Type of Web-Commerce Model:	Description:
Brokerage Model	Brokers are market-makers: they bring buyers and sellers together and facilitate transactions. Brokers play a frequent role in business-to-business (B2B), business-to-consumer (B2C), or consumer-to-consumer (C2C) markets. Usually a broker charges a fee or commission for each transaction it enables. The formula for fees can vary. Brokerage models include:
	Marketplace Exchange -- provides a full range of services covering the transaction process, from market assessment to negotiation and fulfillment, for a particular industry. The exchange can operate independently of the industry, or it can be backed by an industry consortium. The broker typically charges the seller a transaction fee based on the value of the sale. There also may be membership fees. [**Orbitz**, **ChemConnect**]
	Buy/Sell Fulfillment -- customer specifies buy or sell orders for a product or service, including price, delivery, etc. The broker charges the buyer and/or seller a transaction fee. [CarsDirect, Respond.com]
	Demand Collection System -- the patented "name-your-price" model pioneered by Priceline. Prospective buyer makes a final (binding) bid for a specified good or service, and the broker arranges fulfillment. [**Priceline.com**]
	Auction Broker -- conducts auctions for sellers (individuals or merchants). Broker charges the seller a listing fee and commission scaled with the value of the transaction. Auctions vary in terms of the offering and bidding rules. Reverse auctions are a common variant. [**eBay**]
	Transaction Broker -- provides a third-party payment mechanism for buyers and sellers to settle a transaction. [**PayPal**, Escrow.com]
	Bounty Broker -- offers a reward for finding a person, thing, idea, or other desired, but hard to find item. The broker may list items for a flat fee and a percent of the reward for items that are found. [BountyQuest]
	Distributor -- is a catalog operation that connects a large number of product manufacturers with volume and retail buyers. Broker facilitates business transactions between franchised distributors and their trading partners. [Questlink]
	Search Agent -- is an agent (i.e., a software agent or "robot") used to search-out the price and availability for a good or service specified by the buyer, or to locate hard to find information. [**MySimon**, DealTime]
	Virtual Mall -- hosts online merchants. The Mall typically charges setup, monthly listing, and/or per transaction fees. More sophisticated malls provide automated transaction services and relationship marketing opportunities. [ChoiceMall]
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Advertising Model	The web advertising model is an extension of the traditional media broadcast model. The broadcaster, in this case, a web site, provides content (usually, but not necessarily, for free) and services (like e-mail, chat, forums) mixed with advertising messages in the form of banner ads. The banner ads may be the major or sole source of

revenue for the broadcaster. The broadcaster may be a content creator or a distributor of content created elsewhere. The advertising model only works when the volume of viewer traffic is large or highly specialized.

Portal -- is a point of entry to the web, usually a search engine that includes diversified content or services. The high volume makes advertising profitable and permits further diversification of site services [**Yahoo!**]

Personalized Portal -- allows customization of the interface and content. This increases loyalty as a result of the user's own time invested in personalizing the site. [**MyYahoo!**]

Niche Portal -- cultivates a well-defined user demographic. For example, a site that attracts home buyers, young women, or new parents, can be highly sought after as a venue for certain advertisers who are willing to pay a premium to reach that particular audience. [iVillage.com]

Classifieds -- list items for sale or wanted for purchase. Listing fees are common, but there also may be a membership fee. [**Monster.com**, Match.com]

Registered Users -- content-based sites that are free to access but require users to register (other information may or may not be collected). Registration allows inter-session tracking of users' site usage patterns and thereby generates data of greater potential value in targeted advertising campaigns. [**NYTimes Digital**]

Query-based Paid Placement -- sell favorable link positioning (i.e., sponsored links) or advertising keyed to particular search terms in a user query, such as Overture's trademark "pay-for-performance" model. [**Google**, **Overture**, MyWay]

Contextual Advertising -- freeware developers who bundle ads with their product. For example, a browser extension that automates authentication and form fill-ins, also delivers advertising links or pop-ups as the user surfs the web. Contextual advertisers can sell targeted advertising based on an indivdual user's surfing behavior. [**Gator**, eZula]

Content-Targeted Advertising -- as defined by Google, content-targeted advertising extends the precision of search advertising to the rest of the web. Google identifies the meaning of a web page and then automatically delivers relevant ads when a user visits that page. Content-targeted advertising provides an opportunity for advertisers to reach users based on specific content keywords and enables website publishers to generate new revenue from content pages. [**Google**]

Ultramercials -- interactive online advertisements that require the user to respond intermittently in order to wade through the message before reaching the intended content. Ultramercials can be used as a gateway to what would otherwise be subscriber-only premium content. [Salon in cooperation with Mercedes-Benz]

Infomediary Model

Data about consumers and their consumption habits are valuable, especially when that information is carefully analyzed and used to target marketing campaigns. Independently collected data about producers and their products are useful to consumers when considering a purchase. Some firms function as infomediaries

(information intermediaries) assisting buyers and/or sellers understand a given market.

Advertising Networks -- service that feeds banner ads to a network of sites, thereby enabling advertisers to deploy large marketing campaigns. By using cookies, the Ad Network operator collects data on web users that can be used to analyze marketing effectiveness. [**DoubleClick**]

Audience Measurement Services -- online audience market research agencies [**Nielsen//Netratings**]

Incentive Marketing -- the customer loyalty program model. Provides incentives to customers such as redeemable points or coupons for making purchases from associated retailers. Data collected about users is sold for the purpose of targeted advertising. [**Coolsavings**, MyPoints, Greenpoints]

Metamediary -- facilitates transactions between buyer and sellers by providing comprehensive information and ancillary services, but does not get involved in the actual exchange of goods or services between the parties. [Edmunds]

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Merchant Model

Wholesalers and retailers of goods and services. Sales may be made based on list prices or through auction.

Virtual Merchant -- or "e-tailer", a merchant that operates over the web. [**Amazon.com**]

Catalog Merchant -- mail-order business with a web-based catalog. Combines mail, telephone and web ordering. [**Lands' End**]

Click and Mortar -- traditional brick-and-mortar retail establishment with web storefront. [Barnes & Noble]

Bit Vendor -- a merchant that deals strictly in digital products and services and, in its purest form, conducts both sales and distribution over the web.

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Manufacturer (Direct) Model

The manufacturer or "direct model", it is predicated on the power of the web to allow a manufacturer (i.e., a company that creates a product or service) to reach buyers directly and thereby compress the distribution channel. The manufacturer model can be based on efficiency, improved customer service, and a better understanding of customer preferences. [**Dell Computer,** Apple Computer]

Brand Integrated Content -- Traditionally, manufacturers rely on advertising to build customer awareness. Commericals via broadcasters like radio, television and mass market publishers (newspapers and magazines), or through product placement in TV and motion pictures, have been a mainstay of modern business. The Web enables a manufacturer to integrate their brand more intimately with the content. The innovator in this respect is the luxury automobile maker, BMW. The company's bmwfilms is a creative blend of advertising with entertainment that paves the way for a new approach that might be called "advertainment" -- taking the idea of product placement advertising to the extreme.

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Affiliate Model	In contrast to the generalized portal, which seeks to drive a high volume of traffic to one site, the affiliate model, provides purchase opportunities wherever people may be surfing. It does this by offering financial incentives (in the form of a percentage of revenue) to affiliated partner sites. The affiliates provide purchase-point click-through to the merchant. It is a pay-for-performance model -- if an affiliate does not generate sales, it represents no cost to the merchant. The affiliate model is inherently well-suited to the web, which explains its popularity. Variations include, banner exchange, pay-per-click, and revenue sharing programs. [Barnes & Noble, Amazon.com] return to top
Community Model	The viability of the community model is based on user loyalty. Users have a high investment in both time and emotion. Revenue can be based on the sale of ancillary products and services or voluntary contributions. **Open Source Model** -- best known in the example of Linux, where software is developed voluntarily by a global community of interested programmers. The businesses that emerge around open source products rely on revenue generated from related services like systems integration, product support, tutorials and user documentation. In the field of software operating systems, Open Source is viewed as a threat to the "commercial software development" (CSD) model advocated by Microsoft. [**Red Hat**] **Public Broadcasting Model** -- similar to the traditional public broadcasting model -- the listener or viewer contributor method used in not-for-profit radio and television broadcasting. The model is predicated on the creation of a community of users who support the site through voluntary donations. Not-for-profit organizations may also seek funding from charitable foundations and corporate sponsors that support the organization's mission. The web holds great potential as a contributor based model because the user base is more readily apparent. [The Classical Station (WCPE.org)] **Knowledge Networks** -- or expert sites, that provide a source of information based on professional expertise or the experience of other users. Sites are typically run like a forum where persons seeking information can pose questions and receive answers from (presumably) someone knowledgeable about the subject. The experts may be employed staff, a regular cadre of volunteers, or in some cases, simply anyone on the web who wishes to respond. [AllExperts] return to top
Subscription Model	Users are charged a periodic -- daily, monthly or annual -- fee to subscribe to a service. It is not uncommon for sites to combine free content with "premium" (i.e., subscriber- or member-only) content. Subscription fees are incurred irrespective of actual usage rates. Subscription and advertising models are frequently combined. **Content Services** -- beyond newspapers and magazines, the Web has encouraged the use of the subscriber model for music and video, as well. [**Listen.com**, **Netflix**] **Person-to-Person Networking Services** -- are conduits for the distribution of user-submitted information, such as individuals searching for former school mates. [**Classmates**] **Trust Services** -- an independent third party that engenders trust between unfamiliar parties entering into a transaction. The need of trust increases with the value and complexity of the product or service that is sold. Trust services typically come in the form of

membership associations that abide by an explicit code of conduct, and in which members pay a subcription fee. [**Truste**]

Internet Services Providers -- offer Internet connectivity and related services on a monthly subscription. [**America Online**]

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Utility Model	The utility or "on-demand" model is based on metering usage, or a "pay as you go" approach. Unlike subscriber services, metered services are based on actual usage rates. Traditionally, metering has been used for essential services (e.g., electricity water, long-distance telephone services). Internet service providers (ISPs) in some parts of the world operate as utilities, charging customers for connection minutes, as opposed to the subscriber model common in the U.S. [IBM] **Metered Subscriptions**: in this case subscribers purchase access to content in metered portions (e.g., numbers of pages viewed) [**Slashdot**]