

Developing Innovation and Creativity for Business Advantage

Week - 3 Innovative eBusiness / eCommerce

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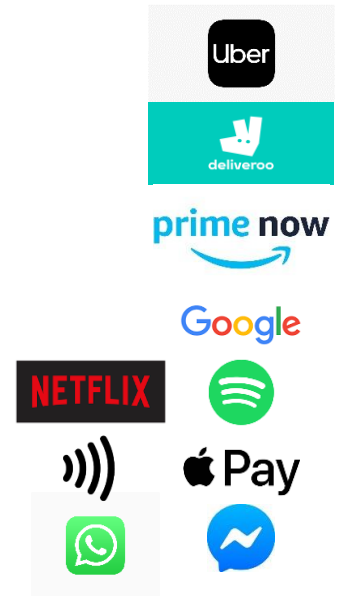
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Recap

- Week 1 – **Introduction to innovation** Why IT matters
- Week 2 – **Concepts & techniques of innovation & creativity**
- This week – we will look “innovative” eBusiness / eCommerce

Today's consumers are demanding more than ever...

- a taxi in 5 minutes
- a pizza in 20 minutes
- groceries in 60 minutes
- search results in 0.3 seconds
- content on demand
- not to stand in line at a supermarket
- not to pay cash
- immediate answer to questions



Source: Dr. Tu Lam Pham

- YouTube: E-Commerce Trends 2018 – Amazon, Artificial Reality and Augmented Reality <https://youtu.be/Kxr0nplICHE>

Innovative eBusiness

Solution: Innovative eBusiness?

eBusiness is the powerful business environment that is created when we connect critical business systems directly to customers, employees, vendors, and business partners using intranets, eCommerce technologies, collaborative applications and the Web

Definition: eBusiness

- A **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.

Definition: eCommerce

- Any **transaction** completed over a computer-mediated network that involves the **transfer of ownership or rights to use goods or services**.
- Completed transactions may have a zero price.

eBusiness Infrastructure

- The share of total **economic infrastructure** used to support eBusiness processes and conduct eCommerce transactions.
 - Hardware
 - Software
 - Telecommunication networks
 - Support services
 - Human resources

Innovative eBusiness rules

- Customers determine everything.
- Knowledge and information become more valuable than physical assets.
- People want more choices of products and services.
- Time is present time, distance is zero.
- Technology and network determine how the business is conducted.

Potential Benefits of innovative eBusiness

- More product/service selections
- Higher Productivity
- Improved accessibility and convenience
- Better availability of information
- Shorter lead time
- Improved communication
- Stronger competitive position

Categories of innovative eBusiness applications

- Collaboration
- Customer Service
- Customization
- Streamlining
- Management
- Cutting Edge

Example of innovative eBusiness

- Sales
- Customer Service
- Supplier management
- Marketing
- Product Design
- Financing
- Employees Training

Potential Supply Chain Members of eBusiness

- End users
- E-store
- payment processor
- Distributors'/Producers' supply chain
- Transportation/logistics providers
- Customer service providers

Basic eBusiness strategies

- **Reach** (access and connection with customers)
- **Richness** (depth and detail of information to/from customers)
- **Affiliation** (advancing customers' interests)

Key drivers of innovative eBusiness

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

Competitive Advantages of eBusiness

- 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

Tasks performed by Customers

- Browse e-Catalogs
- Conduct research on products/services
- Configure and place orders
- Look up pricing
- Look up lead time and order status
- Access invoicing information
- Access customer service information

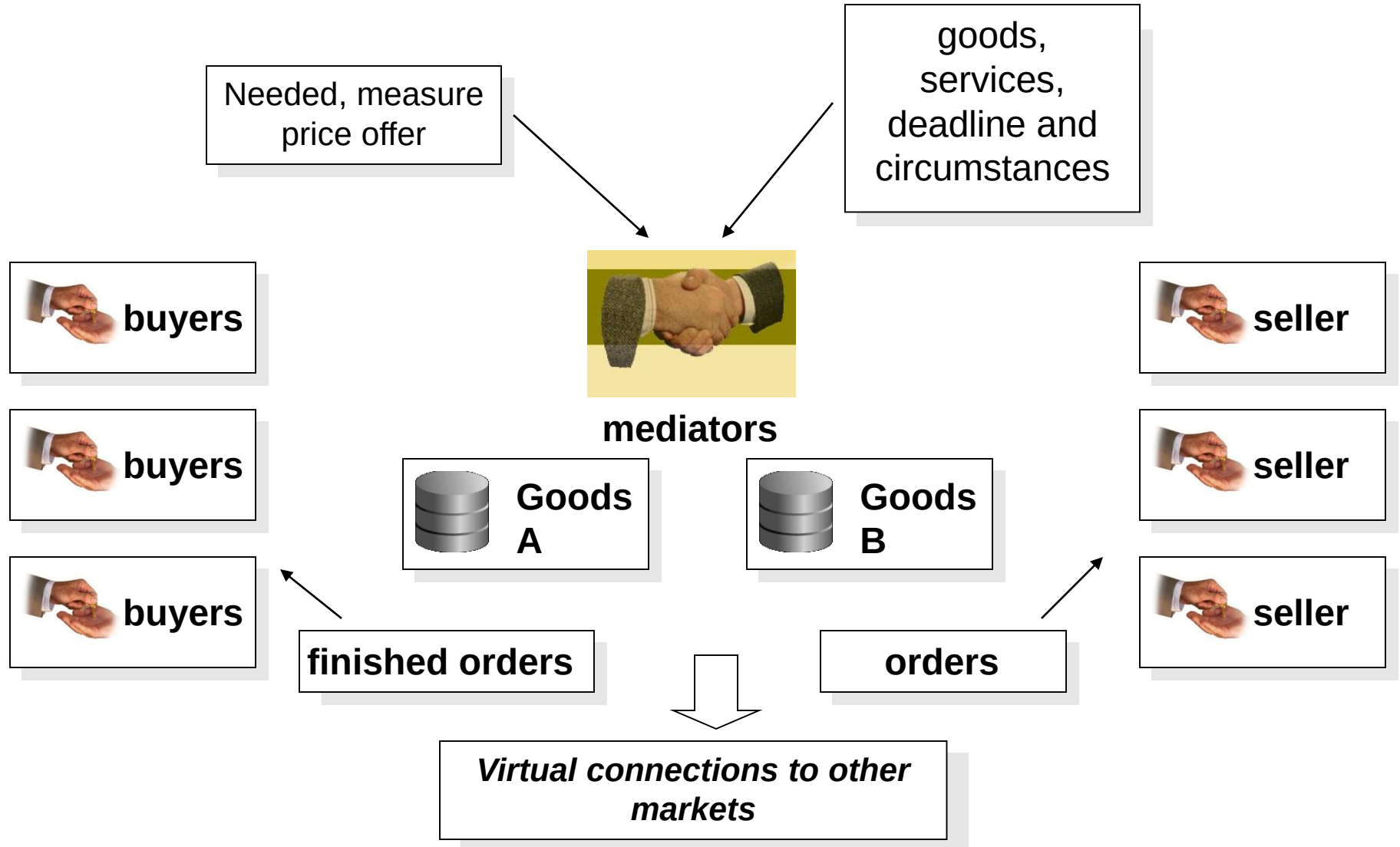
Innovative B2C implementation strategies

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

Innovation to improve eBusiness operations

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

Virtual Markets



Developing innovative eBusiness means.....

BUILDING RELIABLE AND SCALABLE SYSTEMS FOR...

- security
- collaboration
- messaging
- E-Commerce payments
- supply-chain management
- sales force
- data warehousing
- customer relations

AND INTEGRATE ALL THE ABOVE WITH.....

- Back-end operations

eBusiness has.....

- Increased the competition
- made companies reconfigure their business
- created a critical new market
- exploded the distribution channels
- imparted more power to customer

Main Ideas of eBusiness

- Start Simple but grow fast
- Build on what you have

Evolution of innovative eBusiness

THREE generations of innovative eBusiness

- Establishing static presence on the web
- Lining front-ends with the back-ends
- Benefits of automation and integration extended to the customer

contd...

Generation 1

- Developing web-sites that served as the catalogs

Generation 2

- Linking the Web front-ends with back-end order management and inventory control systems
- Enabled customers to place and track orders directly from a company's web site, thus giving customers more control over the order process
- *Vendor-centric* : company's ability to automate internal process and link them to the web for the customers

contd...

Generation 3

- Companies extends the benefits of automation and integration to the customer
- not only deliver information directly to the customer but also customize services and data delivery in order to enable rich interaction among systems
- Companies conduct business programmatically
- *Customer-centric approach*: employs automation, integration and data delivery techniques to provide maximum competitive value to external customers

eBusiness Models

There are **THREE** types of market places:

- 1) Controlled by Sellers
- 2) Controlled by Buyers
- 3) Neutral Marketplaces

1) Seller Controlled Markets

- Set up by single vendor seeking many buyers
- *Main aim* - to retain value and power in any transaction

2) Buyer Controlled Markets

- Set up by or for one or more buyers

Main aim

- to shift value and power in marketplace on the buyer's side
- Buyer intermediaries can also be there
...act as agents

3) Neutral Markets

- Set up by third party intermediaries to match many buyers to many sellers
- Matches buyers to sellers at an auction
- Commission based

Choosing a Marketplace Model

Choosing a marketplace depends on **FOUR** factors:

- 1) Are there transactions or benefits to be realized ?
- 2) Is electronic market for product developing quickly ?
- 3) Does company have substantial market share or buying power ?
- 4) Would a neutral intermediary be beneficiary ?

Innovative eBusiness Cycle

FOUR PROCESSES

- 1) Transform
- 2) Build
- 3) Run
- 4) Leverage

1) Transform

- Ability of company to transform core business processes and leveraging the reach and pervasiveness of the internet

Where to start?

Key to success lies in making eBusiness priorities the priorities of business

Transform

contd.....

PRIORITY

- Extending reach and capturing new markets
- Improve customer retention through “6C”s

WHAT TO DO

- Enable web-site for eCommerce
- Start analyzing the “6C”s
 - 1) Contents
 - 2) Customization
 - 3) Convenience
 - 4) Choice
 - 5) Cost reduction
 - 6) Community

2) Build

- Involves building the transform applications
- Fastest and effective way is simply to extend and continue to modernize existing applications and develop the new ones with the existing information systems

3) Run

To run eBusiness successfully and optimally:

- offer reliability to ensure trust
- provide security that provides confidence
- manageability to ensure performance
- Since eBusiness solutions must grow quickly in multiple dimensions, SCALABILITY is also important

4) Leverage

Outside the Organization

- Becoming customer-centric means leverage existing data for greater understanding of the customer.
- What do customer buy, when and how do they buy? -----Use this information optimally

Leverage

Contd...

Inside the Organization

- Leverage the experience and knowledge of individuals within the organization -----
to make a complex process work
to roll out a new product
- Leverage existing knowledge and replicate best processes across the organization to improve innovation & responsiveness

Overall Focus

- International reach and focus
- Easy fast access to all information
- Deep customer knowledge
- Effective customization
- Secure Transactions
- Reliable delivery
- Responsive customer support

Tasks Performed by

Sales and Marketing

- Application development, security, infrastructure, overall program management

Information Technology

- Program management, systems integration, marketing, international focus

Process and Logistics

- Customer services, corporate databases, planning, fulfillment

CRM

Companies must know: What the “King” want ?

First rule : know the customer

Goal: Provide self-service customization

Companies must know:

Contd...

Where does the customer want it ?

- Customer could be using:
 - workstation
 - or cell phone
- Company's delivery system must be able to intelligently deal with a range of platforms and connections
- eBusiness never sleeps
 - so information is always needed
- customer needs information as soon as it becomes relevant
 - example: customer must know the price changes

Communicating with the “King”!

To increase sales and profits, companies must know:

- 1) Which customer to communicate to ?
- 2) When to communicate ?

Innovative eBusiness must have insight into each customer interaction and purchase information that accumulates constantly

Total Insight

Combine product and transaction information with all customer information like:

- Purchase History
- Non-purchase interaction
- Promotion History
- Individual Customer Preferences
- Demographics
- Psychographics

Superior Customer Understanding

Personalization

- be information intensive, helpful and relevant

Reach customer

- reach customers wherever they want to be reached

Remember there are

- **Money RICH but time POOR customers**

How to be successful in digital business/commerce

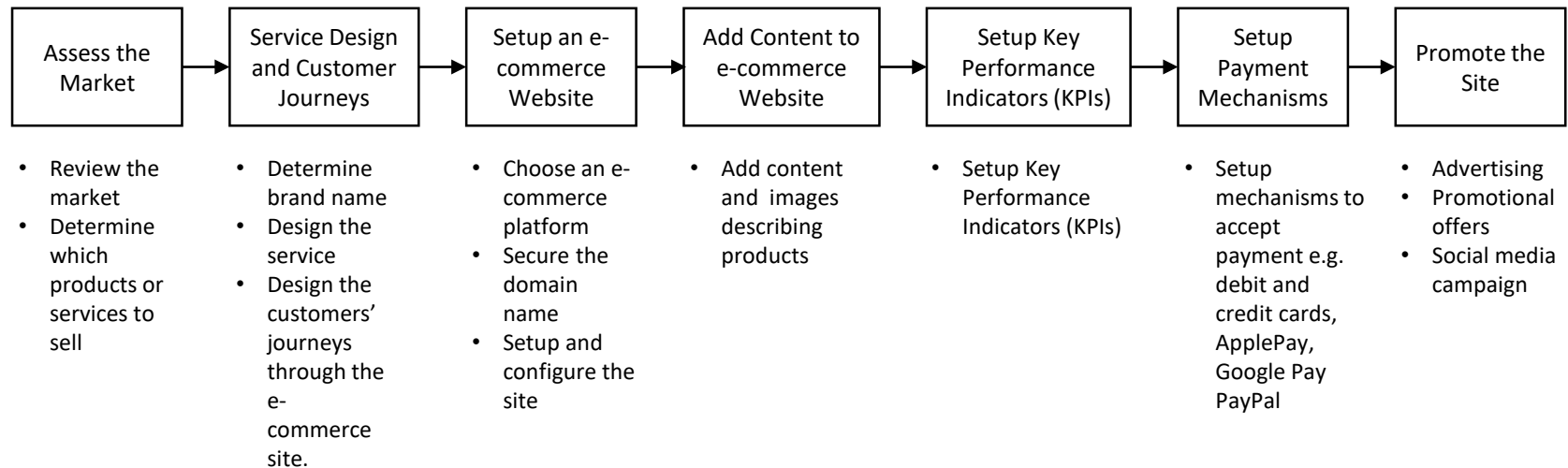
- Reduce (or remove) friction - the level of difficulty that customers face when they want to complete a task - bad user experience destroys value
- Make things as fast and easy as possible
- Go direct to consumer – cut out the middlemen (wholesalers, stores)
- Provide great value
- Embrace returns – offer try-ons (get people to experience your product)
- Use data to understand your customer – understand what people want, rather than just guessing
- Focus all marketing on mobile and social media
- Add value through personalisation and co-creation e.g. online photo books and personalised household items
- Experiment with new technologies – smart assistants (Alexa), augmented reality

Example – Amazon Go

- Amazon are moving from online to bricks and mortar – but in their own way:
- Introducing Amazon Go:
<https://www.youtube.com/watch?v=NrmMk1Myrxc>
- How does Amazon Go work?:
<https://youtu.be/rPZdWuOPaHY>
- Amazon Go: Cashier-less grocery shopping experience: <https://youtu.be/VoY4zuhpJQk>
- China has a lead in cashier-less stores – Bingo Box – although they use much less sophisticated technology

Innovative eCommerce – project plan example

To setup an e-commerce innovative e-commerce – a project plan might look like



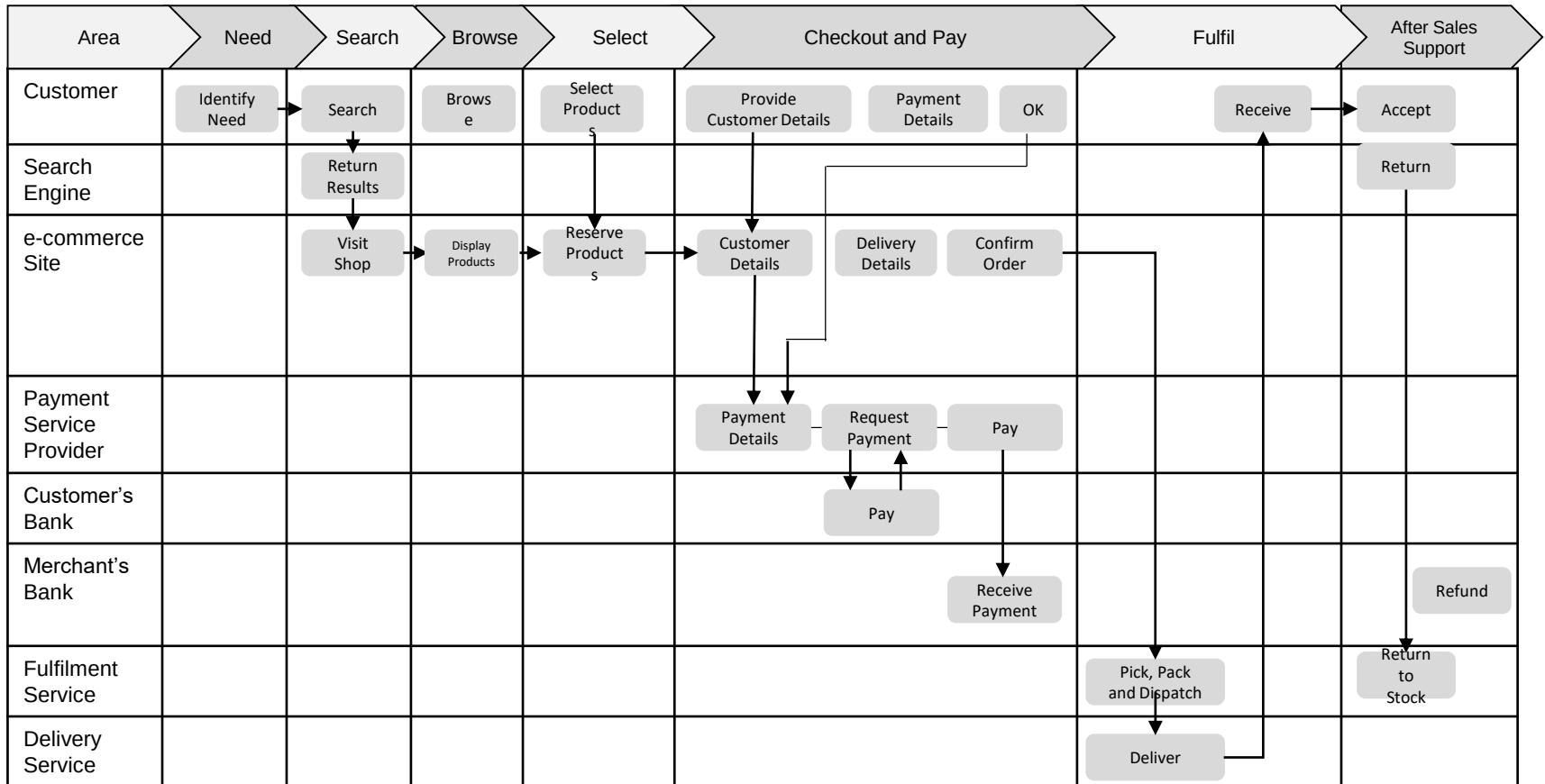
Customer Journey Map – Online Grocery Store

Stage	Awareness	Consideration	Decision		Delivery and Use			Loyalty and Advocacy	
Customer Activities	Hear from friends, see offline or online ad, read from newspapers	Compare and evaluate alternatives	Add groceries to shopping cart	Place an order	Receive or pick up order	Contact customer service	Enjoy groceries	Order again and/or order more	Share experience
Customer Goals	No goals at this point	Find the best solution to buy food	Find and select products easily, get inspired	Order effortlessly	Receive or pick up an order effortlessly and when needed	Get help if problems appear, request for refund	Have the right and good quality ingredients	Repeat good customer experience	Share feelings, provide feedback
Touchpoints	Word of mouth, traditional media, social media	Word of mouth, website, bricks and mortar store, social media	Browser on desktop, tablet or mobile. Mobile app.	Website, app, order confirmation email	Delivery service, packing, messages- email, SMS, phone call	Phone, email or chat	Food products, packages and other materials	Browsers, app, email, letter	Word of mouth, social media
Experience	Interested, curious	Requires effort but excited	Excited	"payment painful"	Requires effort, happy when received	Frustrated	Satisfied	"This is easy"	"I have to share this"
Business Goal	Increase awareness and interest	Increase number of website visitors	Increase shopping cart value and conversion rate	Increase online sales and conversion rate	Deliver on time and minimise the delivery window	Increase customer service satisfaction, minimise waiting time	Make products to match expectations	Increase retention rate and order value and/or frequency	Turn customers into advocates, turn negative experiences into positive
KPIs	Number of people reached	New website visitors	Shopping cart value, conversion rate	Increase online sales, conversion rate	On time delivery rate, average delivery window	Customer service success rate, waiting time	Product reviews	Retention rate, order value and frequency	Customer satisfaction
Organisational Activities	Create marketing campaigns and content – both offline and online	Create marketing campaigns and content – both offline and online	Optimise grocery shopping experience	Optimise online purchase funnel, order handling	Picking and delivery	Organise customer service	Develop products and product range	Target marketing, make re-ordering easy, upselling and/or cross-selling	Manage feedback and social media. Develop sharing, invite possibilities
Responsible	Marketing and Communications	Marketing and Communications	Online development, Customer Service	Online development, warehouse logistics	Warehouse, logistics	Customer Service	Product development, purchasing	Marketing, online development	Customer service, online development
Technology Systems	CRM, analytics, programmatic buying platform, social media	CRM, analytics, CMS, marketing automation	e-commerce platform, CRM	CRM, analytics, CMS, e-commerce platform, inventory system, marketing automation	CRM, analytics, order and delivery system, marketing automation	CRM, analytics, help desk, ticketing system, chat	CRM, analytics, vendor management system	CRM, analytics, marketing automation, e-commerce platform	CRM, analytics, marketing automation, e-commerce platform, social media and analytics

Class Exercise

- Form into groups
- Identify the steps required to make a purchase on an e-commerce site.

eCommerce Customer Journey *



* From the point at arriving at the e-commerce site.

eCommerce Platforms

Options	Custom Build	Package Solution	Software “As a Service”	Online Marketplace
Description	Custom developed e-commerce website and mobile solution	Proprietary or open source solution that has potentially been customised to meet requirements.	e-commerce Solution provided “as a service”	Sell within an existing online marketplace
Examples	Amazon	Big Commerce OpenCart	Shopify Woo Commerce	Amazon Marketplace eBay
Own Brand	Yes	Yes	Yes(ish)	Within Marketplace
Payment Mechanism	Custom. Integrates with payment provider	Integrates with payment provider	Fully integrated	Provided by Amazon
Strengths	Designed to specific need. Full control	Development costs shared across all users	Quick and easy to setup	Very easy and quick to setup
Weaknesses	Very difficult and costly to implement	Will still require extensive configuration (and possibly customization)	Limited scope for custom development	Amazon has full sight of successful products

Key Performance Indicators (KPIs)

- A Key Performance Indicator is a measurable value that demonstrates how effectively a company is achieving key business objectives.
- Organizations use KPIs at multiple levels to evaluate their success at reaching targets. High-level KPIs may focus on the overall performance of the business, while low-level KPIs may focus on processes in departments such as sales, marketing, HR, support and others.
- A KPI is only good if it inspires action
 - Identify the objective
 - How will it be measured?
 - Will it inspire action? Is it influenceable?
 - In what timeframe?

Class Exercise – Identify Key Measures

- Form into groups
- Considering the customers' journeys through the eCommerce website. What KPIs can you identify?