



System Analysis Design

Chapter 11

E-Commerce: Digital Markets, Digital Goods



Learning Objectives

- ❑ Describe the unique features of e-commerce, digital markets, and digital goods.
- ❑ Analyze how Internet technology has changed value propositions and business models.
- ❑ Describe the various types of e-commerce and how e-commerce has changed consumer retailing and business-to-business transactions
- ❑ Evaluate the role of m-commerce, digital markets, and digital goods.
- ❑ Compare the principal payment systems for electronic commerce.

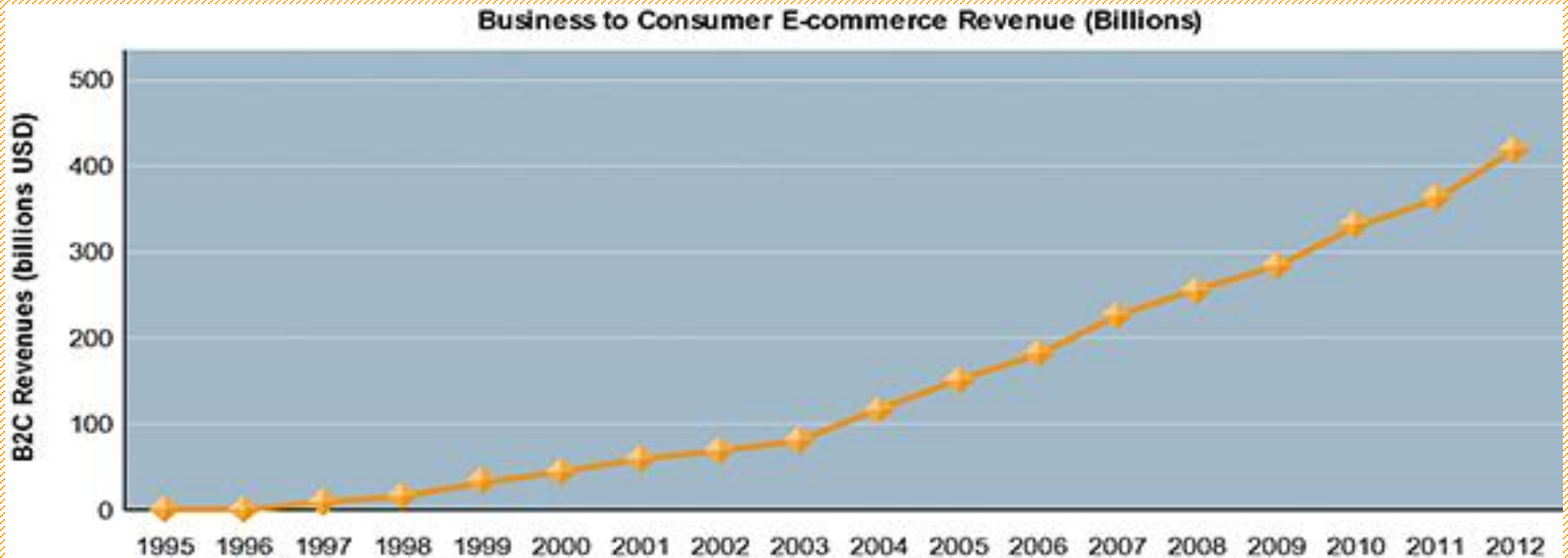


Electronic Commerce and the Internet

- **E-commerce**
 - Use of the Internet and Web to transact business
 - Digitally enabled transactions
- **History of e-commerce**
 - Began in 1995 and grew exponentially; still growing at an annual rate of 16 percent
 - Rapid growth led to market bubble
 - While many companies failed, many survived with soaring revenues
 - E-commerce today the fastest growing form of retail trade in U.S., Europe, Asia



The Growth of E-Commerce



Retail e-commerce revenues have grown exponentially since 1995 and have only recently “slowed” to a very rapid 16 percent annual increase, which is projected to remain the same until 2010.



Eight unique features of E-Commerce technology

1. Ubiquity:

- Internet/Web technology available everywhere: work, home, etc., and anytime

2. Global reach:

- The technology reaches across national boundaries, around Earth

3. Universal standards:

- One set of technology standards: Internet standards

4. Richness:

- Supports video, audio, and text messages



Eight unique features of E-Commerce technology

5. Interactivity

- The technology works through interaction with the user

6. Information density

- Vast increases in information density—the total amount and quality of information available to all market participants

7. Personalization/Customization:

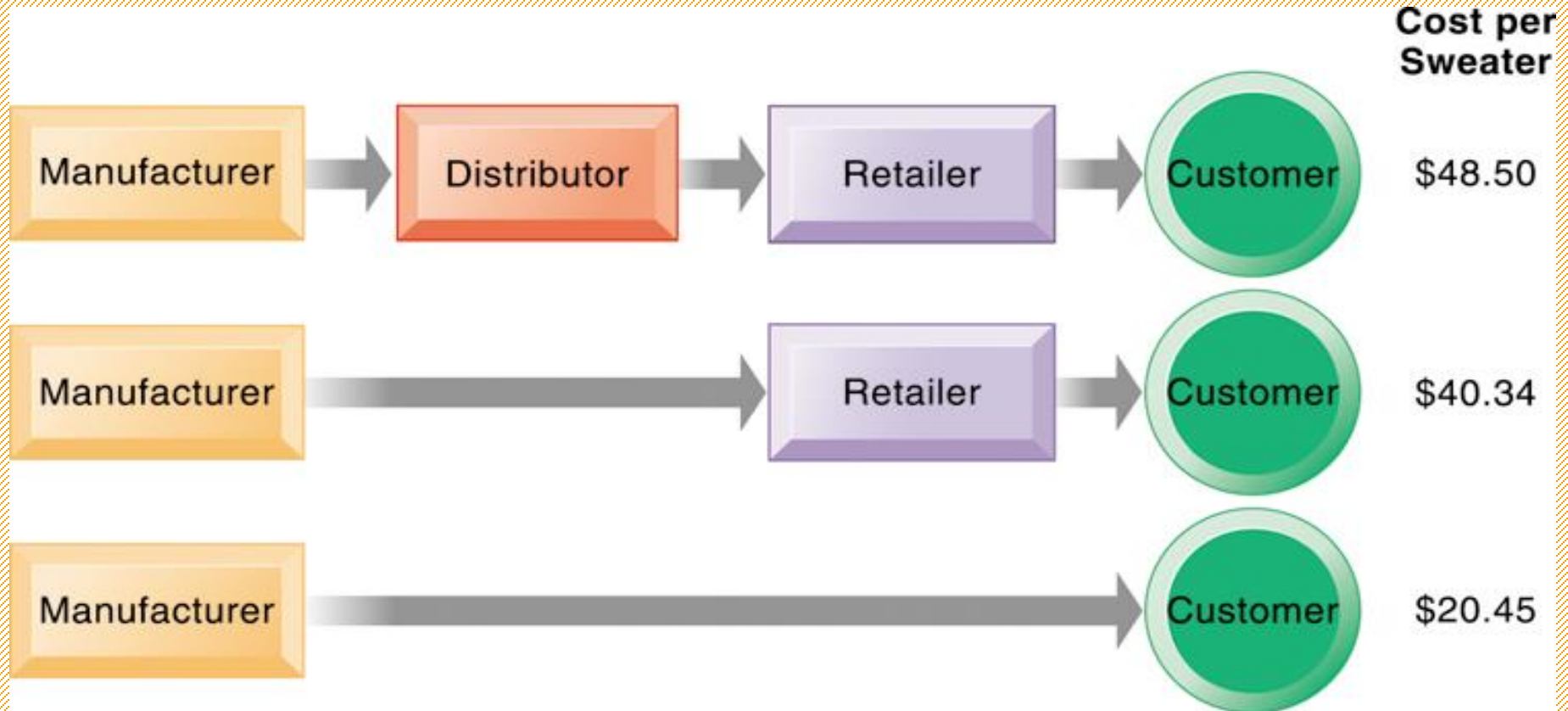
- Technology permits modification of messages, goods

8. Social technology

- The technology promotes user content generation and social networking



The Benefits of Disintermediation to the Consumer



The typical distribution channel has several intermediary layers, each of which adds to the final cost of a product, such as a sweater. Removing layers lowers the final cost to the consumer.



What *is* Digital Marketing?

- ❑ Digital marketing is the use of the Internet, mobile devices, social media, search engines, and other channels to reach consumers.
- ❑ Some marketing experts consider digital marketing to be an entirely new endeavor that requires a new way of approaching customers and new ways of understanding how customers behave compared to traditional marketing.



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The 5Ds of digital marketing

- ❑ **Digital devices** – audiences experience brands as they interact with business websites and mobile apps typically through a combination of connected devices including smartphones, tablets, desktop computers, TVs and gaming devices.
- ❑ **Digital platforms** – most interactions on these devices are through a browser or apps from the major platforms or services, that's Facebook (and Instagram), Google (and YouTube), Twitter and LinkedIn.
- ❑ **Digital media** – different paid, owned and earned communications channels for reaching and engaging audiences including advertising, email and messaging, search engines and social networks.
- ❑ **Digital data** – the insight businesses collect about their audience profiles and their interactions with businesses, which now needs to be protected by law in most countries.
- ❑ **Digital technology** – the marketing technology or martech stack that businesses use to create interactive experiences from websites and mobile apps to in-store kiosks and email campaigns.



Digital Marketing Channels

- Website Marketing
- Pay-Per-Click (PPC) Advertising
- Content Marketing
- Email Marketing
- Social Media Marketing
- Affiliate Marketing
- Video Marketing
- SMS Messaging
- Search Engine Optimization (SEO)
- Conversion Rate Optimization (CRO)
- Native Advertising



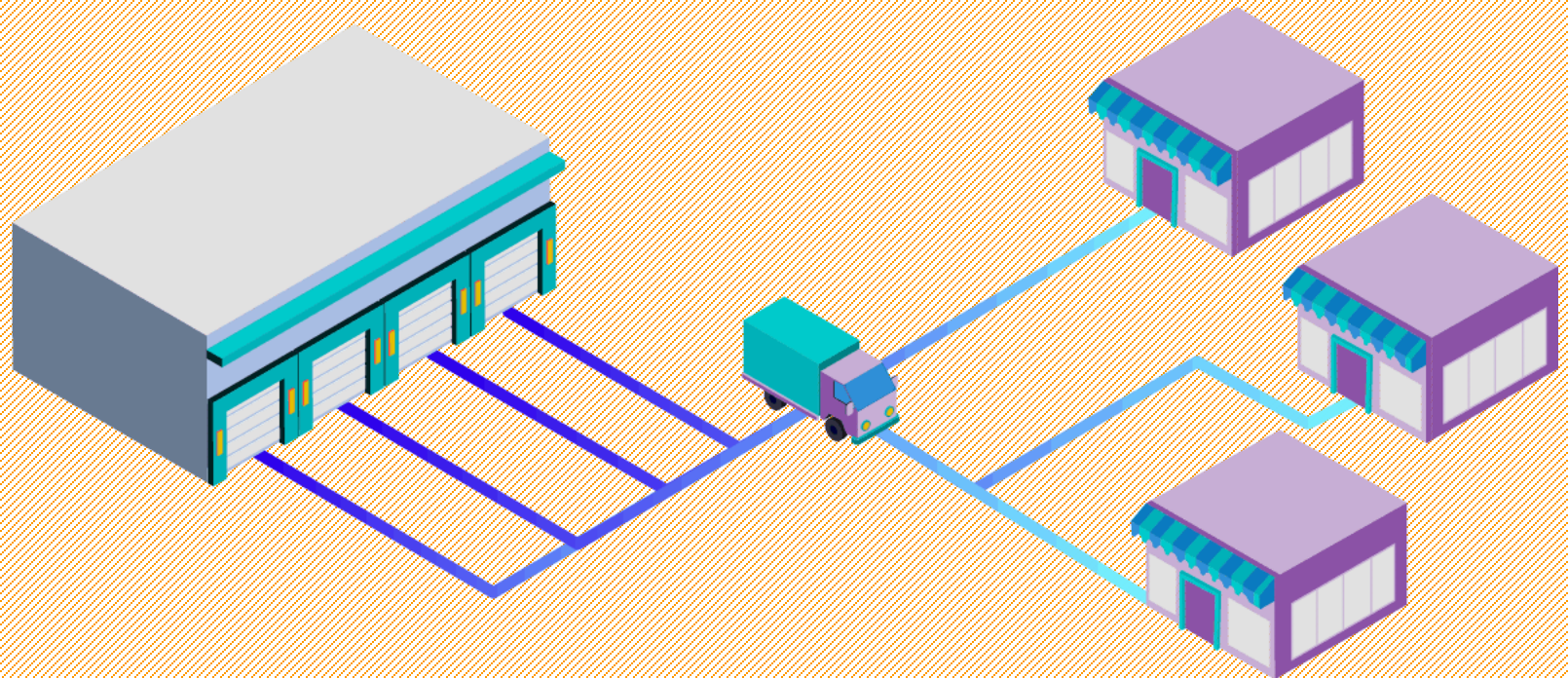
Types of Electronic Commerce

- Business-to-business (B2B)**
- Business-to-consumer (B2C)**
- Consumer-to-consumer (C2C)**
- Consumer-to-Business (C2B)**



Business-to-business (B2B)

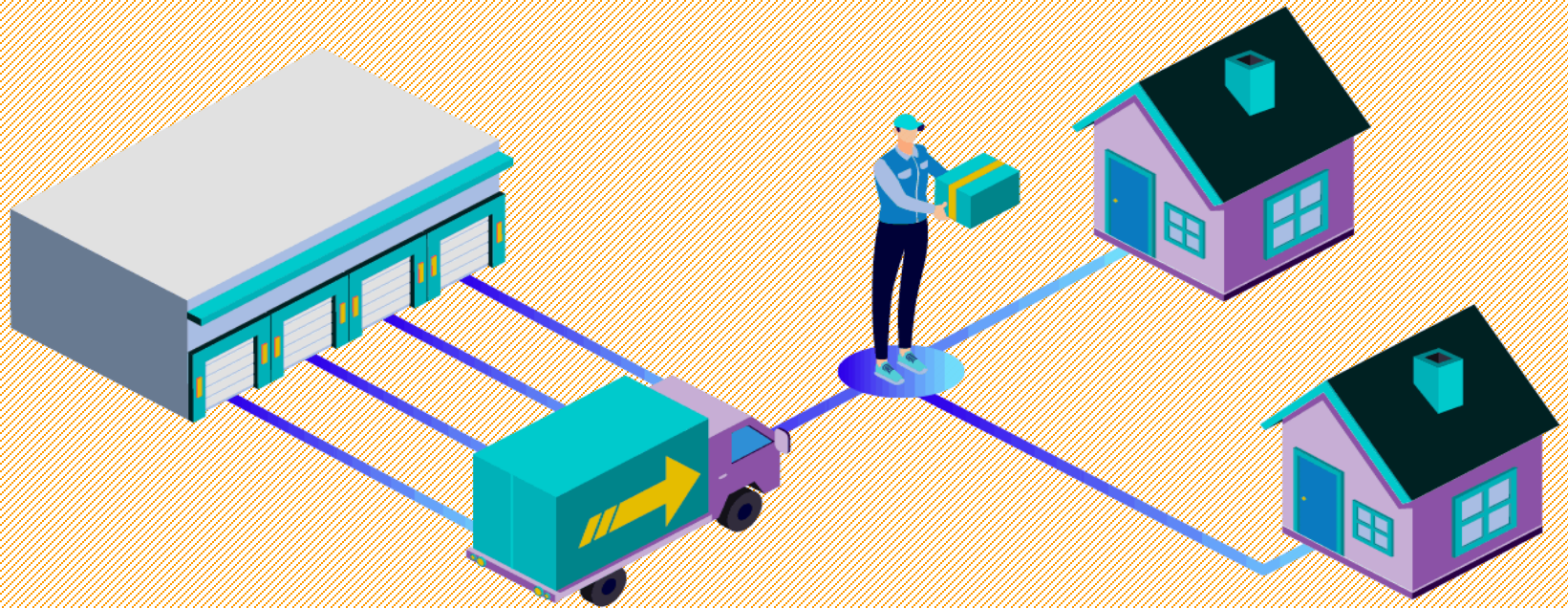
- ❑ **B2B (Business-To-Business)** is a commercial activity (business) between two companies. So the clients of one enterprise are other companies.





□ Business-to-consumer (B2C)

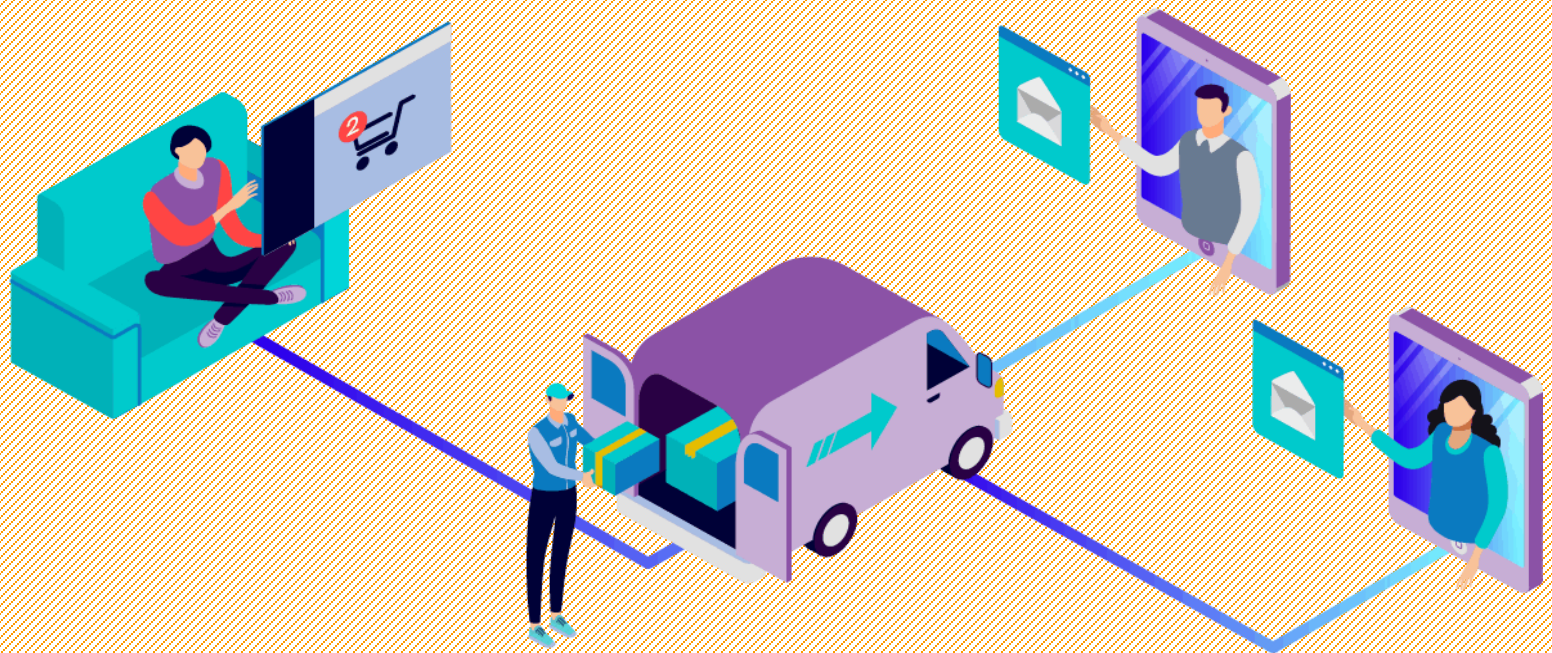
- **B2C (Business-To-Consumer)** is a commercial activity between companies and consumers. It can be a huge supermarket, online store, or even a small branch of a law firm (consulting individuals).





Consumer-to-consumer (C2C)

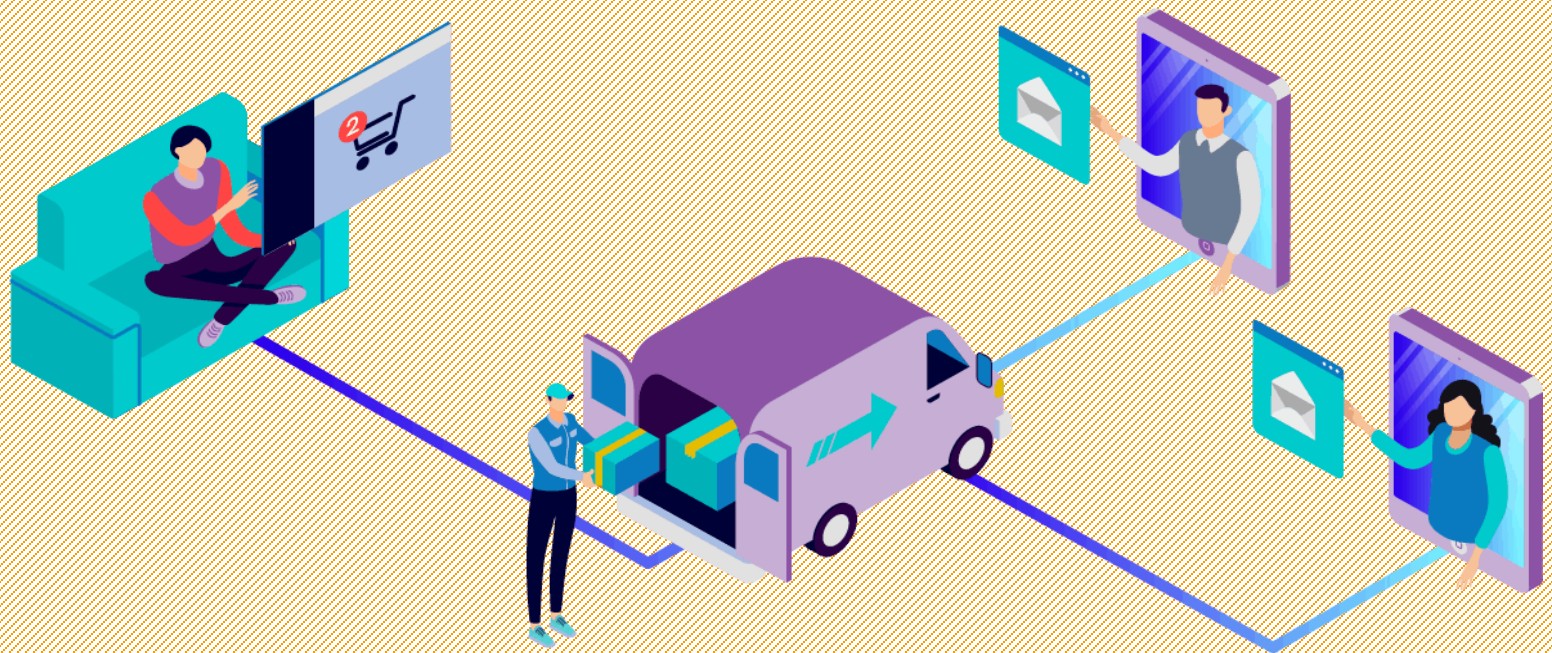
- ❑ **C2C (Consumer-To-Consumer)** is a commercial activity between private individuals (consumers). This business model can be implemented directly, as well as through a third-party (mediator).





Consumer-to-consumer (C2C)

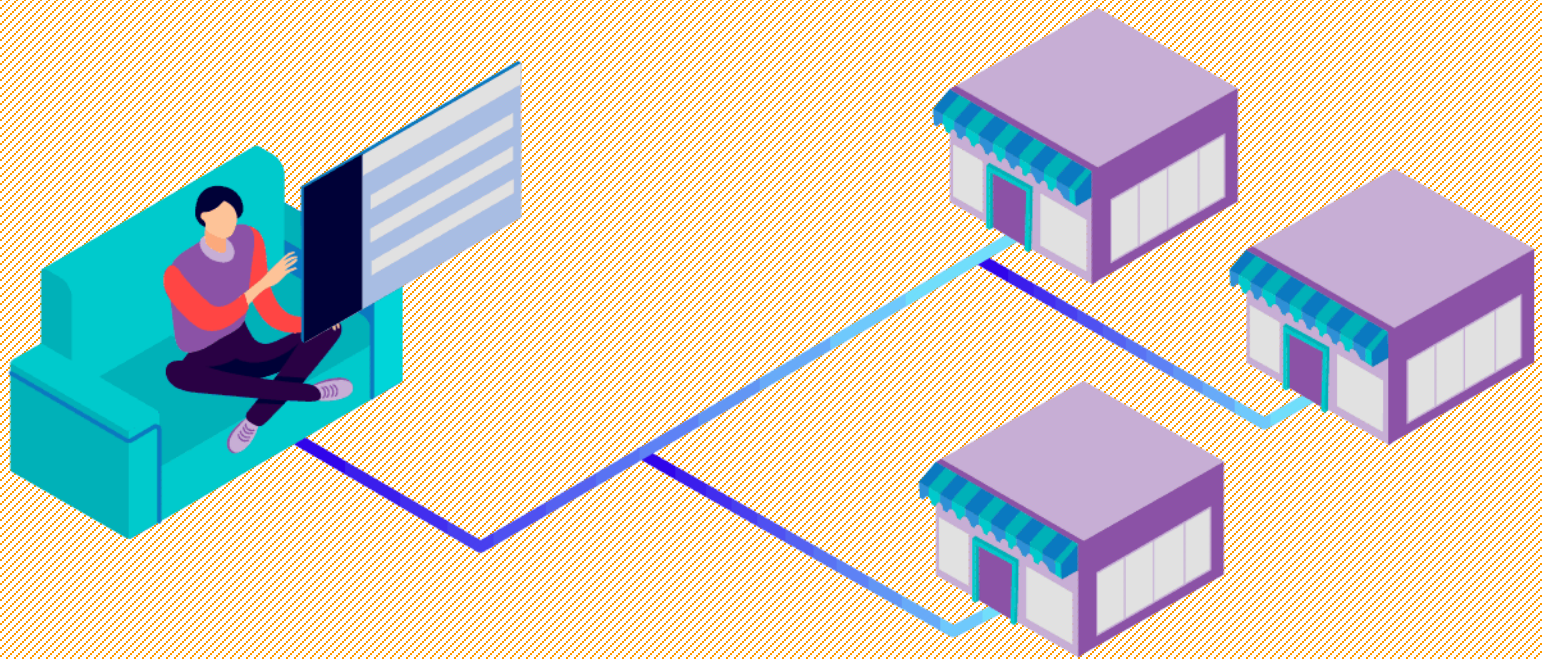
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Consumer-to-Business (C2B)

- ❑ **C2B (Consumer-To-Business)** is a little unusual model of e-commerce. Consumers define (bid) prices on goods and services (offered by businesses) by themselves.





Types of electronic payment systems

Electronic funds transfer

Credit card

Ecash

Debit card

Digital wallet

Mobile payment

Real-time gross settlement

Alternative payments

Payment and settlement systems in I...

Financial transaction

Payment service provider

Point of sale

Currency

Merchant account

Bitcoin

Google Pay Send