

E-STUDY MATERIAL  
ON  
*BASIC*  
*E-COMMERCE BUSINESS MODELS*

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# CONCEPT OF BUSINESS MODEL

- **An integrated system**
- **Builds a structural relationship between two or more business entities or between business and the consumer**
- **Helps to manage resources optimally and facilitates various operations**

# INGREDIENTS OF BUSINESS MODEL

<b>Business Model Components</b>	<b>Key Questions</b>
Value Proposition	Why should the customer buy from you?
Revenue model	How will you earn money?
Market opportunity	What marketplace do you intent to serve, and what is its size?
Competitive environment	Who else occupies your intended marketplace?
Competitive advantage	What special advantages does your firm bring to the marketplace?
Market strategy	How do you plan to promote your products to attract customer?
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?

# CATEGORIES OF E-COMMERCE

- **Business to Consumer (B2C)**
- **Business to Business (B2B)**
- **Consumer to Business (C2B)**
- **Consumer to Consumer (C2C) or Peer to Peer (P2P)**
- **Business to Government (B2G)**

# B2C CONCEPT

- 1. It fulfills individual requests of consumers**
- 2. It is a kind of online retailing**
- 3. No involvement of intermediaries required**
- 4. Cost-effective**
- 5. Time saving**

# NEED FOR B2C

- 1. Provides competitive edge**
- 2. Helps in time management**
- 3. Strategy formulation**
- 4. Survival for globalisation**

# CHALLENGES FOR B2C

- 1. Technological difficulties**
- 2. Security shock**
- 3. Unlimited demand for personalisation**

## FUNCTIONAL AREAS OF B2C

**Information providing**



**Order processing**



**Payment monitoring**



**Logistics support**



**Customer retaining**

# ACTIVITIES OF B2C



1. Hosts Product details
2. Searching for product
3. Placing an order
4. Delivery of product

# MODELS OF B2C

- 1) Portal
- 2) Auction site
- 3) Market Creator
- 4) E-tailer
- 5) Content provider
- 6) Transaction broker
- 7) Service provider
- 8) Community provider

# MODELS OF B2C ...

## Portal (e.g. yahoo.com)

- ❖ Also called a cyber door
- ❖ Website that serves as a gateway or a main entry point in Internet to a specific field of interest or an industry
- ❖ Provides at least 4 services
  - a) Search engine
  - b) Email
  - c) Links to related sites
  - d) Personalised content

# MODELS OF B2C ...

## **Auction site** (e.g. ebay.com)

- ❖ **An online system where potential buyers place competitive bids on assets and services**
- ❖ **The asset/service will sell to the party who places the highest bid**

# MODELS OF B2C ...

## **Market Creator** (e.g. flipkart.com)

- ❖ **A digital market place**
- ❖ **Sellers display the product details online**
- ❖ **Buyer search for the product**
- ❖ **If choice of buyer matches the product detail, transaction takes place**

# MODELS OF B2C ...

## **E-tailer** (e.g. tatacliq.com)

- ❖ **A virtual retail store**
- ❖ **Various branded and known products are traded online**
- ❖ **It choice of buyer matches the products available, transaction takes place**
- ❖ **Offers more discounts than offline trade**

# MODELS OF B2C ...

## **Content Provider** (e.g. moneycontrol.com)

- ❖ **A virtual library**
- ❖ **Offers digital information on specific subject in the form of text, music, photo, video or artwork**
- ❖ **It distributes information in lieu of subscription fees**

# MODELS OF B2C ...

## **Transaction Broker** (e.g. naukri.com)

- ❖ **A type of virtual middleman**
- ❖ **It sells others products instead of own product**
- ❖ **Site establishes relationships between users and firms**
- ❖ **Charges commission from both ends**

# MODELS OF B2C ...

## **Service Provider** (e.g. bsnl.co.in)

- ❖ **Its activities are same as that of an e-tailer**
- ❖ **Deals with service offerings only**

# MODELS OF B2C ...

## **Community Provider** (e.g. facebook.com)

- ❖ **It provides a digital platform to maintain social relationships**
- ❖ **It revolves around shared interests, ideas and topics**
- ❖ **Makes use of chat rooms, message boards, forums, e-mail lists etc.**

# B2B CONCEPT

- ❖ Exchange of goods and services between two or more business houses
- ❖ Usual products are industrial goods, goods under WIP, raw materials
- ❖ Volume of goods traded is large as it is a wholesale format
- ❖ Intermediaries are present

# ACTIVITIES OF B2B



1. Seller hosts Product details
2. Searching for product by buyer
3. Placing an order after price is negotiated
4. Delivery of product

# NEED FOR B2B

- 1. Cost savings**
- 2. Integrated information is provided**
- 3. Assured supply chain**
- 4. Easy marketability**

# MODELS OF B2B

- 1) Independent B2B (active participation of middlemen)
- 2) **Supplier oriented B2B** (seller decides price, selling terms and conditions)
- 3) Buyer oriented B2B (buyer decides price, selling terms and conditions)
- 4) **Vertical** (same line of product or services) and **Horizontal B2B** (indirect product or service not specifically identified with a single industry)

# DISTINCTION BETWEEN B2C AND B2B

<b>B2C</b>	<b>B2B</b>
Customers are the individuals	Customers are other companies
Takes less time to execute	Highly complex transactions that requires a lot of time
Price is fixed by seller with little scope for negotiation	Price negotiation is intense and also are the terms and conditions.
Quantity involved is less	Quantity involved is huge giving economies of scale
Cost per transaction is in hundreds and thousands	Cost per transaction is usually in hundreds of thousands

# C2C / P2P CONCEPT

- **Both the buying and the selling party are consumers**
- **Involvement of middlemen is optional**
- **Usual products traded are digital goods, hobby items, craft merchandise, antiques, other**
- **Example: [olx.com](https://www.olx.com)**

# C2B CONCEPT

- It is the reverse of B2C model
- Also known as Reverse auction/Demand collection model
- Consumer posts his demand and mention price he is willing to pay
- When demand and price gets matched with businesses , transaction takes place
- Example: [priceline.com](http://priceline.com)

# B2G CONCEPT

- **Businesses selling products, services, information to Government agencies**
- **It is also known as public sector marketing**
- **It provides a way for businesses to bid on government projects / product that government might purchase**
- **Example: [www.grse.com](http://www.grse.com)**

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# Thank you