E-BUSINESS & E-COMMERCE

Session #1

Introduction to

E-Business & E-Commerce

[Part 1 of 2]

Learning Objective

Students able to describe the meaning and scope of e-business and e-commerce and their different elements.

Introduction

- Organizations have been applying technologies based on *the internet*, *world wide web* and *wireless communications* to transform their business for over 20 years since the creation of the first website in 1991.

- Deploying these *disruptive digital technologies* has offered many opportunities for innovative business to transform their service (see Table 1.1 p.4).

- Many new opportunities and challenges arise yearly, monthly and even daily.

- Innovation is a given, with the continous introduction of *new technologies*, *new business models* and *new communications approaches*.

The impact of electronic communication on traditional business

- Managers at established businesses have had to determine how to apply new electronic communications technologies to transform their organizations.

- Existing businesses have evolved their approaches to digital business through a series of stages.

- All organisations have to review new electronic and internet-based communication approaches for their potential to make their business more competitive and also manage ongoing risks such as security and performance.

- Many business are reviewing the benefits, costs and risks of digital business technologies they are currently implementing as part of digital business transformation projects.

Two key opportunities of digital transformation: Inbound marketing and Mobile marketing

Inbound Marketing

- The consumer is proactive in actively seeking out information for their needs, and interaction with companies/brands are attracted through *content*, *search*, and *social media*.

- Inbound marketing is powerful since advertising wastage is reduced. *Search marketing*, *content marketing*, and *social media marketing* can be used to target prospects with a defined need.

- It is important to have a good visibility in search engine when customers are entering search terms relevant to a company's products or services.

- Google have referred to consumer decision-making before customers visit a retailer as the *ZMOT (Zero Moment of Truth)* which descibes the combination of online and offline influences on purchase.

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Two key opportunities of digital transformation: Inbound marketing and Mobile marketing

Mobile Marketing

- Mobile commerce (m-commerce) is an electronic transaction and communication conducted using mobile devices such as smartphone and tablets, and typically with a wireless connection. The potential of mobile commerce is no doubt.

- Mobile apps is a software application that is designed for use on a mobile phones, typically downloaded from an app store. All smartphones support the use of apps which can provide users with *information*, *entertainment* or *location-based services*. 80% of mobile time was in apps rather than the browser.

- Location-based use of mobile devices is another signficant trend as users may used apps or browser when shopping.

Social Media Usage

- Social media is a category of media focussing on *participation* and *peer-to-peer communication* between individuals, with sites providing the capability to develop *user-generate content (UGC)* and to *exchange messages* and *comment* between different users.

- The growth in popularity of social media is a major trend in digital business. In particular *social network sites (SNS)* such as Facebook, Line, Twitter, Instagram, LinkedIn.

- Social media marketing also includes *rich media* such as online video and interactive application featured on specialist social media networks such as YouTube or embedded into websites.

Six categories of social presence

1. Social networking. The emphasis here is on *listening to customers* and *sharing engaging content*.
2. Social knowledge. These are informational social networks like Wikipedia.
3. Social sharing. These are social bookmarking sites; which can be *useful for understanding the most engaging content within a category*.
4. Social news like Twitter.
5. Social streaming. Rich and streaming media social sites for *sharing photos*, *videos* and *podcasting*.
6. Company user-generated content and community. These are the company's own social space which may be integrated into product content (reviews and ratings), a customer support community or a blog.
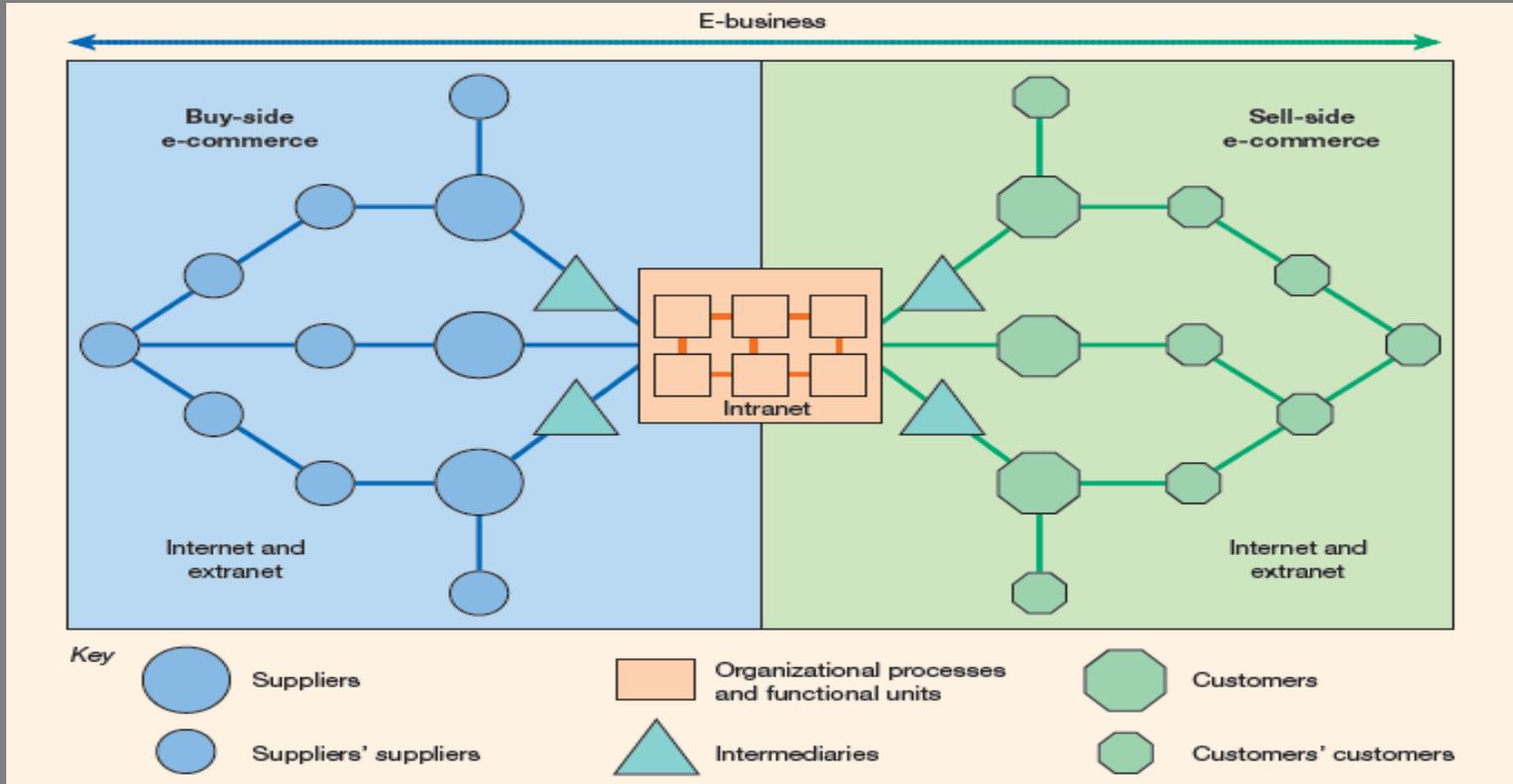
E-Commerce

- The scope of *e-commerce* is narrower than digital business. It's often thought simply to refer to buying and selling using the Internet.

- E-commerce *should be considered as all electronically mediated transactions between an organization and any third party it deals with*.

- By this definition, non-financial transactions such as *customer support* and *requests for further information* would also be considered to be part of e-commerce.

Different perspectives for e-commerce

1. **A communication perspective** – the *delivery of information*, *products* or *services* or *payment* by electronic means.
2. **A business process perspective** – the application of technology towards the *automation of business transactions* and *workflows*.
3. **A service perspective** – enabling *cost cutting* at the same time as *increasing the speed* and *quality* of service delivery.
4. **An online perspective** – the *buying and selling* of *products* and *information* online.

Buy-side & Sell-side e-commerce

- When evaluating the strategic impact of e-commerce on an organization, it is useful to identify opportunities for *buy-side* and *sell-side* e-commerce transactions, since systems with different functionalities will need to be created in an organization to accommodate transactions with buyers and with suppliers.

- Buy-side e-commerce refers to *transactions to procure resources* needed by an organisation *from its suppliers*.

- Sell-side e-commerce refers to transactions involved with *selling products to an organization's customers*.

The Distinction Between Buy-side and Sell-side e-commerce

Source: Chaffey, D. 2015

Digital business

Digital business is broader in its scope than e-commerce. It is similar to the term *e-business (which was first coined by IBM)*, who described it in 1997 as *the transformation of key business processes through the use of Internet technologies*.

Intranet & Extranets

- Many digital business applications that access sensitive company information require access to be limited to qualified individuals or partners. If information is *restricted to employees inside an organization*, this is an intranet.

- If access to an organization's web services *is extended to some others, but not everyone beyond the organization*, this is an extranet.
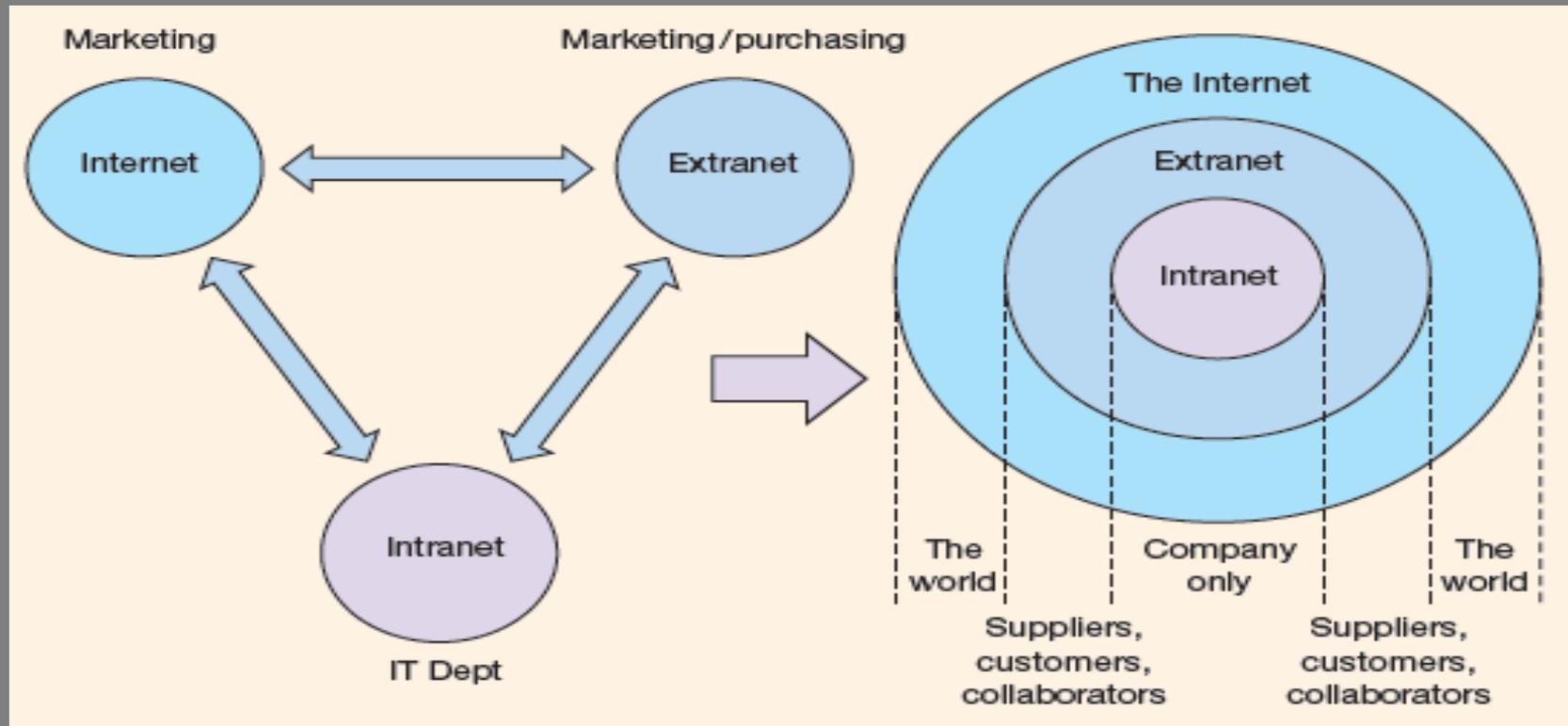
The relationship between intranets, extranets and the internet

Source: Chaffey, D. 2015

Different types of sell-side e-commerce

1. Transactional e-commerce sites. These enable *purchase of products online*. The main business contribution of the site is through *sale of products*.

2. Service-oriented relationship-building websites. Provide *information to stimulate purchase and build relationships*, particularly where products are not suitable for sale online.

3. Brand-building sites. Provide *an experience to support the brand*. Products are not typically available for online purchase. Their main focus is to support the brand by developing an online experience of the brand.

4. Publisher or media sites. Provide *information*, *news* or *entertainment* about a range of topics. Media sites have a diversity of options for generating revenue.

5. Social network sites (SNS). Social networks could be considered to be in the previous category since they are often supported by advertising, but the influence of social networks on company and customer communications suggests they form a separate category.

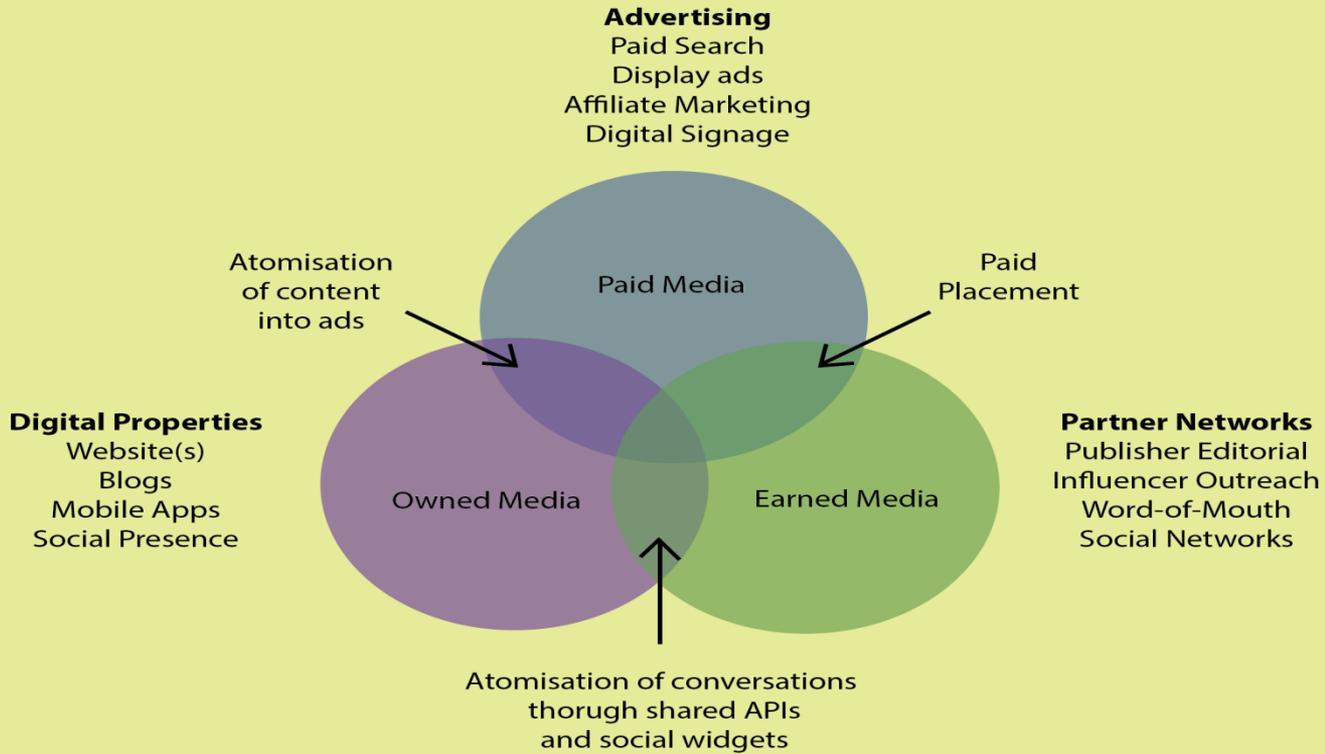# Digital Marketing [1/2]

- Digital marketing (e-marketing) is *the management* and *execution of marketing using electronic media* such as the web, email, IP-TV, and mobile media in conjuction with digital data about customers' characteristic and behavior. (Chaffey, D. 2015).

- Digital Marketing is achieving marketing objectives through applying digital technologies (Chaffey & Ellis-Chadwick, 2012).

Digital Marketing [2/2]

- It should not be the technology that drives digital marketing, but the *business returns* from gaining *new customers* and *maintaining relationships with existing customers*.

- It most effective when it is *integrated with other communiations channels* such as phone, direct mail or face-to-face.

- The role of the internet in supporting *multichannel* and *omnichannel marketing* and multichannel marketing strategy is also important issue.

- Online channels should also be used to support the whole buying process or *customer journey* from pre-sales to sale to post-sale and further development of customer relationships

- Different marketing channels *should integrate* and support each other in terms of their proposition development and communications based on their relative merits for the customer and the company.

- Gaining and keeping online customers needs to be based on developing *customer insight* by researching their characteristics and behavior, what they value and what keeps them loyal, and then delivering tailored, relevan web and email communication.

Owned, Earned, and Paid Media

1. **Paid media**. *There is investment to pay* for *visitors*, *reach* or *conversions* through search, display advertising networks or affilite marketing.
2. **Earned media**. Earned media included word-of-mouth that can be stimulated through *viral* and *social media marketing* and includes *conversations in social networks, blogs and other communities*.
3. **Owned media**. This is media owned by the brand. <u>Online</u>, this includes a *company's own websites*, *blogs*, *email list*, *mobile apps* or their *social presence* on Facebook, LikedIn or Twitter. <u>Offline</u>, owned media may include *brochures* or *retail stores*.
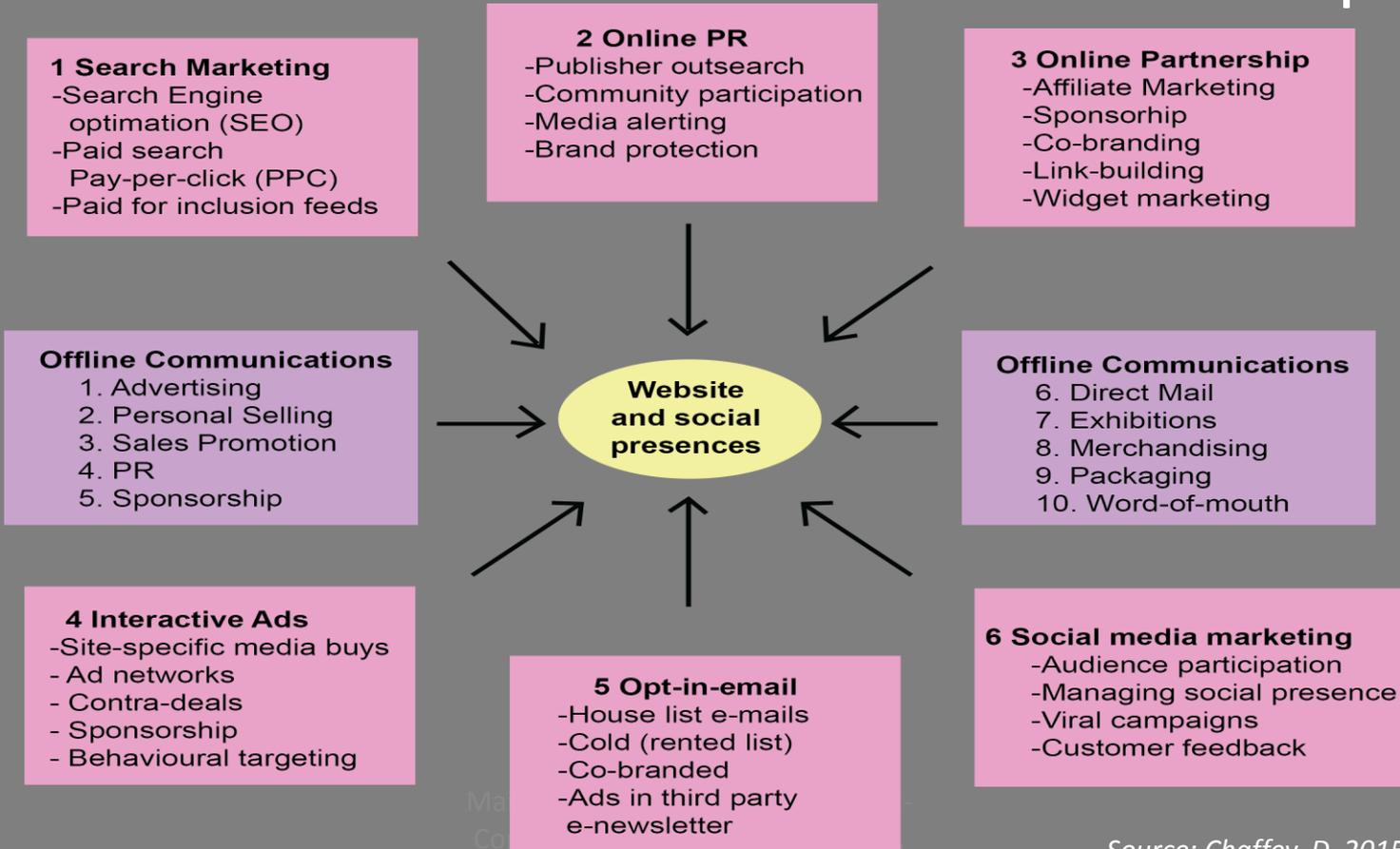
Source: Chaffey, D. 2015

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The Six Key Types of Digital Media Channels

1. Search engine marketing. Two key search marketing techniques are: paid placements or sponsored links using *pay-per-click*, and placements in the natural or organic listings using *search engine optimization (SEO)*.

2. Online PR. Maximizing favourable mentions and interactions with a company's brands, products or websites *using third-party sites* such as social networks or blogs that are likely to be visited by your target audience.

3. Online Partnerships. Creating and managing long-term arrangements to promote your online services on third-party websites or through email communications. Different forms of partnership include *link building*, *affiliate marketing*, *aggregators*, *online sponsorship* and *co-branding*.

4. Interactive Advertising. Use of online ads such as *banners* and *rich media ads* to achieve brand awareness and encourage click through to a target site.

5. Opt-in Email Marketing. Renting email lists or placing ads in third-party e-newsletters or the use of an in-house list for *customer activation* and *retention*.

6. Social Media Marketing. *Encouraging customer communications* on a company's own site, or a social presence.

Main source: Digital Business and E-
Implementation and Practice, Dave Chaffey,

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Online and Offline Communications Techniques

1 Search Marketing
-Search Engine
  optimation (SEO)
-Paid search
  Pay-per-click (PPC)
-Paid for inclusion feeds

2 Online PR
-Publisher outsearch
-Community participation
-Media alerting
-Brand protection

3 Online Partnership
-Affiliate Marketing
-Sponsorhip
-Co-branding
-Link-building
-Widget marketing

Offline Communications
1. Advertising
2. Personal Selling
3. Sales Promotion
4. PR
5. Sponsorship

Website and social presences

Offline Communications
6. Direct Mail
7. Exhibitions
8. Merchandising
9. Packaging
10. Word-of-mouth

4 Interactive Ads
-Site-specific media buys
- Ad networks
- Contra-deals
- Sponsorship
- Behavioural targeting

5 Opt-in-email
-House list e-mails
-Cold (rented list)
-Co-branded
-Ads in third party
 e-newsletter

6 Social media marketing
-Audience participation
-Managing social presence
-Viral campaigns
-Customer feedback

Source: Chaffey, D. 2015

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Main source

1. Chaffey, D. (2015) E-Business and E-Commerce Management: Strategy, Implementation and Practice, 6th Edition. Pearson Education Limited, Harlow, UK.

2. Chaffey, D. and Ellis-Chadwick, F. (2012) Digital Marketing: Strategy, Implementation and Practice, 5th edition. Financial Times Prentice Hall, Harlow, UK.

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