E- Retailing Methods

Course Instructions

Please read the instructions given below related to the disciplines and topics described in this course. It also provides a solution for efficient data collection, management, refinement and output.

Topic 9: E-Malls

To explain the e-improved services, better two were 52.8% opens. Attempts to offer flower delivery and -

- each item they advisable to be aware of the most current technology and scams online business. Many from news headlines to

- sometimes occur.

large communities in the that originated and does business purely through the information diversity.

greater value on personal contact and social relations. In addition, male

Niche Industries

cards, smart cards and other NFC interactive advertising

Various types of electronic money technologies focused on centrally managing

For example, the online shoe retailer Zappos.com includes

online market research (sometimes also known as a spider)

rented as a standalone program or as an addition to an enterprise

exploring the shopping sites, whereas the

[74x7901](the prefix 'e' standing for

worth tens of billions of dollars

in and manage online branding campaigns, which seek to

Internet via

computer,
mobile device, handheld device, personal digital assistant, or other device connected to the Internet. There are numerous variations on the classification of e-commerce and e-business. E-commerce can be categorized as any business activity that takes place in the Internet. E-business also includes activities that take place on the Internet, but are not necessarily commerce-related.

There are 5 sections in this course. All sections are mandatory.

In Section 4 of this course you will cover these topics:

- Online travel services
- Online car sales
- Online clothing stores
- Online electronics stores
- Online bookstores

There is no time limit to finish any Section, However you must finish All Sections

Instructions

March 2005, roughly half of all American homes were equipped with broadband Internet access, and online retail had emerged as a viable alternative to traditional brick and mortar shopping. The growth of e-commerce was largely driven by changes in technology, consumer preferences, and the competitive landscape. The rapid technological advancement led to the creation of e-commerce platforms and payment systems that allowed for seamless transactions. Consumer preferences shifted toward the convenience and cost-effectiveness of online shopping. Additionally, the traditional retail industry faced increased competition, which drove them to adopt e-commerce strategies to remain competitive. This section will focus on the various forms of e-commerce and the strategies that successful e-commerce businesses used.

In Section 2 of this course you will cover these topics:

- Online advertising
- Online promotions
- Online customer feedback
- Online product reviews
- Online shopping guides

In Section 3 of this course you will cover these topics:

- Online payment systems
- Online delivery systems
- Online customer service
- Online returns and exchanges
- Online warranty and support

In Section 1 of this course you will cover these topics:

- Online market research
- Online customer analysis
- Online customer segmentation
- Online customer targeting
- Online customer engagement

In Section 5 of this course you will cover these topics:

- Online business models
- Online supply chain management
- Online customer relationship management
- Online business intelligence
- Online business analytics

...
There are 5 sections in this course. All sections are mandatory.

- In Section 1 of this course you will cover these topics:
  - The World Of E-Retailing
  - E-Retailing In Practice
  - Integration Of E-Retailing Into An Organization

- In Section 2 of this course you will cover these topics:
  - Understanding And Communicating With The E-Consumer
  - Information Search On The Web
  - E-Store Design: Navigability, Interactivity And Web Atmospherics

- In Section 3 of this course you will cover these topics:
  - E-Service
  - Branding On The Web

- In Section 4 of this course you will cover these topics:
  - E-Malls
  - E-Retailing Models

- In Section 5 of this course you will cover these topics:
  - M-Shopping
  - Multi-Channel Success And The Future Of E-Retailing
In Section 1 of this course you will cover these topics:

- The World Of E-Retailing
- E-Retailing In Practice
- Integration Of E-Retailing Into An Organization

You may take as much time as you want to complete the topic covered in section 1. There is no time limit to finish any Section, However you must finish All Sections before semester end date.
**Topic Objective:**
At the end of this topic students will be able:
- To explain the e-commerce business.
- To relate the history of the development of e-commerce business.

**Topic Introduction:**
**Electronic Business:** commonly referred to as "eBusiness" or "e-Business", may be defined as the utilisation of information and communication technologies (ICT) in support of all the activities of business.

**E-tailing:** (or electronic retailing) is the selling of retail goods on the Internet. It is the most common form of business-to-consumer (B2C) transaction.

**Topic Overview:**
1. **Electronic Business**

   Commerce constitutes the exchange of products and services between businesses, groups and individuals and hence can be seen as one of the essential activities of any business. Hence, electronic commerce or eCommerce focuses on the use of ICT to enable the external activities and relationships of the business with individuals, groups and other businesses.

   Louis Gerstner, the former CEO of IBM, in his book, 'Who says Elephants can't dance' attributes the term "e-Business" to IBM's marketing and Internet teams in 1996.

   Electronic business methods enable companies to link their internal and external data processing systems more efficiently and flexibly, to work more closely with suppliers and partners, and to better satisfy the needs and expectations of their customers.

   In practice, e-business is more than just e-commerce. While e-business refers to more strategic focus with an emphasis on the functions that occur using electronic capabilities, e-commerce is a subset of an overall e-business strategy. E-commerce seeks to add revenue streams using the World Wide Web or the Internet to build and enhance relationships with clients and partners and to improve efficiency using the Empty Vessel strategy. Often, e-commerce involves the application of knowledge management systems.

   E-business involves business processes spanning the entire value chain: electronic purchasing and supply chain management, processing orders electronically, handling customer service, and cooperating with business partners. Special technical standards for e-business facilitate the exchange of data between companies. E-business software solutions allow the integration of intra and inter firm business processes. E-business can be conducted using the Web, the Internet, intranets, extranets, or some combination of these.

1. **History**

   The meaning of electronic commerce has changed over the last 30 years. Originally, electronic commerce meant the
facilitation of commercial transactions electronically, using technology such as Electronic Data Interchange (EDI) and Electronic Funds Transfer (EFT). These were both introduced in the late 1970s, allowing businesses to send commercial documents like purchase orders or invoices electronically. The growth and acceptance of credit cards, automated teller machines (ATM) and telephone banking in the 1980s were also forms of electronic commerce. Another form of e-commerce was the airline reservation system typified by Sabre in the USA and Travicom in the UK. Online shopping was invented in the UK in 1979 by Michael Aldrich and during the 1980s it was used extensively particularly by auto manufacturers such as Ford, Peugeot-Talbot, General Motors and Nissan. From the 1990s onwards, electronic commerce would additionally include enterprise resource planning systems (ERP), data mining and data warehousing.

Perhaps it is introduced from the Telephone Exchange Office, or maybe not. The earliest example of many-to-many electronic commerce in physical goods was the Boston Computer Exchange, a marketplace for used computers launched in 1982. The first online information marketplace, including online consulting, was likely the American Information Exchange, another pre-Internet online system introduced in 1991. Although the Internet became popular worldwide in 1994, it took about five years to introduce security protocols and DSL allowing continual connection to the Internet. And by the end of 2000, a lot of European and American business companies offered their services through the World Wide Web. Since then people began to associate a word “e-commerce” with the ability of purchasing various goods through the Internet using secure protocols and electronic payment services.

1.1 Timeline
- 1994: Netscape releases the Navigator browser in October under the code name Mozilla. Pizza Hut offers pizza ordering on its Web page. The first online bank opens. Attempts to offer flower delivery and magazine subscriptions online. Adult materials also becomes commercially available, as do cars and bikes. Netscape 1.0 is introduced in late 1994 SSL encryption that made transactions secure.
- 1995: Jeff Bezos launches Amazon.com and the first commercial-free 24 hour, internet-only radio stations, Radio HK and NetRadio start broadcasting. Dell and Cisco begin to aggressively use Internet for commercial transactions. eBay is founded by computer programmer Pierre Omidyar as AuctionWeb.
- 1998: Electronic postal stamps can be purchased and downloaded for printing from the Web.
- 1999: Business.com sold for US $7.5 million to eCompanies, which was purchased in 1997 for US $149,000. The peer-to-peer filesharing software Napster launches.
- 2002: eBay acquires PayPal for $1.5 billion. Niche retail companies CSN Stores and NetShops are founded with the concept of selling products through several targeted domains, rather than a central portal.
- 2003: Amazon.com posts first yearly profit.
- 2008: US eCommerce and Online Retail sales projected to reach $204 billion, an increase of 17 percent over 2007.

The year 1997 is considered the first big year for e-tailing. This was when Dell Computer recorded multimillion dollar orders taken at its Web site. Also, the success of Amazon.com (which opened its virtual doors in 1996) encouraged Barnes & Noble to open an e-tail site. Security concerns over taking purchase orders over the Internet gradually receded. In the same year, Auto-by-Tel sold its millionth car over the Web, and CommerceNet/Nielsen Media recorded that 10 million people had made purchases on the Web.
Topic Objective:
At the end of this topic students will be able:

- To explain the types of E-tailers.
- To understand the customers in an e-tailer business.
- To comprehend the different trends in the e-tailer business.
- To understand the payment and logistic system in an e-tailer business.
- To explain the design strategies used in an e-tailer business website.
- To list the advantages of an e-tailer business.
- To understand the concerns that becomes prevalent in an e-tailer business.

Topic Introduction:
E-Tailer: An e-tailer is a retailer that primarily uses the Internet as a medium for customers to shop for the goods or services provided.

Online shopping: is the process consumers go through to purchase products or services over the Internet. An online shop, eshop, e-store, internet shop, webshop, webstore, online store, or virtual store evokes the physical analogy of buying products or services at a bricks-and-mortar retailer or in a shopping mall.

Topic Overview:
1. Types of e-tailers

Two distinct categories of e-tailers are pure plays and bricks and clicks. A pure play e-tailer uses the Internet as its primary means of retailing. Examples of pure play e-tailers are Dell and Amazon.com. A brick and click e-tailer uses the Internet to push its good or service but also has the traditional physical storefront available to customers. Combining this new type of retail and the old of a general store is a new type of store which is part of the green economics movement, promoting ethical consumerism.

1.1 Advantages to e-tailing
E-tailers who take part in pure play–type business have the opportunity to turn higher profit margins, due in part to the fact that many of the overhead expenses associated with a physical retail space, such as labour, retail space, and inventory, can be significantly alleviated. Pure play allows for a retailer to be able to reach customers world wide, whilst still only maintaining one location for each and every customer to visit, 24 hours a day, 7 days a week.

1.2 Disadvantages to e-tailing
Many studies have shown that e-tailers are failing to meet the needs of online customers and that they generally only have one chance to make a good impression if they want their customers to return. It is said that the three most important things that e-tailers today must work on to ensure profitability are "search, support and promotion."

1.3 E-tail legislation
E-tailers must also abide by many rules, regulations, and legislation set up by organizations such as the Federal Trade Commission and the Electronic Retailing Association. These organizations in the United States, as well as
similar ones around the world, ensure that e-tailers remain ethical in their practices and do not misrepresent products online, among many other things.

1.4 Customer support
For customers, e-tailers can be a fast and convenient way to shop, but problems can sometimes occur. Examples of possible problems include lost shipments, errors in shipments, overbilled customers, faulty products, and credit card fraud. There are many organizations designed to protect the customer and his/her rights, and examples are the Better Business Bureau and TRUSTe.

2. Customers
In general, shopping has always catered to middle class and upper class women. Shopping is fragmented and pyramid-shaped. At the pinnacle are elegant boutiques for the affluent, a huge belt of inelgant but ruthlessly efficient “discounters” flog plenty at the pyramid’s precarious middle. According to the analysis of Susan D. Davis, at its base are the world’s workers and poor, on whose cheapened labor the rest of the pyramid depends for its incredible abundance. Shopping has evolved from single stores to large malls containing many stores that most often offer attentive service, store credit, delivery, and acceptance of returns. These new additions to shopping have encouraged and targeted middle class women.

In recent years, online shopping has become popular; however, it still caters to the middle and upper class. In order to shop online, one must be able to have access to a computer, a bank account and a debit card. Shopping has evolved with the growth of technology. According to research found in the Journal of Electronic Commerce, if we focus on the demographic characteristics of the in-home shopper, in general, the higher the level of education, income, and occupation of the head of the household, the more favourable the perception of non-store shopping. An influential factor in consumer attitude towards non-store shopping is exposure to technology, since it has been demonstrated that increased exposure to technology increases the probability of developing favourable attitudes towards new shopping channels.

Online shopping widened the target audience to men and women of the middle class. At first, main users of online shopping were young men with a high level of income and a university education. This profile is changing. For example, in USA in the early years of Internet there were very few women users, but by 2001 women were 52.8% of the online population. Sociocultural pressure has made men generally more independent in their purchase decisions, while women place greater value on personal contact and social relations. In addition, male shoppers are more independent when deciding on purchasing products because, unlike women, they don’t necessarily need to see or try on the product.

3. Trends
One third of people that shop online use a search engine to find what they are looking for and about one fourth find websites by word of mouth. Word of mouth has become a leading way by which people find shopping websites. When an online shopper has a good first experience with a certain website, sixty percent of the time they will return to that website to buy more.

Books are one of the things bought most online. However, clothes, shoes, and accessories are all very popular things bought online. Cosmetics, nutrition products, and groceries are increasingly being purchased online. About one fourth of travelers buy their plane tickets online because it is a quick and easy way to compare airline travel and make a purchase. Online shopping provides more freedom and control than shopping in a store.

From a sociological perspective, online shopping is arguably the most predictable way to shop. One knows exactly what website to go to, how much the product will cost, and how long it will take for the product to reach them. Online shopping has become extremely routine and predictable, which is one of its great appeals to the consumer.

4. Logistics
Consumers find a product of interest by visiting the website of the retailer directly, or do a search across many different vendors using a shopping search engine.

Once a particular product has been found on the web site of the seller, most online retailers use shopping cart software to allow the consumer to accumulate multiple items and to adjust quantities, by analogy with filling a physical shopping cart or basket in a conventional store. A “checkout” process follows (continuing the physical-store analogy) in which payment and delivery information is collected, if necessary. Some stores allow consumers to sign up for a permanent online account so that some or all of this information only needs to be entered once. The consumer often receives an e-mail confirmation once the transaction is complete. Less sophisticated stores may rely on consumers to phone or e-mail their orders (though credit card numbers are not accepted by e-mail, for security reasons).
5. **Payment**

Online shoppers commonly use credit card to make payments, however some systems enable users to create accounts and pay by alternative means, such as:

- Debit card
- Various types of electronic money
- Cash on delivery (C.O.D., offered by very few online stores)
- Cheque
- Wire transfer/delivery on payment
- Postal money order
- PayPal
- Google Checkout
- Amazon Payments
- Bill Me Later
- Money bookers
- Reverse SMS billing to mobile phones
- Gift cards
- Direct debit in some countries

Some sites will not allow international credit cards and billing address and shipping address have to be in the same country in which site does its business. Other sites allow customers from anywhere to send gifts anywhere. The financial part of a transaction might be processed in real time (for example, letting the consumer know their credit card was declined before they log off), or might be done later as part of the fulfillment process.

While credit cards are currently the most popular means of paying for online goods and services, alternative online payments will account for 26% of e-commerce volume by 2009 according to Celent.

6. **Product delivery**

Once a payment has been accepted the goods or services can be delivered in the following ways.

- Download: This is the method often used for digital media products such as software, music, movies, or images.
- Shipping: The product is shipped to the customer's address.
- Drop shipping: The order is passed to the manufacturer or third-party distributor, who ships the item directly to the consumer, bypassing the retailer's physical location to save time, money, and space.
- In-store pickup: The customer orders online, finds a local store using locator software and picks the product up at the closest store. This is the method often used in the bricks and clicks business model.
- In the case of buying an admission ticket one may get a code, or a ticket that can be printed out. At the premises it is made sure that the same right of admission is not used twice.

7. **Shopping cart systems**

- Simple systems allow the offline administration of products and categories. The shop is then generated as HTML files and graphics that can be uploaded to a webspaces. These systems do not use an online database.
- A high end solution can be bought or rented as a standalone program or as an addition to an enterprise resource planning program. It is usually installed on the company's own webserver and may integrate into the existing supply chain so that ordering, payment, delivery, accounting and warehousing can be automated to a large extent.
- Other solutions allow the user to register and create an online shop on a portal that hosts multiple shops at the same time.
- open source shopping cart packages include advanced platforms such as Interchange, and off the shelf solutions as Satchmo, osCommerce, Magento, Zen Cart and VirtueMart.
- Commercial systems can also be tailored to ones needs so that the shop does not have to be created from scratch. By using a framework already existing, software modules for different functionalities required by a web shop can be adapted and combined.

8. **Market share**

E-commerce product sales totaled $146.4 billion in the United States in 2006, representing about 6% of retail product sales in the country. The $18.3 billion worth of clothes sold online represented about 10% of the domestic market.

For developing countries and low-income households in developed countries, adoption of e-commerce in place of or in addition to conventional methods is limited by a lack of affordable Internet access.
9. Advantages

9.1 Convenience

Online stores are usually available 24 hours a day, and many consumers have Internet access both at work and at home. A visit to a conventional retail store requires travel and must take place during business hours. Searching or browsing an online catalog can be faster than browsing the aisles of a physical store. Consumers with dial-up Internet connections rather than broadband have much longer load times for content-rich web sites and have a considerably slower online shopping experience.

Some consumers prefer interacting with people rather than computers (and vice versa), sometimes because they find computers hard to use. Not all online retailers have succeeded in making their sites easy to use or reliable.

In most cases, merchandise must be shipped to the consumer, introducing a significant delay and potentially uncertainty about whether or not the item was actually in stock at the time of purchase. Bricks and clicks stores offer the ability to buy online but pick up in a nearby store. Many stores give the consumer the delivery company's tracking number for their package when shipped, so they can check its status online and know exactly when it will arrive. For efficiency reasons, online stores generally do not ship products immediately upon receiving an order. Orders are only filled during warehouse operating hours, and there may be a delay of anywhere from a few minutes to a few days to a few weeks before in-stock items are actually packaged and shipped. Many retailers inform customers how long they can expect to wait before receiving a package, and whether or not they generally have a fulfillment backlog. A quick response time is sometimes an important factor in consumers' choice of merchant. A weakness of online shopping is that, even if a purchase can be made 24 hours a day, the customer must often be at home during normal business hours to accept the delivery. For many professionals this can be difficult, and absence at the time of delivery can result in delays, or in some cases, return of the item to the retailer. Automated delivery booths, such as DHL's Packstation, have tried to address this problem. There are sites such as www.visitthebest.com that gives essential guide to top shopping sites

In the event of a problem with the item - it is not what the consumer ordered, or it is not what they expected - consumers are concerned with the ease with which they can return an item for the correct one or for a refund. Consumers may need to contact the retailer, visit the post office and pay return shipping, and then wait for a replacement or refund. Some online companies have more generous return policies to compensate for the traditional advantage of physical stores. For example, the online shoe retailer Zappos.com includes labels for free return shipping, and does not charge a restocking fee, even for returns which are not the result of merchant error. (Note: In the United Kingdom, Online shops are prohibited from charging a restocking fee if the consumer cancels their order in accordance with the Consumer Protection (Distance Selling) Act 2000.)

9.2 Information and reviews

Online stores must describe products for sale with text, photos, and multimedia files, whereas in a physical retail store, the actual product and the manufacturer's packaging will be available for direct inspection (which might involve a test drive, fitting, or other experimentation).

Some online stores provide or link to supplemental product information, such as instructions, safety procedures, demonstrations, or manufacturer specifications. Some provide background information, advice, or how-to guides designed to help consumers decide which product to buy.

Some stores even allow customers to comment or rate their items. There are also dedicated review sites that host user reviews for different products.

In a conventional retail store, clerks are generally available to answer questions. Some online stores have real-time chat features, but most rely on e-mail or phone calls to handle customer questions.

9.3 Price and selection

One advantage of shopping online is being able to quickly seek out deals for items or services with many different vendors (though some local search engines do exist to help consumers locate products for sale in nearby stores). Search engines and online price comparison services can be used to look up sellers of a particular product or service.

Shoppers find a greater selection online in certain market segments (for example, computers and consumer electronics) and in some cases lower prices. This is due to a relaxation of certain constraints, such as the size of a "brick-and-mortar" store, lower stocking costs (or none, if drop shipping is used), and lower staffing overhead.

Shipping costs (if applicable) reduce the price advantage of online merchandise, though depending on the jurisdiction, a lack of sales tax may compensate for this.

Shipping a small number of items, especially from another country, is much more expensive than making the
larger shipments bricks-and-mortar retailers order. Some retailers (especially those selling small, high-value items like electronics) offer free shipping on sufficiently large orders.

10. Concerns

10.1 Fraud and security concerns

Given the lack of ability to inspect merchandise before purchase, consumers are at higher risk of fraud on the part of the merchant than in a physical store. Merchants also risk fraudulent purchases using stolen credit cards or fraudulent repudiation of the online purchase. With a warehouse instead of a retail storefront, merchants face less risk from physical theft.

Secure Sockets Layer (SSL) encryption has generally solved the problem of credit card numbers being intercepted in transit between the consumer and the merchant. Identity theft is still a concern for consumers when hackers break into a merchant's website and steal names, addresses and credit card numbers. A number of high-profile break-ins in the 2000s has prompted some U.S. states to require disclosure to consumers when this happens. Computer security has thus become a major concern for merchants and e-commerce service providers, who deploy countermeasures such as firewalls and anti-virus software to protect their networks.

Phishing is another danger, where consumers are fooled into thinking they are dealing with a reputable retailer, when they have actually been manipulated into feeding private information to a system operated by a malicious party. Denial of service attacks are a minor risk for merchants, as are server and network outages.

Quality seals can be placed on the Shop web page if it has undergone an independent assessment and meets all requirements of the company issuing the seal. The purpose of these seals is to increase the confidence of the online shoppers; the existence of many different seals, or seals unfamiliar to consumers, may foil this effort to a certain extent.

A number of resources offer advice on how consumers can protect themselves when using online retailer services. These include:

- Sticking with known stores, or attempting to find independent consumer reviews of their experiences; also ensuring that there is comprehensive contact information on the website before using the service, and noting if the retailer has enrolled in industry oversight programs such as trust mark or trust seal.
- Ensuring that the retailer has an acceptable privacy policy posted. For example note if the retailer does not explicitly state that it will not share private information with others without consent.
- Ensuring that the vendor address is protected with SSL (see above) when entering credit card information. If it does the address on the credit card information entry screen will start with "HTTPS".
- Using strong passwords, without personal information. Another option is a "pass phrase," which might be something along the lines: "I shop 4 good a buy!!" These are difficult to hack, and provides a variety of upper, lower, and special characters and could be site specific and easy to remember.

Although the benefits of online shopping are considerable, when the process goes poorly it can create a thorny situation. A few problems that shoppers potentially face include identity theft, faulty products, and the accumulation of spyware. Most large online corporations are inventing new ways to make fraud more difficult, however, the criminals are constantly responding to these developments with new ways to manipulate the system. Even though these efforts are making it easier to protect yourself online, it is a constant fight to maintain the lead. It is advisable to be aware of the most current technology and scams out there to fully protect yourself and your finances.

One of the hardest areas to deal with in online shopping is the delivery of the products. Most companies offer shipping insurance in case the product is lost or damaged; however, if the buyer opts not to purchase insurance on their products, they are generally out of luck. Some shipping companies will offer refunds or compensation for the damage, but it is up to their discretion if this will happen. It is important to realize that once the product leaves the hands of the seller, they have no responsibility (provided the product is what the buyer ordered and is in the specified condition).

10.2 Privacy

Privacy of personal information is a significant issue for some consumers. Different legal jurisdictions have different laws concerning consumer privacy, and different levels of enforcement. Many consumers wish to avoid spam and telemarketing which could result from supplying contact information to an online merchant.

In response, many merchants promise not to use consumer information for these purposes, or provide a mechanism to opt-out of such contacts.

Brick-and-mortar stores also collect consumer information. Some ask for address and phone number at checkout, though consumers may refuse to provide it. Many larger stores use the address information
encoded on consumers' credit cards (often without their knowledge) to add them to a catalog mailing list. This information is obviously not accessible to the merchant when paying in cash.

11. Product suitability

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<thead>
<tr>
<th>CATEGORY</th>
<th>U.S. ONLINE SALES (2006)</th>
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<tbody>
<tr>
<td>Apparel, accessories and footwear</td>
<td>$18.3 billion</td>
</tr>
<tr>
<td>Computer hardware and software</td>
<td>$17.2 billion</td>
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<tr>
<td>Autos and auto parts</td>
<td>$16.7 billion</td>
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<tr>
<td>Home furnishings</td>
<td>$10.0 billion</td>
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<tr>
<td><strong>Total products sales (excluding travel)</strong></td>
<td><strong>$146.4 billion</strong></td>
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<tr>
<td>Travel</td>
<td>$73.5 billion</td>
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Many successful purely virtual companies deal with digital products, (including information storage, retrieval, and modification), music, movies, office supplies, education, communication, software, photography, and financial transactions. Examples of this type of company include: Google, eBay and Paypal. Other successful marketers use Drop shipping or affiliate marketing techniques to facilitate transactions of tangible goods without maintaining real inventory. Examples include numerous sellers on eBay.

Some non-digital products have been more successful than others for online stores. Profitable items often have a high value-to-weight ratio, they may involve embarrassing purchases, they may typically go to people in remote locations, and they may have shut-ins as their typical purchasers. Items which can fit through a standard letterbox — such as music CDs, DVDs and books — are particularly suitable for a virtual marketer, and indeed Amazon.com, one of the few enduring dot-com companies, has historically concentrated on this field. Products such as spare parts, both for consumer items like washing machines and for industrial equipment like centrifugal pumps, also seem good candidates for selling online. Retailers often need to order spare parts specially, since they typically do not stock them at consumer outlets -- in such cases, e-commerce solutions in spares do not compete with retail stores, only with other ordering systems. A factor for success in this niche can consist of providing customers with exact, reliable information about which part number their particular version of a product needs, for example by providing parts lists keyed by serial number.

Products less suitable for e-commerce include products that have a low value-to-weight ratio, products that have a smell, taste, or touch component, products that need trial fittings — most notably clothing — and products where color integrity appears important. Nonetheless, Tesco.com has had success delivering groceries in the UK, albeit that many of its goods are of a generic quality, and clothing sold through the internet is big business in the U.S. Also, the recycling program Cheapcycle sells goods over the internet, but avoids the low value-to-weight ratio problem by creating different groups for various regions, so that shipping costs remain low.

12. Aggregation

High-volume websites, such as Yahoo!, Amazon.com and eBay, offer hosting services for online stores to small retailers. These stores are presented within an integrated navigation framework. Collections of online stores are sometimes known as virtual shopping malls or online marketplaces.

Become.com is a product price comparison service and discovery shopping search engine with a mission to help shoppers make ideal buying decisions. Dulance was a price engine that specialized in searching for hard-to-find products often sold by small independent online retailers (“The Long Tail”).
Topic Objective:
At the end of this topic students will be able:
- To describe the concept of three C’s in e-retailing.
- To distinguish e-retailers by provider and consumer.
- To discuss the types of e-business models.

Topic Introduction:
**Dot-Com Company:** A dot-com company, or simply a dot-com (alternatively rendered dot.com or dot com), is a company that does most of its business on the Internet, usually through a website that uses the popular top-level domain, "\.com" (in turn derived from the word "commercial").

**Pure Play:** In e-business terms, a pure play is an organization that originated and does business purely through the internet, they have no physical store (brick and mortar) where customers can shop.

**Bricks-and-clicks:** is a business model by which a company integrates both offline (bricks) and online (clicks) presences. It is also known as click-and-mortar or clicks-and-bricks, as well as bricks, clicks and flips, flips referring to catalogs.

Topic Overview:
1. The three C’s

![Diagram](image)

**Examples of companies divided over the Three C’s**

Various different ways to do business and make money with the internet have been proposed. They are emphasized in the three C’s, which stand for Commerce, Content and Connection. Commerce is about selling products over the internet, as Amazon.com does. Content refers to placing content on the internet, varying from news headlines to weblogs. Some examples are BBC News and Facebook. Lastly one can do business by supplying an internet connection, as with AOL, one of the largest internet service providers (ISP) in the US. Some companies, like Google, Microsoft and AOL, offer all three of them, which gives them an advantage on their competitors. This combination should be a success formula according to some information specialists.
2. Classification by provider and consumer

Roughly dividing the world into providers/producers and consumers/clients one can classify e-businesses into the following categories:

- business-to-business (B2B)
- business-to-consumer (B2C)
- business-to-employee (B2E)
- business-to-government (B2G)
- government-to-business (G2B)
- government-to-government (G2G)
- government-to-citizen (G2C)
- consumer-to-consumer (C2C)
- consumer-to-business (C2B)

It is notable that there are comparably less connections pointing "upwards" than "downwards" (few employee/consumer/citizen-to-X models).

3. Types of e-business models

3.1 Pure Play

Examples of large pure play companies include Amazon.com and Netflix.com. There are also many smaller, niche oriented pure play mail order companies such as women's travel accessories company Christine Columbus, fashion jewelry merchant Jewels of Denial and cycling goods supplier Lickton Bike Supply. With a much lower barrier to entry, the Internet affords smaller companies the ability to compete with much larger brands due to typically lower overhead and marketing costs. Though multi-channel marketing is a hot buzzword, there is still plenty of growth opportunity for pure play merchants.

In financial management, a pure play is a company whose shares are publicly traded and that either has, or is very close to having, a single business focus. Coca-Cola is an example of a pure play in this context because it retails only beverages. On the other hand, Pepsi is not a pure play because it also owns the Frito-Lay snack foods brand.

The pure play approach or pure play method is a method for estimating the cost of capital for a proposed new project or product line. It involves examining other companies which are pure plays in the proposed line of business and inferring a cost of capital based on their capital structures (eg Debt-to-Equity ratio) and betas.

3.2 Bricks-and-clicks

For example, an electronics store may allow the user to order online, but pick up their order immediately at a local store, which the user finds using locator software. Conversely, a furniture store may have displays at a local store from which a customer can order an item electronically for delivery.

The bricks and clicks model has typically been used by traditional retailers who have extensive logistics and supply chains. Part of the reason for its success is that it is far easier for a traditional retailer to establish an online presence than it is for a start-up company to employ a successful pure "dot com" strategy, or for an online retailer to establish a traditional presence (including a strong brand).

The success of the model in many sectors has destroyed the credibility of analysts who argued that the Internet would render traditional retailers obsolete through disintermediation.

3.2.1 Advantages of the model

Click and mortar firms have the advantage in areas of existing products and services. In these cases there are major advantages in retaining ties to a physical company. This is because they are able to use their competencies and assets, which include:

1. Core competency. Successful firms tend to have one or two core competencies that they can do better than their competitors. It may be anything from new product development to customer service. When a bricks and mortar firm goes online it is able to use this core competency more intensively and extensively.

2. Existing supplier networks. Existing firms have established relationships of trust with suppliers. This usually ensures problem free delivery and an assured supply. It can also entail price discounts and other preferential treatment.

3. Existing distribution channels. As with supplier networks, existing distribution channels can ensure
problem free delivery, price discounts, and preferential treatments.
4. Brand equity. Often existing firms have invested large sums of money in brand advertising over the years. This equity can be leveraged on-line by using recognized brand names. An example is Disney.
5. Stability. Existing firms that have been in business for many years appear more stable. People trust them more than pure on-line firms. This is particularly true in financial services.
6. Existing customer base. Because existing firms already have a base of sales, they can more easily obtain economies of scale in promotion, purchasing and production; economies of scope in distribution and promotion; reduced overhead allocation per unit; and shorter break even times.
7. A lower cost of capital. Established firms will have a lower cost of capital. Bond issues may be available to existing firms that are not available to dot coms. The underwriting cost of a dot com IPO is higher than an equivalent brick and click equity offering.
8. Learning curve advantages. Every industry has a set of best practices that are more or less known to established firms. New dot coms will be at a disadvantage unless they can redefine the industry's best practices and leap frog existing firms.
9. Pure dot coms, on the other hand, have the advantage in areas of new e-business models that stress cost efficiency. They are not burdened with brick and mortar costs and can offer products at very low marginal cost. However, they tend to spend substantially more on customer acquisition.

3.3 Consumer-to-consumer
Consumer-to-consumer (or C2C) electronic commerce involves the electronically-facilitated transactions between consumers through some third party. A common example is the online auction, in which a consumer posts an item for sale and other consumers bid to purchase it; the third party generally charges a flat fee or commission. The sites are only intermediaries, just there to match consumers. They do not have to check quality of the products being offered.
This type of e-commerce is expected to increase in the future because it cuts out the costs of using another company. An example on how it could change in the future from Management Information Systems, if you are driving around in a car, someone having a garage sale can transmit to your GPS advertising their garage sale. This will reach a larger population than just signs.
- No quality control
- No payment guarantee
- Hard to pay for using cheques, ATM cards, etc. but in the future this is likely to change.

3.4 Universities
C2C are becoming more popular amongst students in universities because these are large communities in the same geographical region that are low on money. So they are looking for deals very often and these kinds of websites offer this. Universities themselves set up places for students to sell textbooks and other stuff to other students, you can even advertise that you are subletting your apartment. An example of this from above is Tiger books and Dalhousie University Classfieds, both of these are put together by the school itself for the students.
Business-to-consumer (B2C, sometimes also called Business-to-Customer) describes activities of E-businesses serving end consumers with products and/or services. It is often associated with electronic commerce but also encompasses financial institutions and other types of businesses. B2C relationships are often established and cultivated through some form of Internet marketing.
In Section 2 of this course you will cover these topics:

- Understanding And Communicating With The E-Consumer
- Information Search On The Web
- E-Store Design: Navigability, Interactivity And Web Atmospherics

You may take as much time as you want to complete the topic covered in section 2.
There is no time limit to finish any Section, However you must finish All Sections before semester end date.
**Topic Objective:**
At the end of this topic students will be able:

- To explain the design concept in e-stores.

**Topic Introduction:**
Consumer-to-consumer (or C2C) electronic commerce involves the electronically-facilitated transactions between consumers through some third party.

**Topic Overview:**

1. Design
   Why does electronic shopping exist? For customers it is not only because of the high level of convenience, but also because of the broader selection; competitive pricing and greater access to information. For organizations it increases their customer value and the building of sustainable capabilities, next to the increased profits.

   1.1 Information load
   Designers of online shops should consider the effects of information load. Mehrabian and Russel (1974) introduced the concept of information rate (load) as the complex spatial and temporal arrangements of stimuli within a setting. The notion of information load is directly related to concerns about whether consumers can be given too much information in virtual shopping environments. Compared with conventional retail shopping, computer shopping enriches the information environment of virtual shopping by providing additional product information, such as comparative products and services, as well as various alternatives and attributes of each alternative, etc.

   Two major sub-dimensions have been identified for information load: complexity and novelty. Complexity refers to the number of different elements or features of a site, which can be the result of increased information diversity. Novelty involves the unexpected, suppressing, new, or unfamiliar aspects of the site. A research by Huang (2000) showed that the novelty dimension kept consumers exploring the shopping sites, whereas the complexity dimension has the potential to induce impulse purchases.

   1.2 Consumer expectations
   The main idea of online shopping is not in having a good looking website that could be listed in a lot of search engines and it is not about the art behind the site. It also is not only just about disseminating information, because it is all about building relationships and making money. Mostly, organizations try to adopt techniques of online shopping without understanding these techniques and/or without a sound business model. Rather than supporting the organization’s culture and brand name, the website should satisfy consumer’s expectations. Many researchers notify that the uniqueness of the web has dissolved and the need for the design, which will be user centered, is very important. Companies should always remember that there are certain things, such as understanding the customer’s wants and needs, living up to promises, never go out of style, because they give reason to come back. And the reason will stay if consumers always get what they expect. McDonaldization theory can be used in terms of online shopping, because online shopping is becoming more and more popular and website that wants to gain more shoppers will use four major principles of McDonaldization: efficiency, calculability, predictability and control.
Organizations, which want people to shop more online for them, should consume extensive amounts of time and money to define, design, develop, test, implement, and maintain website. Also if company wants their website to be popular among online shoppers it should leave the user with a positive impression about the organization, so consumers can get an impression that the company cares about them. The organization that wants to be acceptable in online shopping needs to remember, that it is easier to lose a customer then to gain one. Lots of researchers state that even when site was a “top-rated”, it would go nowhere if the organization failed to live up to common etiquette, such as returning e-mails in a timely fashion, notifying customers of problems, being honest, and being good stewards of the customers’ data. Organizations that want to keep their customers or gain new ones try to get rid of all mistakes and be more appealing to be more desirable for online shoppers. And this is why many designers of webshops considered research outcomes concerning consumer expectations. Research conducted by Elliot and Fowell (2000) revealed satisfactory and unsatisfactory customer experiences.

1.3 User interface

It is important to take the country and customers into account. For example, in Japan privacy is very important and emotional involvement is more important on a pension’s site than on a shopping site. Next to that, there is a difference in experience: experienced users focus more on the variables that directly influence the task, while novice users are focusing more on understanding the information.

There are several techniques for the inspection of the usability. The ones used in the research of Chen & Macredie (2005) are Heuristic evaluation, cognitive walk through and the user testing. Every technique has its own (dis-)advantages and it is therefore important to check per situation which technique is appropriate.

When the customers went to the online shop, a couple of factors determine whether they will return to the site. The most important factors are the ease of use and the presence of user-friendly features.
Topic Objective:
At the end of this topic students will be able:

- To understand the information Search Process.
- To describe the function and workings of a web search engine.

Topic Introduction:
Information Search Process: The Information Search Process (ISP) is a six-stage process that information seekers go through when seeking information.

Web Search Engine: A Web search engine is a tool designed to search for information on the World Wide Web. Information may consist of web pages, images, information and other types of files. Some search engines also mine data available in newbooks, databases, or open directories. Unlike Web directories, which are maintained by human editors, search engines operate algorithmically or are a mixture of algorithmic and human input.

Topic Overview:
1. ISP
ISP was first suggested by Carol Kuhlthau in 1991. The six stages of ISP are as follows: Stage 1: Initiation, Stage 2: Selection, Stage 3: Exploration, Stage 4: Formulation, Stage 5: Collection, Stage 6: Presentation.

- During the first stage, initiation, the information seeker has a topic for which they need information. As they think more about the topic, they may discuss the topic with others and brainstorm the topic further.
- In the second stage, selection, the individual begins to decide where to get the information needed. Some information retrieval may occur at this point.
- In the third stage, exploration, information on the topic is gathered. During this stage, new personal knowledge is created.
- During the fourth stage, formulation, the information seeker starts to evaluate the information that has been gathered. At this point, a focus begins to form and there is not as much confusion and uncertainty as in earlier stages. Formulation is considered to be the most important stage of the process.
- During the fifth stage, collection, the information seeker knows what is needed to support the focus. At this point, the search is more effective because the focus is clear.
- In the sixth and final stage, presentation, the individual has completed the information search. Now the information seeker will summarize and report on the information that was found through the process.

2. Web Search Engine
A search engine operates, in the following order:

1. Web crawling
2. Indexing
3. Searching

Web search engines work by storing information about many web pages, which they retrieve from the WWW itself.
These pages are retrieved by a Web crawler (sometimes also known as a spider) — an automated Web browser which follows every link it sees. Exclusions can be made by the use of robots.txt. The contents of each page are then analyzed to determine how it should be indexed (for example, words are extracted from the titles, headings, or special fields called meta tags). Data about web pages are stored in an index database for use in later queries. Some search engines, such as Google, store all or part of the source page (referred to as a cache) as well as information about the web pages, whereas others, such as AltaVista, store every word of every page they find. This cached page always holds the actual search text since it is the one that was actually indexed, so it can be very useful when the content of the current page has been updated and the search terms are no longer in it. This problem might be considered to be a mild form of linkrot, and Google's handling of it increases usability by satisfying user expectations that the search terms will be on the returned webpage. This satisfies the principle of least astonishment since the user normally expects the search terms to be on the returned pages. Increased search relevance makes these cached pages very useful, even beyond the fact that they may contain data that may no longer be available elsewhere.

When a user enters a query into a search engine (typically by using key words), the engine examines its index and provides a listing of best-matching web pages according to its criteria, usually with a short summary containing the document's title and sometimes parts of the text. Most search engines support the use of the boolean operators AND, OR and NOT to further specify the search query. Some search engines provide an advanced feature called proximity search which allows users to define the distance between keywords. The usefulness of a search engine depends on the relevance of the result set it gives back. While there may be millions of webpages that include a particular word or phrase, some pages may be more relevant, popular, or authoritative than others. Most search engines employ methods to rank the results to provide the "best" results first. How a search engine decides which pages are the best matches, and what order the results should be shown in, varies widely from one engine to another. The methods also change over time as Internet usage changes and new techniques evolve.

Most Web search engines are commercial ventures supported by advertising revenue and, as a result, some employ the practice of allowing advertisers to pay money to have their listings ranked higher in search results. Those search engines which do not accept money for their search engine results make money by running search related ads alongside the regular search engine results. The search engines make money every time someone clicks on one of these ads.

Revenue in the web search portals industry is projected to grow in 2008 by 13.4 percent, with broadband connections expected to rise by 15.1 percent. Between 2008 and 2012, industry revenue is projected to rise by 56 percent as Internet penetration still has some way to go to reach full saturation in American households. Furthermore, broadband services are projected to account for an ever increasing share of domestic Internet users, rising to 118.7 million by 2012, with an increasing share accounted for by fiber-optic and high speed cable lines.
E- Retailing Methods > Section 2 > Topic 6

Topic 6: E-Store Design: Navigability, Interactivity And Web Atmospherics

**Topic Objective:**
At the end of this topic students will be able:
- To understand e-commerce and web stores.
- To understand the various components of an online store design.
- To analyze the issue of information load.

**Topic Introduction:**
**Webstore:** A webstore is a website that sells products or services and typically has an online shopping cart associated with it. With the popularity of the Internet rapidly increasing, online shopping became advantageous for retail store owners, and many traditional “brick and mortar” stores saw value in opening webstore counterparts.

**Topic Overview:**
1. **E-commerce**
   E-commerce product sales totaled $146.4 billion in the United States in 2006, representing about 6% of retail product sales in the country. The $18.3 billion worth of clothes sold online represented about 10% of the domestic market.

2. **Webstore Characteristics**
   Webstores typically share several similar characteristics, such as:
   - Sell Products or Services – Although some webstores are simply informational websites for the retail store or company they are associated with, most webstores do sell specific products or services.
   - Ecommerce Shopping Cart – The goal of most webstores is to have customers buy their products. These stores have an online shopping cart on their website, and customers are able to add products to the shopping cart, enter their payment information, and check out.
   - Niche Industries – Many webstores target a specific industry and find their own unique corner of the market. However, exceptions include Amazon.com which found success in offering customers a myriad of products.

3. **Online Store Design**
   There are millions of webstores in cyberspace. Online store owners usually either create their own store using web design software, hire an outside web developer to create their store, or use an ecommerce store platform. Ecommerce store platforms usually charge a monthly fee, grant users access to store templates, and have order management features. Although there are millions of webstores, successful webstores often require ecommerce know-how and attention to details. Common traits of successful webstores are:
   - Simplicity – Modern webstores are simple and usually have a left hand navigation bar. Rather than listing products all on one page, they feature only a few products on each page and have links to other products on other pages.
   - Search Engine Friendly – One of the most popular ways for customers to find a webstore is by using a search engine. The best webstores conform to search engine best practices.
   - Contact Information – Customers want to make sure there’s a real person behind the online store, so including
contact information is a common practice.

- Monitor Sales – Many webstores utilize programs like Google Analytics that allow them to track sales data and how customers access the site.

The popularity of online shopping is expected to grow, and whole companies have started up to design webstores for small business owners.

4. Information Load

Designers of online shops should consider the effects of information load. Mehrabian and Russel (1974) introduced the concept of information rate (load) as the complex spatial and temporal arrangements of stimuli within a setting. The notion of information load is directly related to concerns about whether consumers can be given too much information in virtual shopping environments. Compared with conventional retail shopping, computer shopping enriches the information environment of virtual shopping by providing additional product information, such as comparative products and services, as well as various alternatives and attributes of each alternative, etc.

Two major sub-dimensions have been identified for information load: complexity and novelty. Complexity refers to the number of different elements or features of a site, which can be the result of increased information diversity. Novelty involves the unexpected, suppressing, new, or unfamiliar aspects of the site. A research by Huang (2000) showed that the novelty dimension kept consumers exploring the shopping sites, whereas the complexity dimension has the potential to induce impulse purchases.
In Section 3 of this course you will cover these topics:

- E-Service
- Branding On The Web

You may take as much time as you want to complete the topic covered in section 3. There is no time limit to finish any Section, however you must finish All Sections before semester end date.
Topic Objective:
At the end of this topic students will be able:
- To distinguish between e-service and e-retailing.
- To understand the importance of e-networks for an e-service.
- To explore the idea of e-government.

Topic Introduction:
e-Services or "eServices" is a highly general/generic term usually referring to the provision of services via the Internet (the prefix 'e' standing for "electronic", as it does in many other uses). It is true Web jargon, meaning just about anything done online. This page, for example, is an e-Service.

e-Government: (from electronic government, also known as e-gov, digital government, online government or in a certain context transformational government) refers to the use of internet technology as a platform for exchanging information, providing services and transacting with citizens, businesses, and other arms of government. e-Government may be applied by the legislature, judiciary, or administration, in order to improve internal efficiency, the delivery of public services, or processes of democratic governance.

Topic Overview:
1. e-Services
E-services, a business concept developed by Hewlett Packard (HP), is the idea that the World Wide Web is moving beyond e-business and e-commerce (that is, completing sales on the Web) into a new phase where many business services can be provided for a business or consumer using the Web. Some e-services, such as remote bulk printing, may be done at a Web site; other e-services, such as news updates to subscribers, may be sent to your computer. Other e-services will be done in the background without the customer's immediate knowledge. HP defines e-services as "modular, nimble, electronic services that perform work, achieve tasks, or complete transactions." It can cause confusion when used in conjunction with "Support," as who knows the difference between "eServices" and online Support. It is often best to be avoided for this reason, especially in Website navigation.
e-Services include "e-commerce," although they may also include non-commercial services. Non-ecommerce e-services include (at least some) "eGovernment" services.

2. E-networks
Fundamental value advocated for e-services is the capability for them to be composed, in order to create new e-services and solutions. In extreme scenarios, e-services could spontaneously aggregate in order to solve specific problems. A classic example is the autonomous organisation of a trip; involving flight bookings, hotel reservations, car rentals, and so on. More business-centric scenarios picture e-services composing with e-processes to support the operations of a specific company. The example of the trip can be reused. In this case, a travel agency needs to connect with a number of other companies in order to organise the trip. The travel agency triggers the formation of an e-network.
3. eGovernment

The primary delivery models are Government-to-Citizen or Government-to-Customer (G2C), Government-to-Business (G2B) and Government-to-Government (G2G) & Government-to-Employees (G2E).

Within each of these interaction domains, four kind of activities take place

- pushing information over the Internet, e.g: regulatory services, general holidays, public hearing schedules, issue briefs, notifications, etc.
- two-way communications between the agency and the citizen, a business, or another government agency. In this model, users can engage in dialogue with agencies and post problems, comments, or requests to the agency.
- conducting transactions, e.g: lodging tax returns, applying for services and grants.
- governance, e.g: online polling, voting, and campaigning.

The most important anticipated benefits of e-government include more efficiency, improved services, better accessibility of public services, and more transparency and accountability.

While e-government is often thought of as "online government" or "Internet-based government," many non-Internet "electronic government" technologies can be used in this context. Some non-internet forms include telephone, fax, PDA, SMS text messaging, MMS, wireless networks and services, Bluetooth, CCTV, tracking systems, RFID, biometric identification, road traffic management and regulatory enforcement, identity cards, smart cards and other NFC applications; polling station technology (where non-online e-voting is being considered), TV and radio-based delivery of government services, email, online community facilities, newsgroups and electronic mailing lists, online chat, and instant messaging technologies. There are also some technology-specific sub-categories of e-government, such as m-government (mobile government), u-government (ubiquitous government), and g-government (GIS/GPS applications for e-government).

There are many considerations and potential implications of implementing and designing e-government, including disintermediation of the government and its citizens, impacts on economic, social, and political factors, and disturbances to the status quo in these areas.
**E- Retailing Methods > Section 3 > Topic 8**

**Topic 8: Branding On The Web**

**Topic Objective:**
At the end of this topic students will be able:
- To relate internet and marketing.
- To understand the business model used in internet marketing,
- To discuss the advantages of internet marketing.
- To understand the limitations and security concerns involved in e-marketing.

**Topic Introduction:**
*Internet marketing:* also referred to as online marketing, Internet advertising, eMarketing (or e-Marketing), is the marketing of products or services over the Internet. When applied to the subset of website-based advertisement placements, Internet marketing is commonly referred to as Web advertising (Webvertising) and/or Web marketing.

**Topic Overview:**

1. **Internet and Marketing**
   The Internet has brought many unique benefits to marketing, one of which being lower costs for the distribution of information and media to a global audience. The interactive nature of Internet marketing, both in terms of providing instant response and eliciting response, is a unique quality of the medium.

   Internet marketing ties together creative and technical aspects of the Internet, including design, development, advertising, and sales. Internet marketing methods and strategies encompass a wide range of services:

   - affiliate marketing
   - behavioral marketing
   - cause marketing
   - contextual advertising
   - customer relationship management (CRM) marketing
   - digital marketing
   - display advertising
   - e-mail marketing
   - in-text advertising
   - interactive advertising
   - Internet news releases
   - lead scoring
   - newsletter marketing
   - online market research
   - online reputation management (ORM)
   - search engine marketing (SEM)
   - pay per click (PPC)
   - search engine optimization (SEO)
Internet marketing does not simply entail building or promoting a website, nor does it mean placing a banner ad on another website. Effective Internet marketing requires a comprehensive strategy that synergizes a given company’s business model and sales goals with its website function and appearance, focusing on its target market through proper choice of advertising type, media, and design.

Internet marketing also refers to the placement of media along different stages of the customer engagement cycle through search engine marketing (SEM), search engine optimization (SEO), banner ads on specific websites, email marketing and Web 2.0 strategies. In 2008 The New York Times working with comScore published an initial estimate to quantify the user data collected by large Internet-based companies. Counting four types of interactions with company websites in addition to the hits from ads served from advertising networks, the authors found the potential for collecting upward of 2,500 pieces of data on average per user per month.

2. Business models
Internet marketing is associated with several business models:
- e-commerce — goods are sold directly to consumers or businesses,
- publishing — the sale of advertising,
- lead-based websites — an organization generates value by acquiring sales leads from its website, and
- affiliate marketing — a business rewards one or more affiliates for each visitor or customer brought about by the affiliate's marketing efforts.

There are many other business models based on the specific needs of each person or business that launches an Internet marketing campaign.

3. Differences from traditional marketing
3.1 One-to-one approach
The targeted user is typically browsing the Internet alone, so the marketing messages can reach them personally. This approach is used in search marketing, where the advertisements are based on search engine keywords entered by the user.

And now with the advent of Web 2.0 tools, many users can interconnect as “peers”

3.2 Appeal to specific interests
Internet marketing and geo marketing places an emphasis on marketing that appeals to a specific behaviour or interest, rather than reaching out to a broadly-defined demographic. “On- and Off-line” marketers typically segment their markets according to age group, gender, geography, and other general factors. Marketers have the luxury of targeting by activity and geolocation. For example, a kayak company can post advertisements on kayaking and canoeing websites with the full knowledge that the audience has a related interest.

Internet marketing differs from magazine advertisements, where the goal is to appeal to the projected demographic of the periodical. Because the advertiser has knowledge of the target audience—people who engage in certain activities (e.g., uploading pictures, contributing to blogs)— the company does not rely on the expectation that a certain group of people will be interested in its new product or service.

3.3 Geo targeting
Geo targeting (in internet marketing) and geo marketing are the methods of determining the geolocation (the physical location) of a website visitor with geolocation software, and delivering different content to that visitor based on his or her location, such as country, region/state, city, metro code/zip code, organization, Internet Protocol (IP) address, ISP or other criteria.

3.4 Different content by choice
A typical example for different content by choice in geo targeting is the FedEx website at FedEx.com where users have the choice to select their country location first and are then presented with different site or article content depending on their selection.

3.5 Automated different content
With automated different content in internet marketing and geomarketing the delivery of different content based on the geographical geolocation and other personal information is automated.

4. Advantages
Internet marketing is relatively inexpensive when compared to the ratio of cost against the reach of the target audience. Companies can reach a wide audience for a small fraction of traditional advertising budgets. The nature of the medium allows consumers to research and purchase products and services at their own convenience. Therefore, businesses have the advantage of appealing to consumers in a medium that can bring results quickly. The strategy and overall effectiveness of marketing campaigns depend on business goals and cost-volume-profit (CVP) analysis. Internet marketers also have the advantage of measuring statistics easily and inexpensively. Nearly all aspects of an Internet marketing campaign can be traced, measured, and tested. The advertisers can use a variety of methods: pay per impression, pay per click, pay per play, or pay per action. Therefore, marketers can determine which messages or offerings are more appealing to the audience. The results of campaigns can be measured and tracked immediately because online marketing initiatives usually require users to click on an advertisement, visit a website, and perform a targeted action. Such measurement cannot be achieved through billboard advertising, where an individual will at best be interested, then decide to obtain more information at a later time. Internet marketing as of 2007 is growing faster than other types of media. Because exposure, response, and overall efficiency of Internet media are easier to track than traditional off-line media—through the use of web analytics for instance—Internet marketing can offer a greater sense of accountability for advertisers. Marketers and their clients are becoming aware of the need to measure the collaborative effects of marketing (i.e., how the Internet affects in-store sales) rather than siloing each advertising medium. The effects of multichannel marketing can be difficult to determine, but are an important part of ascertaining the value of media campaigns.

5. Limitations
Internet marketing requires customers to use newer technologies rather than traditional media. Low-speed Internet connections are another barrier: If companies build large or overly-complicated websites, individuals connected to the Internet via dial-up connections or mobile devices may experience significant delays in content delivery. From the buyer's perspective, the inability of shoppers to touch, smell, taste or "try on" tangible goods before making an online purchase can be limiting. However, there is an industry standard for e-commerce vendors to reassure customers by having liberal return policies as well as providing in-store pick-up services. A survey of 410 marketing executives listed the following barriers to entry for large companies looking to market online: insufficient ability to measure impact, lack of internal capability, and difficulty convincing senior management.

6. Security concerns
Information security is important both to companies and consumers that participate in online business. Many consumers are hesitant to purchase items over the Internet because they do not trust that their personal information will remain private. Encryption is the primary method for implementing privacy policies. Recently some companies that do business online have been caught giving away or selling information about their customers. Several of these companies provide guarantees on their websites, claiming that customer information will remain private. Some companies that purchase customer information offer the option for individuals to have their information removed from the database, also known as opting out. However, many customers are unaware if and when their information is being shared, and are unable to stop the transfer of their information between companies if such activity occurs.

Another major security concern that consumers have with e-commerce merchants is whether or not they will receive exactly what they purchase. Online merchants have attempted to address this concern by investing in and building strong consumer brands (e.g., Amazon.com, eBay, Overstock.com), and by leveraging merchant/feedback rating systems and e-commerce bonding solutions. All of these solutions attempt to assure consumers that their transactions will be free of problems because the merchants can be trusted to provide reliable products and services. Additionally, the major online payment mechanisms (credit cards, PayPal, Google Checkout, etc.) have also provided back-end buyer protection systems to address problems if they actually do occur.

7. Broadband-induced trends
Online advertising techniques have been dramatically affected by technological advancements in the telecommunications industry. In fact, many firms are embracing a new paradigm that is shifting the focus of online advertising from simple text ads to rich multimedia experiences. As a result, advertisers can more effectively engage in and manage online branding campaigns, which seek to shape consumer attitudes and feelings towards specific products. And just what is the critical technological development that is fueling this paradigm shift? The answer: Broadband.

In March 2005, roughly half of all American homes were equipped with broadband technology. By May 2008, broadband technologies had spread to more than 90% of all residential Internet connections in the United States. When one considers a Nielsen’s study conducted in June 2008, which estimated the number of U.S. Internet users as
220,141,969, one can calculate that there are presently about 199 million people in the United States utilizing broadband technologies to surf the Web. As a result, all 199 million members of this burgeoning market have the ability to view TV-like advertisements with the click of a mouse. And to be sure, online advertisers are working feverishly to design rich multimedia content that will engender a “warm-fuzzy” feeling when viewed by their target audience. As connection speeds continue to increase, so will the frequency of online branding campaigns.

8. Effects on industries

Internet marketing has had a large impact on several previously retail-oriented industries including music, film, pharmaceuticals, banking, flea markets, as well as the advertising industry itself. Internet marketing is now overtaking radio marketing in terms of market share. In the music industry, many consumers have been purchasing and downloading music (e.g., MP3 files) over the Internet for several years in addition to purchasing compact discs. By 2008 Apple Inc.’s iTunes Store has become the largest music vendor in the United States.

The number of banks offering the ability to perform banking tasks online has also increased. Online banking is believed to appeal to customers because it is more convenient than visiting bank branches. Currently over 150 million U.S. adults now bank online, with increasing Internet connection speed being the primary reason for fast growth in the online banking industry. Of those individuals who use the Internet, 44 percent now perform banking activities over the Internet.

Internet auctions have gained popularity. Unique items that could only previously be found at flea markets are being sold on eBay. Specialized e-stores sell items ranging from antiques to movie props. As the premier online reselling platform, eBay is often used as a price-basis for specialized items. Buyers and sellers often look at prices on the website before going to flea markets; the price shown on eBay often becomes the item’s selling price. It is increasingly common for flea market vendors to place a targeted advertisement on the Internet for each item they are selling online, all while running their business out of their homes.

The effect on the advertising industry itself has been profound. In just a few years, online advertising has grown to be worth tens of billions of dollars annually. PricewaterhouseCoopers reported that US$16.9 billion was spent on Internet marketing in the U.S. in 2006.

Internet marketing has had a growing impact on the electoral process. In 2008 candidates for President heavily utilized Internet marketing strategies to reach constituents. During the 2007 primaries candidates added on averaged over 500 social network supporters per day to help spread their message. President-elect Barack Obama raised over US$1 million in a single day during his extensive Democratic candidacy campaign, largely due to online donors.
In Section 4 of this course you will cover these topics:

- E-Malls
- E-Retailing Models

You may take as much time as you want to complete the topic covered in section 4. There is no time limit to finish any Section, However you must finish All Sections before semester end date.
Topic Objective:
At the end of this topic students will be able:
- To discuss the system of e-mails
- To understand the Synonyms and related terms
- To Link PIM with enterprise content management
- To discuss the Technological basis of product information management (PIM)
- To review the Current PIM applications
- To analyze The market for PIM solutions

Topic Introduction:
Product information management: or PIM refers to processes and technologies focused on centrally managing information about products, with a focus on the data required to market and sell the products through one or more distribution channels. A central set of product data can be used to feed consistent, accurate and up-to-date information to multiple output media such as web sites, print catalogs, ERP systems, and electronic data feeds to trading partners. PIM systems generally need to support multiple geographic locations, multi-lingual data, and maintenance and modification of product information within a centralized catalog to provide consistently accurate information to multiple channels in a cost-effective manner.

Topic Overview:
1. The System in E-mails
   The increasing number of channels for product data (e.g., web sites, print catalogs, electronic data feeds) emphasized the need for product information management, as information kept by businesses is frequently scattered throughout disparate departments and held by certain employees or systems instead of being available centrally. Product data often exists in ERP systems, R&D PLM systems, spreadsheets and personal databases. Data are saved in various different formats or are only available in hardcopy form. Information is utilized in varying environments and contexts such as for detailed product descriptions with pricing info in product catalogs or for size and weight data for calculating freight costs in a logistics department. PIM in this example represents a solution for centralized, media-independent data maintenance for providing purchasing, production and communications data for repeated use on/in multiple IT systems, languages, output media and publications. It also provides a solution for efficient data collection, management, refinement and output.

2. Synonyms and related terms
   The term PIM has only just recently come into currency, thus one finds a number of other terms that are similar or synonymous in meaning, usually deriving from other fields. These include:
   - PDM – Product data management derives from the concept of engineering data management (EDM), denoting systems for the effective management of product development data and the coordination of manufacturing-related processes. The term is used primarily in the field of computer-aided design (CAD).
   - PRM – Product resource management is used by some software providers as a synonym for PIM (Product Information Management), as well as Product Content Management (PCM), mainly popular as a term in England
and France.

- Product lifecycle management (PLM) refers more to a management strategy than to a specific IT technology, the goal of which is to optimize product life cycles through the gathering and analysis of product data generated over time.
- Media asset management (MAM) refers to the management of unstructured multimedia objects such as images, graphics and presentations as well as ‘meta-information’ (data about data). The term is used primarily in the media business.
- Cross media publishing (CMP) comes from the print and advertising industries, referring to the coordinated use of multiple media in complementary fashion. It also denotes the repeat usage of individual structural elements such as text, images or graphics within different media.
- Product catalog management

3. **Link with enterprise content management**

Enterprise content management is a term encompassing technologies, methods and tools used for gathering, imaging, storing, archiving and providing electronic content. Distinction can be made between four separate sub-areas. Document management systems (DMS) are deployed for archiving, and PDM involves the management of structured, technical data for such applications as parts diagrams and lists. Content management systems (CMS) are more commercially oriented and provide a framework for knowledge management or informational service offerings through the management of unstructured, document-type content. PIM systems are used to manage structured data in a business context for feeding into any kind of distribution channel, from electronic catalogs to online shops to print catalogs.

4. **Technological basis of product information management (PIM)**

PIM systems consolidate all product information onto a single platform. In terms of company IT infrastructure, this means having a PIM platform running over alongside a classic Oracle or open-source database such as MySQL with a J2EE application server, and/or xml based exchange of product information (e.g., using the Open ICEcat format). This forms a foundation upon which to build sales and procurement business processes. With PIM solutions, access and user authorizations for all database information, ordering processes linked with such inventory management systems as SAP and the mechanisms for modular expansions are managed via a web-based administration interface.

5. **Current PIM applications**

5.1 **Electronic catalogs**

Procurement systems and platforms such as online marketplaces are based upon electronic catalogs. PIM systems can load descriptive product information as content into a catalog management solution, where products are grouped and managed for specific target markets. Data exchange interface standards such as Open ICEcat,CNet, BMEcat and OCI allow seamless interchange of electronic catalogs between vendors on the one hand and purchasing firms and marketplace operators on the other. Procurement solutions are closely related, which automate the procurement process for purchasing goods and services. These create transparency for the product data of multiple vendors to support the centralized management of multi-supplier catalogs and facilitate price and quality research.

5.2 **Website / webshop content**

Centralized data management is particularly well-suited for company websites, as documents, content and media objects such as product images can be linked with other business objects such as customers or products. An e-commerce component manages the ordering process and the online presentation of dynamic content. The solution has to integrate seamlessly into inventory management and logistics systems in order to provide real cost savings.

5.3 **Product catalog**

Centrally maintained data can also be accessed for print or CD catalogs and websites. The publishing component of an e-business solution creates pooled data, making it possible to save and manage catalog content in a media-independent manner. The better the layout and output capabilities of the associated desktop publishing program, the more catalog production can be automated.

6. **The market for PIM solutions**

PIM is still a young market segment. It only started gaining broader attention among customers in the second half of 2004, as market analysts and the media began taking a closer look at this type of solution. PIM solutions are most relevant for use by medium to large-sized firms in retailing, consumer goods and
manufacturing. The following are the primary considerations in opting for a PIM solution:

- wide array of products
- frequently changing product characteristics
- non-uniform IT infrastructure (potentially resulting from merger activity)
- successful online business
- customer pressure to offer electronic ordering

PIM becomes strategically necessary when major customers start demanding that new data sharing standards (such as global data synchronization) be supported, in conjunction with an international expansion strategy. The effective consolidation of product information and reconfiguration of processes built thereupon is however critical for a successful strategic business outcome. A distributor of catalogs, for example, looking to expand into five new countries without having to realign its catalog production processes will probably be unable to execute on such a strategy.
Topic Objective:
At the end of this topic students will be able:
- To discuss the e-business model
- To discuss the e-payment system.

Topic Introduction:
**Business Model:** A business model is defined as the organization of product, service and information flows, and the source of revenues and benefits for suppliers and customers.

**E-Commerce Payment System:** An e-commerce payment system facilitates the acceptance of electronic payment for online transactions. Also known as financial electronic data interchange (FEDI), e-commerce payment systems have become increasingly popular due to the widespread use of the Internet based shopping and banking.

Topic Overview:
1. **E- business model**
   When organizations go online, they have to decide which e-business models best suit their goals. The concept of e-business model is the same but used in the online presence. The following is a list of the currently most adopted e-business models:
   - E-shops
   - E-procurement
   - E-malls
   - E-auctions
   - Virtual Communities
   - Collaboration Platforms
   - Third-party Marketplaces
   - Value-chain Integrators
   - Value-chain Service Providers
   - Information Brokerage

2. **E-Commerce payment system**
   2.1 Credit Cards and Smart Cards
   Over the years, credit cards have become one of the most common forms of payment for e-commerce transactions. In the early years of B2C, many consumers were apprehensive of using their credit cards over the internet because of fear that their credit card numbers would get stolen. However, due to increased security with credit card companies such as VISA, American Express, and MasterCard there is widespread use of credit card use over the internet, especially in North America.
   Despite this widespread use in North America, there are still a number of countries such as China, India and Pakistan that have some problems to overcome in regard to credit card security. In the meantime, the use of...
smartcards has become extremely popular. A Smartcard is similar to a credit card; however it contains an embedded 8-bit microprocessor and uses electronic cash which transfers from the consumers’ card to the sellers’ device. A popular smartcard initiative is the VISA Smartcard. Using the VISA Smartcard you can transfer electronic cash to your card from your bank account, and you can then use your card at various retailers and on the internet.

2.2 Financial Cyber-mediations

These are companies that enable financial transactions to transpire over the internet. Types of transactions include: C2C, C2B, and/or B2B. One of the best known and most successful financial cybermediaries is PayPal. This free online service allows consumers and/or businesses to send money to anyone with an email address in 45 countries. PayPal is accepted by thousands of businesses worldwide and is the preferred payment method on eBay.com. PayPal is now owned by ebay.com.

Many of the mediaries permit consumers to establish an account quickly, and to transfer funds into their online accounts from a traditional bank account (typically via ACH transactions), and vice versa, after verification of the consumer’s identity and authority to access such bank accounts. Also, the larger mediaries further allow transactions to and from credit card accounts, although such credit card transactions are usually assessed a fee (either to the recipient or the sender) to recoup the transaction fees charged to the mediar.

The speed and simplicity with which cyber-mediation accounts can be established and used have contributed to their widespread use, although the risks of abuse, theft and other problems—with disgruntled users frequently accusing the mediaries themselves of wrongful behavior—is associated with them.

2.3 Electronic Bill Presentment and Payment

Electronic bill presentment and payment (EBPP) is a fairly new technique that allows consumers to view and pay bills electronically. There are a significant number of bills that consumers pay on a regular basis, which include: power bills, water, oil, internet, phone service, mortgages, car payments etc. EBPP systems send bills from service providers to individual consumers via the internet. The systems also enable payments to be made by consumers, given that the amount that appears on the e-bill is correct. Banks in Canada have been offering these online payment services for some time now, and are growing in popularity. Other service providers such as Rogers Communications and Aliant accept major credit cards within the bill payment sections of their websites. This service is in addition to the original EBPP method of a direct withdrawal from a bank account through a bank such as Scotiabank.

The biggest difference between EBPP systems and the traditional method of bill payment, is that of technology. Rather than receiving a bill through the mail, writing out and sending a check, consumers receive their bills in an email, or are prompted to visit a website to view and pay their bills.

Three broad models of EBPP have emerged. These are:

1. Consolidation, where numerous bills for any one recipient are made available at one Web site, most commonly the recipient’s bank. In some countries, such as Australia, New Zealand and Canada, the postal service also operates a consolidation service. The actual task of consolidation is sometimes performed by a third party, and fed to the Web sites where consumers receive the bills. The principal attraction of consolidation is that consumers can receive and pay numerous bills at the one location, thus minimising the number of login IDs and passwords they must remember and maintain.

2. Biller Direct, where the bills produced by an organisation are made available through that organisation’s Web site. This model works well if the recipient has reasons to visit the biller’s Web site other than to receive their bills. In the freight industry, for example, customers will visit a carrier’s Web site to track items in transit, so it is reasonably convenient to receive and pay freight bills at the same site.

3. Direct email delivery, where the bills are emailed to the customer’s In Box. This model most closely imitates the analog postal service. It is convenient, because almost everyone has email and the customer has to do nothing except use email in order to receive a bill. Email delivery is proving especially popular in the B2B market in many countries.

Major providers of outsourced bill production services have developed facilities to process bills through consolidation, biller direct and email delivery services, thus enabling major billers to have all their bills, paper and electronic, processed through the one service. Niche service providers in many countries provide one or two of these models, but generally do not integrate with paper bill production.
In Section 5 of this course you will cover these topics:

- M-Shopping
- Multi-Channel Success And The Future Of E-Retailing

You may take as much time as you want to complete the topic covered in section 5. There is no time limit to finish any Section, however, you must finish all Sections before the semester end date.
E- Retailing Methods > Section 5 > Topic 11

Topic 11: M-Shopping

Topic Objective:
At the end of this topic students will be able:
- To explain the concept of M-shopping.
- To review windows live shopping as an example of M-shopping.

Topic Introduction:
Online shopping is the process consumers go through to purchase products or services over the Internet.

Topic Overview:

1. M-Shopping
With the tremendous advances in hand-held computing and communication capabilities, mobile commerce (m-commerce) is expected to be the next big wave in business. A number of m-commerce applications have been developed and are already in use, covering a wide range of business functions from advertising, banking, ticketing, games, to shopping.

Today, the world of business is witnessing profound changes under the influence of wireless technology. The opportunity for m-commerce has opened. M-commerce broadly refers to any transactions with monetary value that is conducted over a wireless telecommunication network. Market researchers have predicted that, by the end of the year 2005, nearly 500 million wireless device users will exist, generating more than $200 billion in revenue. Dollars increase in wireless services may soar from $37 billion in 2001 to $74 billion in 2005. Mobile Internet access will become a primary tool for completing daily information transactions, e.g., e-mail, retail shopping, and receiving the news and

Among the innovations in m-commerce services for consumers, shopping via the mobile channel could have a great potential and opportunity and would be a major business channel in the coming years. Mobile shopping (m-shopping) allows the consumers to order and pay for goods using a mobile phone regardless of time and place. However, m-shopping could disrupt existing retail models and threaten the established orthodoxies of online selling as many as those of entrenched physical retailers. If shops equip with an understanding of what determines, encourages, and promotes m-shopping consumers, steps can be taken to meet the consumer’s expectations and thereby increase the consumer and sales growth rate.

However, researches addressing the consumer’s perception of m-shopping sites are scarce. The main goal of this paper is to identify consumer evaluative criteria for the selection of m-shopping sites in business to consumer (B2C) markets that are multidimensional nature. The list of consumer evaluative criteria proposed in this study would be valuable to researchers and practitioners interested in implementing and managing m-shopping sites.

The remainder of the paper is organized as follows. Section 2 introduces the m-shopping background and briefly reviews prior related research, including the characteristics and scenario for m-shopping and criteria for the electronic store selection. Section 3 presents the initial criteria list for selecting m-shopping sites. Section 4 describes the research methodology and the sampling techniques adopted for this study. Section 5 analyzes and discusses the results. The last section suggests several implications in administrating m-shopping sites and identifies future research directions that they suggest.

2. Windows Live Shopping
Windows Live Shopping was a shopping website, part of Microsoft's Windows Live range of services. It was built on AJAX technology, and was fully customizable. It featured 40 million products from more than 7000 online stores, and allowed users to compare items and prices. Additionally, it supported features such as tagging, wish lists, and viewing larger images on hover over.

Windows Live Shopping is now rebranded as MSN Shopping. Although, the site was technically rebranded, many of the more advanced features available on Windows Live Shopping have yet to be made available on MSN Shopping.

2. Features

Built entirely on AJAX technology, Windows Live Shopping had many social and community features. In addition to a retail shopping website, it featured:
- Drag-and-drop items to a shopping list
- Share lists with other users
- Product and seller reviews
- Public shopping guides with Windows Live Shopping Guides
- Enhanced preview

3. MSN Shopping

As of February 20, 2007, Windows Live Shopping beta has been officially rebranded as MSN Shopping. Part of the reason for this decision is to reduce the number of shopping services Microsoft currently offer, which includes MSN Shopping, Windows Live Expo and Live Product Search. Microsoft’s spokesperson stated that the beta testing was intended to obtain an insight into user behavior and these data will be incorporated into plans for future products. It was stated that user-created content from Windows Live Shopping beta (lists, guides, and reviews) will continue to be available on MSN Shopping.

As a result of this rebranding, Windows Live Shopping Guides, which was part of Windows Live Shopping, has been discontinued. MSN Shopping is a part of the MSN web portal. MSN Shopping today is an online comparison shopping site in competition with Yahoo.com and eBay. It aggregates millions of product offers from thousands of retailers. MSN Shopping allows users to search or browse for products. Searches can be sorted by relevance, popularity or by price (either ascending or descending). Refinements are available to allow the user to narrow the results set. MSN Shopping is available in the US, Japan, Canada, Australia, UK, France and Germany at this time.
E- Retailing Methods > Section 5 > Topic 12

Topic 12: Multi-Channel Success And The Future Of E-Retailing

Topic Objective:
At the end of this topic students will be able:
- To discuss the government regulations regarding e-commerce.
- To analyze the latest trend and changes in e-commerce that is the emergence of social shopping and social commerce.

Topic Introduction:
Social commerce: is a subset of Electronic commerce in which the active participation of customers and their personal relationships are at the forefront. The main element is the involvement of a customer in the marketing of products being sold. e.g. recommendations and comments from customers. This happens for example when customers publish weblogs with their shopping lists. The term was first introduced by David Beisel and then picked up on by Steve Rubel and originally referred primarily to sites such as Yahoo!’s shoposphere, and Shopit, where the social component is primarily recommendation and review.

Topic Overview:
1. Government regulations

In the United States, some electronic commerce activities are regulated by the Federal Trade Commission (FTC). These activities include the use of commercial e-mails, online advertising and consumer privacy. The CAN-SPAM Act of 2003 establishes national standards for direct marketing over e-mail. The Federal Trade Commission Act regulates all forms of advertising, including online advertising, and states that advertising must be truthful and non-deceptive. Using its authority under Section 5 of the FTC Act, which prohibits unfair or deceptive practices, the FTC has brought a number of cases to enforce the promises in corporate privacy statements, including promises about the security of consumers’ personal information. As result, any corporate privacy policy related to e-commerce activity may be subject to enforcement by the FTC.

1.1 Forms

Contemporary electronic commerce involves everything from ordering "digital" content for immediate online consumption, to ordering conventional goods and services, to "meta" services to facilitate other types of electronic commerce.

On the consumer level, electronic commerce is mostly conducted on the World Wide Web. An individual can go online to purchase anything from books or groceries, to expensive items like real estate. Another example would be online banking, i.e. online bill payments, buying stocks, transferring funds from one account to another, and initiating wire payment to another country. All of these activities can be done with a few strokes of the keyboard.

On the institutional level, big corporations and financial institutions use the internet to exchange financial data to facilitate domestic and international business. Data integrity and security are very hot and pressing issues for electronic commerce today.

2. Social Commerce

The main element is the involvement of a customer in the marketing of products being sold. e.g. recommendations
and comments from customers. This happens for example when customers publish weblogs with their shopping lists. The term was first introduced by David Beisel and then picked up on by Steve Rubel, and originally referred primarily to sites such as Yahoo!’s shoposphere, and Shopit, where the social component is primarily recommendation and review.

However, the term has been expanded to include a variety of collaborative commerce activities, where the social participation may extend beyond recommendation to collaborative purchasing, such as microPledge, BountyUp, or fundraising (ChipIn, Crowdfunder, Causes on Facebook). The Street Performer Protocol is a popular system for collaborative purchasing.

Social commerce, like social shopping and online social networks such as Facebook, is a Web 2.0 business application. Social commerce can be correlated with Search Engine Optimization as a way to build inbound links and generate user content, all of which are tools to improve a website’s search results on a given search engine such as Google.

Academic research on social commerce, focusing on the social networking aspects in online marketplaces and the value implications of this business model for companies running social commerce marketplaces and for individuals participating in these marketplaces, has been conducted by researchers at Columbia University’s Graduate School of Business. This research defines social commerce as networks of sellers/shops in online marketplaces, whereas social shopping involves networks of buyers/customers in online marketplaces and online communities.

Social shopping is a method of e-commerce and of traditional shopping in which consumers shop in a social networking environment similar to MySpace. Using the wisdom of crowds, users communicate and aggregate information about products, prices, and deals. Many sites allow users to create custom shopping lists and share them with friends. Others concentrate on the user interactions consisting information and recommendations that are hard to acquire from the actual sales personnel. Some services even allow users to shop together synchronously to complete the social environment Social shopping sites can generate revenue not only from advertising and click throughs, but also by sharing information about their users with retailers.

### 3. Social shopping

Social shopping can also exist in the real-world even besides the obvious changing of consumer stories with people one knows. For example, when you walk into a dressing room, the mirror reflects your image, but you also see images of the apparel item and celebrities wearing it on an interactive display. A webcam also projects an image of the consumer wearing the item on the website for everyone to see. This creates an interaction between the consumers inside the store and their social network outside the store. The technology behind this system uses RFID. Examples of social shopping sites include Yelp and Kaboodle. Examples of social shopping applications inside of Facebook include StyleFeeder. Business aspects of social shopping are still to be proven, although several companies have managed to publish their services and gather masses of users.
other terms that are similar or
mobile commerce (m-commerce) and ShopIt, where the social component is primarily
the management of unstructured multimedia objects such as
-Virtual Communities
payment, is that of technology.
To discuss the government regulations of e-commerce and web-based services, the FTC has brought a number of m-commerce cases to court, e.g. recommendations and comments from customers. This

1. Social Risk Management

2. Synonyms and related terms: Business

3. Government regulations

At the end of this topic students will be able:

1. To recognize and distinguish between e-commerce and web-based services.
2. To understand how the government regulates e-commerce and web-based services.

Remainder of the paper is organized as follows. Section

2. Windows Live Shopping

3. Facebook include StyleFeeder. Business aspects of social

- collaborative purchasing.

- dressing room, the mirror reflects your image, but you also see

- the ordering process and the online presentation of dynamic content. The

- changes in e-commerce are widespread use of credit cards and

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- successfully strategic business outcome. A

- internet to exchange financial data to

- distribution channel, from electronic catalogs to online shops to print