

- 1 Chapter 10
E-Commerce:
A Revolution in the Way We Do Business
- 2 Chapter 10 Objectives
- 3 What Is E-Commerce?
 - 1 **What is electronic commerce (e-commerce)?**
 - 2 ❖ Financial business transaction that occurs over an electronic network
❖ Sometimes called e-business
- 4 What Is E-Commerce?
 - 1 **How are e-commerce transactions conducted?**
 - 2 ❖ Primarily through desktop computers
❖ Wirelessly using handheld Web-enabled devices
- 5 What Is E-Commerce?
 - 1 **What is a bricks-and-mortar business?**
 - 2 ❖ Company with a physical location, such as Wal-Mart or Kmart
- 6 What Is E-Commerce?
 - 1 **What is a clicks-and-mortar business?**
 - 2 ❖ Company with a bricks-and-mortar location as well as an online presence
❖ Some companies have online presence without physical locations
 - E*Trade and Amazon.com
- 7 What Is E-Commerce?
 - 1 **How has e-commerce grown?**
 - 2 ❖ Estimates are that by 2005 worldwide e-commerce will exceed \$5 trillion
- 8 E-Commerce Business Models
 - 1 **What is business-to-consumer (B-to-C or B2C) e-commerce?**
 - 2 ❖ Sale of products or services from a business to the general public
- 9 E-Commerce Business Models
How might a B2C e-commerce business operate?
- 10 E-Commerce Business Models
 - 1 **What is disintermediation?**
 - 2 ❖ Sell products to consumers without using traditional retail channels
❖ Enables companies to maximize benefits by eliminating middleman

- 11 E-Commerce Business Models
- 1 **What is consumer-to-consumer (C-to-C or C2C) e-commerce?**
 - 2 ❖ Individuals using Internet to sell products to other individuals
 - Online auction, such as eBay
- 12 E-Commerce Business Models
- 1 **What is peer-to-peer (P2P) e-commerce?**
 - 2 ❖ Users connect to each other's hard disks and exchange files directly
 - ❖ Consumer can pay another consumer to copy file
- 13 E-Commerce Business Models
- 1 **What is business-to-business (B-to-B or B2B) e-commerce?**
 - 2 ❖ Sale and exchange of products and service between businesses
 - ❖ Many businesses engage in both B2B and B2C
 - ❖ Supply chain creates and distributes products
- 14 E-Commerce Business Models
- What are four basic types of B2B e-commerce sites?**
- 15 E-Commerce Business Models
- 1 **What is vertical B2B e-commerce?**
 - 2 ❖ E-commerce site specializing in a particular industry
- 16 E-Commerce Business Models
- 1 **What is business-to-employee (B-to-E or B2E) e-commerce?**
 - 2 ❖ Use of intranet technology to handle activities that take place within a business
 - ❖ Increases profits by reducing expenses within a company
- 17 E-Commerce Business Models
- 1 **What are some advantages of e-commerce?**
 - 2
 - Global market 24/7
 - Businesses have access to 459 million people with Internet access
 - Customers can conduct price comparisons easily
 - Feedback can be immediate
 - Changing information can be available quickly
 - FAQ (frequently asked questions) pages can provide easy access to customer support
 - Ability to gather customer information, analyze it, and react
 - New and traditional approaches to generating revenue
 - Manufacturers can buy and sell directly, avoiding the cost of the middleman
 - Distribution costs for information reduced or eliminated
 - Options to create a paperless environment
- 18 E-Commerce Revenue Streams
- 1 **What is a revenue stream?**
 - 2 ❖ Method a business uses to generate income
 - ❖ Single Web site may use more than one method of generating revenue
- 19 E-Commerce Revenue Streams

- 1 **What is electronic software distribution (ESD)?**
 2 ❖ Sale of digital products such as software, music, movies, books, and photographs
 ❖ Purchase entitles you to download one copy of item
- 20 E-Commerce Revenue Streams
 1 **How is revenue generated with software rental?**
 2 ❖ ASP charges a rental fee before you can access and use Web application software
 ❖ Microsoft's Web applications are called .NET
- 21 E-Commerce Revenue Streams
 1 **What is advertisement revenue?**
 2 ❖ Sites earn commissions from advertising sponsor when visitors make purchases as a result of clicking advertisement on Web page
- 22 E-Commerce Revenue Streams
 1 **How is revenue generated with an informational Web site?**
 2 ❖ Visitors are required to subscribe to service
 ❖ Provides some information at no cost, but requires a subscription to access content of entire site
- 23 E-Commerce Revenue Streams
 1 **What is a Web hosting service ?**
 2 ❖ Assists people and companies in hosting their Web site
 ❖ Provides hardware, software, and communications required for a Web server
 ❖ Some provide services that include managing payments and tracking inventory
- 24 E-Commerce Revenue Streams
 1 **How is revenue generated with Internet access?**
 2 ❖ Some sites, such as MSN and AOL, provide Internet access
 ❖ Many have become portals offering other services
- 25 The E-Retailing Market Sector
 1 **What is an electronic storefront?**
 2 ❖ Web site where e-retailer displays its products
 ❖ Shopping cart allows customer to collect purchases
 ❖ Also called online catalog
- 26 The E-Retailing Market Sector
 1 **What is a secure checkout?**
 2 ❖ Web site where customer enters personal and financial data
 ❖ Transaction and financial data automatically are verified at a banking Web site
- 27 Other E-Commerce Market Sectors on the Web
 1 **What is online banking?**
 2 ❖ Pay bills from your computer
 ❖ Transfer money electronically from your account to a payee's account
- 28 Other E-Commerce Market Sectors on the Web

- 1 What is online trading?**
- 2**
- ❖ Invest online in stocks, options, bonds, treasuries, CDs, money markets, annuities, and mutual funds without using a broker
 - ❖ Transaction fees are less expensive
- 29 Other E-Commerce Market Sectors on the Web
- 1 What travel services are available on the Web?**
- 2**
- ❖ Driving directions and maps
 - ❖ Airline, hotel, and car reservations
- 30 Other E-Commerce Market Sectors on the Web
- 1 What is a shopping bot?**
- 2**
- ❖ Web site that searches for the best price on a specific product
 - ❖ Also called a shopbot
- 31 Other E-Commerce Market Sectors on the Web
- 1 What health services are available on the Web?**
- 2**
- ❖ Provide up-to-date medical, fitness, nutrition, or exercise information
 - ❖ Pharmacies allow customers to refill prescriptions and ask questions
- 32 Other E-Commerce Market Sectors on the Web
- What are other Web-based business services?**
- 33 Creating an Online Store
- What decisions should be made to create an online store?**
- 34 Creating an Online Store
- 1 What options are available for building a storefront?**
- 2**
- ❖ Develop in-house storefront
 - ❖ Outsource storefront
- 35 Creating an Online Store
- 1 What is e-commerce software?**
- 2**
- ❖ Allows merchant to set up a storefront
 - ❖ Includes security
 - ❖ Some include statistical tracking features and capability of integrating with other systems
- 36 Creating an Online Store
- 1 What is a secure server?**
- 2**
- ❖ Prevents access to system by unauthorized users
 - ❖ Used for transactions involving credit card information
- 37 Creating an Online Store
- 1 What is a Web site development service?**
- 2**
- ❖ Assists in process of creating a storefront
 - ❖ Allows small businesses and individuals to participate in e-commerce arena
- 38 Creating an Online Store
- 1 What factors lead to customer loyalty?**

- ❖ **Best storefronts are efficient and easy to use**
 - ❖ **Customers who must wait more than eight seconds for a page to download usually will click to another site**
- 39 **Creating an Online Store**
- 1 **What is electronic Customer Relationship Management (eCRM)?**
 - 2
 - ❖ **Service after a sale**
 - ❖ **Combines personalized touch and customized service to customers**
 - ❖ **Automatic e-mail to confirm orders, display FAQ, and send surveys**
- 40 **Creating an Online Store**
- 1 **What is e-mail publishing?**
 - 2
 - ❖ **Process of sending newsletters via e-mail to large group of people with similar interests**
- 41 **Creating an Online Store**
- 1 **Selecting a domain name**
 - 2
 - ❖ **Name should correspond to business name or function**
 - ❖ **Domain name is registered with various search engines**
- 42 **Creating an Online Store**
- 1 **What is a submission service?**
 - 2
 - ❖ **Web-based business in which you typically pay a fee to register with hundreds of search engines**
- 43 **Creating an Online Store**
- 1 **What is spam?**
 - 2
 - ❖ **Unsolicited e-mail messages or newsgroup postings**
 - ❖ **Internet junk mail**
 - ❖ **Usually generates antagonism instead of sales**
- 44 **Summary of E-Commerce:**
- A Revolution in the Way We Do Business
- ❖ **What is e-commerce?**
 - ❖ **E-commerce business models**
 - ❖ **E-commerce revenue streams**
 - ❖ **The e-retailing market sector**
 - ❖ **Other e-commerce market sectors on the Web**
 - ❖ **Creating an online store**