

E-Business Strategy

Unit 2: E-Commerce and E-business



Trawsnewid Addysg; Trawsnewid Bywydau
Transforming Education; Transforming Lives

Learning Objectives

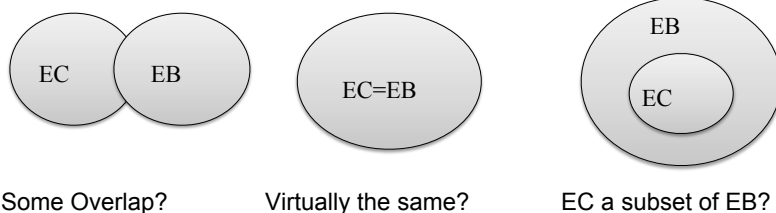
- Define e-commerce and e-business
- Identify the different elements of E-commerce and E-business
- Structural organisation of E-business and E-commerce types
- Drivers and Barriers to e-commerce



Trawsnewid Addysg; Trawsnewid Bywydau
Transforming Education; Transforming Lives

Relationship between E-commerce and E-business

What is the relationship between EC and EB?



What are the other possible relationships (not shown here)?

EBS: Unit 2: Types of e-business

- There are many definitions of e-business -- we will start with the following:

"E-business = the conduct of business on the Internet, not only buying and selling, but also servicing customers and collaborating with business partners" [Chen, 2006, p. 2]

- E-business can be classified into four main types -- according to the type of transaction supported by network-based technology:

B2C: "business to consumer" (online retail)

B2B: "business-to-business" (online procurement and logistics)

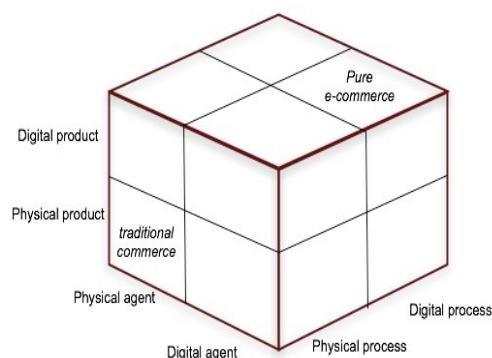
C2C: "consumer-to-consumer" (auction sites, advertising retail of consumer goods, recycling of goods)

C2B: "consumer to business" (services individuals offer to businesses (e.g. chartered accountants, lawyers))

		Buyer	
		Business	Consumer
Seller	Business	B2B	B2C
	Consumer	C2B	C2C

EBS: Unit 2: Types of e-business: another view

- An alternative view of e-business is to compare the types of process, product and distribution required -- leading to eight different types
- These range from traditional commerce (the high street retailer supplemented by some online retailing), to the pure digital retailer where all business is conducted online.
- Not all e-business is retail (of course) -- it is a mistake not to include EDI (B2B data interchange), e-SCM (procurement and logistics), e-CRM, e-Marketing, and EFT (electronic funds transfer for traditional B2B transactions) as part of the e-business revolution of the past 20 years.

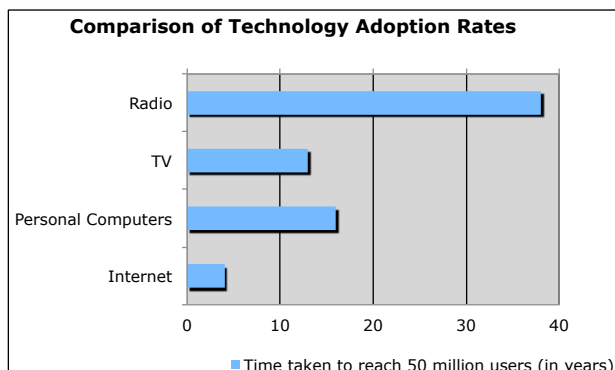


Beginnings of E-commerce

- Earliest forms of E-commerce
 - telex, fax, telegraph, telephone ordering . . .
- Impact of Electronic Data Interchange (EDI) and Electronic Funds Transfer (EFT).
- Telephony systems to provide direct consumer trade, emergence of EPOS and credit-checking systems.
- Intranets & Internet (WWW) and web based applications.
- Business to Business (B2B): E-procurement, EDI, online services, e-SCM, e-CRM.
- Business to Consumer (B2C) via WWW.

EBS: Unit 2: Social and Technology changes

- Usage of early e-commerce systems (mainly EDI and EFT) was limited to large businesses and their largest suppliers. By contrast, the main drivers of Internet systems has been to allow businesses of all sizes -- even individual entrepreneurs -- to engage in e-commerce with minimal investment.



- This has promoted a *massive* explosion in the adoption of e-commerce: e.g. by 2000 Internet traffic was estimated to be doubling every 100 days.

In other words: the Internet took 4 years to go from a few hundred thousand to 50 million users. The same growth took 16 years for personal computers, 13 years for TV and 38 years for radio technologies.

E-commerce to E-Business

- Emerging concept which can be examined from:
 - Communications perspective: the delivery of goods, services, information, or payments over computer networks or by another electronic means.
 - Business process perspective: the application of technology toward the automation of business transaction and workflow.
 - Service perspective: a tool to cut service costs while improving the quality of goods and increasing the speed of service delivery.
 - Online perspective: buying and selling products and information online.

Kalakota & Whinston (1997)

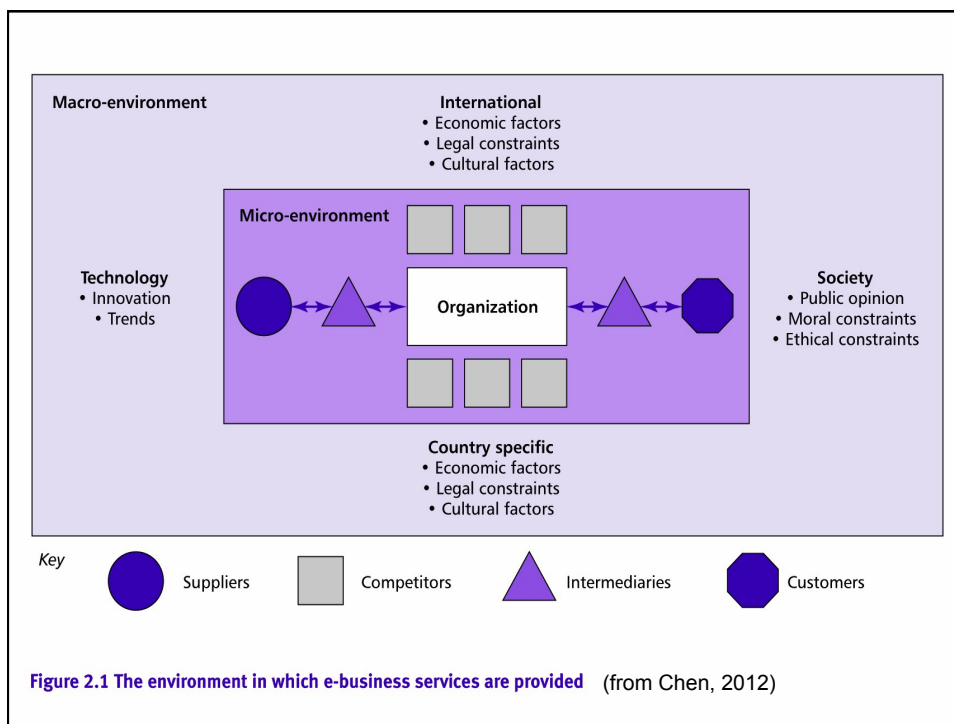
E-commerce to E-business

- Widen Scope in 21st Century:
 - Collaboration Perspective: the framework for inter- and intra-organisational collaboration.
 - Relationship Perspective: building, maintaining and extending relationship with partners and customers.
 - Community Perspective: provides a gathering place for community members to learn, transact, and collaborate.
- Transformation of businesses & their markets.
- Term “E-commerce” may seem too narrow so some refer to “*E-business*” instead.

Comparison of B2B and B2C markets

(Rowley,02)

Organisational (B2B)	Consumer (B2C)
Fewer customers and known customers	Lots of customers necessary for success
Fewer transactions	Large numbers of transactions
Each transaction of high value	Low-value transactions
Net worth of each customer is high	Cannot predict growth rate
Regular transactions	Less regular transactions with individual customers
Credit rating known	Credit rating often not known



Different Players in the E-commerce Market

- **Brick-and-Mortar:**
 - Whole business via physical store with limited online presence
- **Click-and-mortar**
 - A business combining online and offline presence
 - Part of business via internet; part of it via physical store
 - Any examples?
- **Pure-play**
 - whole business is run principally via internet;
 - virtually no physical stores.
 - Eg. e-Bay, Amazon, lastminute.com, easyjet.com, many other airlines,
 - Any more?

Drivers for the Spread of E-commerce and E-business

Pressures from many sources:

- Employee expectations and innovation from within the organisation.
- Competitive pressure from rivals.
- Customer-led demand / speedier customer profiling (market research).
- Technology push (and vendor hype).
- Globalisation, internationalisation and new market opportunities.



Trawsnewid Addysg; Trawsnewid Bywydau
Transforming Education; Transforming Lives

Drivers for the Spread of E-commerce and E-business

- Commercial benefits derive either from cost reduction or revenue generation.
- Cost reduction:
 - Eliminate paperwork and staff costs
 - Access wider range of suppliers
 - JIT deliveries ⇨ reduced inventory, shorter lead times.
- Revenue generation:
 - Access new markets.
 - Innovative services.
 - Meet customer expectations.
 - Customise product offering.



Trawsnewid Addysg; Trawsnewid Bywydau
Transforming Education; Transforming Lives

Barriers to the Spread of E-commerce and E-business

- DTI (2000) survey of businesses:
 - Barriers to B2B rated from 1 to 5, where 1 = strongly disagree, 5 = strongly agree :
 - Irrelevant to business (3.6)
 - No tangible benefits (3.51)
 - Costs too high (3.5)
 - Concern about confidentiality (3.22)
 - Concern about fraud (3.11)

The Evolution of E-Business

- Stage 1: Email - for communication and information exchange purposes. File (document) transfer systems via networks.
- Stage 2: Website (global presence) - reference to customers worldwide. Combined with email, it allows customers to communicate with the business at any time from anywhere. Integration of business processes using ERP.
- Stage 3: E-commerce: using website to carry out business transactions with suppliers, clients and customers.

The Evolution of E-Business

- Stage 4: E-business - doing business electronically as a whole; complete integration of IT into economic infrastructure of a business, so also called digital economy:
 - Main issues:
 - legacy systems integrated with e-business enterprise application (i.e. ERP, CRM, SRM, SCM,)
 - Intranet and extranet deployment
 - Business Process Re-engineering (crucial)
- Stage 5: Ecosystem - Entire business process is automated via internet. That means customers, suppliers, and key alliance partners and corporate infrastructure are integrated into a seamless system, i.e. a networked organisation.

Coming Next: Units 3 - 4

- E-business Strategy
- Pre-Unit 3 case study:
 - Case 13 (p371-385) of Jelassi and Enders (2005), Strategies for E-Business
- Pre-Unit 3 reading:
 - Chapter 1 & 5 of Chaffey (2007)
 - Research into:
 - What a strategy is and what an e-business strategy is?
 - Which tools for the analysis of business performance and potential are suitable for e-Business strategic analysis?