

# Management Information Systems

## MIS 310

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# Electronic Commerce

# E-Commerce Defined

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- **E-Commerce :** The exchange of goods, services, and money among firms, between firms and their customers, and between customers, supported by communication technologies and, in particular, the Internet
  - In 2024, retail ecommerce sales are estimated at about \$6.09-6.4 trillion worldwide
  - It's forecast to grow over 50% within the next four years.

# E-Commerce Benefits For Sellers

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- Expanded marketing channels and global reach to increase sales of existing products to generate additional revenues
- Target marketing:
  - Use the web to tailor offers to a niche market
- "The store is always open!"
- Establish better relationships with customers.
- Low distribution cost of product/service information
- Increased speed to market



# E-Commerce Benefits to the Consumers



- Convenience: no driving around and no long wait times at checkout counters
- Informative and engaging presentation
- Value presented upfront
  - Demo and free download
- Easy flow and navigation
- Search capabilities
- Constant updates

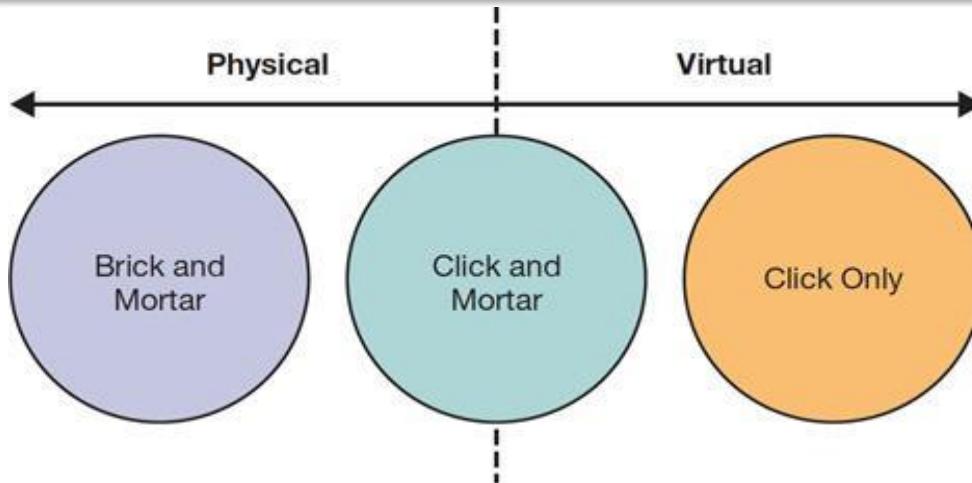


[Homeplus in Korea \(Tesco\)](#)

# E-Commerce Types: “Who” is Selling

Type of EC	Description	Example
Business-to-consumer (B2C)	Transactions between businesses and their customers	A person buys a book from <a href="https://www.amazon.com">Amazon.com</a>
Business-to-business (B2B)	Transactions among businesses	A manufacturer conducts business over the Web with its suppliers
Consumer-to-business (C2B)	Transactions between customers and businesses	A person offers his photography at <a href="https://www.shutterstock.com">shutterstock.com</a>
Consumer-to-consumer (C2C)	Transactions between people not necessarily working together	A person purchases some memorabilia from another person via <a href="https://www.ebay.com">eBay.com</a>

# E-Commerce B2C Business Strategies



- Brick and Mortar
  - Limited product reach, sales and support hours
- Click Only
  - Global marketplace access
  - Increased competition
- Click and Mortar
  - Best of both
  - Pricing difference and complexity of two sales channels

# E-Commerce B2C Capabilities and Opportunities



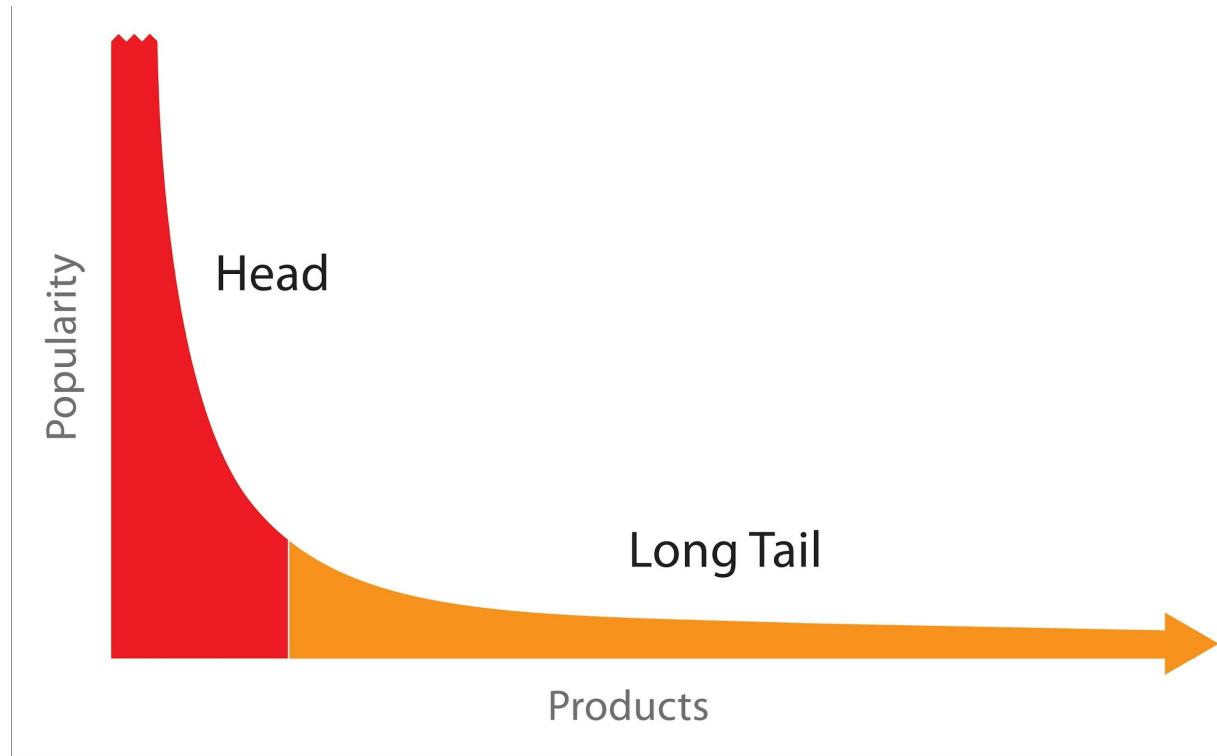
- Disintermediation
  - Cutting out the “middleman”
- Social Commerce
  - Utilizing social networks to build relationships and advertise products
- Group Buying
  - Special volume discounts for the members



# E-Commerce B2C Capabilities and Opportunities



- The Long Tail
  - Ability to cater to niche markets instead of selling mainstream products



Source: Chris Anderson, "The Long Tail", Wired, <http://www.wired.com/archive/12.10/tail.html>

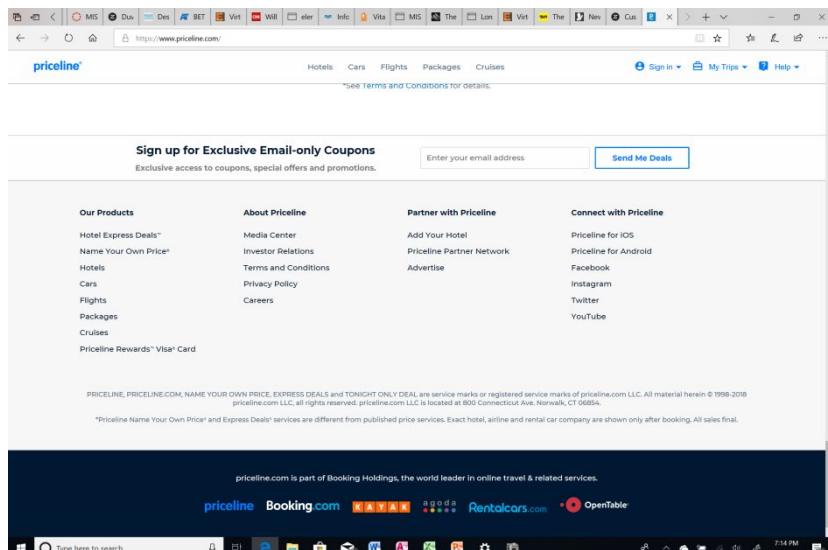
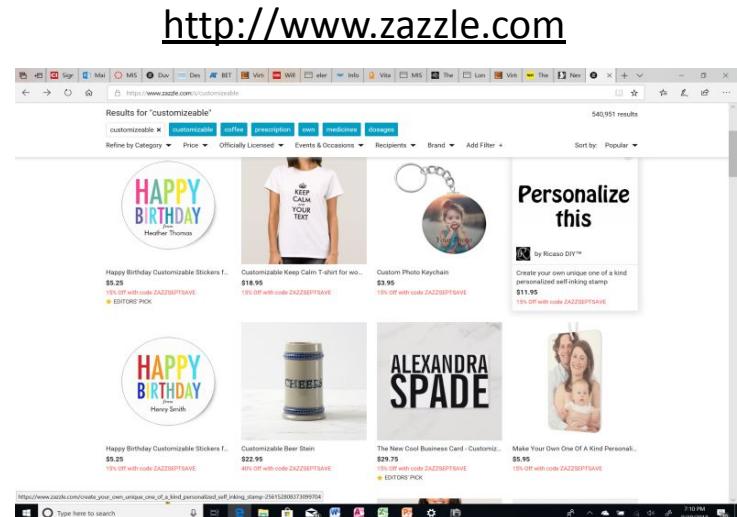
# E-Commerce B2C Capabilities and Opportunities



## • Mass Customization

- Firms can tailor their products and services to meet a customer's particular needs

[http://mass-customization.blogs.com/mass\\_customization\\_open\\_i/sneaker/](http://mass-customization.blogs.com/mass_customization_open_i/sneaker/)



<https://www.priceline.com/>

- New Revenue and Pricing Models
  - Subscription, licensing, transaction, Web advertising, affiliate marketing
  - Menu-driven pricing models
  - Dynamic pricing model

# E-Commerce B2C Benefits

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- Product benefits
  - With no store size and shelf space restrictions, companies sell a far wider variety of goods
- Place benefits
  - Internet storefronts are available on every computer connected to the Internet
  - Enable to sell on a global scale
- Price benefits
  - High volumes and low overhead that allow for very competitive pricing

# E-Commerce B2C Drawbacks

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- Trust
  - Inability to experience product and uncertainties of delivery and return
    - New online businesses without a proven track record
- Direct Product Experience
  - Doesn't provide sensory information
- Product Delivery and Returns
  - Except for direct downloads, requires additional delivery time for products
  - Returns may also be a hassle

# Review Questions

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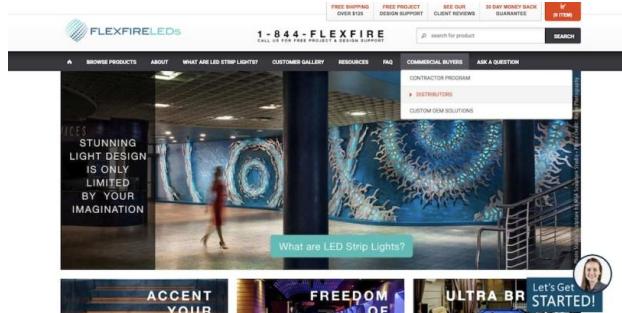
- Name at least 3 benefits for sellers of the B2C model?
- Name at least 3 benefits for consumers of the B2C model?
- What is the long tail?
- Why is long tail principle important in eCommerce?

# E-Commerce B2B vs B2C



## Business To Consumers

- No vendor loyalty
- No switching costs
- Time-insensitive
- Short-term
- Casual
- Many vendors
- Products differentiated on price, image



## Business To Business

- Relationship-based
- Very high switching costs
- Extremely time-sensitive
- Long-term
- Mission-critical
- Few partners
- Partners differentiated on reliability, flexibility, expertise

<https://www.bigcommerce.com/blog/b2b-ecommerce/>

# E-Commerce C2C Opportunities and Threats



- E-auctions
- Online classifieds
- Platform-Based C2C Business Models

## Opportunities

Opportunities	Threats
Consumers can buy and sell to broader markets	No quality control
Eliminates the middleman that increases the final price of products and services	Higher risk of fraud
Always available for consumers, 24/7/365	Harder to use traditional payment methods (checks, cash, A T M cards)
Market demand is an efficient mechanism for setting prices in the electronic environment	
Increases the numbers of buyers and sellers who can find each other	

# E-Commerce C2B



- Consumers sell small pieces of work or services to businesses
- The line between C2B and B2B transactions is blurry.

The screenshot shows the homepage of Amazon Mechanical Turk. The top navigation bar includes links for Home, Product Details, Pricing, How It Works, and Help. A yellow button at the top right says "Sign in as a Requester". The main headline reads "Human intelligence through an API" and "Access a global, on-demand, 24x7 workforce". Below this is a "Get Started with Amazon Mechanical Turk" button. The page contains descriptive text about MTurk's purpose and how it can be used to access human intelligence. At the bottom, there is a "On-Demand Workforce" section and a Windows taskbar at the very bottom.

<https://www.mturk.com/>

# E-Commerce Types: “What” They Sell

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- Retailers selling physical goods
- Service-based businesses
  - [Contently](#) (B2B)
  - [Fiverr](#) (C2B, C2C)
- Digital products
  - ebooks, online courses, graphics, and virtual goods
- Wholesale vendors
  - sell products in bulk (B2B)
- Dropshipping
  - retailer sells a product online, and the supplier handles the shipping
    - Oberlo for [Shopify](#)
- Subscription-based businesses
  - “rent” online services for a monthly price

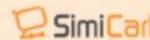
# E-Commerce Mobile

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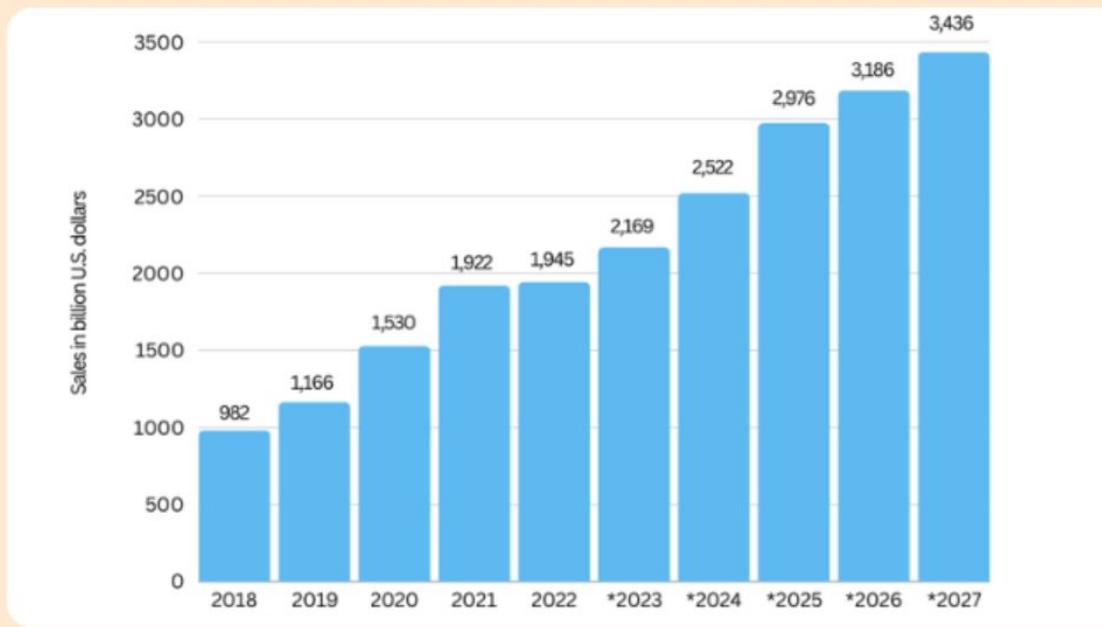


- Location-Based Mobile Commerce
  - Services can be offered tailored to a person's needs based on their current location
    - a key driver for mobile-commerce
- Information on the Go
  - Customers can get further information about a product wherever they are
  - Showrooming
    - Evaluate the look and feel of a product in a store then purchase it online
- Mobile Wallets
  - By 2026, mobile wallets will handle over 54% of global online transactions
- Social Media Influence & Engagement
  - 55% of shoppers buy directly from platforms
  - 65% make purchases based on influencer recommendations.
- Emerging trends
  - Augmented reality (AR) is gaining traction—61% prefer retailers that offer it.

# E-Commerce Mobile



## Estimated Global Mobile E-Commerce Sales by Year



- Globally, mobile devices accounted for about 59% of all online retail sales in 2025, making it the largest e-commerce channel.
- Mobile-commerce sales are projected to exceed \$710 billion in the US by 2025.



# E-Commerce Securing Payments

- Forms of online payments:

1. Payment Services

- Credit Cards
- Independent payment services
  - PayPal, Google Wallet, Apple Pay

2. Crypto currencies

- Non-banking digital currency
  - uses encryption techniques to be exchanged amongst its users for goods and services.
  - Blockchain is a distributed ledger, an expanding chronologically ordered list of cryptographically signed, irrevocable transactional records shared by all participants in a network
  - over 12,000 different crypto currencies in existence
    - [How to accept cryptocurrencies on your ecommerce website](#)

3. Managing Risk

- Businesses are financially liable for fraudulent transactions

# E-Commerce Trends

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- Omnichannel Commerce
  - Unified experience across all customer touchpoints (online, in-store, social media, etc.) so customers can switch seamlessly between channels.
- AI-Driven Shopping Experiences and Customer Service
  - Using AI/ML to tailor product suggestions, optimize searches, behavior-based targeting, predictive content.
  - AI-driven recommendations, customized emails, adaptive website layouts.
  - Chatbots and virtual assistants providing 24/7 support.
- Mobile-First Everything
  - Majority of e-commerce traffic and sales now come from smartphones.
- Payment & Checkout Innovations
  - More flexible payment options (instalments, BNPL), faster/safer transactions, alternative payment methods or smoother checkout flows
- Sustainable Shopping
  - Eco-friendly products, transparent supply chains, and green shipping.

# E-Commerce Trends

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- Growth of Social Commerce
  - Selling directly through social media platforms, influencer-driven content, shoppable posts.
- Live Stream Shopping
  - Real-time product demos and Q&A driving impulse sales.
- Augmented Reality (AR) Shopping
  - Virtual try-ons and product previews to boost confidence and reduce returns.
- Voice Commerce
  - Smart speakers and voice assistants used to search and reorder products.
- Subscription-Based Ecommerce Models
  - A convenient way to receive products on a regular basis, often at a discounted rate or with exclusive benefits.

Sources:

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