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Erik Rolland, University of California, USA

Raymond A. Patterson, The University of Alberta, Canada

Proponents of Customer Relationship Management (CRM) suggest that a firm can develop a value creation relationship, such that an increase in customer value, leads to an increase in firm value (Mithas et al., 2005). The value for the customers comes from the provision of goods and services that match their needs. However, the research to date on the effectiveness of using e-CRM systems to both foster and monitor this value creation process is somewhat mixed. This chapter proposes to cross-functionally integrate organizational assets with customers' interests via technology. The resulting framework can assist managers in improving services, through the use of e-CRM, to understand what is important to the customer.

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Soumaya Ben Letaifa, Université du Québec à Montréal, Canada

Jean Perrien, Université du Québec à Montréal, Canada

This chapter examines how e-CRM has affected both organizational and individual behavior in a leading Canadian bank. The innovative and customer-driven culture of this bank pushed it toward early adoption of e-CRM technology. The findings emphasize the role played by many strategic and organizational

dimensions in the success of e-CRM implementation. In fact, to make e-CRM efforts pay off, new business processes are required to achieve more effective and closer interactions with customers. The shift toward customer orientation needs to be supported by a shift in organizational objectives and processes. The results indicate that employees' individual behavior successfully changed from a transactional to a relational perspective, and that training and coaching ensured a successful integration of e-CRM technology. Nevertheless, the employee reward and evaluation system, which should have been changed to leverage CRM impact, has surprisingly been forgotten. This deficiency is addressed by proposing a new framework for enhancing e-CRM effectiveness.

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Tim Coltman, University of Wollongong, Australia

Sara Dolnicar, University of Wollongong, Australia

Most sectors of industry, commerce, and government have reported variation in the performance payoff from electronic customer relationship management (e-CRM). In this paper we build on a surprisingly sparse literature regarding the importance of managerial discretion, to show that the heterogeneity of beliefs held by managers about e-CRM execution matter when explaining e-CRM success. Drawing on a data sample comprising 50 interviews and 293 survey responses we utilise segmentation techniques to identify significant differences in managerial beliefs and then associate these belief segments with e-CRM performance. Results indicate that three distinct types of managers can be identified based on the heterogeneity of their e-CRM beliefs: (1) mindfully optimistic, (2) mindfully realistic, and (3) mindfully pessimistic. Further, our results imply that there are far less homogeneity at the individual firm level than is normally assumed in the literature, and that heterogeneity in managerial beliefs is systematically associated with organisational performance. Finally, these results serve to remind practitioners that e-CRM performance is dependent upon the right balance between managerial optimism and realism.

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Patricia T. Warrington, Texas Christian University, USA

Elizabeth Gangstad, Purdue University, USA

Richard Feinberg, Purdue University, USA

Ko de Ruyter, University of Maastricht, The Netherlands

Multi-channel retailers that utilize an e-CRM approach stand to benefit in multiple arenas by providing targeted customer service as well as gaining operational and competitive advantages. To that end, it is inherent that multi-channel retailers better understand how satisfaction—a necessary condition for building customer loyalty—influences consumers' decisions to shop in one retail channel or another. The purpose of this study was to examine the influence of shopping experience on customers' future purchase intentions, both for the retailer and for the channel. Using a controlled experimental design, U.S. and European subjects responded to a series of questions regarding the likelihood making a future purchase following either a positive or negative shopping encounter. Results suggest that shopping intentions vary based on the shopping channel as well as cultural differences.

Chapter V

Do Mobile CRM Services Appeal to Loyalty Program Customers?..... 59

Veronica Liljander, Swedish School of Economics and Business Administration, Finland

Pia Polsa, Swedish School of Economics and Business Administration, Finland

Kim Forsberg, Intrum Justitia Finland, Finland

Not until very recently has mobile phone technology become sophisticated enough to allow more complex customized programs, which enable companies to offer new services to customers as part of customer relationship management (CRM) programs. In order to enhance customer relationships and to be adopted by customers, new mobile services need to be perceived as valuable additions to existing services. The purpose of this study was to investigate the appeal of new mobile CRM services to airline customers. An empirical study was conducted among loyalty program customers (frequent flyers) of an airline that was considering using MIDlet applications in order to add new mobile services to enhance customer relationships. The results show that customers do not yet seem to be ready to fully embrace new mobile applications. Although the services appeared to slightly improve customers' image of the airline, the services did not seem to enhance their loyalty towards it. However, customers who already used sophisticated mobile services, such as the Mobile Internet, had a significantly more positive attitude towards the proposed services. Thus the success of mobile CRM seems closely linked with customers' readiness to use existing mobile services. Before engaging in costly new investments, companies need to take this factor into serious consideration.

Chapter VI

Developing a Global CRM Strategy..... 77

Michael Shumanov, Monash University, Australia

Michael Ewing, Monash University, Australia

While the managerial rationale for adopting customer relationship management (CRM) has been fairly well articulated in the literature, research on strategy development is scant. Moreover, reports of "CRM failures" in the popular business press have done little to inspire confidence. To date, what little research has been conducted in the area of CRM strategy development has been confined to a single country (often the U.S.). Global CRM strategy development issues have yet to be specifically addressed, particularly which elements of CRM strategy should be centralised/decentralised. The present study examines the complexities of global CRM strategy using the case of a leading financial services company. Interviews are conducted in 20 countries. Global Head Office and external IT consultant perspectives are also considered. Our findings confirm that a hybrid approach has wide practical appeal and that subsidiary orientation towards centralisation/decentralisation is moderated by firm/market size and sophistication.

Section II

E-Business Models and Strategies

Chapter VII

- Strategic Positioning and Resource-Based Thinking: Cutting Through the Haze of Punditry to Understand Factors Behind Sustainable, Successful Internet Businesses 92
John Gallaughar, Boston College, USA

This article synthesizes and leverages two strategic frameworks when analyzing the true nature of strategy and the Internet: (1) the concept of strategic positioning, and (2) the resource-based view of the firm. When considered together, these approaches create a powerful tool for understanding the factors determining the winners and losers among Internet businesses. Several examples of the applied framework are demonstrated. These frameworks also help challenge broken thought around many of the postbubble assertions regarding strategy and the Internet. This analysis is based on a series of case studies, with information drawn both from secondary sources as well as over 60 field visits with senior managers at technology firms in Seattle, Silicon Valley, and Tokyo conducted from 2005-2006.

Chapter VIII

- A Tale of E-Business Models: From the Music to the Television Industry 104
Savvas Papagiannidis, Newcastle University Business School, UK
Joanna Berry, Newcastle University Business School, UK
Theodoulos Theodoulou, Newcastle University Business School, UK

This chapter covers the concept of e-business models and how they relate to the music video and television environments. After identifying the value creation chain of music and video broadcasting to provide a context for the chapter, it assesses independent producers and aggregators of content, important new factors in the value chain of entertainment, as well as the various mechanisms through which content is reproduced. Following a comparison of the music and video/television business models, a case study is presented which exemplifies the reconfigured value chain presented herein. The background, development, and outputs of Current TV are presented in order to highlight the ultimate issue clarified in this chapter—that the changing nature of music, video, and television broadcasting markets combined with faster broadband connection—will continue to underpin radical changes in both music and television industries.

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- Strategic Maneuvering in Healthcare Technology Markets: The Case of Emdeon Corporation..... 122
Kirill M. Yurov, University of Illinois at Chicago, USA
Yuliya V. Yurova, University of Illinois at Chicago, USA
Richard E. Potter, University of Illinois at Chicago, USA

Healthcare technology markets have been recently identified as potential investment targets. Having survived a major environmental shock, the dot.com bust, firms in the healthcare technology industry are presently experiencing an impressive revenue growth. In this study, we investigate the strategies of Emdeon Corporation, a healthcare technology firm whose e-business model provides clues for achieving

a sustained revenue growth and profitability. We trace the current sustainability of Emdeon's e-business model to a related diversification strategy that the firm's upper management has pursued via mergers and acquisitions (M&As). We also address the motivation behind current restructuring of Emdeon's e-business model. We argue that maturation of diversified e-business models leads to the transformation of individual segments into distinct entities focusing on specific technology markets.

Chapter X

Complementary Role of Website in Business Model Development..... 136
 Olli Kuivalainen, Lappeenranta University of Technology, Finland
 Hanna-Kaisa Ellonen, Lappeenranta University of Technology, Finland
 Liisa-Maija Sainio, Lappeenranta University of Technology, Finland

The aim of this chapter is to provide a holistic exploration of the development of the business model of a magazine Web site, and of the factors behind its success. The discussion is based on an explorative case study of a successful Finnish magazine publisher and its Web site. We use triangulated data (interviews, observation, statistical data, customer feedback, and newspaper articles) to describe and analyze the development of the Web site and the subsequent changes in the e-business model of the magazine from the Web site foundation in 1998 to the situation in fall 2004. Our case illustrates that a magazine's Web site is linked to all of its functions (editorial, circulation, and advertising), and to the business-model elements that are vital to its success. We suggest that the discussion forums in question (one type of virtual community) benefited from the positive feedback that resulted in positive network effects, and led to the adoption of the service. Moreover, community activities have enhanced customer loyalty and added a more lifelike dimension to the magazine concept. As such, the Web site now complements rather than substitutes the print magazine. Interestingly, although it does not independently fulfill the requirements of a successful business model (cf. e.g., Magretta, 2002), it enhances the customer experience and adds new dimensions to the magazine's business model.

Chapter XI

A Reverse Auction-Based E-Business Model for B2C Service Markets..... 155
 Tobias Kollmann, University of Duisburg-Essen, Germany
 Matthias Häsel, University of Duisburg-Essen, Germany

LetsWorkIt.de is a German B2C platform for different kinds of service and handcraft orders. Based on the concept of reverse auctions, demanders compose descriptions of the required services to place orders on the platform. The supplier bidding lowest at the end of the auction obtains the right to carry out the order. Drawing upon and widely confirming existing theories on e-marketplaces, this chapter examines the underlying e-business model and the competitive strategy of LetsWorkIt. The case provides evidence that the reverse auction-based intermediation of handcraft and service orders is suitable to form the basis of an e-marketplace and points out that for such ventures, a combination of public relations, performance marketing, and cooperation, represents an ideal strategy to increase the number of demanders and suppliers. Moreover, the case suggests that, depending on the business model, it may be feasible to concentrate marketing activities on one of these two customer groups, since LetsWorkIt has managed to achieve a significant number of successful, high-quality auctions by primarily aligning its competitive strategy with the demand side.

Section III

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<i>Denis Caro, University of Ottawa, Canada</i>	

The 21st century continues to witness the transformation of organizational systems globally through the deployment of Information and Communication Technologies (ICT). The emerging future is witnessing the convergence of artificial intelligence, biotechnology, nomadic information systems, and nanotechnology. This promises to further transform the nature of inter-organizational systems between the corporate and public sectors. The evolution of e-health systems is a case in point. In the light of the Wuli-Shili-Renli (WSR) approach, this key informant study explores the strategic perceptions of corporate ICT and health care executives in Canada and Sweden. Public governance values play critical roles in evolving and sustaining symbiotic e-health networks in Canada and Sweden. The chapter exposes the unique transgenic dimensions of evolving e-health systems. The findings and implications of the study underscore the need for further international e-business research on the socio-cultural domains in which inter-organizational systems evolve.

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<i>Karl Knapp, University of Indianapolis, USA</i>	
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Offshore information technology (IT) outsourcing has been becoming mainstream alternative to in-house operations. While offshore development is a relatively new trend in IT, the concept of outsourcing manufacturing and service operations has been going on for more than 50 years. Many Asian countries are driving their economic success through taking offshore projects from developed countries. These countries have advantages of low-cost and available labor force. Various studies conducted over the last 10 years have shown that outsourcing allows firms to reduce high overhead costs, improve productivity, contribute flexibility, and thus improve overall performance of the firm. However, offshore IT outsourcing brings new challenges and risks. The skeptics believe that outsourcing may weaken the local business competitiveness of the region, investors' confidence in investing in local businesses, and may create a spiral effect on economic indicators such as: unemployment, enrollment in schools, living styles, housing, and construction, and so forth'. This study investigates the socio-economic impacts of offshore IT outsourcing in the United States using a system dynamics model.

Chapter XIV

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<i>Indrit Troshani, The University of Adelaide, Australia</i>	
<i>Sally Rao Hill, The University of Adelaide, Australia</i>	

The eXtensible Business Reporting Language (XBRL) is an emerging XML-based standard which has the potential to significantly improve the efficiency and effectiveness of intra- and inter-organisational information supply chains in e-business. In this chapter, we present the case for using convergent interviews as an appropriate and efficient method for modelling factors impacting the adoption of emerging and under-researched innovations, such as XBRL. Using this method, we identify environmental, organisational, and innovation-related factors as they apply to XBRL adoption and diffusion. Contentious factors, such as the role of government organisations, XBRL education and training, and the readiness of XBRL as an innovation, and its supporting software solutions are also examined in detail. Taken together, these discussions constitute an important step towards theory development for emergent e-business innovations. Practical adoption strategies and their implications are also discussed.

Chapter XV

An Introduction to the Management and Protection of Intellectual Property Rights 223

Bill Vassiliadis, Hellenic Open University, Greece

Vassilis Fotopoulos, Hellenic Open University, Greece

Copyright protection is becoming an important issue for organizations that create, use, and distribute digital content through e-commerce channels. As online corruption increases, new technical and business requirements are posed for protecting Intellectual Property Rights, such as watermarking, use of metadata, self-protection, and self-authentication. This chapter gives a review of the most important of these methods and analyses of their potential use in Digital Rights Management systems. We focus especially on watermarking, and argue that it has a true potential in e-business because it is possible to embed and detect multiple watermarks to a single digital artifact without decreasing its quality. In conjunction with parallel linking of content to metadata there is true potential for real life copyright-protection systems. Furthermore we attack the problem of DRM systems' interoperability with Distributed License Catalogues (DLCs). The DLC concept, borrowed from Web engineering, makes available ('advertises') content or services concerning DRM functionalities, enabling multiparty DRM eco-systems.

Chapter XVI

Intelligent Contracting: An E-Supply Chain Management Perspective 249

Tagelsir Mohamed Gasmelseid, King Faisal University, Saudi Arabia

The unprecedented advancements witnessed in the field of information and communication technology over the last couple of years are significantly affecting the nature and magnitude of B2B interactions, as well as their operational effectiveness and efficiency. However, interaction and contracting among global enterprises continued to be challenged by the difference of laws, authentication requirements, and endorsement constraints. With the rapidly increasing proliferation of mobile devices, wireless communication systems, and advanced computer networking protocols, the deployment of electronic contracting platforms and applications has provided many opportunities to enterprises; dictated new axioms for doing business; and gave rise to new paradigms. Together with the increasing institutional transformations, technological advancements motivated businesses to engage in an interactive process of contract formulation and negotiation.

Section IV

Online Consumer Behavior

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- The Applicability of Network Effect Theory to Low-Cost Adoption Decisions: An Investigation of Peer-to-Peer File Sharing Technologies 277
- Jaeki Song, Texas Tech University, USA*
- Eric A. Walden, Texas Tech University and Carnegie Mellon University, USA*

In this work, we examined the boundary of the applicability of network effects theory. We theorized that when adoption is cheap, the cognitive demands of estimating network effects outweigh the benefit of making optimal adoption decisions. Thus, even in contexts where network effects do exist, we predict that adopters will use simple heuristics to make adoption decisions, if adoption is cheap. We propose that adopters simply do what they observe others doing. Using the context of peer-to-peer file sharing, we conducted three studies comparing network effects against simply following the behavior of others, and found in all three cases that there was no marginal effect of network size on willingness to adopt. However, when subjects were told classmates' adoption choices, there was a strong marginal effect on willingness to adopt. Put simply, if people are offered the option of downloading a free peer-to-peer software, then changing the network size from 1,000 to 1,000,000 has no effect on their willingness to adopt, but having two classmates express a choice not to download the software, had a large negative impact on a subject's willingness to download. Thus, our subjects, when faced with the option of a free download, did not behave in accordance with network effects theory, suggesting that there is a boundary on the applicability of the theory to internet adoption behavior.

Chapter XVIII

- An Empirical Analysis of Cellular Phone Users' Convenience Perception and Its Impact on Shopping Intention in Mobile Commerce..... 294
- Wen-Jung Jih, Middle Tennessee State University, USA*

Two mutually reinforcing forces currently are at work to propel an upward spiraling in the business arena. As wireless communication technology continues to advance in providing broadband connection to both static and mobile users, innovative user-centric Web-enabled services also are routinely being experimented to provide an unprecedented level of convenience for online shopping. Although the concept of convenience has been discussed extensively in retailing and consumer behavior literature, there still is a dearth of research that empirically validates the construct in the context of m-commerce. This chapter presents a study that was conducted to examine the effect of convenience on customers' intention of shopping via their mobile communication devices. Three research hypotheses were formulated to test the claims derived from the literature. Hypothesis 1 states that the customer perception of convenience is significantly related to m-commerce customers' demographical characteristics. Hypothesis 2 states that m-commerce customers' convenience perceptions are significantly correlated with product/service features. Hypothesis 3 states that m-commerce customers' shopping intention is significantly affected by their convenience perception. Primary data collected from college students in Taiwan were analyzed

to examine the relationship between perceived convenience and shopping intention. The result shows a significant relationship between the two variables, and a positive effect of convenience perception on shopping intention. The findings have practical implications for m-commerce strategists by providing more understanding of the m-commerce success factors from a consumer behavior point of view.

Chapter XIX

The Effects of System Features, Perceived Risk and Benefit, and Customer Characteristics

on Online Bill Paying..... 311

Fang He, Southern Illinois University at Carbondale, USA

Peter P. Mykytyn, Southern Illinois University at Carbondale, USA

Along with the exponential increase in online business transactions, the online payment system has gained in popularity because vendors and creditors realize its growing importance as a foundation to improve their information infrastructure and to achieve “paperless” operating efficiency. However, due to per se different characteristics among customers and Web-systems, both sides’ perspectives and technology factors could cause a significant level of variation in customers’ acceptance of online payment methods. Our research involving 148 subjects who participated in a field survey, examined the impact of a series of possible decision factors, including perceived risk, perceived benefits, vendor’s system features, and customers’ characteristics, on the intention to use an online payment system by customers. The results suggest that vendors/creditors should: one, pay particular attention to improving the security and the ease-of-use of their transaction network; and two, focus on adding necessary option features, such as recurring automatic deductions, so that they can speed up the transformation process and encourage customers to switch to using online payment methods.

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