# e-Commerce today?

What's new about
the latest online
business models?

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There can be no doubt that today large business is on the Internet and that that is where some of the most successful business models are created – Google, Amazon, Facebook, eBay, AliExpress, Booking.com, AirBnb, Viber...



# E-commerce is the soul of e-business.

It is developing very rapidly and revenue from it is increasing exponentially.

E-commerce ("e-C") is a prospective branch that attracts the attention not only of entrepreneurs and traders by occupation, but of all people who wish to make money on the Internet.

By **2020** global sales in e-commerce will reach

**4.058 trillion USD**

**in the US for 2019.**

**224 million online buyers**

**162,8** of which were mobile buyers

According to a research by Business Insider on consumer behavior:

- **men (22%)** are more inclined to purchase a product through a mobile device than **women (18%)**
- **women** are inclined to shop online **more frequently than men**. For every $ 10 spent online women spend 6 USD, and men spend 4 USD
- **Millennials ( 18-34 years old)** are inclined to spend around $ 2000 per year through online transactions. This is **the generation which today shops most frequently online**.

# Models for a successful online business

Traditional Business Models

**B:B** **B:C** **C:C** **C:B**

# Traditional Business Models

## B:B Business-to-Business.

There are many varieties. A classic example are the marketplace platforms which connect traders /buyers and sellers/ through facilitated modes of communication and other useful functionalities. Alibaba (1999; later AliExpress) ) is the biggest online market in the world. Created in China, it quickly gained worldwide popularity and today has support in many languages, including German, Italian, Polish, Japanese, etc.

## B:C Business-to-Customers.

The most popular variety are e-stores which sell to end consumers – Amazon. In Bulgaria the most popular are eMag (electronics and daily consumer goods), booktrading (books), etc.

## C:C Customer-to-Customers.

Consumers who sell to other consumers. Examples of C2C business models are eBay, the platform for free classifieds OLX, etc.

## C:B Customer-to-Business.

Consumers sell their own products or services to business. For example a photographer who sells his works to a business.

# New online business models from the last decade

# Low-Budget Innovation Business Model

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## Improving and perfecting a product or service, or creating new ones with low-budget innovation

Corporate leaders all too often underestimate the power of cheap models, focusing their innovation on new products instead, which are more complex and, therefore, more expensive than the models they replace.

Multinational companies obstruct their competitors and implement new applications and services with low-budget offers that are made for the rapidly developing economies.

The Chinese company Xiaomi is a good example for this model. Through its concept embedded in the motto “A smartphone for everyone”, **Xiaomi** is already the third largest seller of mobile phones in the world.

# Community-Funded Business Model

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**Developing consumer expectations for products or services by creating communities of fans**

The most valuable resource for this model relies on the intelligence of the community through **community management**: utilizing existing social media platforms and creating new proprietary ones. Its most typical manifestation is in the entertainment and media industries.

How does it work? For example, through an established platform for video sharing. The platform guarantees a connection between the content creators (video or other) and the community which likes the content, contributes to the financing of projects and the creation of new content (gaming projects, **Vimeo, Pocket, Instagram**).

# In-Crowd Customers Business Model

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## Popular and effective within tourist and leisure services, fashion and luxurious goods

Its most valuable resource is the influencers which become ambassadors of the brand – bloggers, vloggers, popular personalities that persuade the consumer that if they choose a certain product/service they will distinguish themselves from the crowd.

Creating a personalized connection with the consumers is the key to success with this model. The brand plays a significant role in developing this relationship in which the brand ambassador (the influencer) establishes a relationship with the consumers via social media. The prices can reach record highs due to the consumer's drive to differentiate from the crowd by choosing the products/services of a specific brand (hotels, restaurants, jewelry, etc.). For example, the foods and beverages brand CoffeeAndChampagne (https://www.instagram.com/coffeeandchampagne/); health and beauty's LiteAndCycleShop (https://liteandcycleshop.com/blogs/media), etc.

# Twisted Freemium Business Model

## G-generation projects where the “G” means Generous, not Greedy

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The so-called Twisted Freemium business model improves upon the existing Freemium model (LinkedIn, YouTube, Tinder, etc.) which embodies the concept of the consumer receiving something for free. The Internet and mobile applications changed consumer behavior and reinforced the expectation of receiving free products and services. This trend was started by Google – the company with a “Don’t be evil” motto. The newer Twisted Freemium model rewards generosity and the desire of startups and entrepreneurs to be generous towards different communities, and to give more than what is usually expected, or to just change the rules of the game (blockchain and other DLT technologies, the possibility for cheaper and more secure contracts with lower fees, and transactions without the need for banks and government institutions acting as middlemen).

In the beginning the Freemium model is based on the concept of including clients at the start of the creation process by delivering something of value for free, whereas clients who need a constant servicing of their relationships must pay for a professional subscription. And here is the turnaround – finding clients that pay for the product in the production phase via mass funding (crowdfunding) and later inserting it into the business for free. This philosophy is embodied in the platform **Kickstarter, open source software**, etc.

# Unlimited Niches Business Model

**Creating niche products through unique content that is created in content management platforms, as well as consumer generated content**

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The diversity of products is ensured by the consumers themselves.

The expenditures for this business model are: creating and maintaining a platform + moderating its content. In this model the platform is a key resource.

That is the place where supply and
demand meet, enabling the suppliers of niche content to develop services from a user generated content.

Examples of the most successful models include: **eBay, Youtube**, etc.

# Beyond Advertising Business Model

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## Improving upon the advertising business model

Traditional print and online media don't rely on the number of subscribed/registered readers anymore. In order to monetize successfully they are forced to go beyond the established advertisement models and attract commercial partners through various methods of facilitation (platforms for ad creation – **open API**).

# Markets As Conversations Business Model

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**In short, the consumers and the business communicate in order to improve the service through the consumer experience**

Through the Internet people stumble upon and discover new ways of sharing knowledge with an amazing speed. Markets become smarter and more dynamic than most companies.
This model lies at the core of the services provided by companies such as **TripAdvisor**.

# One-Off Experience Business Model

**One-Off experience: see – hear – buy product/service**

A model based on the shared experience of consumers which is linked to the purchase of a product or service. Consumer reviews and feed-back are shared globally with a global audience that is interested in those product or services, or similar ones. The value of the model is determined by user generated content for as many products/services as possible. A typical example would be **TripAsvisor**.

# Sustainability-Focused Business Model

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## Socially and ecologically engaged projects with sustainable causes that engage their products with these causes: eco industry, carbon footprint, fair trade, etc.

Ecological equilibrium, projects for people that are economically or socially disadvantaged are pressing issues for the digital millennium. Entrepreneurs that bet on similar causes in their business models can receive financial help from both likeminded individuals that invest in them, as well as from consumers through the purchase of these products and services.

At the base of this model lies a concern that everyone shares for the future of the planet and our common wellbeing. Every initiative aimed at reducing poverty, at social justice, equality, wellbeing, the development of communities, long-term employment, a stable income, labor protection, salaries, a code of ethics, career growth, health and safety, and diversity, has a sustainable social value. Examples of similar models can be found in various sectors of the economy – from platforms enabling better interconnectivity for certain social groups such as Digital Mums (https://digitalmums.com) and Social Starters (https://www.socialstarters.org), platforms for shared services and resources like AirBnb (www.airbnb.com) to platforms for accessible healthcare services like MeetAndMultiply (https://www.meetandmultiply.org).

# The new industrial revolution

**Technology is not an aim.**

**It is an instrument.**

**It is the engine of society and the economy.**

**That is why the successful companies of the future will be those that look for human qualities – emotional intelligence, engagement, proactivity.**

**The digital space transforms the fundamentals of traditional economic and business models, and as such it can be defined as a true industrial revolution.**

Are you ready for a challenge?

**The most successful long-term plan is a compliant business model!**

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