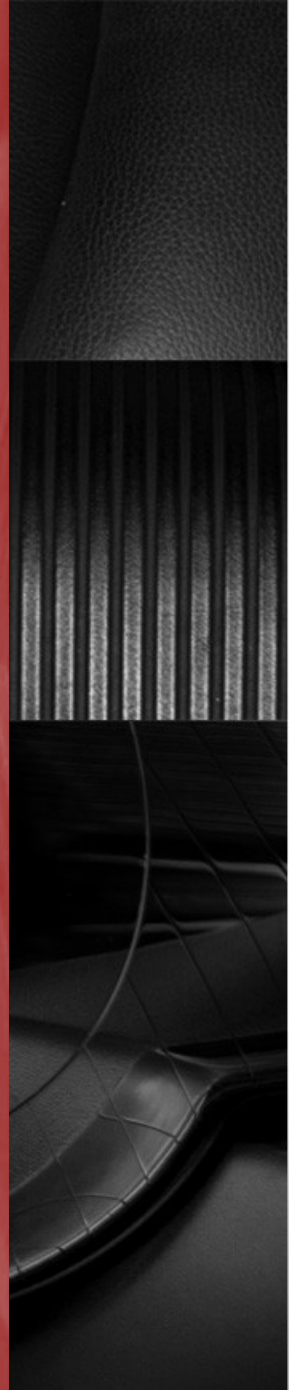


Retailing In Electronic Commerce: Products and Services





Learning Objectives

1. Describe electronic retailing (e-tailing) and its characteristics.
2. Classify the primary e-tailing business models.
3. Describe how online travel and tourism services operate and their impact on the industry.
4. Discuss the online employment market, including its participants, benefits, and limitations.
5. Describe online real estate services.
6. Discuss online stock-trading services.



Learning Objectives

7. Discuss cyberbanking and online personal finance.
8. Describe on-demand delivery of groceries and similar perishable products and services related to them.
9. Describe the delivery of digital products and online entertainment.
10. Discuss various online consumer aids, including comparison-shopping aids.
11. Describe disintermediation and other B2C strategic issues.

Internet Marketing and B2C Electronic Retailing

- **ELECTRONIC RETAILING (E-TAILING):**

Retailing conducted online, over the Internet

- **E-TAILERS:**

Retailers who sell over the Internet

- **SIZE AND GROWTH OF THE B2C MARKET:**

- Statistics for volume of B2C EC sales come from many sources:

- emarketer.com
- jmm.com

- Statistics on e-tailing can be found at:

- Cyberdialogue.com
- Business2.com



■ WHAT SELLS WELL ON THE INTERNET

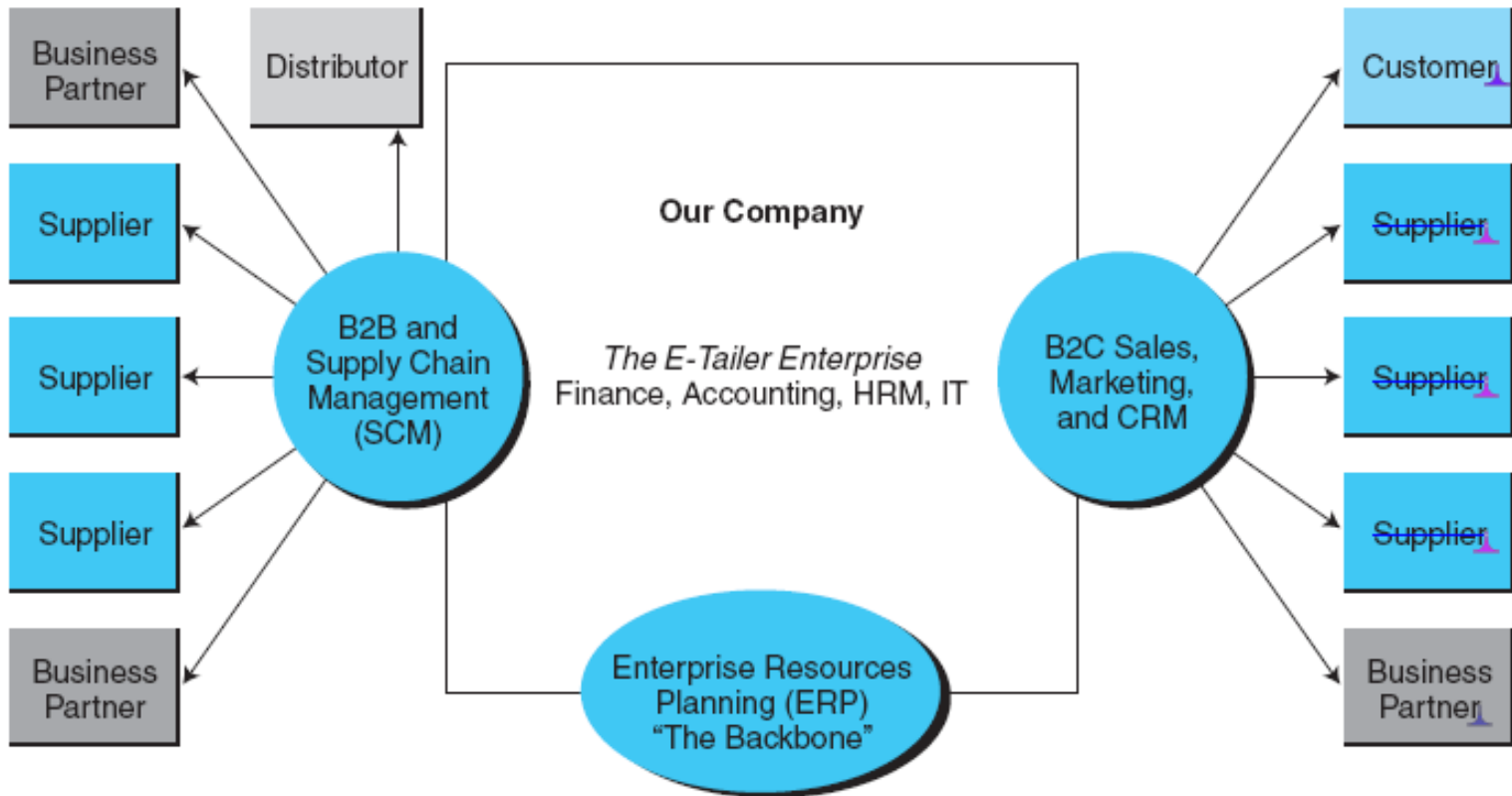
- Travel
- Computer Hardware and Software
- Consumer Electronics
- Jewelry
- Cars
- Office Supplies
- Sport and Fitness
- Goods
- Books and Music
- Toys

Internet Marketing and B2C Electronic Retailing

■ CHARACTERISTICS AND ADVANTAGES OF SUCCESSFUL E-TAILING

- High brand recognition ([DELL](#), [SONY](#))
- A guarantee provided by highly reliable or well-known vendors ([DELL](#), [L.L](#))
- Digitalized format ([SOTWARE](#), [MUSIC](#), [VIDEO](#))
- Relatively inexpensive items ([OFFICE SUPPLIES](#), [VITAMINS](#))
- Frequently purchased items ([GROCERIES](#), [PRESCRIPTION DRUGS](#))
- Commodities with standard specification ([BOOKS](#), [CD's](#) ,[ONLINE TICKETS](#))
- Well-known packaged items that cannot be opened even in a traditional store ([FOOD](#), [CHOCOLATES](#))

EXHIBIT 3.4 E-Tailing as an Enterprise EC System



*Facing Supplier/Distributor/
Business Partner*
Objective: Optimize relationships with business partners and reduce cost of goods sold

Internal Operations
Objective: Facilitate integration of internal operations and increase productivity

B2C and Customer-Facing Applications
Objective: Optimize business relationships with customers; increase service effectiveness and sales

E-Tailing Business Models

■ CLASSIFICATION OF MODELS BY DISTRIBUTION CHANNEL

Direct marketing by mail-order retailers that go online

Most traditional mail order retailers simply added another distribution channel-the Internet.

Direct marketing by manufacturers

Broadly, marketing that takes place without intermediaries between manufacturers and buyers; marketing done online between any seller and buyer. Manufacturers such as **DELL, SONY** market directly online from company sites to individual customers.

Pure-play e-tailers

Firms that sell directly to consumers over the Internet without maintaining a physical sales channel These e-tailers don't have physical stores, only an online sales presence. **E.g.: Amazon**

Click-and-mortar retailers

Click-and-mortar retailers that offer a transactional website from which to conduct business. These are traditional retailers with a supplementary website. **E.g.: walmart.com**

Multichannel business model

A business model where a company sells in multiple marketing channels **simultaneously (e.g., both physical and online stores)**

Internet (online) malls

These malls include large numbers of independent storefronts. The e-mall is an online shopping location where many stores are located for ex: **Hawaii.com** is an e-mall that aggregates hawaiian products and services.

E-Tailing Business Models

- **Retailing In Online Malls:**

- **Referring Directories:**

This mall is basically a directory organized by product type.

- **Malls with Shared Services:**

In online malls with shared services, a consumer can find a product, order and pay for it and arrange for shipment.

▪ OTHER B2C MODELS AND SPECIAL RETAILING

▪ **Representative special B2C services**

▪ Postal services

- The internet postage service is available in many countries. For e.g. in China , customers can go to the post office and use computers that offer online services to make remittance to sellers.

▪ Services and products for adults

- Many customers may be hesitant to make a purchase from a local physical stores but are comfortable making such purchases online because of privacy afforded by such sites.

▪ Wedding channels

- These are the websites that provides brides with information and help in planning the wedding and selecting vendors.

▪ Gift registries

- The gift-registry part of the industry – where the lucky couple lists what present they hope their guests will buy or them.

E-Tailing Business Models

- B2C SOCIAL SHOPPING

- Online Group Buying

- Personalized Event Shopping

- Event shopping

- A B2C model in which sales are done to meet the needs of special events (e.g., a wedding, Black Friday).

- Private shopping club

- A members-only shopping club, where members can buy goods at large discounts

Travel And Tourism (Hospitality) Services Online

▪ **SERVICES PROVIDED**

- Information and bookings
- Travel tips
- Currency conversion calculators
- Worldwide business and places locator
- Outlet for travel accessories and books
- Experts' opinions
- Major international and travel news
- Driving maps and directions
- Chat rooms
- Frequent flier deals

▪ **SOCIAL TRAVEL NETWORKS**

▪ **CORPORATE TRAVEL**

- To reduce corporate travel costs, companies can make arrangements that enable employees to plan and book their own trips.

Travel And Tourism (Hospitality) Services Online

- **SPECIAL SERVICES ONLINE**

- *Wireless services*

- Customers with WAP cell phones can check their flight status, update frequent flyer miles, and book flights.

- *Advanced check-in*

- Last-minute trips can also be booked in advance.

- *Direct marketing*

- Build customer profiles and target specific customers with tailored offers.

- *Alliances and consortia*

- Increase sales or reduce purchasing costs.

BENEFITS OF ONLINE TRAVEL SERVICES

▪ TO TRAVELERS

- Free information accessible at any time from any Place
- Substantial discounts are available

▪ TO TRAVEL SERVICES PROVIDERS

- Airlines, hotels, and cruise lines sell otherwise empty spaces.
- Direct selling saves the provider's commission and its processing.

LIMITATIONS OF ONLINE TRAVEL SERVICES

- Many people do not use the Internet
- The amount of time and the difficulty of using virtual travel agencies may be significant, especially for complex trips and for inexperienced Internet surfers
- Complex trips or those that require stopovers may not be available online because they require specialized knowledge and arrangements

Employment Placement and the Job Market Online

- **PARTIES WHO USE THE INTERNET JOB MARKET**

- **Job seekers**

Job seekers can reply to employment ads. Or they can take the initiative and place their resumes on their own homepages or on others' website, use the sites of recruiting firms.

- **Employers seeking employees**

Many org. advertise openings on their websites. Others advertise job openings on popular public portals, online newspapers, bulletin boards etc.

- **Classified ads**

- **Job agencies**

Job agencies use their own web pages to post available job descriptions and advertise their services in emails and at other websites.

- **Government agencies and institutions**

Many govt. agencies advertise openings for govt. positions on their websites and on other sites.

EXHIBIT 3.7 The Referral Power of Social Networks in Job Matching

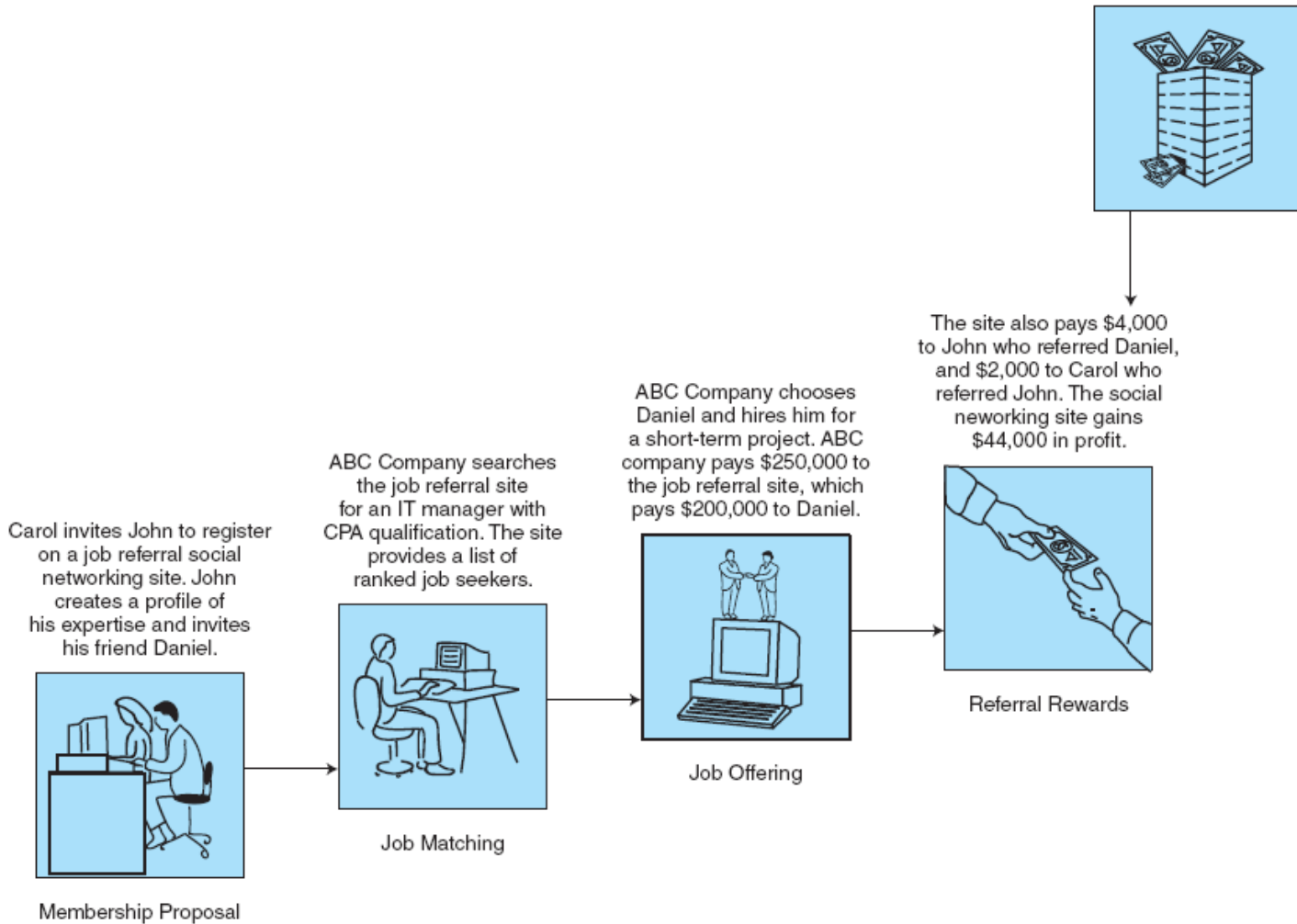


EXHIBIT 3.8 Advantages of the Electronic Job Market for Job Seekers and Employers

Advantages for Job Seekers

- Can find information on a large number of jobs worldwide
- Can communicate quickly with potential employers
- Can market themselves directly to potential employers
(e.g., *quintcareers.com*)
- Can write and post résumés for large-volume distribution
(e.g., Personal Search Agent at *careerbuilder.com*, *brassring.com*)
- Can search for jobs quickly from any location
- Can obtain several support services at no cost
(e.g., *hotjobs.yahoo.com* and *monster.com* provide free career-planning services)
- Can assess their market value (e.g., *wageweb.com* and *rileyguide.org* look for salary surveys)
- Can learn how to use their voice effectively
in an interview (*greatvoice.com*)
- Can access newsgroups that are dedicated to finding jobs
(and keeping them)

Advantages for Employers

- Can advertise to a large number of job seekers
- Can save on advertisement costs
- Can reduce application-processing costs by using
electronic application forms
- Can provide greater equal opportunity for job seekers
- Increased chance of finding highly skilled employees
- Can describe positions in great detail
- Can conduct interviews online
(using video teleconferencing)
- Can arrange for testing online
- Can view salary surveys for recruiting strategies

On-Demand Delivery of Products, Digital Items, Entertainment, and Gaming

- **ON-DEMAND DELIVERY OF PRODUCTS**

- May own a fleet of delivery vehicles for regular deliveries and delivery within short time period

- **E-grocer**

A grocer that takes orders online and provides deliveries on a daily or other regular schedule or within a very short period of time

- **On-demand Delivery Service**

Express delivery made fairly quickly after an online order is received

On-Demand Delivery of Products, Digital Items, Entertainment, and Gaming

ONLINE DELIVERY OF DIGITAL PRODUCTS, ENTERTAINMENT, AND MEDIA

▪ ONLINE ENTERTAINMENT

Web browsing

Internet gaming

Fantasy sports games

Single and multiplayer games

Adult entertainment

Card games

Social networking sites

Participatory Web sites

Reading

Live events

Online Purchasing-Decision Aids

■ Shopping Portals

Gateways to webstores and e-malls; may be comprehensive or niche oriented

- Specialize in a certain line of products
- Some collect referral fee only
- Others have formal relationships with affiliates

■ Helping Communities

Real Estate, Insurance, and Stock Trading Online

- **Real Estate**
 - Last-minute trips can also be booked
- **Real Estate Applications**
 - Advice for consumers on buying or selling (assist2sell.com)
 - Commercial real estate listings (commercialproperty.com)
 - Links to house listings in all major cities (homesinamerica.com)
 - Maps (mapquest.com)
 - Information on current mortgage rates (bankrate.com, eloan.com)
- **REAL ESTATE ONLINE**
 - Online real estate is supporting rather than replacing existing agents
 - Real estate agents are still charging high commissions
 - Several Web sites have started to offer services at lower commissions (assist2sell.com)
 - Zillow, Craigslist, and Other Web 2.0 Real Estate Services



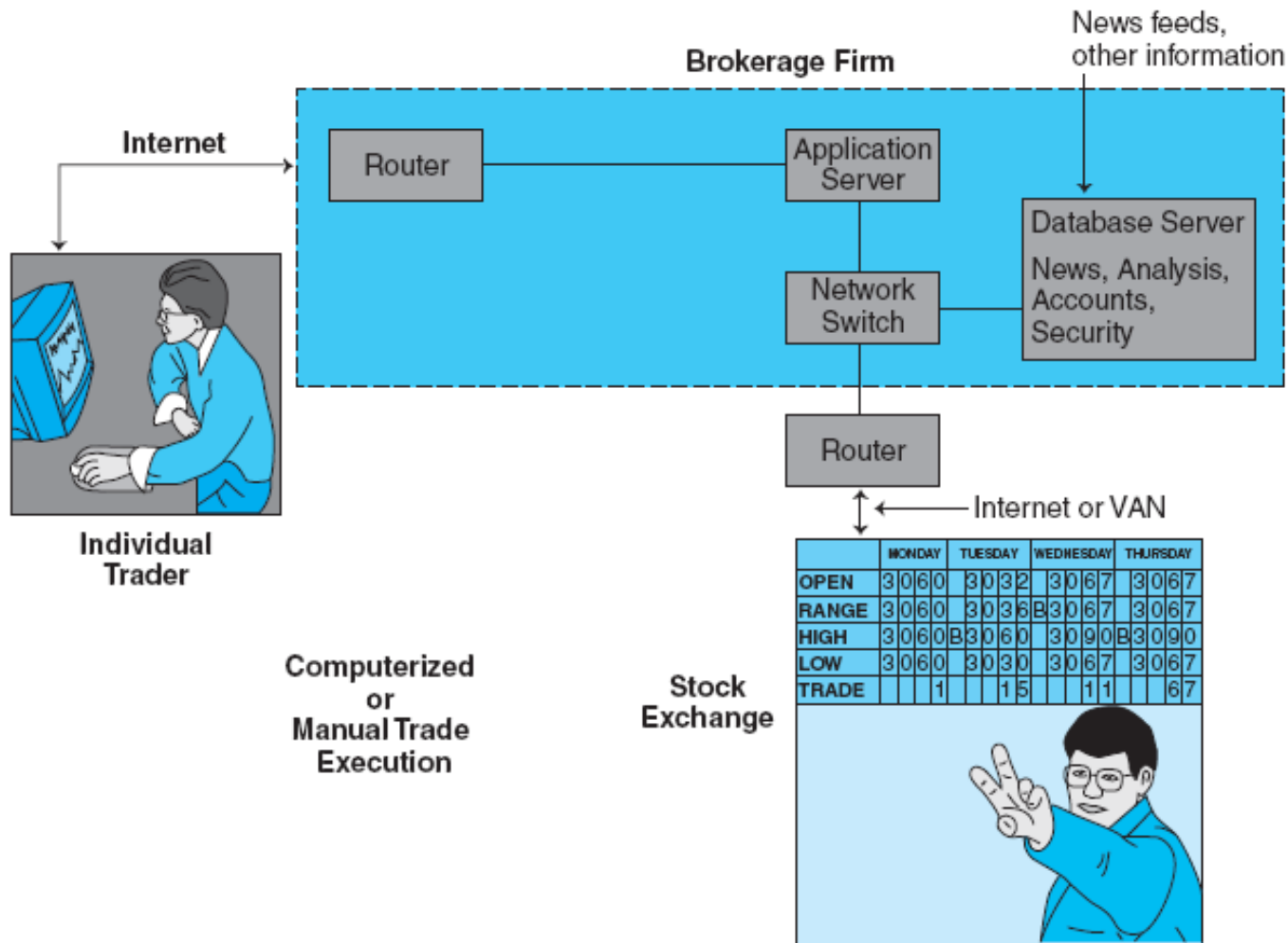
- **INSURANCE ONLINE**

- Insurance—auto, home, life, and health at a substantial discount
- Insureate.com
- Order.com
- Quotesmith.com

- **ONLINE STOCK TRADING**

- The Risk of Trading in an Online Stock Account
- No waiting on busy telephone lines
- No oral communication, less chance for errors
- Place orders from anywhere, any time, day or night
- No biased broker to push you
- Considerable amount of free information

EXHIBIT 3.9 Online Electronic Stock Trading



Banking and Personal Finance Online

- **Electronic (Online) Banking Or E-banking**

Various banking activities conducted from home or the road using an Internet connection; also known as cyberbanking, virtual banking, online banking, and home banking.

- **Home Banking Capabilities**

- Get current account balances any time
- Obtain charge and credit card statements
- Pay bills
- Download account transactions
- Transfer money between accounts
- Balance accounts
- Send e-mail to the bank
- Expand the meaning of “banker’s hours”
- Handle finances when traveling

Banking and Personal Finance Online

- **Virtual Banks**
- **International And Multiple-currency Banking**
- Some international retail purchasing can be done by providing a credit card number, other transactions may require international banking support

Banking and Personal Finance Online

- **ONLINE FINANCIAL TRANSACTION IMPLEMENTATION ISSUES**
 - Securing Financial Transactions
 - Imaging Systems
 - Fees Online Versus Fees for Offline Services
 - Risks

- **ONLINE BILLING AND BILL PAYING**
 - Automatic transfer of mortgage payments
 - Automatic transfer of funds to pay monthly utility bills
 - Paying bills from online banking accounts.
 - Merchant-to-customer direct billing
 - Using an intermediary for bill consolidation
 - Person-to-person direct payment
 - Pay bills at bank kiosks

- **TAXES**

Online Purchasing-Decision Aids

- **PRICE AND QUALITY COMPARISON BY SHOPBOT SOFTWARE AGENTS**

- **Shopping Portals**

Gateways to e-storefronts and e-malls; may be comprehensive or niche oriented

- **Shopping Robots (Shopping Agents Or Shopbots)**

Tools that scout the Web on behalf of consumers who specify search criteria

- “Spy” services
- Wireless Shopping comparisons
- Google Commerce Search 2.0
- “Spy” Services
- Wireless Shopping Comparisons

- **Business Ratings Sites**

- **Trust Verification Sites**

- **Other Shopping Tools**

- Amazon.com’s A9 Search Engine
- Answers.com

Issues In E-Tailing and Lessons Learned

- **Disintermediation**

The removal of organizations or business process layers responsible for certain intermediary steps in a given supply chain.

- **Reintermediation**

The process whereby intermediaries (either new ones or those that had been disintermediated) take on new intermediary roles.

- **Channel Conflict**

Situation in which an online marketing channel upsets the traditional channels due to real or perceived damage from competition.

- **Cybermediation (Electronic Intermediation)**

The use of software (intelligent) agents to facilitate intermediation

- **Hypermediation**

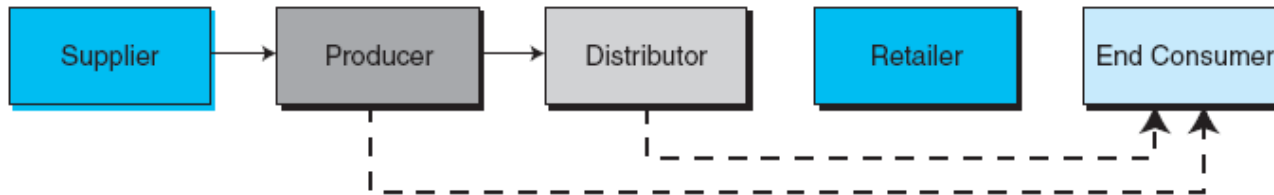
Extensive use of both human and electronic intermediation to provide assistance in all phases of an e-commerce venture

EXHIBIT 3.11 Disintermediation and Reintermediation in the B2C Supply Chain

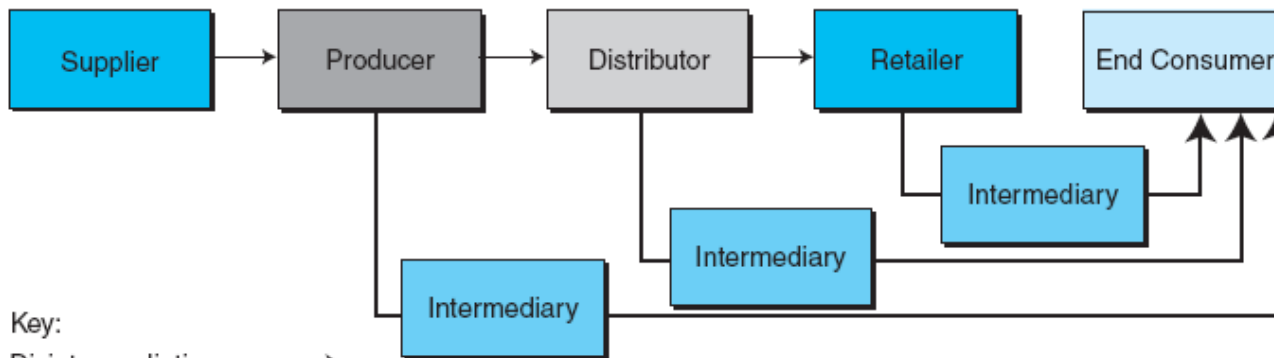
A. Simple Traditional Supply Chain



B. Supply Chain, with Examples of Disintermediation



C. Supply Chain, with Examples of Reintermediation



Key:
 Disintermediation - - - ->
 Reintermediation - - - ->

Issues In E-Tailing and Lessons Learned

- **POSSIBILITY OF A PRICE CONFLICT AND DETERMINING THE RIGHT PRICE BY SELLERS**
- **PRODUCT AND SERVICE CUSTOMIZATION AND PERSONALIZATION**
- **ONLINE COMPETITION**
- **FRAUD AND OTHER ILLEGAL ACTIVITIES**

- **LESSONS LEARNED FROM FAILURES AND LACK OF SUCCESS OF E-TAILERS**
 - Speak with one voice
 - Leverage the multichannels
 - Empower the customer



Managerial Issues

1. What are the limitations of e-tailing? Where is e-tailing going?
2. How should we introduce wireless shopping?
3. Do we have ethics and privacy guidelines?
4. How will intermediaries act in cyberspace?
5. Should we try to capitalize on social networks?
6. How should we manage multichannel marketing to avoid channel and/or price conflicts?
7. What are the major potential limitations of the growth of B2C EC?



Summary

1. The scope and characteristics of e-tailing
2. Classify e-tailing business models
3. How online travel/tourism services operate
4. The online job market and its benefits
5. The electronic real estate marketplace
6. Online trading of stocks and bonds



Summary

7. Cyberbanking and personal finance
8. On-demand delivery service
9. Delivery of digital products
10. Aiding consumer purchase decisions
11. Disintermediation and other B2C strategic issues