

Summary of the Electronic Commerce Life Cycle

Presented By
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Introduction

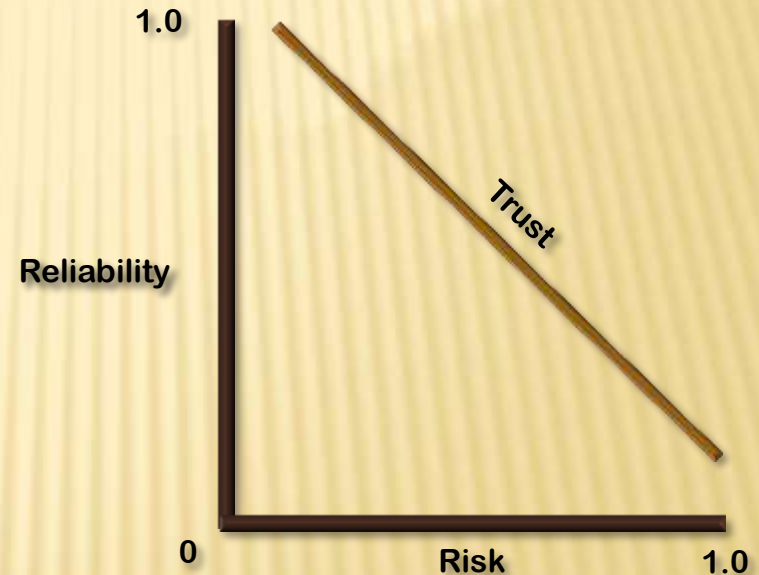
- **Electronic Commerce (EC) is “The use of the Internet or non-traditional forms of electronic marketing between a company and its customers, suppliers, or other business partners” (Ruppel, 2003, p. 33).**
- ***Through EC we can use a PC or Smartphone to connect to the Internet to globally:***
 - *Conduct Business*
 - *Send & Receive Email*
 - *Purchase Products*
 - *Acquire Research Information*
- ***EC had problem-plagued growth that was only recently overcome***

Fundamental Considerations of Electronic Commerce

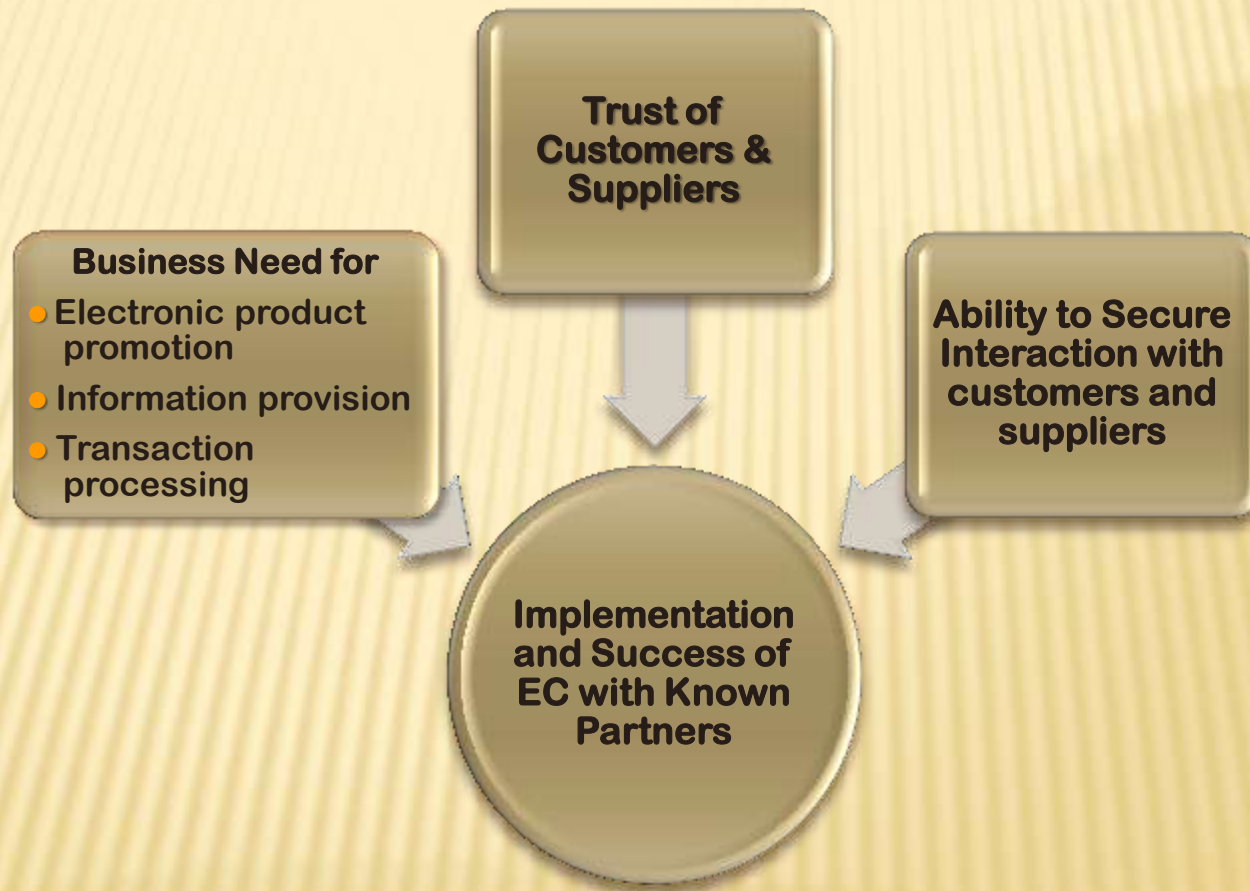
- Requires businesses change their idea of retail paradigm.
- EC does not only have potential to generate business, but rather, it changes the point-of-purchase. (Wigand, 1997)
- **Macro-Level considerations** (Freeman, 1998)
 - *Customers need to trust the purchase mechanism or website.*
 - *Must be a viable product or service mix.*
 - *Shopping experience must be convenient to customers*
 - *Customers must be satisfied with the purchase*

Relationship of Reliability & Risk to Customer Trust

- If the EC system is perceived to be too risky, customers will not use it.
- EC system must be reliable
- EC system must have low risk
- The higher the EC system's reliability and the lower its risk, the greater the customer's trust
- The higher the customer's trust, the higher the probability the EC site will succeed.






Factors Contributing to a Successful EC Venture




Source: (Ruppel, 2003, p. 32)

Life Cycle Stages of Electronic Commerce

Stage 1 Hype & Experimentation	Stage 2 Retrenchment & Sobriety	Stage 3 Sustainability	Stage 4 Focus & Fragmentation
Rapid & Erratic Change	Slower & More Predictable Change	Stability with Predictable Cyclical Patterns	Differentiation by Low Prices or Specialization
E-tailing Revolution: <i>The Wild Wide Web</i>	Early e-tail pioneers forced to adapt or die. Surviving best of breed specialists adapt and increase their odds of survival and a few become successful settlers	Consolidation	Increased business efficiencies increases ability to offer lower prices
Entrepreneurial pioneers pursue ambitious & undisciplined expansion	Physical store retailers are in acknowledgement and adaptation. These eventual market leaders enter from other sectors and channels using various modes of entry: direct, acquisition, alliance and 'clicks and bricks'	Focus strategy through cost-leadership or differentiation	Integrated multichannel systems
High Start-up & Failure Rate			Mass-customization and hyper-targeting facilitates personalization
Opportunistic experimentation with many novel formats that defines e-tailing's basic function and form			Micro-communities served through branded channels
Physical store retailers fear being 'Amazoned' – are in shock and denial			Infomedaries and co-option via alliances, marketing relationships, networks and open systems and cross retail collaborations occur in a period of 'Wikinomics'
			Physical stores still dominate
Fragmentation involving experimentation	Shakeout: A dominant model emerges.	Maturity: Competitive advantages are based on operational efficiencies based on incremental improvements and offering distinctive value.	
Disruptive Innovations	Sustaining 		
Competition Based on Functionality	Competition Based on Reliability 		Competition Based on Convenience & Price
Low Consumer Trust Level	Low  High		

Technological Effects on the EC Life Cycle

Technology	Pre-Internet	Stage 1 Hype & Experimentation	Stage 2 Retrenchment & Sobriety	Stage 3 Sustainability	Stage 4 Focus & Fragmentation
Year	1983-	1990-1995	1995-2000	2000-2003	2003-2010
Communications – Access to Internet	Direct Dial @ 28kbps, Low Speed	Internet via Telephone @ 56kbps - Low Speed	T1, DSL Cable @ 1-2Mbps Moderate Speed	DSL, Cable, Mobile High Speed	DSL, Cable, Mobile Up to 24Mbps High Speed
Predominant Access Devices	PC using CP/M or MSDOS, Terminals, Interactive Voice Response (IVR)	PC using MSDOS or Windows 95, IVR	PC using Windows, Mobile Phones	PC & Smart Phones Optimized for Internet Browsing	PC & Smart Phones Optimized for Internet Browsing
Types of Electronic Commerce	EDI, EFT, Electronic Bulletin Boards	Simple Transactions, APOLLO, SABRE, Telephone Banking	Procedure Coding System (PCS) – based applications for mobile phones	Electronic Shopping, Electronic Banking, Government Services	Full-fledged EC utilizing Pure-Play & Clicks-and-Bricks businesses
Consumer Acceptance	B2C – Very Low B2B - Moderate	Low  Very High			

Types of Electronic Commerce adapted from (Wigand, 1997, p. 6)

Summary

- **EC has made disruptive impact business & commerce similar to other purchasing innovations:**
 - *Post-Civil War introduction of mass retail purchasing*
 - *Mail-order shopping*
 - *Big-box discount stores*
- **Despite fitful start, EC has provided significant benefits:**
 - *New avenues of product purchases*
 - *Efficient, convenient, cost effective information retrieval*
- **“Electronic technology has changed the way we think about money and monetary value. It’s changing the way companies organize themselves and do business.”** (McDougall, 1995, p.1)

References

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