

Definition of Commerce

- The exchange of goods and services for money
- Consists of:
 - Buyers** - these are people with money who want to purchase a good or service.
 - Sellers** - these are the people who offer goods and services to buyers.
 - Producers** - these are the people who create the products and services that **retailers** offer to buyers.

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Elements of Commerce

- You need a Product or service to sell
- You need a Place from which to sell the products
- You need to figure out a way to get people to come to your place.
- You need a way to accept **orders**.

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Elements of Commerce

- You also need a way to accept **money**.
- You need a way to deliver the product or service, often known as **fulfillment**.
- Sometimes customers do not like what they buy, so you need a way to accept **returns**.
- You need a customer service and technical support department to assist customers with products.

What is e-commerce?

- Electronic commerce is a set of technologies, applications, and business processes that link business, consumers, and communities
 - For buying, selling, and delivering products and services
 - For integrating and optimizing processes within and between participant entities

What is e-commerce?

- Electronic commerce can also be defined as the doing commerce with the use of computers, networks and commerce-enabled software (more than just online shopping).
- Uses electronic technology such as:
 - Internet
 - Extranet/Intranet
 - Protocols

Important Electronic Commerce Terminology

- Transaction
 - An exchange of value
- Business processes
 - The group of logical, related, and sequential activities and transactions in which businesses engage
- Telecommuting or telework
 - Employees log in to company computers through the Internet instead of traveling to the office

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E-Commerce Vs. E-Business

- The words Commerce and Business don't have much difference in English and
- are largely interchangeable as nouns describing organized profit-seeking activity.
- There is however a difference between e-Commerce and e-Business.

E-Commerce Vs. E-Business

- The difference is quite artificial,
- but different terms do carry different meanings.
- Electronic business transactions involving money are "e-Commerce" activities.
- However, there is much more to e-Business than selling products:

E-Commerce Vs. E-Business

- Marketing, procurement and customer education?
- Even to sell on-line successfully,
- much more is required than merely having a website that accepts credit cards.
- We need to have a web site that people want to visit,
- accurate catalog information and good logistics.

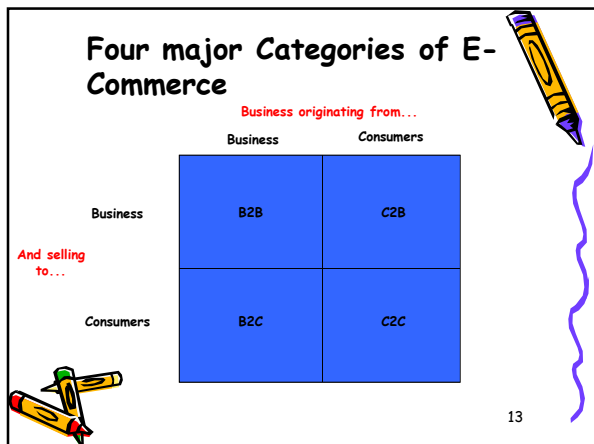
E-Commerce Vs. E-Business

- e-commerce generally refers to buying or selling electronically, usually interactively
- e-business refers to conducting business activities, including business to business activities, using electronic communication
- e-[you fill in the blank]

Categories of E-Commerce

- Four major e-commerce categories:
 - Business-to-consumer (b2c)
 - Business-to-business (b2b)
 - Consumer-to-consumer (c2c)
 - Business-to-government (b2g)

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Category	Description	Example
Business-to-consumer (B2C)	Businesses sell products or services to individual consumers.	Walmart.com sells merchandise to consumers through its Web site.
Business-to-business (B2B)	Businesses sell products or services to other businesses.	Grainger.com sells industrial supplies to large and small businesses through its Web site.
Business processes that support buying and selling activities	Businesses and other organizations maintain and use information to identify and evaluate customers, suppliers, and employees. Increasingly, businesses share this information in carefully managed ways with their customers, suppliers, employees, and business partners.	Dell Computer uses secure Internet connections to share current sales and sales forecast information with suppliers. The suppliers can use this information to plan their own production and deliver component parts to Dell in the right quantities at the right time.

FIGURE 1-2 Electronic commerce categories

Category	Description	Example
Consumer-to-consumer (C2C)	Participants in an online marketplace can buy and sell goods to each other. Because one party is selling, and thus acting as a business, this book treats C2C transactions as part of B2C electronic commerce.	Consumers and businesses trade with each other in the eBay.com online marketplace.
Business-to-government (B2G)	Businesses sell goods or services to governments and government agencies. This book treats B2G transactions as part of B2C electronic commerce.	CAL-Buy portal allows businesses to sell online to the state of California.

FIGURE 1-2 Continued Electronic commerce categories


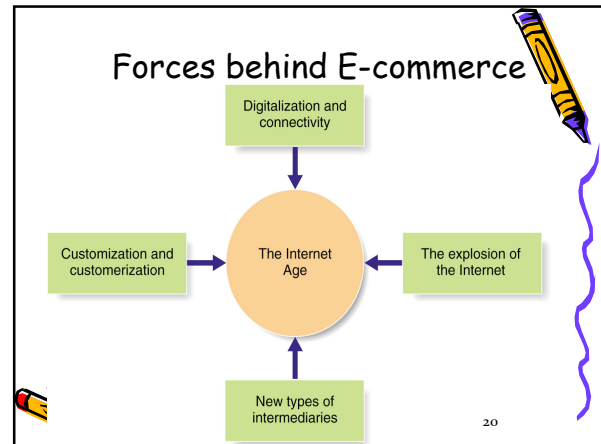
- ### E-commerce applications
- Supply chain management
 - Video on demand
 - Remote banking
 - Procurement and purchasing
 - Online marketing and advertisement
 - Home shopping
 - Auctions

- ### History of E-Commerce
- EC applications first developed in the early 1970s
 - Electronic funds transfers (EFTs)
 - Also called wire transfers
 - Electronic transmissions of account exchange information over private communications networks
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- ### History of E-Commerce
- Limited to:
 - Large corporations
 - Financial institutions
 - A few other daring businesses
 - Electronic data interchange (EDI)—electronic transfer of documents:
 - Purchase orders
 - Invoices
 - Payments between firms doing business


History of E- Commerce

- Enlarged pool of participants to include:
 - Manufacturers
 - Retailers
 - Service providers

Forces behind E-commerce


- Digitalization & Connectivity
 - Intranets : connect people within a company.
 - Extranets : connect a company with its suppliers, distributors, and outside partners.
 - Internet : connects users around the world.
- Internet Explosion
 - Explosive worldwide growth forms the heart of the New Economy.
 - Increasing numbers of users each month.
 - Companies must adopt Internet technology or risk being left behind.



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Forces behind E-commerce


- New Types of Intermediaries:
 - Direct selling via the Internet bypassed existing intermediaries (disintermediation).
 - "Brick-and-mortar" firms became "click-and-mortar" companies.
 - As a result, some "click-only" companies have failed.



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Forces behind E-commerce

- Customization and Customerization:
 - With customization, the company custom designs the market offering for the customer.
 - With customerization, the customer designs the market offering and the company makes it.



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Others Forces behind E-commerce

- Technological - degree of advancement of telecommunications infrastructure
- Political - role of government, creating legislation, funding and support
- Social - IT skills, education and training of users
- Economic - general wealth and commercial health of the nation



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Others Forces behind E-commerce

- Organizational culture- attitudes to R&D, willingness to innovate and use technology
- Commercial benefits- impact on financial performance of the firm
- Skilled/committed workforce- willing and able to implement and use new technology
- Requirements of customers/suppliers- in terms of product and service
- Competition- stay ahead of or keep up with competitors

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Benefits of e-Commerce

- Expanded Geographical Reach
- Expanded Customer Base
- Increase Visibility through Search Engine Marketing
- Provide Customers valuable information about your business

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Benefits of e-Commerce

- Available 24/7/365 - Never Close
- Build Customer Loyalty
- Reduction of Marketing and Advertising Costs
- Collection of Customer Data
- Basic Benefits of e Business e-Commerce o increase sales - this is the first thing that people consider

Limitations of E-commerce

- To organizations: lack of security, reliability, standards, changing technology, pressure to innovate, competition, old vs. new technology
- To consumers: equipment costs, access costs, knowledge, lack of privacy for personal data, relationship replacement
- To society: less human interaction, social division, reliance on technology, reduced resources, JIT manufacturing

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Technical limitations

- There is a lack of universally accepted standards for quality, security, and reliability
- The telecommunications bandwidth is insufficient
- Software development tools are still evolving

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Technical limitations

- There are difficulties in integrating the Internet and EC software with some existing (especially legacy) applications and databases.
- Special Web servers in addition to the network servers are needed (added cost).
- Internet accessibility is still expensive and/or inconvenient

Introduction to M-commerce

- Mobile commerce (M-commerce) is a type of e-commerce conducted through mobile devices
- such as mobile phones, personal digital assistants (PDAs) and other devices with a wireless connection.



M-commerce

- It is quite different from traditional of E-commerce.
- Mobile Commerce refers to any transaction with monetary value that is conducted via a mobile telecommunications network.



What is M-Commerce?

- M-commerce is the buying and selling of goods and services through wireless handheld devices.
- M-Commerce is the process of paying for services using a mobile phone or personal organizer.
- M-Commerce is the use of mobile devices to communicate, inform, transact and entertain using text and data via a connection to public and private networks.



The Unique Characteristics of M-Commerce

- **Ubiquity.**
 - When was the last time you left home without your mobile phone, PDA, pager, or other mobile device that has become the center of your personal and professional universe?
 - Mobile devices fulfill the need for real-time information and communication in a way desktop PCs, which are dependent on a user's location, will never be able to do.



Convenience and Accessibility

- In the wired e-commerce world, people are constrained by time and place.
- Not so in the m-commerce world where being seated at a PC is not a prerequisite for sending email, bidding on eBay, trading stock, or getting the latest sports results.
- Moreover, users can still maintain their privacy by limiting who has access to them, and at what times.



Localization.

- With technologies like GPS (Global Positioning System) or TOA (Time of Arrival),
- m-commerce will enable users and merchants to receive and access information and services specific to their location.



Personalization.

- While personalization has started to make some strides with the wired Web,
- the wireless world offers a vastly superior opportunity for companies to provide personalized, one-to-one services to its customers.
- Where the PC is often shared across multiple users, mobile devices are typically operated by and configured for a single user.



Form Factors.

- The physical form of mobile devices (e.g., screens, keyboards, weight) invokes a very different user experience from that of a desktop PC.
- To be successful companies should appreciate these limitations and design offerings that leverage the positive attributes of a particular mobile device:



Bandwidth and Capacity.

- While streaming audio and video capabilities over mobile devices are enticing, current bandwidth and device limitations (e.g., processor speeds, memory and storage capacity)
- demand that the first generation of mobile offerings is practical and predominantly text-based.



Questions

