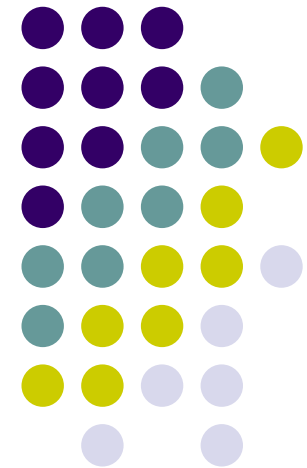


E-Commerce Business Models

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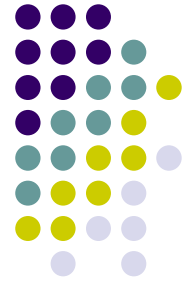


What is a Business Model?

- "A business model is the method of doing business by which a company can sustain itself -- that is, generate revenue. The business model spells out how a company makes money by specifying where it is positioned in the value chain."

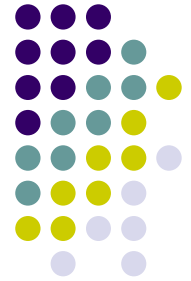
Source: [*Business Models on the Web*](#) by Michael Rappa.

Main E-Commerce Business Models



- B2C
 - Business to Consumer directly
- B2B
 - Business to Business customer

Examples of E-Commerce Business Models



- Source: *E-commerce: Business, Technology and Society* by Kenneth C. Laudon and Carol Guercio Traver; Addison-Wesley, 2001, pp. 67-82.



B2C Business Models

Business Model: Variation	Description	Revenue Model	Examples
Portal: Horizontal/General	Offers an integrated package of services and content such as search, news, e-mail, chat, music downloads, video streaming, and calendars. Seeks to be a user's home base.	Advertising, subscription fees, transaction fees	Yahoo.com, AOL.com, MSN.com, Sina.com, Tencent.com
Portal: Vertical/Specialized (Vortal)	Offers services and products to specialized market space.	Advertising, subscription fees, transaction fees	iboats.com
E-tailer: Virtual Merchant	Online version of retail store, where customers can shop at any hour of the day or night.	Sales of goods	Amazon.com

B2C Business Models(Con~)



Business Model: Variation	Description	Revenue Model	Examples
E-tailer: Clicks and Mortar	Online distribution channel for company that also has physical stores	Sales of goods	Walmart.com
E-tailer: Catalog Merchant	Online version of direct mail catalog	Sales of goods	LandsEnd.com
E-tailer: Online Mall	Online version of shopping mall	Sales of goods, Transaction Fees	Fashionmall.com

B2C Business Models(Con~)



Business Model: Variation	Description	Revenue Model	Examples
E-tailer: Manufacturer-direct	Online sales made directly by manufacturer	Sales of goods	Dell.com
Content Provider	Information and entertainment providers such as newspapers, sports sites, and other online sources that offer customers up-to-date news and special interest, how to guidance, and tips and/or information sales.	Advertising, subscription fees, affiliate referral fees	WSJ.com, Sportsline.com, CNN.com, Mingpao.com
Transaction Broker	Processors of online sales transactions, such as stockbrokers and travel agents, that increase customers' productivity by helping them get things done faster and more cheaply.	Transaction fees	E-Trade.com, Expedia.com, Monster.com

B2C Business Models(Con~)



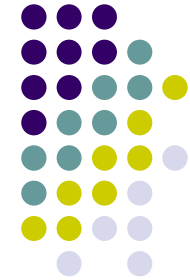
Business Model: Variation	Description	Revenue Model	Examples
Market Creator: Auctions and other forms of dynamic pricing	Web-based businesses that use Internet technology to create markets that bring buyers and sellers together.	Transaction fees	eBay.com, Priceline.com, Taobao.com
Service Provider	Companies that make money by selling a service, rather than a product.	Sales of services	xDrive.com, whatsitworthtoyou.com, myCFO.com
Community Provider	Sites where individuals with particular interests, hobbies and common experiences can come together and compare notes.	Advertising, subscription, affiliate referral fees	About.com, iVillage.com, BlackPlanet.com



B2B Business Models

Business Model: Variation	Description	Revenue Model	Examples
Marketplace/Exchange: Vertical	Helps bring buyers and sellers together to reduce procurement costs for a specific industry.	Transaction fees	DirectAg.com, e-Steel.com, Alibaba.com
Marketplace/Exchange: Horizontal	Same as vertical except focused on specific types of products and services.	Transaction fees	TradeOut.com
E-Distributor	Connecting businesses directly with other businesses, reducing sales cycles and mark-up.	Sales of goods	Grainger.com

B2B Business Models(Con~)



Business Model: Variation	Description	Revenue Model	Examples
B2B Service Provider: Traditional	Supports companies through online business services.	Sales of services	Employeematters. com
B2B Service Provider: Application Service Provider	Rents Internet-based software applications to businesses.	Rental fees	Salesforce.com, Corio.com
Matchmaker	Helps businesses find what they want and need on the Web.	Transaction fees	IShip.com

B2B Business Models(Con~)



Business Model: Variation	Description	Revenue Model	Examples
Infomediary: Audience Broker	Gathers information about consumers and uses it to help advertisers find the most appropriate audience.	Sales of information	DoubleClick.com
Infomediary: Lead Generator	Gathers customer data, and uses it to direct vendors to customers	Referral fee	AutoByTel.com



Q&A