

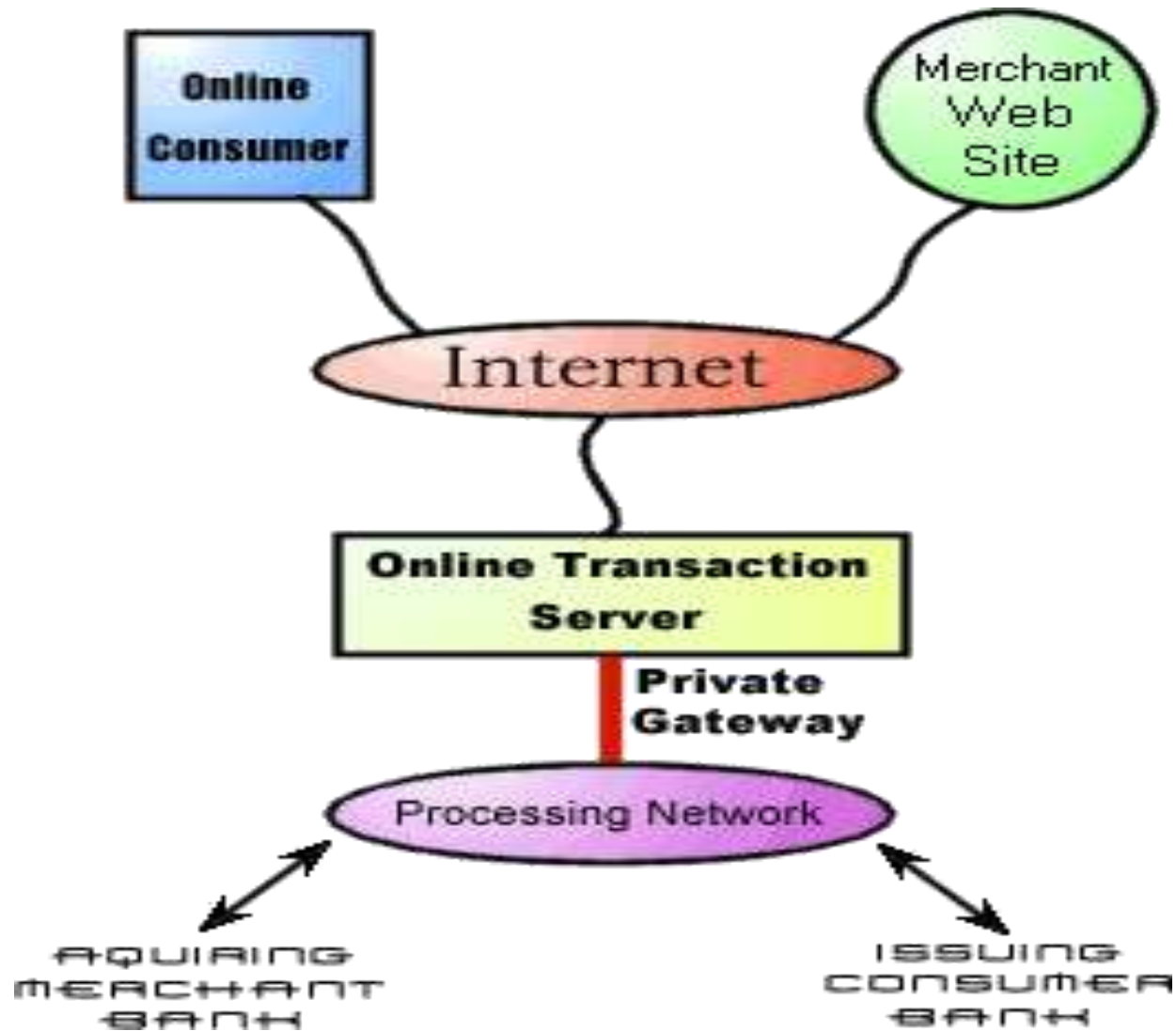
Basics of e-commerce

What is e-commerce?



- "e-commerce" means using the Internet or related technologies for any of the normal business operations.
- The use of information and communication technologies to transform business processes and to take advantage of the many features of the Web environment
- Using ICT for buying, selling, advertising, production, distribution or management.

Working of e-commerce model



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THOMAS M. SIEBEL

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More Buying Choices

Internet

Evolution of e-commerce

- Transaction-oriented e-commerce during 1990's



- Customer-Centric e-commerce

Features:

- Customer is the king
- Entry barriers are low
- It leads to disintermediation: infomediaries are there
- Economies of scale depends upon number of transaction



Traditional business vs. e-commerce

Product-centric (Focus on product differentiation and innovation)	Focus on customers (Customers are a part of designing the product e.g. P&G Advisors program)
Proper analysis and processing of data not possible.	Collection, storage and dissemination of information is more important as volume of data is high
Limited geographical regions	Across the globe

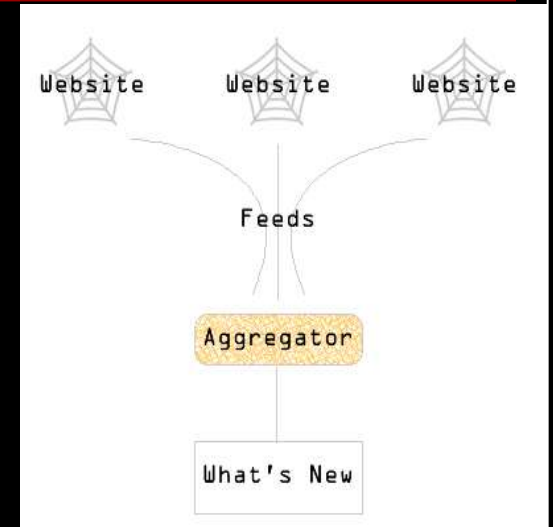
Formed from a combination of the words *information* and *intermediary*, an infomediary is a Web site that gathers and organizes large amounts of data and acts as an intermediary between those who want the information and those who supply the information.

The infomediary is a neutral entity, a third-party provider of unbiased information; it does not promote or try to sell specific products in preference over other products. It does not act on behalf of any vendors.

Another type of infomediary, and one that is not necessarily Web-based, is one that provides vendors with consumer information that will help the vendor develop and market products. The infomediary collects the personal information from the buyers and markets that data to businesses. The advantage of this approach is that consumer privacy is protected and some infomediarities even offer consumers a percentage of the brokerage deals.

Infomediaries

- Websites that are replacing the distributors and dealers.
- From the simple role of a search engine, they have evolved into 3 models:
- 1. Aggregators: It can selectively extract information from a Web site, couple it with additional data from other sources including those of its competitors, and make the necessary fine-tuning for intelligent comparisons.
- 2. Online auctioneers
- 3. Online exchanges



Basic rules of e-commerce:

- Know your customer
 - Profiles and preferences
 - Combination of products and services to be offered.
 - Best methods for customers support
 - Marketing efforts for different segments
 - New products and services that should be developed

Segment customers

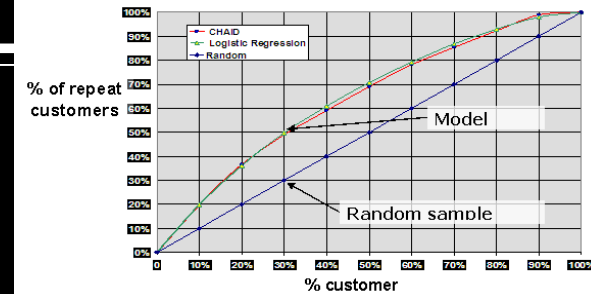


- Using e-commerce segmentation can be done on the basis of the complex factors also such as channel preference, profitability, etc.
- Collaborative segmentation is also possible, where customers can choose from a flexible menu of offerings, configure them to suit their preferences and select the segment they fit in.

Avoid the 'Silo' effect:

- The scattered information across different files, in different formats and at different locations is known as 'Silo' effect.

Predictive modeling



- Building models for the future on the basis of existing information on customer behavior.
- *How much money a customer will spend on your products?*
- *How likely someone is to respond to an offer?*
- *How likely someone is to stop using your services?*

Multi-channel strategy

- Identify customer channel preference
- Synchronize channels for seamless integration
- Understand the cost structure of each channel

Personalize the customer experience:

- Individualize the content
- Enable customers to customize the environment

Optimize the value of every customer:

- Macro level-optimize the lifetime customer value.
- Micro level- optimizing the value for the individual customers by offering the most suitable products and for the organization by increasing revenues.

e-commerce infrastructure:

- Centralized data storage
- Update information dynamically
- Focus on back-office systems
- Scalable systems
- Support all platforms and devices
- Support global implementation