

Chapter 14

Delivery in the Net Economy

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ABSTRACT

Firms need to deliver their products. In the Net Economy, delivery often has to leave the Net and be provided through traditional means. The firm's delivery mechanism influences the design of the firm's Net presence. This chapter examines the pursuit of e-entrepreneurial ventures by existing businesses with specific attention on the architecture of Web portals and the delivery mechanisms of products. Additionally, outlined are features and facets of Web portals necessary to sell and deliver mark-up based and production based products and services in the B2C sector of the Net Economy. Specifically, three case studies are examined: a catalog sales/brick-and-mortar business, a financial service institution, and a travel provider.

INTRODUCTION

The Net Economy encompasses all transactions and transfers that utilize the Internet and World Wide Web technologies. Commonly, these activities can be classified as business to business (B2B), consumer to consumer (C2C), and business to consumer (B2C). All of these relationships have existed, of course, outside the Net Economy for centuries. The use of information technology provides opportunities for businesses to establish a presence as an e-

entrepreneur in the Net Economy (Kollmann, 2006). It is the establishment of electronic connections that has changed, and is changing the conduct of business (Laugero, & Globe, 2002). In the United States the Net Economy is the fastest growing sector of the economy (Mesenbourg, 2008). Despite this progress to electronic connections, there is one aspect that the 'Net' cannot always provide – delivery.

There is a relationship between the product, the product's delivery, and the product's presentation in the Net Economy (Phau, & Poon, 2000; Smith, & Brynjolfsson, 2001). Products are presented on the Web through Web portals. The portal facilitates

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Table 1. Product and delivery

<i>Product Type</i>	<i>Delivery Mechanism</i>
Physical Service	Traditional Delivery
Physical Item	Traditional Delivery
Digital Service	The 'Net'
Digital Item	The 'Net'

the execution of a transaction for the product that varies according to the product type. Products may be a physical service, a physical item, or with the advent of the Net Economy, a digital service or digital item (Basu, & Muylle, 2002; Kiang, Raghu, & Shang, 2000). Services are things the provider does for the receiver without there being a residual artifact. Physical products move as a result of the exchange from the provider to the receiver and continue to exist with the receiver after the exchange. Digital products (Choi, Stahl, & Whinston, 1997) exist solely within automated systems, move from provider to receiver, but seldom leave the digital form. Importantly, digital products and digital services can be entirely exchanged in the Net Economy; whereas, products and services with a physical component require an additional mode of transfer for delivery (see Table 1).

While Business to Business (B2B) and Consumer to Consumer (C2C) e-operations exist on the Web, the business to consumer processes are the transactions in which delivery may be a onetime small volume activity and the technology expertise may exist on only one side of the transaction. In a B2B transaction the firms behave as partners and delivery may be made continuously and in bulk. On both sides of the transaction information technology professionals are employed to establish the physical and logical connections necessary, and for transfer of data to and from each organization's internal business systems. In Web based C2C transactions the seller places the advertisement on a Web site designed especially for that purpose. Often neither the buyer nor the seller is an information technology professional.

The Web site's information technologists provide the necessary mechanism to initiate the transaction. Delivery is typically accomplished one time by a third party service (Reynolds, 2010; Stair, & Reynolds, 2008).

E-commerce B2C transactions are possible because of the Web. Web technology provides the venue for the business and consumer to meet, the ability to initiate the transaction, and complete all or part of the transaction (Reynolds, 2010; Stair, & Reynolds, 2008). The business has the information technologists that establish the business' Web site. The consumer only needs information literacy skills sufficient to navigate the firm's Web portal. Delivery varies according to the type of product or service, but the firm makes many deliveries over time to many individual consumers. Because of the imbalance of skills and delivery on opposite sides of the B2C transaction, the Net presence and delivery mechanism of the firm must be easily understandable and workable by the novice consumer.

In terms of product delivery, there are three 'modus operandi' for B2C businesses in the Net Economy.

1. The business may be extending their 'brick-and-mortar' operation, providing ordering of their physical product through the Web followed by physical delivery. Consumers previously purchased these products by visiting a store or by mail from a catalog. In 2006 e-commerce sales requiring physical delivery was over \$101.2 billion of the US economy, or 5.4 percent of total retail

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