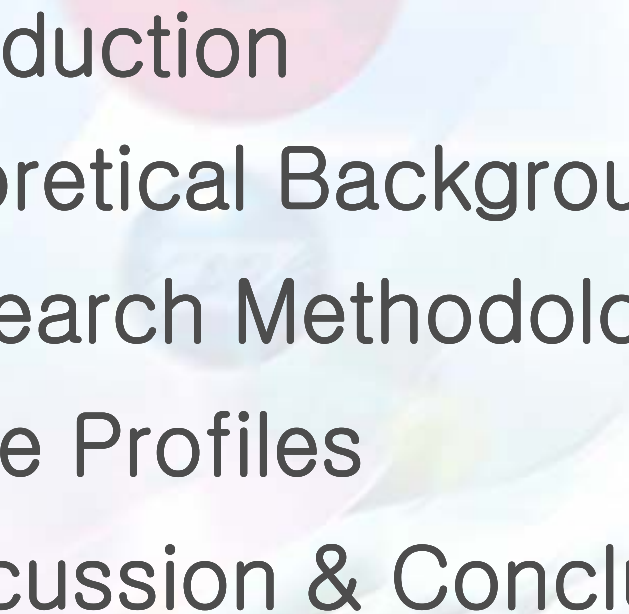


TRANSACTION VISIBILITY: RE-INTERPRETATION OF E-COMMERCE CASES

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C O N T E N T S

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- A faint, artistic background image of a hand holding a globe, symbolizing global impact or research. The hand is positioned at the bottom, with fingers slightly curled around the base of a globe that is centered in the upper half of the page. The globe shows continents and oceans in soft, muted colors.
- I. Introduction
 - II. Theoretical Background
 - III. Research Methodology
 - IV. Case Profiles
 - V. Discussion & Conclusion

I. Introduction

1. Study purpose

- ▶ Proposing a new perspective regarding the role of visibility characteristic of electronic transactions

2. Contributions

- ▶ Two different benefits from the visualizing forte of IT
- ▶ Appropriate conditions for successful transaction visibility change

II. Theoretical Background

1. TRANSACTION

- “the act of doing business”
- All activities associated with the effective exchange

2. TRANSACTION VISIBILITY

- Visible transactions
- Invisible transactions
- The degree to which the detailed logic of transactions is open to view and subject to manipulation of customers.

II. Theoretical Background

3. CHANGING TRANSACTION VISIBILITY

3-1. Making transactions visible

- ▶ inviting customer's participation,
- ▶ empowering the customer, and facilitating the customer's self-fulfillment

3-2. Making transactions invisible

- ▶ Connecting relevant or subsequent services to the customer's contact point processes by "packaging"
- ▶ Relocating the contact point with the customer further upstream

III. Research Methodology

1. Case Method

- ▶ 10 cases on transaction visibility change

Korean Co.	Foreign Co.
6	4
Increasing Visibility	Decreasing Visibility
5(4 success + 1 failure)	5(4 success + 1 failure)

2. Analysis

- ▶ Pattern-matching analysis
: Comparison between rival theories

III. Research Methodology

3. Data Collection

- 5 groups of MBA students were asked to find out a case for each mode.
- Construct Validity and Reliability
 - : each team demonstrated their case analysis in class and had free discussion with audience students.

IV. Case Profiles-Increasing Visibility

Case 1. LG Decovil



Traditional Transaction Actions	Change & Evidence	Explanations
<p>-In order to remodel an apartment, consultation with an interior designer is needed.</p> <p>-The customer received passively the seller's explanation of quality.</p> <p>-The customers could only imagine the renovated status of house.</p>	<p><u>Increased Visibility:</u></p> <p>-One can choose where to renovate.</p> <p>-By putting the furniture to desired places and selecting the colors, one can simulate the overall construction.</p> <p>-The cost of the total renovation is estimated.</p>	<p><u>Customer's needs for control:</u></p> <p>- Customers want to choose the desired price and goods.</p> <p>-Customers want to see the simulations of several designs.</p> <p><u>Customer's relative capability:</u></p> <p>Proficient customers know what kind of designs they want and they can choose efficiently the item of construction and materials.</p> <p><u>Vendor's perceived benefits:</u></p> <p>- With the simulation, the customers are more satisfied with fewer complaints.</p> <p>- The consultation time and the cost of the renovation are reduced.</p>

IV. Case Profiles-Increasing Visibility

Case 2. Samsung Securities



Traditional Transaction Actions	Change & Evidence	Explanations
<p>Customers of Samsung Securities can actually go to or talk with the workers for the information of stocks.</p>	<p><u>Increased Visibility:</u> One can inquire about current price through PC and transact by themselves.</p>	<p><u>Customer's needs for control:</u> -One can transact stocks at home or at work with efficiency at lower cost.</p> <p><u>Customer's relative capability:</u> They have substantial level of capability in financial investment and also have transaction capability of using HTS.</p> <p><u>Vendor' perceived benefits:</u> -Security firms can reduce running costs by minimizing stockroom. -The labor costs are reduced and productivity is improved.</p>

IV. Case Profiles-Increasing Visibility

Case 3. Dell Computer



Traditional Transaction Actions	Change & Evidence	Explanations
<p>Customers choose their computer specifications by accessing the Internet or are recommended for the most appropriate computer specifications through the consultation with staff.</p>	<p><u>Increased Visibility:</u> -Customers accept the computer specifications they want through the Internet, and Dell forwards the computers conforming to these requests within 9 hours and completes its delivery to customers within 72 hours. It is possible that customers monitor the level of progress of the orders through the Internet.</p>	<p><u>Customer's needs for control:</u> -Customers should choose the computer specifications. -They want through the Internet and confirm the situation of delivery.</p> <p><u>Customer's relative capability:</u> Customers are capable of choosing the computer on internet and getting the necessary information for confirming the status of their orders and delivery.</p> <p><u>Vendor' perceived benefits:</u> -It is possible to sell products through the Internet. -It is possible to create another value-added products.</p>

IV. Case Profiles-Increasing Visibility

Case 4. Morning 365 'Happy Shop' (SMS)



Traditional Transaction Actions	Change & Evidence	Explanations
<p>-To confirm the delivery, the customers need to check their mail or access to the site.</p> <p>-In case of delivery, inventory problems, difficulties in having immediate purchase through 'Happy Shop', it was impossible to give immediate information to the customers.</p>	<p><u>Increased Visibility:</u></p> <p>-The customers can quickly confirm their orders by SMS without waiting for their orders passively.</p> <p>-After checking the SMS, the customers can pick up the orders at 'Happy Shop'.</p>	<p><u>Customer's needs for control:</u></p> <ul style="list-style-type: none"> - Customers want easy access. - When they use 'Happy Shop,' they want fast purchases. -Customers want to reduce their waiting time for delivery. <p><u>Customer's relative capability:</u> N/A</p> <p><u>Vendor's perceived benefits:</u></p> <ul style="list-style-type: none"> -It's possible to decrease delivery fees. -They can remind customers of orders. -Customers' complains are decreased.

IV. Case Profiles-Increasing Visibility

Case 5. Reverse Auction

Traditional Transaction Actions	Change & Evidence	Explanations
<p>Customers: Customers could not get involved in the process for deciding the price.</p> <p>Vendors: Vendors decided the original price and they dealt with the customers who made orders.</p>	<p><u>Increased Visibility:</u></p> <ul style="list-style-type: none"> -Customers join the process of deciding the price. They offer a price condition, and vendors take the offer if they like the price. -Many vendors offer a price to customers in free competition. If a vendor suggests a lowest price then customer gets the deal. 	<p><u>Customer's needs for control:</u></p> <ul style="list-style-type: none"> -Customers want to purchase at a very cheap price. -Customers want to join the process of deciding the price. <p><u>Customer's relative capability:</u> Customer can join the process of deciding the price and they have capability in offering the prices that the sellers think reasonable to deal.</p> <p><u>Vendor' perceived benefits:</u></p> <ul style="list-style-type: none"> -Vendors are excluded from price decision. That's why reverse auction is not popular in Korea as aggregate purchasing.

IV. Case Profiles-Decreasing Visibility

Case 6. Mobile Coupon

Traditional Transaction Actions	Change & Evidence	Explanations
<p>Customers:</p> <ul style="list-style-type: none"> -Cutting the coupon from newspaper or magazines and take them to store. <p>Vendors:</p> <ul style="list-style-type: none"> -They have to print their discount coupons in a certain time on newspapers or magazines. -They couldn't perceive the customer's detail information. 	<p><u>Decreased Visibility:</u></p> <ul style="list-style-type: none"> -Mobile coupon is permanent, and can get discount every time in every products once it is downloaded. -Customers don't need to cut every coupon and where the discount stores are located. Just carrying the mobile phone is all the customers need. 	<p><u>Lack of Customer's needs for control:</u></p> <p>Customers like easy and convenient coupon and don't want to cut all coupons they need.</p> <p><u>Lack of Customer's relative capability:</u></p> <p>NA.</p> <p><u>Trust in Vendor:</u></p> <p>NA.</p> <p><u>Vendor' perceived benefits:</u></p> <ul style="list-style-type: none"> -Operators can earn the communication charge. -Manufacturers can reduce the cost of printing the paper coupons. -Manufacturers can get the certain information about their customers.

IV. Case Profiles-Decreasing Visibility

Case 7. Samsung Securities Wrap Account

Traditional Transaction Actions	Change & Evidence	Explanations
<p>Customer did everything by themselves such as collecting the information and buying the stocks or selling so on.</p> <ul style="list-style-type: none"> -Customers want the convenient management of properties. -They want safe and long-term profits and minimal risks. -They want to reduce the trade commissions 	<p><u>Decreased Visibility:</u> In advance, the customers set the investment conditions and apply these rules automatically with the help of the specialists and computer systems.</p>	<p><u>Lack of Customer's needs for control:</u> They don't want to do everything by themselves to invest in securities.</p> <p><u>Lack of Customer's relative capability:</u> The accounting specialists and computer system can help their customer setting the investment.</p> <p><u>Trust in Vendor:</u> Clients have enough trust on the learning capacity of intelligent agents.</p> <p><u>Vendor's perceived benefits:</u></p> <ul style="list-style-type: none"> -They can earn regular earning by commissions. -They can structure the rule of transactions & can reduce the customers' complaints

IV. Case Profiles-Decreasing Visibility

Case 8. Dell computer (Inventory Management)



Traditional Transaction Actions	Change & Evidence	Explanations
<p>Dell's stock Management used to check the amounts of orders and stocks, and completed by sending Invoice to the vendors.</p>	<p><u>Decreased Visibility:</u></p> <ul style="list-style-type: none"> -Sharing the stock information with computer parts vendors by JIT. -Keeping the rate of rotating stocks in 6 days by exchanging the information of computer parts stocks. -Saving the costs of stocks and avoiding the delay in replenishment 	<p><u>Lack of Customer's needs for control:</u></p> <p>Dell's stock management system just confirms the orders and inventories without sending invoices.</p> <p><u>Lack of Customer's relative capability:</u></p> <p>NA.</p> <p><u>Trust in Vendor:</u></p> <p>Dell computer maintain the long-term relationship with its vendors.</p> <p><u>Vendor' perceived benefits:</u></p> <ul style="list-style-type: none"> -Reducing the operating cost for inspection and stock management -Increases the power of purchaser by safe parts supply.

IV. Case Profiles-Decreasing Visibility

Case 9. Sony Ubiquitous Computing



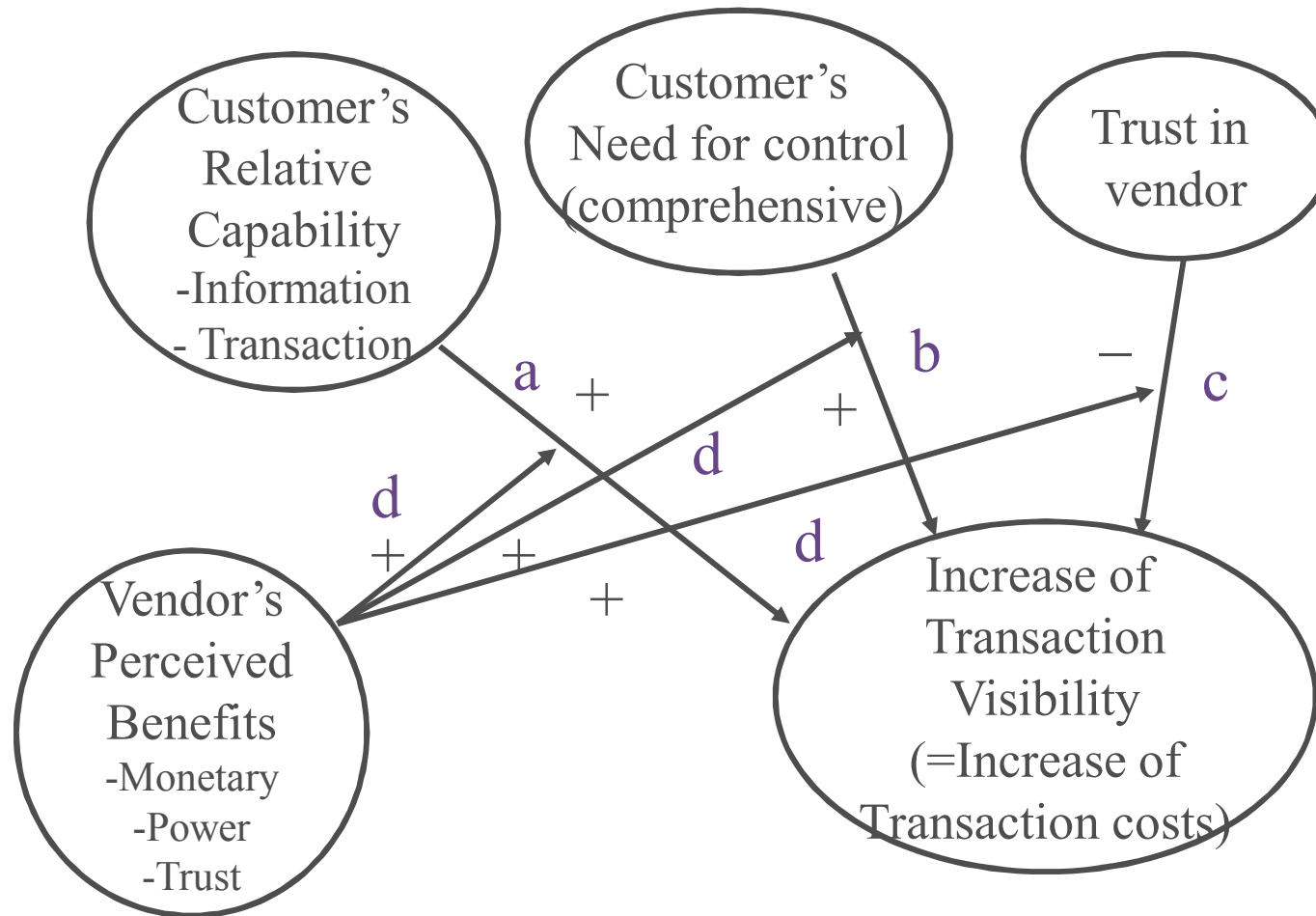
Traditional Transaction Actions	Change & Evidence	Explanations
<p>-Customers of SONY had inconvenience on working with many machines individually.</p> <p>-Connect with one machine and one service.</p>	<p><u>Decreased Visibility:</u></p> <p>-It (Ubiquitous computing) can increase the value of electric facilities by reducing the visibility of action in using machines.</p> <p>-It can reduce the inconvenience to study every manual for each machine.</p> <p>-It shortens the working time because it provides the package service.</p>	<p><u>Lack of Customer's needs for control:</u></p> <p>Customers don't need to work with many machines individually.</p> <p><u>Lack of Customer's relative capability:</u></p> <p>Customers don't need to have capability of working each machine. Also, These services can be used for aged people, disabled, and patients</p> <p><u>Trust in Vendor:</u></p> <p>Trust in not exploiting privacy information</p> <p><u>Vendor' perceived benefits:</u></p> <p>Making the new profits for launching to new market.</p>

IV. Case Profiles-Decreasing Visibility

Case 10. Streamline.com (Automatic Replenishment)

Traditional Transaction Actions	Change & Evidence	Explanations
<p>Inconvenient to purchase or order the same commodities every time like soap, washing powder, shaver, batteries, and so on.</p>	<p><u>Decreased Visibility:</u> Creating a DB that analyzes the customer's type and time for purchasing, so they can deliver without direct order of customers.</p>	<p><u>Lack of Customer's needs for control:</u> Misconception about customers' preference on grocery shopping: Customers actually want to stand inconvenience of ordering the same products. They sometimes love to go shopping for commodities.</p> <p><u>Lack of Customer's relative capability:</u> NA.</p> <p><u>Trust in Vendor:</u> The success factor of this service is that customers should have enough trust in vendor to replenish the products automatically.</p> <p><u>Vendor' perceived benefits:</u> They can lock in customers for grocery shopping.</p>

Research Model



V. Discussion & Conclusion

Path	Influential factor	Transaction Visibility change	Case(s)
a	Customer's relative capability	Increased	LG Decovil, Samsung Securities HTS, Dell direct order, Reverse Auction
	Lack of customer's relative capability	Decreased	Samsung securities (Wrap account), Dell computer (Inventory management system), SONY, Streamline
b	Customer's needs for control	Increased	LG Decovil, Samsung Securities HTS, Dell direct order, Morning 365, Reverse Auction
	Lack of customer's needs for control	Decreased	Mobile Coupons, Samsung securities, SONY
c	Trust in Vendor	Decreased	Samsung securities (Wrap account), Dell computer (Inventory management system), SONY, Streamline
d	Vendor's perceived benefits	Increased	All the cases in this study
		Decreased	Reverse Auction

Implications

1

Retailing is not displaced, but will be more important in electronic commerce.

2

There should be some considerations in interface to embrace diverse levels of users' capabilities.

3

The concern of visibility should not be confined to the contents of information, but be extended to the structure or organization of information.