Chapter VIII

The On-Demand Delivery Services Model for E-Commerce

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Traditional business models are increasingly being replaced by newer business models based on relationships enabled by information technologies. In this chapter, we survey and categorize many of these new business models enabled by electronic commerce (e-commerce). The main contribution of this chapter is the proposal and analysis of a new business model enabled by e-commerce: the On-Demand Delivery Services (ODDS) model. The ODDS model of e-commerce is one in which the physical products for sale are delivered directly to the customer without the use of a third-party logistics provider, such as a common carrier. For purpose of analysis, we sub-categorize the ODDS model into three submodels: The ODDS Model A applies to business-to-consumer (B2C) online sellers of physical goods who own or control their own delivery vehicles and may provide further services to extend the value proposition for the buyer. The online grocer is a typical example of businesses in this category. The ODDS Model B applies to business-to-business (B2B) sellers of physical goods, who also own a significant portion of their delivery fleet and deliver goods on demand to local distributors or business customers. Office supply eMerchants provide an example of this model. The ODDS Model C applies to businesses that typically provide virtually instantaneous delivery of third-party goods to consumers or businesses. Businesses in this category own or control their own delivery fleet and add value by delivering items within very short periods of time, usually one-hour delivery.


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In order to analyze these models, we conducted a structured interview with key senior managers of one representative business in the ODDS Model A and Model B categories. We extensively surveyed recent literature on companies in the ODDS Model C category. We use the results of our study to analyze different aspects such as revenue streams, cost structure and operational peculiarities of businesses following the ODDS model, and finally discuss the long-term viability of the sub-models.

**BACKGROUND: E-COMMERCE BUSINESS MODELS**

Electronic commerce (e-commerce) is the electronic exchange (delivery or transaction) of information, goods, services and payments over telecommunications networks, primarily the World Wide Web (WWW). e-commerce activities include the establishment and maintenance of online relationships between an organization and its suppliers, dealers, customers, strategic partners, regulators and other agents related to (or in support of) traditional delivery channels. These activities may be business-to-consumer ([B2C] such as direct book sales to the general public by Amazon.com), business-to-business ([B2B] such as corporate procurement or supply chain management using a secure extranet), consumer-to-consumer ([C2C] such as a public auction at ebay.com) or within a business (such as an employee intranet or an enterprise resource planning [ERP] system). This environment enables organizations to reengineer their internal and external functions and activities, increasing both efficiency and effectiveness. Firms can automate existing processes and dramatically reduce cycle times throughout the supply chain. They can enhance communication, collaboration and cooperation between knowledge teams (including virtual teams) using intranet technologies as well as between the organization and members of its external constituent organizations using extranet technologies. This taxonomy has been more recently extended with B2G (business-to-government), A2B (unattended appliance-to-business) (Charny, 2000), B2E (business-to-employee, as in the corporate intranet), and others.

As with traditional (“brick-and-mortar”) markets, e-buyers must find sellers of products and services; they may need expert advice prior to purchase and for service and support afterwards. Similarly, e-sellers must find buyers and they may provide expert advice about their product or service. Both buyers and sellers may automate handling of their transaction processing and “electronic financial affairs.” Several categories of new types of businesses have evolved to take advantage of the unique opportunities within this new environment. There are a number of ways these new business models can be viewed. The following sections categorize these emerging business models.
The Policy Challenge of High Skills Vocational Education and Training in the Future Social Changes
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