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The E–Commerce Business Model Implementation

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INTRODUCTION

The rapid development of Information and Communication Technology (ICT) has generated evolutionary e-commerce business solutions. E-commerce can be defined as "any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact (Euro Info Correspondence Centre, 2002). The evolution of e-commerce involves different phases: innovation, consolidation, and reinvention. The Innovation phase (1995–2000) is characterized by an idealistic vision of markets in which quality information was equally available to both buyers and sellers. After 2000, e-commerce entered in the consolidation phase during which traditional firms began to use the Web to enhance their existing business activities. Finally starting from 2006 started the currently reinvention phase, in which e-commerce is audience, customer, and community-driven. This phase is characterized by the development of Web 2.0 applications that encouraged the development of e-commerce business models.

A definition of e-commerce business model is given by Feng Li (2007) that defines it as "an architecture for product, service and information flows, including a description of the various business actors and their roles, a description of the potential benefits for the various business actors, and a description of the sources of revenue." Studies on e-commerce business models addresses questions related to their scope and their main components (Bartelt & Meyer, 2001; Rappa, 2009). Basic concepts and definitions to analyse the challenges given by of e-commerce business models described in (Meier & Stormer, 2009). Other studies focus on the characteristics of successful e-commerce business models (Malone et al., 2006) their economic/financial impacts (Merrifield, 2000; Tapscott & Williams, 2006; Lewis, 2000) and their identification and evaluation (Shin & Park, 2009).

On considering the classification of e-commerce business models, there is more than one way according to their type. Kalakota and Whinston (1997) classify them into two categories: Business-to-Business (B2B) and Business-to-Consumer (B2C). Turban et al. (2002) categorize business model into three different categories: business-to-business (B2B); business-to-consumer (B2C) and consumer-to-consumer (C2C). In Focazio (2001) and Madu and Madu (2002) authors distinguish: Business to Business (B2B), Business to Consumer (B2C), Consumer to Business (C2B), and Consumer to Consumer (C2C). The choice of the e-commerce business model represents the first step for a company that wants make its e-commerce strategies on the Web. So the company has to choice the most appropriate e-commerce business models to use according to its own interests, goals, products/services it wants to offer. For instance a company can decides to use a C2B model if it wants to fill a job (through referral

hiring sites) or if it needs to advertise online (for example through Google Adwords program); on the contrary it can use a B2B model for commerce transactions between manufacturers and wholesalers or between retailers and wholesalers. After the choice of the most appropriate e-commerce business models to use (according to its own interests), the second step consists in the design of the e-commerce business model. During this phase different elements such as: product management, consumer management, infrastructure management and financial management have to be considered. Also the choice of social media to use to promote their products/services represents an important step (Kumar et al., 2013).

Starting from these considerations the paper provides a framework consisting of different steps that a company has to carry out in order to implement its e-commerce business model. In the first step of the framework the definition of the e-commerce business goals, the target and the most appropriate business model to use is carried out. The second step consists of an analysis of the current market situation, the competitors and the internal resources and competencies. Finally the third step is about putting the e-commerce business ideas into practice in order to determine whether consumers like the business idea, accept it and are willing to pay. The outputs of the analysis of these three steps represent the input for the implementation of the e-commerce business model. The paper is organized as follow. Section 2 gives an overview on definition and studies on e-commerce business models. In section 3 a description of the different steps that compose the framework is given. Section 4 concludes the paper.

BACKGROUND

Business models involve "the totality of how a company selects its customers defines and differentiates its offerings, defines the tasks it will perform itself and those it will outsource, configures its resource, goes to market, creates utility for customers, and captures profits." According to Afuah (2004), a business model is "a framework for making money" while Osterwalder et al. (2005) defines business model as "a conceptual tool containing a set of objects, concepts and their relationships with the objective to express the business logic of a specific firm." Chaharbaghi et al. (2003) identify three interrelated strands, which form a business model: "characteristics of the company's way of thinking, its operational system, and capacity for value generation." Although their generality, the three above cited elements can be concretely identified. In Osterwalder et al. (2005) authors propose five different phases of the evolution of business model. In the first phase different studies provided business model definitions and classifications (Timmers, 1998; Rappa, 2001). In the second phase, studies completed the definitions with a description of what elements belong into business models (Petrovic et al., 2001; Magretta, 2002) while in the third phase descriptions of the business models components become available (Afuah & Tucci, 2003). In the fourth phase the components are conceptually modeled (Gordijn, 2002; Osterwalder, 2004) and models started to be evaluated/tested more rigorously. Finally in the fifth phase the reference models are applied in management applications.

The advent of digital economy has given rise to the design and implementation of new business models (e-commerce business models) that provide the optimisation of business processes (Malihi & Aghdasi, 2014; Frankenberger et al., 2013; Arend, 2013; Osterwalder & Pigneur, 2013). In particular e-commerce business models impact in different areas such as: (i) marketing/sales: the diffusion of Web sites such as eBay provides consumers acceptance of e-business direct selling (ii) financial services: e-business models allow consumers, businesses, and financial institutions to distribute information with greater convenience and richness than is available in other channels (iii) consumers service: e-business models enable companies providing better consumer' service

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