Innovating Service Delivery Through a Community-Based B2B2C Platform:
A Case Study of Card Union

Juanqiong Gou, Beijing Jiaotong University, Beijing, China

Jiayao Li, Beijing Jiaotong University, Beijing, China

Jing Xiang, Beijing Jiaotong University, Beijing, China

Justin Zhang, State University of New York, Plattsburgh, USA

ABSTRACT

The continuous evolution of e-business has demanded firms to seek innovative business models to collect and integrate information from electronic marketplaces. The authors present a case study of Card Union to investigate how companies can develop innovative models of service delivery at different stages to adapt to the changing environments of electronic business. Their analysis demonstrates that B2B2C models allow firms to extend their product and service varieties through information integration and delivery so as to obtain the benefits of long-tail effects and economies of scope. The authors' research provides valuable insights about the evolution of B2B2C models and practical guidance for managers to effectively design and deploy their e-business models.

KEYWORDS

B2B2C, Business Model, Community, E-Business, Information Integration, Innovation

1. INTRODUCTION

The growth of e-business has triggered the demand for firms to constantly innovate their business models to collect and integrate information from various sources on the electronic market place. It is commonly believed that electronic market places create various platforms where buyers and sellers can meet to engage in e-business transactions (Bakos, 1997). E-business activities can normally be classified into consumer- or business-oriented activities supported by technological infrastructure (Geoffrion & Krishnan, 2001).

E-business models specify the fundamental methodology for firms to make profits on electronic market places. Specifically, the B2B (business to business) and B2C (business to consumer) are the two major categories of models incorporating major e-business activities. E-business models are essentially derived from the real world, but they have been continuously evolving to adapt to the dynamic Internet environment.

Although B2B or B2C has become the core model of almost every e-business company, these two models have several disadvantages due to their specific ways of information construction, delivery,

and utilization. There is a hybrid category of e-business models, called B2B2C (business to business to consumer), that combines major features of both models of B2B and B2C. The B2B2C model actually represents the method used by a large number of companies to streamline the information flow in distributing, marketing, and delivering products and services in a global scale. The B2B2C business providers design, operate, and maintain a platform to sell products and deliver services through intermediate business partners. They normally sell their products or services to intermediaries which then resell them to terminal consumers. As companies that use B2B2C models have to deal with more business entities in a more complex environment than those for B2B and B2C models, the success of B2B2C models depends on some specific factors of information discovery and delivery. For instance, as B2B2C companies do not directly communicate and interact with terminal consumers, one of the core problems that they have to deal with is how to indirectly delivery information to customers so as to build the trust with them.

Despite the growing popularity and importance of B2B2C e-business models, there is no prior research that has investigated the effectiveness of B2B2C models and how they can be applied for firms to engage in service innovation. Our research attempts to address this gap by studying the applicability of a B2B2C e-business model in providing efficient and effective services to consumers through documenting and analyzing the best practices of a company in our case study. In particular, we answer the following research questions in this paper. First, how can a B2B2C model be applied to facilitate the transactions between product/service providers and consumers? Second, what kind of service platform is necessary to help streamline the information-delivery processes involved in a B2B2C model? Third, what e-business models can firms derive from a B2B2C model to provide additional services to consumers? Finally, how can a firm take advantage of the benefits from the long-tail effect and economies of scope through a B2B2C model?

The rest of the paper proceeds as follows. Next section reviews prior literature focusing on relevant studies on e-Business models. The third section discusses the research method we used in this study. The fourth section presents the details of our case study on Card Union about its innovative B2B2C service platform. The fifth section further analyzes the case study by providing managerial insights. The last section concludes the entire paper.

2. LITERATURE

This section reviews prior literature related to our study. We first summarize prior research on e-business models and strategies focusing on innovation and service delivery, and then briefly describe related studies on B2B, B2C, and B2B2C e-business models. Finally, we differentiate our research from prior studies and highlight our contribution. Prior research has covered several important aspects regarding the design and evolution of business models. For instance, Mahadevan (2000) proposes a framework with several critical factors to help managers understand, define, choose, and apply business model in the e-business context. From a sociological and an economic perspective, Lechner and Hummel (2002) investigate the design of business models in the context of virtual communities with respect to their platforms, services, functions, and the role and contributions of their members with an emphasis on the peer-to-peer infrastructure. Li and Chang (2004) establish a framework of e-business strategy based on a case study of Haier from China and argue that such strategy should build upon a well-designed business model and companies should proactively formulate and operate their e-business strategies. Identifying the terminology used to describe business models, Osterwalder, Pigneur, and Tucci (2005) use it to review prior literature and interpret business models in terms of their definitions, usages, and roles in the domain of Information Systems. Tojib and Sugianto (2007) develop a model to evaluate the user satisfaction of a Business-to-Employee portal and demonstrate evidence from several aspects such as reliability and content validity. Koch and Schultze (2011) study an e-marketplace in the energy industry, characterize the conflicts exist among brokers, trading partners, and agents, and claim that an all-in-one marketplace can effectively resolve the conflicts.

Related Content

Flexible Mining of Association Rules
Hong Shen (2009). *Encyclopedia of Data Warehousing and Mining, Second Edition (pp. 890-894).*
www.irma-international.org/chapter/flexible-mining-association-rules/10925

Architecture for Symbolic Object Warehouse
Sandra Elizabeth González Císaro (2009). *Encyclopedia of Data Warehousing and Mining, Second Edition (pp. 58-65).*
www.irma-international.org/chapter/architecture-symbolic-object-warehouse/10798

A General Model for Data Warehouses
Michel Schneider (2009). *Encyclopedia of Data Warehousing and Mining, Second Edition (pp. 913-919).*
www.irma-international.org/chapter/general-model-data-warehouses/10929

Clustering Analysis of Data with High Dimensionality
Athman Bouguettayaand Qi Yu (2009). *Encyclopedia of Data Warehousing and Mining, Second Edition (pp. 237-245).*
www.irma-international.org/chapter/clustering-analysis-data-high-dimensionality/10827

Clustering Categorical Data with k-Modes
Joshua Zhexue Huang (2009). *Encyclopedia of Data Warehousing and Mining, Second Edition (pp. 246-250).*
www.irma-international.org/chapter/clustering-categorical-data-modes/10828