

E-Commerce

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MIS 304
December 9, 2008
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E-Commerce

INTRODUCTION

The subject of e-commerce, otherwise known as electronic commerce, is one of the fastest growing and most important aspects of some of the world's businesses today. E-commerce consists of the "...buying and selling of products or services over electronic systems as the Internet and other computer networks." (Pornwasin, 2007) Due to the increasing growth and popularity of the Internet, the use of e-commerce has also increased over the years.

With the introduction of DSL and more security protocols, connection to the Internet became more reliable, faster, and easier. This allowed businesses to utilize the worldwide web and the push for e-commerce became stronger. This is where e-commerce can also be defined as "...the ability of purchasing various goods through the Internet using secure protocols and electronic payment services." (Wikipedia, 2008) There are many applications that are associated with e-commerce. It includes things such as e-mail, spreadsheets, databases, systems used in accounting or finance firms, order and shipment information, on-line shopping, online banking, and more.

E-commerce is heavily regulated by the FTC, or Federal Trade Commission. The FTC is in charge of making sure that e-mails and advertisements shown online meet their standards and that e-commerce protects consumers' privacy or private information. It is the FTC's responsibility and duty to make sure that private information is secured, online advertising is standardized, and that its regulations and rules are abided by. The FTC constantly scans e-commerce at both the consumer level and at the institutional level. The consumer level is more of what occurs on the World Wide Web, which can include things

such as buying textbooks online, buying stocks, or paying one's credit card bills online. At the institutional level, it includes how corporations and large financial institutions use the internet to do business both domestically and internationally.

E-COMMERCE SECURITY: SECURE SOCKET LAYER

In addition to that, with the push for e-commerce also developed the need for e-commerce security. This is where SSL, otherwise known as the Secure Socket Layer, comes into play and is one of the most important factors of e-commerce. The SSL was introduced in the year 1994 and its standards are based on encryption. What the SSL encryption does is that it prevents unwanted persons from stealing information from other people or businesses. One of the easiest ways to identify if an Internet page or website is secured is if it starts with "https."

Another aspects of the SSL are something called the SSL certificates. SSL certificates are "...used to encrypt the data and to identify the Web Site...prove the site belongs to who it says it belongs to and contains information about the certificate holder..." (Webopedia.com, 2005) SSL certificates are very important because it protects the Web Site and it prevents from fraudulent actions. Unfortunately, even SSL's run into problems, as well and one of them are SSL-evading Trojans.

SSL-Evading Trojans are very dangerous and a huge threat to the e-commerce world. SSL-Evading Trojans "...bypass the secure and authenticated tunnel mechanisms that are the safety backbones of today's Internet banking and financial institutions." (Grimes, 2006) These SSL-Evading Trojans are one of the culprits of international offshore banking incidents that including money laundering tactics.

There are three types of these Trojans and it includes credential-stealing, bogus SSL, and transaction-based. Credential-stealing operates in that it steals a person's or business's password. It does this by using random key placement requests. How this works is that it takes small snapshots of the computer screen when the user is typing in the password and then the hacker collects all these pictures and is able to hack into their system.

Bogus SSL work a little differently than credential-stealing. Bogus SSL creates a fake website that replaces the real website of the company or organization. The Trojan installs itself into the company's system and is able to intercept users' information when they log on. Once the user(s) enters their log-on information and password, that information is then sent to the original web site as well as the hacked website.

The most serious and more dangerous of the SSL Trojans are the "Transaction-based SSL's." One of the most commonly known transaction-based SSL's are the Win32.Grams E-Gold Trojans that were first seen in November of 2004. How these Trojans work is that they manipulate the authentication transaction of the user when they log-onto the bank's website. All of these Trojans are very dangerous and detrimental to businesses and companies. Unfortunately, one of the only ways for these Trojans to stop occurring is for users to stop using untrusted codes.

DIFFERENT E-COMMERCE METHODS

Since e-commerce is one of the driving forces behind the online buying and selling of products over the Internet, it is natural to assume that companies or businesses

must use different e-commerce methods to suit their businesses' specific needs. The three mostly used e-commerce methods include PayPal, CubeCart, and Actinic.

PayPal, sometimes also called WorldPay, was created by Peter Thiel and Max Levchin in 1999 was originally called Confinity. It is now the leader of e-commerce methods due to its simplicity, ease, and inexpensiveness. PayPal is strongly correlated with eBay as well. PayPal allows businesses to receive payments over the internet from clients by phone, mail, or by fax. It is also very convenient in that it accepts credit or debit payments, or payments over mobile instruments.

Paypal has three different account options that businesses or people can choose from. It includes having a personal account, premier account, or business account. There is little difference between the premier account and the business account. The main and only difference between the two is that a premier account can be registered by a business, group, or individual as with a business account can only be registered by a business. When signing up for a paypal account, it will generally look like the graphic shown below. There are differences between the personal account and the premier or business account. Premier or business accounts allow unlimited credit card payments, mass payments, and more. Personal accounts do not allow these features.

Sign Up for a PayPal Account

Anyone with an email address can use PayPal to send and receive money online. [What is PayPal?](#)

Already have a PayPal Account?
[Upgrade your account](#)

- Personal Account**
Ideal for online shopping. Send and receive payments through PayPal's secure network. Personal accounts cannot accept debit or credit card payments. [Learn more](#)
- Premier Account**
Perfect for buying and selling on eBay or merchant websites. Accept all payment types for [low fees](#). Do business under your own name. [Learn more](#)
- Business Account**
The right choice for your online business. Accept all payment types for [low fees](#). Do business under a company or group name. [Learn more](#)

.....

Select the country or region where you live:

United States

CubeCart is another e-commerce method that is used to manage an online store without paying licensing fees. CubeCart uses MySQL data management and PHP.

CubeCart is ideal for business or individuals who would like to manage multiple online stores with only managing one single database. Some of the payment methods that CubeCart uses include: 2Checkout, Authorize.net, WorldPay/PayPal, NoChex, and E-Gold.

Another popular e-commerce method is Actinic. Actinic is a great e-commerce method for businesses or individuals to operate their business by using e-commerce mail ordering, or retail channels. Usually Actinic is used by medium or small sized companies to help jumpstart their e-commerce business practices. Actinic is also quite user friendly in that its interface is powered by Windows, and its catalogue capacity can hold up to 20,000 products that can be viewed as PDF's or MP3's. It also has a single-page order entry form which is very user friendly and very simplistic. When using Actinic, payments can be done through telephone, phone, mail, or fax.

E-COMMERCE MARKETING

In the ecommerce industry, forms of marketing techniques are directly affected by the capture of the consumer's interest, in other words managing profitable relationships with consumers. According to E-Commerce Digest, the majority of the marketing battle is turning perspective customers, into regular purchasing customers. Since ecommerce lacks a face to face transaction when a consumer purchases a product, the growth of the internet is extremely important to the marketing perspective of ecommerce, and how such companies design their websites. We will further discuss common forms of ecommerce

marketing through trade brand, through off-line advertising, online promotions such as affiliates, pay-per-click search engines, search engines ranking using reciprocal links, search engine ads, in addition to emails, and finally the most annoying form of marketing, banner advertising.

In today's highly competitive market, the exponential development of the internet has allowed many ecommerce sites the opportunity to develop a strong reputation. Accordingly, the most favorable form of ecommerce marketing is the trading on brand name and image. For example, the development of Amazon.com depicts how consumers greatly impact the credibility and popularity of this specific ecommerce website. When one hears name of Amazon, we tend to associate it with online products, when Travelocity is mentioned; we tend to associate the name with online traveling ecommerce.

The growing popularity of the two organizations, exemplifies the ideal behind the marketing concept of branding. For example, Nike has the reputation of being one of the most trusts worthy sports products in the world. The name Nike markets itself as credible and trustworthy sports equipment, and of course you can't mention Nike without thinking about the number one athlete in the world, Tiger Woods.

Similar relation to the style of marketing for ecommerce companies, online purchases leading to purchasing credibility. Most recently, we have noticed a trend in the public figure as a form of branding for ecommerce website. The greatest example is utilizing Priceline, the online travel agent. Priceline today has made William Shatner their spokes person and face of their ecommerce website. Therefore, whenever

consumers see William Shatner, they will eventually think Priceline; this exemplifies branding, the Priceline ecommerce site, and

Off-Line Advertising

Today, the ecommerce marketing technique is moving into off-line advertising as well. As easy as one-line adverts in trade journals or local directories can be very effective, and are relatively cheap. In addition, if ecommerce sites sponsored programs that do not use the internet, and by having your company name or logo in assorted places increases the brand reputation, and as ecommerce websites, that is your main priority. For example, downloading virus scanners to a computer or playing online games like World of Warcraft; although both programs do not need the internet to run, the web location in which the virus scanner was purchased or downloaded could stamp its emblem on the main menu of the program. As for World of Warcraft when you purchase game upgrades online, they purchase site advertises on your game screen at times.

E-COMMERCE PROMOTIONS

Ecommerce affiliates are websites that host a variety of ecommerce websites. More along the life of a directory, the alternative form is one of many forms of ecommerce promotion. This style of promotion for ecommerce websites can be relatively compared to say a website that doesn't directly sell their products, but is host to websites that do. Once again referring back to Nike, this company's website hosts different online venders where you can purchase their products. For example, when visiting the Nike website, the consumer cannot purchase anything directly from the

manufacturer; take for instance Nike Golf, on the Nike Golf site when ready to purchase your needed or wanted product, Nike navigates you to a new completely independent from Nike ecommerce websites like Nevada Bob's Golf, where you will then continue your purchase via on the internet, or in store.

Pay-per-Click Search Engines

These types of promotions tend to be more beneficial in terms of financial resources for ecommerce marketing where by the firm only pays for advertisements if consumers click on their advertising link. For example, Google's pay per click type advertising normally sits in an advertising box on the right hand side after a search has been made. While the perspective consumer views his/her searched results, Google displays advertisings that relate to the searched topic.

This form of promotion can benefit the ecommerce in two ways. More exposure to their websites or their alternative locations of online transactions, while paying as little for advertisement space as possible, the second way that the form of promotion aids to the growth of ecommerce marketing, every time a potential consumer clicks on the pay-per-click link its increases the popularity of the ecommerce site, thus moves them up on the search result matches in engines such as Google, Yahoo, or Ask.

Search Engine Rank

From the growth in popularity for ecommerce sites, this form of promotion tends to focus on ecommerce that are more established and commonly referred to when online shopping is needed. In all actuality this form of promotion is seen often in the music

industry, and one of the major ecommerce for music, is our beloved iTunes. Many band sites are linked to iTunes music, but when searching for the bands online through Google, Google then links the potential consumer to the band's official website, if potential consumers want to purchase music from the searched artists, most sites revert the consumer to iTunes to purchase the band's music.

Furthermore, search engine ranks could be quite costly. For one, some search engines sell their top spots to those that are willing to pay. While the other alternative is extremely less expensive, where consumers visit the ecommerce site so often that it's considered a popular domain to be the top search.

Search Engine Ads

Ecommerce sites with established funds are more suitable for this form of marketing. Taking out a space on sites could be extremely costly on the company's pockets. But not only on search engines are ads taken out to market ecommerce sites, but some ecommerce take out ads space on normal everyday use sites. An example of both forms of marketing, for those that take ads space out on search engines, when viewing Yahoo.com, we have seen ads for Tiffany & Co., Mercedes, BMW, or even food and alcohol. On a normal domain like NFL.com, ecommerce ads are all over the site in ways to sell sports memorabilia or sport team merchandise. Today grocery store advertisement is even happening on search engines, meaning that you may now buy groceries online and have them delivered to you.

E-mail

The easiest form of marketing to reach the masses, but possibly the least effective, is through email e-commerce marketing. Today, many email services have become very advanced that they track your preference of what types of emails in which you read, or they separate the type of senders into either your inbox or spam. For most e-commerce sites, their form of email advertisement is considered spam; therefore most of their potential consumers delete their advertisements before reading it. This form also has the threat that the advertising email could also be some form of virus to a computer, concluding that many potential consumers are even afraid to open such mail items.

Banner Advertising

The most annoying form of e-commerce marketing is banner advertising. Many recognize this type of advertising as picture advertising on websites, which distract you from the website material. These banners could also be pop-ups on websites that are now getting more and more animated. Like search engine ads, these banners could be quite expensive to use as an advertising tool. Although some of us hate them, this form of marketing is the most effective in the fact that it is exposed to the potential consumer, and to most consumers these ads are non-ignorable.

ADVANTAGES OF E-COMMERCE

Since the mid 1990's the development of the Internet has presented entrepreneurs and large firms with an alternative avenue to conduct normal business operations. The

business process, which came to be known as e-commerce, was helped grow many companies new and old. Businesses benefit from a host advantages through utilizing e-commerce. Some of those benefits include, greater or increased; brand recognition, access to global markets, customer base, personalized customer service, customer interaction, availability, efficiency, number of suppliers, and marketing capabilities (Daniel, 2002). The extents to which companies gain from these advantages depend however, on the size and type of business.

According to a recent study sampling over one thousand companies, smaller businesses reported a higher rate of “benefits realized” than larger or more developed businesses (Daniel, 2002). A majority of small businesses involved in the study reported that their adoption of e-commerce had increased their personalized customer service and customer interactions. Conversely, only 9% of large business respondents reported an increase in their personalized customer service.

One reason offered for this discrepancy is that, “the ability to personalize services for customers often relies on the integration of internal databases and other information systems with e-commerce services” (Daniel, 2002). This logic makes sense, as smaller companies would have a better opportunity to structure their operations to utilize data bases being filled with new customers. Larger companies with a larger establish cliental moving to an e-commerce platform would have less flexibility and higher conversion costs.

Another study conducted in February 2008, by the University of Michigan, backs up Daniel’s findings that e-commerce increases customer service. According to the American Customer Satisfaction Index, developed by the University, “the e-commerce

service sector in the fourth quarter of last year topped all other service industries in customer satisfaction” (Techweb, 2008). Also the study reported that online retailers scored higher on the index than offline retailers. In fact all the categories tested except one, travel, showed an increase in customer satisfaction for 2008. The categories tested included the service sector, retail sector, financial sector, travel sector, and online auctions. This data shows that businesses are able to increase customer service and in turn customer satisfaction through the use of e-commerce.

The size of an enterprise also has an impact on a business’s overall motivation to move towards an e-commerce based operation. For example a smaller company might seek greater brand recognition and increased market share. A larger company on the other hand might engage in e-commerce in hopes of discovering a better way to conduct daily operations.

Daniel’s 2002 study suggests that while businesses large and small seek similar effects from e-commerce the main driving forces they focus on do vary. For example, the study reports smaller companies’ reasons for moving to e-commerce operations are more focused on “responding to competitors, providing enhanced customer services and improving relations with suppliers” (Daniel, 2002). Larger companies however, place more focus on operational efficiency. This difference shows how companies large and small can utilize the advantages of e-commerce to fulfill specific objectives.

Growth of E-Commerce

E-commerce sales have grown steadily in terms of size and scope since its creation. E-commerce, “became possible in 1991 when the Internet was opened to

commercial use” (e-commerce-land.com). The first users of e-commerce were in the business-to-business or B2B category. Companies used electronic data transfers to share information with other companies and to close transactions electronically. While, “the ability to use these technologies appeared in the late 1970s” businesses were unable to utilize them for over twenty years.

Since the time of commercialization of the Internet however, businesses have been exploiting the possibilities of e-commerce in any way manageable. Today just about any industry one could imagine conducts business online. Among the larger sectors in the world of e-commerce is online retail or e-tail. The United States Census Bureau reports show growth in almost every quarter of every year since 2001. This growth is both in total e-commerce sales and in percent of total retail sales of the quarter.

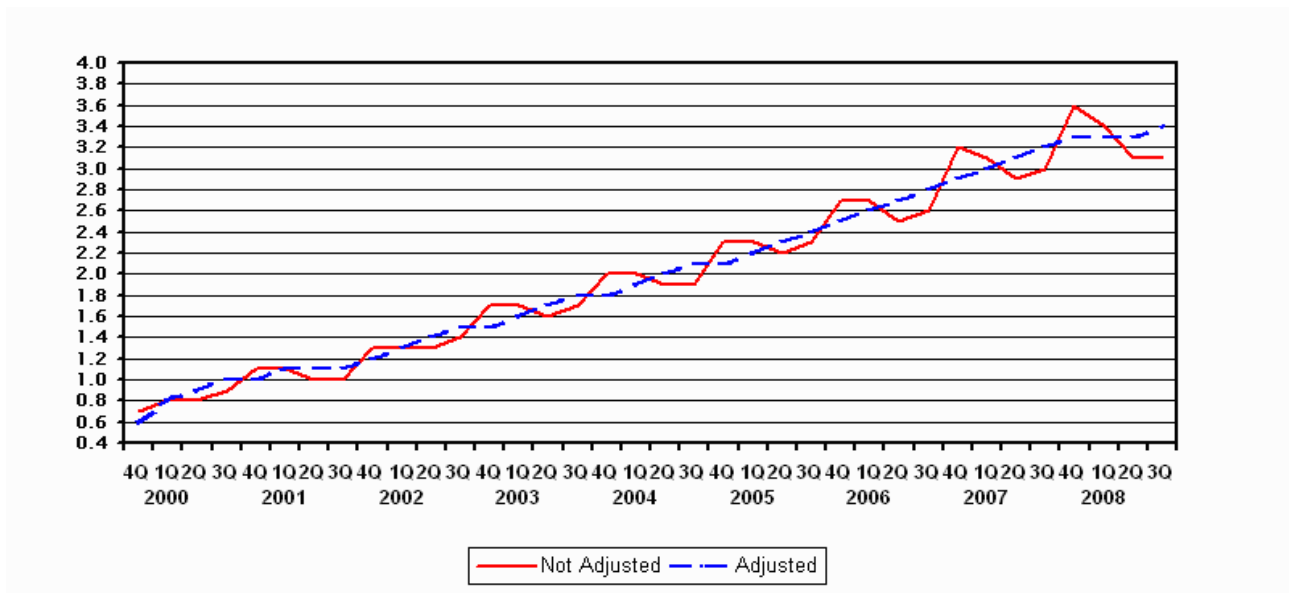
The 3rd quarter e-commerce retail sales of this year were 21.7% higher than the 3rd quarter sales in 2001. That is a growth from \$7.472 billion in sales in 3rd quarter 2001 to \$34.4 billion in sale in the 3rd quarter of this year. This growth in sales is accompanied by an increase in the percent of total sales as well. In 2000, e-commerce retail sales accounted for less than 1% of the total retail sales in the United States. This year that number has grown to 3.4% of total sales (U.S. Census, 2008). The chart below illustrates this growth.

The online retail sector and e-commerce as a whole is not immune from the current situation of the U.S. and global economy however. A report put out by comScore “a global Internet information provider” shows five consecutive months of decline in sale between June and September of this year compared to last year. In the 3rd quarter of 2007, growth rates month to month bounced between 25%-18%. In 2008, the growth

rates slowed to a high of 15% in April and a low of 5% in September. Despite this recent slip in sales the overall growth trend continues to hold for now and is projected to hold in the future.

Estimated Quarterly U.S. Retail E-commerce Sales as a Percent of Total Quarterly Retail Sales: 4th Quarter 1999–3rd Quarter 2008

Percent of Total



E-COMMERCE VS. NON E-COMMERCE BUSINESSES

As discussed before, businesses use e-commerce today out of a need of necessity. Their competitors use it to gain a competitive advantage, and they must now use it just to keep up with the times. But simply resorting to e-commerce is not a simple transition, because there is more to it than that. Just putting up a website to offer their products for sale online isn't enough, because there are many steps to go to in order to make an effective e-business. According to HastingsResearch.com, An e-business should use

established business knowledge for all it is worth, to balance out the uncertainty of the new playing field.

An effective business strategy combined with a strategic e-commerce plan is the best way to achieve e-commerce success. When the Internet first started up towards the end of the nineties, thousands of e-commerce sites started up and prospered from this new market. People thought that it was a change of times and we would now use this resource as our primary way of getting what we want. But many were surprised to see that this was not true, and in the early 2000's, many of these e-businesses failed. So now in these turbulent times, it's important to combine different business aspects into their e-business in order to stay afloat.

Hastings Research reported of this phenomenon when they compared two different businesses. These businesses had the same goal, but they went about it in different ways, one prospered, while one just barely made due.

They reported, "The used bookseller ABE.com, with no venture capital, is presently slaughtering the VC-funded S.F. Company Alibris. ABE.com did a lot of things right on the web. They put up a plain, user-friendly web site that delivered what the customers wanted: a good selection of used books at good prices."

They also elaborated on the story by stating, "But they did even more things right at the back end. For one, they left the books right where they were, sitting in low-rent used bookstore space; Alibris took possession of the books, piling up warehouse rental costs, labor costs, and doubling their shipping costs. ABE.com acted modestly, an appropriate stance in the quiet world of used bookselling; Alibris burned money with

splashy advertisements in New Yorker magazine. ABE.com went out of their way to accommodate computer-illiterate used booksellers, by accepting inventory data in virtually any format. And not least, ABE.com answered the telephone, and they were pleasant to customers and suppliers alike.”

Another business that followed the same business strategy employed by ABE would be one that I have worked for, which would be JRSMX. Juniors MX is a dirt bike retail and parts store based out of Temecula, CA. They had a large retail outlet with a big floor-space that allowed for vast displays of clothing, hats, jewelry, bags, dirt-bike parts... It was a nice, big, open place to shop, but the problem was that many people didn't shop there. The size of the storeroom didn't amount for the number of people who shopped there.

The dismal sales affecting his business, Jay (the owner) decided to explore new business ventures. At the same time, there was a new trend in Temecula gaining supporters- the customization of mini-dirt bikes. Seeing this, Jay started new business- factory metals, which was a company that manufactured parts that allowed tall users to ride these smaller dirt bikes. He took out ads and sold the parts through a website he built- XR50.com. XR50.com boomed with sales, and with the current state of his retail store, he decided to make a change.

Jay cut the retail store in half and used the new space as a storage room for this second business. He was able to stock more supplies for the website, this allowed for him to accommodate for all the sales he was making. He also put up all of the other items from his retail site for sale through the website. This change expanded his business

market, and he was able to sell items from both businesses across the US, rather than only in the Temecula area.

Our group also had the opportunity to speak with another business owner about the advantages of e-commerce with Katy Vineyard, who is the wife of the owner of Mitch's Surf Shop in La Jolla. Mitch's has been in business since 1973 and is the most respected and well-known surf shops in the San Diego area. Mitch is a modest business owner and was hesitant to put up a website, because he wasn't sure if it was even a necessity. Katy saw how their competitors were making a profit out of this new business venture and pushed him to put up a site. After consistent nagging, she stated, he finally gave in.

Once the site was up, they were shocked to see the extent to which Mitch's demanded business. A perfect example of this would be the sale they made of 200 Mitch's Surf Shop branded T-Shirts. They didn't even know they were popular in Japan, but now with their site up, they know now- it shows in their business profits.

E-Commerce is a fluid term, it can be branched off and applied by business in different ways. A perfect example of how businesses are creatively using E-Commerce would be with a new market trend that is now gaining ground- bridal registry.

According to Wikipedia.com, bridal registry is a service provided by retail stores to assist engaged couples in the communication of gift preferences to wedding guests. In preparation for their big day, couples would sign up with stores and let guests know where they are registered so they can go there and pick out items that the couples have already selected out. This process can become time consuming and inconvenient, not to

mention the fact that they are only restricted to one store. Seeing this, the online gift registry company Della & James came in, offering couples more of a choice. Della & James gained ground, and this caught the attention of some major companies.

As reported by ecommercetimes.com, “The online gift registry Della & James announced today that it has secured \$45 million (US\$) in funding from a consortium led by Amazon.com. As part of the agreement, Della & James' wedding gift registry will be available on Amazon's Web site. Joining Amazon.com in the financing are upscale department store Neiman Marcus, home furnishings retailer Crate & Barrel and home-centered specialty retailer Williams Sonoma.”

It is primarily being used for bridal registry, but the opportunities are vast. “Perspective couples and general users alike will be able to visit the all-occasion gift registry and create a wish list with general hints, sizing information or personal interests that can be accessed by friends and family members“ (ecommercetimes.com.) A benefit to using this is that once a product is purchased, it is removed from the list, thereby eliminating double-gifting. Della & James is also providing communication tools that allow people to talk together and as about gift hints among other things. A very useful tool for perspective married couples yes, but why stop there? Now people anticipating birthdays, anniversaries, and Christmas gifts can benefit from ecommerce. Who else can benefit from this? ...Businesses.

THE FUTURE OF E-COMMERCE

Right now, the short term future of e-commerce is one of explosive growth. For an industry that is just coming into its own, it is now beginning to have some major

players taking the lead in actively reaching out for new customers and competing for existing ones. Companies like Amazon, E-Bay, and Pay-Pal have all acquired smaller companies and survived to become stronger more efficient businesses. This does not mean that it is extremely difficult for a new company to still become a major participant in the global market, but already the signs of maturity in the industry are beginning to surface as companies focus on developing and refining new strategies that are not solely focused on capitalizing on the huge potential for growth but instead about making sure they are keeping the customers they have. These changes can be separated into two categories.

The first category is about how the structure of the market is changing as companies begin changing their business models as they expand and grow past their original size and operating scope. This category also covers the changes that will not only occur between a business and its supplier, but also how they will interact with specific industries in a market of increasing sophistication.

The second category is about how the relationships between the businesses and their customers are evolving, and what new strategies are being used to nurture and expand those relationships. One of these is altering their websites from a more functional and technical layout into one that is more visually appealing and user-friendly.

Another major theme of this category is a deeper interaction with customers over a variety of ways. But along with the huge amount of global growth that the future holds for e-commerce, already some major problems can be seen that will have to be addressed by businesses in the industry as they attempt to consolidate their customer-base and succeed on the global market.

Future Structural Changes in E-Commerce

The first and most obvious change that the e-commerce industry is experiencing right now is the huge growth that shows very little signs of slowing down any time in the near future. As the industry continues to expand the number of customers it reaches, almost everything that a company does to initially get started in the industry will go through extensive changes as more customers will bring different types of problems that will each require different solutions. Companies that successfully navigate these issues as they emerge will survive and eventually consolidate to become one of the large firms of the industry.

Another major change that all these companies are experiencing is a change on how they interact with their suppliers. Traditionally e-commerce companies would enter into a revenue-sharing business model with their suppliers, with both companies sharing the profits from a sale. But, as the e-commerce companies began reaching a larger customer base, the need to enter into these revenue-sharing agreements would no longer be necessary to ensure that their suppliers would trade with them. As a result, the larger e-commerce companies have started switching to a flat-fee pricing model with their suppliers, and are now able to keep whatever revenue they produce for themselves instead of splitting it with their multiple suppliers.

Diversification of the services is another expected e-commerce trend that will be provided. Instead of simply providing only internet-based solutions, they will move towards having multi-channel integration to better supply the needs of their increasingly

sophisticated and demanding customer base. This diversification will also allow them to attract even more mainstream customers.

Another structural change that will also emerge is the development of industry-specific relationships. E-Commerce companies will start offering solutions to certain industries that are uniquely geared towards satisfying those customers instead of just general solutions for their entire customer base. Already there are signs that the level of sophistication in the market has expanded beyond treating every customer as the same, and the trend of adapting to each situation will continue.

Social Changes in E-Commerce

The changes that E-Commerce companies are going through are not just between the companies and their suppliers; they are also changing the ways that they interact with their customers on a personal and social level. Companies have begun focusing on providing more services than they have in the past as they seek to expand the number of customers they receive. They have also begun to incorporate modern marketing techniques beyond Internet advertising by branching into television and print advertising as they seek customer recognition. But one problem with branching out into new markets is that not all their new customers are as Internet savvy as their longer term customers.

As a result, companies are developing their websites into something that is more understandable and manageable to the average customer so that they will not be driven away with the frustration of not being able to use the website. Another change that websites will have to go through is making sure they become available to access from cell phones and other mobile devices. Mobile commerce will emerge as a critically important part of the industry, as customers from anywhere in the world will be able to

order anything to be delivered to them with just the click of a button and without the need of a large computer.

Social networks and media is another method in which e-commerce will influence people and the media. This will provide a more intimate and interactive experience for their customers, but also something that can be turned off since some customers might feel overwhelmed by the amount of advertising. The change to a more personalized interaction will not be just between e-commerce companies and specific industries; it will also eventually include individual customers. This will mean larger amounts of human interaction if problems occur, and also with providing each customer with the means to personalize the website into something that better satisfies what fulfills their wants and demands.

Finally, companies will need to make sure that their websites are multi-lingual as they expand into the global market. This will mean that they will most likely need to hire people from different countries and become truly global businesses, but the benefit would be gaining entry into an entire new market and customer base.

Problems in the Future of E-Commerce

Even though e-commerce is going through an explosive growth that shows little sign of slowing down, there are still some problems that can be seen that will eventually need to be resolved for a company that wants to fully succeed in the global market. The largest barrier to reaching many customers is the problem with global literacy. People who are unable to read will not be able to access or understand the business channels that the e-commerce companies can provide, which means that these

customers will either have to be avoided or a service becomes available that will allow them to utilize e-commerce through an intermediary.

Another large barrier to e-commerce is the limit of delivery time. Even though the world has gone through a revolution in the ability trade over the last 50 years, the fact that e-commerce companies get their products from all over the world and must ship them to all over the world means that no matter how efficient they become at managing their customers needs, they will still have to deal with getting the specific goods that a customer wants to a specific location.

An issue that is related to the delivery problem in e-commerce is also the fact that the age of “free shipping” will most likely come to an end. Companies will no longer be able to provide free shipping as they begin delivering to massive amounts of customers, and as a result will have to start working the cost of their shipping services into the price of the products.

Finally, e-commerce companies will have to develop better search engines. Customers can be easily frustrated with e-commerce websites if it is impossible to pick out a suitable product from a massive list of global suppliers. Search engines will need to be able to correctly identify the product or service a customer is requesting and to help refine their query to the appropriate location. E-commerce businesses are simply a facilitator of trade between two entities on a global scale, so being able to easily put a customer and a supplier together is of paramount importance to the success of an e-commerce company.

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