Lecture 1
Overview of E-Commerce/E-Business

The Unit Page

- The unit website:
- Lecture notes will be available for download from the unit page by Friday afternoon (at the very latest)
- Check the unit page at least once a week

Staff Contact Details

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The Boring Stuff…. But Extremely Important (1)

- Course outline and assessment
  - Three assignments
    - Critical essay (Individual) – 10%
      - Due week 6
    - Research report (Group of 4) – 20%
      - Due week 11
    - Presentation (Group of 4) – 10%
      - Weekly from week 9
  - Class/discussion participation – 10%
  - Exam 50%

The Boring Stuff…. But Extremely Important (2)

- Submission
  - During your allocated tute on or before the due date;
  - Late submission = 10% off of the total assignment marks per day (including weekends)
- Extension
  - Not normally given
  - Genuine and compelling reasons only please
  - Supporting documentations are needed BEFORE any consideration would be given
  - May have to demonstrate that a significant amount of work on the assignment has been done

The Boring Stuff…. But Extremely Important (3)

- Hurdle requirements
  - At least 40% of the marks available for the exam
  - At least 40% of the marks available for the assignments (taken as a whole)
  - At least 50% of the total marks of the unit
The Boring Stuff…. But Extremely Important (4)

- Plagiarism
  - Plagiarism = academic fraud = cheating = severe consequences
  - Not sure what plagiarism is? Not sure how to reference other’s work?

  Refer to SIMS guidelines & policy

IMS3280 in a Nutshell

- E-commerce/E-business from business perspective
- Various issues and concepts highly relevant to e-commerce/e-business
  - Supply chain management, customer relationship management, electronic payment systems, m-commerce, e-commerce strategy, and emerging technologies, trends, and issues in e-commerce

E-Commerce vs. I-Commerce vs. E-Business

- Three prevalent terms commonly used
- How different are they?
- Different sides of the same dice?
- Can they be used interchangeably?

Consider these scenarios

- Jake bought an e-tag pass from the citylink webpage
- Lisa ordered and bought her computer at Harvey Norman using her bankcard (which was swiped through an eftpos machine)
- Rens ordered and paid his subscription of Shares magazine through the telephone

Internet Commerce

“Internet-enabled commerce”

“…refers to the use of Internet and other online services in commercial activities”
(Kulakota & Whinston, 1997)
E-Commerce

“...e-commerce can be formally defined as technology-mediated exchanges between parties (individuals, organisations, or both) as well as the electronically based intra- or interorganisational activities that facilitate such exchanges.”

(Rayport & Jaworski, 2001)

E-Commerce

“...any transaction completed over a computer-mediated network that involves the transfer of ownership or rights to use goods and services”

(U.S. Bureau of Census, 2002)

E-Commerce

“...an emerging concept that describes the process of buying, selling, or exchanging products, services, and information via computer networks, including the Internet”

(Turban et al., 2002)

E-Commerce

“...electronic commerce is much broader and encompasses many more business activities than just web shopping... most people use the terms electronic commerce and electronic business interchangeably”

(Perry & Schneider, 2001)

E-Business

“The applications, systems and technology that were traditionally called information systems and information technology (IS/IT)”

(McKay & Marshall, 2004)

E-Business

“The complex fusion of business processes, enterprise applications, and organisational structure necessary to create a high-performance business model”

(Kalakota & Robinson, 1999)

Why E-Commerce?

The use of Internet technology and applications to support transaction activities

The use of electronic methods and procedures to conduct and support all forms of business activities and to achieve organisational objectives

The use of electronic methods and applications to support transaction activities

Goods and/or services

Sellers

Buyers

Compensation

(Prananto, McKay, Marshall, 1999)
The Seller’s Perspective

- **Expansion**
  - Market, products, services, partnerships/alliances
- **Lower costs**
  - Marketing, advertising, less personnel, increase efficiency, reduce costs of transactions
- **Differentiation**
  - Improve services, branding, image
- *(Could be)* Source of competitive advantage

The Buyer’s Perspective

- **More more more**
  - Availability of various goods and services
  - not normally available at a click of a button
- **Lower Costs**
  - Cheaper goods and services
- **Others????**

Let’s Put that into Perspective

“While some prominent Internet companies – most notably America Online and Yahoo – are profitable, no major e-commerce, other than net auctioneer eBay has ever made any money”

(The Industry Standard, 2000)

- There are costs (such as…???)
- There are risks (such as…???)
- There are limitations (such as…???)

Buying and Selling over the Internet

Source: OECD, ICT Database, 2001-2002

Consumers Internet Purchases by Product

Source: OECD, ICT Database, 2001-2002
Did you know...

- 56% Australian homes have computer: 42% have home Internet access
- 8.42m Australians (~52% of adult population) access the Internet
- Typical profile
  - Couple with children
  - Employed
  - Affluent
  - City dweller

(NBIE 2001)

Did you know...

- Popular purchases
  - “other”
  - Books, magazines, journals
  - Computer software, hardware
  - Clothing
  - Music
  - Tickets, entertainment
- 63% of net shoppers make repeat purchases, 74% paid online, 34% made purchases in excess of $500

(NBIE 2001)

Did you know...

- 59.75% adults on-line in America in Aug, 2001
- $5.3b in retail sales in US
  - ≈0.64% of total US retail sales
  - (Japan is next highest with $1.34b)
- In Australia, ≈0.4% of total retail sales

> Note: In 1999, Forrester estimated ≈6% US consumer retail sales by 2003

(NUA 2002)

But in perspective...

- this is LESS than catalogue sales today
- the ‘myth’ of the level playing field
  - online sales for local retailers are already declining
  - “Wal Marting” of Internet continues

(E-commerce Times 2002)

Did you know...

- >70% transactions over the internet are concentrated in a few sectors
  - computer hardware & software
  - travel
  - financial products / services
- <30% spread across
  - books, videos, music
  - clothes, sporting equipment
  - flowers, cards, gifts
  - tickets
  - consumer electronics

(Willcocks & Sauer 2000)

But in perspective...

- Pornography reported to be best seller
  (OECD 1999)
- very few profitable websites
  (Willcocks & Sauer 2000)
- <2% of those who “look” end up buying
  - no. is declining
  (Forrester Research 1999)
What Makes E-Commerce Work?

- **Business**
  - Business perspective vs techno centric view
  - Good business practices
  - Good products and/or services
  - Marketing, advertising, price, etc etc etc
  - Constant lookout for business opportunities and enhance it with technology

- **Technology**
  - Differentiation using stable, sustainable and useful technologies
  - Sustainable competitive advantage using technology

- **People**
  - Having said all the above, can we guarantee success?

Imagine 10 Years from now....

- Does the term e-commerce/e-business still valid?
- Will we drop the 'e' in e-commerce/e-business?
- Difficulties in finding a human to interact with?