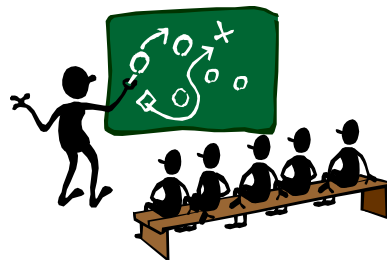# E-Commerce Strategy

Electronic Commerce

- Code: 008023-01+02
- Course: Electronic Commerce
- Period: Autumn 2013
- Professor: Sync Sangwon Lee, Ph. D
- D. of Information & Electronic Commerce

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00. Contents

- 01. E-Commerce Strategy
- 02. E-Commerce Justification
- 03. Global E-Commerce
- 04. Legal, Ethical, and Regulatory Issues
- 05. Privacy, Free Speech, and Defamation
- 06. Search and Spam
- 07. The Future of Electronic Commerce

01. E-Commerce Strategy

- Strategy
  - A broad-based formula for how a business is going to accomplish its mission, what its goals should be, and what plans and policies will be needed to carry out those goals.
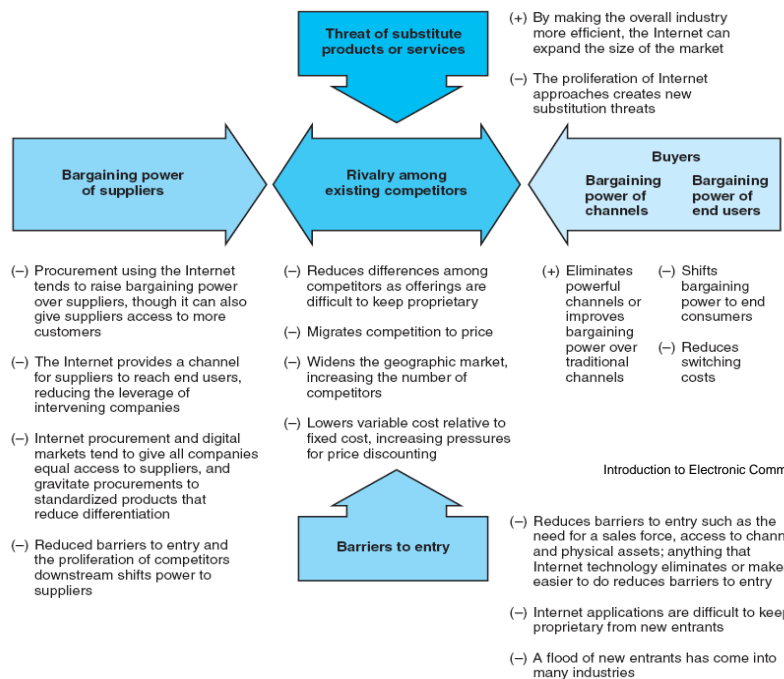
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01. E-Commerce Strategy

- E-Commerce Strategy (E-Strategy)
  - The formulation and execution of a vision of how a new or existing company intends to do business electronically.

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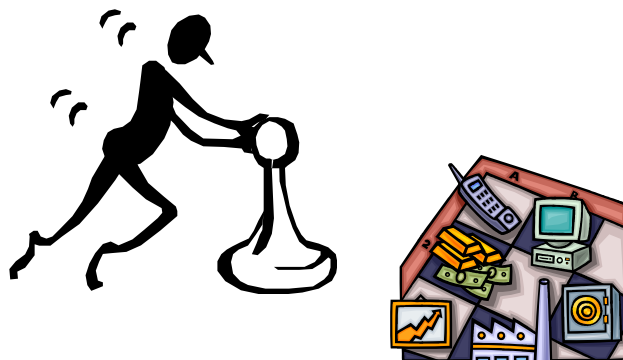
01. E-Commerce Strategy

- Porter's Competitive Forces Model
  - How the internet influences industry structure

Introduction to Electronic Commerce, Ed. 2, Efraim Turban et al., Pearson
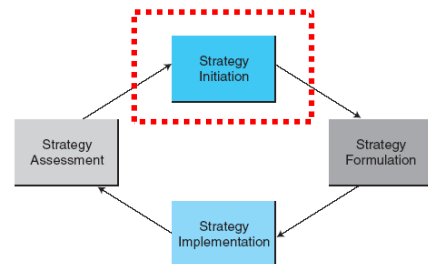
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01. E-Commerce Strategy

- Strategic Planning Process
  - 1) Strategy initiation
  - 2) Strategy formulation
  - 3) Strategy implementation
  - 4) Strategy assessment

Introduction to Electronic Commerce, Ed. 2, Efraim Turban et al., Pearson

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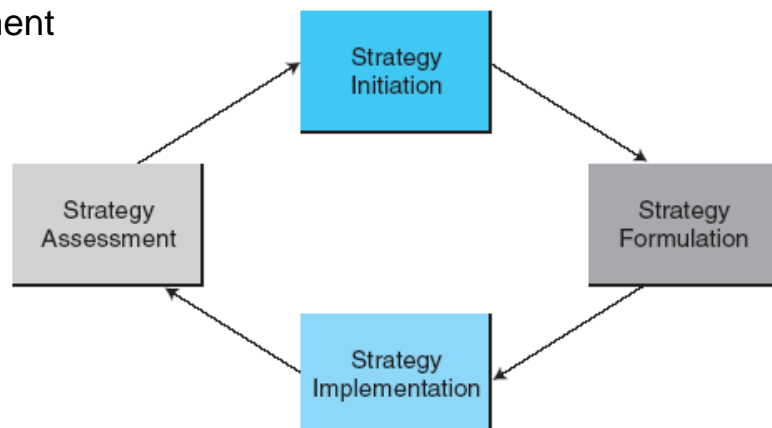
01. E-Commerce Strategy

- Strategic Planning Process
  - 1) Strategy initiation
    - The initial phase of strategic planning in which the organization examines itself and its environment
    - Specific outcomes from this phase include:
      - Company analysis and value proposition
        - value proposition: The benefit that a company's products or services provide to a company and its customers.
      - Core competencies
      - Forecasts
      - Competitor (industry) analysis

Introduction to Electronic Commerce, Ed. 2, Efraim Turban et al., Pearson

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01. E-Commerce Strategy

- Strategic Planning Process
  - 2) Strategy formulation
    - The development of strategies to exploit opportunities and manage threats in the business environment in light of corporate strengths and weaknesses.
    - Specific activities and outcomes from this phase include:
      - Business opportunities
      - Cost-benefit analysis
      - Risk analysis, assessment, and management
      - Business plan
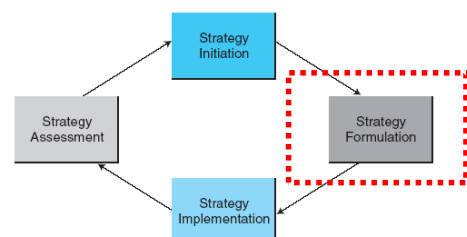
Introduction to Electronic Commerce, Ed. 2, Efraim Turban et al., Pearson

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01. E-Commerce Strategy

- Strategic Planning Process
  - 3) Strategy implementation
    - The development of detailed, short-term plans for carrying out the projects agreed on in strategy formulation.
    - Specific activities and outcomes from this phase include:
      - Project planning
      - Resource allocation
      - Project management
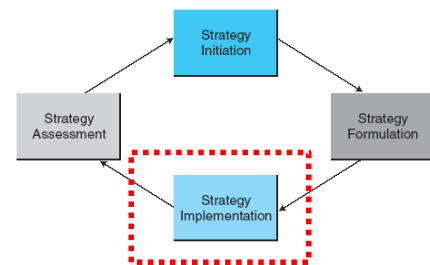
Introduction to Electronic Commerce, Ed. 2, Efraim Turban et al., Pearson

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01. E-Commerce Strategy

- Strategic Planning Process
  - 4) Strategy assessment
    - The continuous evaluation of progress toward the organization's strategic goals, resulting in corrective action and, if necessary, strategy reformulation.
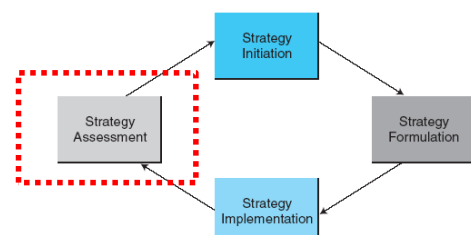
Introduction to Electronic Commerce, Ed. 2, Efraim Turban et al., Pearson
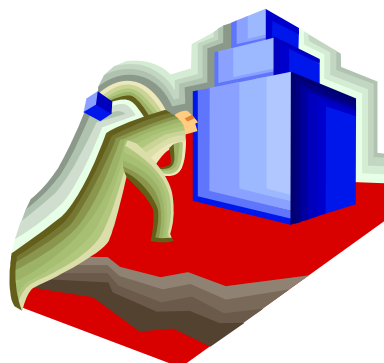
01. E-Commerce Strategy

- Business Plan
  - A written document that identifies a company's goals and outlines how the company intends to achieve the goals and at what cost.

01. E-Commerce Strategy

- Business Case
  - A business plan for a new initiative or large, new project inside an existing organization

01. E-Commerce Strategy

- The Role of the Internet in Strategy
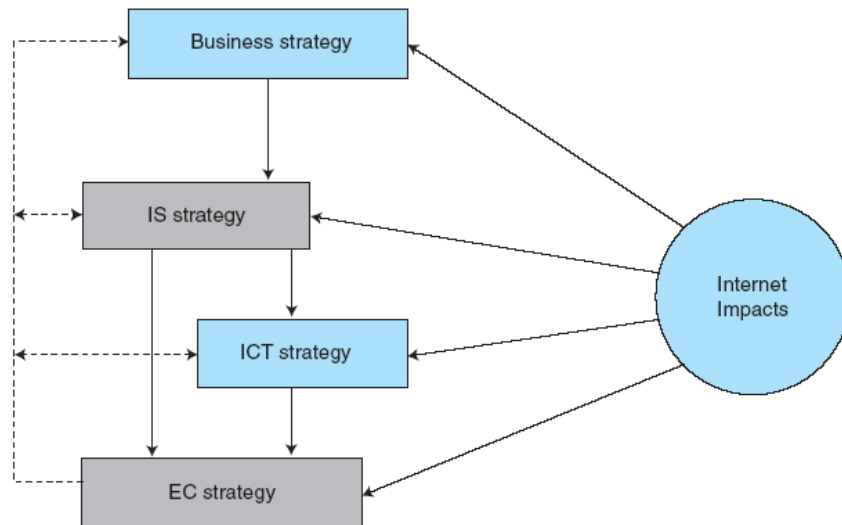
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02. E-Commerce Justification

- Justification and Cost-Benefit Analysis
  - Companies need to justify their EC investments as part of strategy formulation.
    - ➔ How is an EC investment justified?
      - Cost-benefit analysis
        - A comparison of the costs of a project against the benefits

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02. E-Commerce Justification

- Justification and Cost-Benefit Analysis
  - What needs to be justified? When should justification take place?
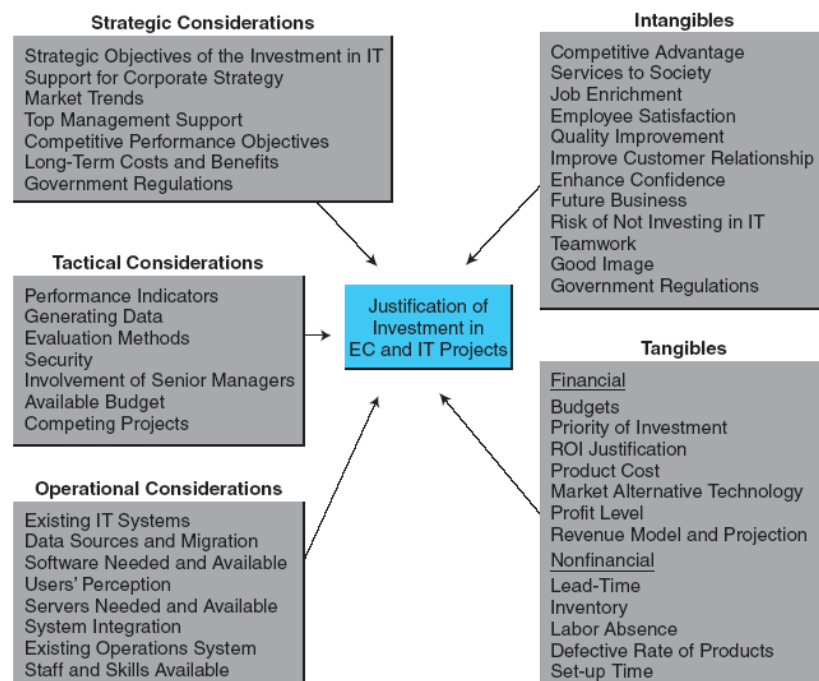   - Using metrics in EC justification
      - Metric
        - A specific, measurable standard against which actual performance is compared.
      - Key performance indicators (KPI)
        - The quantitative expression of critically important metrics.

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02. E-Commerce Justification

- Justification and Cost-Benefit Analysis
 - A model for IT project justification

Introduction to Electronic Commerce, Ed. 2, Efraim Turban et al., Pearson

Strategic Considerations
Strategic Objectives of the Investment in IT
Support for Corporate Strategy
Market Trends
Top Management Support
Competitive Performance Objectives
Long-Term Costs and Benefits
Government Regulations

Intangibles
Competitive Advantage
Services to Society
Job Enrichment
Employee Satisfaction
Quality Improvement
Improve Customer Relationship
Enhance Confidence
Future Business
Risk of Not Investing in IT
Teamwork
Good Image
Government Regulations

Tactical Considerations
Performance Indicators
Generating Data
Evaluation Methods
Security
Involvement of Senior Managers
Available Budget
Competing Projects

Justification of Investment in EC and IT Projects

Tangibles
Financial
Budgets
Priority of Investment
ROI Justification
Product Cost
Market Alternative Technology
Profit Level
Revenue Model and Projection
Nonfinancial
Lead-Time
Inventory
Labor Absence
Defective Rate of Products
Set-up Time

Operational Considerations
Existing IT Systems
Data Sources and Migration
Software Needed and Available
Users' Perception
Servers Needed and Available
System Integration
Existing Operations System
Staff and Skills Available

02. E-Commerce Justification

- Difficulties in Measuring Productivity and Performance Gains
  - Data and analysis issues
  - EC productivity gains may be offset by losses in other areas
 - Incorrectly defining what is measured
  - Other difficulties

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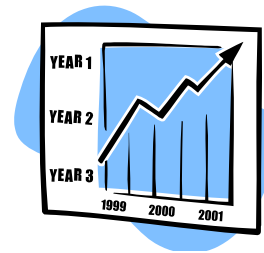
02. E-Commerce Justification

- Difficulties in Determining EC Success
  - Product characteristics
  - Industry characteristics
  - Seller characteristics
  - Consumer characteristics

03. Global E-Commerce

- Benefits and Extent of Operations
- Barriers to Global EC
  - Cultural issues
  - Administrative and legal issues
  - Geographic issues and localization
 - Economic and financial issues

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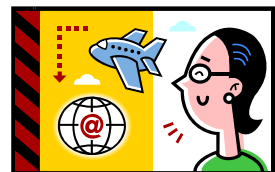
03. Global E-Commerce

- Breaking Down the Barriers to Global EC
  - Be strategic
  - Know your audience
  - Localize
  - Think globally, act consistently
  - Value the human touch
  - Clarify, document, explain
  - Offer services that reduce barriers

03. Global E-Commerce

- E-Commerce in Small and Medium-sized Enterprises
    - Supporting SMEs
        - SMEs have a variety of support options.
        - Almost every developed country in the world has a government agency devoted to helping SMEs become more aware of and able to participate in electronic commerce
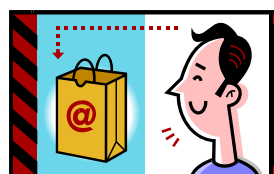
04. Legal, Ethical, and Regulatory Issues

- Ethics
    - The branch of philosophy that deals with what is considered to be right and wrong.
- Privacy
    - The right to be left alone and free of unreasonable personal intrusions.
- Intellectual Property
    - Creations of the mind, such as inventions, literary and artistic works, and symbols, names, images, and designs, used in commerce.

04. Legal, Ethical, and Regulatory Issues

- Laws are subject to Interpretation
  - Free speech online vs. child protection
    - Children's Internet Protection Act (CIPA)
      - U.S. law that mandates the use of filtering technologies in schools and libraries that receive certain types of federal funding.
    - Legal precedent
      - A judicial decision that may be used as a standard in subsequent similar cases.
 - Political spam vs. political fund-raising

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04. Legal, Ethical, and Regulatory Issues

- Personal and property rights
  - Civil litigation
    - An adversarial proceeding in which a party (the plaintiff) sues another party (the defendant) to get compensation for a wrong committed by the defendant.

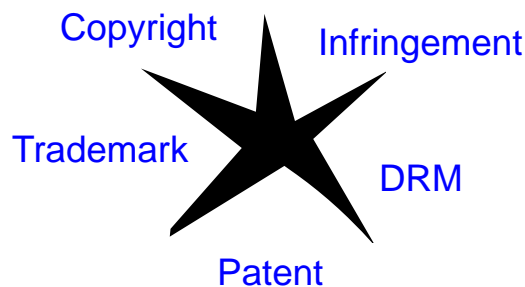# 04. Legal, Ethical, and Regulatory Issues

• Legal Framework for Understanding Law, Rights, and Duties
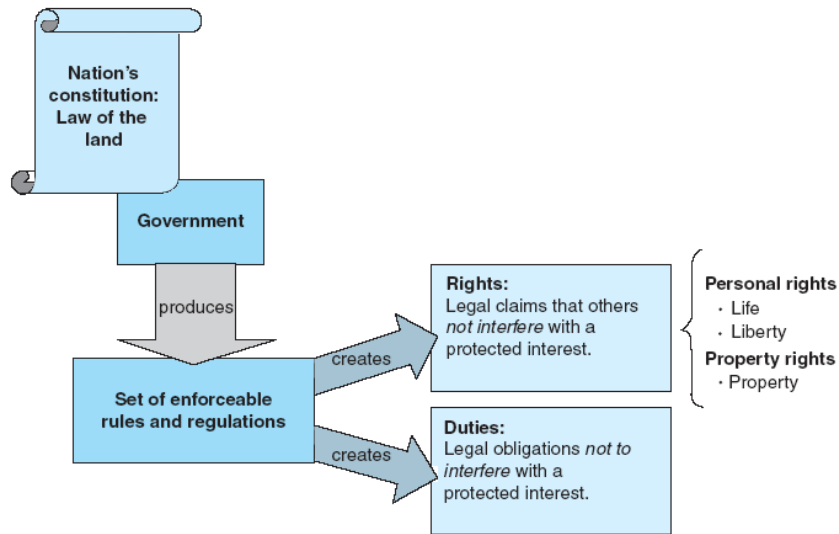
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04. Legal, Ethical, and Regulatory Issues

• Intellectual Property Law (a civil law)
  • 1) Copyright
  • 2) Infringement
  • 3) Digital rights management (DRM)
 • 4) Patent
  • 5) Trademark

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04. Legal, Ethical, and Regulatory Issues

• Intellectual Property Law (a civil law)
   • 1) Copyright
      • An exclusive right of the author or creator of a book, movie, musical composition, or other artistic property to print, copy, sell, license, distribute, transform to another medium, translate, record, perform, or otherwise use.
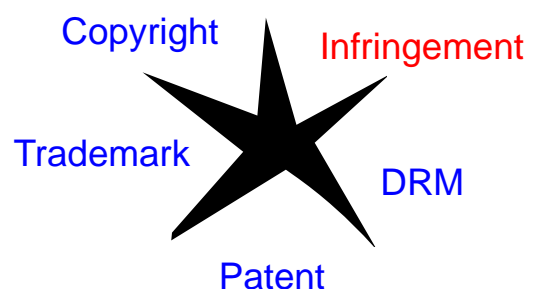
http://www.emarketingtrends.co.za

Copyright   Infringement
Trademark   DRM
        Patent

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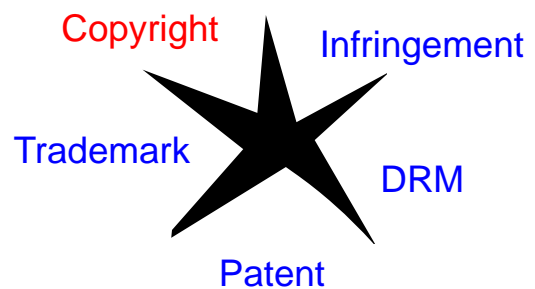
04. Legal, Ethical, and Regulatory Issues

• Intellectual Property Law (a civil law)
   • 2) Infringement
   • Use of the work without permission or contracting for payment of a royalty.

Stop Online Copyright Infringement

http://www.tacticalip.com

Copyright   Infringement
Trademark   DRM
        Patent

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04. Legal, Ethical, and Regulatory Issues

• Intellectual Property Law (a civil law)
  • 3) Digital rights management (DRM)
    • An umbrella term for any of several arrangements that allow a vendor of content in electronic form to control the material and restrict its usage.
    • Fair use
      • The legal use of copyrighted material for noncommercial purposes without paying royalties or getting permission.
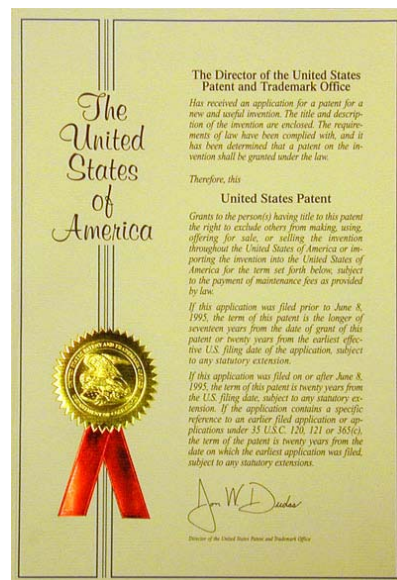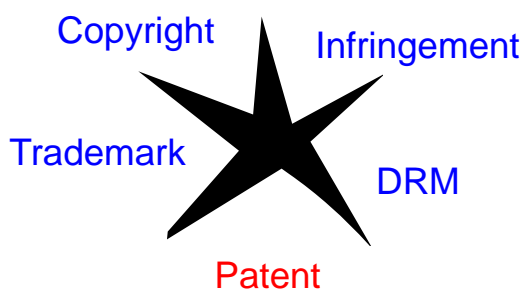

http://www.jidigital.net

Copyright
Infringement
Trademark
DRM
Patent

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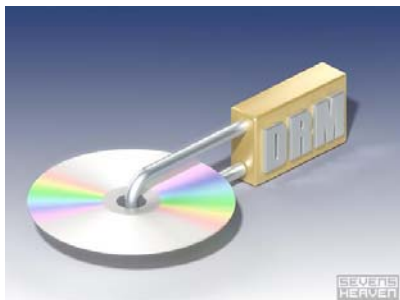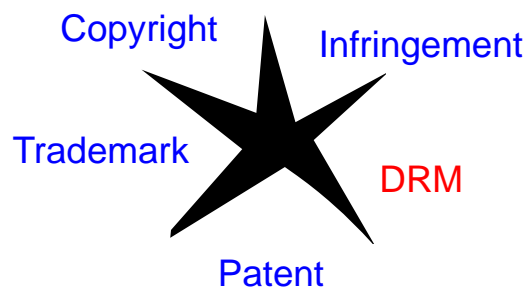
04. Legal, Ethical, and Regulatory Issues

• Intellectual Property Law (a civil law)
  • 4) Patent
    • A document that grants the holder exclusive rights to an invention for a fixed number of years.

Copyright
Infringement
Trademark
DRM
Patent

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04. Legal, Ethical, and Regulatory Issues

• Intellectual Property Law (a civil law)
  • 5) Trademark
    • A symbol used by businesses to identify their goods and services; government registration of the trademark confers exclusive legal right to its use.

Trademark: **TM**

Registered Trademark: **®**

Copyright
Infringement
Trademark
DRM
Patent

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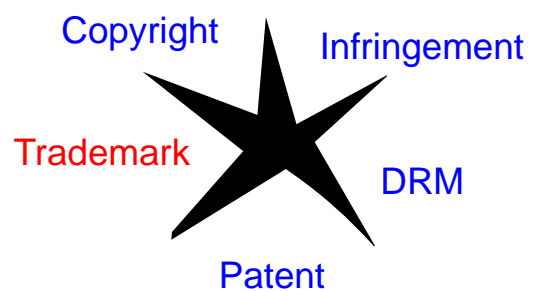
05. Privacy, Free Speech, and Defamation

• Opt Out
  • Business practice that gives consumers the opportunity to refuse sharing information about themselves.
• Opt In
  • Agreement that requires computer users to take specific steps to allow the collection of personal information.

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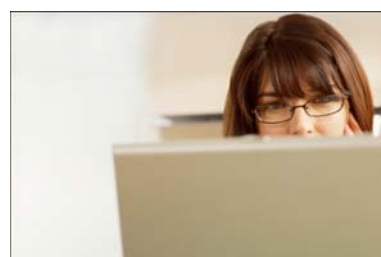# 05. Privacy, Free Speech, and Defamation

- Free Speech
  - Web site registration
  - Cookies
  - Spyware and similar methods
  - RFID's threat to privacy
  - Privacy of employees
    - Darknet
      - Private online community that is only open to those who belong to it.

05. Privacy, Free Speech, and Defamation

- Privacy Protection
  - Notice or awareness
  - Choice or consent
  - Access or participation
  - Integrity or security
  - Enforcement or redress

05. Privacy, Free Speech, and Defamation

- USA Patriot Act
    - Uniting and strengthening America by providing appropriate tools to intercept and obstruct terrorism act passed in October 2001, in the aftermath of the September 11 terrorist attacks.
    - Its intent is to give law enforcement agencies broader range in their efforts to protect the public.

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06. Search and Spam

- Search Engine Marketing (SEM)
    - Marketing methods used to increase the ranking of a Web site in the search results.

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06. Search and Spam

- Comment Spam
    - Spam sent to all types of messaging media, including blogs, instant message, and cellular telephones to promote products or services.

http://www.mediasoul.tv

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06. Search and Spam

- Comment Spam
    - Types of comment spam
        - Search engine spam
            - Pages created deliberately to trick the search engine into offering inappropriate, redundant, or poor-quality search results.
        - Spam site
            - Page that uses techniques that deliberately subvert a search engine's algorithms to artificially inflate the page's rankings.
        - Splogs (= spam blog)
            - Short for are sites that are created solely for marketing purposes.
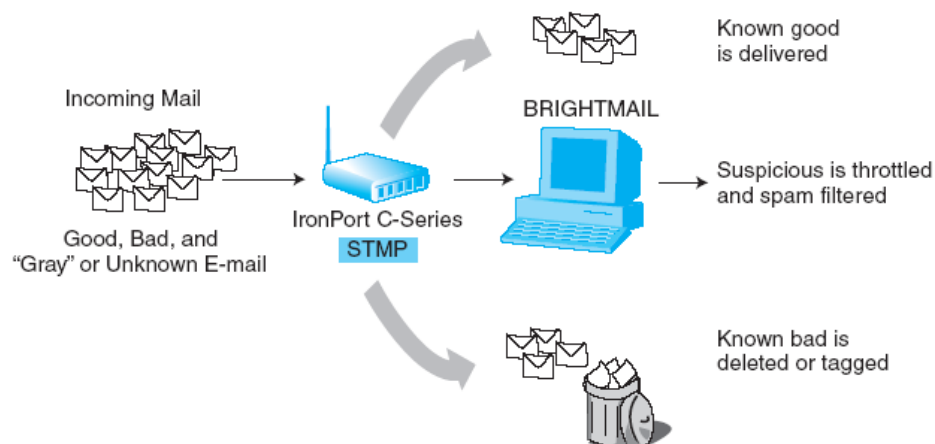

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06. Search and Spam

- Comment Spam
  - Automated spam finding systems
    - Captcha tool
      - Completely automated public Turing test to tell computers and humans apart"
      - This tool uses a verification test on comment pages to stop scripts from posting automatically.

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06. Search and Spam

- Comment Spam
  - How spam blockers work

The IronPort C60 allows mail administrators to define the rules that trigger policy enforcement—ensuring a high level of security while maintaining ease of use and manageability.

Introduction to Electronic Commerce, Ed. 2, Efraim Turban et al., Pearson

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07. The Future of Electronic Commerce

- Future Threats
    - Security concern
    - Lack of net neutrality
    - Copyright complaints
    - Choppy connectivity

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