



e-Commerce

Innovations and Business Models Opportunities for Operators

Market Report

The e-Commerce market is enjoying double-digit growth, sustained by the ever-growing number of Internet users, their increased familiarity with online shopping and by attractive offers.

This report provides an in-depth examination of e-tailers' business models, of the challenges and innovations in the e-Commerce sector, along with an analysis of opportunities for operators.

Key questions

- How are the leading e-commerce players positioned: pure players, traditional retailers and mail order companies?
 - e-tailers: detailed cost structure. What are the expected profitability levels for the different business models?
 - Online/offline: What differences in profit levels?
 - Is the e-commerce model scalable or more akin to classic retail?
 - What innovations to respond to new challenges: affiliation, rich media, flash sales, 3D, click-to-call, virtual agents, widget, social networking, blogs, IM...?
 - What opportunities for operators: direct sales, monetising their audience, B2B2C?
- > Key market data and forecasts for Europe and the United-States up to 2012



1. Introduction

1.1. Definition of e-Commerce

- B2C
- Intermediation platforms: B2B2C, C2C

1.2. Consumption

- Increasingly widespread
- Increasingly frequent...
- Internet user categories
- Motives for online shopping

2. e-Commerce Value Chain

2.1. The market

- A thriving market
 - Steadily rising sales
 - Still only a fraction of retail sales
 - Value of the average shopping cart rising
- The most commonly purchased products/services
- Typology of e-Commerce sites
 - Most popular e-Commerce sites
 - Traditional retail players
 - Pure players
 - Veteran mail order companies
- Market growth factors

2.2. e-tailer cost structure

- Revenue structure
- Operating account structure
 - Costs: logistics, IT, marketing, advertising, payment
- Operating revenue
 - Varied models: affiliate commissions, auctions, order processing, subscription, ad revenue, financial gains
- Profitable models... despite the current crisis
 - Profitable businesses, with investment capacities
 - Impact of the crisis: results down

2.3. Comparative profitability of the offline/online model

- Gross margins and operating results
 - Travel agency sector
 - Retail chain sector
 - Distribution of cultural goods
- What differences in the business models?
- Better profitability in the long term?
 - Gross margin and net profits
 - Operating account
 - What long-term profit levels?
 - Is the e-commerce model scalable?

3. Challenges and Innovations

3.1. Steering qualified traffic to the site

- Affiliation: performance marketing
- Advertising: a direct sales channel
- Traffic: flash sales

3.2. Making the sale

- Shopping suggestions: personalising the offer
- Enhancing the shopping experience: rich media, 3D
- Accompanying the purchasing process
 - The customer service challenge
 - Virtual agents
- Reliable and diverse payment solutions
 - Online payment: a matter of trust
 - Development of online credit

3.3. Building customer loyalty

- Shipping
 - Areas for improvement
 - The e-tailer/shipper relationship
- Web 2.0 building loyalty
 - Widgets and RSS feeds, communities

4. Opportunities for Operators

4.1. Direct positioning

- Extension and offshoot of offline operations
- An audience-centric strategy
- TV networks: ABC, ITV, NBC, M6, ProSiebenSat.1, TF1
- Operators: AT&T, Free, Orange, T-Mobile, Three UK, Verizon, Vodafone
- Internet companies: AOL, Cyworld, Facebook, Flickr, Google, MSN, MySpace, Yahoo!

4.2. Monetising the audience

- Evolution of the ad-funded model
- Large audience on operators' sites
- e-Commerce strategy integrated into the portal

4.3. B2B2C technological solutions

- Online payment
 - Click-to-call
 - CDN
- For each service analysed:
- Advantages for e-tailers
 - Market: sales, key players
 - Opportunities for operators
 - Quantified forecasts up to 2012

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