

E-Commerce (Winter 2011)

Basics

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Concetti Base

- Definizione:

Il commercio elettronico è il processo di acquistare, vendere, trasferire o scambiare prodotti, servizi e informazioni attraverso reti di computer, Internet inclusa.

- La definizione non è universale, diversi punti di vista possono portare a diverse definizioni, tutte sensate.

Definizioni

- **Comunicazione:** consegna di beni, servizi, informazioni o pagamenti su reti di computer o tramite altri mezzi elettronici
- **Commerciale:** capacità di vendere o acquistare prodotti, servizi o informazioni tramite internet o altri servizi online
- **Processi di Business:** capacità di completare processi di business su reti di computer, sostituendosi a processi fisici
- **Servizi:** strumento per tagliare i costi di governi, enti, marche, consumatori e allo stesso tempo per migliorare la qualità di servizio e i tempi di consegna

Definizioni - II

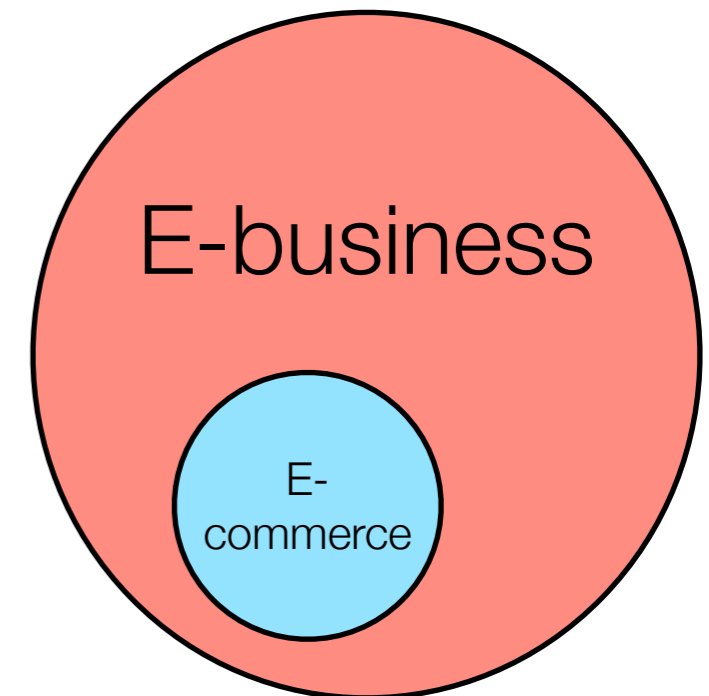
- **Learning:** fornire conoscenza online, corsi di training, corsi professionali, lezioni universitarie, seminari
- **Collaborazione:** un framework per collaborazione interorganizzazione e intraorganizzazione
- **Comunità:** un luogo di incontro per i membri di una o più comunità che possono imparare, collaborare, eseguire transazioni, condividere contenuti e idee

E-Commerce vs E-Business

- Often the terms are used indistinctly
- E-business include
 - *servicing customers*
 - *collaborating with business partners*
 - *buying and selling good and services*
 - *conducting electronic transactions within an organization*

E-Commerce vs E-Business

- E-commerce relates to buying and selling
 - ebay, amazon, etc.



Networks

- When we speak of “network” we often think of the Internet
- Internet is the most common network used in B2C
- Other forms of e-commerce use other networks
- Also, B2C can occur on different networks
 - Bulletin boards, private networks (banks, amazon kindle?)

What is e-business that is not also e-commerce?



E-Commerce is new

- E-commerce is still a new field of study
- Not even 20 years, still a lot space for innovation
- New technologies drives the change
 - smartphones, gps devices
- For some things, we still don't have the technology
- Still a lot of opportunities for someone with new ideas

Classification of EC

- A way to classify e-commerce is by using the nature of the transactions and the relationship among participants:
 - business-to-business (B2B): businesses make online transactions with other businesses
 - business-to-consumer (B2C): online transactions are made between businesses and individual consumers. also called e-tailing: online retailing
 - business-to-business-to-consumer (B2B2C): e-commerce model in which a business provides some product or service to a client business that maintains its own customers

Classification of EC - II

- consumer-to-business (C2B): e-commerce model in which individuals use the Internet to sell products or services to organizations(betterworldbooks.com)
- consumer-to-consumer (C2C): e-commerce model in which consumers sell directly to other consumers (ebay)
- peer-to-peer (P2P): technology that enables networked peer computers to share data and processing with each other directly; can be used in C2C, B2B, and B2C e-commerce
- mobile commerce (m-commerce): e-commerce transactions and activities conducted in a wireless environment

Classification of EC - III

- location-based commerce (l- commerce): m-commerce transactions targeted to individuals in specific locations, at specific times
- business-to-employees (B2E): e-commerce model in which an organization delivers services, information, or products to its individual employees, B2ME is mobile (techs receiving information dynamically on their palm or smartphone)

Classification of EC - IV

- collaborative commerce (c-commerce): e-commerce model in which individuals or groups communicate or collaborate online
- e-learning: the online delivery of information for purposes of training or education
- e-government: a government entity provides goods and services to business or individuals

What does e-commerce sell

- Not everything is suitable to be sold online
- Some products are perfect, for others something must be revised, others are impossible
 - Amazon Groceries
 - Pets.com
- Other companies had no clue of how to make money
 - Google.com



<http://www.youtube.com/watch?v=wqpAwsBbAYc>

http://www.amazon.co.uk/Coffee-Snacks-International-Specialty-Food/b/ref=sa_menu_gs9?ie=UTF8&node=340834031

Pure and Partial EC

- We can look at this in three different dimensions:
 - the product
 - the process (by which we receive orders and fulfill orders)
 - the delivery (how the customer gain access to the product)
- Pure e-commerce is perfection
 - selling a digital product, using a digital process, using digital delivery
 - the more you move toward e-commerce, the better (more money, less work)

Examples of pure e-commerce?



Pure e-commerce

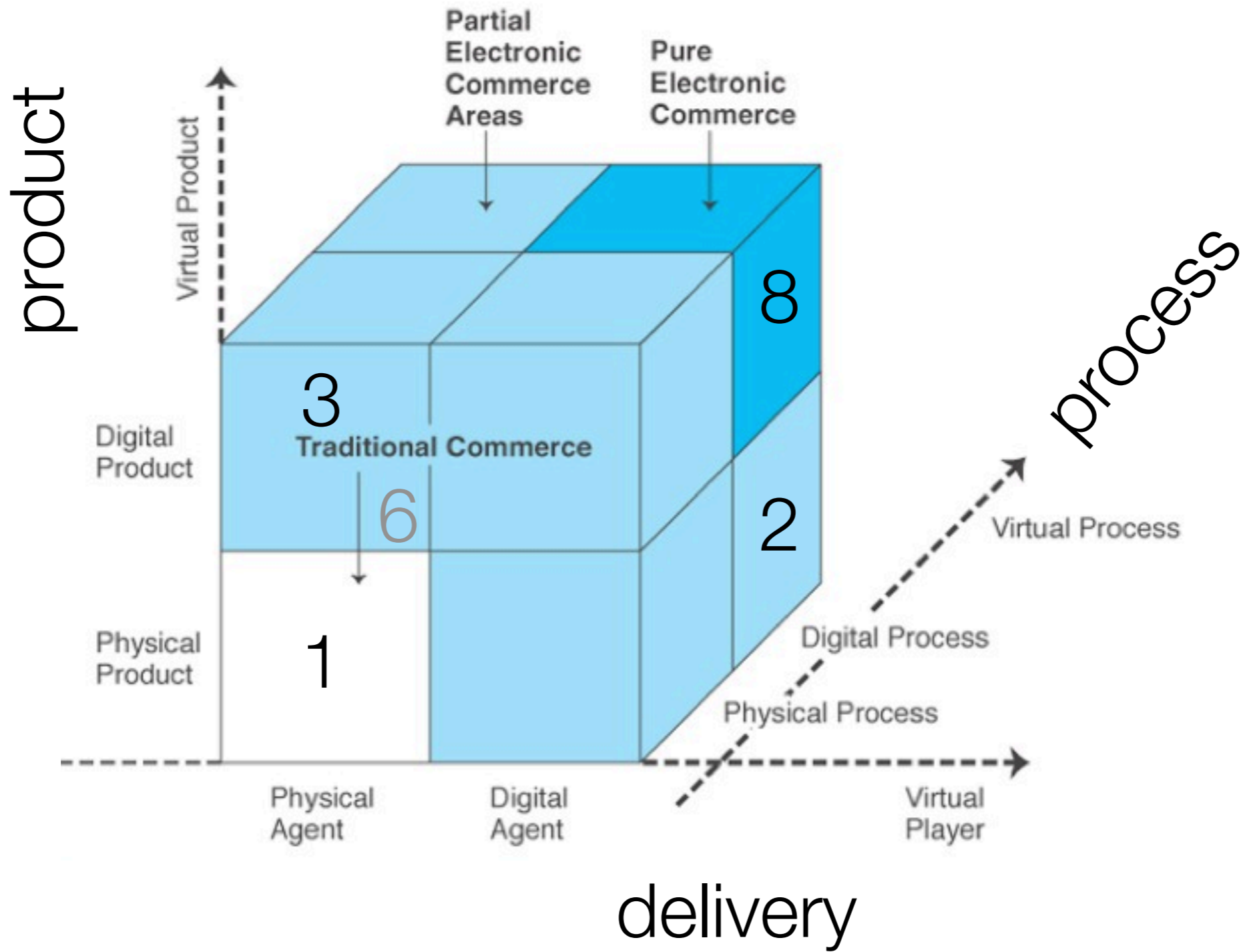
- Often in e-commerce the question is: how can we move toward pure e-commerce?
- Example: ebooks. But still someone prefer to buy paper books.
- It's not always possible to reach pure e-commerce
- Example: digital videogames distribution (steam vs gamestop)
- Sometimes, technical problems (blueray)

Pure e-commerce

Blockbuster vs Netflix

In 10 years, will we use a dvd?





Dimensions of EC

Exhibit 1.1

Dimensions of EC

- Some are easy to understand in and to find examples, others are less immediate, easy to understand in theory, but hard to come up with an example

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- 8: iTunes

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- 3:
- 8: iTunes
- 6:

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- 1: traditional commerce
- 3:
- 8: iTunes
- 6:
- 2:

Crude and Natural E-commerce

- E-commerce can be:
 - crude: needs complicate actions to perform a transaction
 - examples:
 - natural: effortless, no special or complicated actions are required, promote emotional buy
 - examples: freemium model, in-app purchases on iTunes, Amazon Kindle ebooks in 3g network

Pure and Partial EC

- **Brick-and-mortar** organizations are old-economy organizations (corporations) that perform most of their business offline, selling physical products by the means of physical agents
- **Virtual organizations** conduct their business activities solely online (all three dimensions are digital)
- **Click-and-mortar** organizations conduct some EC activities, but also has business on the physical world
- Gradually many brick-and-mortar organizations are migrating to click-and-mortar

Benefits of EC

- Global reach
- Cost reduction
- Supply chain improvements
- Extended hours: 24/7/365
- Customization
- New business models
- Vendors' specialization
- Rapid time-to-market
- Efficient procurement
- Improved customer relations

for organizations

Benefits of EC

- Ubiquity
- More products and services
- Cheaper products and services
- Instant delivery
- Information availability

for consumers

Benefits of EC

- Telecommuting
- Higher standard of living
- Availability of public services

for the society

Limitations of EC

EXHIBIT 1.7 Limitations of Electronic Commerce

Technological Limitations

Lack of universal standards for quality, security, and reliability.

The telecommunications bandwidth is insufficient, especially for m-commerce.

Software development tools are still evolving.

It is difficult to integrate Internet and EC software with some existing (especially legacy) applications and databases.

Special Web servers are needed in addition to the network servers, which add to the cost of EC.

Internet accessibility is still expensive and/or inconvenient.

Order fulfillment of large-scale B2C requires special automated warehouses.

Nontechnological Limitations

Security and privacy concerns deter customers from buying.

Lack of trust in EC and in unknown sellers hinders buying.

Many legal and public policy issues, including taxation, have not yet been resolved.

National and international government regulations sometimes get in the way.

It is difficult to measure some of the benefits of EC, such as advertising. Mature measurement methodologies are not yet available.

Some customers like to feel and touch products. Also, customers are resistant to the change from shopping at a brick-and-mortar store to a virtual store.

People do not yet sufficiently trust paperless, faceless transactions.

In many cases, the number of sellers and buyers that are needed for profitable EC operations is insufficient.

Online fraud is increasing.

It is difficult to obtain venture capital due to the failure of many dot-coms.

Summary

- Definition of EC and description of various categories
- The content and framework of EC
- The major types of EC and business models
- Case of studies
- Overview of benefits and limitations