Introduction
ECOM13003 Electronic Commerce

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Course Coordinator
Week 1 2007

Course Profile
- Weekly schedule
- Tutorial/presentations schedule
- Assignments
- Submitting assignments
- Plagiarism/copy detection software

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Week 1
ECOM13003 Electronic Commerce

Introduction to e-Commerce
Chapter 1

Outcomes
after this class you should be able to:
- Identify and describe the features of e-commerce technology
- Discuss the business significance to this technology
- Discuss the major themes underlying e-commerce
- Describe the major types of e-commerce

E-Commerce Developments and Themes
- More and more people and businesses are using the Internet to conduct commerce
- The e-commerce channel is deepening as more products and services come online
- Broadband and wireless Internet access are growing
- E-commerce business models are being refined to achieve higher levels of profitability
- At societal level, there is continued conflict over copyrights, content regulation, taxation, privacy, and Internet fraud and abuse.
E-commerce Defined
- E-commerce involves digitally enabled commercial transactions between and among organizations and individuals.
- Digitally enabled transactions include all transactions mediated by digital technology.
- Commercial transactions involve the exchange of value across organizational or individual boundaries in return for products or services.

E-commerce vs. E-business
- We use the term e-business to refer primarily to the digital enablement of transactions and processes within a firm, involving information systems under the control of the firm.
- E-business does not include commercial transactions involving an exchange of value across organizational boundaries.

Why Study E-commerce?
- E-commerce technology is different and more powerful than any of the other technologies that we have seen in the past century.
- E-commerce has challenged much traditional business thinking.
- E-commerce has a number of unique features that help explain why we have so much interest in e-commerce.
Seven Unique Features of E-commerce: Technology and Their Significance
- Is ubiquitous (available everywhere, all the time)
- Offers global reach (across cultural/national boundaries)
- Operates according to universal standards (lowers market entry for merchants and search costs for consumers)
- Provides information richness (more powerful selling environment)
- Is interactive (can simulate face-to-face experience, but on a global scale)
- Increases information density (amount and quality of information available to all market participants)
- Permits personalization/customization

Types of E-commerce

Classified by nature of market relationship
- Business-to-Consumer (B2C)
- Business-to-Business (B2B)
- Consumer-to-Consumer (C2C)

Classified by type of technology used
- Peer-to-Peer (P2P)
- Mobile commerce (M-commerce)

Growth of the Internet
- A worldwide network of computer networks built on common standards
- Was created in late 1960s
- Services include the Web, e-mail, file transfers, etc.
- Can measure growth of Internet by looking at number of Internet hosts with domain names
**Growth of the Web**
- The most popular service on the Internet
- Developed in early 1990s
- Provides access to Web pages (documents created with HTML)
- Can include text, graphics, animations, music, videos
- Web content in form of Web pages has grown exponentially, from over 2 billion pages in 2000 to over 8 billion pages in 2005

**The Growth of Web Content**
![Graph showing the growth of web content from 1997 to 2005]

** Origins and Growth of E-commerce**
- Precursors to e-commerce include
  - Baxter Healthcare
  - Electronic Data Interchange (EDI)
  - French Minitel (1980s videotext system; still in use today)
- None of these precursor systems had the functionality of the Internet
- For our purposes, we date the beginning of e-commerce to 1995
- Since then, has been fastest growing form of commerce in United States (globally?)
The Growth of B2C E-commerce

Figure 1.5, Page 24


The Growth of B2B E-commerce

Figure 1.6, Page 25


Technology and E-commerce in Perspective

- The Internet and Web are just two of a long list of technologies, such as automobiles and radio, that have followed a similar historical path.
- Although e-commerce has grown explosively, eventually its growth will cap as it confronts its own fundamental limitations.
Potential Limitations:
Growth of B2C E-commerce

- Expensive technology
- Complex software interface
- Sophisticated skill set
- Persistent cultural attraction of physical markets and traditional shopping experiences
- Persistent global inequality limiting access to telephones and computers

The Visions and Forces Behind E-commerce:
1995–2000

- For computer scientists, vindicated a vision of universal communications and computing environment that could be accessed by everyone
- For economists, vision of a perfect Bertrand market and friction-free commerce
- For entrepreneurs, their financial backers and marketing professionals, e-commerce represented an extraordinary opportunity to return far above normal returns on investment.

Assessing E-commerce:
Successes, Surprises and Failures

- E-commerce has been a stunning technological success
- Early years of e-commerce have been a mixed success from a business perspective
- Many visions developed during early days of e-commerce not fulfilled
Predictions for the Future

- Technology of e-commerce will continue to propagate through all commercial activity
- E-commerce prices will rise to cover the real cost of doing business on the Web and pay investors reasonable rate of return
- E-commerce margins and profits will rise to levels more typical of all retailers
- In B2C and B2B, traditional Fortune 500 companies will play growing and dominant role
- Number of successful pure online companies will decline and most successful e-commerce firms will adopt mixed “clicks and bricks” strategies
- Growth of regulatory activity worldwide

Understanding E-commerce:
Organizing Themes

- Technology: Development and mastery of digital computing and communications technology
- Business: New technologies present businesses and entrepreneurs with new ways of organizing production and transacting business
- Society: Intellectual property, individual privacy, and public policy

The Internet and the Evolution of Corporate Computing

Figure 1.10, Page 39
Class Discussion

- Outcome of researching AUDA site
- Case study – page 45
  - Questions 1, 3, & 5 on page 48

Next Week

- E-Commerce Infrastructure
  - Chapter 3
- Case study page 181