

# Brief contents

List of exhibits	xx
Foreword	xxiii
Preface	xxvii
Authors' acknowledgements	xxxiii
The authors	xxxv
Publisher's acknowledgements	xxxvii
<b>Part 1</b>	
<b>Introduction</b>	<b>1</b>
1 Key terminology and evolution of e-business	3
<b>Part 2</b>	
<b>The e-business strategy framework</b>	<b>31</b>
2 Overview of the e-business strategy framework	33
3 External analysis: the impact of the Internet on the macro-environment and on the industry structure of e-business companies	40
4 Internal analysis: e-business competencies as sources of strengths and weaknesses	79
5 Strategy options in e-business markets	104
6 Sustaining a competitive advantage over time	127
7 Exploiting opportunities of new market spaces in e-business	152
8 Creating and capturing value through e-business strategies: the value-process framework	174
9 Choosing the appropriate strategy for the internal organisation of e-business activities	195
10 Choosing the appropriate strategy for interaction with suppliers	218
11 Choosing the appropriate e-business strategy for interacting with users	232
12 Moving from wired e-commerce to mobile e-commerce and u-commerce	265
<b>Part 3</b>	
<b>A roadmap for e-business strategy implementation</b>	<b>297</b>
13 A roadmap for e-business strategy implementation	299

<b>Part 4</b>	
<b>Case studies</b>	<b>315</b>
14 Building e-business competence through concepts and cases	317
A guide to the main focus of the case studies	337
Synopsis of case studies	338
Case studies	357
Index	717

# Contents

List of exhibits	xx
Foreword	xxiii
Preface	xxvii
Authors' acknowledgements	xxxiii
The authors	xxxv
Publisher's acknowledgements	xxxvii

## Part 1 Introduction

<b>Chapter 1 Key terminology and evolution of e-business</b>	<b>3</b>
Chapter at a glance	3
Learning outcomes	3
Introduction	4
<b>1.1 Key terminology</b>	<b>4</b>
1.1.1 e-Business	4
1.1.2 Electronic commerce	4
1.1.3 Mobile e-commerce	4
<b>FT article</b> It's too early for e-business to drop its 'e'	<b>5</b>
1.1.4 The concept of strategy	6
1.1.5 The concept of value creation and capturing	9
<b>1.2 The evolution of e-business</b>	<b>9</b>
1.2.1 The grassroots of e-business	14
<b>FT article</b> EDI update	<b>14</b>
1.2.2 The rise of the Internet	16
<b>FT article</b> Boo.com founder fears net bubble	<b>17</b>
1.2.3 The crash	18
<b>FT article</b> Webvan's billion-dollar mistake	<b>21</b>
1.2.4 The synergy phase	22
<b>FT article</b> From Netscape to the Next Big Thing: how a dotcom decade changed our lives	<b>22</b>
<b>Blog box</b> Google acquires Internet (May 2017)	<b>27</b>

## Contents

Summary	28
Review questions	28
Discussion questions	28
Recommended key reading	29
Useful third-party weblinks	29
Notes and references	30

## Part 2 The e-business strategy framework

<b>Chapter 2 Overview of the e-business strategy framework</b>	<b>33</b>
Chapter at a glance	33
Learning outcomes	33
Introduction	33
<b>2.1 Key challenges in e-business strategy formulation</b>	<b>34</b>
<b>2.2 A systematic approach to e-business strategy formulation</b>	<b>35</b>
Summary	38
Review questions	38
Recommended key reading	39
Note and reference	39
<b>Chapter 3 External analysis: the impact of the Internet on the macro-environment and on the industry structure of e-business companies</b>	<b>40</b>
Chapter at a glance	40
Related case studies	41
Learning outcomes	41
Introduction	41
<b>3.1 Examining trends in the macro-environment</b>	<b>42</b>
3.1.1 The political and legal environment	42
<b>FT article Online gambling: the sector has been able to cash in on a regulatory regime set up in Alderney</b>	<b>43</b>
<b>FT article Publishers sued over e-book price 'collusion'</b>	<b>45</b>
3.1.2 The economic environment	46
3.1.3 The social environment	46
<b>FT article UK online economy valued at £82bn</b>	<b>47</b>
3.1.4 The natural environment	47
<b>FT article A social network links our personal and office lives</b>	<b>48</b>
<b>Blog box How Facebook got its green back</b>	<b>49</b>
3.1.5 The technological environment	50

<b>FT article</b> Trying on the future	51
<b>3.2 Examining industry structure with the five forces framework</b>	51
<b>FT article</b> Michael Porter, management thinker – academic who shares his values	53
3.2.1 Industry rivalry	54
3.2.2 Barriers to entry	55
<b>FT article</b> Cloud computing cuts start-up costs	57
3.2.3 Substitute products	59
3.2.4 Bargaining powers of buyers and suppliers	59
<b>FT article</b> Facebook shows it gets the message with Instagram deal	60
<b>FT article</b> Google buys UK price comparison website for £37.7m	61
<b>3.3 Complementing the five forces framework with the co-opetition framework</b>	62
<b>FT article</b> Nokia and Microsoft talk up benefits of co-dependence	64
<b>Critical perspective 3.1</b> Benefits and drawbacks of industry analysis tools	66
<b>3.4 Defining industries, segmenting markets and targeting markets in e-business</b>	67
3.4.1 Defining an industry	67
3.4.2 Segmenting markets in an industry	67
<b>e-business Concept 3.1</b> The e-business market segmentation matrix	68
<b>FT article:</b> Vodafone and Facebook team up on smartphone	72
3.4.3 Targeting specific markets in an industry	73
<b>FT article</b> Google searches to become personalised	75
Summary	76
Review questions	76
Discussion questions	76
Recommended key reading	76
Useful third-party weblinks	77
Notes and references	77

<b>Chapter 4 Internal analysis: e-business competencies as sources of strengths and weaknesses</b>	<b>79</b>
Chapter at a glance	79
Related case studies	79
Learning outcomes	80
Introduction	80
<b>4.1 Understanding core competencies in e-business</b>	<b>80</b>
4.1.1 Competencies and core competencies: a brief overview	80
4.1.2 Sources of value and core competencies in e-business	82

## Contents

<b>FT article</b> IT linked to financial performance	84
<b>4.2</b> Analysing the Internet-impacted value chain	86
<b>4.3</b> Leveraging the virtual value chain	89
<b>Critical perspective 4.1</b> Compatibility between the resource-based view and the market-based view of strategy	91
<b>4.4</b> Selecting activities for online interaction with customers - the ICDT framework	92
4.4.1 Information activities	92
<b>FT article</b> Advertisers rush to master fresh set of skills	93
4.4.2 Communication activities	95
<b>Blog box</b> Moving back to personalised interaction - e-Diets.com	95
4.4.3 Transaction activities	96
4.4.4 Distribution activities	96
<b>4.5</b> Moving beyond the value chain to value networks	96
<b>FT article</b> Outsourcing supply chain operations	97
Summary	100
Review questions	100
Discussion questions	101
Recommended key reading	101
Useful third-party weblinks	102
Notes and references	102
<b>Chapter 5</b> Strategy options in e-business markets	<b>104</b>
Chapter at a glance	104
Related case studies	104
Learning outcomes	105
Introduction	105
<b>5.1</b> Understanding the fundamentals of competitive advantage in e-business	<b>105</b>
<b>5.2</b> Examining the landscape of strategy options for e-business	<b>107</b>
5.2.1 Cost leadership strategies	108
5.2.2 Differentiation strategies	111
5.2.3 Outpacing strategies (and the risk of getting 'stuck in the middle')	113
<b>5.3</b> Developing strategy alternatives	<b>115</b>
5.3.1 The strategic gameboard framework	115
5.3.2 e-Business models: a brief overview	117
<b>Blog box</b> Facebook made \$9.51 in ad revenue per user last year in the US and Canada	119
<b>5.4</b> Creating a fit between the chosen strategy and the value chain	<b>120</b>
5.4.1 Consistency between activities	120

<b>Blog box</b> easyJet – setting up an organisation for a low-cost strategy	121
<b>FT article</b> Airlines ditch simple model for complexity	122
5.4.2 Reinforcement of activities	123
5.4.3 Optimisation of efforts	123
Summary	124
Review questions	125
Discussion questions	125
Recommended key reading	125
Useful third-party weblinks	125
Notes and references	126
<b>Chapter 6 Sustaining a competitive advantage over time</b>	<b>127</b>
Chapter at a glance	127
Related case studies	127
Learning outcomes	128
Introduction	128
<b>6.1 Building up barriers to imitation</b>	<b>128</b>
<b>6.2 Dealing with the threats of disruptive innovations in e-business</b>	<b>130</b>
6.2.1 Understanding the fundamental process of disruptive innovations	130
<b>Blog box</b> Strategy for startups: the innovator's dilemma	<b>132</b>
6.2.2 Discovering the underlying reasons for incumbents' failure	135
<b>FT article</b> Why disruption can be good for business	<b>136</b>
6.2.3 Raising the right questions to recognise the threats of disruptive innovations	138
6.2.4 Finding ways to deal with disruptive innovations	139
<b>FT article</b> Light reading	<b>140</b>
6.2.5 Selecting the appropriate mental frame for efficient reactions	143
<b>FT article</b> Snapshot of a humbled giant	<b>144</b>
Summary	149
Review questions	149
Discussion questions	149
Recommended key reading	150
Useful third-party weblinks	150
Notes and references	150
<b>Chapter 7 Exploiting opportunities of new market spaces in e-business</b>	<b>152</b>
Chapter at a glance	152
Related case studies	152
Learning outcomes	153
Introduction	153

## Contents

7.1	Gaining insights into new market spaces through the value curve	153
7.2	Looking outside one's own box	154
	<b>FT article</b> The way we shop now	156
7.3	Pinpointing possibilities for new value creation	158
7.4	Finding the right time to enter a market	159
7.4.1	Early-mover advantages	160
	<b>FT article</b> The first-mover advantage myth	161
	<b>Blog box</b> Google just got a whole lot smarter, launches its knowledge graph	163
	<b>FT article</b> Inside Match.com	165
7.4.2	Early-mover disadvantages	170
	Summary	171
	Review questions	171
	Discussion questions	171
	Recommended key reading	172
	Useful third-party weblinks	172
	Notes and references	172
<b>Chapter 8</b>	<b>Creating and capturing value through e-business strategies: the value-process framework</b>	<b>174</b>
	Chapter at a glance	174
	Related case studies	174
	Learning outcomes	175
	Introduction	175
<b>8.1</b>	<b>The value-process framework for e-business strategies</b>	<b>175</b>
8.1.1	Creating value	176
8.1.2	Capturing value	177
<b>8.2</b>	<b>Integrating strategic management analyses through the VPF</b>	<b>181</b>
8.2.1	The value chain analysis and the VPF	181
8.2.2	The five forces analysis and the VPF	182
<b>8.3</b>	<b>Sony BMG (Germany): an actual application of the VPF</b>	<b>183</b>
8.3.1	The business context	184
8.3.2	Value creation	184
8.3.3	Value capturing	188
8.3.4	Findings	190
	Summary	192
	Review questions	192
	Discussion questions	192
	Recommended key reading	193
	Notes and references	193



<b>Chapter 9</b>	<b>Choosing the appropriate strategy for the internal organisation of e-business activities</b>	<b>195</b>
	Chapter at a glance	195
	Related case studies	195
	Learning outcomes	196
	Introduction	196
	<b>9.1 Reasons determining 'make-or-buy' decisions in e-business</b>	<b>196</b>
	9.1.1 Reasons favouring 'make' decisions	198
	<b>FT article</b> Everyone's a critic now - or are they?	<b>201</b>
	9.1.2 Reasons favouring 'buy' decisions	201
	<b>9.2 Choosing the organisational structure for e-business activities</b>	<b>202</b>
	9.2.1 Separate e-business organisation	203
	9.2.2 Integrated e-business organisation	204
	<b>FT article</b> Last bookstores standing may turn digital page	<b>205</b>
	<b>9.3 Value chain deconstruction over the Internet</b>	<b>206</b>
	<b>Critical perspective 9.1</b> The limitations of deconstruction and unbundling	<b>207</b>
	<b>9.4 Unbundling the corporation over the Internet</b>	<b>208</b>
	<b>FT article</b> Model that works even in turbulent times	<b>208</b>
	<b>9.5 Managing conflicts between online and offline distribution channels</b>	<b>211</b>
	9.5.1 Understanding conflicts in distribution channels	212
	9.5.2 The channel conflict matrix	213
	<b>FT article</b> Expedia stops American Airlines ticket sales	<b>214</b>
	Summary	215
	Review questions	216
	Discussion questions	216
	Recommended key reading	216
	Notes and references	217
<b>Chapter 10</b>	<b>Choosing the appropriate strategy for interaction with suppliers</b>	<b>218</b>
	Chapter at a glance	218
	Related case studies	218
	Learning outcomes	218
	Introduction	219
	<b>10.1 Advantages and drawbacks of online purchasing</b>	<b>219</b>
	<b>FT article</b> Supply chain leaders identified	<b>221</b>
	<b>10.2 Classification of B2B e-marketplaces based on the purchasing process and the purchased products</b>	<b>222</b>
	<b>FT article</b> Amazon noses into industrial supply chain	<b>224</b>

<b>10.3 Classification of B2B e-marketplaces based on their degree of openness</b>	<b>225</b>
<b>10.4 Integrating e-procurement systems</b>	<b>226</b>
<b>FT article Supply chain is a strategic discipline</b>	<b>228</b>
Summary	229
Review questions	230
Discussion questions	230
Recommended key reading	230
Useful third-party weblinks	231
Notes and references	231
<b>Chapter 11 Choosing the appropriate e-business strategy for interacting with users</b>	<b>232</b>
Chapter at a glance	232
Related case studies	232
Learning outcomes	233
Introduction	233
<b>11.1 The Internet and social commerce</b>	<b>233</b>
11.1.1 The advent of Web 2.0	233
11.1.2 Implications of Web 2.0 for Internet business models	235
11.1.3 Understanding user behaviour on the social web	240
<b>FT article Facebook shows off new marketing tools</b>	<b>241</b>
<b>11.2 The trade-off between richness and reach</b>	<b>243</b>
<b>Critical perspective 11.1 The limitations to blowing up the trade-off between richness and reach</b>	<b>245</b>
<b>11.3 Increasing the richness of interactions with customers</b>	<b>245</b>
11.3.1 Customer relationship management (CRM) in a digital context	246
<b>FT article Social CRM mirrors rise in customer power</b>	<b>249</b>
11.3.2 The concept of mass-customisation	251
<b>11.4 Increasing the reach of interactions with customers</b>	<b>252</b>
<b>FT article Lights, camera, blender! How to create a hit</b>	<b>253</b>
11.4.1 Viral growth	254
11.4.2 The 'tipping point' concept	255
11.4.3 The 'long tail' of Internet-based social networks	256
<b>FT article Lulu aims to wag the Internet 'long tail'</b>	<b>259</b>
<b>Critical perspective 11.2 Is there unlimited choice and does it create unlimited demand?</b>	<b>261</b>
Summary	261
Review questions	262

Discussion questions	262
Recommended key reading	262
Useful third-party weblinks	263
Notes and references	263
<b>Chapter 12 Moving from wired e-commerce to mobile e-commerce and u-commerce</b>	<b>265</b>
Chapter at a glance	265
Related case studies	265
Learning outcomes	266
Introduction	266
<b>12.1 Mobility and unwired e-commerce</b>	<b>266</b>
12.1.1 Understanding the value network of mobile e-commerce	267
12.1.2 Segmenting mobile e-commerce consumers and business services	270
<b>FT article The retailers' increasing use of smartphones to reach consumers – codes open new front in retail wars</b>	<b>273</b>
12.1.3 Comparison of mobile e-commerce with wired e-commerce	274
<b>12.2 Strategy and mobility</b>	<b>277</b>
12.2.1 Leveraging wireless technologies to create a competitive advantage	277
12.2.2 Impact of wireless technologies on a company's value chain	278
<b>FT article Mobile: Nirvana is tantalisingly close</b>	<b>280</b>
12.2.3 Influence of wireless technologies on the industry's five forces	281
12.2.4 Main challenges for mobile e-commerce companies	283
<b>FT article The online challenges facing retailers – stores tap into shoppers as mobiles ring the changes</b>	<b>285</b>
<b>12.3 Ubiquity and u-commerce: strategy for the ultimate evolution of commerce</b>	<b>286</b>
12.3.1 What is u-commerce?	287
12.3.2 Main features of u-commerce	287
12.3.3 From wired e-commerce to u-commerce: the definite evolution	288
12.3.4 Types of u-commerce and new forms of marketing	289
<b>FT article Welcome to a new reality</b>	<b>291</b>
Summary	293
Review questions	293
Discussion questions	293
Recommended key reading	294
Useful third-party weblinks	294
Notes and references	294

**Part 3 A roadmap for e-business strategy implementation**

**Chapter 13 A roadmap for e-business strategy implementation 299**

- Chapter at a glance 299
- Related case studies 299
- Learning outcomes 300
- Introduction 300
- 13.1 What is the mission of our company? 300**
- 13.2 What are the objectives for our e-business strategy? 303**
- 13.3 What value do we want to offer through our e-business strategy? 303**
  - 13.3.1 What type of competitive advantage do we aim for? 303
  - 13.3.2 How much breadth do we want to have in our product and service offerings? 304
- 13.4 What are the customer segments to target and what is our value proposition for each segment? 305**
- 13.5 What kind of ethical issues, privacy concerns and security risks do we need to consider? 305**
  - 13.5.1 Dealing with ethical issues and privacy concerns 305
  - 13.5.2 Addressing security risks 306
- FT article LinkedIn vows to tighten security after password breach 307**
- 13.6 Should we implement our e-business strategy alone or with external partners? 309**
- 13.7 What organisational structure should our e-business activities have? 309**
- 13.8 What is our cost and revenue model? 309**
  - 13.8.1 What is the cost structure of our e-business activities? 310
  - 13.8.2 What is the revenue structure of our e-business activities? 310
- 13.9 How should we align our physical-world strategy with our e-strategy? 311**
- Summary 312
- Review questions 313
- Discussion questions 313
- Recommended key reading 313
- Notes and references 314

**Part 4 Case studies**

**Chapter 14 Building e-business competence through concepts and cases 317**

- Chapter at a glance 317
- Learning outcomes 317
- Introduction 318
- 14.1 Defining creativity and analytical ability 318**
  - 4.1.1 Creativity 318

<b>FT article Breaking the barriers to creativity</b>	<b>320</b>
14.1.2 Analytical ability	322
<b>14.2 Becoming a 'catalyst for change'</b>	<b>322</b>
<b>14.3 Learning about e-business through case studies</b>	<b>324</b>
14.3.1 Case studies as a context for the analysis of e-business issues	324
14.3.2 Case studies as a context for the application of e-business concepts	324
14.3.3 Case studies as a stimulus for creative e-business strategies	325
<b>14.4 Learning about e-business through concepts and frameworks</b>	<b>326</b>
<b>Strategy in action 14.1 Business thinking: on finding the right balance between analysis and intuition</b>	<b>327</b>
14.4.1 Extending the breadth of the analysis	330
14.4.2 Extending the depth of the analysis	331
<b>Strategy in action 14.2 'Why?' – the importance of questions in strategy formulation</b>	<b>332</b>
Summary	334
Review questions	334
Discussion questions	335
Recommended key reading	335
Useful third-party weblinks	335
Notes and references	336
<b>A guide to the main focus of the case studies</b>	<b>337</b>
<b>Synopses of case studies</b>	<b>338</b>
<b>B2C e-commerce</b>	<b>338</b>
1 From A(pples) to Z(oom lenses): extending the boundaries of multichannel retailing at Tesco.com	338
2 From e-banking to e-business at Nordea (Scandinavia): the world's biggest clicks-and-mortar bank	339
3 Ducati (Italy) vs. Harley-Davidson (USA): innovating business processes and managing value networks	340
4 American Well: the doctor will e-see you now	340
<b>B2B e-commerce</b>	<b>341</b>
5 IBX (Northern Europe): expanding B2B e-purchasing from indirect to direct goods and services	341
6 Satec (Spain): business transformation through IT value reinvention and organisational redesign	342
7 Otis Elevator: accelerating business transformation with IT	343
8 TopCoder (A): developing software through crowdsourcing	344
9 Appirio: new venture on a cloud	344
10 ITC e-Choupal: corporate social responsibility in rural India	345
<b>G2B2C e-government</b>	<b>346</b>
11 e-Government in Estonia: establishing the world's leading information society	346
12 ICT in Tunisia: a strategic lever for building a knowledge-based economy	347
13 Fostering innovation in the public sector: VivekKundra@USgovernment	348

<b>B2E e-communities</b>	<b>348</b>
14 Knowledge management at Booz & Company: towards a culture of knowledge sharing and collaboration	348
<b>C2C e-communities</b>	<b>349</b>
15 Spreadshirt: mass-customization on the Internet	349
16 When digital David meets physical Goliath: the case of Brockhaus vs. Wikipedia	350
17 Netwerk: digital marketing in the music industry	351
18 Licia Chery and MyMajorCompany: crowd funding to stardom	352
<b>Mobile commerce</b>	<b>353</b>
19 SMS for Life (A): a public-private collaboration to prevent stock-outs of life-saving malaria drugs in Africa	353
20 NTT DoCoMo (Japan): moving from a mobile phone operator to a lifestyle service provider	353
21 M-PESA (Kenya): mobile financial services for the financially excluded in society	354
22 Tunisiana: leading a mobile telecom operator in post-Arab Spring Tunisia	355
23 12snap: reinventing mobile marketing	356
<b>Case studies</b>	
1 From A(pples) to Z(oom lenses): extending the boundaries of multichannel retailing at Tesco.com	357
2 From e-banking to e-business at Nordea (Scandinavia): the world's biggest clicks-and-mortar bank	373
3 Ducati (Italy) vs. Harley-Davidson (USA): innovating business processes and managing value networks	389
4 American Well – the doctor will e-see you now	403
5 IBX (Northern Europe): expanding B2B e-purchasing from indirect to direct goods and services	424
6 Satec (Spain): business transformation through IT value reinvention and organisational redesign	441
7 Otis Elevator: accelerating business transformation with IT	454
8 TopCoder (A): developing software through crowdsourcing	469
9 Appirio: new venture on a cloud	486
10 ITC e-Choupal: corporate social responsibility in rural India	495
11 e-Government in Estonia: establishing the world's leading information society	513
12 ICT in Tunisia: a strategic lever for building a knowledge-based economy	530
13 Fostering innovation in the public sector: VivekKundra@USgovernment	543
14 Knowledge management at Booz & Company: towards a culture of knowledge sharing and collaboration	561
15 Spreadshirt: mass-customization on the Internet	577
16 When digital David meets physical Goliath: the case of Brockhaus vs. Wikipedia	597
17 Netwerk: digital marketing in the music industry	608
18 Licia Chery and MyMajorCompany: crowd funding to stardom	621
19 Novartis SMS for Life (A): a public-private collaboration to prevent stock-outs of life-saving malaria drugs in Africa	639

<b>20 NTT DoCoMo (Japan): moving from a mobile phone operator to a lifestyle service provider</b>	<b>653</b>
<b>21 M-PESA (Kenya): mobile financial services for the financially excluded in society</b>	<b>670</b>
<b>22 Tunisia: a leading mobile telecom operator in post-Arab Spring Tunisia</b>	<b>690</b>
<b>23 12snap: reinventing mobile marketing</b>	<b>706</b>
<b>Index</b>	<b>717</b>