

## E-commerce and Organizations

- Organizations that undertake e-commerce do so from two possible starting points:
  - new online organizations
  - traditional established organizations
- Factors for success:
  - first-mover advantage
  - differentiation in the marketplace
  - flexibility and agility in the electronic marketplace

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## Seven dimensions of E-commerce Strategy

Four positional factors	Three bonding factors
<ul style="list-style-type: none"> <li>• Technology: goal must be understood within its' market and industry</li> <li>• Market: must determine its' target market and whether it is still open to new entrants</li> <li>• Service: must know its' customer's expectations</li> <li>• Brand: must understand if it has the ability to create a strong brand</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership: vision of CEO for e-commerce</li> <li>• Infrastructure: technology support for new model of business</li> <li>• Organizational Learning: does the organization support internal learning</li> </ul>

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## Developing a Winning E-strategy

- Ensure that the project is backed by senior management
- Develop a strategy before a Web presence
- Develop a strategy by focusing on technology, branding, marketing and service
- Identify and use knowledge in the organization
- Strategy must add value for customers and must change as the requirements of the customers change

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## The Three Approaches to Strategy

- Position approach: "Where should we be vs. our competition?"
- Resources approach: "what resources should we possess?"
- Simple rules approach: "What processes should we follow?"

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## Three Approaches to Strategy

	Position	Resources	Simple Rules
<b>Strategic Logic</b>	• Establish position	• Leverage resources	• Pursue opportunities
<b>Strategic Steps</b>	• Identify an attractive market • Locate a defensible position • Fortify and defend	• Establish a vision • Build resources • Leverage across markets	• Jump into the confusion • Keep moving • Seize opportunities • Finish strong
<b>Strategic Question</b>	Where should we be?	• What should we be?	• How should we proceed?
<b>Source of Advantage</b>	• Unique, valuable position with tightly integrated activity system	• Unique, valuable, inimitable resources	• Key processes and unique simple rules
<b>Works Best In</b>	• Slowly changing, well-structured markets	• Moderately changing, well structured markets	• Rapidly changing, ambiguous markets
<b>Duration of Advantage</b>	• Sustained	• Sustained	• Unpredictable
<b>Risk</b>	• It will be too difficult to alter position as conditions change	• Company will be too slow to build new resources as conditions change	• Managers will be too tentative in executing on promising opportunities
<b>Performance Goal</b>	• Profitability	• Long-term dominance	• Growth

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## Business Models

- A method of doing business by which a company can generate revenue to sustain itself
- Spells out where the company is positioned in the value chain
- Business models are a component of a business plan or a business case

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## Business Plans & Business Cases

- **Business plan:**
  - A written document that identifies the business goals and outlines the plan of how to achieve them
- **Business case:**
  - A written document that is used by managers to garner funding for specific applications or projects; its major emphasis is the justification for a specific investment

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## The Content of a Business Plan

- Mission statement and company description
- The management team
- The market and the customers
- The industry and competition
- The specifics of the products and/or services
- Marketing and sales plan
- Operations plan
- Financial projections and plans
- Risk analysis
- Technology analysis

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## Examples of Ecommerce business models

- We will discuss the basic Ecommerce business models that can be used in combination.
- we will go over some examples to better show how *e-businesses* use a combination of these with great success.

## Merchant Ecommerce Business Model

- The merchant e-business model is the online version of a local store.
- Some of these may have a brick and mortar store and an Internet store,
- but the great majority are solely online.

- They accept *online payment methods* and ship the merchandise to the customer,
- or they use a 3rd party *online shipping and warehousing service*.
- These companies warehouse and ship goods directly to the customer on your behalf, meaning no product handling or postage for you!

## Advertising Ecommerce business model

- The advertising e-business model is based on your daily newspapers and monthly magazines,
- You collect revenue either by renting a small space on your pages or getting paid for every click on the ad.
- Google adsense is a perfect example of this.

### Advertising Ecommerce business model

- There are many paths out there regarding online advertising company for you to explore.
- Advertising should always be targeted directly at the readers to compliment your websites content,
- most advertising companies are good at doing this job for you.

### Affiliate Ecommerce business model

- The affiliate e-business model is based on commission sales.
- You do not have to buy the product to resell, and you are not involved in the handling or shipping.
- All of this is done by the parent company.

- You simply redirect the customer from your own website to the product on the parent companies website and if they make a purchase you earn a commission.
- Amazon is a good example of a parent company.
- They were, infact, the first company to use this method of selling, allowing anyone to sell and get commission through Amazons merchandise.
- There are many reputable affiliate programs for you to join and earn commissions from.

### Brokerage Ecommerce business model

- The Brokerage e-business model is a website that brings two parties together to conduct business,
- The best example of this is online auctions like Ebay.
- However it is not limited to online auctions,
- Online Real estate, business brokers, boat brokers etc also use this method.
- They generally collect a fee for their service which can be worked out with a percentage base or a set fee.

### Information Ecommerce business model

- The Information e-business model is based largely around specialized information on a particular subject.
- These websites can attract a large following of people interested in their specific field of knowledge and will use Ecommerce business models, other than their specialized information, to create revenue.

### Subscription Ecommerce business model

- In the Subscription e-business model customers pay a set fee on a monthly or yearly basis to get access to the products or services of the company.
- Some good examples of this model are online newspapers or magazines, adult websites, and Internet service providers.