

MBEYA UNIVERSITY OF SCIENCE AND TECHNOLOGY

ICT-UQF6 THIRD YEARS



COURSE: INFORMATION AND COMMUNICATION TECHNOLOGY

MODULE NAME: E-COMMERCE

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1. Compare Pandora's original business model with its current business model. What's the difference between "free" and "freemium" revenue models?

Pandora is the first method manner to prevent their clients for 10 unfastened hours of paying attention to time and after the ones 10 hours had lapsed the clients have been requested to pay \$36 a month for a year to keep in an effort to concentrate to custom designed.

Free revenue models here you give a locked version or allow a certain amount of time for the use of a product so that in hopes of getting the person to subscribe to the service **while** in **freemium revenue models** here you allow them to have the basic services for free then offer the premium services for a monthly fee.

2. What is the customer value proposition that Pandora offer?
when customer decides if one should pay for the service that Pandora offers they see that when they upgrade to premium services they receive fewer usage limits, no advertisements, higher quality streaming music and desktop app.
3. Why did MailChimp ultimately succeed with a freemium model, but Ning did not?
MailChimp succeed because they have a way just the basics to entice the members to subscribe. They also believed that their free clients E-Mail list would grow in turn the client that used the free version would pay for the enhanced product.
Ning failed because they could not convert eyeball into subscribers and the freer users they got the more it cost them
4. What's the most important consideration when considering a freemium revenue model?
A freemium business model would make sense to a company that has very low marginal cost. The profit maximizing businesses would recognize that they have to offer more to paying customers while those using the free product like Skype or LinkIn. It is also important to be able to support your business with only paying customers, until one can obtain affiliates.
5. What distinguishes an e-commerce business plan from a traditional business plan?
An e-commerce business model aims to use and leverage the unique qualities of the internet, the web and the mobile platform.
6. Identify and describe the business model element that specifies how the company's product will fulfill the needs of its customers.
 - **Value proposition** defines how a company's product or service fulfills the needs of the customers
 - **Identify your specific audience** targeting a wide audience won't allow your business to hone in customers who truly need and want your product or services
 - **Establishing Business processes** before your business can go live, you need to understand the activities required.

7. How can e-commerce technologies be used to improve a firm's value web?
The e-commerce technologies is going global without saying that brick-end-mortar setups are bound by location and depending on your product or services. So the use of e-commerce technology will help the firm's to reach the global market using internet
8. What is a freemium strategy?
The freemium strategy, is companies that gives away a certain level of product or services for free, but then charge a subscription fee for premium levels of the product or services
9. What is a disruptive technology, and how does it differ from a sustaining technology?
Destructive technology are the technologies that is underpin a business model description, while sustaining technology are the technologies that enable the incremental improvement of products and services
10. What types of services does Amazon provide for businesses? Which e-commerce business models do Amazon's services fall into?
Amazon use E-tailer, which is an online version of retail store, where customers can shop at any hour of the day or night without leaving their home or office.

The kind of business model which amazon use is business to customer (B2C) and business to business (B2B). where they create market online, create a market place for bring seller and buyers together.

11. What is a sharing economy company?
Sharing economy company is a new model of consumption related to the development of the internet and new technologies if information and communication
12. Why would a firm decide to engage in a strategy of cost competition?
This allows a company to achieve superior margins compared to its competition and generates value for the company and its shareholders which helps to access to natural resources that are restricted from competitors, highly skilled labor.
13. What are the benefits offered by incubator investor firms over other traditional sources of capital?
They provide an array of services to start-up companies that they select to participate in their programs, such as business, technical, and marketing assistance as well as introductions to other sources of capital
14. Why is it difficult to categorize e-commerce business models?
Its hard to categorized e-commerce business model because it is continuously evolving, leading to the development of several other models due to some of the firm who use both kind of business model such as business to business and business to customers.
15. What is an industry structural analysis and what is its place in the e-commerce business plan?

An industry structural analysis helps you understand the impact of e-commerce technology on the overall business environment in an industry, a more detailed industry value chain analysis can help identify more precisely just how e-commerce may change business operations at the industry level.

16. What has been the effect of e-commerce technologies on general inter-firm rivalry?

The effect of inter-firm rivalry(competition) is one area of the business environment where e-commerce technologies have had an impact on most industries. Generally, e-commerce has increased price competition in nearly all markets.

17. What revenue model do content providers use, and what is the key to becoming a successful content provider?

- a. Advertising
- b. Subscription
- c. Transaction fee
- d. Sales
- e. Affiliate

18. What disadvantage are faced by “first-mover” companies entering a marketplace? The disadvantage faced by first-mover include:

Most first movers often lack the complementary resources needed to sustain their advantages and often follower firms reap the largest rewards

19. What are the major similarities and difference between exchanges and e-distributors?

The similarity of exchanges and e-distributors is with exchanges critical mass is a factor where with e-distributors the more products and services a company makes available on its site, the more attractive that site is to potential customers

The different between exchanges and e-distributors are

20. Describe the feature of information density as it applies to e-commerce technology and describe how it has affected the business environment over the past decade?

Availability Aside from outages or scheduled maintenance, ecommerce sites and available, allowing visitors to browser and shop at any time.

Speed of access. While shoppers in a physical store can be slowed by crowds, ecommerce sites run quickly which is determined by compute and bandwidth.

Wide availability. Amazons first slogan was earth biggest bookstore. They could make this claim because they were an e-commerce site and not physical stores.

21. Who are the major players in an industry value chain and how are they impacted by e-commerce technology?

The major players in an industry value chain are the suppliers, manufacture, distributors, transporters, retailers and customers.

22. What are the five generic business strategies for achieving a profitable business?

- Low-Cost Provider

- Broad Differentiation
- Focused Low-Cost
- Focused Differentiation
- Best-Cost Provider

23. Define market opportunities and describe how you would determine a new company's realistic market opportunity

Market opportunity is a newly identified need that a company can use to grow, usually or because it's not being addressed by they are competitors

- a. Research your customers and competition. Use market research to analyze your customer and competitors on multiple levels
- b. Get a high-level view of the market. However, assessing your customers and competitors is not enough.
- c. Explore adjacent opportunities. Pursuing adjacent opportunities can also be winning strategy
- d. Understand the business environment factors. Another area to explore is the overall business environment, which can have a profound impact on a company performance and the ways industries operates
- e. Find the market research you need fast. Gathering and synthesizing information about all these categories can take significant time, effort and expertise but market research reports can give you're a helpful leg up.

24. What are crowdfunding and how does it help e-commerce companies raise capital?

Crowdfunding is providing the platforms to connect many parties, both individuals and businesses with the goal of financing projects and ventures. And its help companies to raise they are capital through:

- a. Essential funding for start-ups
- b. Launching new products
- c. Financing retail growth
- d. Letting consumers profit from retail growth
- e. Increasing customer engagement with brands

25. Visit eBay and look at the many types of auctions available. If you were considering establishing a rival specialized online auction business, what are the top three market opportunities you would pursue, based on the goods and auction community in evidence at eBay? Prepare a report or slide presentation to support your analysis and approach.

I have visited the eBay and saw many types of auctions available the site. On eBay auction option or buy-it now option. If you choose the auction option you will be going against other people who also want the item. Basically, you are competing against them to pay more than them in order to get the item. When you choose the buy-it-now option that is a for sure response to writing an item. Like the buy-it-now option because there is no other competition and you know you will receive that item. Establishing my own rival

online auction business, I would try to make my prices a little lower than others and also add on free shipping for all the items. Once that is settled then the advertising will have to be set up in order for people to know about my website and the items offered.

26. During the early days of e-commerce, first-mover advantage was touted as one way to success. On the other hand, some suggest that being a market follower can yield rewards as well.

Each of these first mover and follower has its advantage and each can be successful depending on how it was executed.

First mover. It worked very well for Craigslist as they took the market by storm. They listed the most important categories, identified core categories and focused on those, stabilized the model, got profits and then expanded to new categories.

After that several companies tried to defeat the but as they had captured the market and kept optimizing quickly, they still remain the market leader.

As a follower Amazon perfected the e-commerce, though eBay was the first and started the E-commerce's revolution but due to different management they have now shifted their focus to auctioning.

Amazon used the customer focus approach, learning from the mistakes of the markets of the market leader, made losses for several years but due to their learning and optimized model they were successful.

So being an optimized follower is a better approach where they learn better and faster, they optimize the business more revenue, they reduce the cost centers and optimize faster.

27. Select an e-commerce company that has participated in an incubator program such as Y Combinator, TechStars, Dreamt, Capital Factory, or another of your choosing, and write a short report on its business model and the amount and sources of capital it has raised thus far. Include your views on the company's future prospects for success.

Amazon e-commerce company. Is the one of the leading companies in e-commerce business industry. It's the current leading e-commerce business pioneer in the world. The biggest online retailer store in the world provides almost all products and groceries are made available to every customer through Amazon website. There are so many online books store of Amazon and can watch all kinds of movies with newly introduced Amazon Prime. It made human easy and access the world wide available products simple by Amazon web. The company has participated in incubator programs by helping other companies in terms of sharing innovative ideas, trainings and support from Amazon.

Business Model: Amazon business models are different compared with other companies. There are so many strategies and models for revenue generation. Everyone who is able to access internet can access all Amazon services. The planning and implementation of Amazon strategies are well designed and well maintained in order to generate the revenue.

from multiple sources. The Amazon business models that generates amount and source of capital are online store, Amazon books, Amazon music and videos, Amazon gaming, Amazon Prime etc.,

Amazon online store with Amazon store there is huge access to the products and services that can be purchased through Amazon website. The biggest and best online store in the world for almost provides all kinds of products. Amazon books provide sales of different types of books through which huge revenue are generated to the company. There is e-book facility is available through Kindle an innovative of Amazon. Marketplace for Amazon generated revenue from sellers by collecting the commissions. Amazon also has videos and access to music through its website. Where we can watch videos and listen to music through internet movie database (IMDB). Gaming zone in Amazon is also an innovator thought through digital game store. Amazon prime is also one of the best methods of attracting customers and delivering valued services through prime membership. Amazon participated in so many incubator programs to help the industries to grow, by providing the training, support and developing innovative products and services. In that one of the products is Kindle where every information made easy access to books, articles, news can be accessed through offline.

Amazon developed new techniques to accelerate the success by launch the products and services faster, get discovered by the market in very less time, developing the own brands and supports to go to global markets.