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DIGITAL BUSINESS(106)

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The digital Revolution and Society

Impact of digital revolution on society

- Increased access to information, communication, and connectivity
- Technological Innovation and Sustainability
- Improved education
- Economic empowerment and digital inclusion
- Enhanced healthcare

Digital economy

The **digital economy**, also known as the ***Internet economy***, is an economy based on online transactions, mostly e-commerce.

The Digital enterprise

- The **digital enterprise** is a new business model that uses IT to gain competitive advantage by increasing employee productivity, improving efficiency and effectiveness of business processes, and better interactivity between vendors and customers.

Virtual Communities

- **Virtual community** is one where the interaction takes place over a computer network, mainly the Internet. Virtual communities parallel typical physical communities, such as neighborhoods, clubs, or associations, but people do not meet face-to-face. Instead, they meet online.
- Most virtual communities are Internet-based, known also as *Internet communities/* online communities.

Classifications of Virtual Communities

- Virtual communities can be classified in several ways.
- **Public versus Private Communities**
- **Classification Categories**
 - Transaction
 - Purpose or interest

E commerce

- **Electronic commerce (EC)** refers to using the Internet and other networks (e.g. Intranets) to purchase, sell, transport, or trade data, goods, or services.
- EC can be either pure or partial depending on the nature of its three major activities: ordering and payments, order fulfillment, and delivery to customers.

E business

- **E-Business** refers to a broader definition of EC, not just the buying and selling of goods and services but conducting all kinds of business online such as servicing customers, collaborating with business partners, delivering e-learning, and conducting electronic transactions within organizations

Electronic Markets and Networks

- EC can be conducted in an **electronic market (e-marketplace)**, an online location where buyers and sellers conduct commercial transactions such as selling goods, services, or information. Any individual can also open a private market selling products or services online. Electronic markets are connected to sellers and buyers via the **Internet**.

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- An **intranet** is a corporate or government internal network that uses Internet tools, such as Web browsers and Internet protocols.
- An **extranet**, a network that uses Internet technology to link intranets of several organizations in a secure manner.

EC Framework

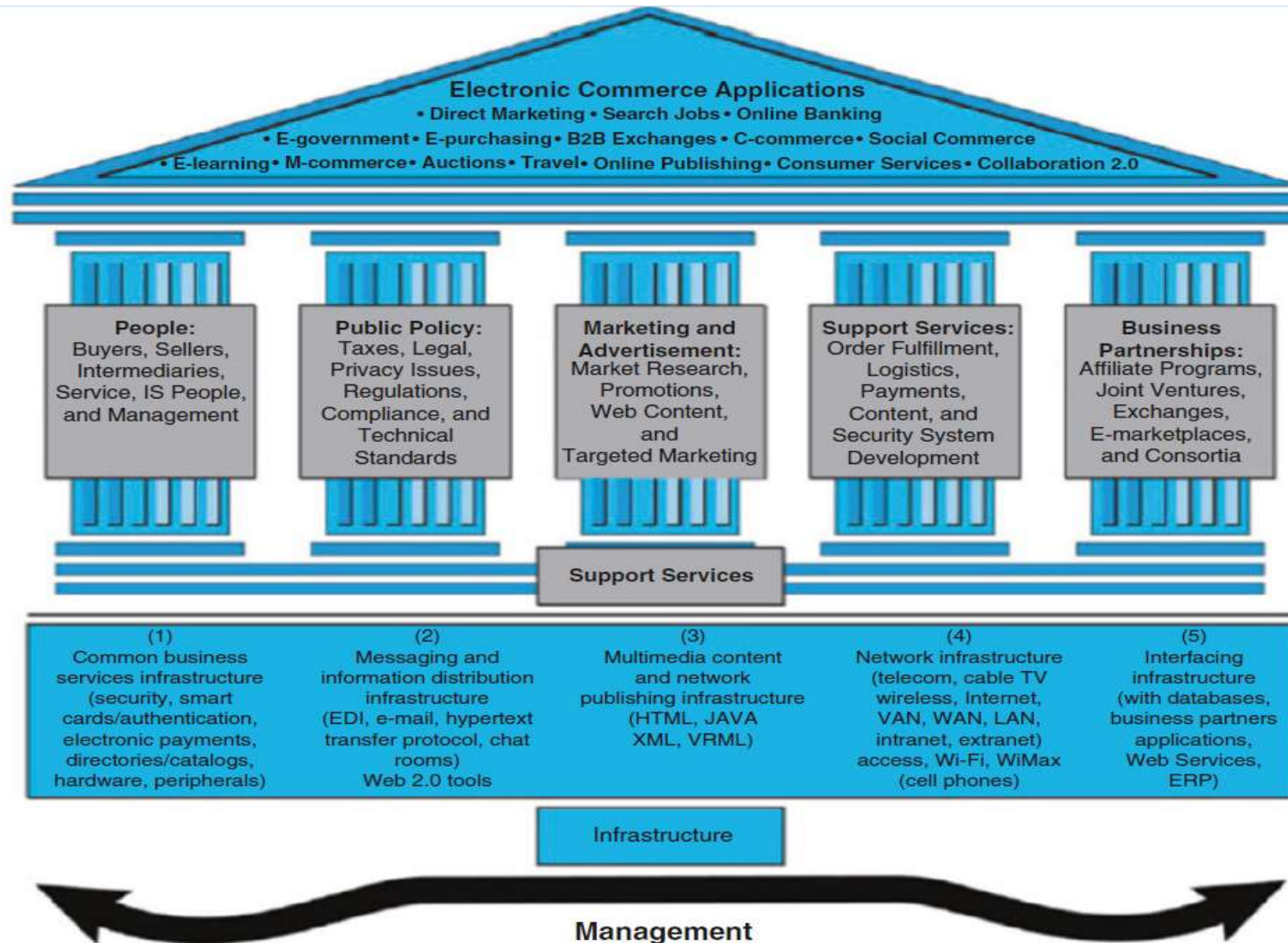


Fig. 1.3 A framework for electronic commerce

Classification of EC

On the basis of Nature of the Transactions and the Relationships among Participants, we can classify the EC into following types:

- 1. Business-to-business (B2B)**
- 2. Business-to-consumer (B2C)**
- 3. Consumer-to-Business (C2B)**
- 4. Business-to-Employees (B2E)**
- 5. Consumer-to-Consumer (C2C)**
- 6. Collaborative Commerce**
- 7. E-Government**

E-commerce Business Models

- A **business model** describes the manner in which business is done to generate revenue and create value.
- Classification of Business Models in e-Commerce
 1. Brokerage: Market makers that charge fee for their services.
 2. Advertising: Websites that provide content and charge advertisers for related ads.
 3. Infomediary: Provides information and/or infrastructure that help buyers and/or sellers and charge for their services.
 4. Merchant—retailers (such as Walmart or Amazon): These buy the products and sell them at profit.
 5. Direct model: Sells without intermediaries.
 6. Affiliate: Paying website owners to place banners. Share fees received from advertisers.

Mobile Commerce

- It involves electronic transaction conducted by using mobile devices via the Internet, corporate intranets, private communication lines, or over other wireless networks. For example, paying for an item in a vending machine or paying taxes with an iPhone is considered m-commerce.

Mobile Marketing and Advertising Campaigns

- There are basically four classes of online campaigns: information, entertainment, raffles, and coupons. These classes focus on one or more of the following six objectives:
 1. Building brand awareness.
 2. Changing brand image.
 3. Promoting sales.
 4. Enhancing brand loyalty.
 5. Building customer databases.
 6. Stimulating mobile word of mouth

Social Commerce

- It can be viewed as a subset of EC where activities are done in social networks and by using social media tools. It operates at the intersection of social media, EC, e-marketing, and supporting theories from several disciplines including social psychology, marketing, sociology, and information technology.

Benefits of social commerce

- It is easy to get recommendations from friends and other customers (e.g., via Twitter, in social network discussion groups, and on product review sites).
- Recommendations result in more confidence and trust helping customers decide about purchasing products and services.
- Added convenience in online shopping.

Social Business

- Social business is defined as “an organization that has put in place the strategies, technologies and processes to systematically engage all the individuals of its ecosystem (employees, customers, partners, suppliers) to maximize the co-created value.

Social Enterprise/Enterprise 2.0

- Social enterprise refers to the use of social media tools and platforms and conducting social networking activities in organizations, while its major objectives are either commercial or nonprofit activities (e.g., the government).

Business social networks

- A business network refers to a group of people with a professional business relationship; for example, the relationships between sellers and buyers, buyers and suppliers, and professionals and their colleagues.

Entrepreneur Networks

- Some business-oriented public networks concentrate on entrepreneurial activities. Few examples are :
- **Start-up Nation (startupnation.com)**. Participants in this community of startup owners and experts are helping people start and operate new businesses. Sharing knowledge and ideas is the main objective.
- **Inspiration Station (inspiration.entrepreneur.com)**. Inspiration Station is one of the best portals for small businesses and start-ups. It not only has a lot of useful information for business owners, it has a great community for you to take advantage of, and to connect with fellow business owners from around the globe.

ENTERPRISE SOCIAL NETWORKS

- An increasing number of companies have created their own in-house, enterprise social networks. Some of these networks can be private, developed for use only by their employees, former employees, and business partners. Others are open to the public, although these are mostly used by their customers.

SOCIAL COLLABORATION

- Social collaboration refers to people's collaboration within and between communities enabled by social media tools and platforms. The processes help people interact and share information to achieve a common goal. It is also known as Collaboration 2.0.

Consumer-to-consumer (C2C) EC

- Consumer-to-consumer (C2C) EC, which is sometimes called person-to-person (P2P) e-commerce, refers to electronic transactions conducted between and among Individuals.
- These transactions can also include intermediaries, such as eBay (ebay.com) or social network sites that organize, manage, and facilitate the C2C transactions.

Concept of IoT

- The Internet of Things (IoT) is the network of physical objects-devices, vehicles, buildings and other items embedded with electronics, software, sensors, and network connectivity—that enables these objects to collect and exchange data.

Smart Homes and Appliances

In a smart home, the home appliances such as computers, refrigerators, washers, dryers, televisions, and security systems are interconnected and can be controlled remotely by smartphone or via the Internet. Currently, smart home systems support a number of different tasks.

Smart Cities

The concept of smart cities continues to evolve, and cities around the world are exploring innovative ways to use technology to address urban challenges and enhance the overall quality of life for their residents.

Smart cars

Smart cars, also known as driverless cars, robot-driven cars, and autonomous cars are already on the roads in several places. The concept was initiated by Google (named Google Chauffeur), and it is becoming a reality, with several states in the USA getting ready to allow it on the road.

WEARABLE COMPUTING AND SMART GADGETS

- A wearable computing device is any small technological device capable of storing and processing data that can be worn on the body. These are designed for accessibility and convenience, as well as improvements to workplaces by making information quickly and readily available to the wearer.
- Few examples are smart watches, fitness trackers and digital glasses.

Electronic Commerce Mechanisms

- Electronic Commerce (e-commerce) mechanisms refer to the various methods and technologies used to facilitate online transactions, buying and selling of goods and services over the internet.

E-MARKETPLACES

An e-marketplace (also called e-market, virtual market, or marketpace) is an electronic space where sellers and buyers meet and conduct different types of transactions.

Disintermediation

Disintermediation refers to removing the middle man between a business, that produces a type of product or service, and their customers, who want to receive the product or service.

Reinter mediation

Reinter mediation is the reintroduction of an intermediary between a goods producer and consumers. These allow the producer to focus only on the goods and thus produce the best final end product.

Customer shopping mechanisms: webstores, malls, and portals

- Several kinds of interactions exist among sellers, buyers, and e-marketplaces.
- **Webstores:** A webstore (or storefront) refers to a single company's (or individual seller's) website where products and services are sold.

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Electronic Malls

- An e-mall (online mall) is an online shopping location where many stores present their catalogs.
- The mall charges commission from the sellers based on their sale volume.

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- A Web (information) portal is a single point of access, through a Web browser, to critical business information located inside and outside of organizations. This information is aggregated and is accessed and presented in a consistent way.

MERCHANT SOLUTIONS:ELECTRONIC CATALOGS, SEARCH ENGINES, AND SHOPPING CARTS

Merchant software includes several tools and platforms. Such software offers basic tools that include electronic catalogs, search engines, and shopping carts; all are intended to facilitate the electronic trading process.

AUCTIONS

- An online auction is an electronic space where sellers and buyers meet and conduct different types of transactions. Prices are determined dynamically by the bids.

Traditional Auctions

Traditional auctions refer to a method of buying and selling goods or services through a competitive bidding process. Traditional auctions can take place in physical locations, such as auction houses or event venues.

Electronic Auctions

- Electronic auctions (e-auctions) are similar to off-line auctions except that they are conducted online.
- The Internet provides an infrastructure for executing auctions electronically at lower cost, with a wide array of support services, and with many more participating sellers and buyers than physical auctions.

EC Order fulfillment

Order fulfillment refers to all the operations a company undertakes from the time it receives an order to the time the items are delivered to the customers, including all related customer services.

SMART CARDS

A smart card is a plastic payment card that contains data in an embedded microchip. The embedded chip can be a microprocessor combined with a memory chip. Information on a microprocessor card can be added, deleted, or otherwise manipulated.

EC MICROPAYMENTS

Micropayments are small payments made over the internet and for digital products. Typically micropayments are used for pay-per-use digital goods like movies, books, songs, but can also be used to verify account identity or for online payment.

PAYMENT GATEWAYS

- Payment gateways play a crucial role in facilitating online transactions in digital business. They are essentially software applications that enable the secure and seamless transfer of money between customers and businesses over the internet.
- Popular payment gateways include PayPal, Stripe, Square, and others..

Mobile payments

The term mobile payment refers to payment transactions initiated or confirmed using a person's mobile device, usually a smartphone although payments can be made with other mobile devices such as tablets and wearables.

DIGITAL AND VIRTUAL CURRENCIES

- Virtual currency is the “digital representation of value that can be digitally traded and functions as (1) a medium of exchange; and/or (2) a unit of account; and/or (3) a store of value, but does not have legal status in any jurisdiction.”

Social Shopping

Social shopping blends e-commerce and social media. Thus, social commerce takes the key features of social media (e.g., discussion groups, blogs, recommendations, reviews) and uses them before, during, and after shopping.