LECTURE NOTES

ON

E-MARKETING

III semester (Autonomous-R16)

Ms. K.MAMATHA
Assistant Professor

Master of Business Administration

INSTITUTE OF AERONAUTICALENGINEERING
(Autonomous)
DUNDIGAL, HYDERABAD - 500043

UNIT-1

E-BUSINESS OVERVIEW

Traditional commerce vs. e-commerce, e-commerce and e-business categories of e-commerce development and growth of e-commerce advantages and disadvantages of e-commerce international nature of e-commerce

Classifying e-commerce businesses is tricky. We run the risk of turning it into an inconsequential exercise, or we could end up splitting hair. To grasp a deeper understanding of e-commerce concepts, it is important to ascertain the basis and purpose of classifying e-commerce businesses into types.

The two parameters of classifying e-commerce businesses that make the most sense are:

1. type of goods sold

1. nature of participants

Classifying Ecommerce Business Based on Type of Goods Sold

E-commerce businesses sell:

- Physical goods, e.g., books, gadgets, furniture, appliances, and the like
- Digital goods, e.g., software, ebooks, music, text, images, video and the like
- Services, e.g., tickets, insurance, and the like.

The reason such classification is important is that it gives the analyst an insight into the business model and financial model of the business. For instance, the logistics of delivering the physical goods can be a huge challenge for some businesses. Sellers of digital goods do not face that problem. When it comes to selling tickets, there are many parameters that need to be evaluated in real time, e.g., in the case of air tickets: availability, location of seats, meal preferences, refundable vs. nonrefundable tickets, and much more.

Classifying Ecommerce Business Based on Nature of Participants

The two most common participants in e-commerce are businesses and consumers.

Based on this we can come up with four primary e-commerce types:

1. **Business to Business E-commerce (B2B E-commerce)**

In this type of e-commerce, both participants are businesses. As a result, the volume and value of B2B e-commerce can be huge. An example of business to business e-commerce could be a manufacturer of gadgets sourcing components online.

1. **Business to Consumer Ecommerce (B2C Ecommerce)**

When we hear the term e-commerce, most people think of B2C e-commerce. That is why a name like Amazon.com pops up in most discussions about e-commerce. Elimination of the need for physical stores is the biggest rationale for business to consumer e-commerce. But the complexity and cost of logistics can be a barrier to B2C e-commerce growth.

2. **Consumer to Business Ecommerce (C2B Ecommerce)**

On the face of it, C2B e-commerce seems lop-sided. But online commerce has empowered consumers to originate requirements that businesses fulfill. An example of this could be a job board where a consumer places her requirements and multiple companies bid for winning the project. Another example would be a consumer posting his requirements of a holiday package, and various tour operators making offers.

3. **Consumer to Consumer Ecommerce (C2C E-commerce)**

The moment you think of C2C e-commerce eBay.com comes to mind. That is because it is the most popular platform that enables consumers to sell to other consumers. Since eBay.com is a business, this form of e-commerce could also be called C2B2C e-commerce (consumer to business to consumer e-commerce).

E-COMMERCE - OVERVIEW

E-Commerce or Electronics Commerce is a methodology of modern business which addresses the

Need of business organizations, vendors and customers to reduce cost and improve the quality of

Goods and services while increasing the speed of delivery. E-commerce refers to paperless

Exchange of business information using following ways.

Electronic Data Exchange *EDI*

Electronic Mail *e - mail*

Electronic Bulletin Boards

Electronic Fund Transfer *EFT*

Other Network-based technologies

Improved Sales - Using E-Commerce, orders for the products can be generated anytime, anywhere without any human intervention. By this way, dependencies to buy a productreduce at large and sales increases.Support - E-Commerce provides various ways to provide pre sales and post salesassistance to provide better services to customer's.Inventory Management - Using E-Commerce, inventory management of productsbecomes automated. Reports get generated instantly when required. Product inventorymanagement becomes very efficient and easy to maintain.Communication improvement - E-Commerce provides ways for faster, efficient, reliablecommunication with customers and partners.Traditional Commerce v/s E-Commercefrom person to person.
2 Communication/transaction aredone in synchronous way. Manu lint retention is required for eachcommunication or transaction.
3 It is difficult to establish andmaintain standard practices intraditional commerce.
4 Communicationsof businessdepends upon individual skills.
5 Unavailability of a uniformplatform as traditional commercedepends heavily on personalcommunication.
6 No uniform platform forinformation sharing as it dependsheavily on personalcommunication. Information sharing is made easy via electroniccommunication channels making littledependency on person's informationexchange.Communication or transaction can be done inasynchronous way. Electronics systemautomatically handle when to passcommunication to required person or do that ransactions.A uniform strategy can be easily established and

Maintain in e-commerce.

That is not all. Employees can be regarded as a special type of consumer.

That would give rise to a new type of e-commerce: B2E (Business to Employee e-commerce).

Likewise if we consider Government to be separate entity, as also Citizens, we can come up with many more types of e-commerce: B2G (Business to Government), G2B (Government to Business), G2E (Government to Employee), G2G (Government to Government), G2C (Government to Citizen), C2G (Citizen to Government).

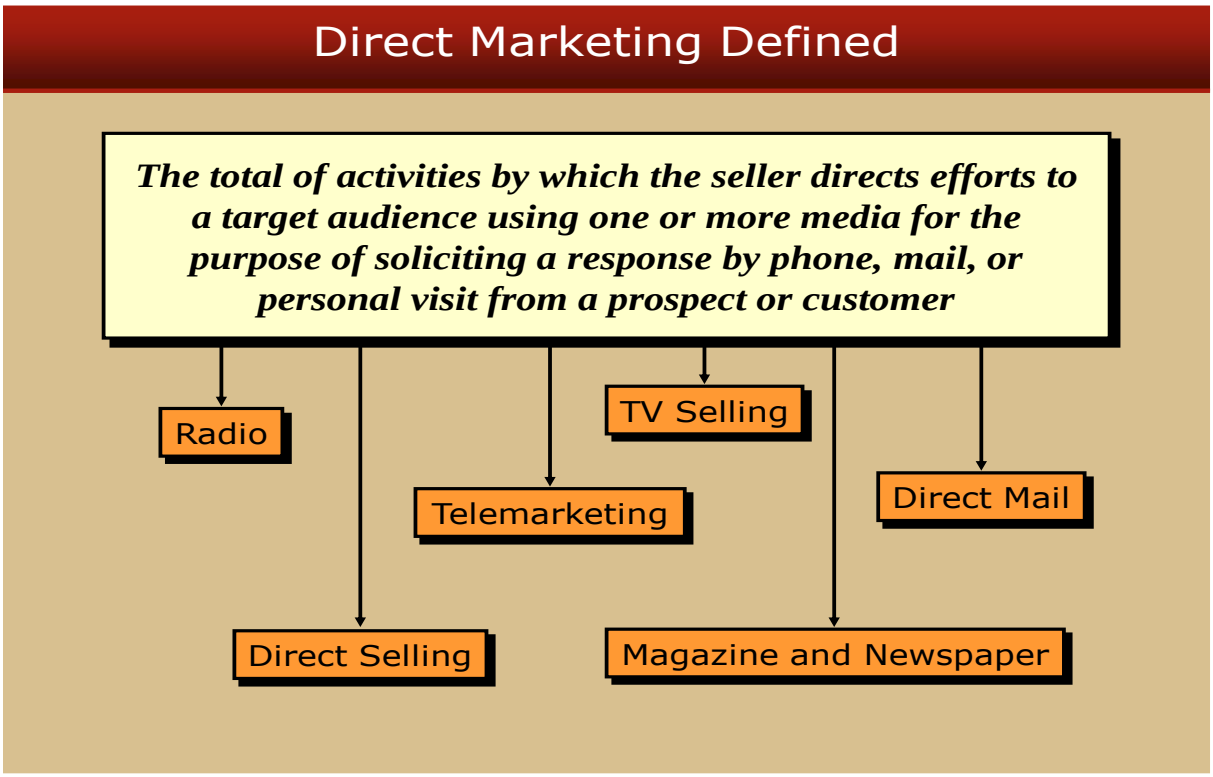
Types of Ecommerce Businesses Based on the Platform

Setting up shop on Facebook is a fast-growing e-commerce segment so it has been awarded its very own bit of jargon: f-commerce. Likewise, m-commerce stands for mobile e-commerce.

Conclusion

There is a lot of value in being clear about the type of e-commerce business one is talking about. Among other benefits, it allows us to make like-to-like comparisons across e-commerce businesses.

At the same time, it helps us better understand the business model of different e-commerce players.



E-COMMERCE - ADVANTAGES

E-Commerce advantages can be broadly classified in three major categories:
Advantages to Organizations
Advantages to Consumers
Advantages to Society
Advantages to Organizations
Using E-Commerce, organization can expand their market to national and international markets with minimum capital investment. An organization can easily locate more customers, best suppliers and suitable business partners across the globe.
E-Commerce helps organization to reduce the cost to create process, distribute, retrieve and manage the paper based information by digitizing the information.

E-commerce improves the brand image of the company.
E-commerce helps organization to provide better customer services.
E-Commerce helps to simplify the business processes and make them faster and efficient.
E-Commerce reduces paper work a lot.
E-Commerce increased the productivity of the organization. It supports "pull" type supply management. In "pull" type supply management, a business process starts when a request comes from a customer and it uses just-in-time manufacturing way.
Advantages to Customers
24x7 support. Customer can do transactions for the product or enquiry about any product/services provided by a company any time, any where from any location. Here 24x7 refers to 24 hours of each seven days of a week.
E-Commerce application provides user more options and quicker delivery of products.
E-Commerce application provides user more options to compare and select the cheaper and better option.
A customer can put review comments about a product and can see what others are buying or see the review comments of other customers before making a final buy.
E-Commerce provides option of virtual auctions.
Readily available information. A customer can see the relevant detailed information within seconds rather than waiting for days or weeks.
E-Commerce increases competition among the organizations and as result organizations provides substantial discounts to customers.
Advantages to Society
Customers need not to travel to shop a product thus less traffic on road and low air pollution.
E-Commerce helps reducing cost of products so less affluent people can also afford the products.
E-Commerce has enabled access to services and products to rural areas as well which are otherwise not available to them.
E-Commerce helps government to deliver public services like health care, education, social services at reduced cost and in improved way.

E-COMMERCE – DISADVANTAGES

E-Commerce disadvantages can be broadly classified in two major categories:
Technical disadvantages
Non-Technical disadvantages

Technical Disadvantages

There can be lack of system security, reliability or standards owing to poor implementation of e-Commerce.
Software development industry is still evolving and keeps changing rapidly.
In many countries, network bandwidth might cause an issue as there is insufficient telecommunication bandwidth available.
Special types of web server or other software might be required by the vendor setting the e-commerce environment apart from network servers.
Sometimes, it becomes difficult to integrate E-Commerce software or website with the existing application or databases.
There could be software/hardware compatibility issue as some E-Commerce software may be incompatible with some operating system or any other component.

Non-Technical Disadvantages

Initial cost: The cost of creating / building E-Commerce application in-house may be very high. There could be delay in launching the E-Commerce application due to mistakes, lack of experience.
User resistance: User may not trust the site being unknown faceless seller. Such mistrust makes it difficult to make user switch from physical stores to online/virtual stores.
Security/ Privacy: Difficult to ensure security or privacy on online transactions.
Lack of touch or feel of products during online shopping.

E-Commerce applications are still evolving and changing rapidly.
Internet access is still not cheaper and is inconvenient to use for many potential customers like one living in remote villages.

UNIT-2

E-BUSINESS INFRASTRUCTURE

E Commerce architectural framework, the internet and www-internet protocols, internet, intranet and extranets, internet connection options, security issues in e commerce environment, encryption techniques payment systems types of payments legal, ethical and tax issues in e-commerce.

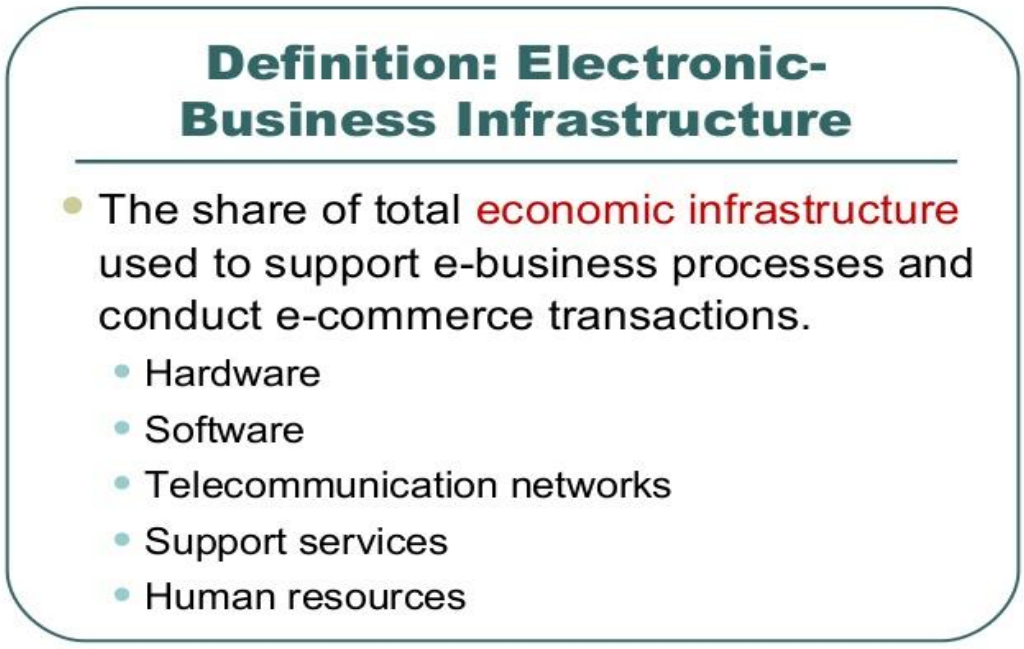
E-business infrastructure

E-business infrastructure is the architecture of hardware, software, content and data used to deliver e-business services to employees, customers and partners.

- Defining an adequate E business infrastructure is vital to all companies adopting e business as it affects directly the quality of service experienced by users of the system in terms of speed and responsiveness.

E-business infrastructure

- A key decision with managing this infrastructure is which elements are located within the company and which are managed externally as third- party managed applications, data servers, andnetworks.
- It is also important to be flexible enough to consider new technologies to support changes required by the business to compete effectively.



What is e-Business infrastructure?

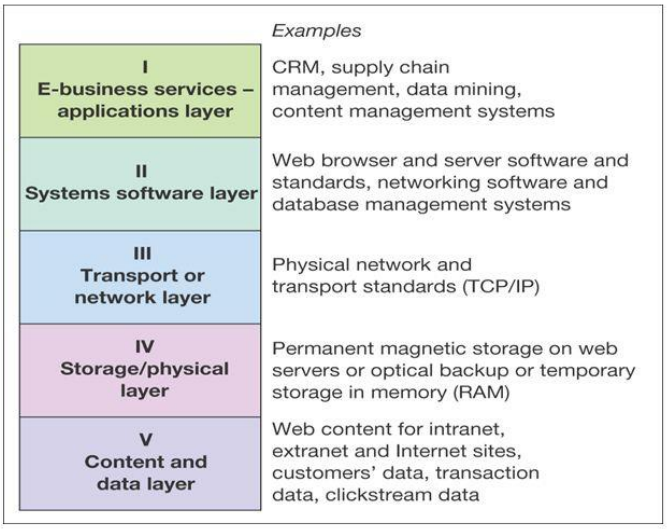


Figure 3.1 A five-layer model of e-business infrastructure

E-commerce infrastructure

- Information superhighway infrastructure
  - Internet, LAN, WAN, routers, etc
  - Telecom, cable TV, wireless, etc
- Messaging and information distribution infrastructure
  - HTML, XML, email, HTP, etc
- Common business infrastructure
  - Security, authentication, electronic payment, directories catalogs, etc
- Web architecture
  - Client/server model
  - N-tier architecture; e.g. web servers, application servers, database servers, scalabilty

The Internet's potential is imperiled by digital anarchy, closed markets that cannot use each other's services, incompatible applications and frameworks that cannot interoperate or build upon each other and an array of security and payment options that confuse consumers

One solution to these problems is an object-oriented architectural framework for Internet commerce. Several major vendors of E-commerce solutions have announced versions of such a framework. The major platforms are:

- IBM Commerce Point
- Microsoft Internet Commerce Framework
- Netscape ONE (Open Network Environment)
- Oracle NCA (Network Computing Architecture)
- Sun/Javasoft JECF (Java E-commerce Framework).

Recently, four of these companies have agreed to support a common distributed object model based on CORBA IIOP (Common Object Request Broker Architecture Internet Inter-ORB Protocol). Yet for commerce on the Internet to thrive, such systems must also interoperate at a business application level. A consumer or business using one framework should be able to shop for, purchase and pay for goods and services offered on a different framework. This is currently not possible.

In response, CommerceNet, a non-profit organization created to help businesses and consumers use the Internet for buying and selling, is organizing Eco System, a cross-industry effort to build a framework of frameworks, involving both E-commerce vendors and end users.The success of this process clearly depends on market leaders in each area participating actively in their respective task forces**.** Everyone's software has to work together because no single company can control what platform its customers will use.

Transmission Control Protocol (TCP)

TCP is a connection oriented protocol and offers end-to-end packet delivery. It acts as back bone for connection.It exhibits the following key features:

- Transmission Control Protocol (TCP) corresponds to the Transport Layer of OSI Model.
- TCP is a reliable and connection oriented protocol.
- TCP offers:
  - Stream Data Transfer.

- Reliability.
- Efficient Flow Control
- Full-duplex operation.
- Multiplexing.

- TCP offers connection oriented end-to-end packet delivery.
- TCP ensures reliability by sequencing bytes with a forwarding acknowledgement number that indicates to the destination the next byte the source expect to receive.
- It retransmits the bytes not acknowledged with in specified time period.

TCP Services

TCP offers following services to the processes at the application layer:

- Stream Delivery Service
- Sending and Receiving Buffers
- Bytes and Segments
- Full Duplex Service
- Connection Oriented Service
- Reliable Service

STREAM DELIVER SERVICE

TCP protocol is stream oriented because it allows the sending process to send data as stream of bytes and the receiving process to obtain data as stream of bytes.

SENDING AND RECEIVING BUFFERS

It may not be possible for sending and receiving process to produce and obtain data at same speed, therefore, TCP needs buffers for storage at sending and receiving ends.

BYTES AND SEGMENTS

The Transmission Control Protocol (TCP), at transport layer groups the bytes into a packet. This packet is called segment. Before transmission of these packets, these segments are encapsulated into an IP datagram.

FULL DUPLEX SERVICE

Transmitting the data in duplex mode means flow of data in both the directions at the same time.

CONNECTION ORIENTED SERVICE

TCP offers connection oriented service in the following manner:

1. TCP of process-1 informs TCP of process – 2 and gets its approval.

2. TCP of process – 1 and TCP of process – 2 and exchange data in both the two directions.

3. After completing the data exchange, when buffers on both sides are empty, the two TCP's destroy their buffers.

RELIABLE SERVICE

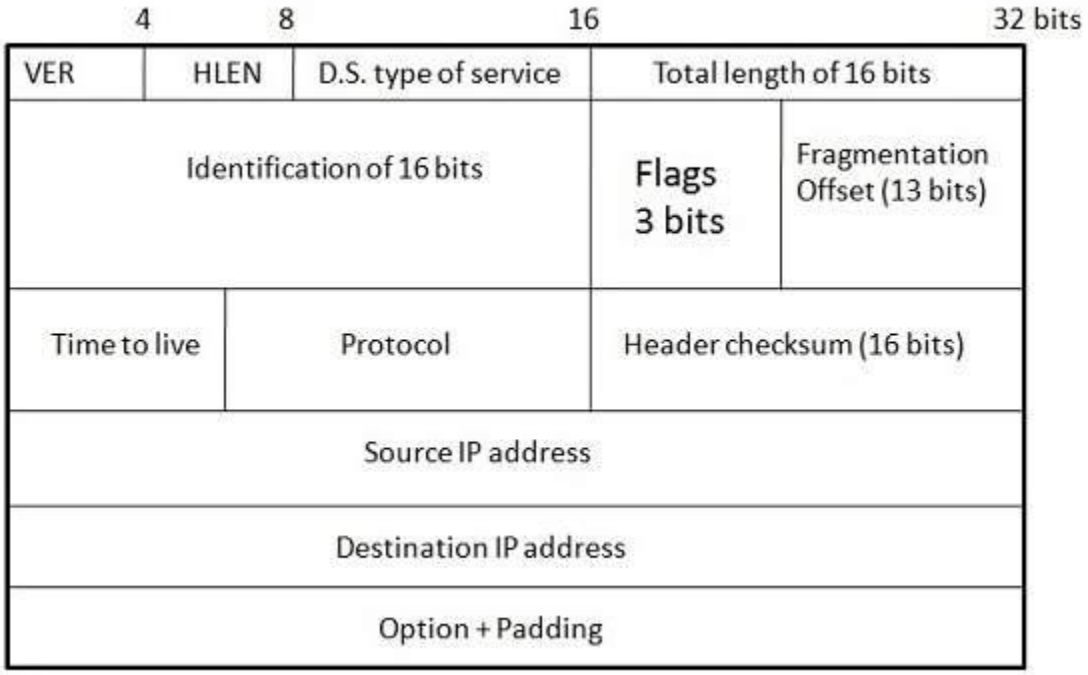
For sake of reliability, TCP uses acknowledgement mechanism.

Internet Protocol (IP)

Internet Protocol is **connectionless** and **unreliable** protocol. It ensures no guarantee of successfully transmission of data.

In order to make it reliable, it must be paired with reliable protocol such as TCP at the transport layer.

Internet protocol transmits the data in form of a datagram as shown in the following diagram:



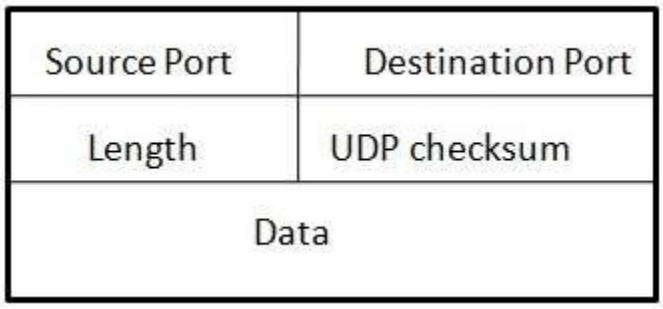
Points to remember:

- The length of datagram is variable.
- The Datagram is divided into two parts: **header** and **data.**
- The length of header is 20 to 60 bytes.
- The header contains information for routing and delivery of the packet.

User Datagram Protocol (UDP)

Like IP, UDP is connectionless and unreliable protocol. It doesn't require making a connection with the host to exchange data. Since UDP is unreliable protocol, there is no mechanism for ensuring that data sent is received.

UDP transmits the data in form of a datagram. The UDP datagram consists of five parts as shown in the following diagram:



Points to remember:

- UDP is used by the application that typically transmit small amount of data at one time.
- UDP provides protocol port used i.e. UDP message contains both source and destination port number, that makes it possible for UDP software at the destination to deliver the message to correct application program.

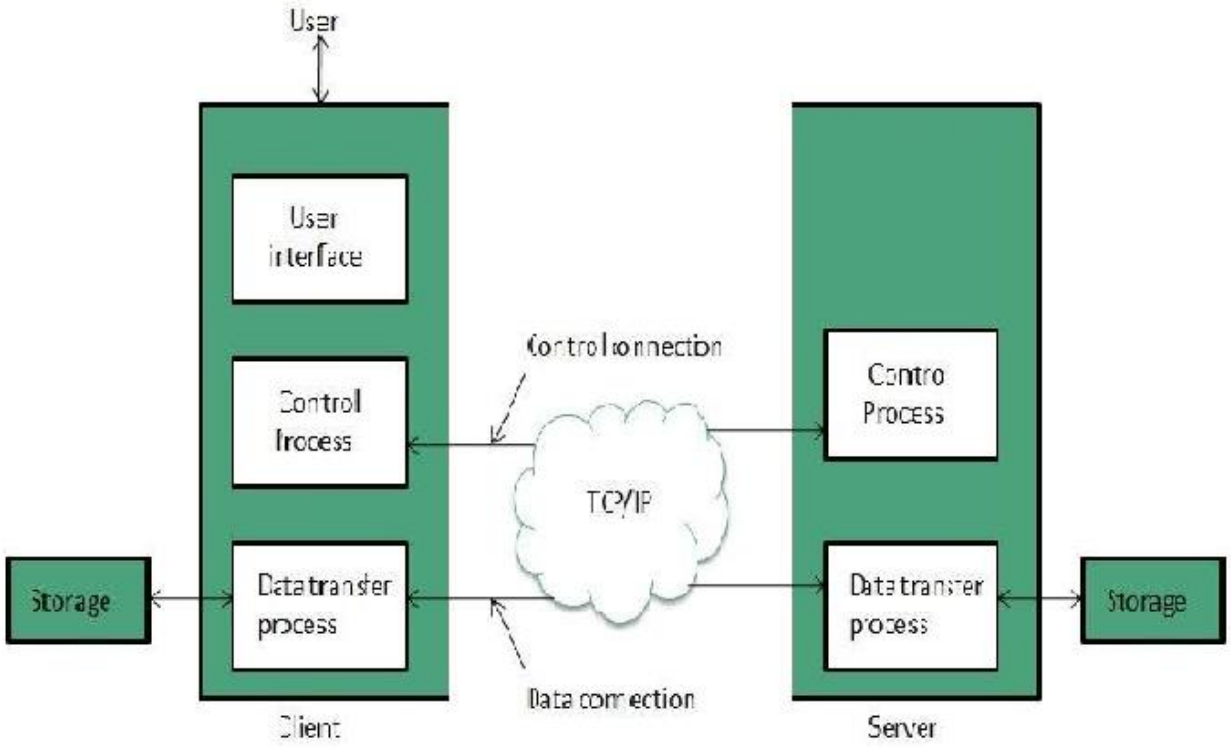
File Transfer Protocol (FTP)

FTP is used to copy files from one host to another. FTP offers the mechanism for the same in following manner:

- FTP creates two processes such as Control Process and Data Transfer Process at both ends i.e. at client as well as at server.
- FTP establishes two different connections: one is for data transfer and other is for control information.

- **Control connection** is made between **control processes** while **Data Connection** is made between<="" b="" style="box-sizing: border-box;">

- FTP uses **port 21** for the control connection and **Port 20** for the data connection.



Trivial File Transfer Protocol (TFTP)

Trivial File Transfer Protocol is also used to transfer the files but it transfers the files without authentication. Unlike FTP, TFTP does not separate control and data information. Since there is no authentication exists, TFTP lacks in security features therefore it is not recommended to use TFTP.

Key points

- TFTP makes use of UDP for data transport. Each TFTP message is carried in separate UDP datagram.

- The first two bytes of a TFTP message specify the type of message.

- The TFTP session is initiated when a TFTP client sends a request to upload or download a file.

- The request is sent from an ephemeral UDP port to the **UDP port 69** of an TFTP server.

ISDN - Integrated Services Digital Network

In the 1990s, ISDN Internet served many customers wanting DSL-like service before DSL became widely available. works over telephone lines and like DSL, supports simultaneous voice and data traffic. Additionally, ISDN provides 2 to 3 times the performance of most dial-up connections. Home networking with ISDN works similarly to networking with dial up.

Due to its relatively high cost and low performance compared to DSL, today ISDN is only a practical solution for those looking to squeeze extra performance from their phone lines where DSL is unavailable.

Satellite Internet

Enterprises like Starband, Direcway and Wildblue offer satellite Internet service. With an exterior-mounted mini-dish and a proprietary digital modem inside the home, Internet connections can be established over a satellite link similar to satellite television services.

Satellite Internet can be particularly troublesome to the network. Satellite modems may not work with broadband routers, and some online services like VPN and online games may not function over satellite connections.

Subscribers to satellite Internet service generally want the highest available bandwidth in environments where cable and DSL are unavailable.

BPL - Broadband over Power Line

BPL supports Internet connections over residential power lines. The technology behind power line BPL works analogously to phone line DSL, using unused signaling space on the wire to transmit the Internet traffic. However, BPL is a controversial Internet connection method. BPL signals generate significant interference in the vicinity of power lines, affecting other licensed radio transmissions. BPL requires specialized (but not expensive) equipment to join to a home network.

Do not confuse BPL with so-called powerline home networking. Powerline networking establishes a local computer network within the home but does not reach to the Internet.

BPL, on the other hand, reaches to the Internet Service Provider over utility power lines.

(Likewise, so-called phone line home networking maintains a local home network over phone lines but does not extend to the Internet connection of a DSL, ISDN or dial-up service.)

Other Forms of Internet Connectivity

In fact, several other types of Internet connections have not yet been mentioned. Below is a short summary of the last remaining options:

- Fractional T1/T3 Internet - T1 and T3 are the names telecommunications firms have given to leased line network cables. Installed in some multi-resident dwellings, fractional T1/T3 lines are typically underground fiber or copper cables that connect directly to the service provider, with individual home connections switched over Ethernet cables.
- **Cellular Internet** - Mobile Internet connections can be made over digital cell phones. Due to high cost, cellular Internet will only be used in homes during emergencies.
- **Wireless Broadband Internet** - WiMax technology supports high-speed wireless Internet via base stations like cellular networks. So-called WiFi community or "mesh" networks serve a similar function using different technologies.

E-Commerce Ethical and Legal Issues

March 8, 2011 RoshanBabu General

The vastness of Internet advertising offers a solid platform for Electronic Commerce (or e-commerce) to explode. E-Commerce has the ability to provide secure shopping transactions coupled with instant verification and validation of credit card transactions. E-Commerce is not about the technology itself, it is about doing business leveraging the technology.

A technological innovation is followed by frequent incorporation of ethical standards into law. New forms of E-Commerce that enables new business practices have many advantages but also bring numerous risks. Let's discuss about the ethical and legal issues related to e-business.

Ethical Issues

In general, many ethical and global issues of Information Technology apply to e-business. So, what are the issues particularly related to e-commerce? Let's list some of the ethical issues spawned with the growing field of e-commerce.

Web tracking

E-businesses draw information on how visitors use a site through log files. Analysis of log file means turning log data into application service or installing software that can pluck relevant information from files in-house. Companies track individual's movement through tracking software and cookie analysis. Programs such as cookies raise a batch of privacy concerns. The tracking history is stored on your PC's hard disk, and any time you revisit a website, the

computer knows it. Many smart end users install programs such as Cookie cutters, Spam Butcher, etc which can provide users some control over the cookies.

The battle between computer end users and web trackers is always going on with a range of application programs. For example, software such as Privacy Guardian, My Privacy, etc can protect user's online privacy by erasing browser's cache, surfing history and cookies. To detect and remove spyware specially designed programs like Ad-Aware are present. A data miner application, SahAgent collects and combines Internet browsing history of users and sends it to servers. The battle goes on!

Privacy

Most Electronic Payment Systems knows the identity of the buyer. So it is necessary to protect the identity of a buyer who uses Electronic Payment System.

A privacy issue related to the employees of company is tracking. Monitoring systems are installed in many companies to monitor e-mail and other web activities in order to identify employees who extensively use business hours for non-business activities. The e-commerce activities performed by a buyer can be tracked by organizations. For example, reserving railway tickets for their personal journey purpose can be tracked. Many employees don't want to be under the monitoring system even while at work.

As far as brokers and some of the company employees are concerned, E-Commerce puts them in danger zone and results in elimination from their jobs. The manner in which employees are treated may raise ethical issues, such as how to handle displacement and whether to offer retraining programs.

Disintermediation and Reintermediation

Intermediation is one of the most important and interesting e-commerce issue related to loss of jobs. The services provided by intermediaries are

(i) Matching and providing information.

(ii) Value added services such as consulting.

The first type of service (matching and providing information) can be fully automated, and this service is likely to be in e-marketplaces and portals that provide free services. The value added service requires expertise and this can only be partially automated. The phenomenon by which Intermediaries, who provide mainly matching and providing information services are eliminated is called Disintermediation.

The brokers who provide value added services or who manage electronic intermediation (also known as infomediation), are not only surviving but may actually prosper, this phenomenon is called Reintermediation.

The traditional sales channel will be negatively affected by disintermediation. The services required to support or complement e-commerce are provided by the web as new opportunities for reintermediation. The factors that should be

considered here are the enormous number of participants, extensive information processing, delicate negotiations, etc. They need a computer mediator to be more predictable

Legal Issues

Where are the headlines about consumers defrauding merchants? What about fraud e-commerce websites? Internet fraud and its sophistication have grown even faster than the Internet itself. There is a chance of a crime over the internet when buyers and sellers do not know each other and cannot even see each other. During the first few years of e-commerce, the public witnessed many frauds committed over the internet. Let's discuss the legal issues specific to e-commerce.

Fraud on the Internet

E-commerce fraud popped out with the rapid increase in popularity of websites. It is a hot issue for both cyber and click-and-mortar merchants. The swindlers are active mainly in the area of stocks. The small investors are lured by the promise of false profits by the stock promoters. Auctions are also conductive to fraud, by both sellers and buyers. The availability of e-mails and pop up ads has paved the way for financial criminals to have access to many people. Other areas of potential fraud include phantom business opportunities and bogus investments.

Copyright

The copyright laws protect Intellectual property in its various forms, and cannot be used freely. It is very difficult to protect Intellectual property in E-Commerce. For example, if you buy software you have the right to use it and not the right to distribute it. The distribution rights are with the copyright holder. Also, copying contents from the website also violates copy right laws.

Domain Names

The competition over domain names is another legal issue. Internet addresses are known as domain names and they appear in levels. A top level name is *qburst.com* or *microsoft.com.* A second level name will be *qburst.com/blog.* Top level domain names are assigned by a central non-profit organization which also checks for conflicts or possible infringement of trademarks. Problems arise when several companies having similar names competing over the same domain name. The problem of domain names was alleviated somewhat in 2001 after several upper level names were added to com.

Another issue to look out for is Cybersquatting, which refers to the practice of registering domain names with the desire of selling it at higher prices

Security features such as authentication, non-repudiation and escrow services can protect the sellers in e-commerce.

One needs to be careful while doing e-commerce activities. The need to educate the public about the ethical and legal issues related to e-commerce is highly important from a buyer as well as seller perspective.

UNIT-3

ONLINE MARKETING AND SUPPLY CHAIN MANAGEMENT

Online marketing, business models of e marketing, online advertisement, advertisement methods and strategies online retailing e-auctions. Supply chain management-procurement process and the supply chain types of procurement, multi-tier supply chains and trends in supply chain management.

Online Marketing

Definition - What does Online Marketing mean?

Online marketing is a set of powerful tools and methodologies used for promoting products and services through the internet. Online marketing includes a wider range of marketing elements than traditional business marketing due to the extra channels and marketing mechanisms available on the internet.

Online marketing can deliver benefits such as:

- Growth in potential
- Reduced expenses
- Elegant communications
- Better control
- Improved customer service
- Competitive advantage

Online marketing is also known as internet marketing, web marketing, digital marketing and search engine marketing (SEM).

Techopedia explains Online Marketing

The broad online marketing spectrum varies according to business requirements. Effective online marketing programs leverage consumer data and customer relationship management (CRM) systems. Online marketing connects organizations with qualified potential customers and takes business development to a much higher level than traditional marketing.

Online marketing synergistically combines the internet's creative and technical tools, including design, development, sales and advertising, while focusing on the following primary business models:

- E-commerce
- Lead-based websites
- Affiliate marketing
- Local search

Online marketing has several advantages, including:

- Low costs: Large audiences are reachable at a fraction of traditional advertising budgets, allowing businesses to create appealing consumer ads.
- Flexibility and convenience: Consumers may research and purchase products and services at their leisure.
- Analytics: Efficient statistical results are facilitated without extra costs.
- Multiple options: Advertising tools include pay-per-click advertising, email marketing and local search integration (like Google Maps).
- Demographic targeting: Consumers can be demographically targeted much more effectively in an online rather than an offline process.

The main limitation of online marketing is the lack of tangibility, which means that consumers are unable to try out, or try on items they might wish to purchase. Generous return policies are the main way to circumvent such buyer apprehension.

Online marketing has outsold traditional advertising in recent years and continues to be a high-growth industry.

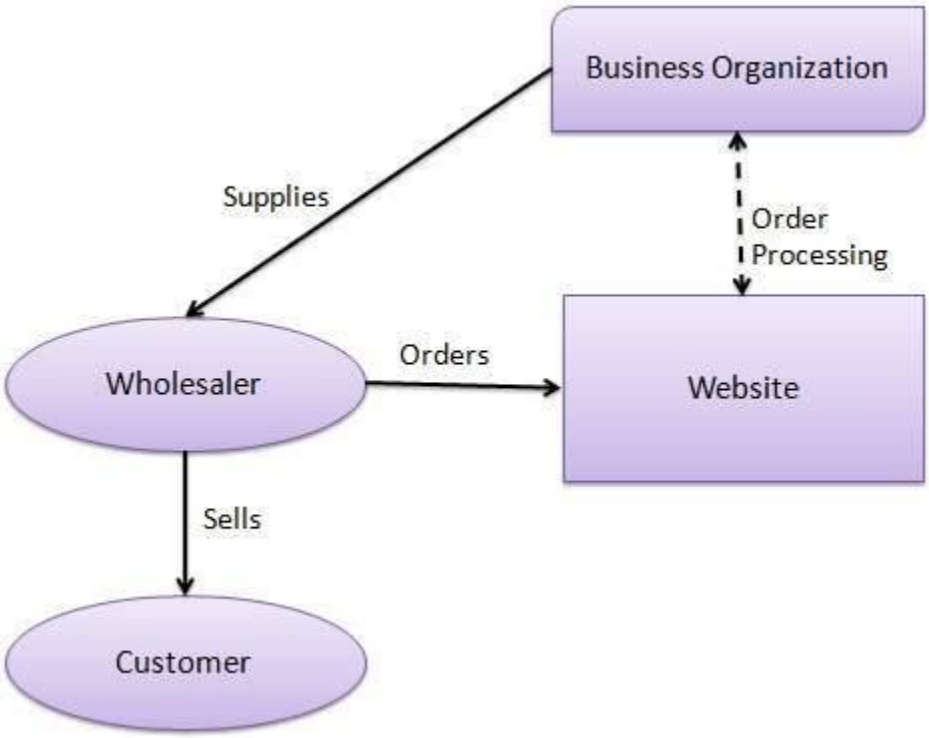
E-Commerce or Electronics Commerce business models can generally categorized in following categories.

- Business - to - Business (B2B)
- Business - to - Consumer (B2C)
- Consumer - to - Consumer (C2C)

- Consumer - to - Business (C2B)
- Business - to - Government (B2G)
- Government - to - Business (G2B)
- Government - to - Citizen (G2C)

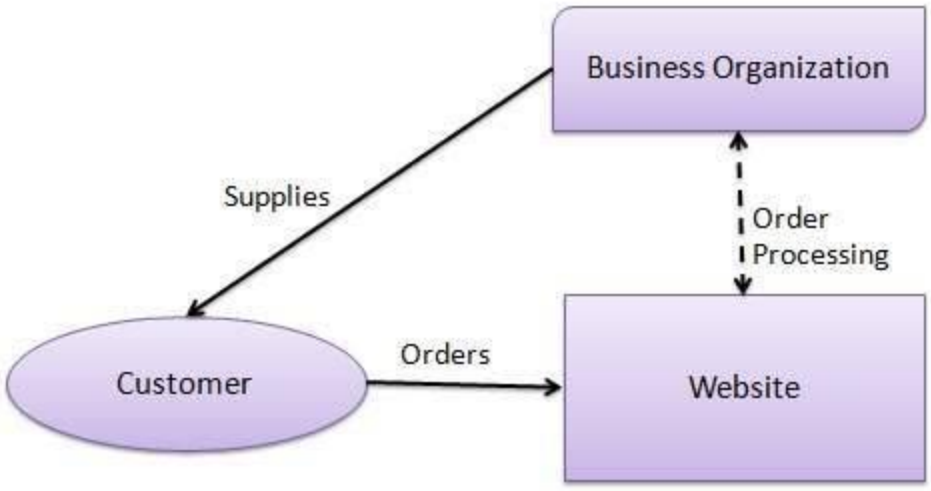
Business - to - Business (B2B)

Website following B2B business model sells its product to an intermediate buyer who then sells the product to the final customer. As an example, a wholesaler places an order from a company's website and after receiving the consignment, sells the end product to final customer who comes to buy the product at wholesaler's retail outlet.



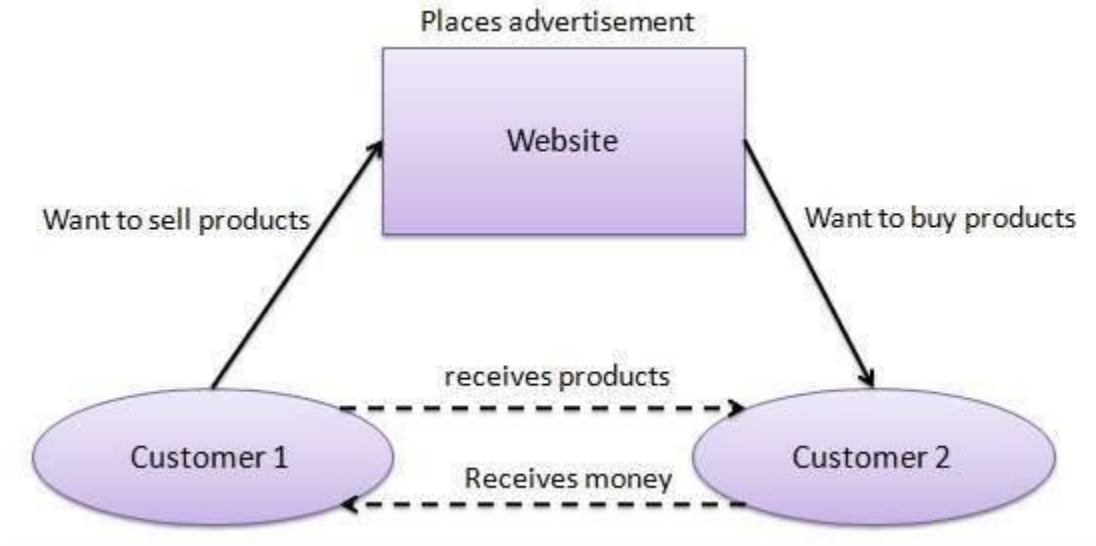
Business - to - Consumer(B2C)

Website following B2C business model sells its product directly to a customer. A customer can view products shown on the website of business organization. The customer can choose a product and order the same. Website will send a notification to the business organization via email and organization will dispatch the product/goods to the customer.



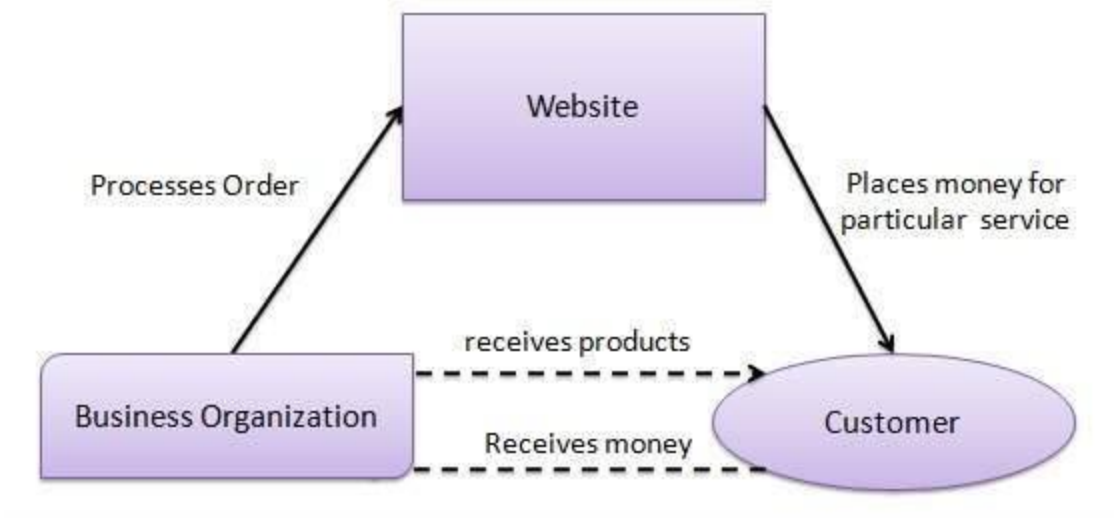
Consumer - to - Consumer (C2C)

Website following C2C business model helps consumer to sell their assets like residential property, cars, motorcycles etc. or rent a room by publishing their information on the website. Website may or may not charge the consumer for its services. Another consumer may opt to buy the product of the first customer by viewing the post/advertisement on the website.



Consumer - to - Business (C2B)

In this model, a consumer approaches website showing multiple business organizations for a particular service. Consumer places an estimate of amount he/she wants to spend for a particular service. For example, comparison of interest rates of personal loan/ car loan provided by various banks via website. Business organization who fulfills the consumer's requirement within specified budget approaches the customer and provides its services.

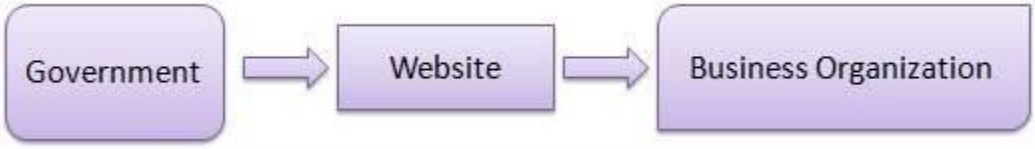


Business - to - Government (B2G)

B2G model is a variant of B2B model. Such websites are used by government to trade and exchange information with various business organizations. Such websites are accredited by the government and provide a medium to businesses to submit application forms to the government.

Government - to - Business (G2B)

Government uses B2G model website to approach business organizations. Such websites support auctions, tenders and application submission functionalities.



Government - to - Citizen (G2C)

Government uses G2C model website to approach citizen in general. Such websites support auctions of vehicles, machinery or any other material. Such website also provides services like registration for birth, marriage or death certificates. Main objectives of G2C website are to reduce average time for fulfilling people requests for various government services.

Online Advertising

Definition: Internet advertising whose goal it is to drive customers to your website or location(s), or to make a call regarding your products or services .

While traditional offline advertising is used by many companies to drive customers to their websites, many businesses are trying online ads (such as banners, pay-per-click ads, pay-per-call ads and pop-ups) in e-newsletters, on compatible websites, on search engines and in online versions of newspapers and magazines as a way of reaching people who use the internet for shopping or to gather information.

While online advertising is still new to many, you can take heart in the fact that the same design and content requirements and guidelines translate well from traditional advertising to online ads. In fact, your newspaper print ads can simply be duplicated in the online version of the publication you're advertising in as long as you include a link to your website. Color, fonts, the size of your ad(s) and your message will all play the same critical role in getting your ads noticed and, more important, responded to. No one wants to have to wade through too much text to understand an ad's message. So present your message concisely and clearly, and relate it to an emotion or a situation shared by the consumers you're trying to reach.

Many businesses seem to think that a company logo on a banner ad is enough to get people to click on it. But it's not. A message that "rings a bell," makes a promise or asks an enticing question is much more likely to get someone to want to know more. Think of it as "What's behind door #1?" Hang something on the "curtain" that makes someone want to see what's behind it. Remember that an online customer is already engaged and focused--unlike a radio listener or even a TV viewer, who may only be half paying attention or out of the room when an ad appears. You want to take advantage of that focus while web surfers' fingers are on their keyboards.

As with traditional ads, online ads must be placed where the right people will see them ("right people" meaning the consumers you want to reach). So choose your placements according to age and gender, interests, hobbies, and all the psychographic (income, education, hobbies, etc.) information you use when you're buying ads in television, print or radio. It's especially easy to do this with newsletters and online versions of popular magazines because they'll each have a particular audience to deliver, as do websites that cover particular hobbies, careers, medical information, vacation spots and so on. Remember, no matter what you sell, you have to find sites that are complimentary or closely related to

your products. If you sell dishes, for example, you might look for sites about entertaining, decorating, homes and gardens, flower arranging or distinctive glassware.

Focus groups can help you determine the look of your ads so they attract the consumers you really want to reach. Attracting the eye comes first--keep in mind that what they see reflects directly on your company. Be sure that when they get to your site or call you, they're not disappointed with that "next step." Your site must load quickly, be easily navigated, and not require too many forms to complete or entail too many steps to get to the final order or check out or call. People answering your phones must be informed, helpful, quick and able to accurately capture information, take orders and offer information on other products or services you have available.

Pay-per call ads are new, but think of how appealing this is for a consumer or prospective client who needs an answer now or needs to make a purchase now to be able to make a quick call and take care of their pressing need, rather than clicking on a banner and being led to your website where they may need to fill in a registration form and then send you an e-mail and wait for a reply.

Pop-up ads have become more hated than calls from telemarketers--and like "remove my number" efforts, more and more people are purchasing pop-up-blocking software to minimize the aggravation. If you use this form of online advertising, you risk the transfer of the distaste people feel directly from your ad to your company. Why would you want to do that? The best way to decide what type of online advertising to do is to consider your own experiences with online ads. Which ones made you want to throw your stapler at the monitor? Which ones did you click on?

And be sure that any sites you advertise on have a good reputation themselves and aren't selling ad space to unsavory companies you wouldn't want to be associated with. Don't forget that your branding efforts extend to your online advertising, and every contact with the public either builds your brand or tears it down.

And make it easy on your customers: It's essential that you allow anyone to easily opt-out of any e-mail marketing you do so your efforts don't turn into spam. It's also essential that you provide ways for people to return purchases, either to a brick-and-mortar location or through shipping it back to you. Answer complaints promptly and make consumers happy, whenever possible, with a speedy apology, a refund, a discount on future purchases or an exchange. Not everyone shops online; many still don't trust it as a form of legitimate commerce. Like any emerging venue, online shopping must prove itself to each user, and where your online ads take them is where it all starts.

Definition: Virtual auctions on the internet. The seller sells the product or service to the person who bids the highest price. For sellers, online auctions open up new sales channels for new products and offer buyers favorable purchasing conditions. .

Online auctions have effectively created a giant virtual marketplace where people can gather to buy, sell, trade and check out the goods of the day. They're enormously popular, high-traffic venues where you can begin selling product almost immediately, with...

- No overhead or upfront costs
- No sales staff or distributors
- No website of your own
- No initial investment (you'll pay between 2 and 5 percent of your final sale price to the auction site)

In this massive marketplace, the auction site that rules the game is eBay. According to the Neilson Ratings, eBay is among the top ten most-trafficked sites on the Internet. eBay leads the online auction industry with a more than 60 percent share of the market, while its closest competitor, Yahoo! Auctions, is only half its size. Amazon.com Auctions follows at a distant third.

The amount of traffic these sites attract make online auctions an ideal place to capitalize on readily available, widespread exposure. However, know this: The competition is fierce in popular categories, and your product can easily get lost among the hundreds of listings.

So whether you're selling a knick-knack or two or becoming a full-time baseball card dealer, there are a number of things you must do to harness the volumes of traffic heading your way and generate the highest profits possible:

Step 1. Select your site. First of all, you have to think about which online auction site you want to use. eBay is the obvious choice because of its reputation and the amount of traffic it receives. But different auction sites tend to cater to different markets. To determine which site is best for your product, check out the top three or four in your field--look at specialized auction sites as well as the big ones mentioned above. There are hundreds of specialized online auctions that cover the spectrum from antique books to business liquidations.

Check out item quantities and bid lists to see how much demand there is for your product. While you're there, you might even want to try bidding on a few items to get a feel for the process and the competition involved. (But don't ever bid on an item you don't plan to buy!)

Step 2. Choose your products. Are you going to sell unique, one-of-a-kind products item by item? Or do you have a product you can sell in quantity? Is there a demand for your product? (This is less of an issue for one-of-a-kind items.) What kind of profit margin do you expect to be making? (This can determine whether or not you'll have to sell in quantity.)

In the world of online auctions, niche markets are responsible for 43 percent of total sales. Not bad, hey? But don't disregard the remaining 57 percent that covers non-niche markets! The bottom line is, you can make money with both.

Collectibles are the bestselling items at auction sites, with computer hardware and event tickets in second place, and toys and books hovering around third. But while popular items may be easy for you to sell, you could also make a killing on a unique item with a high profit margin. Believe it or nor, people are making money hand over fist from specialty items like cigars and lobster.

Step 3. Look at listing options. The next thing you need to think about is how you'll sell your product. Auction sites typically offer a variety of listing options for you to choose from, including:

- **Regular listings.** A regular listing is just that--you pick your category and your product gets listed in it. While this is the most common (and really the least effective) way to list your product, you should definitely start with this option. You'll want to see how your product does before you decide to spend money on featured listings.
- **Reserve price auctions.** If you place a "reserved price" on your item, it means that you've specified the amount at which it should sell. This is done to prevent "auction sniping," which happens when bidders lay low until the very last moment, then grab your item without starting a bidding competition. Reserved price auctions can be to your benefit, but they may discourage bidders who are looking for the best deal.
- **Dutch auctions.** Also known as "English auctions," these are one of the best ways for people selling in quantity to place their products because you can list multiple identical items at once in each auction. However, on eBay you must have a "feedback rating" (see Step 6) of 50+ and you must have been registered for more than 60 days before you can choose this option.
- **Featured items.** On most of the larger auction sites, you can get your item rotated through the site's homepage as well as listed in the "featured items" section for about $20. For approximately $15, you can have your item appear in your category's "featured items" section, or simply at the top of the list. You can also have your photos displayed in a gallery for about 25 cents, or featured as a large photo at the top of a gallery for close to $20.

You also have the choice of listing your items for 3, 5, 7 or 10 days--and, of course, you always have the option to re-list at the end of this time. The standard option is a 7-day listing with an automatic re-listing for a specified period of time.

Step 4. Choose your category. Explore the product categories on the various auction sites to broaden your perspective of what goes where. While you're doing this, check out the competition in different categories and have a look at how much bidding is going on. Then do a search on similar and related products, determine which ones sell best, and see which categories they're in. You'll usually be able to pick one main category and one sub-category--use this method for both. And be sure to check to see how easily your product can be found using the site's search tools before you settle on a category.

Step 5. Create your ad. Once you've decided how and where to list your product, you need to turn your attention toward selling it. And that means you need excellent advertising. So think about your target market--who's going to buy your product and, perhaps more importantly, why. You need to grab their attention and motivate them to buy from you.

How? Well, first you need a very good title. It's really important that you're specific: Instead of saying "Doll" in your title, for example, say "Two-foot-tall dancing Elvis doll." Don't assume your bidders will understand you--make everything as clear as possible for them. And make it as exciting as possible, too. You'll probably have to pay a bit more for special formatting like bolding or highlighting ($1 to $2), but these can be a good way to grab the attention of

potential buyers. Use exciting and convincing words that draw the buyer to your item: "Unique two-foot-tall dancing Elvis doll -- Collector's Edition."

The same techniques apply to your product description. Expand as much as possible on your product--obviously, there's only so much you can say about a baseball bat, but what if it's an original 1915 Louisville Slugger used by Babe Ruth himself in warm up? Try to create a story around your product.

Think about other ways you can motivate your bidders. Can you provide money-back guarantees, free shipping or bonus products? Tell them what you have to offer! And don't forget about photos! People don't want to buy what they can't see, and on average, they'll pay at least 10 percent more for an item that's accompanied by a photo.

Step 6. Establish trust. The best way to establish yourself as a trustworthy, reliable seller in an online auction is by having a good feedback rating. A feedback rating is a listing of customer comments, rated as positive (+1), neutral (0), or negative (-1). If you're not trustworthy, your feedback rating will warn other buyers to stay away from you. If you have a positive rating, you can increase your sales by as much as 7 to 9 percent (and this number will steadily increase as the feedback rating system catches on).

To ensure you get a good feedback rating, make sure you always:

- List shipping costs (or additional costs) up front;
- Deliver your product right away;
- Deliver exactly what you've advertised;
- Answer buyers' questions immediately; and
- Always, always follow up with great customer service.

Step 7. Get exposure. You've put all this time and effort into creating a great ad for the auction site, so use it to your advantage! Draw more traffic to your own site by posting banners or links to your site on your ad. (Be careful, however, that you aren't using the ad primarily as a means of redirecting traffic--this is called a "signpost" and will get you kicked off the auction site.)

Unfortunately, while eBay will allow you to link directly from your ad to other items that you're selling on eBay, you can no longer post links to your homepage on your ad. However, you can still link to your site from your eBay "About Me" page--so be sure to take advantage of this option!Most important is that you keep a list of all your buyers and e-mail them "thanks for purchasing" messages, new offers, complementary product information, and newsletters on a regular basis. Your best customers are your repeat customers--they'll be responsible for 80 percent of your sales! Once you get your name out there, you'll do nothing but profit by keeping it out there.

Step 8. Test! You should always be testing and tweaking your auction listings. Even if they're really good, you may discover that one or two simple changes dramatically increase your sales. Start by doing regular listings on two or three different auction sites, and, changing only one element at a time, test the following:

- Ad copy and photos
- Pricing
- Timing
- Different products

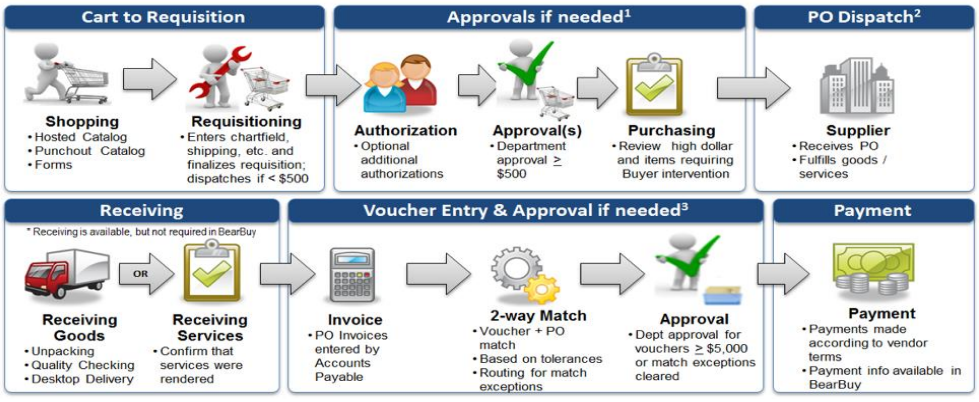
Once you've settled on the combination that works best, try out different auctioning options (Featured if your sales warrant it; Dutch if you have multiple products) to see which will sell more products for you at higher winning bids.

eBay reports that as many as 70 percent of the items listed for auction on their site result in winning bids, so if you're below or close to this percentage, keep working on it: With these tips under your belt, you can do much better.

Your ability to set prices that attract bidders, write compelling ads, choose the best categories that draw the most potential bidders, and ensure that your auction closes with the highest profit margin will have a dramatic impact on your success in the competitive arena of online auctions. But you need to educate yourself and test the waters carefully before diving in if you plan to be successful. People do make money through online auctions, so it's not unreasonable to think you can profit, too. Just proceed with caution. And market smart.

Procurement Process

Below is an illustration of the procurement process from shopping for goods and services to payment.



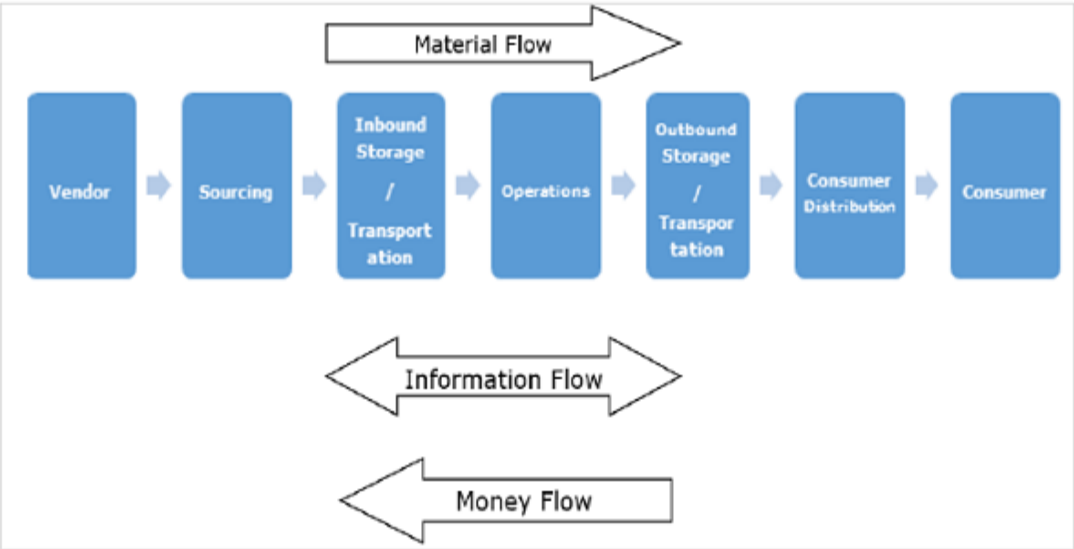
Necessary approvals are determined by the Procurement Department Code, purchase type, and amount.

- Most purchases < $500 (or $5,000 for Self-Approving Requesters) do not require approval.

- **Requisition Approvers** approve orders ≥ $500 (or $5,000 for Self-Approving Requesters).
- **Meeting & Entertainment Approvers** approve catering orders and Meeting & Entertainment Payment Requests of any dollar amount.
- **Central Buyers** in UCSF Supply Chain Management and Finance Service Center approve orders over $5,000 that contain at least one non-catalog item. Note: Capital Equipment, DEA Controlled Substances, Facility Rentals, Professional Services, Relocation/Household Moves, orders containing patient health information (PHI) that is subject to the Health Insurance Portability and Accountability Act (HIPAA), and restricted purchase types always require Buyer approval.
- **The Environmental Health & Safety Department (EH&S)** approves orders that contain restricted chemical carcinogens.

Payment Requests and After-the-Fact POs will not be dispatched to the vendor, but rather processed internally for approval workflow purposes only.

Voucher approval is determined by the Procurement Department Code, amount, and matching between the PO and voucher.



Your Supply Chain has Variability and Using Three Ways to Buffer It, You Can Choose How you Will Buffer the Variability

I teach a class on operations excellence at Northwestern that covers the principles of Lean. One of the key ideas that like to stress is that a good implementation of Lean involves reducing variability and determining the proper buffers. This point is often overlooked when people study Toyota and the techniques that they used. People often miss that Toyota worked hard to reduce variability (by fixing manufacturing schedules, for example) and putting in proper

buffers (two 8-hour shifts with 4 hours between one, for example). Wally Hopp and Mark Spearman sum this up wel in their book Factory Physics.

Hopp and Spearman state that any system with variability (like your supply chain) would have to buffer that variabili with inventory, capacity, or time.

When designing your supply chain, you should consider how you will use these three buffers. If you don't carefully build your buffers they will be created for you. Let's look each buffer.

The **inventory buffer** is the one we think about the most. If your vendors have long lead-times and a lot of lead time variability or your customers order very erratically, you may have a large buffer of safety stock. That way, when ord come in, you can ship them on time and your customers don't have to worry about your unreliable vendors.

A **capacity buffer** can take many shapes. If your unreliable vendor usually ships to you via ocean containers and you don't buffer with enough inventory, you can use emergency air shipments when you run out of product. Think of the air shipments as extra (and expensive) shipping capacity. Or, if your unreliable supplier is actually your own plant, y can use overtime or extra lines to meet unexpected demand. The capacity buffer may be more expensive than holdin inventory. But, in a make-to-order environment, it may be a good choice.

The **time buffer** is usually the buffer you end up with if you don't create other buffers. If your supply chain has variability (and it does), and you don't buffer with inventory or capacity, then when your demand is higher than expected or a vendor shipment is late, your customers simply have to wait. Even though you promised the delivery i three weeks, it may be five weeks before you ship. This buffer avoids the expense of extra inventory or capacity, but comes with the big downside that your customers may take their business elsewhere.

Final Thoughts

There are two big take-aways from this discussion. One, you should pick your buffers so they are picked for you. T if you don't like the size of your buffers, you need to work on reducing the underlying variability.

Multi-tier Supply Chains

Definitions

Supply chain = "A supply chain is the link connecting a set of facilities, companies, demand and supply points, and service providers. This chain links the upstream suppliers and downstream customers with the flows of products, services, finances and information from a source to a customer" (Sople, p. 6)[1)]

Multi-tier supply chain = Speaking about supply chains in procurement processes is mostly speaking about multi-tier supply chains. In usual industries the process to produce an end customer product or services goes

over more than one step of manufacturers. Multi-tier supply chains are multiple single-tier collaborations, means multiple supplier-buyer-relations, within one supply chain. In practice it is said to have several suppliers but one customer from which's point of view a supply chain is derived.

Supply chains of the manufacturing industry are mostly longer than 5-10 steps (Alicke p. 179)[2]. If a manufacturer takes all the steps into account you speak about a multi-tier supply chain:

Build up a multi-tier supply chain

As it is not clear at the beginning, which supplier has to sell which components to which buyers to get a most effective and efficient way of collaboration, there are some processes to determine that. First of all it is defined, that some of the partners are suppliers and buyers at the same time. This means, such partner can receive order proposals from buyers (downstream) and supply proposals from suppliers (upstream) concurrently. These relations are splitted to single transactions what is called interface-to-interface planning process (Dudek, p. 113)[3]. If two partners agree on a solution, the buyer did ensure that it is possible to serve the demand from his buyer. So the whole supply chain can be build upstream. As one negotiation only affects the next one, which has to deal with given results before, it might be to get a very inefficient chain. A scenario technique overcomes this problem by not fixing the best solution in an agreement but determining what would bring with the x-best solution in the following supply chain steps. After that the agreement will be fixed by choosing the most efficient way.

Challenges of multi-tier supply chains

- **Time to synchronize:** If it needs two weeks to change the collaboration between each supplier and customer needs two and a half months in total to bring a changed demand through the whole supply chain of five suppliers.
- **Complexity:** Products get more and more complex. Manufacturers are focusing on core businesses more and more in the recent years. As result companies buy more complex and customer specific components from suppliers. These suppliers produce their components again by using complex materials from different suppliers. This brings long and complex relationships along the whole supply network.
- **Information sharing:** Changing something anywhere in the long multi-tier supply chain leads to a lot of effort to inform all steps before and behind.
- **Costs:** Dealing not only with some direct suppliers but whole and complex multi-tier supply chain means to have a lot of effort, especially at the end of the chain.

Multi-tier supply chain management

In order to deal with the challenges of time for synchronization and complexity in information distribution a multi-tier supply chain management system can be established. It helps to steer the collaboration between all involved parties by establishing a central collaboration platform. Mostly this platform is initiated by the Original Equipment Manufacturer (OEM) and covers several suppliers in a partnership. One distinguished chain member has to drive the collaboration process and platform by defining processes, rules and standards It helps to get transparency for all partners in the value chain about demands, capacities and stock data.

Usual procedure for a multi-tier collaboration platform

The OEM derives the own demands and publishes it on the multi-tier collaboration platform. All involved suppliers do have access there and can see the changes immediately. They derive their actual stocks, free capacities and schedules. This data will be published on the platform too. The material requirement program (MRP) can now calculate the whole demand planning. This is not binding data but helps the suppliers to steer their resources. The real relations (sourcing and purchasing) will be adjusted afterwards along the whole chain.

Conclusion

Multi-tier visibility and collaboration may bring a lot of benefits: fast and seamless product launches and changes, reduced planning cycles, higher supplier performance or less risk in supply chains (Becks, pars. 1)[5]. But it also costs a lot of effort for dealing with complexity. It needs a lot of skill and time to establish and it depends on the technical capabilities of suppliers. If any partner is not able to take part in the central multi-tier collaboration platform, the whole supply chain struggles (Sourcing Innovation, pars. 1)[6]. Manufacturers have to trade of the promised advantages against the needed efforts to build up and manage multi-tier supply chains.

Unit-4

ONLINE SERVICES

Online financial services, online banking and brokerage, online insurance services, online real estate services, travel services online, hospitality services online, recruitment services online, publishing services online entertainment, e-learning.

Evolution of Online Financial Services in India

The internet has made life easier and has remodeled the way anyone and everyone live, shop, socialize and entertainoneself. Therefore, it has also come up as a resource people save and invest.

To differentiate their services and gain advantage over the raising competition, the financial service providers are trying to provide their services in all materialistic pleasures to the customer. The internet is emerging as the greatest helping hand to these service providers. Service Sector contributes 57% in the GDP, and so plays a vital role in Indian Economy.

With a growth rate of 8.5% every year, there are many ways in which Internet has affected Financial Services sector in India:

1. Internet Banking
2. Bill Payment
3. E-Brokerage
4. E-Delivery of Financial Services

Internet Banking

Two different necks of the woods have come up in the context of Internet Banking. One is that the banks and the NBFCs are trying their hands on the entire market of financial services. On the flip side, new Internet Sites are coming up and challenging the banks and the NBFCs. Banks are trying new schemes and melding moves to stronghold their customers while the dot-coms are fragmenting the market by providing first-rate aid.

The value of banking industry in India is $ 270 Billion by the total asset value, and the total deposits account for $ 220 Billion according to the report by IBEF. So, with such a great potential, this industry is becoming a milepost of opportunities. The rural penetration of Internet in India is 29% that will become 48% in 2018. So, they are in the limelight for the banks to take hold from products like Agri-Loan.

All characters share the same objective: take possession of the customers, provide them the knowledge about the domain with services and competitive products and increasing the value proposition of their brands.

Earlier, when the banking was offline, the customers had a gap between the content and the reach. So, this discontinuity has been filled up by internet banking. Institutions can now cover the wider audience, shifting the competition from products to services. The most benefitted through E-Banking are the private sector banks that have introduced the concept of Telephone Banking and Home banking.Also, the Banking has worked for the customers who can now apply for products like loans and insurance without getting into long queues. Instead of making an attempt of visiting individual websites of various banks and getting the charges like the Interest rates, they can use the power of technology and access Online Financial Services Comparison platforms which will help them understand the hidden charges and make their journey of availing services like loans and insurance smooth. The time has shifted from the basic Net Banking like NEFT and RTGS to the very economical E-Wallets.

Bill Payment

The EBP (Electronic Bill Payment) have been proved a significant tool to attract customers by making the transactions more efficient and accessing the chapter and verse of their financial health more easily. Although the CMS (Cash Management Services) and the revenue generated by processing in the physical form have been affected by EBP but still banks take it as an integral and most vital part of services to the customers. Banks have consolidated platforms to pay the bills or recharge online which gives the customers relaxation from the hassles of late payments and issuing cheques, and also add-ons like real-time SMS alerts, etc. This has facilitated the customer to check their account balance while paying the bills. The upper hand of EBP in the market has facilitated the sale of Debit and Credit cards and also has given advantage to payment gateways.Brokerage is one of the fields where the online financial websites are giving a tough competition to the traditional service providers. The local DSAs and the brokers are facing threats by the online DSAs because of the value and the intelligent services these E- brokers provide to the customers. Banks and the NBFCs have also played a smart move, and they are getting into a tie-up with these e-brokers to expand their customer base and gain more on client acquisition. Banks have recorded the E- trading business and have sourced the e-traders so that the customer can buy or sell the stocks online and can also pay via the net. For example, ICICI has its trading podium icicidirect.com and HDFC have its platform called hdfcsec.com with features to integrate the Trading, Banking and Demat accounts of the customers and provide them a single solution to Internet trading.

Popular Read: Do you have the right EQ to become a successful entrepreneur?

Delivery of Financial Services

The banks have come up with the delivery of services like checking your account status on fund transfer, writing the cheques and demand drafts through the internet. They are also trying to get into the B2C and B2B E-commerce by providing the value-added services to the customer online. Banks have also approached features like having a tie-up with the corporate so as to enter their supply chain by facilitating the electronic transfer of funds. The application process for a Personal Loan, Car loan and even mortgages have shifted Online and other products like bonds, and mutual funds are offered through their service portals. Banks have also planned their online shopping portals like HDFC

has a way-in called easy2buy.com and Federal bank has a similar concept with Rediff.com and Fabmart. ICICI also has its e-tailing site called magiccart.com.

The time is not far when the customer will scan and upload his documents to avail any financial service in the comfort of his home. This will reduce the turnaround time of any product significantly, making India stand in the array of countries with highest growth rate through technology and financial knowledge.

Online Insurance Services

I. Definition

Online Insurance Service is a financial service jointly offered by ICBC and insurance company for ICBC personal customers who have registered Internet Banking to buy insurance online, as well as additional premium, conversion, partial surrender/redemption, enquiry on policy details and renewal.

II. Introduction

Three types of online insurance services:

1. B2C - Links to insurance companies' websites are embedded into ICBC "Insurance" for customers to browse and pay online in B2C;

2. General - Insurance companies that have not set up websites may use ICBC website for customers to browse and pay online;

3. Bank-Insurance Link - ICBC and insurance companies develop Bank-Insurance Link system, add "Online insurance" into the system for customers to buy insurance and look up insurance policy via ICBC Internet Banking.

III. Target Client

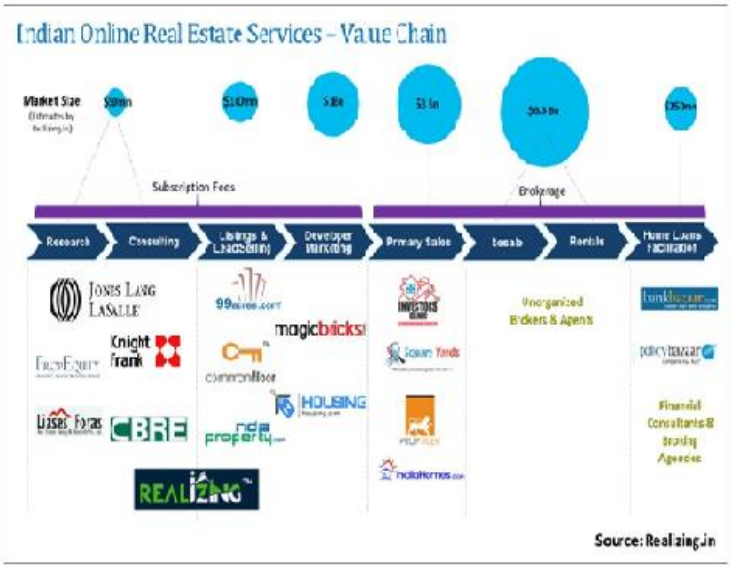
B2C is for insurance companies that have set up websites to sell their insurance products. General and Bank-Insurance Link are for insurance companies that have not set up websites.

IV. Advantages

Online insurance is a new way to sell insurance products and serve customers. The advantages include fast and convenient access, massive information load, release from geographical and time limits and low marketing cost. ICBC Internet Banking is a cutting-edge system serving a large customer base. Providing insurance services online can facilitate easy access for many different customers in different regions, which also caters to today’s online service trend.

Millions of dollars have been invested into online real estate in India in the last few quarters from the likes of Softbank, News Corp, Google Capital, and Tiger Global. But the sector came into limelight after the latest controversy surrounding a young CEO. Now questions are being raised on fundamentals, monetisation aspects, and the viability of

various business models. Therefore we(at Realizing) – as a stakeholderthought it would be prudent to explain the online real estate value chain to the readers andshed some light on the different business models, competitive intensity and gaps in each segment of the value chain.



First things first – Online real estate is a pretty large market and will remain so till mankind and the Internet exist. Of course, there will be slow times like today – based on temporary imbalances in the demand and supply scenario. But by and large, the overall market of online real estate –search, discovery, and transactions will continue to be strong in the years to come.

Now let's take a look at the individual segments in the value chain:

- **Research and consulting** work is mostly dominated by international property consultants like JLL and Knight Frank. There have been a few forays into the data sciences by some Indian players but most of this research is B2B and available only to Institutions. There is a no structured data product for the consumers. A property transaction is the most expensive transaction that most of us would ever make in our lifetime. It often involves your whole life's savings and encumbering yourself with a lifelong burden of EMIs. For such a vital and expensive decision fraught with risks, consumers do not get the research they deserve. And there lies a big value opportunity for someone like us to tap into.
- **Listings and lead Selling** is the most overheated space at the moment. Long-term incumbents like 99acres and Magicbricks are being challenged by the likes of Housing and Commonfloor for controlling the supply. Even general free classified sites like OLX and Quikr want to play the real estate game. A marketing warfare is being launched to attract end consumers –expensive OOH and PPC campaigns, full page ads in newspapers, and a blitz of TV

commercials. But the truth of the matter is that this is essentially a broker's market from a monetisation perspective. Even today, more than 95 per cent of the listings on all major classified portals are uploaded by brokers and not end consumers. The gap really exists on what value a broker gets after paying for listings. Is anyone helping these brokers close more business or make their day more productive?Unfortunately, the answer is: no one.

- **Developer marketing** is an emerging big market that everyone is trying to capture as there is a significant shift in the developer's marketing budget from print/OOH to online. Most online players are focusing on virtual reality-type innovations – 3D glasses, drone views, virtual walk-throughs, slice These are helpful to an extent but also slightly overrated when it comes to helping a developer close an actual property transaction with a potential customer. What developers need is smart content telling a different story from run-of-the-mill glossy brochure text; something that positions their product as more superior to the competition.
- **Primary Sales** is a transaction where an individual buys a property directly from the developer rather than from another individual as in a resale. Developers offer a sales commission to the channel partner ranging from 2 to 5 per cent on primary sales. These commissions can be as high as 10 per cent, especially in some pockets of North India. Primary sale is the most lucrative market and that's why we see competition between the likes of Investors Clinic, Square Yards, Prop Tiger, and Indiahomes. The flip side here is that account receivable cycles are very long – ranging from 3 months to 12 months and the key is to manage the cash flows. In this space, there are gaps in the realm of aftermarket services like resale assistance and portfolio management that can become a big differentiator, if tapped by the incumbents.
- **Resale and rentals** is the biggest market and its monetisation is still the unsolved puzzle of this story that no organised player has been able to crack successfully. It is still dominated by brokers and there is no disruption in sight from any online player. This is partly due to two reasons – the inability to control the supply side and the involvement of coloured components in RE transactions in the form of cash. As the markets get more regulated and transactions get digitized, this space will become ripe for a big disruption, possibly by a self-regulating C2C digital marketplace or a 'dealroom' kind of solution.

In conclusion, – online real estate is a multi-billion market and there are sub-markets within mega markets. In spite of the hype and hoopla, no one is able to capture a paying customer's mind share – forget the share of the wallet. And it's definitely not a 'winner-takes-all' market. There is enough room for everyone to coexist and compete with each other. There are far greater problems to be solved and larger battles to be won.

Hospitality Services now brings you the convenience of managing your account online and at any time. To use the **Online Services** you will need your Central Login Account which is the same account you use for Webmail and Webadvisor. The Parents/Other section does not require a password.

Hospitality Services Commitment to Privacy and Security

We are dedicated to protecting your privacy and safeguarding your personal financial information. In fact, it is one of our highest priorities. This is a secure site. Upon successful login, you will be given access to the Online Services applicable to your account.

UNIT-5