Chapter 9
Advertising and E-Business

ABSTRACT

How do websites earn revenue? Many websites enter this field with a so-called “bright perspective,” then end up adding their name to the dotcom failure statistics.

In today’s online marketing arena, there are remarkable concepts which are rarely available for public study and consideration. For instance, the e-business models are considered trendy by many Internet specialists who do not consider superior operational efficiency as a critical factor for success in companies such as Cisco, EBay, Dell, and Amazon. However, they believe that the business model or method adopted in modern technology is the basis for their success. With the implicit awareness of success in these kinds of companies, few of them have explicit insight regarding this success; therefore, they cannot distinguish the different kinds of businesses and business models utilized by giant merchants. Thus, this chapter introduces e-business and draws a line between e-business and e-commerce. Also, different kinds of e-business models are examined because an advertiser should know the business models of the websites which may be publishing his advertising. Above all, at the end of this chapter, the reader will be able to distinguish between the businesses and business models of commercial and non-commercial websites and understand their earning methods.

E-BUSINESS AND E-COMMERCE

While many people consider e-business and e-commerce to be the same, these concepts are different in many respects. E-business includes e-commerce and a variety of other applicable programs; many applications and advantages are derived from e-business. E-commerce focuses solely on the customers of an organization, finding new channels and resources for the organization and maximizing profit through modern media. On the other hand, e-business develops the communication of the organization between suppliers, staff and partners. Mass communication is a prominent strategy of e-business. Therefore, e-business is considered the second wave in the Internet revolution (Bigg, 2001). E-commerce includes such...
transactions as ordering, payment and delivering the orders to the customers. In e-commerce, the users do not have access to electronic data for products and services via the Internet, Intranet and Extranet, so e-commerce transactions require human interaction. E-commerce transactions are considered to be contract-driven processes, for customers’ demands are met through updating or contracting directly with the company. When comparing e-commerce with e-business, it can be concluded that e-commerce is slower than e-business as e-commerce adds to the information available to the user to improve the company’s marketing capacity. Besides, the focus on e-commerce is on one side of the company, i.e. the customers, and there is no close relationship with staff and suppliers. That is why e-commerce is limited to customer-serving software and is not supported by organizational servers. In addition, the e-business infrastructure is much more complicated than that of e-commerce. E-business usually deals with utilizing the Internet and its relevant technologies to develop the organization and provides the facilities for sharing the information in different places online. Finally, it can be claimed that e-commerce attempts to establish a relationship between customers and the organization, while e-business is a set of infrastructures and methods which speed up the information exchange of the organization with the outside world where he customer plays a crucial role.

The greatest dream of successful organizations is to have the same success in online world as in the real world. In other words, they want to change their traditional business to e-business. To achieve these goals, they must understand e-business and its models. According to the Health Industrials Today Institute, e-business includes utilizing electronic data standards with automatic computerized technology for integrated information, and integrating internal and external data systems and business processes among business partners. The most important function of e-business is connecting and interacting with a network. One of the consequences of an online business is the removal of some of the human roles like data reprocessing. Therefore, thanks to the online environment and the computerized system, efficiency is increased and the possibility of errors is decreased. E-business enables the service providers to interact with suppliers and consumers (Follit, 2000) which results in customer loyalty and, in the long run, increases a company’s profitability and competitive advantage.

E-Business Components

E-business creates affiliations between customers, suppliers, employees, and business partners via the Internet, Intranet, and Extranet. Web-based systems manage customers’ transactions and allow them to utilize e-commerce. The most important factor in e-business is the Internet which is constantly used in interactional and transactional processes and in data-sharing. In addition, the information that flows from and to business partners is facilitated by developing Extranets which provide companies with strategies and advantages of e-business. They also allow suppliers to have an integrated relationship with customers.

E-Business Model

The term e-business came into vogue when the number of PCs used by businesses and customers rapidly increased and access to the global network became easier. The term was first coined by Dan Bricklin and then adopted by MIT University. E-business is one of those concepts which is not clearly understood by users, and for this reason, there are many definitions for it. The definitions are not derived from an integrated approach consisting of four basic elements including product innovation, infrastructure management, customer relationship and financial aspects. The researchers’ definitions of an e-business model are gained
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