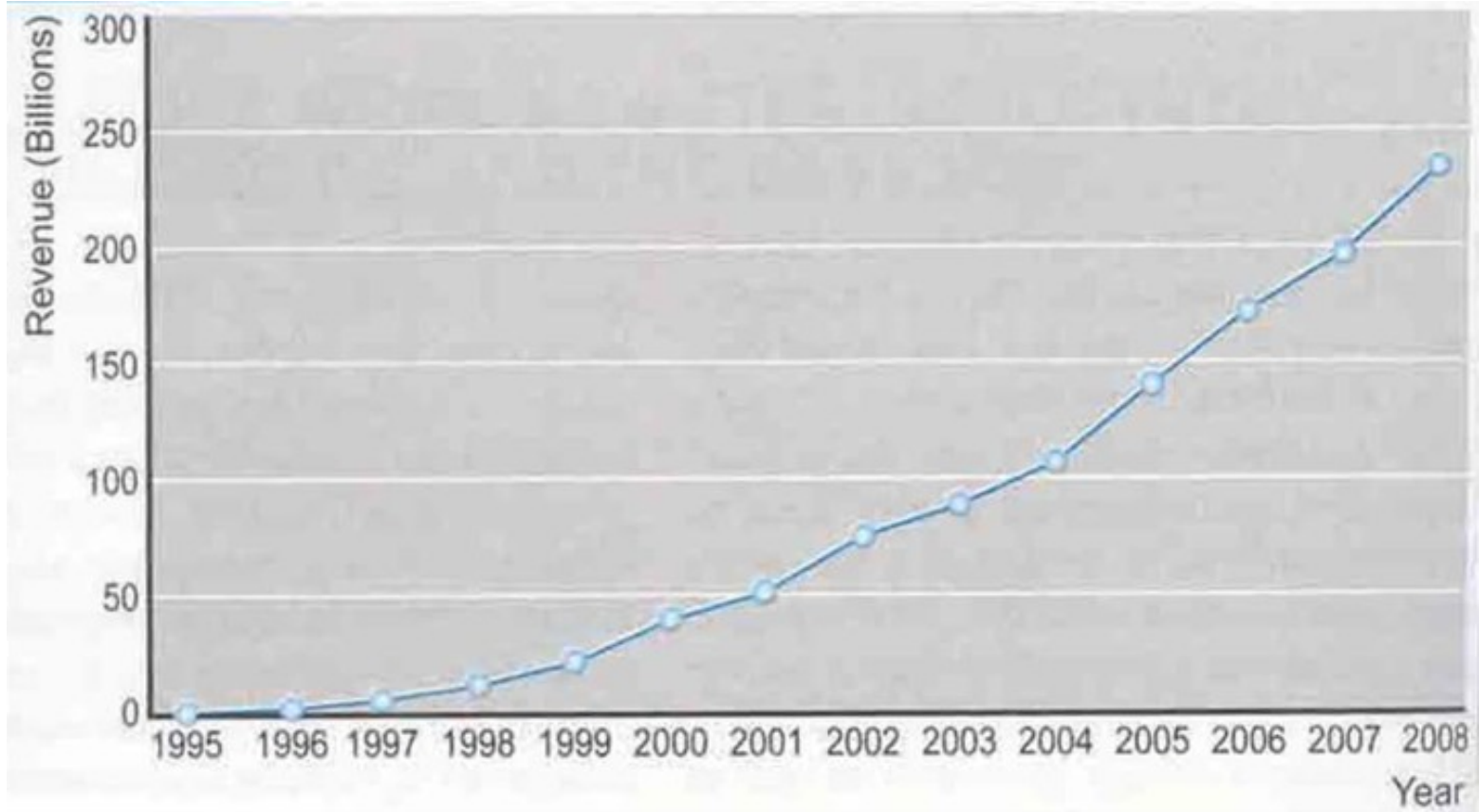


B2C

- Business-to-consumer (B2C, sometimes also called Business-to-Customer) describes activities of businesses serving end consumers with products and/or services.



Growth of B2C e-commerce





C2C



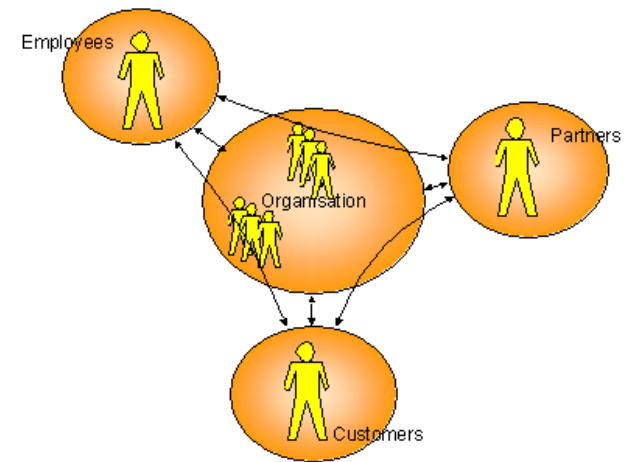
- Consumer-to-consumer (C2C) (or citizen-to-citizen) electronic commerce involves the electronically-facilitated transactions between consumers **directly** or **through some third party**.

- Consumer-to-business (C2B) is an electronic commerce business model in which consumers (individuals) offer products and services to companies and the companies pay them.





More ...



- B2E: Business-to-employee
- P2P: Person-to-Person
- B2G: Business-to-government

Exercise: Should the trade always involve

"\$" ?



2	Business	Customer
Business	Yes/No	Yes/No
Customer	Yes/No	Yes/No

What is a Barter Trade

■ **Advantages:**

- simple to administer,
- no currency,
- commodity based valuation

■ **Disadvantages:**

- risk of non delivery,
- poor quality and unfulfilled quantities
- technological obsolescence,
- risk of commodity price rise thus losing out on an increased valuation
- marketability of products.





Going back to before?

- Why do we go back to an internet barter exchange?

(Hints: See the previous Slide)



Going for the black market!

- an economic activity in which merchandise and/or services are bought and sold **illegally** and/or **immortally**.
- One **popular** of P2P exchange (Peer Exchange, PEX) is the swapping of _____



Underground Economy: What do they sell on the Net

- The largest of categories is credit card information
- The second largest category is bank account data.



Social Commerce

Millions of opinions, reviews and conversations are shared online every day. And every day these interactions influence the buying decisions of millions of others.

Build communities, create conversations – generate sales.



- Social commerce is a subset of electronic commerce that involves using social media, online media that supports social interaction
- User contributions, to assist in the online buying and selling of products and services.

Potential Issue: Taxation

- Is it hard to obtain the original records and check the volume of transactions and tax amount?





Constraints of EC



- Technical Constraints

- System's security, reliability, standards, and communication protocols, telecommunication bandwidth, evolving software development tools, problems of interoperability...

- Non-Technical Constraints

- Cost and justification: The cost of developing an EC in house can be very high
- Security and Privacy
- Lack of trust and user resistance
- Other limiting factors such as limited touching and feeling; legal issues...



Reference



- Chaffey, D, E-Business and E-Commerce Management, *Prentice Hall, Chapter 1*
- Turban, E., et al., 2008, *Electronic Commerce: A Managerial Perspective, Prentice Hall, Chapter 1, 2.*