

E-Commerce

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MGM 212

Lecture 1





مجموعة جامعة
الجميع الذكية
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MIDOCEAN
UNIVERSITY

Introduction to e-business and e-commerce.

Lecture 1

MGM 212

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www.midocean.ae

Lecture 1: Introduction to e-business and e-commerce.

Lecture 2: E-commerce fundamentals.

Lecture 3: E-business infrastructure.

Lecture 4: - E-environment.

Lecture 5: E-business strategy.

Lecture 6: E-procurement.

Lecture 7: E-marketing.

Lecture 8: Customer relationship management.

Lecture 9: Analysis and design.

Lecture 10: Implementation and maintenance.

1. Introduction.
2. The impact of the electronic communications on traditional businesses.
3. What is the difference between e-commerce and e-business?
 - E-commerce defined.
 - E-business defined.
4. Traditional Commerce v/s E-Commerce.
5. Benefits of Doing Business Electronically.
- 6- factors in E -Commerce success.

LEARNING OBJECTIVES

After completing this chapter the student should be able to:

1. Define the meaning and scope of e-business and e-commerce and their different elements.
2. Summarize the main reasons for adoption of e-commerce and e-business and barriers that may restrict adoption.
3. Outline the ongoing business challenges of managing e-business and e-commerce in an organization.

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Introduction to e-business and e-commerce

1. Introduction:

Organizations have now been applying technologies based on the Internet, World Wide Web and wireless communications to transform their businesses for over 15 years since the creation of the first web site (<http://info.cern.ch>) **by Sir Tim Berners-Lee in 1991.** Deploying these technologies has offered many opportunities for innovative e-businesses to be created based on new approaches to business. Table 1.1 highlights some of the best-known examples.

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Table 1.1

Timeline of web sites indicating innovation in business model or marketing communications approach

Year Founded	Company / site	Category of innovation and business model
1994	Amazon	Retailer
1995 (March)	Yahool (yahoo.com)	Directory and portal
1995 (Sept)	eBay	Online auction
1995 (Dec)	AltaVista (altavista.com)	Search engine
1996	Hotmail (hotmail.com)	Web-based e-mail
		Viral marketing (using e-mail signatures to promote service)
		Purchased by Microsoft in 1997
1998	GoTo.com (goto.com)	Pay-per-click search marketing
	Overture (2001)	Purchased by Yahoo! in 2003
1998	Google (google.com)	Search engine
1999	Blogger (blogger.com)	Blog publishing platform
		Purchased by Google in 2003
1999	Alibaba (alibaba.com)	B2B marketplace with \$1.7 billion IPO on Hong Kong stock exchange in 2007. See case in Chapter 2
1999	MySpace (myspace.com)	Social network
	Formerly eUniverse	Purchased by News Corp in 2005
2001	Wikipedia (wikipedia.com)	Open encyclopedia
2002	Last.fm	A UK-based Internet radio and music community web site, founded in 2002. On 30 May 2007, CBS Interactive acquired Last.fm for £140m (US\$280m)
2003	Skype (skype.com)	Peer-to-peer Internet telephony VoIP – Voice over Internet protocol Purchased by eBay in 2005
2003	Second Life (secondlife.com)	Immersive virtual world
2004	Facebook (facebook.com)	Social network applications and groups
2005	YouTube (youtube.com)	Video sharing and rating
2007	Jooet (jooet.com)	Quality video broadcast service IPTV – Internet Protocol TV
??	The future	??

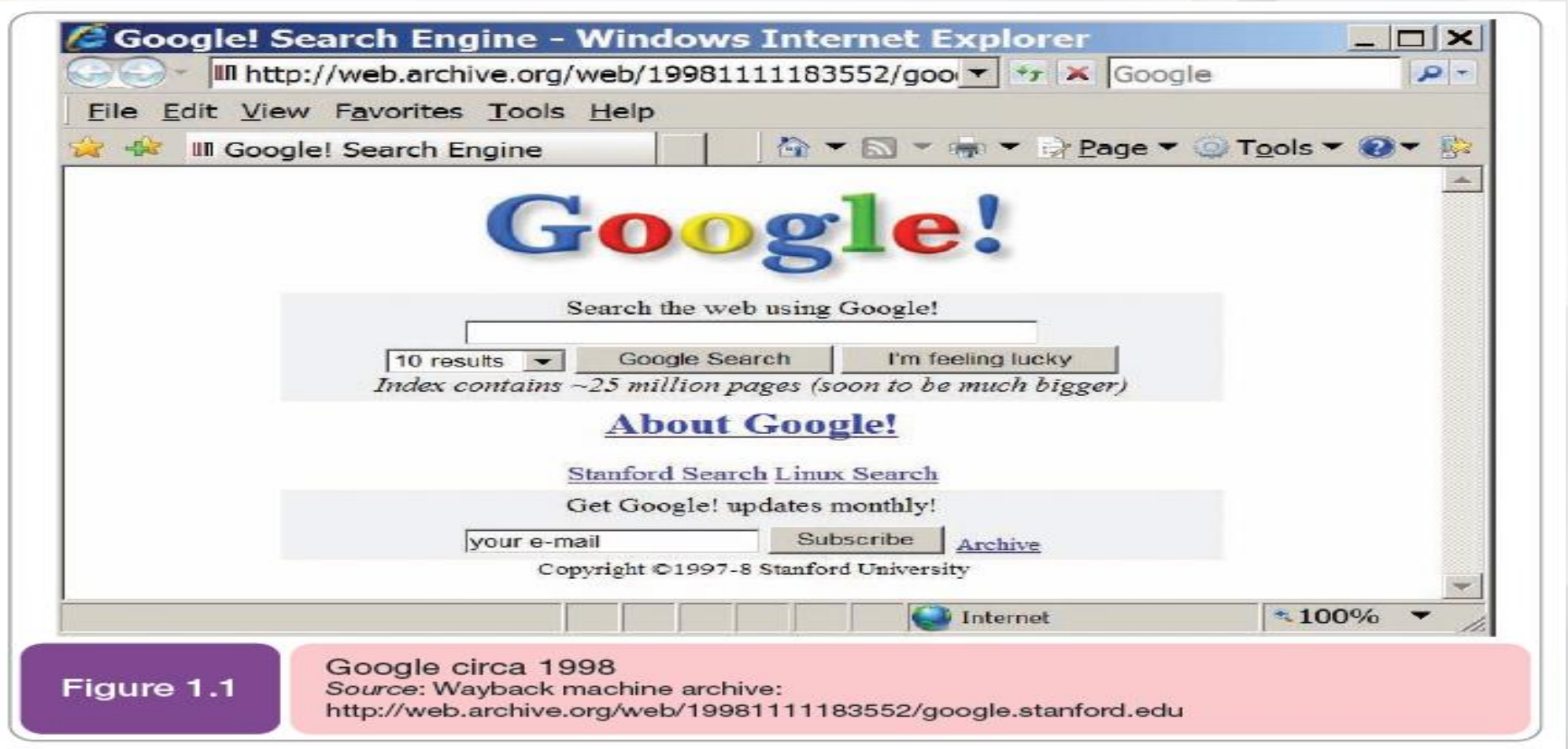
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E-business and e-commerce is an exciting area to be involved with, since many new opportunities and challenges arise yearly, monthly and even daily. **Innovation** is a given, with the continuous introduction of new technologies, new business models and new communications approaches. **For example**, Google innovates relentlessly. Its service has developed a long way since 1998 (Figure 1.1) with billions of pages now indexed and other services such as web mail, pay per click adverts, analytics and social networks all part of its offering.

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Introduction to e-business and e-commerce**2. The impact of the electronic communications on traditional businesses:**

During the same period managers at established businesses have had to determine how to apply new electronic communications technologies to transform their organizations. existing businesses have evolved their approaches to e-business through a series of stages. Innovation in e-business is relentless, with the continuous introduction of new technologies, new business models and new communications approaches.

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So all organizations have to review new electronic and Internet-based communications approaches for their potential to make their business more competitive and also manage ongoing risks such as security and performance . For example, **current opportunities** which many businesses are reviewing the benefits, costs and risks of implementing include:

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- the growth in popularity of social networks: such as Bebo, Facebook and MySpace, virtual worlds such as Habbo Hotel and Second Life, and blogs created by many individuals and businesses;
- rich media: such as online video and interactive applications into their web sites;

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- selection of mobile commerce services: which exploit the usage of mobile phones and other portable wireless devices such as laptops around the world.
- using location-based tracking of goods and inventory as they are manufactured and transported.

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3. What is the difference between e-commerce and e-business?

The rapid advancement of technology and its application to business has been accompanied by a range of new terminology and jargon. The use of the term 'electronic commerce' has been supplemented by additional terms such as e-business and e-marketing, and more specialist terms such as e-CRM, e-tail and e-procurement.

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- E-commerce defined:

Electronic commerce (e-commerce) is often thought simply to refer to buying and selling using the Internet; people immediately think of consumer retail purchases from companies such as Amazon. But e-commerce involves much more than electronically mediated financial transactions between organizations and customers. E-commerce should be considered as all electronically mediated transactions between an organization and any third party it deals with.

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By this definition, non-financial transactions such as customer requests for further information would also be considered to be part of e-commerce. **Kalakota and Whinston**, refer to a range of **different perspectives for e-commerce**:

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- 1. A communications perspective** – the delivery of information, products or services or payment by electronic means.
- 2. A business process perspective** – the application of technology towards the automation of business transactions and workflows.

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3. **A service perspective** – enabling cost cutting at the same time as increasing the speed and quality of service delivery.
4. **An online perspective** – the buying and selling of products and information online.

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- **Electronic commerce (e-commerce)**

All electronically mediated information exchanges between an organization and its external stakeholders.

- **Electronic commerce (EC)**

The process of buying, selling, or exchanging products, services, or information via computer networks.

- **E-commerce**

The exchange or buying and selling of goods and services by electronic means.

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- E-business defined:

Let's start from the definition by IBM (www.ibm.com/e-business), which was one of the first suppliers to use the term in 1997 to promote its services:

e-business is the transformation of key business processes through the use of Internet technologies.

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- E-business

A broader definition of EC that includes not just the buying and selling of goods and services, but also servicing customers, collaborating with business partners, and conducting electronic transactions within an organization.

- Electronic business (e-business)

All electronically mediated information exchanges, both within an organization and with external stakeholders supporting the range of business processes.

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An process that an organization conducts over a computer-mediated network

- **Production** – procurement, ordering, stock replenishment, payment processing, production control, etc.
- **Customer-focused** – marketing, selling, customer order processing, etc.
- **Internal or management-focused** – employee service, training, recruiting, information sharing, etc.

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- Electronic-Business Infrastructure:

The share of total **economic infrastructure** used to support e-business processes and conduct e-commerce transactions.

- Hardware
- Software
- Telecommunication networks
- Support services
- Human resources

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- importance of electronic commerce:

- E- Commerce Can Broaden Your Brand & Expand Your Business.
- E - Commerce Can Be Done With Fewer Overheads & Fewer Risk.
- E- Commerce Helps Businesses Go Global.

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- It's More Convenient.
- Increase Your Reach.
- E - Commerce Offers Better Marketing Opportunities.
- Improve the Image of Your Business.
- Scalable.
- Security shows Business reliability.

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- E-Commerce advantages:

E-Commerce advantages can be broadly classified in three major categories:

- Advantages to Organizations.
- Advantages to Consumers.
- Advantages to Society.

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- | | |
|--|--|
| <ul style="list-style-type: none">• Security• Site crash• No possibility of tried and tested product• Late delivery• Some products are difficult to buy online• Lack of privacy | <ul style="list-style-type: none">• Tax issues• Legal issues• Huge technological cost• Shipping problems• High labour cost• Credit card fraud |
|--|--|

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4. Traditional Commerce v/s E-Commerce.

Sr. No.	Traditional Commerce	E-Commerce
١	Heavy dependency on information exchange from person to person.	Information sharing is made easy via electronic communication channels making little dependency on person to person information exchange.
٢	Communication/ transaction are done in synchronous way. Manual intervention is required for each communication or transaction.	Communication or transaction can be done in asynchronous way. Electronics system automatically handles when to pass communication to required person or do the transactions.
٣	It is difficult to establish and maintain standard practices in traditional commerce.	A uniform strategy can be easily established and maintain in e-commerce.

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Sr. No.	Traditional Commerce	E-Commerce
٤	Communications of business depends upon individual skills.	In e-Commerce or Electronic Market, there is no human intervention.
٥	Unavailability of a uniform platform as traditional commerce depends heavily on personal communication.	E-Commerce website provides user a platform where all information is available at one place.
٦	No uniform platform for information sharing as it depends heavily on personal communication.	E-Commerce provides a universal platform to support commercial / business activities across the globe.

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5- Benefits of Doing Business Electronically:

- Reducing The Cost of Executing Transactions.
- Increasing the Speed of Business.
- Doing Business Any Time Anywhere.
- Improving Workflow.

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- Benefits of Doing Business Electronically cont. ...:

1. Reducing Errors and Improving Quality
2. Collaborating With Suppliers
 - Joint product design
 - Synchronized production
 - Servicing end customers

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- E-Commerce - Business Models and types:

E-commerce business models can generally be categorized into the following categories.

- Business - to - Business (B2B).
- Business - to - Consumer (B2C).
- Consumer - to - Consumer (C2C).
- Consumer - to - Business (C2B).
- Business - to - Government (B2G).
- Government - to - Business (G2B).
- Government - to - Citizen (G2C).

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- Examples of E-Commerce:

- Retailing and Marketing.
- Entertainment and Travel.
- Education and Learning.
- Banking and Investment.
- Health-Care.
- Auction.
- Personal and Business Service.

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- Key Business Drivers of E-Commerce:

- Internet.
- Information.
- Collaboration.
- Agility.
- Speed.
- Service.

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- **Competitive Advantages of E-Commerce:**

- Offers personalized products/services.
- Enables customer self-service.
- Reduces lead time.
- Reduces overall cost for seller and customers.
- Improves utilization of resources throughout the supply chain.
- Increases customer satisfaction and loyalty.
- Expands to global marketplace.

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- B2C E-commerce Implementation Strategies:

- Educate the customer.
- Make the shopping fun.
- Serve customers well.
- Personalize the sales pitch.
- Cross sell and up sell.
- Low price.
- Painless returns.

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- Ways to Improve E-Commerce Operations:

- Technology (hardware and software).
- Business Process Reengineering.
- Agile production (mass customization).
- Just-in-time system.
- Supply chain management.
- Business intelligence.
- Customer relationship management.

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6- factors in E -Commerce success:

The importance of e Commerce for your business can't be denied, and therefore, check the top 5 factors in e Commerce success:

- High-quality products are important in order to keep your customers loyal to your business, make sure you procure your goods from trusted suppliers.
- The product pricing is important, you don't want it to be too low for customers to doubt the quality of it or too high that they can't afford to buy it.

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- Make your store accessible on many devices such as mobile devices. You can do things to make your online store viewed better on mobile devices like optimizing your images and using responsive design.
- A first impression lasts forever, so make sure you have a good-looking website and make the best eye-catching designs if possible.

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- Lastly, security is a top priority. It is one of the main concerns with e Commerce for consumers and business owners, as their personal and financial information is being handled online.



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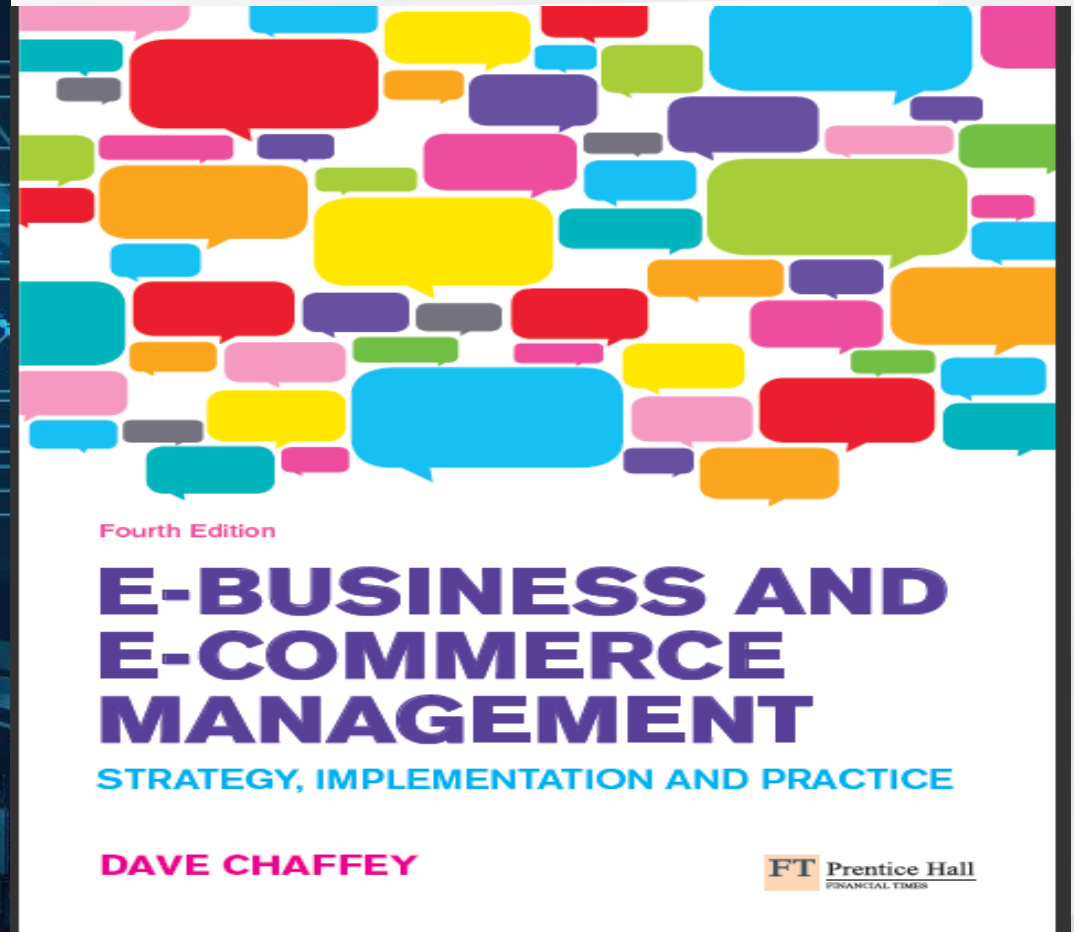
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Chapter 1



Thank You