

CHAPTER

8

Electronic  
Commerce

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E-Commerce

- Conducting business activities using electronic data transmission
- Projected to grow from \$400 B in 2000 to \$7,300 B in 2004
- B2B 10-15 times bigger than B2C

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E-Commerce

- Benefits to Businesses
- Benefits to Consumers
- Limitations
- Models
  - B2B      C2C
  - B2C      G2C
  - C2B

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## Electronic Retailing (B2C)

- Electronic Storefronts
- Electronic/Cybermalls
  - Benefits?
- Shopping Portals
- Metamalls
- Most popular products & services?

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## Electronic Retailing (B2C)

- Movement from traditional channels to the Internet
  - Risks?
  - Alternatives?

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## Advertising on the Internet

- Banners
  - Keyword
  - Random
- Pop-Ups/Unders
- E-Mail
- Search Engines
- Pros/Cons

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## Getting Traffic to Your Site

- Games, discounts, contests
- Free Internet access
- Telemarketing
- Coupons
- Pay for reading ads
- Push technology
- Permission marketing
- Viral/advocacy markets

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## Creating an E-Business Site

- Hosting Companies
- Storefront Building
  - vstore.com
  - lecart.com

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## Measuring Effectiveness

- Number of...
  - ad viewings
  - clicks on an ad
  - actions taken
  - Purchases (affiliate programs)

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## Understanding the Internet Consumer

- Ask what they're interested in
  - Questionnaires
- Track activities

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## Providing Customer Service

- Personalized pages
- Chat rooms with users & support
- E-mail (both-ways)
- FAQs
- Track status
- Customer support

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## B2B

- Sell-side (1 seller)
- Buy-side (1 buyer)
- Exchanges (many buyers & sellers)

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## Services

- Products have limited margins
- Services have high margins
  - Banking - \$.02 vs. \$1.07 per trans
- Stock Trading
- IPO Sales
- Job Search
- Travel
- Real Estate
- Automated Vehicle Identification
- Dating

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## M (Mobile) Commerce

- Stocks & banking
- Vending machines, parking lots, car washes, gas, taxis
- Online gambling
- Music download
- Delivering ads

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## L (Location) Commerce

- Accessing train schedules
- Guides to shopping
- Getting retail discounts

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## Internet Failures

- Weak models
- Lack of strategy/contingencies
- Too few customers
- Too little \$
- Channel conflict
- Too much competition without differentiation

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## EDI

- VAN versus Internet
- Translators
- Benefits

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## Extranet

- Countrywide Mortgage
  - Lenders
  - Real Estate Brokers

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## Payment Systems

- Challenges
  - No face-to-face
  - Mail is slow
  - Transaction fee on small transactions (micropayments)
  - Security/accuracy

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## Payment Systems

- Encryption (keys)
- Digital signatures (authentication)
- Electronic certificates (owner of key)
- SSL
- E-Checks
- E-Cash
- Smart Cards/Stored Value Cards
- Person-to-Person (PayPal)
- Electronic Wallets

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## Intelligent Agents

- Help consumers find/decide what to buy
- Responding to inquiries

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## Internet Fraud

- Stocks
- Auctions
- Scams
  - Pyramids
  - Bulk mail lists
  - Chain letters
  - Work at home
  - Vacation prizes

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## Internet Issues

- Taxes
- Copyrights
- Privacy/web tracking

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## Drug Emporium

- Why does authentication data need to be encrypted?
- Why use biometrics rather than passwords?

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## On-Line Pet Stores

- Advantages of on-line shopping for pet owners?
- Key issues faced by on-line pet stores?

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