

## 4.2: E-Business and E-Commerce - The Difference

### Learning Objectives

1. Define e-business and e-commerce and explain the difference between them.
2. Understand that there are several different types of e-commerce and that a business can be engaged in more than one type at the same time.
3. Explain what a business model is and why the model that is selected is so important.

As stated in "Foundations for Small Business", e-business and e-commerce are terms that are often used interchangeably. But e-business and e-commerce are not the same. This section will elaborate on the differences between the two and some of the foundational knowledge that is critical to understanding and using e-commerce in particular.

### E-Business

"Foundations for Small Business" talked about e-business in terms of using the Internet and online technologies to create operational efficiencies, thereby increasing customer value. Kelly Wright, "E-Commerce vs. E-Business," *Poole College of Management*, November 27, 2002, accessed October 10, 2011, [scm.ncsu.edu/scm-articles/article/e-commerce-vs.-e-business](http://scm.ncsu.edu/scm-articles/article/e-commerce-vs.-e-business). It is important that small businesses understand the nature of e-business and how it can facilitate operations as well as growth—if growth is desired. It has been said on other occasions, and it will continue to be said, that not all small businesses look for growth, choosing instead to happily remain small. For the small businesses that do want to grow, however, e-business can help them do it.

### E-Business Components

E-business involves several major components: Terri C. Albert and William B. Sanders, *e-Business Marketing* (Upper Saddle River, NJ: Prentice-Hall, 2003), 2–4; and Efraim Turban et al., *Electronic Commerce: A Managerial Perspective* (Upper Saddle River, NJ: Pearson/Prentice Hall, 2008), 4. business intelligence (BI), customer relationship management (CRM), supply chain management (SCM), enterprise resource planning (ERP), e-commerce, conducting electronic transactions within the firm, collaboration, and online activities among businesses.



Figure 4.2.1: Components of E-Business

**Business intelligence** is about the activities that a small business may undertake to collect, store, access, and analyze information about its market or competition to help with decision making. When conducted online, BI is efficient and quick, helping companies to identify noteworthy trends and make better decisions faster. BI has been described as “the crystal ball of the 21st century.”Lena

L. West, "Business Intelligence: The Crystal Ball of Champions," *Small Business Computing.com*, April 11, 2006, accessed October 10, 2011, [www.smallbusinesscomputing.com/biztools/article.php/3598131/Business-Intelligence-The-Crystal-Ball-of-Champions.htm](http://www.smallbusinesscomputing.com/biztools/article.php/3598131/Business-Intelligence-The-Crystal-Ball-of-Champions.htm).

As defined in Chapter 2, **customer relationship management (CRM)** refers to "...a customer service approach that focuses on building long-term and sustainable customer relationships that add value for the customer and the company."Efraim Turban et al., *Electronic Commerce: A Managerial Perspective* (Upper Saddle River, NJ: Pearson/Prentice Hall, 2008), 759. It is a company-wide strategy that brings together information from all data sources within an organization (and sometimes from external data sources) to give one holistic view of each customer in real time. The goal is to reduce costs and increase profitability while providing customer satisfaction."What Is CRM?," *destinationCRM.com*, February 19, 2010, accessed October 10, 2011, [www.destinationcrm.com/Articles/CRM-News/Daily-News/What-Is-CRM-46033.aspx](http://www.destinationcrm.com/Articles/CRM-News/Daily-News/What-Is-CRM-46033.aspx). CRM applications are available for even the smallest businesses.

Every small business has a supply chain, the network of vendors that provide the raw components that are needed to make a product or deliver a service. The management of this network is known as **supply chain management (SCM)**. SCM is about efficiently and effectively improving the way that a company finds those raw components and then delivers the product or the service to the customer. Thomas Wailgum and Ben Worthen, "Supply Chain Management Definition and Solutions," *CIO*, November 20, 2008, accessed October 10, 2011, [www.cio.com/article/40940/Supply\\_Chain\\_Management\\_Definition\\_and\\_Solutions](http://www.cio.com/article/40940/Supply_Chain_Management_Definition_and_Solutions). SCM applications are now available for small businesses. More details about SCM are presented in Chapter 12.

Enterprise resource planning (ERP), as mentioned in Chapter 1, is about integrating all departments and functions across a company (sales, marketing, human resources, finance, accounting, production, engineering, etc.) into a single computer system that can serve the particular needs of each department. The objective is to provide information quickly and efficiently to those who need it. Small businesses have many vendor choices for ERP systems. There are more than thirty vendors in the field, and they are looking to small and midsize businesses as their primary growth market. Mary O. Foley, "ERP for Small Business: The Time is Ripe," *Inc.*, October 1, 2007, accessed October 10, 2011, [technology.inc.com/2007/10/01/erp-for-small-business-the-time-is-ripe](http://technology.inc.com/2007/10/01/erp-for-small-business-the-time-is-ripe). More details about ERP are provided in Chapter 12.

E-commerce, as defined in Chapter 1, is the marketing, selling, and buying of goods and services online. It generates revenue, which e-business does not. E-commerce is typically associated with e-marketing, discussed in Chapter 8, but most of this chapter is dedicated to the operational, nonmarketing dimensions of e-commerce.

Conducting electronic transactions within a firm can occur through an **intranet**, e-mail, and instant messaging. An intranet is a private network within a business that is used for information sharing, processing, and communication. The goal is to "streamline the workplace and allow easy information exchange within an organization."Dachary Carey, "What Is Intranet Technology Used For?," *Life123*, accessed October 10, 2011, [www.life123.com/technology/internet/intranet/what-is-intranet.shtml](http://www.life123.com/technology/internet/intranet/what-is-intranet.shtml).

Collaboration can occur internally or externally, and it often involves business partners. The goal is to help teams or business partners communicate with each other more effectively and efficiently, manage projects and shared materials, save companies the costs of travel, and reduce travel-related productivity losses. Gerry Blackwell, "Altogether Now: Comparing Collaboration Software," *Small Business Computing.com*, January 28, 2008, accessed October 10, 2011, [www.smallbusinesscomputing.com/buyersguide/article.php/10729\\_3724501\\_/Altogether-Now-Comparing-Collaboration-Software.htm](http://www.smallbusinesscomputing.com/buyersguide/article.php/10729_3724501_/Altogether-Now-Comparing-Collaboration-Software.htm). E-mail, instant messaging, newsgroups, bulletin boards, discussion boards, virtual team rooms, online meetings, and **wikis** are common means of collaboration. A wiki is a web page that can be viewed and modified by anybody with a web browser and access to the Internet unless it is password protected."7 Things You Should Know about Wikis," *Educause Learning Initiative*, July 2005, accessed October 10, 2011, [net.educause.edu/ir/library/pdf/ELI7004.pdf](http://net.educause.edu/ir/library/pdf/ELI7004.pdf). The most well-known wiki is [Wikipedia](http://en.wikipedia.org).

Online activities between businesses focus on information sharing and communication via e-mail, online meetings, instant messaging, and **extranets**. An extranet is the part of an intranet that is made available to business partners, vendors, or others outside a company. It allows a business "to share documents, calendars, and project information with distributed employees, partners, and customers" and "it enables 24/7 private, secure access to collaborative tools with just an Internet connection." "Communicate Quickly and Efficiently Through Intranets, Extranets and Portals," *Gozapit Interactive*, 2009, accessed October 10, 2011, [www.gozapit.com/intranet-extranet.htm](http://www.gozapit.com/intranet-extranet.htm). They make communication easier, eliminate redundant processes, reduce paperwork, increase productivity, provide immediate updates and information, and provide quick response times to problems and questions."Communicate Quickly and Efficiently Through Intranets, Extranets and Portals," *Gozapit Interactive*, 2009, accessed

October 10, 2011, [www.gozapit.com/intranet-extranet.htm](http://www.gozapit.com/intranet-extranet.htm). The result is money and time saved for employees, the company, vendors, and your customers. Commercial transactions typically do not take place on extranets.

As integral as e-business may be to many small businesses, however, there will be small businesses that choose not to go the e-business route. Small businesses that are nonemployers and/or are very small operations that choose to stay that way—for example, local delis, gift shops, restaurants, dry cleaners, and ice cream shops can be and are successful without having to make a commitment to e-business. Therefore, a small business can choose to incorporate all, some, or none of the e-business components. Given the ways in which the Internet continues to transform small businesses, however, it would be virtually impossible for a small business to operate totally outside the realm of e-business.

## E-Commerce

The moment that an exchange of value occurs, e-business becomes e-commerce. Elias M Awad, *Electronic Commerce: From Vision to Fulfillment* (Upper Saddle River, NJ: Pearson Education, 2005), 4. E-commerce is the revenue generator for businesses that choose to use the Internet to sell their goods and services. Some small businesses rely on the Internet to grow and survive. As stated in Chapter 1, many small businesses also look to e-commerce for their own business needs, such as computers and office technology, capital equipment and supplies, office furnishings, inventory for online sale, or other business-related goods. “E-commerce: Small Businesses Become Virtual Giants on the Internet,” accessed October 10, 2011, [www.score.org/system/files/become\\_a\\_virtual\\_giant.pdf](http://www.score.org/system/files/become_a_virtual_giant.pdf). This is not surprising considering the pervasiveness of the Internet for business transactions of all shapes and sizes.

## Types of E-Commerce

Every Internet business is either **pure-play** or **brick-and-click**. A pure-play business, such as Amazon and Zappos, has an online presence only and uses the capabilities of the Internet to create a new business. Brick-and-click businesses, such as Barnes and Noble and Vermont Country Store, combine a physical presence with an online presence. These businesses use the Internet to supplement their existing businesses. Sandeep Krishnamurthy, *E-Commerce Management: Text and Cases* (Mason, OH: South-Western, 2003), 73.

There are several different types of e-commerce. A common classification system is with respect to the nature of transactions or the relationships among participants. Efraim Turban et al., *Electronic Commerce: A Managerial Perspective* (Upper Saddle River, NJ: Pearson/Prentice Hall, 2008), 8. There are seven major types of e-commerce:

1. **Business-to-business (B2B)** e-commerce, where businesses focus on selling to other businesses or organizations, is the largest form of e-commerce. Kenneth C. Laudon and Carol G. Traver, *E-commerce: Business, Technology, Society* (Upper Saddle River, NJ: Prentice Hall, 2007), 58; Turban et al., 2008, 8. Cisco, Staples, and Spiceworks (information technology [IT] and IT networks for the small- and medium-sized business) are all B2B companies.
2. **Business-to-consumer (B2C)** is the earliest form of e-commerce, but it is second in size to B2B. It refers to retail sales between businesses and individual consumers. Consumers gather information; purchase physical goods, such as books and clothing; purchase information goods, such as electronic material or digitized content, such as software; and, for information goods, receive products over an electronic network. Zorayda Ruth Andam, “e-Commerce and e-Business,” *Asia and Pacific Training Centre for Information and Communication Technology for Development*, May 2003, accessed June 21, 2012, [www.unapcict.org/ecohub/resou...ad/attachment1](http://www.unapcict.org/ecohub/resou...ad/attachment1).
3. **Consumer-to-consumer (C2C)** e-commerce is where consumers sell products and personal services to each other with the help of an **online market maker** to provide catalog, search engine, and transaction-clearing capabilities so that products can be easily displayed, discovered, and paid for. The most well-known C2C business is eBay, but there are many other online market makers as well. [Craigslist](http://craigslist.org) is an extremely popular small e-commerce business for placing classified ads.
4. **Business-to-government (B2G)** e-commerce can generally be defined as transactions with the government. The Internet is used for procurement, filing taxes, licensing procedures, business registrations, and other government-related operations. This is an insignificant segment of e-commerce in terms of volume, but it is growing.
5. **Consumer-to-business (C2B)** e-commerce is between private individuals who use the Internet to sell products or services to organizations and individuals who seek sellers to bid on products or services. Efraim Turban et al., *Electronic Commerce: A Managerial Perspective* (Upper Saddle River, NJ: Pearson/Prentice Hall, 2008), 8. [Elance](http://elance.com) is an example of C2B where a consumer posts a project with a set budget deadline and within hours companies and/or individuals review the consumer’s requirements and bid on the project. The consumer reviews the bids and selects the company or individual that will complete the project. Elance empowers consumers around the world by providing the meeting ground and platform for such

transactions. “Ecommerce Definition and Types of Ecommerce,” *DigitSmith*, accessed October 10, 2011, [www.digitSmith.com/ecommerce-definition.html](http://www.digitSmith.com/ecommerce-definition.html). Priceline.com is a well-known example of C2B e-commerce.

6. **Mobile commerce (m-commerce)** refers to the purchase of goods and services through wireless technology, such as cell phones, and handheld devices, such as Blackberries and iPhones. Japan has the lead in m-commerce, but it is expected to grow rapidly in the United States over the next several years. eMarketer predicts mobile content revenues will grow to more than \$3.53 billion in 2014, a compound annual growth rate of nearly 20 percent for the period 2009–2014, with the fastest growth coming from mobile music. “Mobile Content Soars Thanks to Device and Network Advances,” *eMarketer*, August 31, 2010, accessed October 10, 2011, [www.emarketer.com/Articles/Print.aspx?1007899](http://www.emarketer.com/Articles/Print.aspx?1007899).
7. **Peer-to-peer (P2P)** technology makes it possible for Internet users to share files and computer resources directly without having to go through a central web server. P2P began with Napster offering free music downloads via a file-sharing system. *Free Encyclopedia of Ecommerce*, “Peer-to-Peer Technology (P2P),” accessed June 1, 2012, [ecommerce.hostip.info/pages/8...ology-P2P.html](http://ecommerce.hostip.info/pages/8...ology-P2P.html). *Tamago* launched the world’s first P2P commerce system in 2005, which allowed people to sell every type of digital media directly from their computers to customers all over the world. People who publish videos, photos, music, e-books, and so forth can earn royalties, while buyers earn commissions for distributing media to others. “Tamago Launches First Peer-to-Peer eCommerce System,” *PR Leap*, October 15, 2006, accessed October 10, 2011, [www.prleap.com/pr/51931](http://www.prleap.com/pr/51931).

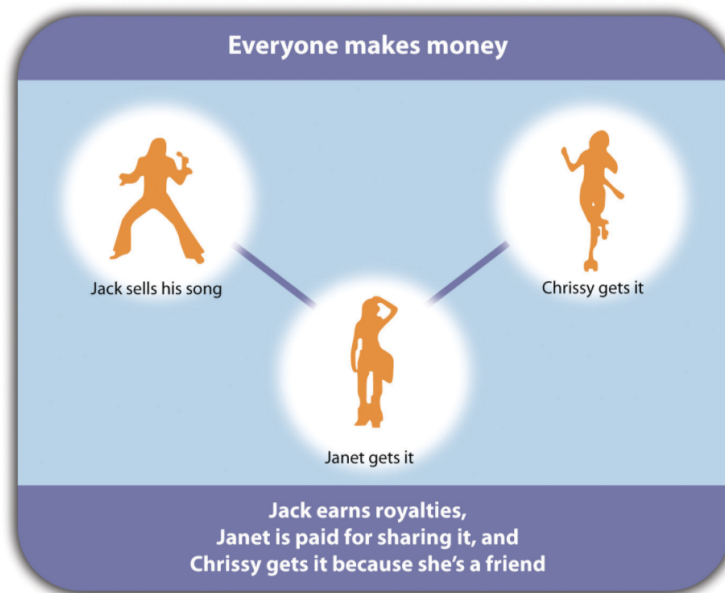


Figure 4.2.2: How P2P E-Commerce Works at Tamago.com Source: “Peer to Peer Profit,” [www.tamago.us](http://www.tamago.us) (accessed October 10, 2011).

Although these types of e-commerce have been discussed individually, there are many instances in which one company engages in multiple types. Office Depot and Staples are brick-and-click businesses that engage in B2B, B2C, and perhaps B2G e-commerce. [Carbonite](#) and [Gourmet Gift Baskets](#) are both pure-play small businesses that engage in B2C and B2B e-commerce.

## E-Commerce Business Models

The decision to engage in e-commerce is an important one. The advantages are clear: lower business costs; 24/7 accessibility anywhere; the potential for stronger customer service; the ability to introduce a niche product; the ability to reach global markets on a more equalized basis with larger firms, making mass customization possible; and greater customer loyalty. But the risks are there as well. Internet problems, website problems, security and privacy breaches, intellectual property theft, legal liability, product and/or service failure, customer deceit, and customer dissatisfaction are but a few of the risks. Therefore, the choice of an e-commerce business model must be made carefully. Each model will have different implications in terms of business planning and strategy.

An **e-commerce business model** is the method that a business uses to generate revenue online. “The business model spells out how a company makes money by specifying where it is positioned in the value chain. Some models are quite simple. A company produces a good or service and sells it to customers. If all goes well, the revenues from sales exceed the cost of operation and the company realizes a profit. Other models can be more intricately woven.” Michael Rappa, “Business Models on the Web,”

*DigitalEnterprise.org*, January 17, 2010, accessed October 10, 2011, [digitalenterprise.org/models/models.html](http://digitalenterprise.org/models/models.html). Another way to look at a business model is that it “reflects management’s hypothesis about what customers want, how they want it, and how the enterprise can organize to best meet those needs, get paid for doing so, and make a profit.” David J. Teece, “Business Models, Business Strategy and Innovation,” *Long Range Planning* 43, no. 2–3 (2010): 172–94. There are many models to choose from, and new models will continue to emerge as technology evolves and businesses look for new and creative ways to generate revenue. Some of the many e-commerce business models are as follows: For additional discussions of business models, see Michael Rappa, “Business Models on the Web,” *DigitalEnterprise.org*, January 17, 2010, accessed October 10, 2011, [digitalenterprise.org/models/models.html](http://digitalenterprise.org/models/models.html); and Robert D. Atkinson et al., “The Internet Economy 25 Years After .Com: Transforming Commerce & Life,” *Information Technology & Innovation Foundation*, March 2010, accessed October 10, 2011, [www.itif.org/files/2010-25-years.pdf](http://www.itif.org/files/2010-25-years.pdf).

- The **virtual merchant model** is used by online retailers that operate over the Internet only. *FreshDirect* is a small business that offers fresh food and brand-name groceries for home delivery in New York. Amazon is another example of a virtual merchant.
- The **brokerage model** brings buyers and sellers together and facilitates transactions. *Supply Chain Connect* is a small business that helps “companies optimize their purchasing and sales purchasing and sales processes through the use of e-commerce across a broad range of products including chemicals, plastics, wire and cable, and manufactured goods.” “About Supply Chain Connect,” *Supply Chain Connect*, accessed October 10, 2011, [www.supplychainconnect.com](http://www.supplychainconnect.com).
- The **incentive marketing model** is a “customer loyalty program that provides incentives to customers such as redeemable points or coupons for making purchases from associated retailers.” Michael Rappa, “Business Models on the Web,” *DigitalEnterprise.org*, January 17, 2010, accessed October 10, 2011, [digitalenterprise.org/models/models.html](http://digitalenterprise.org/models/models.html). *Cool Savings*, a small business that uses this model, wants to be its customers’ free resource for valuable coupons, discounts, and special offers from their favorite brands and stores.

Because the business model will be at the center of the business plan, the model must be designed carefully. If a successful model is to be built, the model should effectively address the eight key elements listed in Table 4.2.1. Although value proposition and the revenue model may be the most important and easily identifiable aspects of a company’s business model, the other six elements are equally important. Kenneth C. Laudon and Carol G. Traver, *E-Commerce: Business, Technology, Society* (Upper Saddle River, NJ: Prentice Hall, 2007), 58; Efraim Turban et al., *Electronic Commerce: A Managerial Perspective* (Upper Saddle River, NJ: Pearson/Prentice Hall, 2008), 8.

Table 4.2.1: Key Elements of a Business Model

Components	Key Questions
Value proposition	Why should the customer buy from you?
Revenue model	How will you earn your money?
Market opportunity	What market space do you intend to serve, and what is its size?
Competitive environment	Who else occupies your intended market space?
Competitive advantage	What special advantages does your firm bring to the market space?
Market strategy	How do you plan to promote your products or services to attract your target audience?
Organizational development	What types of organizational structures within the firm are necessary to carry out the business plan?
Management team	What kinds of experiences and background are important for the company’s leaders to have?

Source: Kenneth C. Laudon and Carol G. Traver, *E-commerce: Business, Technology, Society* (Upper Saddle River, NJ: Prentice Hall, 2007), 59.

## E-Commerce Trends

For businesses already engaged in e-commerce and for those that are thinking about it, being aware of the latest e-commerce trends is important because they could have a long-term influence on the future of a company’s market. This influence, in turn, could



mean life or death for your e-commerce operations. Several general e-commerce trends can be identified, and they are relevant to all e-commerce operations.

- E-commerce will continue to grab more market share. Heather Green, “US Ecommerce Growth to Pick Up in 2010, But Hit Mature Stride,” *Bloomberg BusinessWeek*, February 2, 2009, accessed October 10, 2011, [www.BusinessWeek.com/the\\_thread/blogspotting/archives/2009/02/us\\_ecommerce\\_gr.html](http://www.BusinessWeek.com/the_thread/blogspotting/archives/2009/02/us_ecommerce_gr.html).
- It is expected that, in some way, the web will influence 53 percent of all purchases made in 2014. Geoffrey A. Fowler, “E-Commerce Growth Slows, But Still Out-Paces Retail,” *Wall Street Journal*, March 8, 2010, accessed October 10, 2011, [blogs.wsj.com/digits/2010/03/08/e-commerce-growth-slows-but-still-out-paces-retail](http://blogs.wsj.com/digits/2010/03/08/e-commerce-growth-slows-but-still-out-paces-retail).
- The lines between online and offline commerce will become less defined. If somebody buys from a mobile device in your store, is that a web sale or a store sale? Retailers need to think of some new ways that they can take the web’s influence into account. Geoffrey A. Fowler, “E-Commerce Growth Slows, But Still Out-Paces Retail,” *Wall Street Journal*, March 8, 2010, accessed October 10, 2011, [blogs.wsj.com/digits/2010/03/08/e-commerce-growth-slows-but-still-out-paces-retail](http://blogs.wsj.com/digits/2010/03/08/e-commerce-growth-slows-but-still-out-paces-retail).
- B2B e-commerce will continue to significantly outpace B2C e-commerce, representing more than 85 percent of all e-commerce.
- M-commerce is the fastest growing segment of visitors to e-commerce websites. If a business does not allow customers to both browse its catalog and conduct transactions on a mobile device, customers will seek out other brands that offer such experience. Frank Gruber, “Exploring the Latest E-Commerce Industry Trends,” *Tech Cocktail*, June 3, 2010, accessed October 10, 2011, [techcocktail.com/exploring-the-latest-e-commerce-industry-trends-2010-06](http://techcocktail.com/exploring-the-latest-e-commerce-industry-trends-2010-06).
- Many businesses have increased their social marketing initiatives through a combination of Facebook pages, Twitter tweets, YouTube fan videos, and blogs. Any business that sells its products or services online without having a social strategy will suffer. “Recap of Ecommerce Trends from the Internet Retailer 2010 Conference,” *Tealeaf*, June 22, 2010, accessed October 10, 2011, [tealeaf.typepad.com/blog/2010/06/recap-of-ecommerce-trends.html](http://tealeaf.typepad.com/blog/2010/06/recap-of-ecommerce-trends.html).

The following e-commerce trends specifically apply to small businesses:

- The Internet will continue to create opportunities for small businesses. It is now possible to buy a wide range of specialized products and services that are not available elsewhere. The Internet has provided a lifeline for many small producers and has allowed entrepreneurs to enter retailing without having to invest heavily in physical outlets. “E-Commerce Industry,” *QFinance*, accessed October 10, 2011, [www.qfinance.com/sector-profiles/e-commerce](http://www.qfinance.com/sector-profiles/e-commerce). Small businesses can easily enter the e-commerce arena as pure-play businesses. Take [Socrata](#), an online service that makes it easy to share data—anything from crime statistics to football schedules. This small start-up business discovered that federal agencies were the site’s biggest users. “It became clear that a really good place for our technology was helping government organizations share data in the interest of transparency.” John Tozzi, “Gov 2.0: The Next Internet Boom,” *Bloomberg BusinessWeek*, May 27, 2010, accessed October 10, 2011, [www.BusinessWeek.com/smallbiz/content/may2010/sb20100526\\_721134.htm](http://www.BusinessWeek.com/smallbiz/content/may2010/sb20100526_721134.htm).
- Broadband and wireless networks will be everywhere. Small businesses will need to factor in the effect of the broadband revolution on their businesses. Steve King et al., “INTUIT Future of Small Business Report: Technology Trends and Small Business,” *Intuit*, June 2007, accessed October 10, 2011, [http://download.intuit.com/http.intuit/CMO/intuit/futureofsmallbusiness/SR-1037B\\_intuit\\_tech\\_trends.pdf](http://download.intuit.com/http.intuit/CMO/intuit/futureofsmallbusiness/SR-1037B_intuit_tech_trends.pdf). Consider the case of the small, ten-person shop in Seattle that engraves plaques and trophies. Today, 60 percent of its business is conducted online, with customers who live outside the Seattle area. Secretary of Commerce Gary Locke, “Remarks at Organization for Economic Cooperation and Development (OECD) Conference,” December 9, 2009, accessed October 10, 2011, [www.commerce.gov/news/secretary-speeches/2009/12/09/remarks-organization-economic-cooperation-and-development-oecd-conference.html](http://www.commerce.gov/news/secretary-speeches/2009/12/09/remarks-organization-economic-cooperation-and-development-oecd-conference.html).
- The Internet will continue to be a platform that provides small businesses with a wide range of new tools, services, and capabilities. Small businesses will find new ways to use the Internet, contributing to the blurred distinctions between the physical and the virtual worlds. Steve King et al., “INTUIT Future of Small Business Report: Technology Trends and Small Business,” *Intuit*, June 2007, accessed October 10, 2011, [http://download.intuit.com/http.intuit/CMO/intuit/futureofsmallbusiness/SR-1037B\\_intuit\\_tech\\_trends.pdf](http://download.intuit.com/http.intuit/CMO/intuit/futureofsmallbusiness/SR-1037B_intuit_tech_trends.pdf).
- Small business relationships will become increasingly virtual as online social networks expand. Steve King et al., “INTUIT Future of Small Business Report: Technology Trends and Small Business,” *Intuit*, June 2007, accessed October 10, 2011, [http://download.intuit.com/http.intuit/CMO/intuit/futureofsmallbusiness/SR-1037B\\_intuit\\_tech\\_trends.pdf](http://download.intuit.com/http.intuit/CMO/intuit/futureofsmallbusiness/SR-1037B_intuit_tech_trends.pdf). Many small businesses are promoting their presence on Facebook and Twitter. Westbrook Lobster and Arisco Farms are both small businesses in Connecticut that have an online social presence. [Naked Pizza](#) in New Orleans has a presence on Twitter that has proven to be a

boon to its business. Abbey Klaasen, “Twitter Proves Its Worth as a Killer App for Local Businesses,” *Advertising Age*, May 18, 2009, accessed October 10, 2011, [adage.com/article/digital/twitter-proves-worth-a-killer-app-local-businesses/136662](http://adage.com/article/digital/twitter-proves-worth-a-killer-app-local-businesses/136662).

#### Video Clip 4.2.1:

*Naked Pizza on Twitter*



*Naked Pizza can now be followed on Twitter.*

### Is E-Commerce for All Small Businesses?

Despite the popularity and pervasiveness of e-commerce, not all small businesses may be interested in pursuing e-commerce as a part of their businesses. Many small businesses survive without an online presence. However, business analysts have agreed for a long time “that for any company larger than a local mom and pop store, e-commerce is now a business requirement.” Beverly Kracher and Cynthia L. Corritore, “Is There a Special E-Commerce Ethics?,” *Business Ethics Quarterly* 14, no. 1 (2004): 71–94.

#### KEY TAKEAWAYS

- E-business and e-commerce are not synonymous terms. E-commerce generates revenue. E-business does not.
- E-business and/or e-commerce may not be of interest to all small businesses. However, using technology well is proving to be one of the most prominent drivers of business success.
- E-business consists of several major components, one of which is e-commerce.
- Every Internet business is either pure-play (an Internet presence only) or brick-and-click (having both a physical and an online presence).
- The seven major types of e-commerce are B2B, B2C, C2C, B2G, C2B, m-commerce, and P2P.
- An e-commerce business model is the method that a business uses to generate revenue online. Some models are very simple; others are more complicated. New business models are being introduced all the time.
- E-commerce will continue to grab more market share, and the line between online and offline commerce will become less defined.

#### EXERCISES

1. In the Frank’s All-American BarBeQue case in Chapter 2, the son, Robert Rainsford, wants to bring his expertise to improving the operations of the business. What other elements of digital technology, e-business, and e-commerce could be used to improve operations?
2. Joan Watson is the owner of Joan’s Gourmet Baskets, a small brick-and-mortar business that specializes in gourmet gift and picnic baskets. Joan has been keeping up with the fancy food and gourmet food trends (being a great fan of the Fancy Food Show that is held several times a year), and she thinks she should tap into this sector by creating an online business that will complement her physical business. This would make her baskets available to a wider market. She is proud of the quality of her products and the customer loyalty that she has earned through her hard work and hopes she will be able to be just as successful in the e-commerce environment.

Joan knows that she needs more information before proceeding further. She has asked you to prepare a report that answers the following questions: How will her physical business compare to her online business; that is, where will things be the same, and

where will they be different? What business model should she use? What are the special challenges and obstacles she will face as she moves from traditional commerce to e-commerce? What is Web 2.0 all about and does she need to be concerned about it? She expects that you will do additional gourmet foods research to support your ideas.

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