



INFO MYANMAR
UNIVERSITY



Pearson

Unit 51: E-Commerce & Strategy

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LO1: Examine the strategies employed and the impact of E-Commerce on business organizations

E-Commerce and Strategy Part-1



Contents



- E-Commerce
- Types of E-Commerce Merchants
- Types of E-Commerce

- E-Commerce short for electronic commerce.
- E-Commerce is the transaction between a buyer and a seller, which is done through online technologies.
- This means that whenever customer buy and sell something using the Internet, he's involved in E-Commerce.





E-Commerce refers to commercial transactions conducted online.



With the analysis of the data from numerous researches on the state of E-Commerce, the following can be concluded:

- E-Commerce market is expanding each year
- Mobile commerce is increasing its share in the overall E-Commerce
- Digital buyers want quick and easy way to buy online
- They also want the best price and free shipping
- Webrooming is slowly taking over showrooming



- E-Commerce has enabled companies and individuals to join this vast marketplace and develop their business using a sales model that brings significant advantages for both parties.
- The main benefit of this business model is convenience.
- This means that buyers can obtain products whenever they find it convenient, without thinking about office hours, how to get to the location and similar things they would otherwise need to consider.
- As opposed to physical shops, E-Commerce offers a much greater diversity of products.

- The fact that you can always order products from different cities or even countries means that the selection is huge.
- For business, these benefits significantly increase their reach because they are open to customers at any moment, accepting orders with no geographical limitations.
- Despite these benefits, E-Commerce also has a couple of disadvantages for customers.
- Firstly, they are unable to see and touch the product.
- Although the images are quite helpful, customer simply cannot get the whole picture as he would when he see the product in person.

- This can sometimes lead to customers feeling disappointed when they receive the product that does not fulfill the expectations.
- Buying online also deprives customers of instant gratification.
- When customer buy a product in a physical store, he can instantly use it, test it and see the benefits of that particular product.
- On the other hand, with E-Commerce, customer have to wait for the product to be shipped and delivered to him, which can take anywhere from a couple of hours to a couple of weeks.

- There are many ways to classify E-Commerce websites.
- It can be categorized them according to the products or services that they sell, the parties that they transact with, or even the platforms on which they operate.



Stores that sell physical goods

- These are the typical online retailers.
- They can include apparel stores, homeware businesses, and gift shops, just to name a few.
- Stores that sell physical goods showcase the items online and enable shoppers to add the things they like in their virtual shopping carts.
- Once the transaction is complete, the store typically ships the orders to the shopper, though a growing number of retailers are implementing initiatives such as in-store pickup.

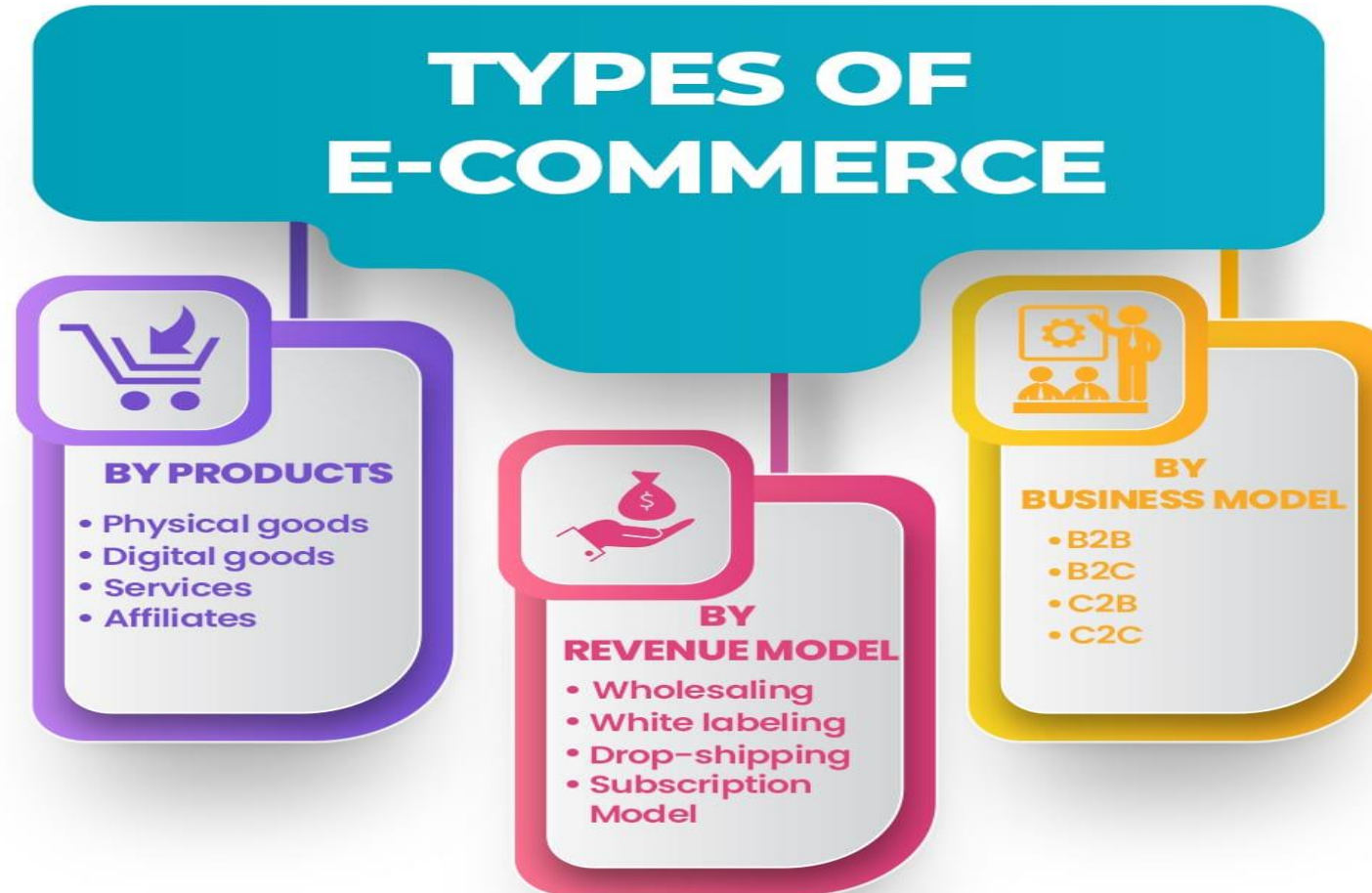
- Services can also be bought and sold online. Online consultants, educators, and freelancers are usually the ones engaging in E-Commerce.
- The buying process for services depends on the merchant.
- Some may allow you to purchase their services straightaway from their website or platform.
- An example of this comes from Fiverr.com, a freelance marketplace.



- People who want to buy services from Fiverr must place an order on the website before the seller delivers their services.
- Some service providers, on the other hand, require to get in touch with them first (i.e. book a consultation) to determine needs.
- Web design company Blue Fountain Media is one example of business that does this.

- E-Commerce is, by nature, highly digital, so it's no surprise that many merchants sell “e-goods” online.
- Common types of digital products include ebooks, online courses, software, graphics, and virtual goods.
- Examples of merchants that sell digital products are Shutterstock (a site that sells stock photos), Udemy (a platform for online courses), and Slack (a company that provides real-time messaging, archiving and search for teams).

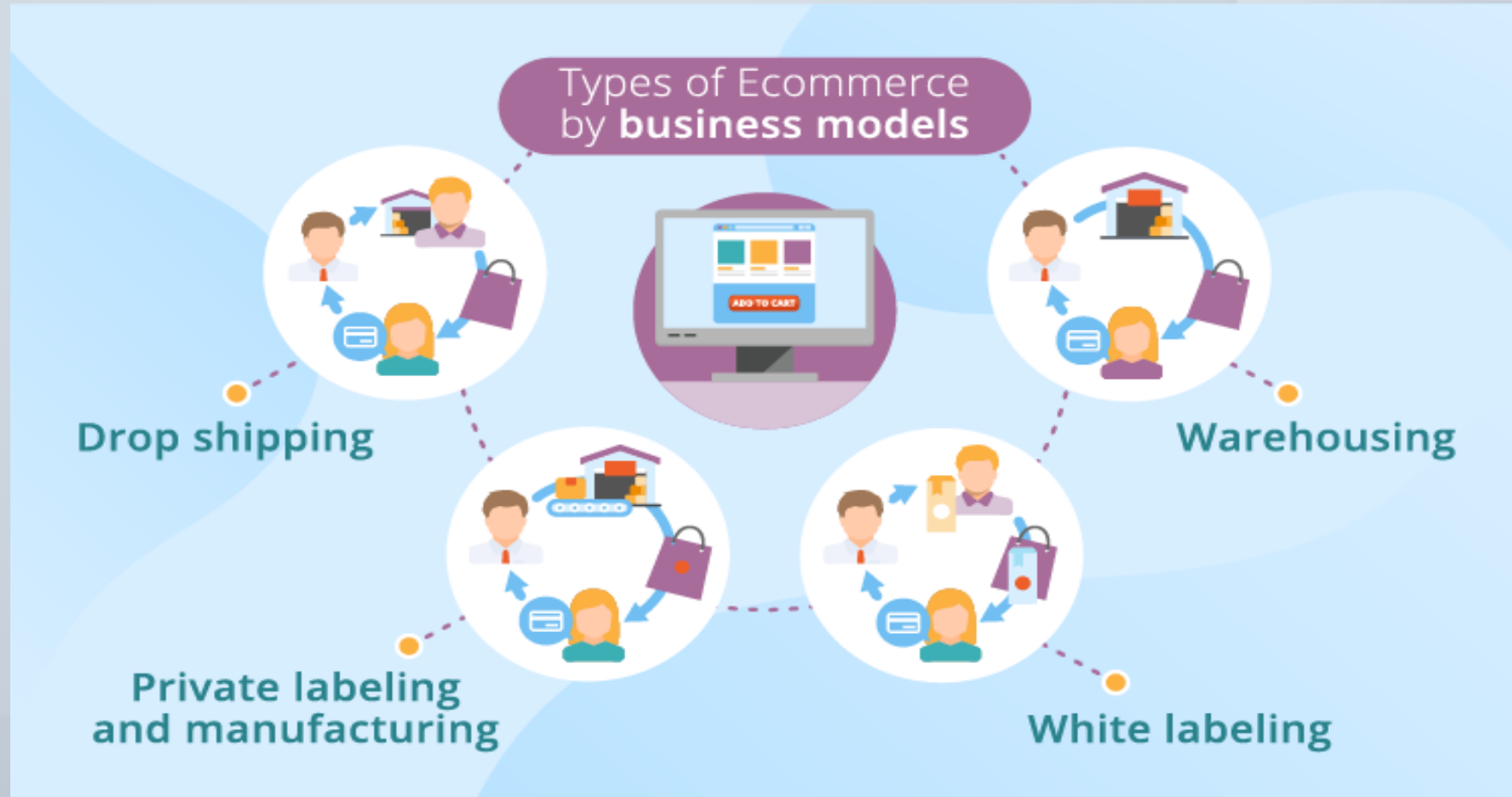




Types of E-Commerce by Goods for Sale



Types of E-Commerce by Business Models



1. Drop Shipping

- The simplest form of ecommerce, drop shipping lets you set up a storefront and take the customers' money through credit cards or PayPal.
- The rest is up to the supplier.
- This frees you from managing inventory, warehousing stock, or dealing with packaging, but there's a major caveat.
- If your sellers are slow, product quality is lower than expected, or there are problems with the order, it's on your head (and in your reviews).
- Many dropshippers use Shopify and Spocket.

- Its quick and inexpensive to set up. A popular model is to set up a quick store and drive traffic with Facebook Ads. Margins are thin and if you can squeeze out some profit here, more power to you. I'm holding off on drop shipping for now, but you can make money with it.

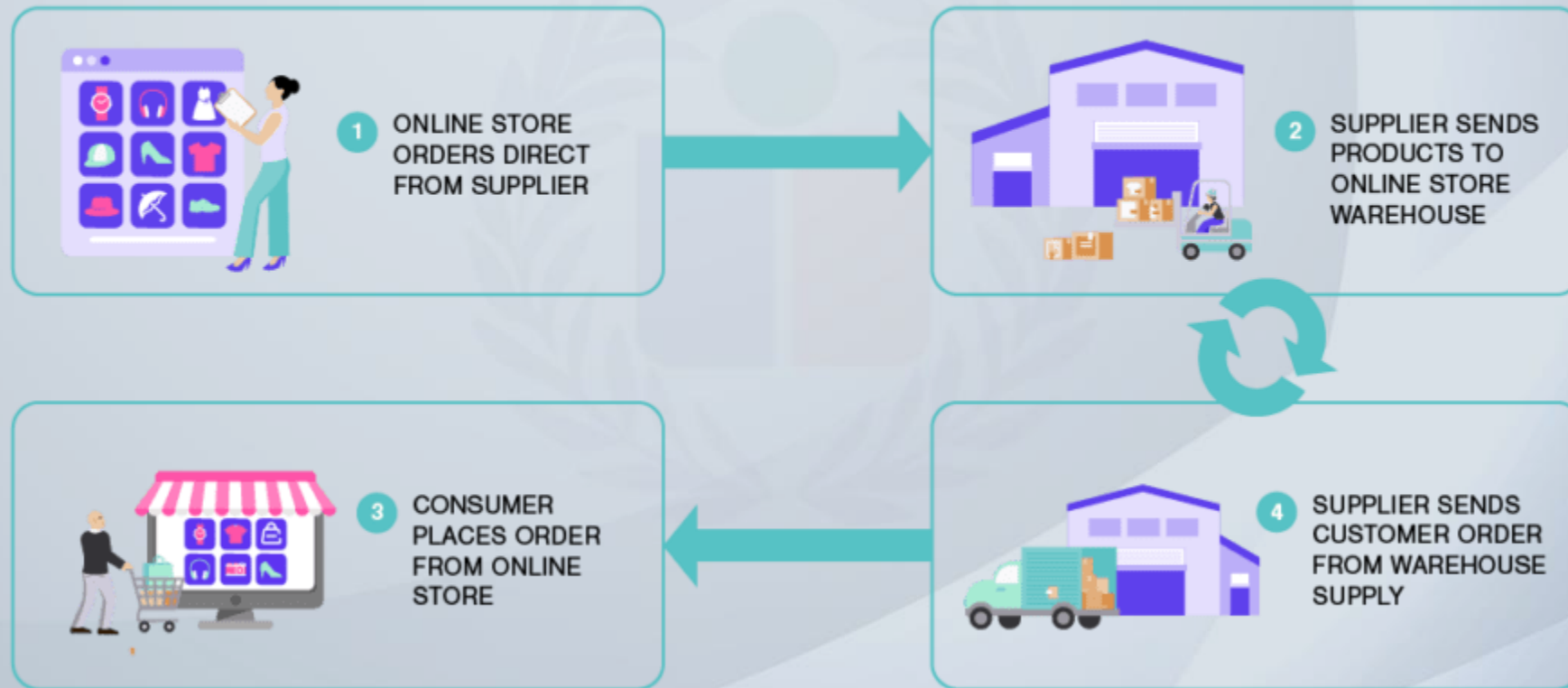
HOW DOES **DROPSHIPPING** WORK



Wholesaling and warehousing (Retail)

- Wholesaling and warehousing ecommerce businesses require a lot of investment at the start – you need to manage inventory and stock, keep track of customer orders and shipping information, and invest in the warehouse space itself.
- DollarDays is an online wholesaler with a massive product catalog that includes more than 260,000 products.
- They employ a key strategy for retailers in this space – by offering case prices AND piece prices, they can sell to the general public and to retailers.
- This gives them a higher profit margin than a strictly wholesale model.

HOW RETAIL WORKS

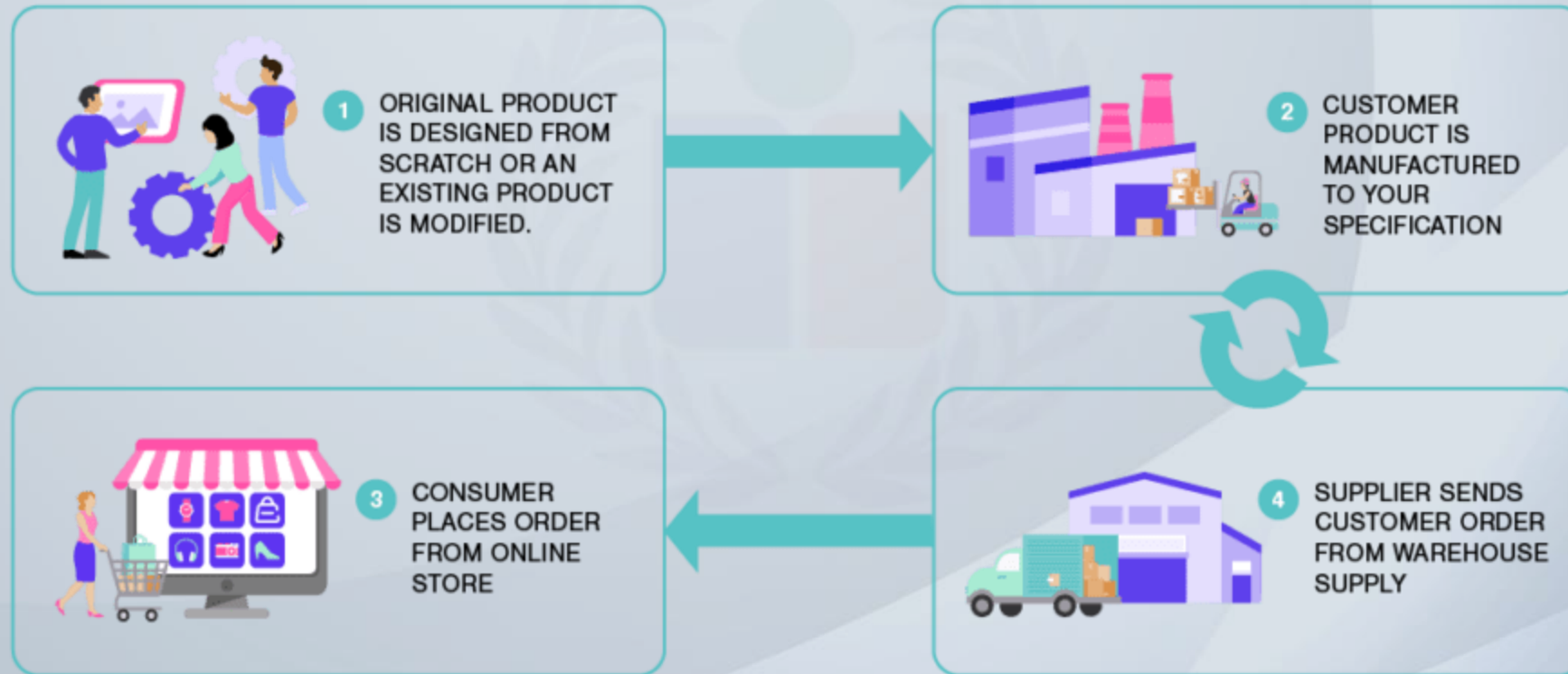


Private Labelling

- If you've got an idea for the perfect product, but don't have the cash or desire to build your own factory, this might be the right business model for you.
- Companies that manufacture products offsite for sale send the plans or prototypes to a contracted manufacturer who produces the product to meet customer specifications and can either ship directly to the consumer, to a third party such as Amazon, or to the company selling the final product.



HOW PRIVATE LABELING WORKS

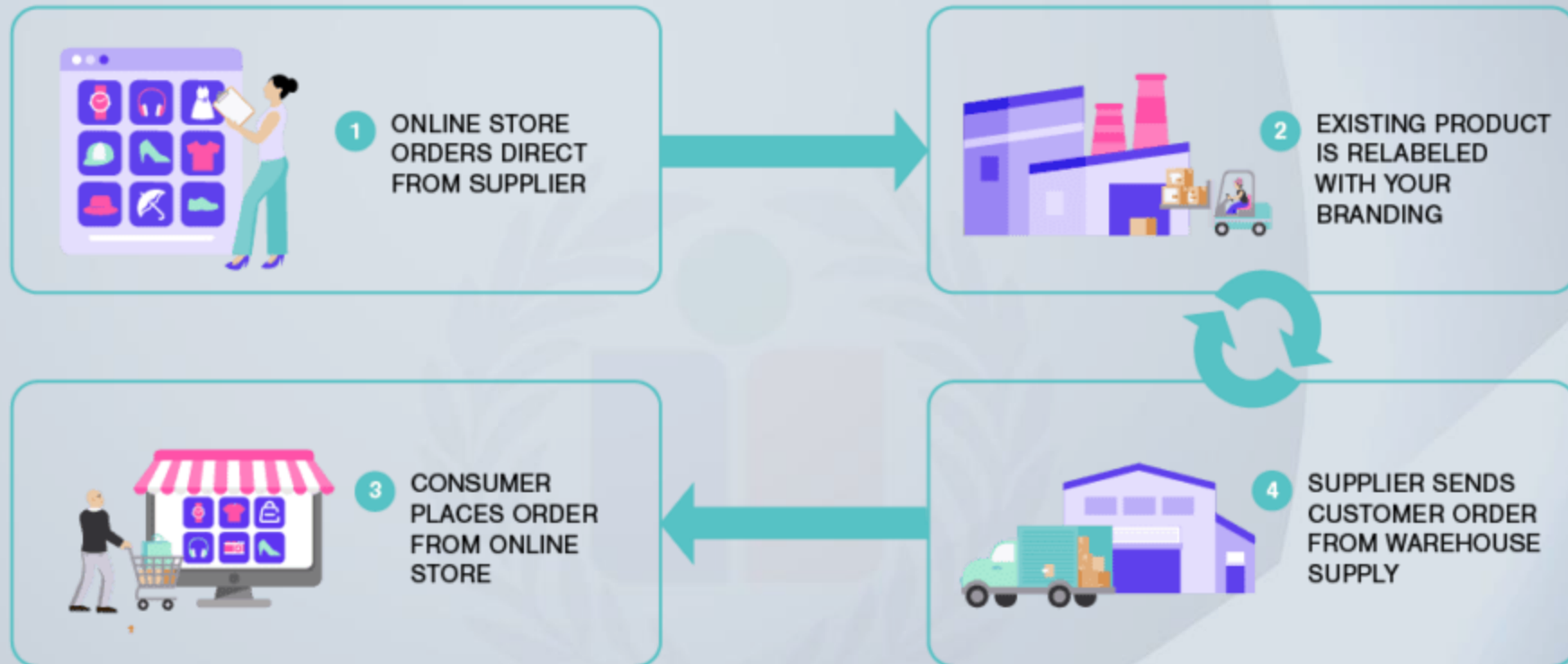


White Labelling

- White labeling is similar that you choose a product that is already successfully sold by another company, but offers white label options, design your package and label, and sell the product.
- This is common in the beauty and wellness industries, but more difficult to encounter in other niches.

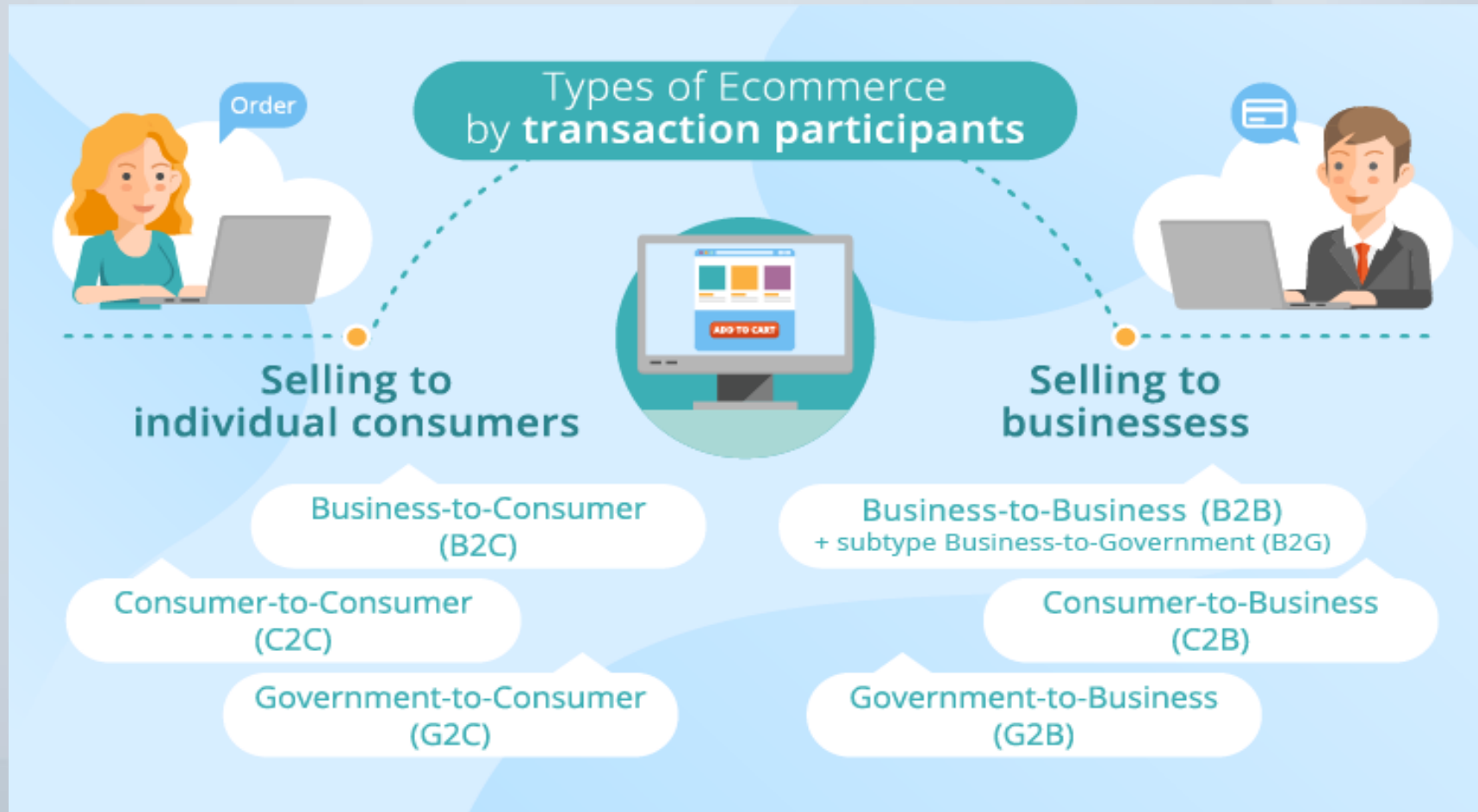


HOW WHITE LABELING WORKS





Types of E-Commerce by Transaction Participants



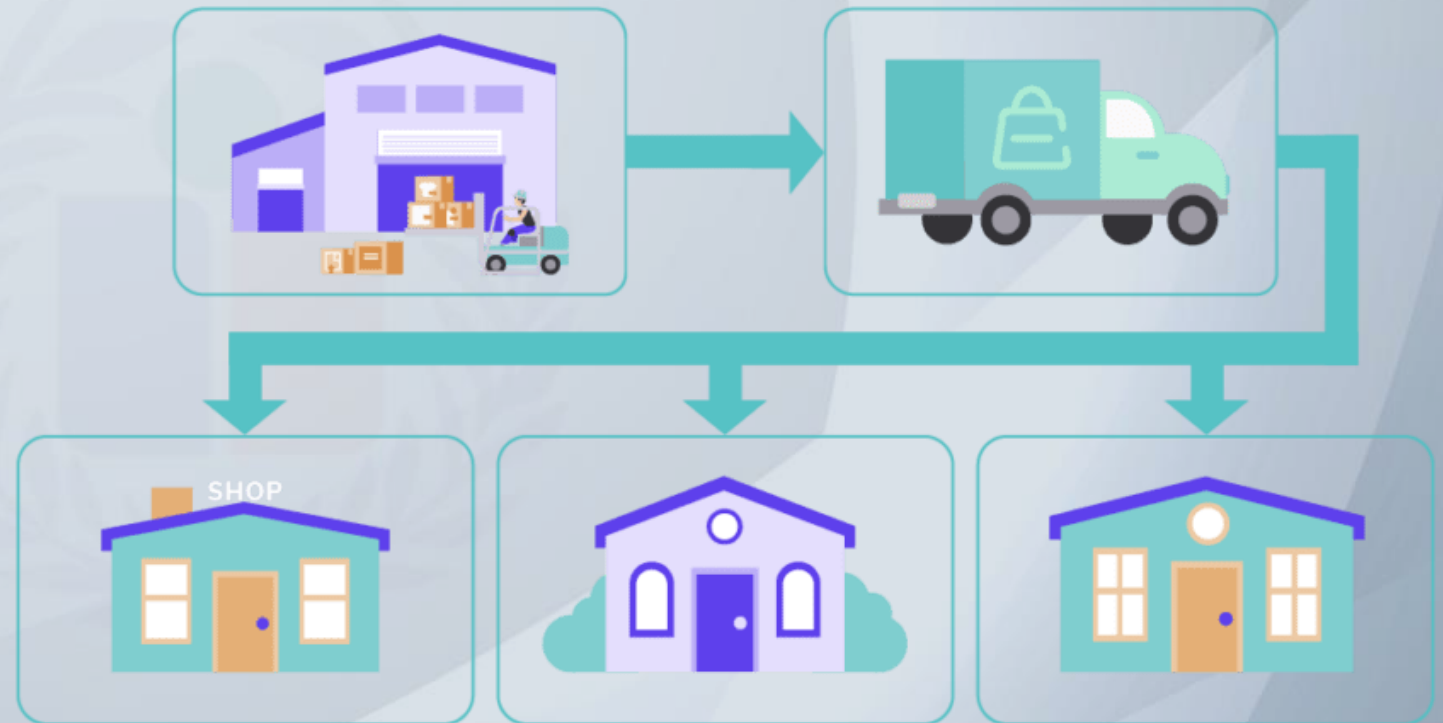
- The B2C sector is what most people think of when they imagine an ecommerce business.
- This is the deepest market, and many of the names you'll see here are known quantities offline, too.
- B2c ecommerce sales are the traditional retail model, where a business sells to individuals, but business is conducted online as opposed to in a physical store



- Transactions happen between businesses and consumers.
- In B2C E-Commerce, businesses are the ones selling products or services to end-users (i.e. consumers).
- Online retail typically works on a B2C model. Retailers with online stores such as Walmart, Macy's, and IKEA are all examples of businesses that engage in B2C E-Commerce.



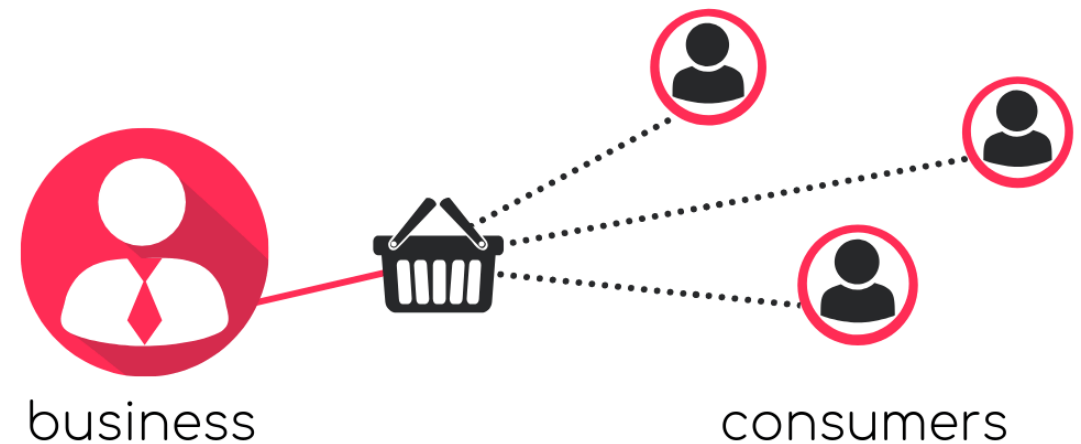
B2C: BUSINESS TO CONSUMER ECOMMERCE



Business to Consumer (B2C)



B2C business model



- A **B2B** model focuses on providing products from one business to another.
- While many businesses in this niche are service providers, you'll find software companies, office furniture and supply companies, document hosting companies, and numerous other ecommerce business models under this heading

Business to Business (B2B)

B2B: BUSINESS TO BUSINESS ECOMMERCE



- As its name states, B2B E-Commerce pertains to transactions conducted between two businesses.
- Any company whose customers are other businesses operate on a B2B model.
- Examples include Xero, an online accounting software for small businesses, ADP, a payroll processing company, and Square, a payments solution for SMBs.



Business to Business (B2B)

B2B



VS

B2C



Consumer to Business (C2B)

- Consumer to business E-Commerce happens when a consumer sells or contributes monetary value to a business.
- Many crowdsourcing campaigns fall under C2B E-Commerce.
- Soma, a business that sells eco-friendly water filters is one example of a company that engaged in B2C E-Commerce.
- Back in 2012, Soma launched a Kickstarter campaign to fund the manufacturing of their product.
- The project was successful, and Soma went on to raise \$147,444.



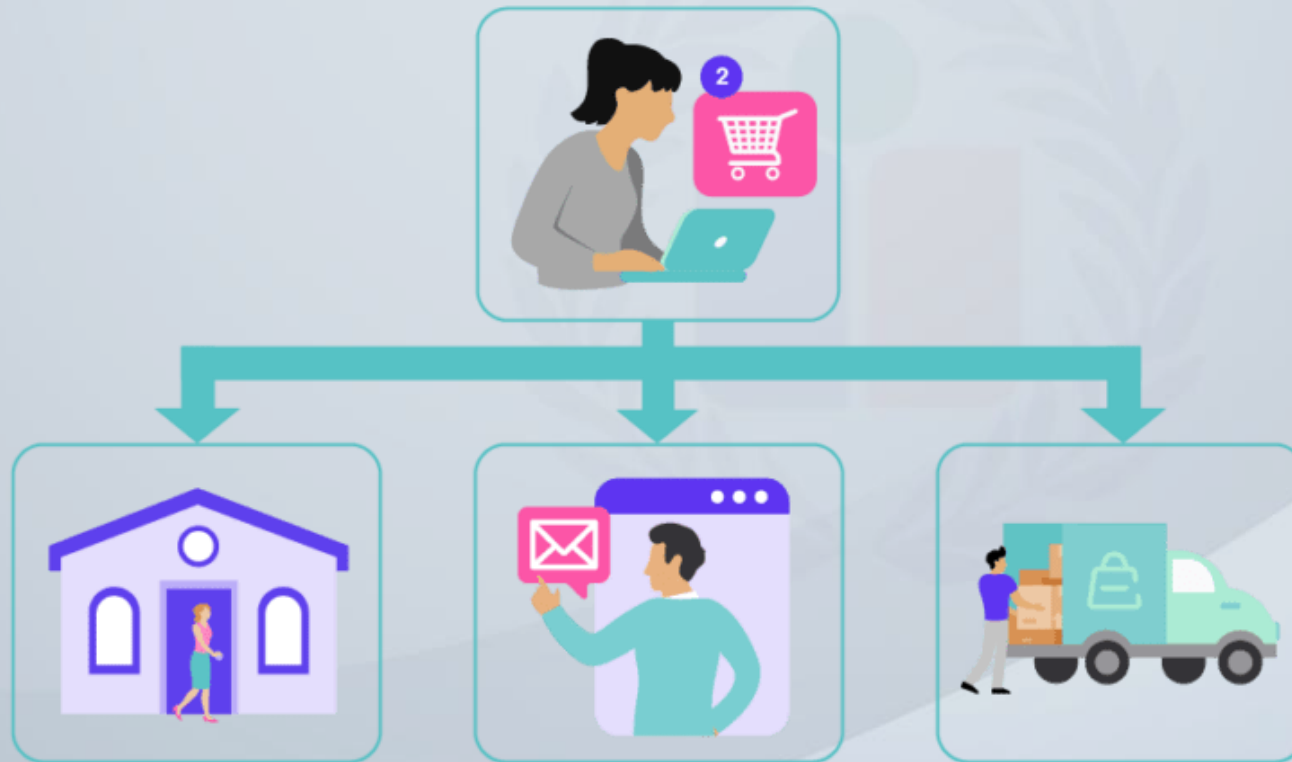
- C2C E-Commerce happens when something is bought and sold between two consumers.
- C2C commonly takes place on online marketplaces such as eBay, in which one individual sells a product or service to another.





Consumer to Consumer (C2C)

C2C: CONSUMER TO CONSUMER ECOMMERCE



- G2B transactions take place when a company pays for government goods, services, or fees online.
- Examples could be a business paying for taxes using the Internet.



Business to Government (B2G)

- When a government entity uses the Internet to purchases goods or services from a business, the transaction may fall under B2G E-Commerce.
- Let's say a city or town hires a web design firm to update its website.
- This type of deal may be considered a form of B2G.





Government to Consumer (G2C)



- Consumers can also engage in G2C E-Commerce.
- People paying for traffic tickets or paying for their car registration renewals online may fall under this category.

G2C

Types of E-Commerce



	Business	Consumer	Government
Business	B2B Supply Cain, Wholesalers	<u>B2C</u> Retailers (Goods or Services)	B2G Contract bidding, Privatization
Consumer	C2B Public Bidding marketplaces, Auctioneers	C2C Public flea markets	C2G Public Government auctions
Government	G2B Tax and fee collection	G2C Tax and fees collection	G2G Budget allocation

Textbooks

- Bones, C. and a, J. (2015) Leading Digital Strategy: Driving Business Growth Through Effective E-commerce. 1st Ed. Kogan Page.
- Chaffey, D. (2009) E-Business and E-Commerce Management: Strategy, Implementation and Practice. 4th Ed. Financial Times: Prentice Hall.
- Laudon, K. and Traver, C. (2015) E-Commerce. 11th Ed. Pearson. Philips, J. (2016) Ecommerce Analytics: Analyse and Improve the Impact of Your Digital Strategy. 1st Ed. Pearson FT Press.

Journals

- Journal of Electronic Commerce Research
- Journal of Electronic Commerce in Organizations (JECO)

- www.networksolutions.com Network Solutions
- “Developing an E-Commerce Strategy” (Articles)
- www.ecommercefuel.com E-Commerce Fuel (Discussion Forum)
- <https://www.discoverydesign.co.uk/blog/post/5-reasons-why-ecommerce-is-so-important-for-your-business/>
- <https://www.practicalecommerce.com/8-Reasons-Why-Ecommerce-Businesses-Fail>
- <https://www.ecommerceceo.com/types-of-ecommerce-business-models/>



Next Lesson



- E-Commerce and Strategy Part-2



Conclusion

**Thank you for your
attention.**