

# Chapter 3

Retailing In Electronic Commerce: Products and Services

# Learning Objectives

1. Describe electronic retailing (e-tailing) and its characteristics.
2. Classify the primary e-tailing business models.
3. Describe how online travel and tourism services operate and their impact on the industry.
4. Discuss the online employment market, including its participants, benefits, and limitations.
5. Describe online real estate services.
6. Discuss online stock-trading services.

# Learning Objectives

7. Discuss cyberbanking and online personal finance.
8. Describe on-demand delivery of groceries and similar perishable products and services related to them.
9. Describe the delivery of digital products and online entertainment.
10. Discuss various online consumer aids, including comparison-shopping aids.
11. Describe disintermediation and other B2C strategic issues.



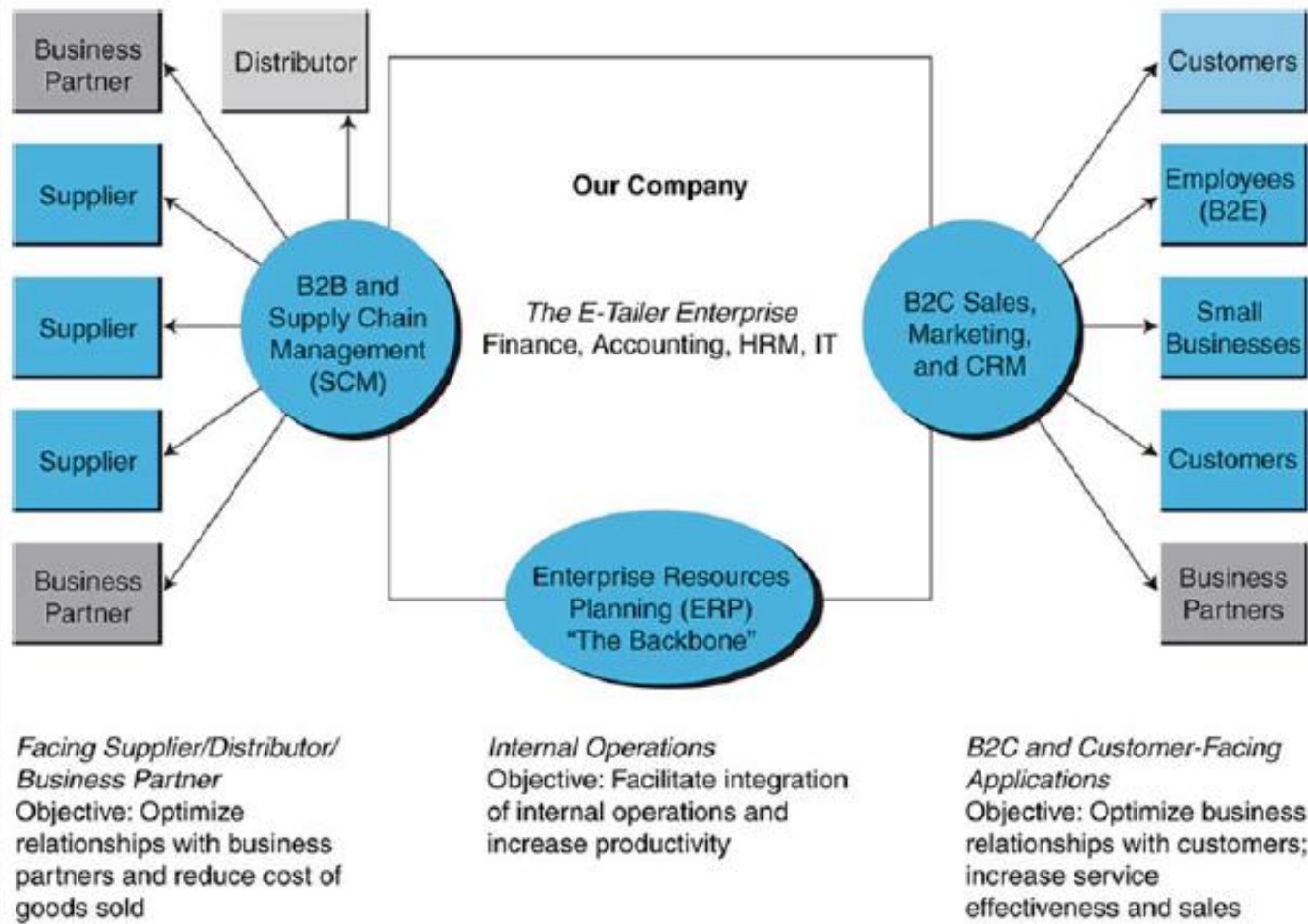
# Internet Marketing and B2C Electronic Retailing

- **electronic retailing (e-tailing)**  
Retailing conducted online, over the Internet
- **e-tailers**  
Retailers who sell over the Internet
- **SIZE AND GROWTH OF THE B<sub>2</sub>C MARKET**
- **WHAT SELLS WELL ON THE INTERNET**
  - **Developments in E-Commerce**

# Internet Marketing and B2C Electronic Retailing

- **CHARACTERISTICS AND ADVANTAGES OF  
SUCCESSFUL E-TAILING**
  - **Advantages of E-Tailing**





**Figure 3.1** E-tailing as an enterprise EC system

# E-Tailing Business Models

- **CLASSIFICATION OF MODELS BY DISTRIBUTION CHANNEL**
  - Direct marketing by mail-order retailers that go online
  - Direct marketing by manufacturers
  - Pure-play e-tailers
  - Click-and-mortar retailers
    - multichannel business model  
A business model where a company sells in multiple marketing channels simultaneously (e.g., both physical and online stores)
  - Internet (online) malls



# E-Tailing Business Models

- **direct marketing**

Broadly, marketing that takes place without intermediaries between manufacturers and buyers; in the context of this book, marketing done online between any seller and buyer



# E-Tailing Business Models

- **Direct Sales by Manufacturers**

- virtual (pure-play) e-tailers**

- Firms that sell directly to consumers over the Internet without maintaining a physical sales channel

- **click-and-mortar retailers**

- Brick-and-mortar retailers that offer a transactional website from which to conduct business

- **brick-and-mortar retailers**

- Retailers who do business in the non-Internet, physical world in traditional brick-and-mortar stores

# E-Tailing Business Models

- **Retailing in Online Malls**
  - Referring Directories
  - Malls with Shared Services



# E-Tailing Business Models

- **OTHER B2C MODELS AND SPECIAL RETAILING**
- **B2C SOCIAL SHOPPING**
  - **Online Group Buying**
  - **Personalized Event Shopping**
    - **event shopping**

A B2C model in which sales are done to meet the needs of special events (e.g., a wedding, Black Friday).
  - **private shopping club**

A members-only shopping club, where members can buy goods at large discounts



# E-Tailing Business Models

- **Group Gifting Online**
- **location-based e-commerce (l-commerce)**  
Delivery of e-commerce transactions to individuals in a specific location, at a specific time
- **Shopping in Virtual Worlds**
- **VIRTUAL VISUAL SHOPPING**

# Travel And Tourism (Hospitality) Services Online

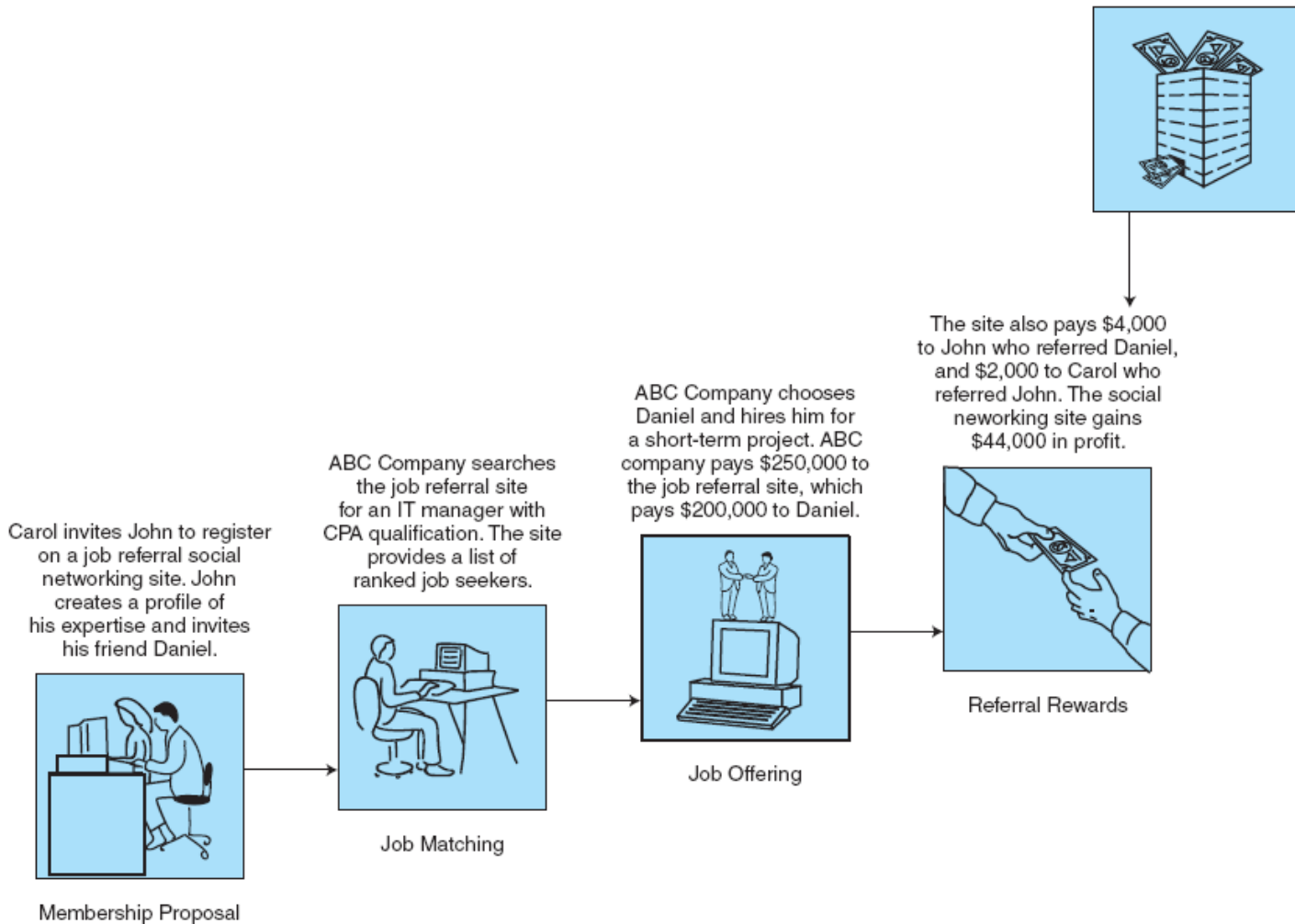
- **SERVICES PROVIDED**
- **SPECIAL SERVICES ONLINE**
  - Wireless services
  - Advanced check-in
  - Direct marketing
  - Alliances and consortia
- **Social Travel Networks**
- **BENEFITS AND LIMITATIONS OF ONLINE TRAVEL SERVICES**
- **CORPORATE TRAVEL**



# Employment and the Online Job Market

- **PARTIES WHO USE THE INTERNET JOB MARKET**
  - Job seekers
  - Employers seeking employees
  - Classified ads
  - Job agencies
  - Government agencies and institutions
- **Online Job Markets on Social Networks**
- **Global Online Portals for Job Placement**
- **Virtual Job Fairs**



**EXHIBIT 3.7****The Referral Power of Social Networks  
in Job Matching**

## EXHIBIT 3.8 Advantages of the Electronic Job Market for Job Seekers and Employers

### Advantages for Job Seekers

- Can find information on a large number of jobs worldwide
- Can communicate quickly with potential employers
- Can market themselves directly to potential employers  
(e.g., *quintcareers.com*)
- Can write and post résumés for large-volume distribution  
(e.g., Personal Search Agent at *careerbuilder.com*, *brassring.com*)
- Can search for jobs quickly from any location
- Can obtain several support services at no cost  
(e.g., *hotjobs.yahoo.com* and *monster.com* provide free career-planning services)
- Can assess their market value (e.g., *wageweb.com* and *rileyguide.org* look for salary surveys)
- Can learn how to use their voice effectively  
in an interview (*greatvoice.com*)
- Can access newsgroups that are dedicated to finding jobs  
(and keeping them)

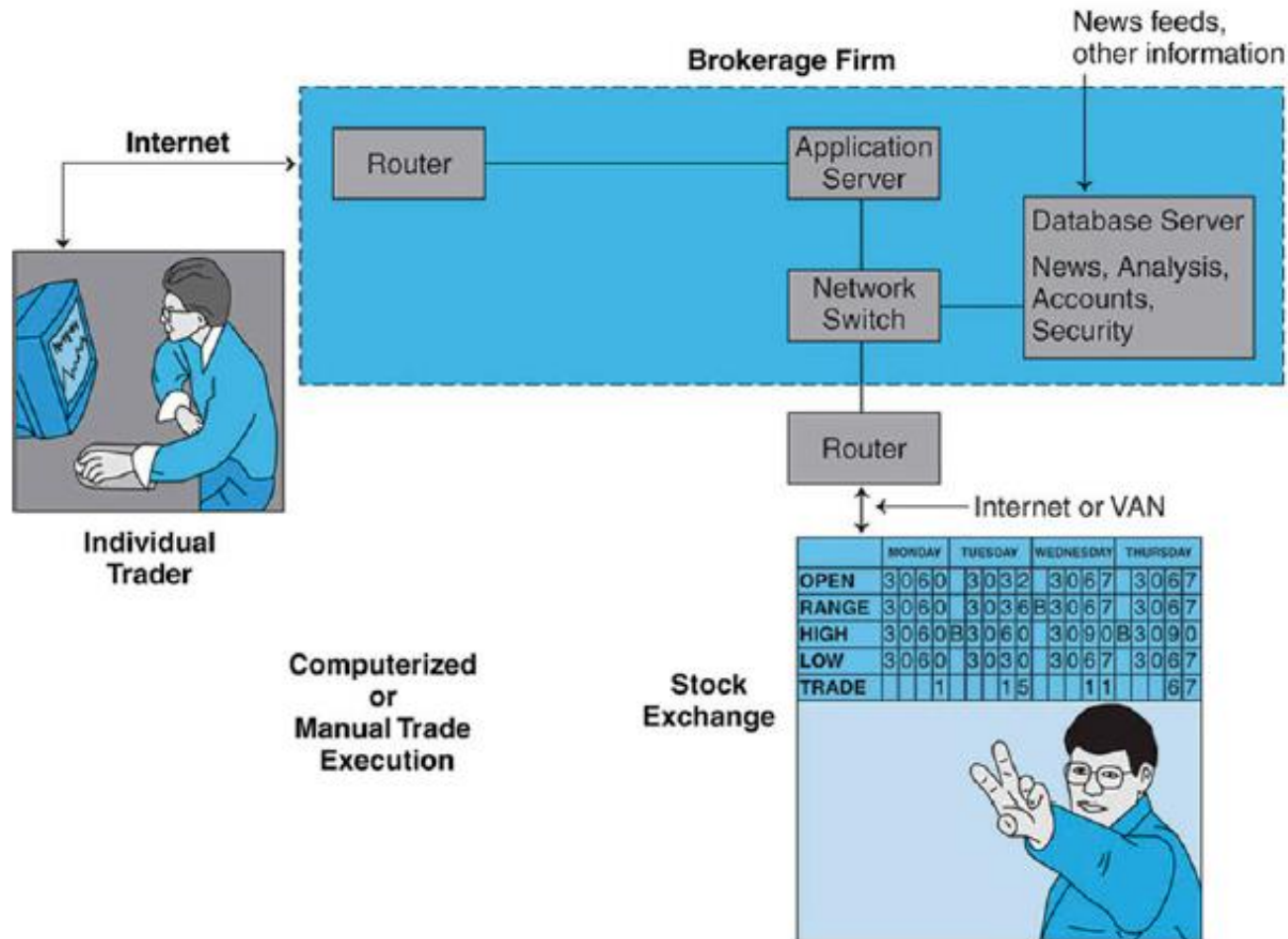
### Advantages for Employers

- Can advertise to a large number of job seekers
- Can save on advertisement costs
- Can reduce application-processing costs by using  
electronic application forms
- Can provide greater equal opportunity for job seekers
- Increased chance of finding highly skilled employees
- Can describe positions in great detail
- Can conduct interviews online  
(using video teleconferencing)
- Can arrange for testing online
- Can view salary surveys for recruiting strategies

# ONLINE REAL ESTATE, INSURANCE, AND STOCK TRADING

- **REAL ESTATE ONLINE**
  - **Zillow, Craigslist, and Other Web 2.0 Real Estate Services**
- **INSURANCE ONLINE**
- **ONLINE STOCK TRADING**
  - **The Risk of Trading in an Online Stock Account**





**Figure 3.3** Online electronic stock trading

# ONLINE BANKING AND PERSONAL FINANCE

- **electronic (online) banking or e-banking**

Various banking activities conducted from home or the road using an Internet connection; also known as cyberbanking, virtual banking, online banking, and home banking



# Banking and Personal Finance Online

- **HOME BANKING CAPABILITIES**
- **VIRTUAL BANKS**
- **INTERNATIONAL AND MULTIPLE-CURRENCY BANKING**



# Banking and Personal Finance Online

- **ONLINE FINANCIAL TRANSACTION IMPLEMENTATION ISSUES**
  - **Securing Financial Transactions**
  - **Imaging Systems**
  - **Fees Online Versus Fees for Offline Services**
  - **Risks**
- **ONLINE BILLING AND BILL PAYING**
  - **Taxes**

# On-Demand Delivery of Products, Digital Items, Entertainment, and Gaming

- **ON-DEMAND DELIVERY OF PRODUCTS**

- **e-grocer**

A grocer that takes orders online and provides deliveries on a daily or other regular schedule or within a very short period of time

- **on-demand delivery service**

Express delivery made fairly quickly after an online order is received



# On-Demand Delivery of Products, Digital Items, Entertainment, and Gaming

- **ONLINE DELIVERY OF DIGITAL PRODUCTS,  
ENTERTAINMENT, AND MEDIA**
- **ONLINE ENTERTAINMENT**
  - Internet Gaming
  - Online Ticketing



# OTHER B2C SERVICES:FROM DATING SERVICES TO WEDDING PLANNING

- **Planning a Wedding**

- The wedding planning business is going online also.
- A large number of companies are active in online wedding planning.
- Mywedding.com, for example, helps with collecting ideas and planning,assists in budgeting, finds vendors, creates registries and helps in honeymoon planning and travel (watch their video on the home page).

- **Buying Cars Online**

- For many the idea of buying cars online seems crazy. However, today, more and more cars are being sold online.

- **Selling-Build-to-Order Cars Online**

- As more people like to configure their cars, the use of online configuration has become more and more popular.
- Such services save time for both sellers and buyers.
- People configure their PC's online (e.g., at HP, Dell), so why not do the same with cars?

# OTHER B2C SERVICES:FROM DATING SERVICES TO WEDDING PLANNING

- **Other Online Services**
- There are hundreds of unique services available online.
  - Online pharmacies are all over the Internet
  - Stamps online .
  - Online flower delivery.
  - Online food ordering .



# Online Purchasing-Decision Aids

- **shopping portals**

Gateways to webstores and e-malls; may be comprehensive or niche oriented



# Online Purchasing-Decision Aids

- **PRICE AND QUALITY COMPARISON BY SHOPBOT SOFTWARE AGENTS**
  - **shopping robots (shopping agents or shopbots)**  
Tools that scout the Web on behalf of consumers who specify search criteria
- ***Google Enterprise Search and Enterprise Search Appliance***
- **“Spy” Services**

# Online Purchasing-Decision Aids

- **BUSINESS RATINGS SITES**

- **Recommendations from Other Shoppers and Friends**

- **referral economy**

- The effect upon sales of consumers receiving a referral or recommendation from other consumers.

- **TRUST VERIFICATION SITES**



# Online Purchasing-Decision Aids

- **OTHER SHOPPING TOOLS**
  - **Yelp**
  - **Virtual Visual Shopping**
  - **Mobile Apps**



# THE NEW FACE OF RETAIL COMPETITION: RETAILERS VERSUS E-TAILERS

- **The Online Versus Offline Competition: An Overview**
  - **Customers' search cost.**
  - **Delivery time.**
  - **Distribution costs.**
  - **Tax differences.**
  - **Price.**
  - **Information available to buyers.**

# THE NEW FACE OF RETAIL COMPETITION: RETAILERS VERSUS E-TAILERS

- **Retailers Versus E-Tailers**
- Since the beginning of EC in the mid 1990s, it has become clear that in certain industries, e-tailing will hurt brick and mortar retailers.
- Today, Amazon.com is competing with thousands of retailers,



# THE NEW FACE OF RETAIL COMPETITION: RETAILERS VERSUS E-TAILERS

- **What Can Traditional Retailers Do?**
- In addition to opening online channels, and closing the least profitable stores, traditional companies have a few strategies to defend themselves.



# THE NEW FACE OF RETAIL COMPETITION: RETAILERS VERSUS E-TAILERS

- Here are representative examples:
  - *Can Small Businesses Survive?*
  - *Here are some strategies:*
    - Niche markets
    - Faster delivery than Amazon
    - Protect privacy. Amazon tracks customers' movements on the Web
    - Concentrate on local markets
    - Provide outstanding customer service
    - Prices should be competitive.
    - *Going Global!*

# Issues In E-Tailing and Lessons Learned

- The following are to be addressed when conducting B2C EC
  - **disintermediation**

The removal of organizations or business process layers responsible for certain intermediary steps in a given supply chain

- **reintermediation**

The process whereby intermediaries (either new ones or those that had been disintermediated) take on new intermediary roles

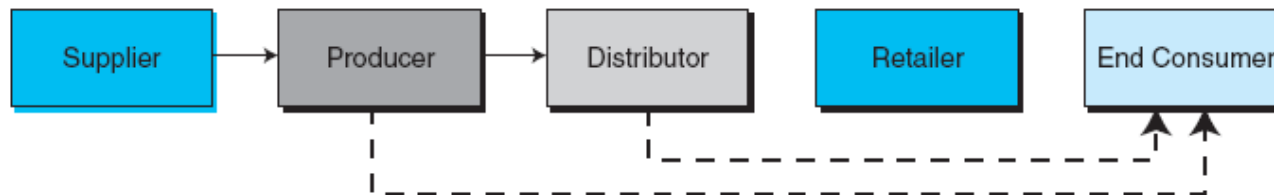


## EXHIBIT 3.11 Disintermediation and Reintermediation in the B2C Supply Chain

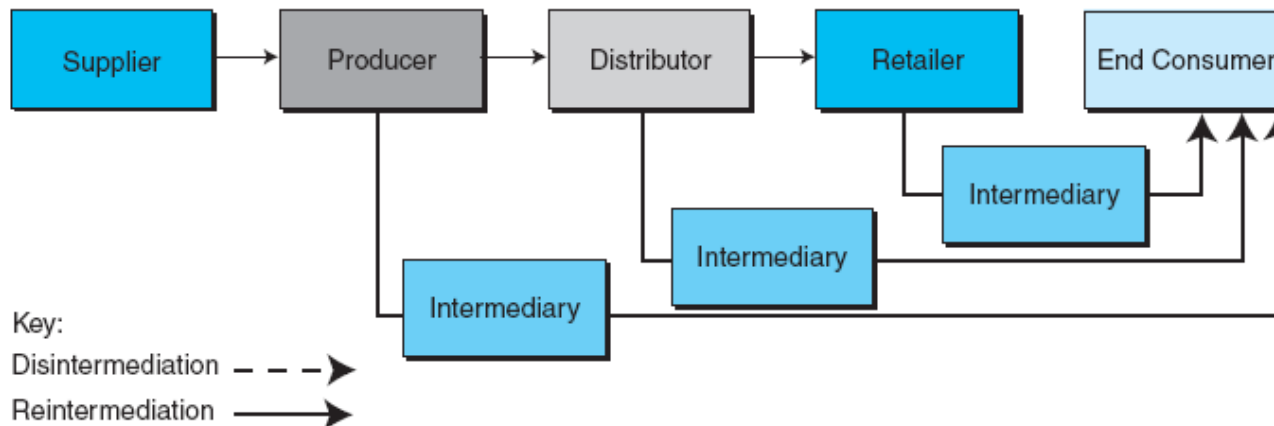
### A. Simple Traditional Supply Chain



### B. Supply Chain, with Examples of Disintermediation



### C. Supply Chain, with Examples of Reintermediation



# Issues In E-Tailing and Lessons Learned

- **channel conflict**

Situation in which an online marketing channel upsets the traditional channels due to real or perceived damage from competition



# Issues In E-Tailing and Lessons Learned

- **POSSIBILITY OF A PRICE CONFLICT AND DETERMINING THE RIGHT PRICE BY SELLERS**
- **PRODUCT AND SERVICE CUSTOMIZATION AND PERSONALIZATION**
- **ONLINE COMPETITION**
- **FRAUD AND OTHER ILLEGAL ACTIVITIES**

# Issues In E-Tailing and Lessons Learned

- **LESSONS LEARNED FROM FAILURES AND LACK OF SUCCESS OF E-TAILERS**
  - **Speak with one voice**
  - **Leverage the multichannels**
  - **Empower the customer**



# Managerial Issues

1. What are the limitations of e-tailing? Where is e-tailing going?
2. How should we introduce wireless shopping?
3. Do we have ethics and privacy guidelines?
4. How will intermediaries act in cyberspace?
5. Should we try to capitalize on social networks?
6. How should we manage multichannel marketing to avoid channel and/or price conflicts?
7. What are the major potential limitations of the growth of B2C EC?

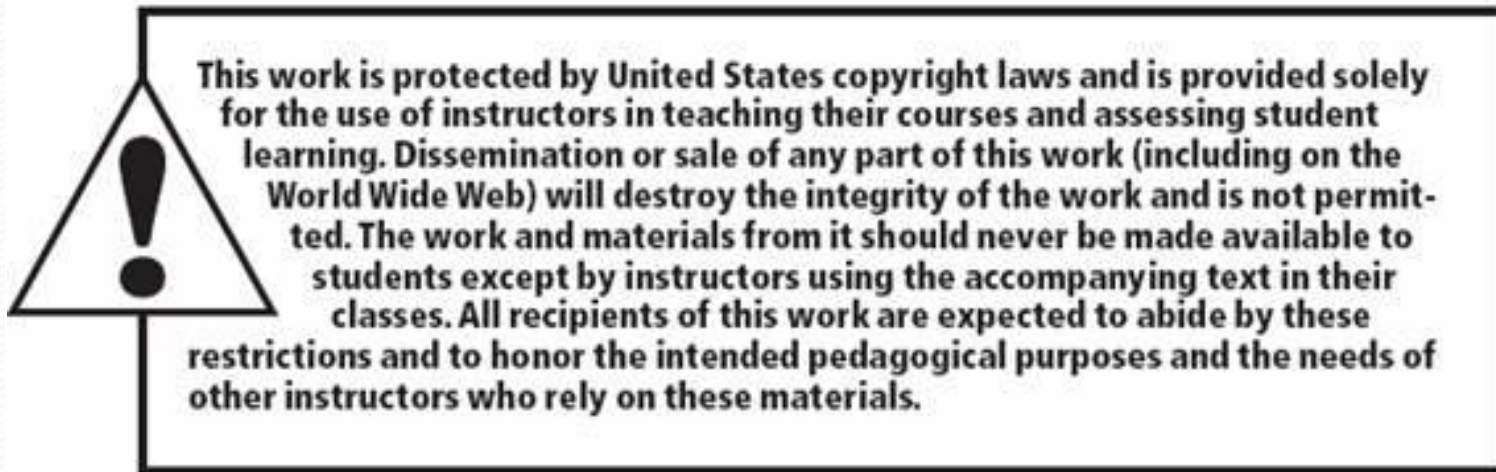
# Summary

1. The scope and characteristics of e-tailing
2. Classify e-tailing business models
3. How online travel/tourism services operate
4. The online job market and its benefits
5. The electronic real estate marketplace
6. Online trading of stocks and bonds



# Summary

7. Cyberbanking and personal finance
8. On-demand delivery service
9. Delivery of digital products
10. Aiding consumer purchase decisions
11. Disintermediation and other B2C strategic issues



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