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

Four positional factors

- Technology: goal must be understood within its' market and industry
- Market: must determine its' target market and whether it is still open to new entrants
- Service: must know its' customer's expectations
- Brand: must understand if it has the ability to create a strong brand

Three bonding factors

- Leadership: vision of CEO for e-commerce
- Infrastructure: technology support for new model of business
- Organizational Learning: does the organization support internal learning

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

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?”

Three Approaches to Strategy

<table>
<thead>
<tr>
<th>Strategic Logic</th>
<th>Position</th>
<th>Resources</th>
<th>Simple Rules</th>
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<tr>
<td>Strategic Steps</td>
<td>Establish position</td>
<td>Leverage resources</td>
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<tr>
<td>Strategic Question</td>
<td>Where should we be?</td>
<td>What should we be?</td>
<td>How should we proceed?</td>
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<tr>
<td>Source of Advantage</td>
<td>Unique, valuable position with tightly integrated activity</td>
<td>Unique, valuable, imitable resources</td>
<td>Key processes and unique simple rules</td>
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<tr>
<td>Works Best In</td>
<td>Slowly changing, well-structured markets</td>
<td>Moderately changing, well-structured markets</td>
<td>Rapidly changing, ambiguous markets</td>
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<td>Duration of Advantage</td>
<td>Sustained</td>
<td>Sustained</td>
<td>Unpredictable</td>
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<tr>
<td>Risk</td>
<td>It will be too difficult to show position as conditions change</td>
<td>Company will be too slow to build new resources as conditions change</td>
<td>Managers will be too tentative in executing on promising opportunities</td>
</tr>
<tr>
<td>Performance Goal</td>
<td>Profitability</td>
<td>Market dominance</td>
<td>Growth</td>
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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
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

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.

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.

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.
Topic for research

- E-commerce for SMEs in Zambia, Opportunities and Challenges

- Structure:
  - Abstract (500 words)
  - Background to Study (1 page)
  - Literature Review (2 pages)
  - Research Methodology (1 page)
  - Data Analysis (1 page)
  - Recommendations (1 page)
  - Conclusion (1 page)