WBnet

Co-funded by
the European Union

Electronic Business

E-commerce

dr Danijela Zubac
dr Ermina Habibija

АТУСС

UNIVERSITY OF LJUBLJANA
Faculty of Electrical Engineering

POLITÉCNICA

University of Pristina
Kosovska Mitrovica

W₃

Content

□ **E-BUSINESS/TRADE**

□ E-business versus e-commerce

□ Business processes of e-commerce

□ **OBJECTIVES OF THE INTRODUCTION OF E-BUSINESS**

□ Necessary changes in the business model

□ e-misconceptions

□ Solutions that should be offered by electronic business

□ Disadvantages of introducing e-business

□ **WEBSITE AS ON-LINE STORE**

□ Standard online shopping procedure

□ Functionalities of online websites

□ List of functionalities of the online website

E-business versus e-commerce

□ Because there is NO generally accepted definition of electronic business, the terms e-business and e-commerce are often INCORRECTLY USED in practice.

□ Even large encyclopedias such as BRITANIKA do not distinguish between the terms e-commerce and e-BUSINESS (and they should!).

□ LOUIS (LOU) GERSTNER (CEO, President and CEO of IBM 1993-2002) first made THE DIFFERENCE between the use of the terms e-business and e-commerce.

□ GERSTNER wrote the famous book "Who says elephants can't dance?" in which he shows how even ORGANIZATIONAL GIANTS (such as IBM) can successfully adapt and operate in a DYNAMIC global market.

□ Louis Gerstner concluded in the aforementioned book that: "electronic business A SYNONYM for MODERN BUSINESS"
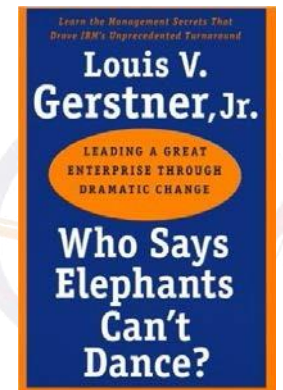
Differences in the understanding of e-business and e-commerce

□ At the beginning of the application of these terms, NO distinction was made in their use. On this occasion, the concept of e-commerce is COMPLETELY EQUIVALENT with the concept of e-business. According to this understanding, the concept of e-business is a SYNONYM for e-commerce.

□ Some authors believe that the concept of e-commerce has only a certain - SMALL DEGREE OF COINCIDENCE with the concept of e-business. Therefore, a distinction is made between the concepts, but nowhere is it clear to which segments exactly the degree of matching refers.

□ MODERN UNDERSTANDING of these terms implies that the term e-commerce is only a SUBSET of the term e-business. This understanding is closest to that of Gerstner and is recommended as a definition.

Electronic business

□ ELECTROELECTRONIC BUSINESS (eng. e-business) is a SET OF BUSINESS ACTIVITIES inbusiness organization that take place through INFORMATION-COMMUNICATION technologies, especially the Internet, and which include:

1. OPTIMIZATION OF BUSINESS PROCESSES
□production, marketing, wholesale,
□distribution, sale, collection,
□deliveries, stock replenishment;

2. IMPROVEMENT OF RELATIONS WITH THE TARGET PUBLIC and especially
□customers, employees,
□suppliers, distributors, …

3.IMPROVEMENT OF OTHER BUSINESS SUPPORT SERVICES such as
□banks, law agencies,
□accounting agencies, legislation and government agencies.

Electronic commerce

▫   Unlike the definition of e-business, there are NO major disagreements with the definition of e-commerce!

▫ ELECTRONIC TRADE, (eng. e-commerce), represents only a COMPONENT of electronic business, and describes the following business processes:

▫ Purchase,

▫ Sale,

▫ Exchange of goods, services and information, through ICT TECHNOLOGY, which includes the Internet.

▫ Accepting Gerstner's idea, in 1997, IBM began to selectively use the term e-BUSINESS, in order to make a CONCEPTUAL DIFFERENCE in relation to the term e-commerce.

▫ The next slide shows the BUSINESS PROCESSES that include PURCHASE i-SELLING side of e-commerce.

E-commerce business processes

Trade Cycle

① Search

- Quality
- Price
- Terms

② Negotiation

Pre-Sales

③ Order → ④ Payment

⑤ Delivery → ⑥ Invoicing

Execution

INVOICE

PAID

Settlement

⑦ Warranty

WARRANTY

⑧ After Sales Service

After-Sales

Different views on e-commerce

□ In most organizations it is still possible to recognize the WRONG CONVICTION, that electronic business is ONLY an INTERNET PAGE and not an Internet trade.

□ Here are some more views on e-commerce from different angles:

COMMUNICATION VIEW

□ Delivery of information, products, services or payment by electronic means.

VIEW OF BUSINESS PROCESSES

□ Application of new technologies to the process of automation of business processes and transactions.

SERVICE VIEW

□ Lowering prices while simultaneously improving the quality of service delivery.

ONLINE VIEW

□ Procurement and sale of products and information via the Internet.

Objectives of introducing electronic business

- GERSTNER: If an organization wants to be COMPETITIVE ON THE MARKET, the introduction of e-business is only a MATTER OF TIME.
- THE SIGNIFICANCE and GOALS of introducing e-business should be INCORPORATED in all STRATEGIC DOCUMENTS organizations.
- The main GOAL of introducing e-business should be to IMPROVE COMPETITIVENESS organizations both on the LOCAL and on the GLOBAL market.
- The entry of an organization (enterprise) into the TARGET MARKETS is simpler if it CONNECTS with other organizations at different levels, which leads to the introduction of the concept of BUSINESS COOPERATION (collaborative commerce).
- The company should set up an OPEN ORGANIZATION that enables the formation VIRTUAL ENTERPRISES or PROJECT GROUPS - organization.
- The IT infrastructure applied in this way must enable a COMPATIBLE PLATFORM for business cooperation, which is the basis of modern companies.

Necessary changes in the business model

- The introduction of e-business requires from organizations a FUNDAMENTAL REORGANIZATION of business processes.

- CHANGES IN BUSINESS force the organization to TURN TOWARDS THE MARKET.

- First of all, the organization should turn to the USERS, that is, the PARTNERS with whom it COLLABORATES in the business process.

- On the other hand, the organization must also communicate with ITS EMPLOYEES and form a specific relationship of TRUST and UNDERSTANDING.

- According to this concept, EMPLOYEES should be provided with a PLATFORM (most often electronic) for efficient engagement in business processes.

- One of the most important activities of organizations is to enable employees to:
  - acquisition of NEW but also
  - preservation of EXISTING knowledge.

Right at the beginning: e-delusions

- The introduction of electronic business requires RADICAL ORGANIZATIONAL CHANGES and MENTALITY changes within the company itself (not a simple task)!

- Electronic business is NOT just a TECHNOLOGICAL SOLUTION, but requires a new concept of the organization's business!

- The role of the HOLDER of information solutions is very important because it connects BUSINESS LOGIC with NEW SOLUTIONS.

- THE QUESTION IS NO LONGER ASKED if the company will introduce electronic business, but HOW will do that job AS BETTER AS POSSIBLE.

- Provision of ELECTRONIC BUSINESS INFRASTRUCTURE is a necessary activity if one wants to have an advantage over market competitors.

- Once expensive, today e-business infrastructure is CHEAP and AVAILABLE almost EVERYWHERE.

What does e-commerce offer (1)

□ The introduction of ELECTRONIC BUSINESS in organizations should PROVIDE SOLUTIONS for the following areas of activity:

□ CONSULTING when developing a STRATEGY for the introduction of electronic business.

□ MANAGEMENT OF PROJECTS for the introduction of electronic business.

□ INTEGRATION OF APPLICATIONS at the organizational level and between organizations participating

in business processes.

□ SUPPLY CHAIN MANAGEMENT - SCM (Supply Chain Management).

□ ARCHITECTURE FOR THE ELECTRONIC MARKET (e-marketplace).

What does e-commerce offer (2)

◻ MANAGEMENT OF RELATIONSHIPS WITH CUSTOMERS (users) - CRM (English Customer

Relationship Management);

◻ FORMATION of business intra/Internet portals;

◻ CORPORATE PERFORMANCE MANAGEMENT - CPM (Critical Path Method);

◻ RESOURCE PLANNING IN CORPORATIONS - ERP (Enterprise Resource Planning);

◻ For all mentioned solutions, SOFTWARE TO SUPPORT this goal was realized;

◻ The Lab will be based on some of the SOLUTIONS of the first cycle.

Disadvantages of introducing e-business

▫ DISADVANTAGES:

▫ Absence of SOCIAL ASPECT of classic stores - buyer immediately WITHOUT WAITING takes the purchased goods.

▫ The need to create ATTRACTIVE WEBSITES (it is part of the job for our profession, and can be considered a good feature for us!)

▫ Formation of an ADEQUATE OFFER obtained through marketing activities.

The e-commerce share is growing steadily

Retail sales development 2005 – 2030*

Legend: Retail sales stationary / Turnover e-commerce**
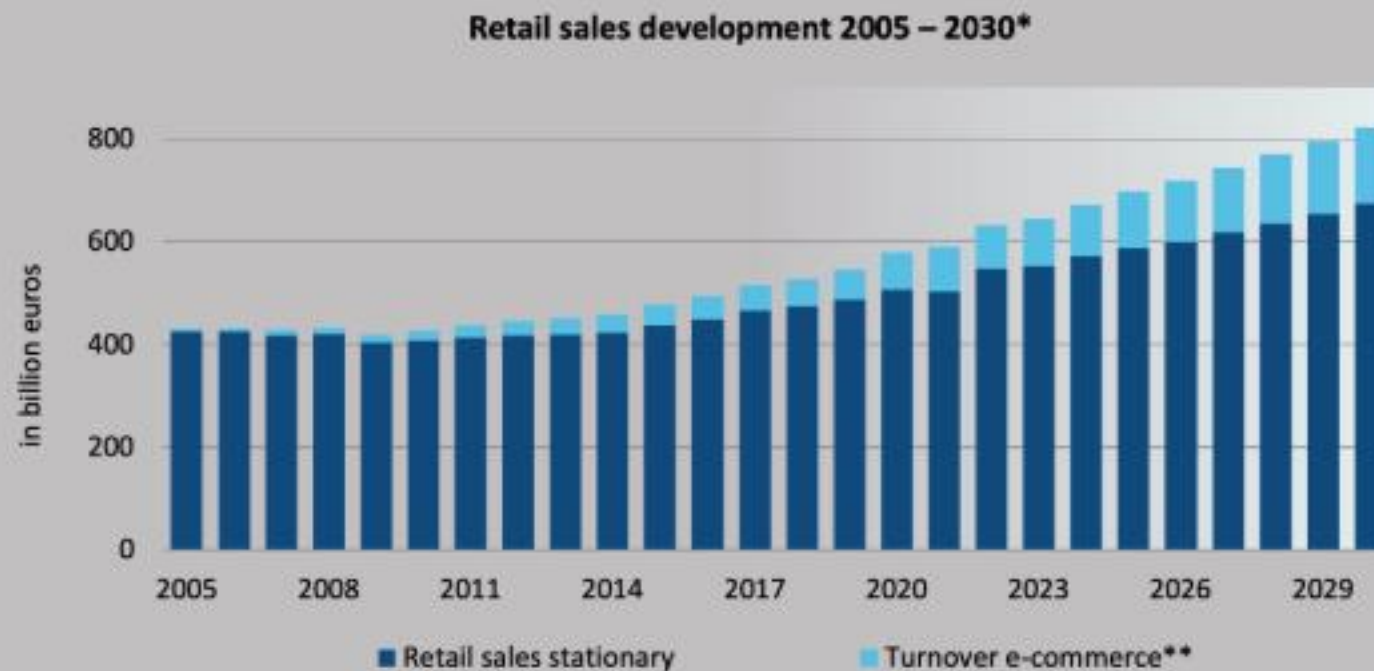
*nominal without VAT; retail trade in the narrower sense: o. motor vehicle trade, petrol stations, fuels, pharmacies
** interactive trade in goods, which also includes classic mail-order trade; from 2022 provisional or forecast.

Where E-Commerce Is Growing Fastest

E-commerce sales in selected countries/regions in 2020 and 2025* (in billion U.S. dollars)

	2020	2025*	Increase
World	2,854.8	4,198.5	↗ +47%
Asia	1,703.2	2,573.3	↗ +51%
China	1,343.5	1,996.0	↗ +49%
North America	588,4	794,6	↗ +35%
Europe	460,5	655,6	↗ +42%

* projected
Source: Statista Digital Market Outlook

statista

Website as an online store

- There is still a WRONG BELIEF that e-commerce is JUST A WEBSITE.

- Electronic business implies that ALL BUSINESS ACTIVITIES are INTEGRATED with the Web page.

- An organization with a developed e-business sees its website as an EFFICIENT SALES TOOL.

- Clients are directed to the Website where the use of VIRTUAL TOOLS can be done

  CONFIGURATION and SELECTION of products.

- An organization with a developed e-business first publishes presentations on the Web site NEW

  PRODUCTS and ONLINE BROCHURES and CUSTOMER SUPPORT are available.

- In that case, the website is used for HOSTING:
  o Frequently asked questions,
  o Scheduling deliveries and
  o Informs customers about the arrival of new products.

Advantages of an online store

- Advantages of online stores over traditional ones

- Internet stores

- Lower costs of starting and running online stores

- Easier access to markets

- Simple measurability and easy customer profiling

- Conducting online business from anywhere

- Integrated analytics for more efficient inventory and

sales management

- There are no restrictions on working hours

- Data changes without hassle

Standard online shopping procedure

- SEARCHING the Internet for products or services is the initial process of online shopping.

- The usual procedure of ONLINE SHOPPING, after finding a suitable product, boils down to placing it in the e-CART (English shopping cart), calculating the TOTAL PRICE and ACTIVATING THE SHOPPING BUTTON.

- Activation of the purchase button takes the customer to a SECURE WEB SITE to complete the ONLINE TRANSACTION and thereby purchase the selected products.

- To COMPLETE THE TRANSACTION, they must be added□ DELIVERY ADDRESS fill in the elements□ payment cards (number and security code).

- These are the basic ONLINE SHOPPING PROCESSES AND BELONG TO E-COMMERCE.

How to go from classic to e-business?

STAGE 0: The organization DOES NOT UNDERSTAND how the Internet can be used for business.

□ PHASE 1: A company is hired that works to create a website that is usually STATIC and is similar to an ONLINE BROCHURE.

□ PHASE 2: Management structures decide TO INTEGRATE e-commerce on the website. Most of the employees think that the website is a THREAT to their business - and not an integral tool for doing work.

□ PHASE 3: Management structures STRENGTHEN THE ROLE and SIGNIFICANCE of the website.

□ PHASE 4: Managing the content of the website is assigned to a KEY MEMBER of the management staff.

□ PHASE 5: The website becomes important to ALL employees. Employees focus on using the Web site in business and the organization becomes an electronic business.
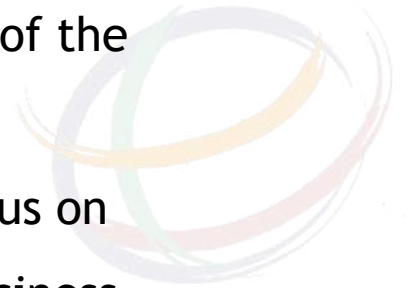
Functionalities of the online store

- AUTOMATED online applications should have a system for:
  - Ordering,
  - Purchase and
  - Payment.

- In this way PROCEDURES ARE SIMPLIFIED and payments are processed AT THE MOMENT OF ORDERING as well as automatic STOCK UPDATE.

- This results in COST REDUCTION.

- An e-commerce website can have many COMPONENTS and different FUNCTIONALITY depending on BUSINESS REQUIREMENTS AND GOALS.

- The most important thing is that the COMPONENTS and FUNCTIONALITIES fit into BUSINESS PROCESSES and the desired USER EXPERIENCE.

- LIST OF THE MOST COMMON COMPONENTS and FUNCTIONALITIES that should be included on e-COMMERCE WEBSITES is given on the next slide.

List of functionalities of the online store

▫ First Lab. exercise refers to the evaluation of the functionality of the selected online store.

Consider the following functionalities :

▫ Ordering system,
▫ Different search methods,
▫ Security certificate,
▫ E-basket system,
▫ Reservation system,
▫ Information on forwarders/postage/manipulative calculators,
▫ User registration,
▫ Information on discount prices,
▫ Updating the product base,

▫ Accounting system integration,
▫ Payment card processing (through the bank or other organizations - Paypal®),
▫ Inventory level and condition,
▫ Detailed information about the product - features, advantages and benefits,
▫ Ordering from suppliers,
▫ Loyalty systems,
▫ Promotional discounts,
▫ SMS or online sales chat.

Questions & Answers

Network of centers for regional short study programs in the countries of the Western Balkans

Call: ERASMUS-EDU-2023-CBHE

Project number: 101128813