

## ONLINE BUSINESS ANALYSIS ON THE BASES OF 7C ELEMENTS

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### Summary

*The Business Model has become one of the most widely used term in the last decades. Notably, online businesses continue to increase as consumers leverage new shopping and service channels. However new research highlights that consumers are increasingly leveraging online information for better comparison of product and service before finalizing the purchase. Therefore, the main objective of the research paper is to deepen the understanding of online business models and its impact on customer behavior.*

*In today's business world, the dynamics of technological development stimulates consumers' flexibility and convenience. As, marketing and management strive to explain customers behavior with various theories and tools, I examine the first impression of online shoppers when they visit the website. Observing e-commerce websites home page in accordance with the 7C marketing framework guided and supported to find the customers' motivation for online shopping and come back to the site.*

**Keywords:** *Business Models, Online consumer behavior, E-commerce, Website.*

### Introduction

Development of the global economy has changed the traditional balance between customer and supplier. These developments, in turn, require firms to reevaluate the business model they present to the customer. Today, purchasing goods and delivering service electronically are becoming more and more common practice. During the mid-'90s, the term 'business model' was the most frequently used in business talks and business journals highlighted the growing shift from traditional to electronic businesses.

In the 21st century and technological era, researchers like Amit & Zott (2001, pp. 493-494) are oriented on the models at E-Business sector and states that value creation is the essential part for the organizations' consumers, partners and its suppliers. Amit and Zott (2001) believe that business model describes the content, structure and governance of transactions, which are designed obstruct that it takes advantage of the business opportunities.

Overall, business models concept became popular during the Dotcom era. Comprehensive literature shows that many authors describe and break down the structure

of business model into several elements or dimensions, like value proposition, value creation and value capture.

The traditional business model which includes placing a store at potentially demanded and crowded area tend to sell or offer goods and services took first transformation steps back in 20th century. Modern companies try to save the costs and use the transformation of business models to become more efficient, for example not opening the actual stores but having e-platform based businesses like Uber, which is the biggest taxi company having not even a car, Airbnb - daily house renting enterprise, without owning any house. Banks, offering online banking in order to avoid crowd, be more flexible and available 24/7. Multiple companies offer home offices to spare money for the office furniture and be more attractive for employees. However, the leading trends and innovativeness in business models in 21st century are IT companies. E-business also includes new sources of value creation such as collaborative content as well as the formation of new participants and networks because of its lower interaction costs. Without any doubt e-business firms profit from higher efficiency, increased information speed and lowering transactional costs.

Ontologies and understanding of the business model concept have developed through the technological development, nowadays e-business models are identified as the most demanded by the consumers.

## **Material and methods**

In the last two decades business model has been a decisive subject of study, therefore secondary data was collected through documentations such as newspaper articles and online journals from previous researchers who defined the meaning of business model, the evolution of business model and e-commerce. The database like Ebsco and Google Scholar had significant role for my electronic books and access to secondary data. The observation is used as qualitative research methodology. The observation analysis is created based on online companies', using 7C elements. 7C is the moderated version of the e-business model 4C by Wirtz (2001) and by observing companies' through 7C framework will give broad insight, how firms understand to deliver value over the internet. However, E-business can use shops, portals or marketplace to transmit a message to the potential customer.

### *E-business models*

The business world has evolved over centuries to take an advantage of new trade opportunities, technological development and consumer demand. In the literature online business models are classified by practical examples or it is distinguished by aspects. Value offered in internet can be defined in different ways and sources by combining various methods. At least four main frameworks can be analyzed according to e-business. The first one is the Portal, online business that provides more entrainment between users and the company. Good example for portal is blog, or nowadays commonly used Vlog, which stand for virtual blog. Portals are content providers and social relationship builders. The second type is Shop, which includes online selling of products' and providing services online. Next type is Marketplace-supply chain and online interconnection for organizations. The last one is Utility which's example are IT services.

There are several innovative e-business models and they have potential to give your business competitive edge. The table 1 below will outline examples of online business models with its short definition and examples of international companies. Also, it should be mentioned that those models may be overlapping in practice and particular company can benefit from two or more merged characteristic of online business models.

Model	Definition	Example
<b>Freemium business model</b>	Basic services for free and charges for premium service	Slack
<b>Product-as-a-service (PaaS)</b>	Adding additional value as service for the product	Zipcar
<b>Multisided-platform</b>	Affiliating two or more parties to the marketplace	Airbnb
<b>Subscription business model/subscription boxes</b>	Product or service usage at the monthly or yearly charge	Netflix
<b>Community-based business model</b>	Company builds a community around same interest or profession.	Stack Overflow
<b>Crowdsourcing</b>	Developing company, product or service by helping of crowd, or selling small percent of shares on relatively small price	Lego

**Table 1: Innovative E-business models**

*Source: Own Construction according to Vivek Siva, 2019.*

### ***Benefits and Challenges of Online Business***

Internet brought up great opportunity to business enterprises such as creating e-shops. Likewise, e-business is beneficial for consumers since it abolishes geographical barriers and extends horizons for brands' awareness. There is no more need to visit physical store, but just login at website, order and receive any service immediately, like download software or order food online. Thereby those benefits bring other advantages like save time and raise feeling of convenience. Additionally, information is widely open and reachable by everyone who uses internet, consumer can find easily similar products or services offered by different companies, compare their features, prices and finalize purchase in timely manner. Furthermore, information is accessible any time from any point of the globe, while stores, banks or public services are closed. Enterprise also can save costs of employees, as entering ethical and full information about service or goods it provides. Since that studies show that millennial generation is in rush and speed matters, online business can benefit from offering them improved services and raise brand awareness through websites. Nowadays online business takes full advantage offered by the web like to promote their interest, bring wealth to the company and speed the information among potential customers (Stanescu, 2018).

E-commerce can be found in different types of businesses like B2B-Business-to-business, which is majority type of the e-business model and it includes logistic services, application hosting enterprises and outsourcing companies. The second most spread type of e-commerce is B2C-Business-to-customer, for example selling and buying eBooks or car rental companies. This type of business reduces transaction cost because of its free information access and allows consumer to find the best price for the product or services. Not for a long time ago Facebook allowed its users 'Marketplace' tool for consumers to sell or buy product, this type of business is known as C2C-Customer-to-Customer. Finally, M-commerce which stands for mobile commerce business. Transactions are conducted wirelessly through mobile applications.

### ***7C Framework - e-commerce websites evaluation tool***

Boynd Collins was the very first scholar in 1995 who developed, formal evaluation of e-commerce web sites. The research was based on specific project for librarians to evaluate the information quality that could be found in internet. He developed six basic criteria like content, organization, graphical design, authority, innovative use and search ability (Yang, 2016). The world continued to develop and since a lot has changed. Nowadays internet search engines like Search Engine Optimization (SEO), developed.

However, SEOs' evaluate web sites based on Collins criteria. On the other hand, customer interface has major impact on e-commerce web sites. The theme and level that attracts consumer of web is known as 'customer interfaces.' Thus, 7C framework is totally oriented on customer interfaces, and it evaluates what user sees while visiting web site for the first time. For anyone or any kind of business the first impression can bring success to firm or lose potential user. To be more precise and persuasive 7C framework includes element like, Context-design of website, *Content*-simply information about site, *Community*-group of users, under same interests or beliefs, *Connection*-linkage between similar websites, *Customization*-personalization, using web site on different languages or categorization, *Communication*-style and type of *Communication* between business unit and its user, *Commerce*-performance of e-commerce.

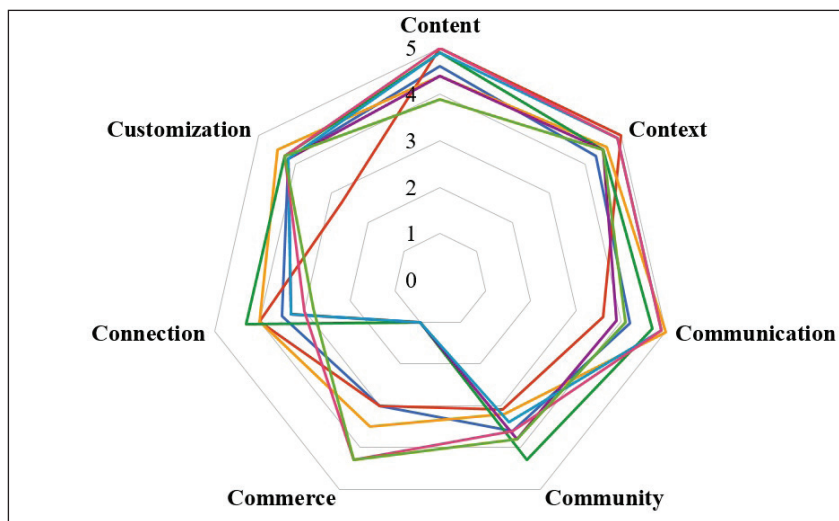
In the literature for web evaluation or web user satisfaction, frequently is used criteria that evaluates sites from first-time-buyer viewpoint. There are several examples, where 7C or overlapping framework had been used by scholars to evaluate website's home page and attractiveness. For example, WebQual by Barnes and Vidgen, which was oriented on 3 main topics such as quality of information, usability and service interconnection. Mola and Licker, developed independent variable to measure customer satisfaction through evaluation, which is customer e-commerce satisfaction (CES). Mclean and Blackie also measured sites according to 7 elements which is very close to 7C framework, and of course Yang, who created software that measured 7C elements with program UA 2.0, URL Analyst (Yang, 2016).

Hence, the main goal of this paper is oriented on customer behavior in e-business, it should be pointed out, that 7C framework is one of the best tools for observation of websites from customer point of view. On the other hand, this paper can be used for further development and as an evolution criterion for websites.

## Results

When visiting the website first-time huge role plays design and simplicity, the site should be as attractive as possible and easy to find what customer searches for. Site mapping, searching tool or categorization at the front screen helps to raise customer's satisfaction and motivate to come back to the web. 7C Framework had a significant value for my research work, with the integration of Amazon's SEO tool, Alexia.com which helped me to evaluate websites more objectively and develop results correspondingly. This research paper is based on randomly chosen eighteen e-commerce websites which differ according to business activity they do. As an example, some companies provide e-vouchers and discounts, some auctions, online loans and others operate as an online shop.

In order to evaluate and analyze firms were grouped as mentioned before with the type of online business, as shop, portal and marketplace. Figure 1 shows the results of online shops. All these e-commerce websites are operating as online shops, which offer customers' variety of products, from different brands and physical stores. They are the prototype of amazon.com and mission of the firms is convenience and the cheapest service for everyone. The main differences between online shops is due to the design and attractiveness that home page derives to customer in content and context fields. Further, the most of websites are developed so that it is easy to use, and categorization raises feeling of individualism for customers. Variety of payment methods and close network in social media also impacted on connection and community elements of 7C framework, which itself impacted on grades while evolution.

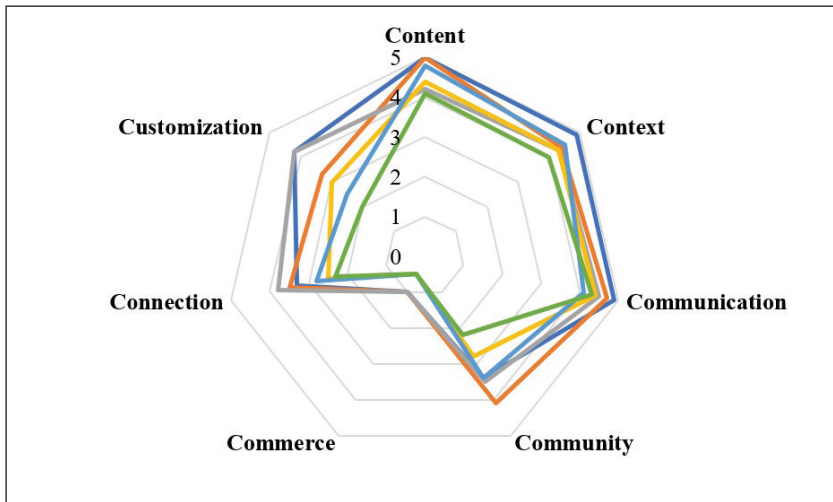


**Figure 1: Evaluation of Shop type of online firms' website**

*Source: Own construction according to table created with 7C framework*

The figure 2 expresses observation part of portal websites, which are mainly service companies in this case. Those companies operate as business supporters, integrating online payment methods, selling or buying business and as fast loan companies. Due to the type of service those companies provide, the most precious is time, along with the speed of website. As consumer requires for fast service, websites should be very easy to use and trustful. Therefore, main attention is drawn on contexts, customization and communication fields. Communication in this situation plays huge role

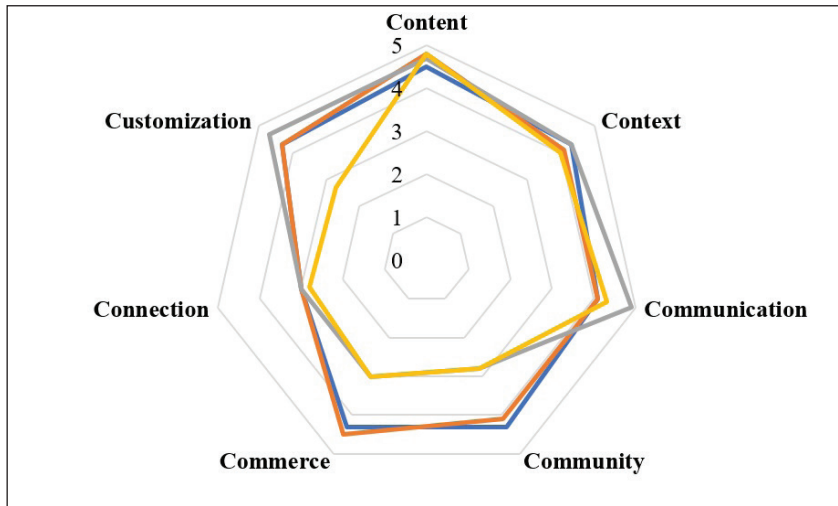
for customer, the more customer is informed, communicated and advised for the services, benefits and policies higher the trust is toward firm, especially when they are limited in time and urgently need financial support. Business support firms were highly graded in the connection element, as company has tight partnership with banks and creating online portals for offline businesses. On the other hand, websites are not very attractive, and the weakest part is design but gives full information on the services, about ongoing and finished projects.



**Figure 2: Evaluation of Portals type of online firms' website**

*Source: Own construction according to table created with 7C framework*

The last group marketplace describes companies that operate as online discount or vouchers firms. They offer customers vouchers and discounts from thousands of different companies, starting from cinemas to restaurants and beauty salons. Those websites main revenue stream is advertisements and partner companies, therefore content and communication factors are the strongest which you can see on figure 3 with yellow and grey color. However, is obvious that firms understand their strength and keep developing it. On the other hand, The web is very colorful and attractive, with nice and complete description on the product. Offers and promotions are attractive and stimulus visitors to purchase. The C2C companies of online car auctions and the biggest free application are highly evaluated in communication, commerce and content elements.



**Figure 3: Evaluation of Marketplace type of online firm's website**

*Source: Own construction according to table created with 7C framework*

## Conclusion

To sum up, Online Business Model is the convenient strategy to deliver value to customer through the internet. It increases feeling of convenience, saving time and effort to get desired service or online any time from the any point of the world. Launching online business can be Shop, Portal or Marketplace type depending on the business activity. Online business helps companies to analyze consumer behavior easily, as they can observe and scale the search history. It also gives ability to managers to find out future demands and meet their needs in accurate and timely manner. In order to build successful online business, the website has significant role, therefore evaluating firm's website from customer point of view will give an addition support to business success. The figure 4 expresses the process of creating online business.





**Figure 4: Online Business Model Cycle**

*Source: Own construction according to secondary data*

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