



E-Commerce growth in international market: Impact on supply chain management

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Abstract

E-commerce is such a new phenomenon that little research has addressed the effects it has on relationships in supply chains. The e-commerce environment was perceived as highly uncertain, stemming from increased information visibility and dynamic market structures. It may prove to be invaluable in helping firms succeed in this dynamic environment. This research also found support for the application of transaction cost analysis and the resource dependence theory in explaining inter-organizational relationship formation in e-commerce.

Keywords: e-commerce, role, supply chain management

Introduction

Competitive global marketplace, it is extremely important for businesses to embrace the latest methods and trends to conduct their businesses. With the advancement of technology, particularly the Internet, the world has discovered a new path of opportunities, switching the transactions of traditional business models into a better model far superior in terms of efficiency, productivity, profitability and competitiveness. This is where e-Commerce comes into the picture in which is simply a short form for "Electronic Commerce". E-Commerce is generally the "in-thing" today, which concept covers the global information economy which includes electronic trading of goods and services, electronic fund transfer, online procurement, direct marketing, electronic billing, etc., through the internet via the computer. E-Commerce does not change the core of businesses, which is to generate profitability from transactions, but it is to change the mindset of how to go about generating profits through an efficient manner. This simply means obtaining information at our fingertips, without wasting time, money and effort, and also to conduct real time transactions in a "borderless world" 24 hours a day, 7 days a week. With e-Commerce transactions, it is a Win-Win situation for the parties (both buyers and sellers) participating in it. It offers distinguished benefits such as less overhead expenses, larger advertising market exposure, and reduces middle man participation and all these benefits are easily understood and quantifiable. E-Commerce itself is categorized into several sections. Among the sections are Business-To Business (B2B), Business-To-Consumer (B2C), and Business-To-Government (B2G). E-commerce is conducting business transactions facilitated by the Internet or other electronic networks. It is the exchange of information, goods, services or money through the use of computers with customers (Business to Customer) or with other businesses (Business to Business). Whether you are marketing or selling products or services to your customers, or communicating inventory data to your suppliers, you are taking part in e-commerce.

E-commerce can be defined by various electronic activities from web page creation to supply chain management:

- Customer orders (buying and selling)
- Invoicing
- Fund transfers
- Inventory control
- Customer service
- Market information research

Objectives

The objective of this study is to understand the role of Supply chain management in E-commerce practices and identify the problems occurring in creating and maintaining a Supply Chain Management System for the e-commerce industry.

- To know the importance of e-commerce in today's environment
- Informal business to business transaction using internet e-commerce
- Consumer transaction with business, or other members of the public, using internet e-commerce
- Explain how to develop customer service during different times phases
- To Becoming able to differentiate and selecting the best available supply chain process
- To learn the balance between cost and revenue through supply chain

Research methodology

An exploratory research study was conducted to examine the impact of the dimensions of e-commerce on managing relationships in the supply chain. Because the purpose of this research was to develop an understanding of this new phenomenon, we adopted a theory-building, qualitative research design. Strengths of qualitative research include realism, significance, richness, high face validity, and potentially a more precise way to assess causality. Such strengths are attributed to the fact that the data come directly from the participants involved in the phenomenon. The

findings are, therefore, not anecdotes, but rich verbal descriptions reported in the words of the informants, often incorporating direct quotes. Verbal descriptions offered in the findings are illustrative of repeated patterns along with their contextual variations that emerge from the data. These descriptions are systematically analyzed to develop theoretical relationships among the themes and provide important implications for practice and research. Weaknesses to qualitative research that need to be considered during the research include an overabundance of variables due to the amount of data, and a lack of control. The survey was designed on the requirements and significance of E-commerce in India and Supply Chain Practices. The survey instrument focused on the following areas:

- Importance of E-commerce to the organizations
- Reasons for E-commerce implementation
- The impact of using E-commerce on logistics performance, customer

Impact of E-commerce in International market

The force of change brought about by the Internet and ecommerce is sweeping the world of business, from the cottage industries to the multinationals. This change presents an opportunity to learn and profit from new ways of working, and a threat that other suppliers will use ecommerce to gain a competitive advantage to erode your market share.

Doing nothing is not a safe or sensible option! Before making decisions about how your business can use ecommerce, it is important to take a look at what is going on outside in the “market”. Things that the business has no control over: external factors such as changes in politics, economic conditions, law, technology, fashion, demographics, competition, etc., and, of course, the wants and needs of prospective and current customers. Under technology fits ecommerce. Therefore, you must consider how the market has changed with the introduction of ecommerce methods, and the impact it will have on your business. Indeed, a proven way of increasing the likelihood of business survival and success is to take a strategic marketing approach; a long term view, which, based on the marketing environment, looks at the way forward for a business over the next one to three years.

E-Commerce international growth — Impact on Sales

Web sites and email are the two main ecommerce applications that are used together to promote and advance the selling process to closure. How these two powerful, interactive, communication methods are used to sell, depends on your product and service offering, and your existing sales channels. Looking first at Web sites, there are

several ways that they can be used as a new sales channel for your business.

Direct Selling from a Web site is the direct marketing approach that cuts out the “middleman” and enables direct interaction with customers and consumers. Before rushing in to creating your own business Web site, a careful examination needs to be made as to how on-line sales will be integrated with existing sales channels, such as the sales team, distributors, resellers, and agents. It is not uncommon for on-line sales to be perceived as being in conflict with traditional channels. Therefore, these issues must be sorted out in advance. If they are not, your business and brand will be damaged and overall sales revenue reduced.

Indirect Selling From a web site provides information on products and services, and brand building corporate information, that points the visitor to a local sales channel outlet, such as a retailer or supplier, by providing contact information. This type of Web site removes all channel conflict, as it is seen to be supporting the channel and generating leads for them. If the local outlet is an independent retailer or supplier, then it is not uncommon for them to have their own Web site to provide information or to sell direct on-line to the end user.

Hybrid Direct and Indirect Selling from a web site is a way of presenting customers and consumers with a choice, to buy on-line or to use a local outlet. Sales made on-line at a corporate Web site, can, then, if appropriate, use the local outlets to fulfill orders from their stock, or to provide services such as pre-delivery inspections, implementation, or post-sales support. Involving the local outlet removes the channel conflict, and transfers the customer or consumer relationship to them. It can also be an efficient way of using an existing supply chain for order fulfillment. A couple of examples of the hybrid model would be Ford Motors and General Motors. They use their dealer network to supply services on cars sold on their direct sales Web sites. Tesco’s use their local stores to fulfill orders taken at their on-line shopping Web site.

Working out which of the above three approaches your business should use is determined by the marketing and sales strategy of your business. If your business has traditionally used indirect sales channels, such as distributors, retailers, and suppliers, switching or including a direct web site sales channel for the Internet may not be the right way forward. Additional costs of direct marketing, and the logistics of direct fulfillment of single item orders, could make direct Web site sales unprofitable or unworkable.

However, the opposite may be true, and with ecommerce methods, now could be the time to restructure your business around a Web site direct-marketing channel. Most businesses are adopting a view that Web site sales are one of many sales channels, rather than the only channel.

Table 1: Rating of facility benefits

Facilities	1	%	2	%	3	%	4	%	5	%
Payment	50	45.45	39	35.45	7	6.64	6	5.45	8	7.27
Delivery	29	26.36	50	45.45	19	17.27	7	6.36	5	4.55
Quality	24	21.82	28	25.45	40	36.36	8	7.27	10	9.09
After Sale Service	12	10.91	13	11.82	26	23.64	20	18.18	39	35.55
Return Service	13	11.82	14	12.73	28	25.45	33	30	22	20
Total	110	100	110	100	110	100	110	100	110	100

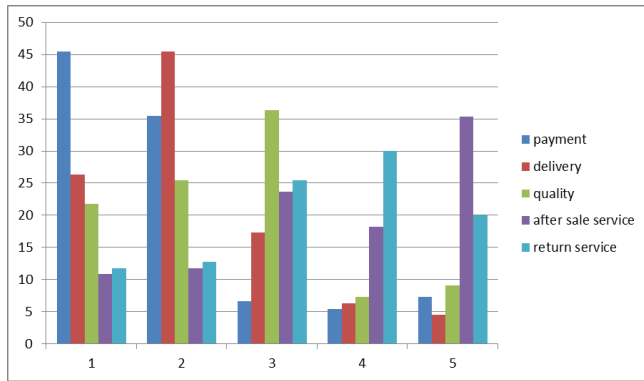


Fig 1: Rating of Facility benefits

Inference

From this table it is inferred that 45.45% of the respondents rated payment facility as the first most benefitted facility, 45.45% of the respondents rated delivery facility as the second most benefitted facility, 36.36% of the respondents rated quality facility as the third most benefitted facility, 25.45% of the respondents rated after sale service facility as the fourth most benefitted facility and 35.45% of the respondents rated return service facility as the fifth most benefitted facility.

Conclusion

In general, today's businesses must always strive to create the next best thing that consumers will want because consumers continue to desire their products, services etc. to continuously be better, faster, and cheaper. In this world of new technology, businesses need to accommodate to the new types of consumer needs and trends because it will prove to be vital to their business' success and survival. E-commerce is continuously progressing and is becoming more and more important to businesses as technology continues to advance and is something that should be taken advantage of and implemented. From the inception of the Internet and e-commerce, the possibilities have become endless for both businesses and consumers. Creating more opportunities for profit and advancements for businesses, while creating more options for consumers. However, just like anything else, e-commerce has its disadvantages including consumer uncertainties, but nothing that cannot be resolved or avoided by good decision-making and business practices. There are several factors and variables that need to be considered and decided upon when starting an e-commerce business. Some of these include: types of e-commerce, marketing strategies, and countless more. If the correct methods and practices are followed, a business will prosper in an e-commerce setting with much success and profitability. Due to fast moving lifestyle, online shopping has been growing drastically in India. With developed internet penetration, increasing adoption of devices like smart phones, tablets, and laptops, and access to the Internet and the shift in buying behavior among the consumers has contributed to the rapid growth of the online consumer base. The increase of online shopping has become a trendy way for consumers to shop over internet. The research indicates that shift in buying behavior towards online is positive due to reasons like cash on delivery, discounts, schemes & quality of products offered. Increasing awareness towards use of internet, satisfactorily results in online shopping, rise in standard of living, occupation,

influence of friends and attractive offers had affected purchase decision making. Youth contributes a considerable proportion of the online users with India's youth comprising a significantly larger share than global internet users.

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