

EFFECTS OF INTERNET GROWTH ON BUSINESS MODELS

Abbas Heiat, Montana State University-Billings, ahaiat@msubillings.edu, 406-657-1627
Nafisseh Heiat, Montana State University-Billings, nheiat@msubillings.edu

INTRODUCTION

Prior to the age of the Internet, many marketing strategies, ad campaigns, and business models were limited in scope. Innovation was rare and the consumer had few choices. Today, consumer buying and “surfing” habits on the Internet are captured through cutting-edge technology and clever websites. Fresh ad campaigns are orchestrated around these Internet behaviors through ever-changing business models. A symbiotic relationship between business model strategy and Internet growth has given rise to a mutually beneficial relationship that would not be possible separately.

This paper will show the evolution of established business models to *e-business* models in relation to Internet growth. Conventional business models have undergone many changes and “morphs” as companies felt the need to enter the world of *e-commerce*. Corporate strategies and marketing campaigns have struggled to stay on the “bleeding edge” of technology as each company attempts to find the *e-business* model that will succeed.

BUSINESS MODELS

Creating a business model for *e-commerce* starts with the following basic challenge: to define who you are as an enterprise, then who you want to and need to be, and finally---within that context---what role electronic commerce can play in helping your enterprise maintain or change its identity. An appropriate simple definition of an online business model would be beneficial at this time. *“In the most basic sense, a business model is the method of doing business by which a company can sustain itself – that is, generate revenue. The business model spells out how a company makes money by specifying where it is positioned in the value chain”*

The basic categories of business models include: Brokerage, Advertising, Infomediary, Merchant, Manufacturer, Affiliate, Community, Subscription, and Utility. Companies are mixing and matching what works as they create new models. Because of the nature of the Internet, other companies then emulate these new models, seemingly overnight. Finding the right *e-business* model is vital to maintaining market share and viability for firms doing business on the Internet.

CONCLUSIONS

Through use of interactive websites and dynamic web pages, businesses are learning how to harness the potential of the vast Internet. Great strides have been made in business policy and strategy as it relates to traditional business models. Internet growth has been the catalyst behind the transformation of traditional practices as we enter a new millennium. There is no turning back the clock on how companies compete and position themselves in the marketplace. Greater things are on the horizon and those firms that fail to embrace the future may not be there to taste the future.

References Available upon request.