

SHELLY CASHMAN SERIES®

Discovering Computers

Concepts for a Digital World **2003**
Web and XP Enhanced

Chapter 10 E-Commerce: A Revolution in the Way We Do Business




Discovering Computers
Concepts for a Digital World **2003** Chapter 10 Objectives
Web and XP Enhanced

- Understand how e-commerce has changed today's business practices
- Identify various e-commerce revenue streams
- Discuss the positive impact of e-commerce on global society
- Know how e-retailing works
- Differentiate between the various e-commerce business models: business-to-consumer, consumer-to-consumer, business-to-business, and business-to-employee
- Identify e-commerce market sectors
- Discuss issues associated with building an electronic storefront, accepting payment, managing product delivery, designing a site, managing the site, and promoting the site

Next
p.10.2

Discovering Computers
Concepts for a Digital World **2003** What Is E-Commerce?
Web and XP Enhanced

What is electronic commerce (e-commerce)?

- Financial business transaction that occurs over an electronic network
- Sometimes called e-business

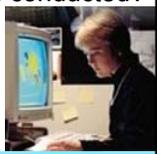


Next
p.10.2 Fig. 10-1

Discovering Computers
Concepts for a Digital World **2003** What Is E-Commerce?
Web and XP Enhanced

How are e-commerce transactions conducted?

- Primarily through desktop computers
- Wirelessly using handheld Web-enabled devices




M-commerce
E-commerce that takes place using mobile devices

Next
p.10.3

Discovering Computers
Concepts for a Digital World **2003** What Is E-Commerce?
Web and XP Enhanced

What is a bricks-and-mortar business?

- Company with a physical location, such as Wal-Mart or Kmart



Next
p.10.3 Fig. 10-2

Discovering Computers
Concepts for a Digital World **2003** What Is E-Commerce?
Web and XP Enhanced

What is a clicks-and-mortar business?

- Company with a bricks-and-mortar location as well as an online presence
- Some companies have online presence without physical locations
 - E*Trade and Amazon.com

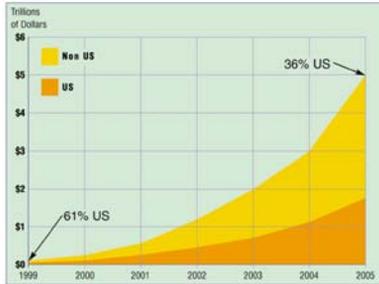


Next
p.10.3 Fig. 10-3

Discovering Computers 2003 Concepts for a Digital World Web and XP Enhanced **What Is E-Commerce?**

How has e-commerce grown?

- Estimates are that by 2005 worldwide e-commerce will exceed \$5 trillion



Next
p.10.4 Fig. 10.4

Discovering Computers 2003 Concepts for a Digital World Web and XP Enhanced **E-Commerce Business Models**

What is business-to-consumer (B-to-C or B2C) e-commerce?

- Sale of products or services from a business to the general public

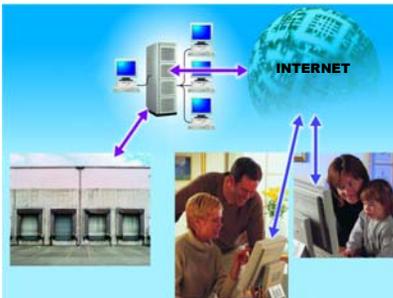


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p.10.5

Discovering Computers 2003 Concepts for a Digital World Web and XP Enhanced **E-Commerce Business Models**

How might a B2C e-commerce business operate?

- 1: Customers buy products and services online
- 2: Network contains Web hosting, security, and backup
- 3: Warehouse receives and fulfills order

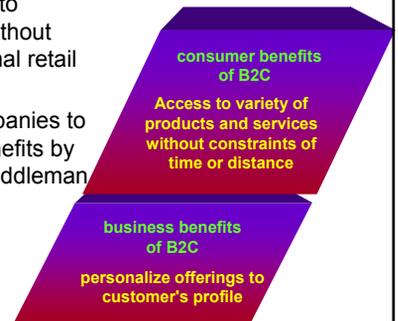


Next
p.10.5 Fig. 10.5

Discovering Computers 2003 Concepts for a Digital World Web and XP Enhanced **E-Commerce Business Models**

What is disintermediation?

- Sell products to consumers without using traditional retail channels
- Enables companies to maximize benefits by eliminating middleman

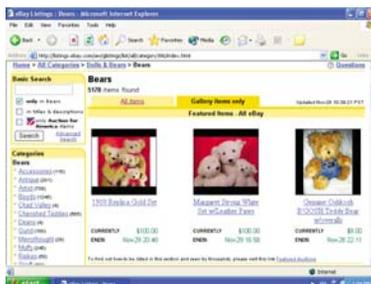


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Discovering Computers 2003 Concepts for a Digital World Web and XP Enhanced **E-Commerce Business Models**

What is consumer-to-consumer (C-to-C or C2C) e-commerce?

- Individuals using Internet to sell products to other individuals
 - Online auction, such as eBay



Next
p.10.6 Fig. 10.6

Discovering Computers 2003 Concepts for a Digital World Web and XP Enhanced **E-Commerce Business Models**

What is peer-to-peer (P2P) e-commerce?

- Users connect to each other's hard disks and exchange files directly
- Consumer can pay another consumer to copy file



Next
p.10.6

Discovering Computers 2003 E-Commerce Business Models
 Concepts for a Digital World Web and XP Enhanced

What is business-to-business (B-to-B or B2B) e-commerce?

- Sale and exchange of products and service between businesses
- Many businesses engage in both B2B and B2C
- Supply chain creates and distributes products

Next p.10.7 Fig. 10-7

Discovering Computers 2003 E-Commerce Business Models
 Concepts for a Digital World Web and XP Enhanced

What are four basic types of B2B e-commerce sites?

- vendor B2B**
Product supplier allows purchasing agents to use network to shop, submit request for quotes (RFQs), and purchase items
- brokerage B2B**
Acts as middleman by negotiating contract of purchase and sale
- infomediary B2B**
Provides specialized information about suppliers and other businesses
- service B2B**
Uses network to provide one or more services to business

Next p.10.7

Discovering Computers 2003 E-Commerce Business Models
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What is vertical B2B e-commerce?

- E-commerce site specializing in a particular industry

Next p.10.8

Discovering Computers 2003 E-Commerce Business Models
 Concepts for a Digital World Web and XP Enhanced

What is business-to-employee (B-to-E or B2E) e-commerce?

- Use of intranet technology to handle activities that take place within a business
- Increases profits by reducing expenses within a company

Also called intrabusiness

Next p.10.8

Discovering Computers 2003 E-Commerce Business Models
 Concepts for a Digital World Web and XP Enhanced

What are some advantages of e-commerce?

- Global market 24/7
- Businesses have access to 459 million people with Internet access
- Customers can conduct price comparisons easily
- Feedback can be immediate
- Changing information can be available quickly
- FAQ (frequently asked questions) pages can provide easy access to customer support
- Ability to gather customer information, analyze it, and react
- New and traditional approaches to generating revenue
- Manufacturers can buy and sell directly, avoiding the cost of the middleman
- Distribution costs for information reduced or eliminated
- Options to create a paperless environment

Next p.10.8 Fig. 10-8

Discovering Computers 2003 E-Commerce Revenue Streams
 Concepts for a Digital World Web and XP Enhanced

What is a revenue stream?

- Method a business uses to generate income
- Single Web site may use more than one method of generating revenue

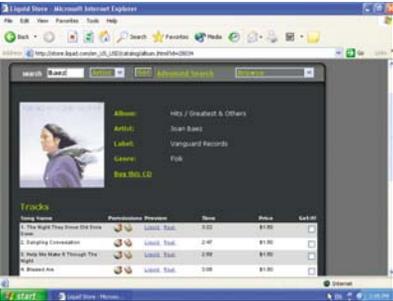
- direct sales of a product or service
- software rentals
- electronic software distribution
- advertising
- subscriptions
- Web hosting
- online storage services
- Internet access

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Discovering Computers 2003 E-Commerce Revenue Streams
 Concepts for a Digital World Web and XP Enhanced

What is electronic software distribution (ESD)?

- Sale of digital products such as software, music, movies, books, and photographs
- Purchase entitles you to download one copy of item



Next p.10.8 Fig. 10-10

Discovering Computers 2003 E-Commerce Revenue Streams
 Concepts for a Digital World Web and XP Enhanced

How is revenue generated with software rental?

- ASP charges a rental fee before you can access and use Web application software
- Microsoft's Web applications are called .NET



Next p.10.9

Discovering Computers 2003 E-Commerce Revenue Streams
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What is advertisement revenue?

- Sites earn commissions from advertising sponsor when visitors make purchases as a result of clicking advertisement on Web page



Next p.10.10 Fig. 10-11

Discovering Computers 2003 E-Commerce Revenue Streams
 Concepts for a Digital World Web and XP Enhanced

How is revenue generated with an informational Web site?

- Visitors are required to subscribe to service
- Provides some information at no cost, but requires a subscription to access content of entire site



Next p.10.10 Fig. 10-12

Discovering Computers 2003 E-Commerce Revenue Streams
 Concepts for a Digital World Web and XP Enhanced

What is a Web hosting service?

- Assists people and companies in hosting their Web site
- Provides hardware, software, and communications required for a Web server
- Some provide services that include managing payments and tracking inventory



Next p.10.10

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How is revenue generated with Internet access?

- Some sites, such as MSN and AOL, provide Internet access
- Many have become portals offering other services



Next p.10.11 Fig. 10-14

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The E-Retailing Market Sector

What is an electronic storefront?

- Web site where e-retailer displays its products
- Shopping cart allows customer to collect purchases
- Also called online catalog

add to cart



Next
p.10.12 Fig. 10-16a

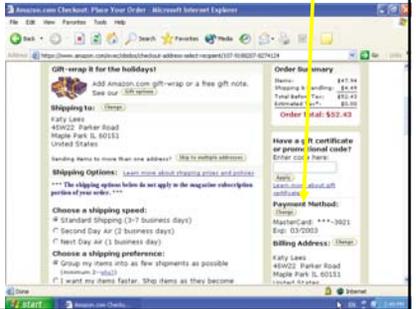
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The E-Retailing Market Sector

What is a secure checkout?

- Web site where customer enters personal and financial data
- Transaction and financial data automatically are verified at a banking Web site

credit card usual method of payment



Next
p.10.13 Fig. 10-16c

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Other E-Commerce Market Sectors on the Web

What is online banking?

- Pay bills from your computer
- Transfer money electronically from your account to a payee's account



Next
p.10.14 Fig. 10-17a

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Other E-Commerce Market Sectors on the Web

What is online trading?

- Invest online in stocks, options, bonds, treasuries, CDs, money markets, annuities, and mutual funds without using a broker
- Transaction fees are less expensive



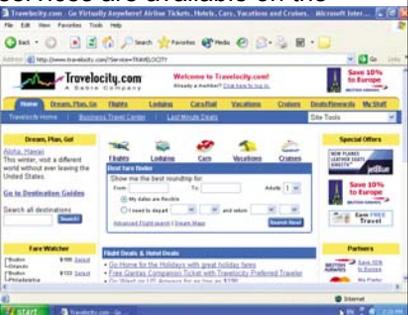
Next
p.10.14 Fig. 10-17b

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Other E-Commerce Market Sectors on the Web

What travel services are available on the Web?

- Driving directions and maps
- Airline, hotel, and car reservations



Next
p.10.15

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Other E-Commerce Market Sectors on the Web

What is a shopping bot?

- Web site that searches for the best price on a specific product
- Also called a shopbot



Next
p.10.15 Fig. 10-18

Discovering Computers 2003 Other E-Commerce Market Sectors on the Web
 Concepts for a Digital World Web and XP Enhanced

What health services are available on the Web?

- Provide up-to-date medical, fitness, nutrition, or exercise information
- Pharmacies allow customers to refill prescriptions and ask questions



Next
p.10.16 Fig. 10-19

Discovering Computers 2003 Other E-Commerce Market Sectors on the Web
 Concepts for a Digital World Web and XP Enhanced

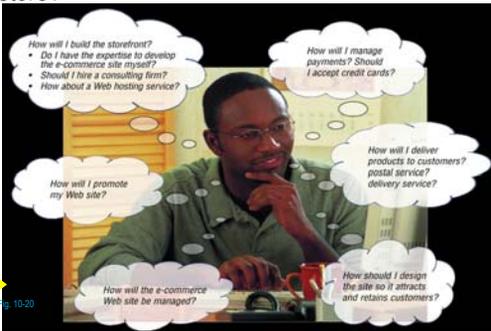
What are other Web-based business services?



Next
p.10.17

Discovering Computers 2003 Creating an Online Store
 Concepts for a Digital World Web and XP Enhanced

What decisions should be made to create an online store?



Next
p.10.18 Fig. 10-20

Discovering Computers 2003 Creating an Online Store
 Concepts for a Digital World Web and XP Enhanced

What options are available for building a storefront?

- Develop in-house storefront
- Outsource storefront



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p.10.18

Discovering Computers 2003 Creating an Online Store
 Concepts for a Digital World Web and XP Enhanced

What is e-commerce software?

- Allows merchant to set up a storefront
- Includes security
- Some include statistical tracking features and capability of integrating with other systems

SOME E-COMMERCE APPLICATIONS

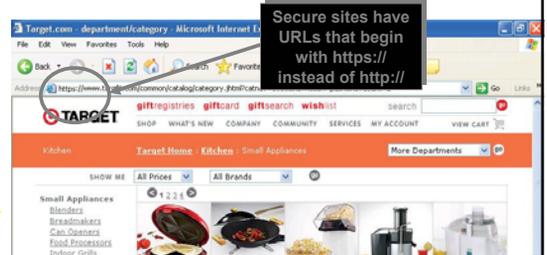
- Actinic
- EasyMarketPlace
- e-Biz Builder
- ECmerchant™
- FreeMerchant.com
- FrontHost
- iHTML Merchant
- Intershop
- Merchandizer
- Merchant-in-a-Box
- Net.Commerce
- ShopZone Pro
- SoftCart
- Web+Shop

Next
p.10.18 Fig. 10-21

Discovering Computers 2003 Creating an Online Store
 Concepts for a Digital World Web and XP Enhanced

What is a secure server?

- Prevents access to system by unauthorized users
- Used for transactions involving credit card information



Next
p.10.20

Creating an Online Store

What is a Web site development service?

- Assists in process of creating a storefront
- Allows small businesses and individuals to participate in e-commerce arena

anyone can create a storefront and sell goods through the Yahoo! portal



Next
p.10.20 Fig. 10-23

Creating an Online Store

What factors lead to customer loyalty?

- Best storefronts are efficient and easy to use
- Customers who must wait more than eight seconds for a page to download usually will click to another site

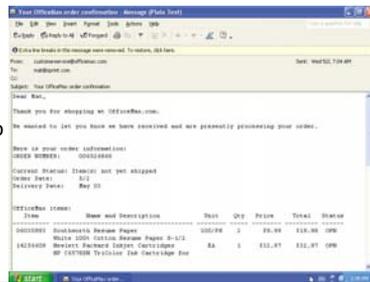
• Price
• Selection
• Web site appearance
• Ease of use/navigation
• Availability of information
• Ease of ordering
• Posted privacy policies
• Quality of storefront/product representation
• Shipping
• On-time delivery
• Quality of customer support

Next
p.10.22 Fig. 10-25

Creating an Online Store

What is electronic Customer Relationship Management (eCRM)?

- Service after a sale
- Combines personalized touch and customized service to customers
- Automatic e-mail to confirm orders, display FAQ, and send surveys

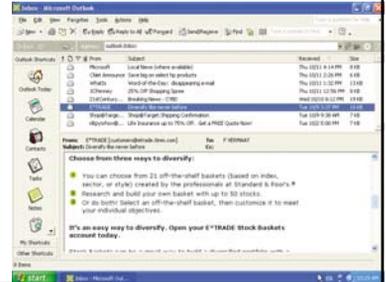


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p.10.23 Fig. 10-26

Creating an Online Store

What is e-mail publishing?

- Process of sending newsletters via e-mail to large group of people with similar interests



Next
p.10.24

Creating an Online Store

Selecting a domain name

- Name should correspond to business name or function
- Domain name is registered with various search engines

scsite.com
amazon.com
etrade.com
ebay.com
dell.com

Next
p.10.24 Fig. 10-27

Creating an Online Store

What is a submission service?

- Web-based business in which you typically pay a fee to register with hundreds of search engines



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p.10.25 Fig. 10-28

Creating an Online Store

What is spam?

- Unsolicited e-mail messages or newsgroup postings
- Internet junk mail
- Usually generates antagonism instead of sales

Alternatives to spam
Promote goodwill by providing information or services for groups and individuals

Summary of E-Commerce: A Revolution in the Way We Do Business

- What is e-commerce?
- E-commerce business models
- E-commerce revenue streams
- The e-retailing market sector
- Other e-commerce market sectors on the Web
- Creating an online store

Chapter 10 Complete