E-Commerce Business Models

There are currently three main E-Commerce business models: the self-run model, the E-platform/marketplace model and the hybrid model.

I. Self-run model
The self-run model is where E-Commerce vendors independently operate online sales. Vendors often have a website of their own where they provide relevant information and a friendly interface to display and sell goods. Vendors deliver goods to the final consumers through logistics operators who complete the transaction.

Characteristics of the self-run model: vendors operate their own website which may be self-built, self-owned and self-run. They provide consumers with information sharing, transaction, order confirmation, communication, online bank payment or third-party payment and other services via the Internet. Vendors may produce or purchase goods, sometimes also selling goods on a commission basis. The goods are delivered to the final consumers through the vendors' own supply chains or logistics partners, often as chosen by the consumers. Logistics operations such as import and export, warehousing and after-sales, the accuracy of website information, product quality and problems arising during the transaction process are managed and controlled by the vendors themselves.

The self-run model is mainly used by the official websites of brands, including online shopping malls.

II. E-platform/marketplace model
The e-platform/marketplace model is where an e-platform/marketplace provides facilities and services to vendors who sell goods on the e-platform/marketplace's website.
The e-platform/marketplace integrates information flow, goods flow and capital flow for vendors. The e-platform/marketplace takes commission and service fees after vendors and consumers have completed their transactions, but it does not sell goods.

There are two main types of e-platform/marketplace model: the "market" and the "shopping guide". The "market" is where the e-platform/marketplace acts as an online market to attract vendors and consumers: vendors are assigned a clickable access, and they receive orders from consumers by displaying their goods and interacting with them on the platform/marketplace. Transactions between vendors and consumers are settled by the e-platform/marketplace, which provides intermediary services which often include online payment, import and export, logistics, promotion, insurance and consumer protection.

The "shopping guide" is where the e-platform/marketplace serves consumers by matching their needs with the goods, guiding them through the purchase process. The core element of this model is the provision of information: a detailed goods description and price information from various platforms/marketplaces are fully integrated to help consumers easily view and compare options before making a decision.

Thanks to the intermediary services provided by e-platforms/marketplaces, both platforms/marketplaces and vendors can focus more on their own roles. This makes it easy for micro-, small and medium-sized enterprises and individual businesses to become vendors. As a rule, e-platforms/marketplaces focus mainly on platform/marketplace services, and are concerned more about optimization of the user interface and user experience so as to provide consumers with easier access to the desired goods. Meanwhile, vendors are able to concentrate more on goods quality and market promotion.

III. Hybrid model
The hybrid model is a combination of both the self-run and the e-platform/marketplace models.

An operator of a hybrid model may have its own business which is similar to "self-run", i.e., self-purchase and self-sales. At the same time, vendors are also incorporated in its platform/marketplace in order to sell their own goods. Therefore, the operator of the integrated model needs to manage both its own transactions and the platform/marketplace used by the vendors.

Some integrated operators provide their own services for payment, import and export, logistics, promotion, insurance and consumer protection. They may require their vendors to use these services for their transactions.

*

*   *

2.