

Chapter 40

Innovating Service Delivery Through a Community- Based B2B2C Platform: A Case Study of Card Union

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ABSTRACT

The continuous evolution of e-business has demanded firms to seek innovative business models to collect and integrate information from electronic marketplaces. The authors present a case study of Card Union to investigate how companies can develop innovative models of service delivery at different stages to adapt to the changing environments of electronic business. Their analysis demonstrates that B2B2C models allow firms to extend their product and service varieties through information integration and delivery so as to obtain the benefits of long-tail effects and economies of scope. The authors' research provides valuable insights about the evolution of B2B2C models and practical guidance for managers to effectively design and deploy their e-business models.

1. INTRODUCTION

The growth of e-business has triggered the demand for firms to constantly innovate their business models to collect and integrate information from various sources on the electronic market place. It is commonly believed that electronic market places create various platforms where buyers and sellers can meet to engage in e-business transactions (Bakos, 1997). E-business activities can normally be classified into consumer- or business-oriented activities supported by technological infrastructure (Geoffrion & Krishnan, 2001).

E-business models specify the fundamental methodology for firms to make profits on electronic market places. Specifically, the B2B (business to business) and B2C (business to consumer) are the two major categories of models incorporating major e-business activities. E-business models are essentially derived from the real world, but they have been continuously evolving to adapt to the dynamic Internet environment.

Although B2B or B2C has become the core model of almost every e-business company, these two models have several disadvantages due to their specific ways of information construction, delivery, and utilization. There is a hybrid category of e-business models, called B2B2C (business to business to consumer), that combines major features of both models of B2B and B2C. The B2B2C model actually represents the method used by a large number of companies to streamline the information flow in distributing, marketing, and delivering products and services in a global scale. The B2B2C business providers design, operate, and maintain a platform to sell products and deliver services through intermediate business partners. They normally sell their products or services to intermediaries which then resell them to terminal consumers. As companies that use B2B2C models have to deal with more business entities in a more complex environment than those for B2B and B2C models, the success of B2B2C models depends on some specific factors of information discovery and delivery. For instance, as B2B2C companies do not directly communicate and interact with terminal consumers, one of the core problems that they have to deal with is how to indirectly delivery information to customers so as to build the trust with them.

Despite the growing popularity and importance of B2B2C e-business models, there is no prior research that has investigated the effectiveness of B2B2C models and how they can be applied for firms to engage in service innovation. Our research attempts to address this gap by studying the applicability of a B2B2C e-business model in providing efficient and effective services to consumers through documenting and analyzing the best practices of a company in our case study. In particular, we answer the following research questions in this paper. First, how can a B2B2C model be applied to facilitate the transactions between product/service providers and consumers? Second, what kind of service platform is necessary to help streamline the information-delivery processes involved in a B2B2C model? Third, what e-business models can firms derive from a B2B2C model to provide additional services to consumers? Finally, how can a firm take advantage of the benefits from the long-tail effect and economies of scope through a B2B2C model?

The rest of the paper proceeds as follows. Next section reviews prior literature focusing on relevant studies on e-Business models. The third section discusses the research method we used in this study. The fourth section presents the details of our case study on Card Union about its innovative B2B2C service platform. The fifth section further analyzes the case study by providing managerial insights. The last section concludes the entire paper.

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