

Key Terms

- **Activity:** a task performed by a worker in the course of doing his or her job.
- **Bonded warehouse:** a secure location where incoming international shipments can be held until customs requirements are satisfied or until payment arrangements are completed.
- **Business model:** a set of processes that combine to achieve a company's goal, which is to yield a profit.
- **Business processes:** the group of logical, related, and sequential activities and transactions in which businesses engage.
- **Business unit:** one particular combination of product, distribution channel, and customer type.
- **Business-to-business (B2B):** transactions conducted between businesses on the Web.
- **Business-to-consumer (B2C):** consumer shopping on the Web.
- **Business-to-government (B2G):** business transactions with government agencies.
- **Commodity item:** product or service that is hard to distinguish from the same products or services provided by other sellers; its features have become standardized and well known.
- **Company:** hierarchical business organization.
- **Consumer-to-consumer (C2C):** individuals who buy and sell items among themselves.
- **Culture:** the combination of language and customs.
- **Customs broker:** a company that arranges the payment of tariffs and compliance with customs laws for international shipments.
- **Dot-com:** companies that operate only online.
- **E-procurement:** B2B electronic commerce.
- **Electronic business (e-business):** businesses trading with other businesses and internal processes that companies use to support their buying, selling, hiring, planning, and other activities.
- **Electronic commerce (e-commerce):** businesses trading with other businesses and internal processes that companies use to support their buying, selling, hiring, planning, and other activities.
- **Electronic data interchange (EDI):** occurs when one business transmits computer-readable data in a standard format to another business.
- **Electronic funds transfer (EFT):** electronic transmissions of account exchange information over private communications networks.
- **Firm:** hierarchical business organizations.
- **First-mover advantage:** in the first wave of electronic commerce, many companies and investors believed that being the first Web site to offer a particular type of product or service would give them an opportunity to be successful.
- **Freight forwarder:** a company that arranges shipping and insurance for international transactions.
- **Hierarchical business organization:** firm, company.
- **Industry:** multiple firms that sell similar products to similar customers.
- **Industry value chain:** the larger stream of activities into which a particular business unit's value chain is embedded.
- **Law of diminishing returns:** most activities yield less value as the amount of consumption increases.

- **Localization:** a translation that considers multiple elements of the local environment, such as business and cultural practices, in addition to local dialect variations in the language.
- **Machine translation:** software translation that can reach speeds of 400,000 words per hour.
- **Market:** includes two conditions—first, that the potential sellers of a good come into contact with potential buyers, and second, that a medium of exchange is available.
- **Merchandising:** the combination of store design, layout, and product display knowledge.
- **Mobile commerce (m-commerce):** mobile telephone based commerce.
- **Network economic structure:** in this structure, companies coordinate their strategies, resources, and skill sets by forming long-term, stable relationships with other companies and individuals based on shared purposes.
- **Network effect:** as more people or organizations participate in a network, the value of the network to each participant increases.
- **Primary activities:** designing, producing, promoting, marketing, delivering, and supporting products or services.
- **Procurement:** entire departments devoted to negotiating purchase transactions with their suppliers.
- **Pure dot-com:** companies that operate only online.
- **Revenue model:** a specific collection of business processes used to identify customers, market to those customers, and generate sales to those customers.
- **Shipping profile:** the collection of attributes that affect how easily that product can be packaged and delivered.
- **Smart phone:** mobile phones that include a Web browser, a full keyboard, and an identifiable operating system that allows users to run various software packages.
- **Social networking site:** used to conduct social interactions online.
- **Strategic alliance:** forming long-term, stable relationships with other companies and individuals based on shared purposes.
- **Strategic business unit (SBU):** one particular combination of product, distribution channel, and customer type.
- **Strategic partner:** forming long-term, stable relationships with other companies and individuals based on shared purposes.
- **Strategic partnership:** come together as a team for a specific project or activity.
- **Supply management:** entire departments devoted to negotiating purchase transactions with their suppliers.
- **Supporting activities:** include human resource management and purchasing.
- **SWOT analysis:** the analyst first looks into the business unit to identify its strengths and weaknesses.
- **Telecommuting:** the employee logs in to the company computer through the Internet instead of traveling to an office.
- **Telework:** the employee logs in to the company computer through the Internet instead of traveling to an office.
- **Trading partners:** businesses that engage in EDI with each other.
- **Transaction:** an exchange of value, such as a purchase, a sale, or the conversion of raw materials into a finished product.
- **Transaction costs:** the total of all costs that a buyer and seller incur as they gather information and negotiate a purchase-and-sale transaction.

- **Value-added network (VAN):** an independent firm that offers connection and transaction-forwarding services to buyers and sellers engaged in EDI.
- **Value chain:** a way of organizing the activities that each strategic business unit undertakes to design, produce, promote, market, deliver, and support the products or services it sells.
- **Value system:** the larger stream of activities into which a particular business unit's value chain is embedded.
- **Vertical integration:** the practice of an existing firm replacing one or more of its supplier markets with its own hierarchical structure for creating the supplied product.
- **Virtual community:** a gathering of people who share a common interest, but instead of this gathering occurring in the physical world, it takes place on the Internet.
- **Virtual company:** relationships that occur between or among companies operating on the Internet.
- **Web 2.0:** technologies that include software that allows users of Web sites to participate in the creation, editing, and distribution of content on a Web site owned and operated by a third party.
- **Wire transfer:** electronic transmissions of account exchange information over private communications networks.