eCommerce & Social Marketing

Course Overview

- e-Commerce Fundamentals
- Business Models and Strategies
- Architecture & Infrastructure
- > Privacy Issues
- > Security and Controls
- Web Presence (Hosting)

- Customer Relationship Management
- > Business Intelligence
- Performance Metrics
- > Social Media & Marketing
- Search EngineOptimization & SearchEngine Marketing
- Electronic Payment Systems

Agenda Day 1

- Definition of e-commerce
- Distinction between e-commerce and ebusiness
- > e-Business Domains
- > Benefits & Barriers
- > Effect on business
- > Business Models & Trends
- > The e-conomy

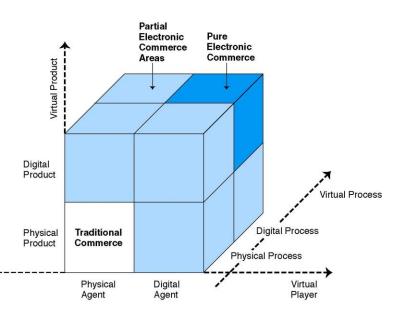
Definition of eCommerce

- "Exchange of economic value facilitated by electronic media"
- Carrying out business transactions in electronic form using computer and telecommunication networks
- > Buying and selling over digital media

How eCommerce Differs from Traditional Commerce

- Core strategic decisions commingled with technology decisions
- > Speed-based competition first mover advantage?
- > The store is always open
- > Screen-to-customer interface mass customization
- > Customer controls interaction
- Online behaviour can be tracked/measured new metrics

Dimensions of e-Commerce and Types of organizations



Brick-and-Mortar

·conduct most of their business off-line, selling physical products by means of physical agents

Pure-play

 conduct business activities solely online

click-and-mortar (click-and-brick)

· conduct some e-commerce activities, but do their primary business in the physical world

source: Choi et al., 1997, p.18.

eBusiness & eCommerce

- > eBusiness encompasses eCommerce
 - Includes activities that do not involve direct exchange of economic value
 - such as front and back office applications
 - customer service and support,
 - employee services,
 - > investor relations and shareholder services, etc.
- > eBusiness strategy provides the framework for carrying out eCommerce.



eCommerce Drivers

- > Expand universe of potential buyers
- > Increase sales
- Meet customer expectations
- Increase brand/product recognition
- Ease of doing business
- Competitive pressure
- Cost effectiveness
- > Provide more information to customers
- Improve customer service
- New sales channel

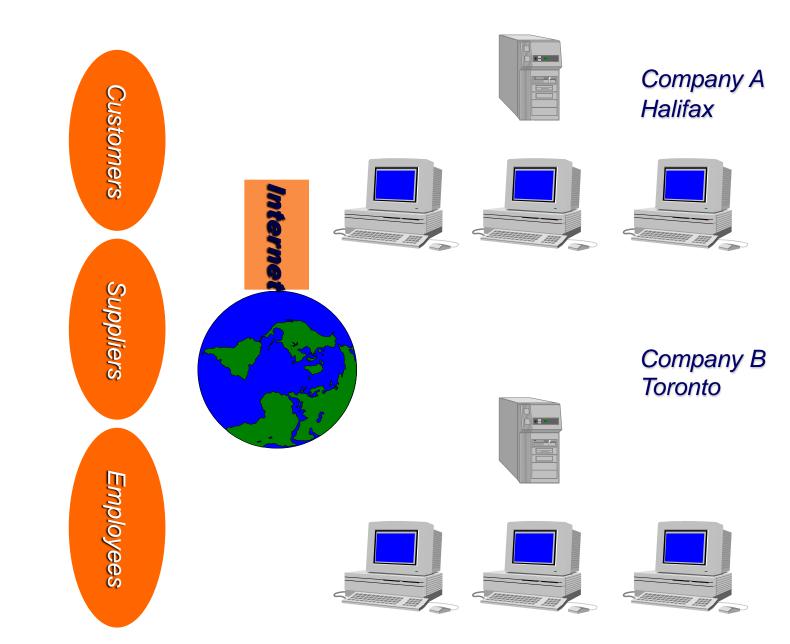
"Front-office" Customer-facing Activities

- > Attracting...and keeping
- > User authentication
- Catalog display
- > Availability
- > Price comparison
- > Order taking
- > Credit check

"Back-office" Activities

- Sourcing (finding, pricing, ordering, inbound logistics/receiving, paying)
- Outbound logistics/delivery
- > Billing
- Collection
- Post-delivery service

Basic Tools of eBusiness



Intranet Extranet Internet

Domains of e-Business

Business to Consumer e-Commerce (B2C)

- > One of the trading partners is an end user of a product/service
- > Authentication is optional
- > Base catalogues and prices are identical for all users
- Payment is largely through credit card

Examples of B2C

- > Retail:
 - Online store
- > Services:
 - Online travel reservations
- > Financial Services
 - ATM, Online Banking, Telephone Banking
 - Online trading
 - Online credit approval

Domains of e-Business

Business to Business e-Commerce (B2B)

- > Both trading partners are businesses
- > Authentication is required
- > Catalogues and prices are account-specific
- Multiple payment methods/payment terms

Examples of B2B

- > Manufacturing
 - Line of business document exchange
 - Supply chain management
- > Retail:
 - Online procurement
 - Online catalogue from distributor/manufacturer
- > Services:
 - > Airline reservation system
- > Financial Services:
 - Wire transfers
 - Brokerage services

Electronic Data Interchange (EDI)

- standard way of electronically encoding and exchanging Line of Business documents
 - > POs and invoices, etc. between organizations
- Facilitated by private networks called VANs (Value Added Networks) or through the internet
- EDI is widely used by large corporations and government agencies to communicate with their suppliers; e.g., Wal-Mart.

Two major standards:

- **ANSI X 12**
- · UN/EDIFACT
- · Various EDI "dialects" created by various large buyers

Beyond EDI

- > EDI is mostly used by large corporations
- > High entry cost
- High operating costs due to expensive transmission through VANs
- > Not a universally accepted "standard"
- Most EDI vendors now offer internet-based EDI solutions : reduce costs, do not solve interoperability issues

Other "X" 2 "Y" Concepts

- > G 2 C Utility payments, Taxes, ...
- > G 2 B permits, taxes, ...
- > B 2 E Benefits, etc.
- ➤ C 2 C eBay (!)
- > Etc...

We will look at a different categorization of eBusiness models in an upcoming module

Forces of Change

Removal of Barriers

- Growing Access to Internet
- > Security
 - Firewalls & Encryption
 - > PKI
- Payment Systems
- > PIPEDA
 - Personal Information Protection and Electronic Documents Act

Benefits

- > Cheaper
- > Faster
- > More convenient
- > Better selection
- More customization/ personalization
- Richer package (e.g., additional information to customer - FedEx)
- > Wider reach
- More controllable

Effect on Business

- > Integration of strategies and processes
 - business and eCommerce goal congruence
- Customer-centric value chain
- Pillars of eCommerce
 - information
 - relationships
 - transactions
 - security/control
- Most businesses will become eBusiness

Flexible Business Design

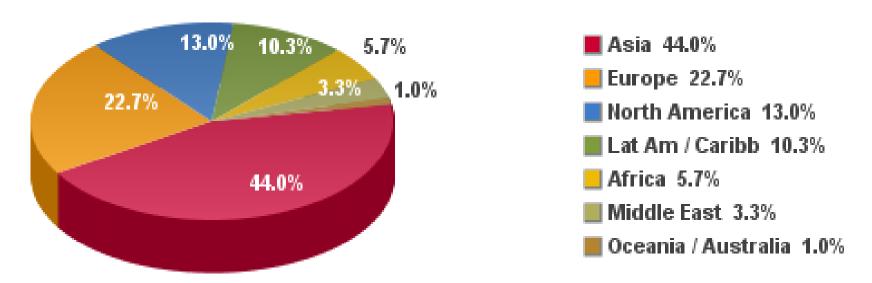
- > Outsourcing
- > Partnerships
- > Joint ventures
- > Mergers
- > Takeovers

WORLD INTERNET	USAGE AND	POPULATION STATISTICS
	March 31,	2011

World Regions	Population (2011 Est.)	Internet Users Dec. 31, 2000	Internet Users Latest Data	Penetration (% Population)	Growth 2000- 2011	Users % of Table
<u>Africa</u>	1,037,524,058	4,514,400	118,609,620	11.4 %	2,527.4%	5.7 %
<u>Asia</u>	3,879,740,877	114,304,000	922,329,554	23.8 %	706.9 %	44.0 %
<u>Europe</u>	816,426,346	105,096,093	476,213,935	58.3 %	353.1 %	22.7 %
Middle East	216,258,843	3,284,800	68,553,666	31.7 %	1,987.0%	3.3 %
North America	347,394,870	108,096,800	272,066,000	78.3 %	151.7%	13.0 %
<u>Latin America / Carib.</u>	597,283,165	18,068,919	215,939,400	36.2 %	1,037.4%	10.3 %
Oceania / Australia	35,426,995	7,620,480	21,293,830	60.1 %	179.4 %	1.0 %
WORLD TOTAL	6,930,055,154	360,985,492	2,095,006,005	30.2 %	480.4 %	100.0 %

NOTES: (1) Internet Usage and World Population Statistics are for March 31, 2011. (2) CLICK on each world region name for detailed regional usage information. (3) Demographic (Population) numbers are based on data from the <u>US Census Bureau</u>. (4) Internet usage information comes from data published by <u>Nielsen Online</u>, by the <u>International Telecommunications Union</u>, by <u>GfK</u>, local Regulators and other reliable sources. (5) For definitions, disclaimer, and navigation help, please refer to the <u>Site Surfing Guide</u>. (6) Information in this site may be cited, giving the due credit to <u>www.internetworldstats.com</u>. Copyright © 2001 - 2011, Miniwatts Marketing Group. All rights reserved worldwide.

Internet Users in the World Distribution by World Regions - 2011

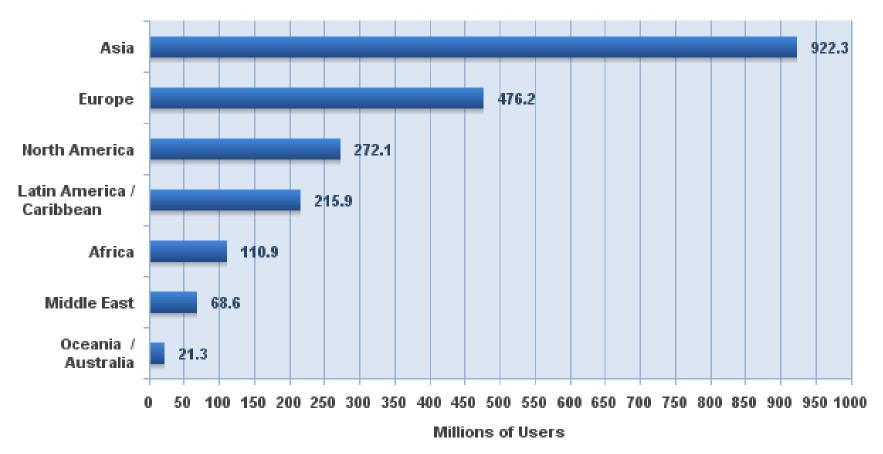


Source: Internet World Stats - www.internetworldstats.com/stats.htm

Basis: 2,095,006,005 Internet users on March 31, 2011

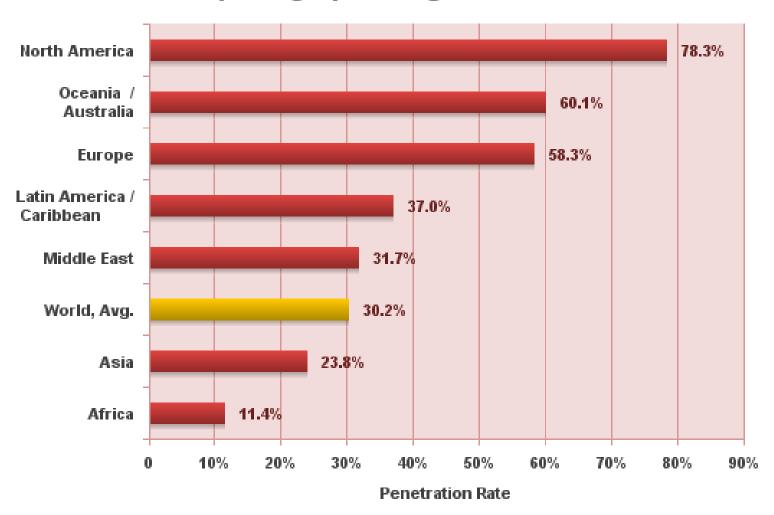
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Internet Users in the World by Geographic Regions - 2011



Source: Internet World Stats - www.internetworldstats.com/stats.htm Estimated Internet users are 2,095,006,005 on March 31, 2011 Copyright © 2011, Miniwatts Marketing Group

World Internet Penetration Rates by Geographic Regions - 2011



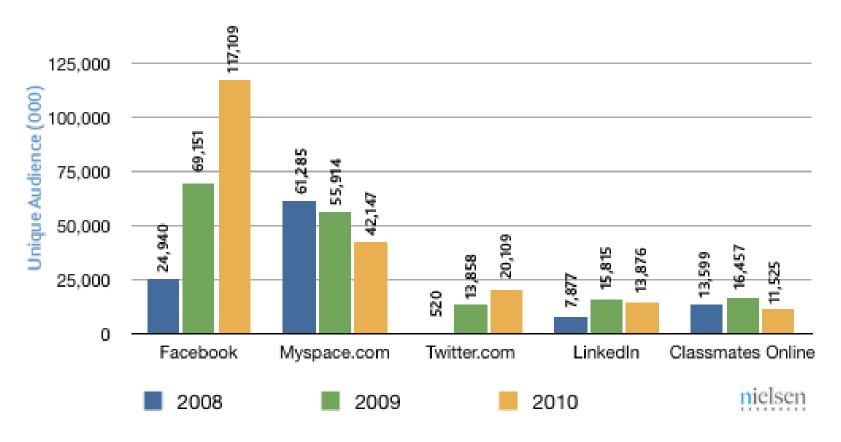
Source: Internet World Stats - www.internetworldststs.com/stats.htm Penetration Rates are based on a world population of 6,930,055,154 and 2,095,006,005 estimated Internet users on March 31, 2011. Copyright © 2011, Miniwatts Marketing Group

Global Traffic To Social Networking Sites (Home & Work)

Metric	Mar-08	Mar-09	Mar-10
Unique Audience (000)	214,218	261,740	313,690
Total Minutes (000)	28,577,539	55,703,031	113,061,590
Time per Person (hh:mm:ss)	2:13:24	3:32:49	6:00:25

Source: The Nielsen Company

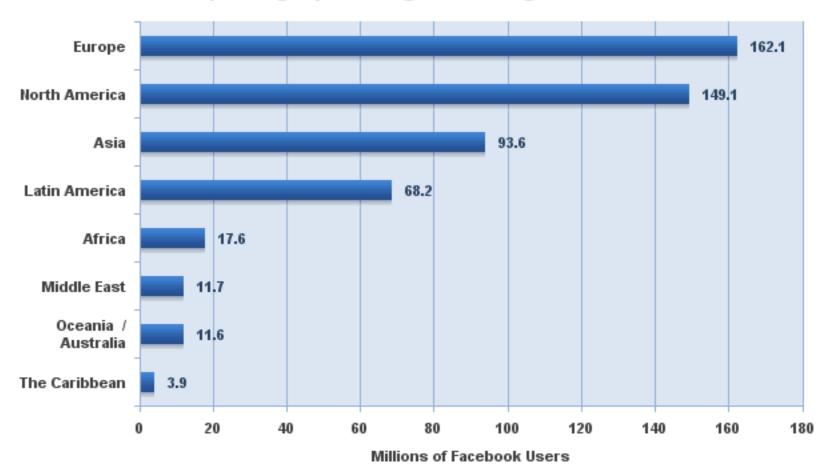
Top Social Network Sites March 2010 (U.S. Home & Work)



FACEBO	FACEBOOK USAGE AND INTERNET STATISTICS FOR AUGUST 31, 2010							
Geographic World Regions	Population (2010 Est.)	Facebook Users	Facebook Penetratio n	Facebook Index(*)	Internet Users	Internet Penetration		
<u>Asia</u>	3,834,792,852	93,584,580	2.4 %	11.3 %	828,930,856	21.6 %		
<u>Africa</u>	1,013,779,050	17,607,440	1.7 %	15.9 %	110,948,420	10.9 %		
<u>Europe</u>	813,319,511	162,104,640	19.9 %	34.1 %	475,121,735	58.4 %		
<u>Latin America</u>	550,924,250	68,189,920	12.4 %	35.0 %	195,042,230	30.4 %		
North America	344,124,450	149,054,040	43.3 %	56.0 %	266,224,500	77.4 %		
Middle East	212,336,924	11,698,120	5.5 %	18.5 %	63,240,946	29.8 %		
The Caribbean	41,632,722	3,925,060	9.4 %	39.0 %	10,055,240	24.2 %		
Oceania / Australia	34,700,201	11,596,660	33.4 %	54.5 %	21,272,470	61.3 %		
WORLD TOTAL	6,845,609,960	517,760,460	7.6 %	26.3 %	1,970,837,003	28.8 %		

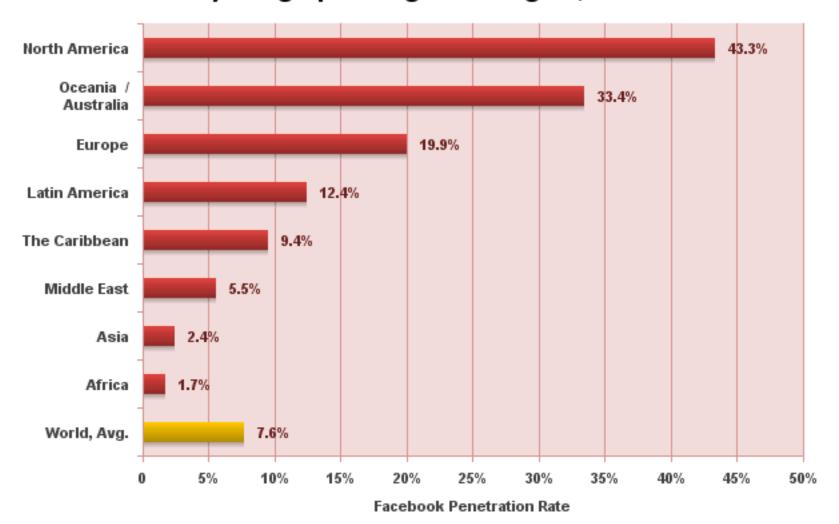
NOTES: (1) Facebook World Users and Facebook World Penetration Statistics are consolidated for August 31, 2010 from the official number of Facebook users reported in each country or world region. (2) The "Facebook Index" corresponds to the ratio of Facebook users in relation to the total number of estimated Internet users in each country or world region, expressed as a percentage. (3) World Demographic (Population) numbers are based on mid-year 2010 data from the <u>US Census Bureau</u>. (4) Internet usage information comes from data published by <u>Facebook</u>, from estimates by the <u>International Telecommunications Union</u>, by <u>GfK</u>, by local Regulators and by other reliable sources. (5) For definitions, disclaimers, and navigation help, please refer to the <u>Site Surfing Guide</u>. (6) Information in this site may be cited, giving the due credit to <u>www.internetworldstats.com</u>. Copyright © 2000 - 2011, Miniwatts Marketing Group. All rights reserved worldwide.

Facebook Users in the World by Geographic Regions - August, 2010



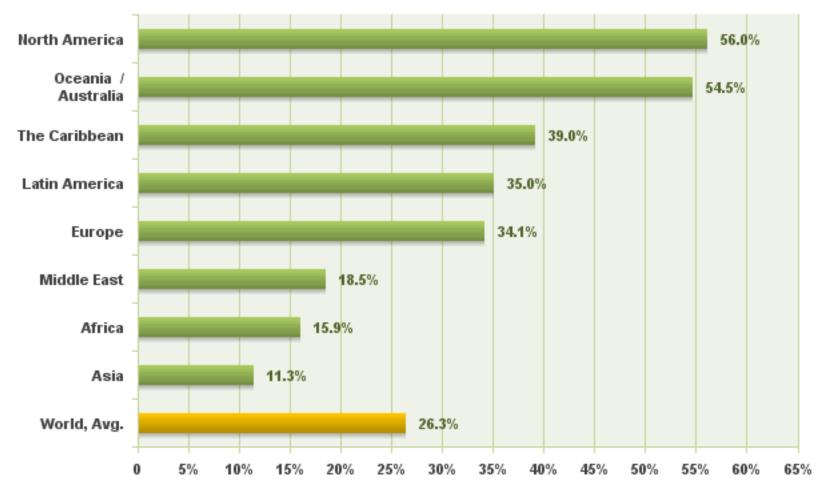
Source: Internet World Stats - www.internetworldstats.com/stats25.htm Estimated Facebook users were 517,760,460 on August 31, 2010 Copyright © 2010, Miniwatts Marketing Group

World Facebook Penetration Rates by Geographic Regions - August, 2010



Source: Internet World Stats - www.internetworldststs.com/stats25.htm Penetration Rates are based on a world population of 6,845,609,960 and 517,760,460 estimated Facebook users on August 31, 2010. Copyright © 2010, Miniwatts Marketing Group

Facebook Index Rates by Geographic Regions - August, 2010



Facebook Index = Facebook Penetration / Internet Penetration

Source: Internet World Stats - www.internetworldststs.com/stats25.htm Facebook Index Rates are based on a world population of 6,845,609,960 and 517,760,460 estimated Facebook users on August 31, 2010. Copyright © 2010, Miniwatts Marketing Group

Digital Economy Statistics

Canadian Statistics

Fast Facts

Updated: April 2007

Survey of Electronic Commerce and Technology (SECT), 2006

- Value of online sales (private and public) in 2006 = \$49.9 billion (2005=\$35.8)
- 2. Value of online sales (private only) in 2006 = \$46.5 billion (2005 = \$32.8);
- Value of business-to-consumer (B2C) sales in 2006 = \$15.1 billion (2005=\$9.4)
- Value of business-to-business (B2B) sales in 2006 = \$31.4 billion (2005=\$23.4)
- Percentage of firms (connected to the Internet) using high-speed Internet access in 2006 = 85% (2005=81%)
- Percentage of firms (connected to the Internet) using low-speed Internet access in 2006 = 10.2% (2005=18.2%)
- 7. Percentage of firms, by size, using different technologies in 2002 2005

	1	Small Firms			lediui Firms			Large Firms			A Fir	II ms	
	2003	2004	2005	2003	2004	2005	2003	2004	2005	2002	2003	2004	2005
Internet access	75.9	79.3	79.4	93.7	96.1	95.9	97.2	98.5	97.7	75.7	78.3	81.6	81.6
Website presence	29.0	31.6	33.4	66.1	68.9	70.5	77.2	79.4	82.3	31.5	34.1	36.8	38.3
Purchasing online	35.1	39.9	40.4	50.1	58.7	62.5	60.5	62.2	67.8	31.7	37.2	42.5	43.4
Selling online	6.0	6.7	5.5	14.2	11.9	10.4	15.5	12.8	15.8	7.5	7.1	7.0	7.0

Canadian Internet Use Survey (CIUS), 2005

- 8. Canadian consumers e-commerce spending in 2005 = \$7.9 billion
- Canadians using Internet from home = 61%; from any location = 68% (with highspeed Internet access from home: 82%)
- Canadian Internet users purchasing good/services on-line = 41% (percentage of Internet users with high-speed Internet at home: 50%) (percentage of Internet users with low-speed Internet at home: 36%)

Updated: November 2006

<u>Canadian</u> <u>Statistics</u>

Value of Canadian e-commerce sales, (Private Firms) 2005

Business-to- Consumer	\$11.85 billion CDN
Business-to- Business	\$24.45 billion CDN
Total Sales	\$39.2 billion CDN

E-commerce sales in Canada, 2005, by selected sectors

Wholesale trade	\$7.19 billion CDN
Manufacturing	\$4.94 billion CDN
Transportation and warehousing	\$7.25 billion CDN
Retail trade	\$5.36 billion CDN

E-business adoption rates in Canada, 2005, by size of firm

Size of Firm	Internet Use	Web Presence	Online Purchases	Online Selling
Small	79.4%	33.4%	40.4%	5.5%
Medium	95.9%	70.5%	62.5%	10.4%
Large	97.7%	82.3%	67.8%	15.8%
Total	81.6%	38.3%	43.4%	7%

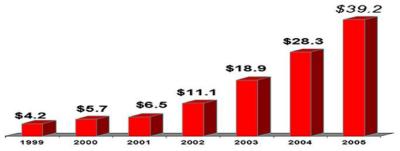
Canadian Statistics

Highlights from the 2005 Survey of Electronic Commerce and Technology (SECT)

Based on The Daily, April 20, 2006, Statistics Canada

Canada's Internet Sales Up 39%

Value of Canada's Total Internet Sales 1999 - 2005 (billions)



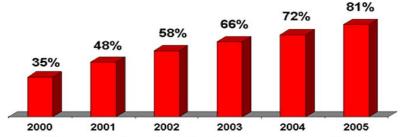
 E-commerce accounted for 1% of total operating revenues for private firms- unchanged since 2001

E-Commerce Sales High, ICT Adoption Low

- Internet use by firms unchanged at 82%
- Firms with a website stagnant at 38%
- Firms engaged in e-commerce unchanged since 2001 at 7%

Broadband Use Keeps Rising

Private Firms Using High Speed Internet



 Firms using broadband technology are more likely to adopt other advanced information and communication technologies (ICTs)

Canadian **Statistics**

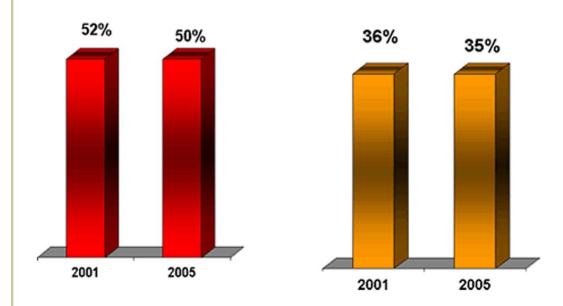
Four Sectors Account for 68% of Private Sector E-Commerce

- Wholesale, transportation & warehousing, manufacturing and retail accounted for 68% of private sector online sales
- Wholesalers reports \$7.2 billion in e-commerce sales
- Transportation & warehousing also reported \$7.2 billion in e-commerce sales

Barriers to Adoption Largely Unchanged

Firms that believe that their Firms that prefer to goods/services do not lend maintain current business themselves to internet transactions

model



Internet use by individuals,	electronic commerce,	foreign and domestic orders
by Canadians -	1	nttp://www40.statcan.gc.ca/l01/cst01/comm23-eng.htm

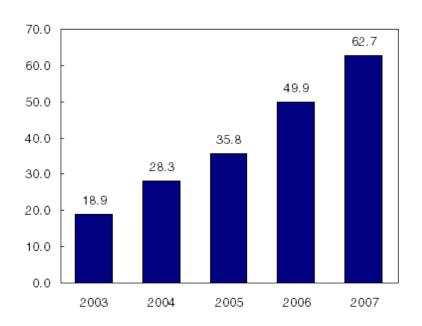
by Canadians -		http://www40.statcan.gc.ca/l01/cst01/comm23-eng.htm		
	2005	2	2007	2009
All electronic orders				
Number of orders (thousands)		49,424	69,886	95,669
Average number of orders per person		7.2	8.3	9.0
Value of orders (\$ thousands)		7,924,407	12,772,147	15,071,062
Average value of orders per person (\$)		1,150	1,519	1,420
Domestic orders				
Number of orders (thousands)		28,301	36,046	54,043
Average number of orders per person		4.1	4.3	5.1
Value of orders (\$ thousands)		4,970,490	7,117,992	9,082,034
Average value of orders per person (\$)		721	846	855
Foreign orders				
Number of orders (thousands)		21,122	33,839	41,625
Average number of orders per person		3.1	4.0	3.9
Value of orders (\$ thousands)		2,953,917	5,654,155	5,989,028
Average value of orders per person (\$)		428	672	564

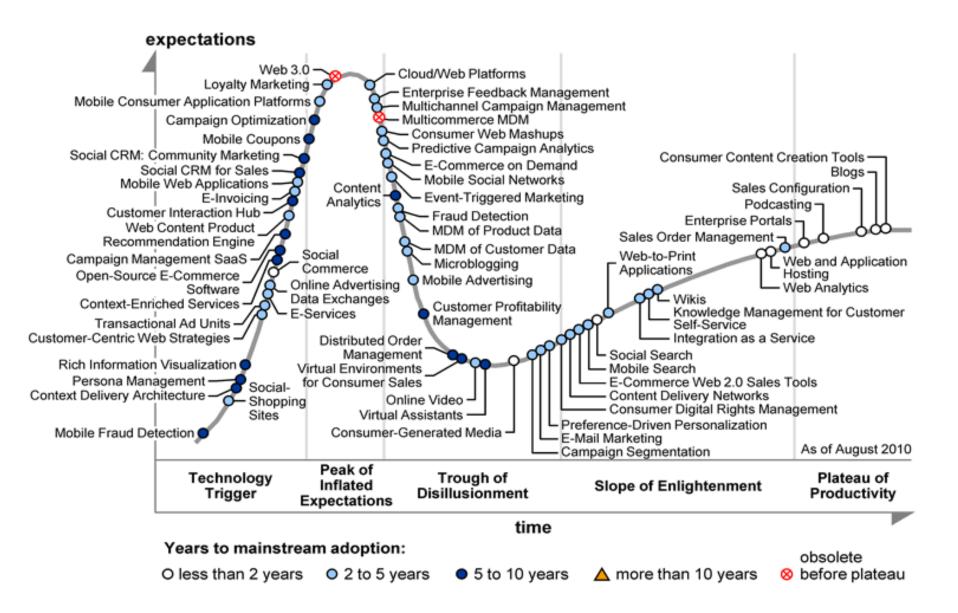
Online sales increased at a double-digit pace for the sixth consecutive year in 2007. Total private and public sector Internet sales hit an estimated \$62.7 billion, up 26% from 2006.

Despite the continued strong growth, e-commerce still represents a relatively small fraction of total economic activity. In 2007, online sales of private sector firms accounted for just under 2% of total operating revenue, although this was still an increase from less than 1% five years earlier.

Internet sales with or without online payment

\$ billions





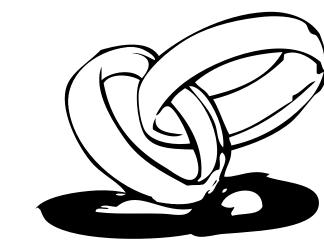
Designed for:

Designed by:

Iteration:

Key Partners

Optimization and economy Reduction of risk and uncertainty



Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?

Key Activities

Production

Problem Solving Platform/Network



What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?



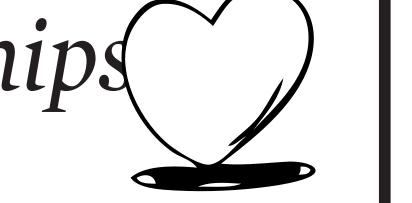
Value Propositions



What value do we deliver to the customer? Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?

"Getting the Job Done" Design Brand/Status

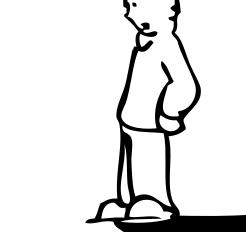
Customer Relationships ...



What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?

Personal assistance Dedicated Personal Assistance Automated Services

Customer Segments



For whom are we creating value? Who are our most important customers?

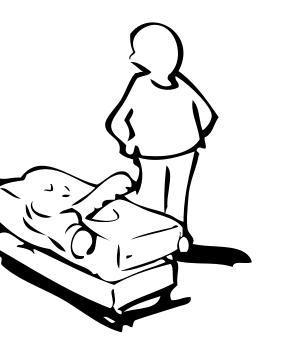
Mass Market Niche Market Segmented Diversified Multi-sided Platform

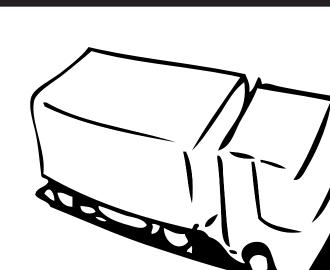
Key Resources



What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?







Through which Channels do our Customer Segments want to be reached?

How are we reaching them now?

How are our Channels integrated?

Which ones work best?

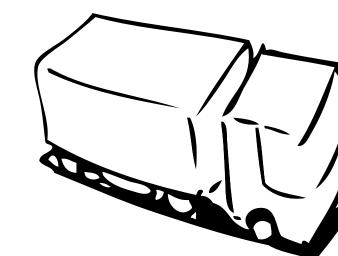
Which ones are most cost-efficient?

How are we integrating them with customer routines?

How do we raise awareness about our company's products and services?

How do we allow customers to purchase specific products and services?

Channels



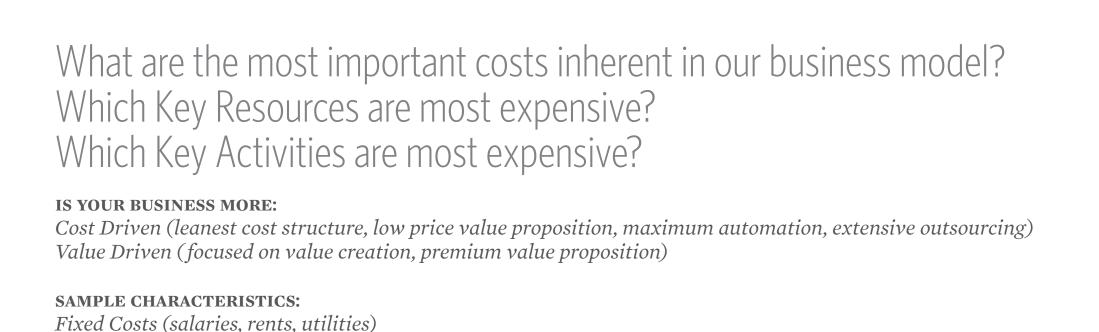
How do we help customers evaluate our organization's Value Proposition?

How do we deliver a Value Proposition to customers? How do we provide post-purchase customer support?

Cost Structure

Economies of scale

Economies of scope





Revenue Streams

For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How much does each Revenue Stream contribute to overall revenues?

Asset sale Usage fee Subscription Fees Lending/Renting/Leasing Brokerage fees

FIXED PRICING List Price Negotiation(bargaining) Product feature dependent Yield Management Customer segment dependent Real-time-Market Volume dependent











SWOT-TOWS STRATEGY ANALYSIS

EXTERNAL	STRENGTHS MAXIMIZE	WEAKNESSES MINIMIZE
OPPORTUNITIES MAXIMIZE	OFFENSIVE OPPORTUNITIES with STRENGTHS Maximize Strengths Maximize Opportunities	IMPROVEMENT OPPORTUNITIES with WEAKNESSES Minimize Weaknesses Maximize Opportunities
THREATS MINIMIZE	DEFENSIVE THREATS with STRENGTHS Maximize Strengths Minimize Threats	AVOIDANCE THREATS with WEAKNESSES Minimize Weaknesses Minimize Threats

SECONDARY ADAPTION SOURCE: Wheelen, Tom and Hunger, David. Concepts in Strategic Management and Business Policy, 12th Edition. Prentice Hall (August 3, 2009).