

Successful strategies for e-commerce and e-Business in Textile industry

Farzam Pourramezan Roudposht¹ and Mohamadreza Abedimahzoun²

¹Iran silkworm rearing corporation

²Faculty of Management and Accounting, Islamic Azad University (IAU), Qazvin, Iran

Contact email: davoodgharakhany@yahoo.com

Abstract: Internet technology is fast becoming a necessary component to building a competitive and successful business in today's "connected" economy. Yet, successful e-business adoption requires carefully outlined strategies that address both the opportunities and challenges of the technologies being considered. An e-business plan is simply a plan that outlines how you will use Internet technology to build and grow your business. A well developed plan will enable you to identify how you will incorporate e-business, how much e-business adoption will cost you, and what results you should expect to generate. E-Commerce in recent times has exploded many folds due to the invention of new Information and Communication (ICT) technologies and applications. Business models of today are highly depending upon internet based transaction and trading platforms, use of Web portals and mobile applications.

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1. Introduction

The impact of information and communication technology on varied areas of the Global economy and current trends in e business is an area of research that could lead to valuable business insights. The adaptation of business models to accommodate the customer's needs for providing an internet based business transaction platform is a reality and a compulsion for business as an order of the day. With so much necessity for business houses to include internet based marketing and applications to support one's business process and customer expectations, the area of E commerce and its evaluation from a commercial perspective is still under researched. Many rural businesses have adapted to the "opportunities" and "threats" created by advances in information and communications technologies (ICT) by developing an e-commerce strategy. E-Commerce often is defined narrowly to refer to using the Internet to market and sell goods and services. E-Commerce is, however, much broader and includes "the electronic exchange of information, goods, services, and payments and ... the creation and maintenance of web-based relations" (Fruhling and Digman, 2000). E-Commerce may be involved in the design, finance, production, marketing, inventory, distribution, and service aspects of a business' activities (OECD, 2001). As such, the use of e-commerce by a firm has the potential to both increase revenues from sales as well as significantly decrease costs through greater efficiencies of operation.

More recently, 'e-business' has become a core theme at the heart of business strategy. A company should have a vision of where it wants to go

with e-business strategy and move towards the trends of e-commerce application (Hackbarth and Kettinger, 2000). It is logical that e-business strategy should support corporate strategy objectives and also support SCM strategies. An established aspect of business strategy development is the focus of e-business strategy on business alignment. Bocij et al. (2006), depict an alignment model focusing on alignment of the IS's plans and priorities with organizational strategy and business goals. Linking IS to objectives and CSFs, is one method of using the alignment approach. During the initial development of an e-business strategy, a business-alignment approach can be applied to ensure that IS strategy supports e-business strategy. Schnieerjands and Cao (2002), demonstrated the important variables of the business environment, operations management strategy and IS strategy being aligned or fitted in order to achieve successful e-commerce business performance. They identified CSFs for both operations management strategy development and e-business strategy development that must be considered useful for e-commerce success.

Many businesses adopt an e-commerce business plan because it provides the owner greater flexibility in terms of operating location and hours. That is, e-commerce may present an individual with the opportunity to be a "lifestyle entrepreneur" and locate the business where the entrepreneur wants to live. For some individuals this enhanced flexibility might result in a move, but in many cases e-commerce permits entrepreneurs to remain in place and benefit from proximity to family or other local assets. The increasing use of the Internet and web technology has

introduced various webbased applications and strategies for businesses such as the e-Business development. Today, the e-Business concept is widely adopted by large organizations and gradually followed by small-to medium sized enterprises (SMEs) (Al Qirim, 2006; Yeung et al, 2003). E-Business can be seen as a new way of conducting a business that has changed the traditional buying and selling process into an online-based process. It has also changed the way people perceive their Internet technology investment by focusing on new business models and concepts (Damanpour, 2001). The increasing pace of business changes is often driven by technology and the development of the digital environment is creating a new landscape for companies. Information Technology (IT) plays an important role in redesigning the basics of business activities including customer service, internal operations, internal communications, products and services as well as marketing strategies. Among the many applications of IT in business activities, Internet-based e-business systems appear to be the most significant. In the late 1990's, there were many enterprises formed or converted into e-Commerce and a term 'dot.com bubble' was coined to describe this phenomenon. However, due to poor investment and business practices at that time the dot.com bubble 'burst' in 2001, (Samson, 2003) when many 'dot-com' enterprises vanished from the market (Samson, 2003; Pinker et al., 2002). The rise and fall of numerous 'dot-com' enterprises triggered many questions about the future of e-Business and what it would take to succeed (McGann and Lyytinen, 2002).

2. E-business

E-business (E-commerce or E-trade) is mode to realize the business by internet. Generally speaking, E-business can be defined as the application of electric tools in businesses, and narrowly speaking, E-business can be defined as that the persons who grasp information technology and business rules in the modern society with highly developed technology and economy utilize electric tools to engage in various activities taking the commodity exchange as the center with high efficiency and low cost. Comparing with traditional business, the development of E-business is a jump of quality, and essentially, E-business has following characteristics, (1) the trade of E-business is not limited in one country or area; (2) the currency used in E-business is electric currency; (3) the trading personnel in E-business is concealed; (4) the trading locale in E-business is visual; (5) the trading information carrier in E-business is digital and immaterial. The development tendencies of E-business include depth, individuality, specialization, internationalization, regionalization, and integration.

E-business has many advantages such as spanning time-space, high speed, low cost, individuality, large information, convenience, and high efficiency which could not be compared by traditional business mode, and it quickens the information communication between interior information and exterior information of enterprise, breaks the time-space limitation of trading and trading mode, largely enhances the management quality and running efficiency of enterprise, reduces the operation cost, effectively enhance the market competitive force and influencing force, and provides more and more flexible selections and boons for consumers.

3. E-Business Strategy

Many studies have reported the benefits of implementing e-business strategies to organizations. Initially, the e Business concept was introduced to address the issue of how the Internet technology can reshape an enterprise and provide competitive advantage. The internet-based tools can only be fully benefited with the right strategy. In this research a definition by Jutla et al. (2001) is adopted to define the e-Business strategy as a strategy that must address how partners, employees, governance, communities, and customers facing processes can be e-Business enabled. The definition highlights the meaning of e-Business enabled as how the business processes are improved using the technologies, new knowledge management and online trust capabilities. From the definition, it is essential for enterprises to really understand the existing business processes and the relationship among the stakeholders as well as the requirements needed to adopt the e-Business. Such understanding is important because the e-Business implementation will definitely require radical changes to the current business structure as well as the business strategy. Norton (2000) suggests two stages in adopting the e- Business strategy: 1) improving the efficiency of existing structure and supply chain and 2) transforming the nature of the industries. Many e-businesses succeed by hosting a site for auctions and online stores on which member can place items for sale. In this model, the website owner takes a flat fee or a percentage of sales in exchange for promoting the online marketplace and assisting in processing the transaction. Some businesses combine this option with their own warehouse, offering both their own goods and advertising members' listings for the same items. Additional revenue for the website owner can come from members paying additional fees to spotlight their offerings on the main website.

The e-business planning process is similar to any other business planning initiative. The process involves a careful review of the business concept and a detailed plan to turn that concept into reality through

an analysis of issues such as financial statements, market opportunities, product mix, pricing strategy, and other key variables. Some websites develop into effective e-businesses without directly selling anything at all. With enough worthwhile content and frequent updates, blogs and similar informative sites can succeed simply by selling ad space. The profitability depends on the motivation and talent of the people producing the content. A combination of entertaining the reader and drawing in references to appropriate consumer products can potentially

generate enough advertisements and revenue sharing to support the site as a business. For an existing company, a new company starting with a surplus of product or a company liquidating merchandise from retail industry, an e-business can function as a sales point for a warehouse of inventory. For companies with physical stores, the website can offer overstocked items, popular items selling at high volume or obscure items unlikely to sell at single locations. An online store can also serve to liquidate leftover merchandise bought at closeout from various suppliers.

Table 1. E-business Development Stages

| Indicators | Stages | | |
|-----------------------|---|--|---|
| | Experimentation | Integration | Transformation |
| E-business Strategy | No e-business strategy | E-business strategy supports the present strategy of the organization | E-business strategy is the strategy of the organization |
| Organization Strategy | No connection between e-business strategy and organization's strategy | E-business strategy depends on the strategy of the organization | E-business strategy co-ordinates the strategy of the organization |
| Goal | Oriented on sections | Inter-functional participation | Inter-organizational involvement |
| Results | Unclear | . Decreasing cost . Supporting business . Identifying practices . Increasing income | . New income flows . New business opportunities . Clear improvement of customers service . Consumers' satisfaction |
| Means | Technologic infrastructure and software applications | Business processes | Personnel, intellectual capital, relations, cooperation |
| Role of Information | Takes second place after technology | Support for the efficiency and effectiveness of processes | Information asymmetries are used to create business opportunities |

4. General conditions for successful e-commerce

A few obstacles usually stand in the way of firms in developing countries to enter into e-commerce successfully. The McConnell International framework offers to take the following categories of national e-readiness into account:

- Connectivity: easy and affordable access and use of network connections.
- E-leadership: quality of partnerships among stakeholders.
- Information security: level of trust in processing and storage of networked information.
- Human capital: availability of a skilled and efficient workforce.
- E-business climate: regulatory openness.

E-commerce readiness can vary among industry sectors. There are also differences among SMEs because they vary by size, sector, location, knowledge base, motivation and others. Managers usually play a determining role in adopting e-commerce.

The Internet in its early stage of development it was intended to help change data, communicate with others very easily and rapidly and to ensure a high degree of effectiveness in working with the new generation of computers that have been in an explosive growth since the early 1990s. Afterwards the Internet was slowly driven to his new age where the basic concept of it was and is commerce. E-commerce is an important part of which the e-business concept is made of. E-commerce represents a new way of making business using the facilities offered by the technologies that are emerging each and every day on the market. The important aspects that characterize e-commerce are:

- Large commercial space;
- Numerous clients;
- Easiness in development;
- Easy access on technologies;
- Virtual currency;

- Transaction speed

According to Applegate (2001), Business model is a description of a complex business that enables study of its structure, the relationships among structural elements, and how it will respond to the real world. Business model (Petrovic et al., 2001, Auer & Follack, 2002) is a description of the logic of a —business system for creating value that lies behind the actual processes.

5. Ecommerce Strategies

Ecommerce Strategies provides performance-based online marketing services and technologies for leading multi-channel marketers. Clients benefit from Ecommerce Strategies custom approach to online marketing and lead generation programs. Ecommerce Strategies proprietary tracking and reporting technology platform, advanced market expertise, and active account management enable clients to acquire and reacquire online customers. Most importantly, advertisers and publishers alike work intimately with Ecommerce Strategies to obtain the best results for all those involved. Past history proves the most effective customer acquisition campaigns are achieved by companies who can bridge the gap between advertisers and publishers with a common goal, and Ecommerce Strategies is the unchallenged leader in accomplishing this. The Web is one of the most revolutionary technologies that changes the business environment and has a dramatic impact on the future of electronic commerce (EC). The future of EC will accelerate the shift of the power toward the consumer, which will lead to fundamental changes in the way companies relate to their customers and compete with one another (Slywotzky, 2000). Liu *et al.* (1997) examined Web sites of US *Fortune* 500 companies to provide a status report of Web usage by these companies. They concluded that about 93 per cent of the *Fortune* 500 companies display their products and services on their Web sites, and about 26 per cent of them provide for some type of online business with their customers through their Web sites. A study of 250 US *Fortune* 500 Web sites, conducted by Palmer and Griffith (1998), illustrate the powerful impact that the Web has made on marketing practices.

Key E-Business Plan Components

Based on a review of leading e-commerce plans in Canada, the following provides a brief overview of the key components you should include in

your e-business plan. The descriptions also include the questions that need to be asked and answered in each section.

Description of the Business

This section includes background information on your company. Key questions include: How and why the organization was started? Who are the players on your management team? What products and services do you provide? What solutions, benefits and features do you offer?

Purpose of the Web Site

This reviews your E-business objectives. Are your objectives to increase sales, decrease costs, improve public relations, develop a qualified list of prospects, sell products directly from the web site? Other reason(s)?

Audience Analysis

This studies who you are trying to reach on the Internet. Key questions include: What is your target market? Where are your customers located? What are the leading market segments?

Market Research

This analyzes the industry in which are you operating on the Internet. Questions include: How large is your industry in dollar and unit terms? Is your industry growing or contracting and by how much? Who are the leading competitors?

Implementation Schedule

This sets out what e-business related activities have to be completed and by when. Key questions include: Which manager and staff are responsible for which tasks? What happens if tasks are not completed on time?

Evaluation and Metrics

This reviews how your web site traffic and e-business activities will be evaluated and monitored. Key questions include: What software will you use to measure your site activity? Who will be responsible for monitoring your site activity? How will the results be reported back to senior management? What actions will be taken as a result?

Electronic commerce has become very popular because of the benefits and the convenience it brings along. As shown in Table 2, the benefits include product promotion, cost saving, timely information, shortened remittance time, information consistency, better customer service, better customer relationship, customization of products, competitive advantages, and convenience of doing business.

Table 2 .The benefits of electronic commerce

| Benefit | Description |
|-------------------|---|
| Product promotion | Through a direct, information-rich and interactive contact with customers, EC enhances the promotion of products. Electronic medium also allows interactivity and customization for advertising content, based on the customer profile or input. EC thus offers an opportunity for new promotion strategies, enhancing the branding of products |

| | |
|------------------------------|--|
| Cost saving | By using a public shared infrastructure such as the Internet and digitally transmitting and reusing information, EC systems lower the cost of delivering information to customers, including personnel, phone, postage, and printing costs |
| Timely information | Due to their instantaneous nature, EC systems allow a reduction of the cycle time required to produce and deliver information and services. |
| Shortened remittance time | With electronic funds transfer (EFT), customers send their remittances electronically to the company's bank. This arrangement eliminates the time delay associated with the remittance in the mail system |
| Information consistency | EC ensures the consistency and accuracy of information through sharing of information and use of electronic forms for doing business |
| Better customer service | The ability to provide on-line answers to problems through resolution guides, archives of commonly encountered problems and electronic mail interaction 24 hours a day, 365 days a year, builds customer confidence and retention |
| Better customer relationship | EC enables the learning about customers due to its ability to record every event in which a customer asks for information about a product, buys one, requests customer service, etc. Through these interactions, the needs of the customer are identified and will feed future marketing efforts |
| Customization of products | The information-based nature of the EC processes allows for new products to be created or existing products to be customized based on customers' exact needs. |
| Competitive advantages | EC enables a company to achieve competitive advantages of: cost saving based on reduced advertising/promotion costs; product differentiation by customizing products and timely response to market; customer focus through better customer relationships and better customer services |

6. E – Commerce metrics

The three broad areas for indicators are:

1. E-commerce readiness - Included here are issues of preparing the technical, commercial and social infrastructures that are necessary to support e-commerce. It is essential for each country to be able to construct a statistical picture of the state of readiness of each infrastructure element to engage with e-commerce.

2. E-commerce intensity - These issues relate to the state of e-commerce usage, volume, value and nature of the transactions. The statistical requirement is to profile who is exploiting e-commerce possibilities and who is not, and to identify leading sectors and applications.

3. E-commerce impact - These issues relate to additionality (i.e. e-commerce goes beyond substitution effects and creates new value added) and multiplier effects. Statistics are needed to evaluate whether and to what extent e-commerce makes some kind of difference in terms of efficiency and/or the creation of new sources of wealth.

The e-business technologies are based on all the technologies existed on e-commerce, ex-tranets, virtual organizations, publishing. At the present there are many organizations, mostly small and middle-sized, which do not use at full capacity the available technology and knowledge. They did not include in their business plan methods of creating e-business strategies that would align to present standard of organization strategy. Development of e-business

imposes integration and alignment of business processes and staff to the present organization strategy.

Within the present business environment, an organization may be situated in one of the following stages of e-business integration process (Jatko & Proksch, 2004).

1) *Experimentation*. Many organizations are still in the experimentation stage. At this stage, the individual departments of the organization develop separate Internet applications that are not connected to the business or e-business strategy of the organization.

2) *Integration*. At this stage the integration of e-businesses takes place. It must support the current business strategies by integration of function departments. Organizations focus on the direct support given by the present businesses. Their goals are decreasing costs, increasing income and implementing the business support given by the existing models.

3) *Transformation*. Organizations use e-business strategy to coordinate the organization's strategy. Inter-organizational processes are enlarged to the level of business customers, suppliers and partners. The organizations' value channel becomes interconnected, leading to identification of new sources of income and the increase of customers' satisfaction. Passing to the transformation stage involves understanding of business processes of company, customers, suppliers and competitors.

7. Conclusion

In business operation, E-business has many functions such as drumbeating, consultation, internet ordering, internet payment, E-account, service transfer, opinion consultation, and trading management. At the same time, E-business could be also applied in the enterprise management and the rebuilding of interior industrial structure. Business growth and perceived value of the internet are the two key drivers of e-commerce. Interaction of the two key drivers leads to four types of SMEs:

1. Brochureware firms. The role of the internet is restricted to online firm information.
2. Business opportunity firms. These have customer communication and research although they do not seek growth.
3. Business support firms. These seek to grow but see little future from the internet.
4. Business development firms. The internet is key to their development and they are well positioned to take advantage of e-business.

Firms that see the business value of the internet are usually well-positioned to take advantage of e-business because their IT strategies are developed alongside their business strategies.

The internet can affect the generic strategies (cost leadership, differentiation, and focus) firms utilize to create competitive advantage. Combining generic strategies is a key to e-business success. An integrated strategy might enable a firm to provide unique value to its customers. E-commerce activities can be broken down as follows: commerce, collaboration, communication, connection and computation. Among these five distinct domains, certain aspects give rise to specific innovation opportunities like the marketplace, including the creation of virtual marketplaces, multi-channel marketplaces, and customization. Accessible means of communication can give rise to virtual communities. In turn, communities of customers can be a way to tap into the thinking of the primary stakeholders of a company and become a source of innovation. Strategies should be developed and business models need to be built under full consideration of the aspects and opportunities presented.

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