

STRATEGIC MANAGEMENT IN E-COMMERCE

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ABSTRACT

In the field of management, strategic management involves The for mutation and implementation of the major goals and initiatives taken by an organization's top management on behalf of owners' based on consideration of resource and assessment of the internal and external environments of the internal and external environments in which the organization operates. Strategic management provides over direction to an enterprise and involves specifying the organization objective, developing policies and plans to achieve those objectives and then allocating resources to implements the plans. Academics and practicing mangers have developed numerous models and frame works to assist in strategic decision making in the context of complex environment is not static in nature. The models often includes a feedback loop to monitor execution and to in from the next poun of planning.

Michael Porte identifies There principles under buying go strategy:

- *Creating "unique and valuable position"*
- *Making tradeoffs by choosing " what not to do "*
- *Creating "fit" by aligning company actives with one another to support the chosen strategy.*
- *"Advanced technology helps to create over choice with respect to available goods, cultural products, services sub cults and life-styles. At the sometime over choice comes to characterize itself." Alvin Tofler*

This paper address several issues concerning E-commerce (EC) strategic management today-First. We will frame EC in a strategic management context where competitiveness. Cost reduction productivity implements EC strategies. Next we will high light six important challenges companies must face where implementing Their EC strategies. How should Companies about

- *EC IT investment*
- *Improve customer relationship management*
- *Improve competitiveness*
- *Address EC security*
- *Address EC legal issues and*
- *Explore tax challenges of e-commerce*

The people recommend practical course of option to men agers of the EC companies to improve their strategic decision and improve their EC operation.

KEYWORDS: *Strategic Management, E-commerce, EC IT Investment, EC Security, EC Legal Issues.*

Introduction

The out sprout of technology has lead to changes in the way trade is conducted. Exploring the international market became simpler with the internet. The firms started to explore the international market more conveniently though Internet leading to the existence of E-Commerce. E-Commerce became a more convenient mode for firms to access the hitherto untapped and unexplored global market. E-Commerce has becomes an inevitable option for the businesses to survive the competition. It helped in quick communication with the trading partners and with large global customers. The amount of

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trade through E-Commerce in 2005 is valued at 570 crores. There are various perceptions as scope of activities covered by E-Commerce. Various organizations have made an attempt to present the definition of E-Commerce: **“Electronic Commerce** may be simply defined as the production, advertising, sale and distribution of products through telecommunication network.”

E-Commerce is defined by the U.S. Census Bureau as “any transaction completed over a computer-mediated network transfers ownership of or right to use goods or services. The term “on-line” includes the use of internet, internet, And Extranet, as well as proprietary information that runs over system such as Electronic Data Interchanges (EDI networks)”

“Electronic commerce, e-commerce or e-commerce consists primarily of the distributing, buying, selling, marketing, and servicing of product or services over electronic systems such as the internet and other computer networks. The information technology industry might see it, as an electronic business application aimed at commercial transitions. It can involve electronic funds transfer, supply chain management, e-marketing, online marketing, and online transaction processing, electronic data interchange, automated inventory management system, and automated data-collection systems. It typically uses electronic communication technology such as the internet, extranets, e-mail, e-book. Database and mobile phones.”

E-commerce covers outward-facing processes that touch customers, suppliers and external partners, including sales, marketing. Order taking, delivery, customers services, purchasing of raw material and supplies for production and procurement of indirect operating expenses such as office supplies. It involves new business models and the potential to gain new revenue or lose some existing revenue to new competitors.

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E-business includes e-commerce but also covers internal processes such as production, inventory management, product development, risk management, finance, knowledge management and human resources. E-business strategy is more complex, more focused on internal processes, and aimed at cost savings and improvements in efficiency, productivity and cost savings.

The E-commerce and E-Business can differentiate by the type of activities conducted by the business. Business firm are able to cut down the units of stocks by adapting E-Commerce. The transportation costs are also getting reduced as the firm is not maintaining outlets but is rather trying to have localized trading partners to deliver commodities. It is equally advantageous to consumers as they are able to procure the type of commodity required to from the place of stay and the time of delivery is less when compared to traditional trade. The major parties involved in E-Commerce are business, consumer and the government.

Table 1: Types of E-Commerce Trade

Party involved in trade	Business	Consumer	Government
Business	B2B	B2C	B2G
Consumer	C2B	C2CV	C2G
Government	G2B	G2C	G2G

All the above types of trade are being conducted through E-Commerce. Only two major types of trade have been conducted prominently through E-Commerce. B2B and B2C type of business gained prominence.

B2B Sector

The businesses are trying to procure products from the trading partner globally at cheaper rates. They are trying to strengthen and expand the horizons of conduct of the trade. It is perceived that 80 percent of online business is attributed to B2B. In a survey It was found that 55.56 percent of the samples has started their business in traditional mode and now have made their presence through E-Commerce mode. The od the sample have started though traditional and E-Commerce mode,the remaining 11.11 percent of the sample have started exclusively through E-Commerce mode only. 55.56 percent of data sample selected is from information Technology sector. 33.33 percent of the sample is from Service/

Research sector. 33.33 percent of the sample is from manufacturing and Distribution Sector. The firms are interested grab the maximum trade for their businesses and hence are making their presence both through traditional and E Commerce mode. It is observed that the major channel convergence shift is to address the global customers and least preferred reason is to have cyber presence. Main factors for it are as follows:

- To address the global customers
- To increase the sales volume
- To source raw materials
- To encounter competitor's strategy
- To have cyber presence

Firms are exploring more of E-Commerce for sales rather than for purchases. Procurement of raw materials using E-Commerce forms the third priority for the firms. Firms are using E-Commerce as a mode of exchange of information to increase the through traditional mode. E-Commerce is used to tap the potential that is unexplored through traditional commerce. Main benefits that saving, large number of suppliers available and simplification. It is perceived that speed is the major benefit that the firm enjoys through E-Commerce purchasing over the remaining factors. Availability of suppliers is considered as the third perceived benefit over simplification. Even though the firms perceive benefits by online purchases the firm encountering problems in making purchase using E-Commerce. The following table represents ranking of the problems using E-Commerce:

- Uncertainly concerning contract, terms of delivery and guarantees
- Uncertainty in making payments.
- Number of potential suppliers too small
- Goods and services cannot be purchased using E-Commerce
- Logistical problems (speed and Timelines of Delivery)
- Delivery cost too high

The major problems encountered in making E-Commerce purchases are identified as the existence of uncertainly concerning contracts, terms of delivery and guarantees. The factor of speed is not given the same importance when it comes to online sale. Geographical expansion of the market takes leads and avoiding market share which identified as the least preferred factor with respect to E-Commerce sales. E-Commerce sales dominate over E-Commerce purchases for a business firm. The main perceived benefit being geographical expansion, it represents the firm's interest of penetration into the global market. In spite of the growth of E-Commerce with regard to sales, firms are encountering problems even for E-Commerce sales. The ranking of problems faced for E-Commerce sales are as follows:

- Number of potential customers too small
- Logistical problems
- Goods and services not suitable for E-Commerce
- Cost of developing and maintaining E-Commerce system
- Uncertainty in making payments
- Uncertainty concerning contracts, terms of delivery and guarantees
- Concern about existing sales channel

Tapping the number of potential customers is identified as the major problem encountered for E-commerce sales. The purpose of accessing internet by the citizens is mainly to communicate and to gather information .online shopping is not the preferred destination for citizens. The role of the firm is to convert the accessing process into sales. Which is ranked as a major problem? The major problem for purchases being uncertainty concerning contracts, it is almost the least preferred factor for E-commerce sales. There exists a diversified view of firm's even firms even in the case of payments between purchases and sales. In purchases, it is rated as the second factor whereas it is ranked as fifth factor in sales. In the case of purchase, firms prefer to make payment after delivery of materials. Hence it is ranked as the second crucial factor. But in case of sales made to consumers the delivery of food would be made usually only after the payment is made. The general mode of payment preferred is credit card. Hence it is not so crucial factor as is in the case of purchases.

B2C

The next major sector that is expanding after B2B segment is B2C. Individually consumers equally are grabbing the opportunity to get the goods and services through online at cheaper rates. Consumers are giving equal preference to goods and services to be purchased through online. Some of the consumers are purchasing both goods and services online. It is more interesting to observe that major share of the respondents is procuring tickets online. The type of tickets procured includes air tickets, rail tickets, bus tickets and even tickets for cinema. In addition to the above products, some of the consumers purchased electronic goods, programmers, consumer goods (such as refrigerator, Micro Oven, AC...), stocks and made payment of bills. Even though the scenario is promising and the sales are expected to increase over the period of time, the following are some of the hindrances faced by the consumers through online trade.

- Uncomfortable sending credit card information over the net
- Preferred to see product before purchase
- Additional charges to be paid toward handling expense
- Couldn't talk to the sales representative
- Couldn't get enough product information to make decision
- Couldn't talk to other buyers of product about their views
- Hazards faced in returning the product
- Website was hard to navigate through
- Process too long and confusing
- Product too expensive related to alternatives

The major hindrance faced by consumer for purchasing through E-commerce is the security factor of sending the information of credit card. Even the business perceives payment as the major problem while purchase of the materials. Absence of physical examination of the product is expressed as the next major hyraces for procuring the product online.

Challenges and Opportunities

The potential for E-commerce in India is tremendous. The firms need to identify the challenges that might be faced through E-commerce. They should try to overcome the challenges so faced. The major hindering factor for the business is ranked as poor implementation of security policies. Even from the perception of the consumers, the security of the information is identified as the hindrance. So, the firms have to ensure that a necessary security system using the required firewalls is installed on the website so that more confidence exists between the two parties for further expansion of trade. The following have to convert the hindrances into opportunities for the further growth. The following table presents the factors that act as opportunity for the growth of trade through E-commerce;

- Virtual mode of Business
- Universal Delivery System
- Cost savings
- Quick comparability of the product
- Increased participation (open competition)
- Quality improvement

The firms prefer simplification of their conduct of trade. Making a presence through the virtual mode is ranked the major opportunity. The firms perceive improvement of quality of the product as the least ranked factor over the remaining. The firms are still interested to explore and explode through E-commerce with opportunity existing for the business for its growth.

Epilogue

Firms, in India, are sensing the advantage of E-commerce. Hence they prefer to make their existence through traditional and E-commerce mode. E-commerce is used only to expand geographically. Virtual mode of business being a major opportunity for the businesses they are not completely shifting to virtual mode. The reason partial shift is the terms and conditions of contrast and uncertainty existing in payment methodology. Firms are using E-commerce for communication with the trading partners as to the availability of the goods and to know the state of progress of work. It is used to inform and improvise the product under production so that time delay can be avoided. E-commerce

is used more as a mode of communication rather than been adoption of it in total. E-Commerce is beckoning India. It is only the firms that have to exploit E-Commerce to the full potential. The role of business is to provide goods or services at cheaper rate through a secured mode of payment for the consumers or for the business partners. The roles of the government are to ensure that firms and individuals interest are protected. Proper regulation and implementation of legal system needs to be done. In spite of the existence of the information Technology Act 2000, there are number of manipulations heard through E-Commerce mode. This needs to be strengthened by the government. The remaining is for the benefit of consumers to get the best type of product at cheaper rate from the global market.

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