

Chapter 1

New Economy, E-Commerce Businesses, and E-Businesses: Types, Similarities, and Differences

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ABSTRACT

Electronic commerce and electronic business concepts are highly researched in recent management literature. Network economy has revealed e-commerce, a new trade route that is carried out over the interlinked computers and mobile devices. E-commerce is a method used by almost all businesses that are physically processing. Therefore, there should be a significant distinction between e-business and e-commerce. With the development of e-commerce, new ways of doing business have emerged. Thus, many e-commerce companies have emerged, traditional businesses have started trading in electronic networks, and new business models have begun to be created in digital environments. In order to understand how e-businesses make money, many business models have been studied. For this reason, the concept of business model in the new economy and the transformation of business models into e-business models are examined. In line with this, it is aimed in this chapter to examine e-businesses, to clarify e-business models, and to explain e-commerce types and e-business model types in detail, with examples.

INTRODUCTION

E-business models, which have many similarities with classical business models, continue to develop and diversify along with e-commerce. In the new economy, many studies are being conducted to examine new business models in order to understand how e-commerce enterprises survived or why they could not survive (Persson & Stirna, 2001). Many researches indicate there has been an organizational transformation in some sectors and enterprises with the development of information and communication technologies.

E-commerce is defined as “doing things electronically”, in general. European Union Commission defines e-commerce as “selling goods and services over the Internet” and OECD defines it as “trading

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of products or services through computer networks”. E-commerce includes the electronic trading of physical goods and nonphysical products such as information and data, and this trading includes steps such as online marketing, orders, payment, and post-delivery services (Timmers, 1998). This concept is also referred as “Internet-based business”, “e-trading” and “e-market”. Even though the product and services are ordered electronically, payment and delivery processes are not necessarily online. In other words, while e-commerce businesses perform their operations in the traditional sense, they can fulfill the transactions through the Internet (Zott et al., 2011).

Identifying e-commerce as a world-wide trading on the network will be a depreciatory assumption. Although e-commerce is perceived as a buying-selling process only because of its trading concept, it is understood that it has a much wider meaning with the use of e-business term (Özmen, 2013). E-business term was first used by IBM in 1997. According to IBM’s definition, e-business is defined as “transforming the main business processes using Internet technologies” (<https://www-03.ibm.com/ibm/history/ibm100/us/en/icons/ebusiness/transform/> accessed at 11.01.2019).

It is understood that e-business is a term that includes not only buying-selling but also other processes, from accounting to human resources, production to marketing, from the acceptance of the order to automation and the use of information technologies. In short, e-business includes new ways of doing business, new business methods. It is the restructuring of all processes from e-business supply chain to customer relations (Dubosson-Torbay et al., 2002).

New business models have started to surface with the emergence of e-commerce and have become powerful components in e-commerce environment (Kalakota & Robinson, 2001). However, e-commerce is a method used by almost all businesses that are now physically processing. Therefore, there should be a significant distinction between e-business and e-commerce. Every e-commerce business cannot be referred as e-business, but every e-business has to include electronic commerce.

In order to understand how e-businesses make money, many business models that emerged in the new economy have been studied in various ways. In fact, although e-businesses are in a different perspective from each other, they actually have the same purpose and working on the same subject. The most critical issue in the e-business models is whether these companies can be compared and whether they can be examined under the categories. Common point in the planning of e-business models is to clarify the revenue models and to develop the business processes and strategies to the finest detail. (Dubosson-Torbay et al., 2002). Some researchers have made classifications of e-business according to the degree of functionality and innovation (Timmers, 1998), some according to the ability of economic control (Tapscott et al., 1999), the type and degree of relationships and the power of buyers and sellers (Pigneur, 1996).

E-commerce and e-business concepts are highly debated and researched in the recent management literature. With the development of information technologies, businesses in the digital age have had to adapt themselves and their business models to this era. Thus, many e-commerce companies have emerged, traditional businesses have started to trading in electronic networks and new business models have begun to be created in digital environments. In line with these developments, it is aimed in this chapter to examine e-businesses, to clarify e-business models, to explain e-commerce types and e-business model types in detail with examples.

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