eBusiness Fetac Module

Assignment 1

Evolution of Internet
eBusiness Development
&
Social, Legal and Economic
Impact of eBusiness

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Contents

General Introduction

This assignment firstly gives a brief overview of the history of the internet and how it provided the platform for the rapid development of eBusiness once the core applications were in place to enable it.

Additionally, the assignment covers the Social, Legal and Economic Impact of eBusiness as these are the areas which have been most affected by the rapid development of eBusiness over the past 10-15 years.

Within these areas, they have been broken down into the positive and negative aspects although in some cases, relevant points have both positive and negative aspects to them so I choose between them rather than duplicating a topic.

Research Methods

The following approach was taken to produce this assignment and evolved over the course of its development to now become standard practice for all future assignments.

1. Produce Mindmap of subject area which will define scope of research for document.
2. Produce High-level outline from mindmap and create section headings in document in logical sequence.
3. For each section heading - brainstorm sub-section headings within document to spur ideas and create structure.
4. Write as much as I can without referring to internet articles for a particular section in my own words to establish what I know already about topic.
5. Research section by doing a search on google using section headings for criteria e.g Internet Privacy or variation to target relevant articles more precisely.
6. Identify key internet articles that I am going to use in my research from search results and decide if they cover the subject area well and are from reliable sources.
7. Use skim reading to search for main points relating to topic and highlight them in each article. If I feel that the articles selected are not relevant, I should try alternative search criteria.
8. At this point, I should have formed a better understanding of topic that I am researching e.g Internet Privacy so should be able to write more on my own by paraphrasing and summarising main points in my own easy to read language giving my own opinion where necessary.
9. I should also see if summary of main points can be logically positioned in an appropriate place within section. I should also try and make them flow and fit in with existing text. So for example, one article may have points that are ideal for the introduction on a section about Internet Privacy while another might fit better when I move on to the technical detail about the Data Protection Act.

10. Produce draft version for review by Tutor and ensure that I can stand over it as being my own work with reference to biblio.
11. Make corrections as highlighted by Tutor.
12. Have a final read of entire document and make final changes.
13. Produce version 1.0 of assignment and submit as soon as possible and not leave till last minute when pressure might build and cause me to rush the assignment and not be happy with end result.

Evolution of the Internet

The idea of a global network was introduced by J.C.K Licklider of MIT in August 1962 but it was ARPANET which was developed by IPTO (Information Processing Techniques Office) which first demonstrated the principles involved.   Its main objective was to develop a network communications technology where computers and networks could connect, shared data and be able to function if one of the networks was out of action.

With the existing telephone system being too slow, a packet switching network was developed which was controlled by a Network control Protocol with data being exchanged with a File Transfer Protocol (FTP).

With the introduction of the first microchip in 1971 by Intel, this paved the way for the development of PC Computers which could be used as Network Servers which are key nodes of a global network.

The internet is very reliable because of the networking protocol called TCP/IP which enables host computers to talk to each other within a network. These protocols are the rules governing how computers connect and communicate with each other over the internet.

One of the key features of the TCP/IP protocol was the ability of multiple networks to connect via a gateway and the distributive feature where there would be no central network administration or control.

Throughout the 1980s private companies and government agencies like CompuServe and AOL set-up their own networks and they then began to interconnect and the scene was set for the rapid expansion of the Internet which was essentially a group of interconnected networks.

The World Wide Web is one of the main reasons for the Internet taking off to be what it is today. It was introduced by Tim Berners-Lee and he also put forward the idea for a protocol to transmit and link documents across operating systems and across the internet known as HTTP (Hypertext Transfer Protocol).

By Christmas 1990, Berners-Lee had built all the tools required for a working Web, the Hypertext Transfer Protocol (HTTP), Hypertext Markup Language (HTML), the first web browser named WorldWideWeb, which was also a web editor, HTTP Server Software and the first Web Server which held web pages that described the project itself.

The turning point for the World Wide Web was the introduction of the Mosaic web browser in 1993 which was a graphical browser which meant it could display graphics and images. It was developed by a team at the National Centre for Supercomputing Applications (NCSA) at the University of Illinois at Urbana-Champaign (UIUC), led by Marc Andreessen.

After graduation from UIUC, Andreessen and James H. Clark, former CEO of Silicon Graphics, met and formed Mosaic Communications Corporation to develop the Mosaic browser commercially. The company changed its name to Netscape in April 1994, and the browser was developed further as Netscape Navigator. This was the first proper graphical browser.

Ever since that introduction of Netscape Navigator, there has been a fight for dominance in market share by the key players in browser development. The term refers to two specific points in the battle to become the leader in browser development. One was the competition between Microsoft Internet Explorer and Netscape Navigator during the late 1990s which was won by Internet Explorer. Later in early 2003 onwards Internet Explorer began losing its market share to Mozilla Firefox, Google Chrome, Safari and Opera.

Dot-Com Boom

Historically, the dot-com boom can be seen as similar to a number of other technology-inspired booms of the past including railroads in the 1840s, motor cars in early 20th century, radio in the 1920s, television in the 1940s, transistor electronics in the 1950s, computer time-sharing in the 1960s, and home computers and biotechnology in the early 1980s.

It was around 1996 that public companies realised the benefits to their business of having a web presence and the competitive advantages it would bring. But it was around late 1990s that saw many online business start-up companies come into being. This was mainly due to the surplus of venture capital funding and a realisation by young entrepreneurs that they could pitch their ideas to these venture capitalists and if accepted they could be heading for an IPO and a large payoff for the founders a few years later. As well as start-ups, existing companies re-styled themselves as internet companies to take advantage of the boom times.

It was the stock market crash around the year 2000 which ended the dot-com bubble but it fair to say that a lot of the dot-com companies were hastily set-up and as a result they had flawed strategies to build their business. They were more interested in attracting visitors to their website but were not necessarily winning them over as customers. They also failed to take the time to properly research their product or service and also failed to plan how they would promote their product.

In the aftermath of the dot-com bubble, telecommunications companies had a great deal of overcapacity as many internet business went bust. Additionally investment in the Internet infraststructure kept connectivity charges low and helped make high-speed internet connections more affordable. It was around 2002 that google introduced keyword based advertising that enabled companies to generate revenue from their websites in addition to revenue for their goods and services.

So it was a combination of factors from 2002 that enabled the web become more popularised and usable. It was the increase in speed combined with the improvement in the capabilities of web browsers to provide more of a multi-media experience. Browser add-ons were developed which included Flash and Java that made the browser more intelligent and provided the technology for websites like Youtube to come into being.

The concept of user created or edited content resulted in the internet becoming more of a community based effort like in Wikipedia. Additionally people began to trust the internet and began share details of their lives with photos, videos etc on social networking websites like facebook and myspace etc.

It was also from 2002 onwards, that saw the growth in what are now the leading players in eBusiness on the internet which include Google, eBay, Amazon, Facebook and others.

eBusiness Development

It was the availability of the Internet combined with the development of Computer Systems which exchanged business data via the Web and enabled companies to conduct business more efficiently.

Electronic business enable companies to link their internal and external data processing systems more efficiently and flexibly, to work more closely with suppliers and partners, and to better satisfy the needs and expectations of their customers.

It also enabled smaller start-up companies to compete with bigger players in the market as they too could reach their target market effectively by using the technology available and also run their business on tight margins.

The core applications which enabled eBusiness to develop are as follows :-

- Payment Processing – Payment processing is usually implemented as a Software-as-a Service to an eBusiness which enables a merchant to process electronic payments without storing card data. Paypal, Worldpay are two examples which are well established.
- E-procurement which facilitates the trading of supplies services and work by inviting bids from other interested companies. It manages all interaction between a company and suppliers which include bids, contracts pricing and discounts.
- Inventory Management – Stock levels can be kept to a minimum due to tight scheduled delivery times which results in less money tied up in stock for an company and also smaller warehouse space to store goods. There is a risk with this approach of delayed or part-filled orders giving rise to dissatisfied customers and loss of reputation.

These core applications fully utilise the potential of the Internet to transmit order electronically to suppliers, manage the stock deliveries and enable payment to made in a secure way so that none of the payment details are compromised.

With this increased level of interaction with customer and suppliers and openness of the business 24/7 etc, there is also a downside in the form of higher security risk. A far greater no of people have access to an eBusiness through the internet than they would have to a traditional business.

In order to keep customer and business information safe, there are various methods of protecting an e-business which include physical security measures as well as data storage, data transmission, anti-virus software, firewalls, and encryption to list a few.

As well as the cleverness of the hacking threats increasing, internet security has had to keep in step with this. This has also been a key factor in business and consumers adapting to e-Business and putting their trust and belief that conducting business over the internet can be done safely and securely with minimum risk to all parties involved.

Introduction – Social Impact

The Internet, which provides the means for eBusiness to be conducted, has resulted in rapid growth for many types of businesses. On the downside some businesses have been seriously curtailed or have closed down as a result of loss of business.

On a human level, the internet has enabled those with disabilities to have an enhanced life and it also helps those with difficulties handling personal issues, to find solutions either from support groups or from the wide range of self-help online articles and books.

From a purely entertainment perspective, the internet has provided Streaming Music and Video Sites, Celebrity Gossip Sites, Event Guides for arranging social life, Read Newspapers and Magazines Online, or Listen to Radio and TV Stations from around the world.

But with every good thing there must be a downside and with the Internet there is also the problems of online piracy, adult sites, cyberbullying, hacking, viruses and denial of service attacks.

The benefits of the Internet and eBusiness outweight the drawbacks and it is likely that with time, the internet will become a safer place to do business as internet security technology becomes more impregnable.

Social Impact of eBusiness – Positives

Improve Life of Disabled

eBusiness websites like shopping for magazines, clothes, electronic goods etc, online banking to pay bills and transfer funds, eLearning to learn a new computer skill, enable individuals with physical disabilities to carry out eBusiness activities in the home which in the past they would have had to travel to a Shop, Bank or Training Centre.

There are also many tutorial websites and eBooks available that will teach people the computer skills they need to make the best use of these eBusiness websites. So for example, a person who wants to use eBay effectively could spend time studying a Tutorial so that they will become better eBayers and make the right decision in an Auction and grab themselves a bargain.

As well as eBusiness sites, people with disabilities can also access email, social networking sites, online telephony and instant messanger tools and communicate with their social network and seek advice in what are the best sites to access for eBusiness purposes so in this way their quest to explore the internet will be with the assistance of their family and friends. They will also be able to seek support when they run into difficulties with their computer and overcome these problems so that they are not hindered in their work.

Computer Software is available which reads information out loud so that people with serious visual impairment or people who are blind can interact effectively with these eBusiness websites also.

This man is Steven Singley, 41, a quadriplegic, answers calls for Office Depot from his home in Utah. He works 20 to 24 hours a week and says he can accurately type more than 20 words a minute despite his disability.

Link for Above Photo :-

Provide Information to those with Illness

The availability of online counsellors, psychologists and self-help books enable people find the right help they need to deal with a crisis in their lives or to overcome issues which is hindering them in their work or personal lives.

Online Counselling

Online Counselling is a rapidly growing area allowing people to communicate with Professional Counsellors via live chat, Phone or email. Online counselling is convenient and more affordable than regular counselling and you don't need to leave the privacy of your own home. Some people opt for counselling on an ongoing basis while others just require a single session to deal with a specific issue that's holding them back.

The website below is an example of a New Irish Online Counselling and Psychotherapy Service which provides counselling for a range of mental illnesses which include Depression, Anger, Sadness, Anxiety, Social Phobia, Suicidal Thoughts, Self-harm, Bulimia, Addiction, Isolation and Flashbacks.

http://www.counsellingonline.ie/

Personal Development

In the past people would have gone to their doctor or would have confided in a trusted friend or family member to discuss issues which were holding them back in their working or family life. Whereas nowadays people who are computer literate turn to the internet to learn more about themselves on a deeper level so that they can overcome limiting personality traits and build new personal skills. These will enable them to perhaps get a promotion in their jobs or excel in some area of business which might have been impossible otherwise.

Personal Development websites have been a growth area on the internet over the past 10 years due to fact that most people are trying to better themselves to some degree so that they can achieve their goals in life. Personal Development books of the past like The Road Less Travelled by M. Scott Peck were significant at the time of publication but were not easily understood as the theories put forth were difficult to understand and grasp.

Today, Personal Development is more accessible and more easily applied as websites are well indexed and articles of relevance can be searched far more quickly. This means that a person can find an article or a book more easily that will help them improve some aspect of their personality or overcome an issues which is hampering progress in some area of their life.

This is an example of a personal development website which is very popular and enable someone to transform their lives and achieve their ambitions in life.

http://www.trans4mind.com/

Trans4mind Website Review

"In this occasional series of great websites, Peter Shepherd's Trans4mind website is one of the all-time greats. The site is a personal development Aladdin's cave, full of wonderful discoveries that will help you explore your own potential. As Peter himself says, "On Trans4mind you'll discover an abundance of effective resources to aid your personal and spiritual growth. Learn how to heal yourself, be more successful, improve loving relationships and gain insights on life's great questions."

Taken from - http://www.managetrainlearn.com/page/trans4mind

Enhanced Leisure Time

Life for most people, who have busy careers or are trying to balance the demands of having children with the demands of work etc, means that fitting in leisure time is a challenge. With the growth of Internet over the past 15 years, people are better able to plan their leisure time using online Event and Entertainment Guides which enable people to find out about events that might be on in their local area or in their nearest city centre.

Using online calendars like Google calendar and project and task scheduling Software, it is possible for someone to keep on top of their workload and be confident that they will be able to fit in their leisure activities which enhance and bring enjoyment in their busy lives.

Entertainment.ie is provides extensive cinema, TV, live music, theatre, comedy, exhibition and festival listings for free, as well as celebrity gossip, music and movie news, movie and DVD reviews, CD reviews and up-to-date lottery results. The site was developed by Fusio and has won many awards which include Golden Spider meda award for Irish Entertainment website of the year and won best entertainment website at the Irish Web Awards in 2008.

Greater Awareness of Important Causes and Charities

As Ireland is currently going through a recession there is a greater need for the aid that local charities provide such as Focus Ireland, Simon and St Vincent De Paul. These charities use traditional media to create awareness of need for support and funds but they also are harnessing the power of the internet to get their message across to prospective volunteers and supporters who can give of their time or make donations

 So for example each year in October, Simon, organises Simon Week and this involves the organising of local and National Events. This takes a lot of organisation and their website provides a means for organisers, fundraisers and participants to find out about events which may also be advertised on Radio and in the Print Media. This means as well as Simon Week getting widespread publicity on National Radio, people can then access the internet and find out in details about local eve7nts in their area. As a result they are more likely to attend and support as they can read up on the charities activities and decide if it is a worthwhile cause which they would like to support. Volunteers can read up on the benefits of working for simon and be more

encouraged to make a commitment to a stint of volunteering as they are more informed of the greater needs of Simon as a Charity.

Simon Volunteer Page

Charities also use the internet to enable people to find out about fundraising events which they can sponsor online and this results in charities gathering more funding than would otherwise be the case from other means. In the case of Focus Ireland who also run various fund raising events and recently had their 25th Anniversary, they have a sponsorship page which gives guidance on how much to sponsor so that people are more encouraged to commit a set amount. Additonally, the sponsor can check on the fundraising efforts of the participant and see how much they have raised and what their target is.

Fifteen Minutes of Fame

As Andy Warhol said in 1968 that "In the future, everyone will be world-famous for 15 minutes", this has been taken to mean "At the present, because there are so many channels by which an individual might attain fame, albeit not enduring fame, virtually anyone can become famous for a brief period of time."

As well as their being many outlets available through broadcasting like Reality TV Shows, Talent Shows and Game Shows the internet has provided many additional platforms for individuals to become famous quite quickly when compared with times in the past when musicians and artists etc would have had to take a long hard graft to reach the kind of popularity which these people are achieving much more readily. As a result, their popularity is not as enduring and quickly fades – so there is some

truth in Andy Warhols statement which was ahead of its time in predicating an even greater choice of channels from which people could become famous.

In the case of the internet the channels include websites like Youtube blogging websites, forums like boards, product reviews, travel reviews. In some cases people become well known and established so that they can make a good living or at least they can use the skills they learn to add to their CV's as examples of their work which has become recognised and appreciated by a large internet audience. In the past some of these areas like say Travel Writing would have been difficult to break into but now thanks to the internet people can get advice and training on the internet and practice their new skills in the comfort of their own homes.

Watching Youtube videos have become popular on the internet so much so that popular videos which are shared on websites like Facebook and Twitter and are then rated by the viewer, can become viral. Some of the artists or producers of these videos will then become well known as a result and then go on to become established in their industry and make their way in more traditional routes also. So the Internet enables these people to break into a field like Music, Video Production, I.T Training or Personal Development and reach an audience very quickly with their

From a technological point of view the Internet has changed dramatically over the past 10 years as web development technologies have become more sophisticated. This has resulted in websites becoming more interactive and a true multi-media experience. This has created opportunities for people, who are quick to adapt to the new web development tools, to be able to build a strong reputation in the fast changing world of web technologies.

Social Networking

Social networking has changed the way we communicate with friends and family and has become the main means of communication with sites like Facebook and Twitter topping the list. It enables people to communicate effectively with someone on the opposite site of the world or just with friends in a local college where they are attending.

It enables effortless communication with someone on the opposite end of the globe. Its not just the communication aspect but finding a long lost friend, sending invitations, sharing pictures, letting everyone know what's on your mind is all made quite simple. Once a profile is set-up within a Social Network Site like Facebook and important details are added like Colleges attended and Companies worked for, it is possible that without too much effort it is possible for the network to grow very quickly using the Find Friends button and likewise for friends to contact you by doing likewise.

From an eBusiness perspective, social networking sites are a good way to promote products and have emerged as a new marketing platform. It is possible to target people on Facebook by Age, Gender, Work status, Relationship status, College

education and Interests. This means that as a Site like Facebook grows in popularity so does the power of its advertising as there is a greater reach to advertising campaigns.

People Better Informed about their Tax and SW Entitlements

Before the Internet arrived, many people may not have known what their full entitlements to Tax Credits and Social Welfare Benefits were. As a results people would have missed out on availing of valuable means of getting extra income which they were entitled to due to their work circumstances or family arrangement.

Now with the Internet, people are able to access information from the Revenue and Citizens Advice websites which is provided in some detail so that it is possible to become more up-to-date on what are their entitlements. It is then possible using the revenue online website to request changes to tax credits. Claiming social welfare benefits is not as automated as PAYE but on the plus side, people are more informed so that if they are turned down, they can make a much stronger appeal.

Study and Research Benefits

Online education provides many benefits to people who are suited to learning on the internet. It is especially helpful to people who are immobile or not within reach of a college or university that hosts the particular course they are interested in. Many adults who want to do a course might be working full time and have a family to rear so being able to come home and login to their course means they have access 24/7 which is a big plus.

All levels of certificates and degrees are available online and there are many regular colleges also providing courses online. Online degree programs are available at every level, from certificates to doctorates.

The course also cost less and there would be no travel costs and it is also possible to do the course over a longer timespan. It also possible to reduce the course time if they devote time more time in a single sitting.

Its not suited to everyone though as the independent approach to learning means a person has to be a very good time manager and have very strong self-discipline and willpower to maintain effort over many months.

As well as convenience and financial savings, an online student has access to a wider range of courses so that they are more likely to be able to avail of the latest course material and also to become more digitally literate and build their I.T Skills.

The U.S Department of Education did some research in 2009 which shows that higher education students who enrolled in online learning courses generally performed better that those in on-campus courses. This goes to show that for those who are suited to e-learning there is great potential to achieve good results and go on an receive a high award.

Social Impact of eBusiness – Negatives

Internet Piracy

In many ways Internet Piracy is subject of a discussion on legal impacts of eBusiness but I thought that there is also a social side to it. The internet started out mainly being unregulated and over recent years that situation has not improved but has in fact become much more of a problem for creators of works like Music, Books, Magazines and Movies etc.

This has resulted in a culture developing amongst the younger generations of not having to pay for digital media. This has implications on the Industries from which these works are produced but it also shows a lack of respect and appreciation for those that create them. It may take a long time for these young people to develop an appreciative attitude where they will eventually become proper members of society who pay the just reward to artists for the privilege of enjoying their creations.

With the introduction of more legitimate channels like eBook Stores like eBookmall , Online Music Services like Spotify and Lastfm and Magazine outlets like Zinio this situation is slowly beginning to change but it may take a long time before illegal downloading websites in jurisdictions that don't comply with anti-piracy legislation become blocked. In the meantime, piracy of artistic works will continue as the internet continues to grow and push the boundaries of current legislation and social norms.

Internet and the Elderly

The internet brings many benefits to members of society who are at a busy stage in their lives such as students or those working in a job or working in the home but it is also the case that there still exists an internet divide between those who are elderly and retired.

With the rapid rollout in recent years of Internet websites it can be hard for even the most internet savvy to keep up with the availability of useful websites which will bring benefits to people's lives. In the newspapers on almost a daily basis there is the publication of some new website which will enable people to better manage their finances, find the latest deal or download the latest IPhone or Android App for their phones.

According to figures from a survey carried out in the UK in November 2011, internet use among people over 65 sits at only 30% and has not changed much since 2005, despite campaigns to get more people connected. This compares with 85% of people of working age and 99% of students.

The key to encouraging elderly people to use the internet is to help them see the value of going online by tapping into their individual interests so for example to say to someone "You enjoy travelling did you know that you can buy cheap flights online or did you know that you can read reviews of Hotels online and make a booking"

Cyberbullying

Cyberbullying is bullying that takes place through use of the Internet, Mobile Phones or other technological devices. This can consist of :-

- Sending Mean or Abusive Text, eMail or Instant Messages
- Making silent phone calls
- Posting nasty photo or video clips or messages about others in blogs, chat rooms or websites
- Using someone else's username to spread rumours or lies
- Accessing someone's account to make trouble for them

A nationwide survey of bullying in first and second level schools conducted by Trinity College Dublin estimates that some 31% of primary and 16% of secondary students have been bullied at some time.

The internet plays a big part in the everyday lives of young people and they often access the internet without any parental supervision with many people accessing it from their bedrooms. According to recent EU Online Research, 99% of young people aged nine to sixteen in Ireland use the internet with over half of these having set-up their own profile on a social networking site like Facebook .

Gambling and Adult Sites

Over recent years there has been greater accessibility, availability and promotion of gambling and adult websites. The growth of these sites poses a particular problem to young people. Most other sources of gambling through Bookies Offices and Adult Shops are usually strictly regulated and prohibited for underage children whereas the

Internet provides a much more accessible and anonymous route to an otherwise illegal activity.

In the case of gambling, it is now so easy not just for young people but also for older people who might have had the occasional flutter are now able to access the internet from their desk, home computer or Smartphone and place a bet on a horse or a Football Match. Its also easier to make small payments on the internet or top up your account so easily using a credit card that payment is so much easier which makes it more easy to lose control of spending.

The convenience and easy access of these sites make it much more accessible so that people who may not have considered accessing them in the past, may now choose to check them out.

Governments struggle with lack of effective approaches to monitor and control these websites especially as most of them are based in other countries where regulation is not so strict. Perhaps as suppression of these sites is gathering support in other countries that Ireland will follow suit and remove them from online search engines results.

Shops are Closing and Staff are being made redundant

It has become obvious to those in touch with the news that more and more high street shops have been closing over recent years. This has been both due to the economic downturn and also due to the increase in online sales and downloads of items like Music and Video, eBooks and Games.

In March 2012, the Game Group announced that it intended to close all 333 stores in both Ireland and the UK resulting in the loss of 5,800 staff due to the switch by customers to online rivals.   It was also due to the companies purchase of its rival Gamestation in 2007 for £74m.

Also in 2012, HMV closed 285 stores resulting in a loss of 6,500 staff due to competition from supermarkes and online downloads. It also closed its Waterstones book stores which is probably also affected by the rise in popularity of online websites like Amazon.

Also as an indication of the fact that most people are now using online banking and financial advice websites people have less need to use main street banks. It was announced just recently that there are advanced plans by AIB, EBS, Ulster Bank and Permanent TSB to close 200 branches between them within two years.

The closure of so many branches will lead to the loss of thousands of jobs. Particularly in rural areas banking services will be severely curtailed as many branches are largely loss making. During the property boom these banks prospered as they sold mortgages but now they are seen as expensive units to run. The closure of branches is set to rip the commercial heart out of many towns – with so many struggling already.

Introduction – Legal Impact

Individuals and businesses that need to have confidence that as they participate more and rely on the internet for carry out their business that they have the same consumer rights and legal protection that they are used in traditional types of business. They also need to know that anything that they create which can be classed as Intellectual Property like an eBook that can be transmitted over the internet is protected from infringement of copyright.

As well as legislation being upgraded in Ireland to cope with eBusiness, many governments worldwide are also implementing similar legislation. Additionally if a country is seen to be complying with copyright laws in their own country they will become more attractive to international eBusiness companies who will then create jobs and providing tax revenue for the local economy

As more and more countries improve their regulatory environment, it will mean that the ideal of being able to conduct business online with the trust and safety of normal business transactions will become a reality and will result in more rapid expansion of the digital economy.

Ireland is a world leader in the production of intellectual property both commercially in the development of Software and culturally in music, film and the arts. If Ireland is to become a European Centre and leader for the protection of these types of digital products, the legislation will have to be continually amended to cater for the developments in eBusiness.

With the increasingly complex nature of e-business and the related technical developments, many enterprises are unclear of their rights and responsibilities. So in order for businesses to fully embrace the new technology, and not be left behind, they will need access to experts in eBusiness which could be provided by Enterprise boards.

As well as developing indigenous businesses, an expertise in e-business law could enable Ireland to attract international companies as Enterprise Boards will be able to give advise and enable companies to conduct their business without leaving themselves open to litigation cases.

Legal Impact of eBusiness – Positives

Online Payment Processing

Online Payment Processing on its own has enabled eBusiness to develop more rapidly in recent years especially as internet users are becoming more confident in making bookings online of larger purchases like holidays and computers etc. But there is a downside to this too as payment fraud has become more rampant although surprisingly the incidence of computer hackers stealing credit card data online remains low but most payment fraud is as a result of a criminal obtaining credit card details in the real world that are then used to shop online.

Brief History

The development of Online Payment Processing to a point where it is seen as safe and secure and where fraud is minimised is probably one of the key factors to the future growth of eBusiness internationally. To get to the point where we are at today with Online Payments it might be worthwhile to have a brief look back on the history of electronic payments.

Credit Card based transactions were introduced by Bank of America in 1958 and after some initial miscalculations and fraud, the system was licensed to overseas banks and eventually became known as Visa in the mid-1970s. Due to the fees which the Credit Card these companies charged the company who wanted to use the system, this made payments smaller than a certain size to be economically nonviable. These banks pioneered cashless payments and network transaction systems which were the forerunner to what we are seeing today in the form of Paypal, Worldpay and webmoney.

The introduction of the Internet has enabled online banking really take off with the masses and make it easy and economical to check balances, make transfers/payments from bank accounts from at home or at work. This paved the way for the development of online payment systems which are free of complicated fee structures and other constraints making it possible to make much smaller payments economically.

Extent of Payment Fraud

eBusiness attracts fraudsters because there is no physical check on the card to ensure it is genuine and there is no way to verify that the customer is the genuine cardholder via a signature or PIN.

Fraud losses on credit, debit and ATM cards amounted to EUR16.7 million in Ireland in 2009, according to the Irish Payment Services Organisation (IPSO), the representative industry body of the payments industry.

IPSO reports that as much as 64 percent of all fraud carried out on Irish-issued cards is mainly through use of stolen card data to purchase goods on the internet, which are then resold by thieves for cash.

With e-payments now accounting for 41% of all non-cash payments in Ireland, the challenge of combating fraud is set to grow. Additionally, a lot of online retailers don't understand the risks and don't take steps to protect themselves which leaves them more open to fraud for which they will become liable.

Ways Payment Fraud it Being Tackled

The best practice being put forward by the major credit cards is 3D secure. Basically it is an online version of chip and pin where the retailer is asked to authenticate themselves using a password or PIN phrase prior to proceeding with each

transaction. There is no additional charge for the service to retailers and it is included as standard by payment providers like Visa and Mastercard.

Legal Impact of e-business – Negatives

Online Piracy of Copyrighted Material

Even before the introduction of the Internet, there has always been pirated copies being produced of items such as designer brands of Clothes, Handbags, Hats, Jewellery, CD's, DVD's etc so Piracy or the illegal copying of copyrighted or patent protected goods has been prevalent for many years in traditional society.

But it was in the advent of the internet, that Piracy of Goods which can be transmitted digitally became a big problem that caused the Music, Video and Publishing Industry to get to crisis point as their goods were pirated to such a degree that regular sales of these goods were affected significantly.

It also the case that with the availability of websites like eBay, that this has also enabled the international sale of goods to a wider audience which one can only presume includes goods which are copies of well known branded goods so counterfeiters can now reach a wider market with their goods.

Types of Piracy

The main method of Piracy that has become prevalent in recent years is file sharing or bit torrent which is where the central file server doesn't contain any illegal copies but enables the sharing of files from individuals own PC's. In the early days of the Internet this was a legal loophole as the companies providing these websites were only facilitating the sharing of files like Music, Video etc but were not actually storing these files themselves but were facilitating the exchange of files – known as peer-to-per file sharing.

As a result of this, the big names in the entertainment industry like Sony Music, Warner Brothers etc have being making various attempts to pressurise Internet Service Providers(ISPs) to block users on their network from sharing files. This has caused a negative reaction from computer users as it is seen as a breach of peoples rights to decide for themselves rather than a big brother approach of the internet being censored by ISP Providers.

Cases which hit the Headlines

In recent years there has been many file sharing piracy cases making the headlines like the case of Napster in early 2000 and more recently the case of Piratebay. In both cases they were both either shutdown or rebranded as legitimate downloading sites but it proves that despite big efforts to remain online these websites were prevented from carrying out their activities, due to pressure of legal cases against them by big name companies in the entertainment distribution business.

The current methods of trying to prevent websites from file sharing, which include blocking off enough of the internet to make illegal file sharing impossible or to give file sharing site owners punishment that will discourage others to follow suit. Both these approaches lack public support and is evident from the backlash against US anti-piracy regulations Sopa and Pipa.

Legislation to Combat Piracy

In the U.S where the Internet originated from and are likely to lead the way with regard to Piracy legislation, they are considering two bills – Sopa and Pipa. Here are the main points of the bills :-

- The bills propose that anyone found guilty of streaming copyrighted material without permission 10 or more times within 6 months should face up to 5 years in jail.
- The US government and rights holders would have the right to seek court orders against any site accused of "enabling or facilitating" piracy. This could theoretically involve an entire website being shut down because it contains a link to a suspect site.
- US-based internet service providers, payment processors and advertisers would be outlawed from doing business with alleged copyright infringers. Sopa also calls for search engines to remove infringing sites from their results - Pipa does not include this provision
- To protect sites against false claims of illegal activity Sopa proposes penalising copyright holders who knowingly misrepresent a site's activity - however, Pipa does not contain this safeguard.

Taken from BBC Article - Sopa and Pipa anti-piracy bills controversy explained - http://www.bbc.co.uk/news/technology-16596577

Proposed Irish Leglislation

It is expected that the Internet Piracy Law when it is introduced in Ireland will be similar to the US but the Minister of Minister of State for Research and Innovation – Sean Sherlock, has said that Internet Piracy Law will "balance the rights of copyright holders and internet users" and he also said "This is not Sopa legislation, it's nowhere near it,"

The reason for the urgency on implementing Internet Piracy Law is that a High Court judgment in 2010 found Ireland was in breach of EU regulations by failing to provide for court ordered blocking of rogue internet sites. However, those against the proposed laws point to a recent decision by the European Court of Justice that filtering sites would be not be allowed if it undermined freedom of expression and blocked lawful communications.

There are concerns by those against the new legislation that it will affect growth of Ireland's online trade especially as many international Internet companies have their European base her like Google, Facebook, Amazon, eBay, Paypal and others.

To conclude this section, the following sentence seems to sum up the case against Internet Piracy taken from Guardian Article – The Pirate Bay copyright Crackdown is unsustainable (1st May 2012)

"Copyright cannot be allowed to be treated as a more fundamental right than free expression, or a more important issue than a free and open internet."

Privacy Issues on the Internet

Introduction

In the past before the internet most regular people like to go about their daily business in relative anonymity except for occasions within their jobs or local club where they will be known for delivering a project on time or submitting an article to their company newsletter etc.

They will also be known within their social network of people to whom they disclose and share their details of their everyday lives. Beyond this people tend to be careful about who they open up to or publicise a new venture they are getting involved and are careful about publicising a project which was not successful which they would rather forget.

Now with the internet we feel obliged to be part of the revolution in communication and ebusiness that is taken place it and do not want to be left behind. We don't want to be like the older generation who may be finding it hard to adapt to the new technology and we all want to feel that we are partaking and internet aware.

But with the internet we have to be more careful as our comments and opinions reach a much wider audience and have a greater impact that if shared with a few friends at work. They are recorded in a way in which they are more permanent and lasting and can be shared more widely than our normal innocuous comments that we make during our day in the real world.

We need to understand the risks of using the internet so that we fully gain from its benefits. We need protection both technical aspects in terms of minimising the information that is being held about us and also legally in the event that sensitive data becomes more publicly available.

Increasingly we hear about celebrity gossip stories that are leaked on the Internet via Twitter or there are photographs taken by paparazzi photographers which appear in newspapers or on Internet news sites. It is so easy for salacious news stories to be shared on social networks and via email that they can become viral which means that they have spread like wildfire across the Internet. Sometimes this is the desired affect that celebrities wish for but most ordinary people would prefer that news of that nature is kept more private.

Data Protection Online

Legislation like the Data Protection Act was introduced in the 1980's to protect data held by companies about their clients on computer systems and has been reviewed over the years to bring it into line with the fast pace of development of the Internet.

The primary requirements for data protection are information security which includes the transferral, back-up and storage of data and the encryption and safety of information such as credit card info, passwords etc. This level of protection is taken for granted these days and the hacking of such information remains relatively low as compared to real world fraudulent acquisition of this kind of sensitive information.

Internet users are concerned about their privacy as they access a social networking site or banking online and do not know if they are being tracked, who collects that information, how it is done and for what purposes. This is apparent from looking at the wide range of 'spyware protection' products available on the internet and the language used to promote these products.

Increase in Libel Cases

Probably due to the demand for latest news stories and the pressures on newspapers to publish the latest news more quickly for competitive advantage, there is the increasing chance that stories may not be fully researched by journalists or they are given the go ahead without fully considering the privacy rights of the individual.

As well as their being greater time pressures in going to press, there are also many more publishing methods like online only newspapers, celebrity gossip sites, RSS Feeds and social media networks where news can quickly be spread or shared and become viral.

So there is a lot of pressure on journalists and newspapers editors to ensure that their article is fully researched on one hand while on the other they are trying to meet tight deadlines. Despite best efforts by newspapers, it does happen occasionally that a story will be printed that is potentially libellous.

By way of example, there was the well known case in the Sunday Independent of Liam Lawlor's death in a car accident in Moscow when the newspaper printed headlines 'Lawlor killed in red-light district with teenage girl'. It turned out that the female passenger in the car at the time was an interpreter. This story would have been also printed on their online edition at the time and news would have quickly spread across the internet and compounded the damages to Liam Lawlor's wife and the Interpreter in the car at the time. Liam Lawlor's wife sued the newspaper in 2007 and her case was settled out of court and the interpreter sued Independent Newspapers and the Sunday Tribune and she is believed to have received €500,000 and her costs.

The above story of Liam Lawlor occurred in 2005, before the rapid spread of Social Networking which has taken the internet world by storm. With Social Networking websites like Facebook and Twitter there are is greater potential for defamation to occur as stories of that nature can spread more rapidly and reach a wider audience.

Facebook is more restrictive as posts are usually limited to friends and friends of friends and also users are more likely to set their privacy settings to prevent public viewing. But with Twitter it is more likely that potentially libellous tweets can be posted as it is much more of an open network.

One of the most high profile cases of libel with Twitter was settled in March 2011 when Courtney Love paid €430,000 to Dawn Simorangkir's, who is behind the Boudoir Queen Designer label. She had used Twitter and Myspace to say that the designer was a thief and a criminal because she had sent her a bill for 5 outfits.

Read more of story at – [Twitter libel suit costs Courtney Love £265,000](#)

Unauthorised Data Sharing

Data Sharing is usually done by a user consenting to have their email address passed onto third-parties and can be an option available when a user subscribes to newsletters and promotions and special offers. The purpose of this is that it permits other companies to contact you if they have offers that they think you would be interested in.

On legitimate sites that allow you to opt-in to sharing your email address, they should have a privacy policy displayed on their internet site which will state how they will share your personal details like email address. The following exercpt is taken from one of Irelands leading Technology websites - siliconrepublic :-

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Personally Identifiable Information provided to siliconrepublic.com

Siliconrepublic.com will make your personally identifiable information available to other companies or people when:

- We have your consent to share the information
- We have engaged companies to work with or on behalf of siliconrepublic.com to provide a product or service that you have requested, such as opt-in email announcements
- We respond to subpoenas, court orders or legal process; or we believe that your actions violate applicable laws or threaten the rights, property or safety of siliconrepublic.com, our users, or others.

Siliconrepublic.com aggregates personally identifiable information and discloses such information in a non-personally identifiable manner to advertisers and other third parties for marketing, promotional and other purposes.

Taken from - http://www.siliconrepublic.com/privacy/

Identify Theft a Growing Problem

As more people are using the Internet during their daily lives, they are entering information about themselves on internet sites which could be acquired by hacking or other illegal means and could enable a criminal to build up a profile about a person. This may include their buying habits on online stores, their career history and business contacts on their LinkedIn profile page, their opinions on Forums and blogs etc.

Acquiring personal identify information like name and address, PPS No, credit card Nos and Bank account no's or email and password is more serious and this is usually done by scams like phishing emails as can be seen below.
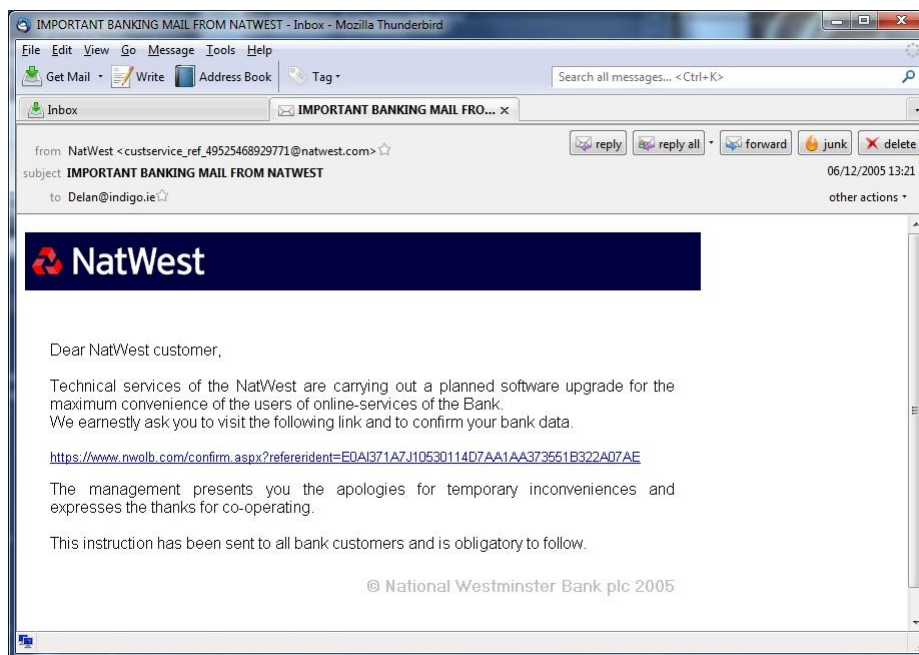
Although phishing attacks in the past few years has become more common and more devious, surprisingly many thieves obtain personal information by more basic methods such as :-

- Posing as business or government officials to obtain personal information
- Watching from a nearby location as you type in password or credit card number or listen in on telephone conversation when you might be booking a concert or theatre ticket.
- Stealing of wallets, laptops or from tax and social welfare details sent through the post.
- Going through recycle bins for copies of bank statements or other documents.

Hacking

Hacking occurs when a criminal gains access to a company or government website with the intention of downloading personal or private Information which then can then either sell on to third parties or use themselves to make fraudulent transactions for financial gain. Hackers like these are motivated by profit but there are other types of

hacker who are motivated by protesting for a particular cause or by computer geeks who are motivated by the sheer challenge of gaining entry to a secure computer system.

Hacking Scandals in Recent Years

Gary McKinnon Case Summary

Gary McKinnon is a Scottish Systems Administrator who was accused in 2002 of carrying out the biggest military hack of all time into 97 US Military and NASA Computers over a 13 month period. It wasn't until 2005 that the U.S began extradition proceedings which became possible after the UK enacted the Extradition Act 2003 with the US which meant that they did not have to provide contestable evidence.

Outcome of Case

After many attempts at appealing the extradition, in July 2009 he lost his latest attempt to avoid extradition where he could face up to 60 years in a high-security prison. McKinnons lawyers had put forward the claim that his extradition would lead to 'disastrous consequences' for his health especially as he had a form of Autism called Aspergers Syndrome.

In October 2012, the UK Home Secretary Theresa May stopped his extradition on human rights ground after medical reports showed the 46-year-old was very likely to try to kill himself if extradited. She said the sole issue she was considering was whether "extradition to the United States would breach his human rights" and she also said that "There was no doubt Mr McKinnon is seriously ill" and the extradition warrant against him should be withdrawn.

See British computer hacker Gary McKinnon has won a ten-year fight against extradition to the US for full story.

Opinion

There seems to a lot of debate about this case so it has dragged out since 2005. In some ways if he is prosecuted it sets a precedent and deterrent for other hackers who may have similar intentions but on the other hand a professor of defense analyst in California, has said that the US government should think about hiring rather than prosecuting him. It's also the case that there are places in the world where hacking communities are being sought after to advise official authorities. Those places are becoming great cyber powers and possibly will be countries who will use this power as a defence mechanism to prevent attack from hostile countries.

Introduction – Economic

eBusiness has an impact on the economy as it results in greater economic activity in the areas which benefit most from the Internet technologies so it results in greater revenue for governments in those areas also.

eBusiness start-ups are being announced every week or so in the news papers as despite a recession, it is still essential that companies keep pace with the technological developments so that when the economy does recover – companies will be better placed to respond to the increasing demand for their product or services.

Online retailers are usually able to under-cut high-street stores due to lower running costs, as there is greater competition between companies and it also increases the choices available to consumers.

Economic Impact of eBusiness – Positives

Rapid Growth in eBusiness Start-ups

In the past before the internet, it was the big players in business which dominated their respective markets like IBM, Coca Cola, Levis, Cadburys etc but in recent years since the fast development of the World Wide Web, there have been a lot of new names becoming well known like Amazon, eBay, Pixmania etc. They have succeeded because the new rules favour small start-up companies that are flexible, technically advanced and quick to react to the demands of their customers.

Benefits of Starting eBusiness

The main benefits for starting up an eBusiness are :-

1. Website Development has become a more competitive business so it is cheaper to design and set-up a website so startup costs are low.
2. It is much more efficient, fast and accurate way to accept orders online rather than by telephone.
3. The companies product catalogue is always up to date and it is so easy to make price changes which can be immediately viewed by Customers.
4. Printing and mailing costs are also lower as product information is available online and can easily be distributed via email.
5. There is fewer staff required to run an eBusiness although they may have to be more skilled in computers and the web to update content etc
6. The website will be available 24 hours so Customers would be able to access it at any time of the day.

For existing businesses they may have to commit more resources to build-up this side of their business. This would mean changing existing product lines to make them easier to sell online, upgrading computer systems and websites, and training staff at all levels to be more skilled in web technology. It also means developing or hiring staff to handle the administration of new marketing, sales, and delivery

systems, and working with outside consultants and service providers to handle the technical aspects of the new program that cannot be handled by in-house staff.

Consumers benefit from Lower Price and Greater Choice

It is generally thought that buying online is cheaper than a high-street shop when you take into account the cost of travelling to a town centre and the time involved but with online shopping there is also the cost of shipping to take into account.

So in some cases it is only when a customer purchases a number of items does it become more cost effective like buying computer parts from dabs.ie or elara.ie to build your own computer. Shipping costs for just a few items are higher than if you bought all the parts to build a full computer all together.

There are some goods though which are not as well suited to online purchase. In the case of buying clothes on the internet, it is probably better to buy in a regular store where a person can try on clothes and feel the quality. Alternatively a consumer could purchases a selection of clothes from shops in France or Spain and returns the clothes which don't fit them properly.

This kind of shopping though from brochures has existed before the internet but has really become more popular as the internet enables people to see a choice of colours and in some cases see close-up and alternative photos from different angles so that they get more of a 'virtual feel' for the clothes they are about to buy.

Apart from the limitation in the size of product that can be sold on the internet, the advantages of buying goods on the internet tends to outway the disadvantages. The main advantages though of online shopping are that the shops are open 24 hours a day, 365 days per year. They also allow older people, disabled people and those who live in remote areas access to buying goods which they would otherwise not be able to consider.

e-business Companies sell to Global Market

Selling online has big advantages over a traditional business. The main one being that a company website can be accessed by anyone 24/7 365 days a year. This kind of availability means that a company has the potential to make greater sales and because it is global it is reaching a much wider audience too.

Obviously though, the product that is being sold must be able to be posted in a parcel or package and not be fragile so it arrives with the customer in one piece. For larger items, the company might have to consider opening a warehouse and office in the country which it is trying to expand in so as to enable a shipment of goods to be transported and housed so that they can be distributed to the customers in the destination country.

It is probably best for a company though when expanding to take one country at a time and build a market presence and only when sales in that country has reached a satisfactory level should the company branch into new countries.

For companies wishing to expand, entering emerging markets is best done through joint ventures, selling agents or other form of partnership. The expert can add value to the entire enterprise not just the local operation. They can do this in the form of new ideas, new connections, new ways of thinking and also may come up with more creative formats for a product or service.

Global Market Size

Calculating the global market size is complicated by high levels of cross-border sales that take place. Additionally few research companies measure all the various sectors of the market like (B2B, B2C, etc). However, estimates from various analysts suggest the global market was worth around US$500 billion in 2009. According to IMRWorld (www.imrg.org), the UK industry association for global e-retailing, by 2010 total business-to-consumer (B2C) e-commerce sales were worth €591 billion, up 25% on the 2009 B2C figure and IMRWorld estimates that worldwide, the trillion dollar mark will be passed by 2013.

Above Stats taken from - www.qfinance.com/sector-profiles/e-commerce

Small Niche Companies

The Internet has provided a lifeline for many small producers, and has allowed them to enter the retailing sector without the need to invest heavily in physical retail outlets. Small niche companies like Arts and Crafts are able to sell their products to a global market rather to be confined to their local area and as a result they are able to grow their business in markets which would otherwise be out of reach.

Job Growth in Some Sectors despite a Recession

Ireland is currently going through a severe recession since 2007 due to the banking crisis and property market collapse. The current rate of unemployement is around 14% of the work force so the job market is in decline.

As well as the recession, there is also the impact of companies becoming more automated and streamlined as there is greater competition especially in areas like Health Insurance, Banking, Telecommunications and Utility and Waste Management Services etc

The growth of the internet and eBusiness has also provided additional pressure as companies are having to develop an eBusiness strategy to be sure that they are keeping pace with competitions both in Ireland and Internationally.

So although there is generally an increase in unemployment due to reasons above, this section focuses on the positive aspects of the Internet which has resulted in jobs growth.

Technology and Training

As a result of the Internet, there is a growth in jobs in Information Technology - areas such as Web Development, Internet Security , Payment Systems and Online Tuition.

For countries that invest in college courses to enable their younger and mature student population to learn the new technologies, this is likely to result in an increase in companies providing appropriate I.T services.

It also means that this country with its highly-trained I.T Staff are attractive to international companies who want to hire enthusiastic and knowledgeable college leavers. This is an opportunity for Ireland to also become a centre for eBusiness and provide advice and support to eBusiness start-ups so that they can establish their company in a foreign country and expand their global presence.

Postal and Delivery Services Expanding

On initial inspection, the impact of the Internet on postal services is probably seen mainly as a social impact in terms of closing of Post Offices in rural areas but there is also an economic impact.

The key functions of the Postal Services is the delivering of letters, bills, government correspondence, documents, brochures etc and transport of goods in the form of small packets and parcels. The former service of delivering letters etc is slowing down due to online services like Paye Online, being able to look at utility bills on service providers websites and being able to check bank statements online as well as general enquiries and regular correspondence.

Post Services More Competitive

As products need to be delivered more efficiently than traditional post and more cost effectively, there is an increasing no. of delivery companies expanding due to the increased business from internet purchases. These companies are undercutting the regular postal services and are also providing a faster turnaround time.

One of the catalysts to help meet the demand for delivery of packages and parcels ordered via the internet, is the Liberalisation of the Postal Services Market. The Communications Regulation Act came into affect on the 2nd August 2011. This represented the final stage in the opening of the postal services market to competition as required by the EU.

Economic Impact of eBusiness – Negatives

Middle Man Redundant

There are two elements to this point. On one hand customers are becoming more knowledgeable about products and Services from websites like askaboutmoney, nca.ie and are better able to make more informed decisions. On the other hand there is greater choice available and people are able to shop around more easily using the internet to compare prices using websites like bonkers.ie and make a better purchase e.g with Financial, Travel etc

In financial services, for example, purchasing of insurance or a loan, both highly commoditized (uniform, plentiful and affordable) products, is ideally suited to the

internet. However, many people prefer to buy a sophisticated financial product, such as a pension, on a face-to-face basis, as they will almost certainly require advice before making their choice

In the case of Ireland in recent years there has been a combination of a recession both in Ireland and worldwide combined with banking crisis which has resulted in people switching to more secure investments like An Post Savings.

There has been cases of high profile celebrities like Gay Byrne losing savings or having to work well into retirement as his pension has decreased in value. The boom in the economy resulted in people being misled by financial advisors in banking institutions. As a result people are turning more towards belief in their own financial decision making as they no longer trust the sales pitch and over eagerness of sales staff to take up a financial product from them.

People are generally more informed of financial market news and with the availability of independent financial advice on websites like askaboutmoney.ie or itsyourmoney.ie, people are able to make more informed decisions which negates or lessons the risk to some extent of financial decisions made. Additionally because they are forced to be accountable for their own decision and take full responsibility, people are more likely to do full research of a financial decision that they are about to make.

In the case of travel, people are also now taking advantage of the internet travel websites to book late holidays deals which in the past they would have had to check into a high-street travel agent or buy the newspapers looking for holidays deals. We can now receive email newsletters from our favourite travel website which informs us immediately of any special holiday deals. We are now less likely to miss out on these specials where in the past it was much more dependent on circumstance of being in the right place at the right time and a watchful eye on the newspapers etc.

As a result of the growth in Internet travel websites and the general downturn in the economy, Travel companies have been closing stores in Ireland and the UK. In Jan 2008 in the UK, Thompson announced plans to close 100 of its stores and Thomas Cook also closed many of its stores in June 2007. In September 2009, Budget Travel closed 14 of its stores and the loss of 95 jobs between shops and head office.

Consumer Price Discrimination
Most businesses charge different prices to different groups of people for what is more or less the same goods or service. This seems like unfair practice at first glance but it does exist in business like travel, leisure and telecommunications industries in Ireland and Internationally.

Price discrimination can exist when consumers differ in their demands for a given good or service or a company has market power and the company can prevent or limit arbitrage.

Arbitrage is defined on Wikipedia as the practice of taking advantage of a price difference between two or more markets, striking a combination of matching deals that capitalise upon the imbalance, the profit being the difference between the market prices.

Price discrimination is an extremely common type of pricing strategy operated by virtually every business with some control over their pricing strategy. It is a classic part of price competition between firms seeking a market advantage or to protect an established market position.

There are different types of price discrimination as follows :-

Perfect Price Discrimination – Charging whatever the market will bear also known as optimal pricing.

Second Degree Price Discrimination – this involves a company selling off packages of a product deemed to be surplus capacity at lower prices that previously advertised.

Early Bird Discounts – Customers who are prepared to commit themselves to an early booking can avail of lower prices while those leaving it to last minute are charged more.

Peak and Off-Peak Pricing – Common with telecommunications, Leisure and travel sectors where there might be daytime peak rate, off-peak and a cheaper weekend rate.

Multi-Market Price Discrimination - involves charging different prices for the same product in different market segments

Increase in Price Discrimination with Internet

The internet is giving companies unprecedented opportunities to experiment with different forms of price discrimination. Multi-market price discrimination is more common as consumers are supplying online retailers with a huge amount of information about themselves and buying habits and this allows them to offer different prices.

Price discrimination used by Airline Companies is a prime example of how it is used to best advantage. They charge low prices for fairs but they then have a lot of add-on extras for baggage, prime seating, travel insurance etc which results in the prices rising significantly so that these so called low prices are not as low as first thought. They also give new customers better deals on flights as it is hard to win new customers than keep existing ones.

Targeted Advertising to Consumers

On the internet, it has now become a part of the surfing experience to be bombarded with advertising which is becoming increasingly more targeted. One of the reasons

for this is similar to price discrimination above is that consumers are supplying information to websites which is being used to produce a profile and this enables the website operators to identify a market segment to which the customer belongs. The websites are then able to target particular customers based on the products which they previously browsed or bought so that they are more likely to get a sale as the advertisement is specific and relevant to them.

Internet Advertising

Internet Marketing is the promotion of products and services over the internet. It ties together the creative and technical aspects of the internet which include design, development, advertising and sales. One of the main forms of Internet advertising is behavioural targeting which is used to increase the effectiveness of their campaigns as it captures data generated by the website.

When a consumer visits a web site, the pages they visit, the amount of time they view each page, the links they click on, the searches they make and the things that they interact with, allow sites to collect that data and create a 'profile' that links to that visitor's web browser.

As a result, website publishers can use this data to create defined audience segments based upon visitors that have similar profiles. When visitors return to a specific site or a network of sites using the same web browser, those profiles can be used to allow advertisers to position their online ads in front of those visitors who exhibit a greater level of interest and intent for the products and services being offered.

When it is done without the knowledge of users, it may be considered a breach of browser security and illegal by many countries' privacy, data protection and consumer protection laws. A cookie is stored on the customers computer which means that when the user visits the same website, it can build up a history of repeated visits which helps build a more accurate profile. If the person makes a purchase then the website can associate the profile data with the customer data to provide a means of producing better analysis of customer behaviour.

Behavioral marketing can be used on its own or in conjunction with other forms of targeting based on factors like geography, demographics or contextual web page content.

One of the key benefits of this type of advertising is that it enables the online company to more specifically target their product to people who are interested in their product or similar products. So by doing this they are able to maximise sales of their product online. Unlike other forms of advertising which is much more broad in its reach so that it is less effective although it would be more costly to take out an advertisement in a national newspaper, magazine etc.

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