E-Commerce and It’s Effect Across Different Industries

MIS 304
Professor FangFang
Spring 2009

Sonny Garcia
Blake Guiffre
Justin Fay
Ricardo Ledesma
Samir Hamideh
# Table of Contents

1) Cover Page .......................................... Page 1  
2) Table of Contents .................................... Page 2  
3) Introduction ......................................... Page 3  
4) Travel Industry ....................................... Page 5  
5) Book Industry ........................................ Page 10  
6) Distance Education ................................. Page 14  
7) Stock Brokerage ...................................... Page 18  
8) Entertainment Industry ............................. Page 23  
9) Conclusion ........................................... Page 28  
10) Bibliography ......................................... Page 30
Introduction

E-commerce is defined as “Electronic commerce or ecommerce is a term for any type of business, or commercial transaction, that involves the transfer of information across the Internet. It covers a range of different types of businesses, from consumer based retail sites, through auction or music sites, to business exchanges trading goods and services between corporations. It is currently one of the most important aspects of the Internet to emerge.” (S1). Basically anything you buy online and pay for online falls under e-commerce. It’s doing business over the internet.

E-commerce began before Personal Computers were common in people homes and lives. If you look back E-commerce began to take shape in 1984 with the implementation of Electronic Data Interchange. EDI was a way for companies to exchange data directly from system to system without any manual or human manipulation needed. So POs could be sent from one company directly to another companies system. All the formatting would be done and the data transfer would be seamless (S2).

In 1992 a company by the name of CompuServe started offering retail products online to its customers. This was the first time that people could go online and buy products from a retailer (S2). There was a problem though. Web browsers weren’t very easy to use and out of the few people who had PCs very few of them had an internet connection.
Netscape changed the use of PCs forever in 1994 when they released their web browser (S2). For the first time there was a web browser for everyone that was easy to use. Built into their browser they had Secure Socket Layer technology which allowed for secure and safe online transactions (S2). This paved the way for everyone to start shopping online.

Then in 1998 Digital Subscriber Line began to sweep across California. DSL offered people a very fast way to connect to the internet without the trouble of modems and very slow and un-reliable phone line connections. People began to spend more time online and on their computers (S2).

With these technological advances Retail spending reached $20 Billion in 1999 as reported by Business.com (S2). This fueled the DOT COM revolution that took place in the late 90’s and early 2000’s.

To help fuel this E-commerce craze in 2000 the government extended their moratorium on internet taxes until at least 2005 (S2). This immediately created incentives for people to get more involved in the online sales side of whatever business they were involved in.

E-commerce has been expanding and changing over the years and is becoming more and more the conventional means of doing business. The lines between ecommerce and traditional have been blurring over the years and soon will be indistinguishable (S1).
We are going to analyze several industries in which e-commerce has had a significant effect on the traditional business model and have changed it forever. These industries will be The Stock Market, The Travel Industry, Retail, Entertainment Industry, and Education. All of these are industries that directly impact our lives so we felt they would be good to illustrate the impact of E-commerce.

First the industries traditional operations before ecommerce will be evaluated and explained. Second the E-commerce side of the business will be evaluated and explained. Third will be how the industry as a whole operated today, and lastly the future of the industry will be speculated.

**Travel Industry**

The development of e commerce ever since it was first introduced in 1991 has gradually had an increased influence on the travel industry in a number of ways. It’s changed the way travel services conduct their business. Travel service providers such as airline companies, hotels and rental car companies have been granted the ability to restructure their sales strategies. Before online selling became possible the traditional travel agencies known as brick and mortar agencies handled the majority of sales for companies in the travel industry. These traditional agencies have slowly been driven out of business. The availability of online sale methods has been beneficial to the travel service provider companies and opened up opportunity for the online travel agencies.
The travel suppliers such as the airlines, hotel and rental car companies had routinely relied on traditional travel agencies to sell their services. The traditional travel agencies operate from small stores in shopping centers or along busy and popular city streets. These traditional travel agencies were retailers who acted as an agent on behalf of the supplier of the service. The supplier of the service typically had contracts with the agents that enabled the agencies to gain a fixed percentage from the entire amount of each sale. Once a customer initiates a sale from the travel agent the airline ticket or hotel arrangement is supplied to the agent at a discounted price. The agencies would make their profit off of the difference between the advertised price in which the customer pays and the discounted price controlled by the fixed percentage of commission (8).

According to Idea Group incorporated, travel agencies would utilize marketing strategies such as customer relationship management in order to establish and maintain strong relationships with their customers. Utilizing a strategy that kept customers satisfied allowed the viral marketing to work for itself in developing a network of customers in their specific geographic area. It’s said that the difficulty in arranging a long and complex trip is completely taken care by the brick and mortar agent (7). An emphasis on the service of convenience to their customers allowed them to bundle flight arrangements with rental car reservations and hotel accommodations. They would arrange the entire trip covering any transportation between hotels or different towns. This sales method in the travel industry was the primary way for someone to arrange a complex business trip or vacation up until e-commerce was introduced and slowly developed over the past eighteen years.
The combination of increased innovation in information technology and the availability of business to consumer e-commerce have changed the way products and services are sold in the travel industry. An article from Heartland Information Research states “The only way in which traditional travel agencies can compete is by focusing on the ever-decreasing proportion of consumers who are not computer-literate or who would rather pay someone to make reservations for them” (4). This clearly leaves only the low and high ends of the income scale. It’s said that the switch from text based interfaces to GUI technology has provided people who use the internet the ability to explore information not just through text but visually through graphical images (7).

The GUI interface enables a customer to interact with an abundance of information on the web through a variety of video and graphic media presentations (8). Being able to obtain as much visual and text based information as possible on the internet gives a customer in the travel industry a complete preference of how they desire to structure their travel plans. Providing potential customers the opportunity to purchase through the internet has given the two channels of sale used in business to consumer e-commerce control of the travel industry. These two channels of sale are through online travel agencies and direct sales channels.

Online travel agencies provide the same function of bundling an entire travel arrangement together that the traditional travel agencies provide, however enhanced convenience and freedom are the differentiating factors. A few of the popular online travel agencies in the online market include Orbitz, Expedia and Travelocity.
Convenience is the primary factor that is considered an upgrade from traditional agencies along with the level of autonomy and freedom the customer has while booking their trip. These factors allow online travel agencies to control the customers that the traditional agencies once had control of. Instead of physically driving to a traditional travel agent location to meet with an agent to arrange and pay for the trip customers are able to sit in their own home and use an online travel agency and bundle their trip to their own preference after reviewing a list of options. The options include dates of travel, price and the ability to bundle different items in any variety they desire.

The GUI software used by these travel agencies will allow the user to view pictures of their potential hotel for example that enhances their ability to make an educated and confident decision. “The advent of online reservation systems has changed the balance of power between traditional travel agents and the airlines” (5). An information technology known as GDS or direct reservation systems allows online travel agencies to flourish in the industry. GDS is a technology of communication that provides on the minute updates between travel suppliers and the retailer providers representing the online travel agencies. Information on reservation capacity on specific flights on the different airlines will constantly be updated allowing the travel agency to adjust prices along the current demand in the market (7).

The online travel agencies make the majority of their profit in the same way traditional travel agencies make money. They make a commission of the total sale that is dependent upon the difference between the discount price given to them by the supplier and the
advertised retail price of the service. Additionally online travel agencies enjoy partnerships with major web providers such as AOL or MSN for example. They can advertise and provide their services through the major web service providers allowing them to expose themselves to a large base of customers (5).

Direct selling is the second method used in the modern day travel industry. The main suppliers of the product or service have taken advantage of the e-commerce era and created their own company websites that sell the service directly to the customer. According to the Idea Group, direct selling gives a benefit to the sole providers of the travel product by reducing costs and raising brand awareness (7).

Selling directly allows the suppliers of the product to dictate their own pricing strategies. They are able to avoid paying a commission fee to the travel agencies whenever a product is sold. While saving the commission fee and the GDS fee that accompanies the operation between the supplier and travel agent, sole providers of the travel product have the potential to make a substantial profit. It’s said that customer relationship management is important for companies using direct selling online (7). Frequent airline customers are able to set up an account and are given privileges that include frequent flyer miles eventually leading to free airfare while frequent hotel guests are given points that eventually lead to discounted and free rooms. This goal of forming and maintaining a network of customer forces the companies to place a strong emphasis on brand image in order to differentiate themselves from competitors who also sell through direct channels and offer frequent customer privileges.
“It is predicted that E-Commerce sales will account for the majority of air travel sales by 2010” (7). This statement illustrates the fact the trend in the travel industry and specifically the air travel segment of the industry is going to almost entirely involve use of the internet. The capabilities provided by the internet that allow the convenience to the customers of booking at home and the amount of freedom they have in organizing their own packages of travel make it possible for e commerce to dictate the travel industry. The information technology innovations of GDS and GUI have made it technically capable for suppliers, agencies and customers to interact in the modern day version of the travel industry that is completely shifted to an e commerce market place.

**Book Industry**

The book industry before the book ecommerce industry emerged was constructed as typical retail company contained a supply chain, warehouse, store planning, inventory, customer relationship, employees, etc. For example, when a customer purchased a book: customers are able to examine the book; business created a relationship with customer; normally customer would travel to where the store was located. College student would purchase their books at the campus bookstore or a bookstore located within the campus. These bookstores would hire additional employees to stand at the door entrance to assist students on what book needed for the semester. Normally, the bookstore will have the information on what book the student need since they have all the books categorized by the class and the professor teaching the class. Within ten to fifteen minutes, students
would have found the book they needed. Since the bookstore was formally designed to assist customer, the bookstore would have additional products that student might need.

A large percentage of electronic commerce is carried out entirely electronically for practical -items such as access to quality substance on a website, but most electronic commerce involves the shipping of physical items in some way. Online retailers are sometimes known as e-tailers and online retail is sometimes known as e-tail. Almost all big retailers have electronic commerce presence on the World Wide Web. This type of electronic commerce that is conducted between businesses and consumers is referred to as business-to-consumer or B2C (3). Electronic commerce is considered to be the sales aspect of e-business. It also consists of the exchange of data to facilitate the financing and payment aspects of the business transactions. This is the type of electronic commerce conducted by companies such as Amazon.com. Amazon.com created innovations in supply chain management systems, online transaction processing, inventory management systems, and internet marketing (1).

Amazon.com is an American-based multinational electronic commerce company located in Seattle, Washington. Amazon.com is America’s largest online retailer; it has three times the internet sales revenue from the second largest online retailer, Staples, Inc. Jeff Bezos founded Amazon.com in 1994. Amazon.com started as an on-line bookstore. Today, it has a diversified to product lines of VHS, DVD, music CDs, and MP3s, computer software, video games, electronics, etc. It currently trades in the NYSE, and on April 23rd, 2009 the closing price was $84.46. They have a market cap of $36.27 billion
dollars. Its Gross Margin Ratio is 22.28 compared to the industry, 10.26, or the sector, 11.54 (11).

E-commerce in the book industry has grown substantially and have eliminated and competed with physical-world retailers, catalog retailers, publishers, vendors, distributors and manufacturers of products, many of which possess significant brand awareness, sales volume, and customer bases. Many companies like eBay.com have joined in the E-commerce game by providing a popular internet book service. Companies that operated as a bookstore have their own online bookstore. For example, Barnes & Noble is one of the biggest book retailers in the nation realized that online book services were taking the business away and saw potential to gain revenue and save operating cost. Individuals that want to get rid of his or her books can register to one of the online books such as Barnes & Noble, eBay.com, Amazon.com, and others. These companies don’t see it as competition since individual sellers have to pay a percentage of sales as part of the fee.

E-commerce on the book industry provides a service through the internet that assists customers that want to purchase a book. By using Amazon.com per se, you search the book in three different ways: the author’s name, book title, and ISBN number. Once a customer have found the book he or she want, customer registers to the website service, gives personal information such as address and credit card (12).

The positive impact that e-commerce have done to the industry is that it provides opportunities and customers benefit from using the services. Customers save time by not
having to go to the actual bookstore facility. Customers can purchase a book from home. I am a currently a college student and I have to purchase books for class every semester. Books that are sold at the campus bookstore are too expensive compare from searching books on Amazon.com. At the campus bookstore, the book I need for my Management 302 class was for sale for $79.99 used, so I searched the same book on Amazon.com and it was listed for $24.99. Ability to place a pre-order for a book which has no copies listed. The buyer can specify the maximum price and the lowest acceptable condition, and if a book meeting these requirements is listed, the order is automatically placed.

For a scarce book, where condition does not matter, or matters little, this can be useful. An enormous amount of other information about the book, including editorial and reader reviews, a look “inside the book” which shows other books that referenced this specific title, and more. Online services have added links to forums for discussions about a book (and if there are no discussions, links to active related forums). Amazon has always been content-driven, but the content is increasing significantly. Many internet buyers check online for information on books, even when actually buying elsewhere. Customers can leave feedback on a book to state that the book is recommended or not.

The disadvantage of the new e-commerce in the book industry is that it could be cheaper at times, but there is shipping fees included and ordering a book online can take from day to weeks. The reason it takes time is that when you purchase books online from sellers that are registered with online providers like Amazon.com, the purchase for books can be sold form individuals who might not be serious and they take there time to ship the book.
Also, these individual sellers can send the wrong book or they can send the wrong edition; therefore, this causes the shipment to delay before a buyer can get his or her book. Issues have revealed that many well-established authors were anonymously giving themselves glowing reviews, with some revealed to be anonymously giving "rival" authors terrible reviews. If buyers are looking for a book and go based on the rating or comment, buyers can get a less qualitative book than expected. An issue for authors, they don’t make as much sales on books (9).

The book industry went from selling books in bookstores to selling books online, so what will be the future in this industry? Well, Amazon came out with a new device called Kindle. The Kindle is a light device that is similar to a laptop that is highly readable and can hold many books at once. The LCD screen is optimized to be read in direct sunlight and is “Easier on the eyes” than traditional screens. Instead of buying books like we did at bookstores or like today online, we will be purchasing books on devices like Kindle (10).

**Distant Education**

Education has manifested just like everything else in life. Technologies have advanced which have enhanced education and also made it easier for students to learn. Online education through e-commerce has allowed students at home to earn degrees online without ever leaving the house.
In 1728, distant education began by shorthand writing. “An advertisement in the Boston Gazette Caleb Phillips, teacher of the new method of short hand was seeking lessons to be sent weekly” (13). It was pretty amazing how education could be transmitted through correspondence.

Then it was recognized that the University of London was the first to offer online learning degrees. This was a pivotal landmark in distant education. It was now understood that you could get a degree from your home.

In America distant education was led by the name of Charles Wedemeyer. Charles Wedemeyer was from the university of Wisconsin-Madison. Finally, in the twentieth century internet took place which pretty much made things easier and faster. The internet was the foundation stone for ecommerce and the driving force for online education.

There are many universities and companies that provide online education. Some of these companies include the University of Phoenix, Aiu online, Kaplan University, Walden University, Ashford University and Colorado Tech Online. University of Phoenix, which is a private university, has currently 200,000 students and projects to have a total of 500,000 by 2010 (13).

The process is pretty straight forward. The general cost for a class for the University of Phoenix is 65 to 95 dollars. This fee pretty much includes everything you need that is necessary for the education. Resource Fee provides them full access to an electronic
library, textbooks and other ancillary materials required for the course (13). From the seat of your computer a student is able to research online from a full scale library. In addition there are virtual education that students are offered which allows them to be educated more efficiently. “Available are Virtual companies created by the university to give students more realistic assignments that can be done using case studies.”(13) In addition to virtual form of education, technology has advanced making it more of a full scope of an education.

University of Phoenix offers various services for their students. One of their services is there virtual companies. Their virtual companies allow students to learn more effectively virtually than in a classroom. And, unlike case studies in which information come neatly packaged, students using the phoenix software have to hunt for data in multiple files, documents, and records, some of them confusing or incomplete just like real life” (14). Some argued that using these virtual companies allows students to get close to real life experience which is great because when they are faced with the situation in real life they are able to handle the situation more effectively. Therefore, there is virtual software that is offered in online education that may be better than class room activities.

There are a couple of technologies used in delivery in distant education. These technologies are synchronous and asynchronous technology. “Synchronous technology is a mode of online delivery where all participants are "present" at the same time. Requires a timetable to be organized. Asynchronous technology is a mode of online delivery where participants access course materials on their own schedule” (13). Videoconferencing,
web conferencing are all examples of asynchronous technology while email would be an example of synchronous technology.

For every action there is a reaction. This also holds true for online education. Fueling online education are people who are busy with family or who are generally very busy in the real world. Online education also allows students to learn at a slower pace which can benefit from them.

There are many benefits from online education. Students who don’t want to wait for parking or waste money on gas benefit from online education. In addition, the testing is different, which allows students to learn more effectively. Since online education is very new, it is hard to rate the success differentiating it from standard classroom learning.

Online education is not for all students. There are many students who do not like online education. They look forward to the classroom atmosphere and they gain a lot from that atmosphere. Dan Daniel, who is a communication major at Cal State University San Marcos says, “I enjoy the student interaction.” There are definitely pros and cons regarding online classes.

In addition online classes are not for everyone. Some kids are not disciplined enough to be accountable to themselves. They would rather have to attend a classroom setting which keeps them accountable. The more you are around other students who are motivated; it is easier to catch their momentum and progress with them. This is one of the losses that the classroom offers.
On the other hand, online education is rising. Many colleges’ university offer online colleges as not the main source of education but as a compliment. For example, Cal State University San Marcos offers online education. This allows students to benefit from the perks from online education. An example of this would be a Spanish 2001 that is offered in summer. A student who lives far away is able to take the course from an offsite location and not pay the gas and parking for only attending one class during the summer. Statistics definitely show that online education is definitely making money. The E industry is estimated to worth about 38 billion Euros.

In addition online education is on the rise and education is definitely increasing. Let’s put this in perspective. Since the internet has taken route online education has increased and there is definitely a demand in online degrees. University of Phoenix expects an increase in students around 250,000. In addition to the rise, students don’t have to pay for parking and they are able to cut time and save money which in turn caters to their lifestyle. To conclude online education it is definitely noticeable that ecommerce has affected student’s lifestyles and it is definitely a growing industry.

**Stock Brokerage**

In the past, when an investor wanted to place an order, they had to call up their brokers and place the order through the phone, so that they could then enter the order in their system which was linked with trading floors and exchanges. These kinds of brokers are
also known as full-service brokers, and they are called like that because they will also
serve as financial advisors to the investors, as investors will come to them to research
information.

Full-service firms employ analysts to conduct primary research on several stocks, which
they will later on use to provide written reports to assist their investors in buying or
selling decisions on their trading (16).

Full-service brokers are in charge of dealing with the three primary value components for
an investor. These three components are: advice, portfolio management, and
administration (16):

- Advice refers to the process of defining and implementing an appropriate
  investment strategy given an investor’s objective and particular constraints.
- Portfolio Management refers to the process of building and maintaining an
  investment portfolio that properly addresses the strategy that the advisory
  component has defined.
- Administration refers to all the trading, clearing and reporting functions required
  to effectively execute the portfolio management processes.

Full-service brokers may also offer insurance products, mortgages, credit cards and
checking accounts in addition to investment accounts (17).
Because full-service brokers deal with all this aspects, they are relatively expensive. It is not uncommon for a full-service broker to charge an average of $91, though their commissions can go up to around $150 for a trade. In addition to the commission there are other costs to consider, such as account maintenance, wire transfer fees, check writing privileges, and inactivity fees (17). For these reasons, which make brokers very costly, trading stocks was pretty much exclusive for people who were economically stable.

Some of the most renowned names in the full-service brokerage category are: Merrill Lynch, Salomon Smith Barney, Morgan Stanley and Dean Witter.

Nowadays, out of the deregulation of commission charges in the mid 80’s, with the internet being so common among people, and with e-commerce being so popular, investors can trade directly from the internet. Most people trade now through online brokers, which are also known as discount brokers, and this is because of the lower fees they offer (16). A discount broker is a stockbroker who carries out buying and selling orders at a reduced commission compared to a full-service broker, but provides no investment advice (17).

Discount brokers allow you to trade securities (fixed income and equities), options, mutual funds, and Forex (foreign exchange). It also allows you to enter orders directly from the internet, and trade with other investors via ECN’s (Electronic Communication Networks) (18).
With discount brokers, commissions are reduced. Some brokers have a minimum of $7 commission, compared to a $50 minimum of full service brokers (17).

Discount brokers gave the option to people who are not very wealthy to afford a broker and have access to the stock market. This new brokerage system that ecommerce brought to us attracted mainly people who wish to invest lower amounts of money, $10,000 or less, or people who do not mind doing their own research to keep up with the day to day updates of the stock market’s news, etc.

Discount brokers do not provide you with financial advisors who help you in your decision making while trading, they do provide you with a trading platform which you can access from any computer that has access to the internet and has the trading program (for example: Forex mega trader) downloaded. In this trading platform, you are provided with tools that will facilitate the trading, such as research tools, real-time streaming quotes, and up-to-date news releases. These kinds of brokers, discount brokers, are very accessible to people as it is cheap and a large majority of people have access to the internet. This attracted a lot of different people into trading. Actually, because of this accessibility, today, there are more young traders than there has ever been before. This market got so big that just in Forex; there are four million transactions a day (19). Forex turns around about $3 trillion every day (19), which supports the fact that there are people trading, now more than ever, no matter what.
Some of the most renowned names in the discounted brokerage category are: E-trade, Charles Schwab, TD Ameritrade, Scottrade, Zecco, ING Direct, etc.

E-commerce facilitated the ways of trading. It gave a lot of people the thought that trading was not out of their reach. Having accessibility to easy trading isn’t always a good thing though. Because it is so accessible, and you pretty much only need a social security number to start an account with a discount broker many inexperienced people try it, and it costs them a lot. It is also more tempting for people to trade, as it is a click away, and this led a lot of families to take money out of their retirement plans and life saving to start trading. This caused a lot of people to not be able to retire, as they lost their money because of trading without experience due to the accessibility of this. Discount brokers try to filter the people they accept, to ensure that only qualified people join, by making you fill a request to create an account, in which they evaluate you and see if you are someone who will benefit from having an account or not, but this evaluation is not very reliable, as it is very easy to be biased while filling the request.

The future of this industry is definitely through the internet, the only thing that may be changed is the regulations. Although some of the discount brokers are regulated by the government many are still not. Because of this lack of regulation there have been cases of fraud. Another thing is jurisdictions: people should be more aware, because this industry is world wide, and brokers are mostly local, so many times there are legal conflicts, and clients are not aware of what jurisdiction they are under, so they have no place to complain in case of any misunderstanding.
Entertainment

The entertainment industry has undergone some of the most drastic changes of all the industries affected by E-commerce. The Entertainment Industry consists of 3 major areas. These are Music, Movies, and Television. There was a definite way of how these 3 mediums were purchased and distributed before the advent of E-commerce.

The Music Industry was the first part of the Entertainment Industry that was impacted. Before you would go to the store and buy your favorite CD or cassette. They would release new music on Tuesdays and if you wanted that new release you would stand inline with the other fans to be one of the first to get your hands on the newest album by your favorite artists. The industry had fans and the artist in a compromised position holding the only means of distribution. Then came illegal downloading of music.

Napster was the first major file sharing software to emerge. In 2000 the original Napster launched and revolutionized the music industry (20). They for the first time allowed a wide array of people to connect to each other over the internet and share music. As mentioned earlier the GUI is important for people to navigate and use a particular application. Napster was very user friendly and caught like wildfire (20). As the music industry moved to shut down Napster they didn’t realize what had happened. Another means of distribution was born. Online downloads became a reality.
Other applications came to be and eventually the record labels embraced online downloads and developed their own sites and software applications to control and monetize it. In Q4 of Atlantic’s fiscal year they made history. For the first time a major record label’s digital sales surpassed their traditional sales. Their digital music sales accounted for 51% of their revenue (21).

In just 9 short years the music industry went from trying to shut Napster down to monetizing it and successfully capitalizing on it.

The technology that allowed the music industry to capitalize on digital downloads was the same technology that allowed the Movie and Film industry to start into the same realm. Although like Napster, it was very controversial at first.

Before E-commerce movies were more of an event that entertainment. You would have to go stand in line to purchase your tickets, then stand in a separate line to watch the movie. You were left at the mercy of the box office and had to show up at the movie theatre to see if it had even sold out yet.

With E-commerce people could go online through popular sites like Fandango.com and MovieTickets.com to check show times and even purchase movie tickets. You then could go to the theatre and pick up your tickets from the automated kiosk. This saved a lot of time and made going to movies a lot more convenient. You could check show times and purchase your tickets assuring your seat before ever leaving your house. If you
really don’t feel like waiting in lines and dealing with crowds you don’t have to leave your house to catch a flick.

(Bit)Torrent was the brain child of Bram Cohen. He created it in 2004 (22). He wanted to create a way for very large files to be downloaded very fast across the internet from multiple users at one time. Before he created BitTorrent people could not download files larger than a music file due to the fact that there were sometimes large wait times and if your download was interrupted you’d have to start over again. He saw this problem and immediately looked at creating a solution (22).

How BitTorrent differs from all the file sharing programs and sites before it is that it allows information to be downloaded in pieces, or packets, from multiple users and if the download is interrupted then it just picks back up where it left off. This finally allowed people to download movies and large files that wouldn’t be possible before. Though the way the software worked wasn’t as user friendly as the first and second wave of downloading utilities.

Grateful BitTorrent users would send donations to Brahm and this is what he lived off of until the end of 2005 when the movie industry decided to pressure him to work with to help control the piracy problem instead of filing litigation and making him an enemy (23). They raised $8.75 million in venture capitol to have him help create a distribution method for them that they could control.
In 2007 20th Century Fox, Paramount, MGM, and Warner Brothers all released movies that were available through BitTorrent.com. Brahm had made the necessary steps to legitimize him company and along with the studios made BitTorrent a more user friendly application (24). BitTorrent differed from other sites like iTunes and Xbox live because it acted more as an online marketplace for digital media instead of an e-tailer like the rest of them. People could download free content, upload and exchange, then there was also the e-tailer side was well (24).

You cold download new releases for $3.99 while older movies were going for $2.99. Television episodes from shows such as “24” and “Bones” were going for as little as $1.99. Though BitTorrent was the forerunner in the technology aspect they were not the ones who capitalized the biggest.

iTunes is the largest source for Digital Media in the United States (25). They started out with just music only and moved to Movies and Television. In 2007 Apple reported profits of $570 million from iTunes (26). Through linking their media player iTunes directly to their online store they have created a very easy and convenient way for people to download and organize their digital media. Apple prides itself on the simplicity of its programs and this is one of the major reasons iTunes has emerged as the top purveyor of digital media.

Traditional brick and mortar movie rental companies such as Blockbuster have stepped into the digital media realm. They have done online movie rentals and now are doing
streaming movies from their website. If you go on their website www.blockbuster.com you will find a Rent, Buy, Download option on their main page. Online downloading of movies is definitely the future of the industry. Companies like Blockbuster, Netflix, and even the major studios are seeing this.

Television traditionally has been a major factor in people planning their schedules and lives. People were controlled by the television schedule and if they missed their favorite programs they were left to hearing about it from their friends and co-workers at the water cooler the next day. With digital downloads coming on the scene everything has changed.

As mentioned before BitTorrent and iTunes have helped television become more accessible to everyone. You can go to those sites and download individual episodes or even whole seasons. Now the actual studios have individual websites for their television shows and you can watch live streaming episodes if you missed your show. Now several of the major studios have taken it a step further than that and have launched their own online TV station.

Hulu.com has taken off like wildfire. Hulu as of April 2009 is held by NBC Universal, New Corporation, and Disney (27). Hulu launched in March of 2007 and a year and a half later they were in the top 100 of content providers. With the big three of NBC Universal, News Corporation, and Disney they have content from at least a dozen networks and 2 major film studios (27). Hulu’s website is very user friends and has
search options that also allow you to narrow the criteria from clips of shows to full episodes to movies.

The television providers have been feeling this shift to entertainment on demand. They have begun offering their own On Demand services trying to capitalize on the E-commerce technology. They have a distinct advantage being directly in the home. It takes the press of a single button on the remote you launch their On Demand store. You have access to a full video rental store and you can also purchase Pay-Per-View through your remote control and cable box without having to call in and wait for a live operator to give your credit card number to.

As you can see E-commerce has given companies the ability to monetize entertainment service right at your fingertips in real time. Without the ability to make money there would be no reason for these innovation in the first place. The companies that have taken the lions share of business are the ones with the most accessible and ease of use for people.

**Conclusion**

As you can see E-commerce has forever changed every industry it’s touched. What was the standard foundation of business practices even as little as 20 years ago is no longer relevant. The move to E-commerce has affected every aspect of peoples’ lives from the way they travel to how they travel, to how they make and spend their money, to how they
entertain themselves. It had spawned endless options and made powerhouses of companies that were not so long ago operating out of their parents garages. One thing we can assume about E-Commerce is that it is definitely here to stay and it will continue to evolve until it is considered traditional business practices.

E-commerce provided a way to monetize these innovations in the first place. Without the ability to make money there would be no reason to create these innovations in the first place. Why do people work, to make money? This is the foundation of business and innovations in E-commerce have fanned the fires of innovation.

Whether you’re an Ebay shop-aholic, Or you don’t even like checking your email you must admit one thing. The E-commerce way of life is now part of your life whether you like it or not.
Bibliography

1) http://ecommerce.networksolutions.com/ecommerce_what_is_ecommerce.asp
2) http://newmedia.medill.northwestern.edu/courses/nmpspring01/brown/Revstream/history.htm
3) http://www.ecommercetimes.com/
6) www.commerce.net/research/ebusiness-strategies/1999/99_34_r.pdf
   http://en.wikipedia.org/wiki/Graphical_user_interface
11) http://finance.yahoo.com/q?s=AMZN
13) http://en.wikipedia.org/wiki/Distance_learning
14) Walton, Paul., University offers Real Job training at real companies, The Chronicles of higher Education, August 8, 2008
15) Personal Interview. Dan Daniel. Communications Manager CSUSM, May 10, 2009
18) http://www.scottrade.com/
19) http://www.forex.com/forex-seminars.html?src=ID.0001.0001.0001.0001.000605&gclid=CJGm6tLbs5oCFR MUagodFE12bw
26) http://www.videobusiness.com/article/CA6607438.html
27) http://www.crunchbase.com/company/hulu