E-COMMERCE STRATEGY AND GLOBAL EC

Fatanah Jislan[1]*, Sabiroh Md Sabri[1], Sarah Yusoff[2], Siti 'Aisyah Sa'dan[2], Siti Hajar Wan Mohamad[1], Siti Rapidah Omar Ali[1], Ismi Safia Adila Ibrahim[3]

[1]Faculty of Business Management
Universiti Teknologi MARA Terengganu
23000 Dungun Terengganu

[2]Faculty of Science and Mathematics
Universiti Teknologi MARA Terengganu
23000 Dungun Terengganu

[3]Academy of Language Studies
Universiti Teknologi MARA Terengganu
23000 Dungun Terengganu

*Corresponding Author's Email: fatanah@tganu.uitm.edu.my

Abstract

The emergence of Internet and technologies has encouraged rapidly the development and growth of e-commerce locally and internationally which constantly changes the area of business management. E- commerce offers great opportunity for all businesses to improve and maintain its competitiveness. In order to understand e-commerce, it is important to implement the various strategies that would enable the businesses to operate smoothly as well as meeting customer's satisfaction and their trust. In order to do so, E-commerce comes with various strategies which are initiation, formulation, implementation, and assessment. Apart from that, the businesses should also address the global EC issues related to e-commerce strategies as to ensure the successful of its transaction and ability to penetrate larger markets. The global EC issues focused on cultural, culture and language translation, administrative, geography and localization as well as economics.

Keywords: E-commerce; E-commerce strategy; Global EC issues

1.0. INTRODUCTION

In today's competitive environment, e-commerce has become the most important electronic medium of business transaction in enhancing the interconnectivity and interdependent between many parties. Initially, E-commerce is defined as the process of buying selling; or exchanging products, services or information via computers (Turban, King, Lee, Liang & Turban, 2010). In 2010, this group of experts further explains that e-commerce involves transactions over the internet, facilitates transaction of goods and services across boundaries; and shows every sign of continuing to expand at a rapid rate.

Consequently, e-commerce has given a lot of benefits to stakeholders namely businesses, consumers, and society. For businesses, e-commerce provides a platform for buying and selling goods and services; advance infrastructure; facilitate advertising; eliminate middle man; reduce cost and inventory; lower sales and marketing cost; as well as providing efficient customer service (Harris, 2006). Besides that, e-commerce also benefits consumers in term flexible accessibility, more choices, price comparisons, and improved delivery processes (Ratnasingam, 2005). In addition to that, e-commerce also benefits the society as it enables more flexible working practices, connects people, and facilitates the delivery of public services (Romero & Rodriguez, 2010). On top of that, in order to ensure that the stakeholders continuously enjoy the offered benefits, the businesses should properly and appropriately address the effective e-commerce strategies. Simultaneously, the businesses should also be aware about the issues related to global e-commerce when formulating e-commerce strategies.

2.0   LITERATURE REVIEW

In today's worlds, the increase of internet penetration and drastic development of communication technology have contributed to the growing of e-commerce globally (Wang & Lin, 2009). Accordingly, businesses are becoming more comfortable with the internet technology; and beginning to value its ability to offer the variety of information around the world and new opportunities for trade and information exchange (Harris, 2006). E-commerce is a true modern business strategy in which the web or other technologies have not changed the nature of business, yet only extended its scope (Turban et. al., 2010). Due to the nature of this new concept of business, e-commerce directly affects the business strategy used to penetrate the market locally and globally. The proper and appropriateness of e-commerce strategy will ensure the business's success in competing with other business competitors.

Initially, the e-commerce strategy will formulate how the business is going to accomplish its mission, what its goals should be, and what plans and policy will be needed to carried out those goals. In other words, the businesses execute e-commerce strategy in deciding what they should do next and what not to do (Turban et. al., 2010). Therefore, the e-commerce strategy consists of e-strategy initiation, formulation, implementation and assessment (Turban et. al, 2010).

The first phase in the e-commerce strategy is known as the e-strategy initiation phase where it emphasizes and reviews the missions and visions of the business; and analyzes its industry, business, and competitive position. In this phase, it also provides two essential contributions to the business by assisting value creations for business stakeholders and lowering the cost of providing goods and services to the marketplace (Turban et. al, 2010). This is also supported by Yoon and Chae (2009) who stated that the businesses should implement e-commerce strategy and have long term vision as well as objective for transforming themselves by providing business value to its stakeholders. The second phase which is the e-strategy formulation phase, is the phase where the business must decide which initiative to implement and in what order (Turban et. al, 2010). Similarly, Yoon and Chae (2009) added that e-strategy formulation should depend on the development of strengths and opportunities through the examination of the business's missions and specific objectives. The third phase, the e-strategy formulation includes activities such as evaluating specific e-commerce opportunities, and conducting cost benefits, risk analyses, and business plan (Turban et. al, 2010). In the fourth phase, the e-strategy implementation phase, short term plans are developed to carry out the project agreed on in the e-strategy formulation, assess options, distribute resources, establish specific objectives, and manage the project (Turban et.

al, 2010; Yoon & Chae, 2009). The last phase is the e-strategy assessment phase where it includes both continual assessment of EC metrics and the formal evaluation of organizational strategic goal progress (Turban et. al, 2010; Yoon & Chae, 2009). If necessary, corrective actions are taken and the strategy is reformulated.

In respect to the aforementioned strategy, businesses should also take into consideration the issues of global EC. Basically, the concentrated issues are on cultural, culture and language translation, administrative, geography and localization as well as economics.

3.0   OBJECTIVES OF THE STUDY

Upon completion of this topic, readers will be able to:
> a. Understand the concept of E-Commerce.
> b. Describe the E-Commerce strategy process.
> c. Evaluate the issues involved in global EC.

4.0   METHODOLOGY

In order to obtain the relevant information related to e-commerce strategy and global EC, several sources such as text books, journals, and articles from the web site has been selected as the point of reference. The text books for example are used as the main reference and guidance to ensure the contents of this topic are accurate, meaningful, well-organized and structured. The journals on the other hands focused on the issue about e-commerce strategy and global EC within the 2005 to 2010 time period as to enhance the quality of the information acquired. As far as this topic is concerned, a number of articles from the web site have also been referred to as guideline and supporting information.

5.   RESULTS

5.1   The Concept of E-Commerce

The emergence of internet as a channel for business communication and transactions has lead to a market for a wide range of e-commerce dynamic. This has encouraged the rapid growth and continuous development of e-commerce within the businesses around the world. As a result, e-commerce indirectly impacts the strategy of businesses to be paralleled with the e-commerce transaction. This is to ensure that the businesses are able to compete in the market locally and globally. Besides, proper attention and high consideration of e-commerce strategy will facilitate the businesses to achieve competitive advantage with other business competitors.

5.2   E-Commerce Strategy Process

Basically, e-commerce strategy will drive how the business is going to achieve its mission, what its goals should be, and what plans and policy will be needed to carry out the goals. Simply put, the businesses execute e-commerce strategy in deciding what they should do next and what not to do (Turban et. al., 2010). For that reason, the e-commerce strategy process includes e-strategy initiation, formulation, implementation and assessment (Turban et. al, 2010) which is describe as below.

5.2.1 E-Strategy Initiation Phase

The first phase is known as the e-strategy initiation phase which highlights the strategic planning in which the organization examines itself and its environment (Turban et. al., 2010). Meaning to say, the businesses focuses and assesses the businesses mission and vision, analyze its industry, business, and competitive position. In this phase, it also provide two basic assistance to the business by facilitate value creations for business stakeholders and lower the cost of providing goods and services to the marketplace. Moreover, there are several issues need to be concerned by the businesses in the e-strategy initiation phase namely a first mover or a follower, born-on-the-net or move-to-the-net; determining scope, have a separate online company, and have a separate online brand.

5.2.2 E-Strategy Formulation Phase

The second phase which is the e-strategy formulation phase focuses on the development of effort to exploit opportunities and manage threats in the business environment in light of corporate strengths and weaknesses (Turban et. al., 2010). Later, the business should make a decision which initiative to execute and in what category. In addition, e-strategy formulation activity includes evaluating specific e-commerce opportunities, conducting cost benefits, risk analyses and business plan. In addition, there are several issues need to be concerned by the businesses such as the security issues, channel conflict, conflict between offline and online business; and pricing strategy.

5.2.3 E-Strategy Implementation Phase

The third phase is the e-strategy implementation which concentrates on the development detailed, short-term plans for carrying out the projects agreed on in strategy formulation (Turban et. al., 2010). In other words, the phase involves evaluate options, establish specific milestones, allocate resources, and manage the project. The type of activities involve in this phase are project planning, resource allocation and project management. Some issues arise in this phase and need to be highlighted are application development, outsourcing, partner's strategy, business alliances and virtual corporations, redesigning business processes and business process reengineering, as well as business process management.

5.2.4 E-Strategy Assessment Phase

The last phase is the e-strategy assessment phase where it involves the continuous evaluation of progress towards the businesses strategic goals, resulting in correcting action, and if necessary, strategy reformulation (Turban et. al., 2010). Meaning to say, this phase includes the continual assessment of EC metrics, corporate, corporate performance management, balanced scorecard, strategy maps, and web analytics. If necessary, corrective actions are taken and strategy is reformulated.

5.3   The Issues Involved In Global EC

In order to execute the e-commerce strategy successfully, the issues of global EC should first be taken into consideration. Basically, the issues that should be considered are cultural, culture and language translation, administrative, geography and localization; and economics. The barriers to global EC in cultural issues are focused on how people interact with companies, agencies, and each other based on social norms, local standards, religious beliefs, and language. Arising issue that may arise from the culture and language translation are speed, time and costs involved in maintaining the web site. This is due to the different sites meant for the different culture groups which lead to the problem with language translation. The administrative issues on the other hands addresses the international legal issues such as pricing regulation, customs, import and export restriction, tax issues, and product specification regulations. Meanwhile, the geographic and localization is based on the transportation infrastructure between and within countries and the types of products or services being delivered. Lastly, the economic and financial issues focus on issues related to the addressing of government tariffs, customs, taxation, electronic payment system and pricing.   In order to break down the barrier in global EC apart from being strategic, the businesses should also understand their audience, localize its market, think globally, be consistent, value the human touch, and offer services that can reduce barriers.

6.0   DISCUSSION

Nowadays, e-commerce has become the most preferable electronic medium for business communication and transaction as it enables them to compete locally and globally. Moreover, the businesses are able to compete successfully through the execution of appropriate and proper e-commerce strategy process which indirectly will help in the achievement and accomplishment of their desired business goals. Therefore, the businesses should address and focus on EC strategy that includes e-strategy initiation, formulation, implementation, and assessment. In addition, EC strategy becomes more effective when the businesses consider the issues of global EC namely cultural, culture and language translation, administrative, geographic and localization, and economics.

Other than that, EC strategy takes into consideration the issues of global EC where it brings a lot of advantages to the businesses in the long run as to enable them sustain their position in the competitive marketplace. In addition, the businesses will increase their profits as well as portray the good reputation to their competitors and stakeholders. Moreover, they will also enjoy the quality customer service that will lead to customer satisfaction, reduce complain from customer, avoid customer churn, and dramatically increase customer loyalty (Harris, 2006). Indirectly, the businesses will attract new customers while at the same time retain the existing customer (Harris, 2006).   Other than that, by having proper and appropriate EC strategy, it enables the businesses to differentiate themselves from competitors through the increasing of sales and market share, offering opportunities for cross-selling, improving customer relations, and enhance the corporate image (Harris, 2006). Accordingly, the businesses will be able to develop trust and crucial strategy that will help in dealing in uncertain and uncontrollable future. Basically, trust is defined as the confidence in one's expectations and the confidence in others goodwill (Ratnasingam, 2005).

Since uncertainty exists in transaction over the internet, many researchers have stated that trust is a vital factor that influences the success of e-commerce (Teo & Liu, 2005). Trust

is fundamental in e-commerce relationships because of the presence of risks, uncertainties, and interdependencies (Ratnasingam, 2005). The benefits of trust in e-commerce relationships include lower transaction costs, promote desirable behaviors, reduce the extent of formal contract, and facilitate dispute of resolutions (Ratnasingam, 2005). In addition, the concept of trust leads to a number of factors in online transaction especially security and privacy (Chang & Chen, 2009). With respect to this, security is the protection against unauthorized access and data transaction attack through network. Therefore, to guarantee the security in e-commerce transaction, the available service should include technical solutions that serve to support the speed, privacy, accuracy from competency, and integrity (Ratnasingam, 2005).

The issues of global EC should be further broken down as to ensure the success of business communication and transaction. Furthermore, any issues related to global EC should be highly addressed and resolved from time to time to ensure that the businesses will continuously gain profit and well-established in a long term period.

7.0   CONCLUSION AND RECOMMENDATION

As a conclusion, businesses should understand the concept of e-commerce as well as the e-commerce strategy in ensuring the success of the business. In addition, they need to take into consideration the issues of global EC and ways to solve any particular aroused issues.

Basically, e-commerce strategy consists of e-strategy initiation, formulation, implementation and assessment (Turban et. al, 2010). The e-strategy initiation phase emphasizes and reviews the businesses mission and vision, analyze its industry, business, and competitive position. The e-strategy formulation phase is the phase where the business must decide which initiative to implement and in what category. This is followed by the e-strategy implementation phase where short term plans are developed to carry out the project agreed on in the e-strategy formulation: evaluate options, create specific milestones, distribute resources, and manage the project. The last phase is the e-strategy assessment phase which includes both continual assessment of EC metrics and the formal evaluation of progress towards the organizational strategic goals. If necessary, corrective actions are taken and strategy is reformulated. With respect to this, in order to execute the e-commerce strategy successfully, the issues of global EC should be taken into consideration; namely cultural, culture and language translation, administrative, geographic and localization as well as economics.

On top of that, based on the discussion, several recommendations can be suggested. First, the businesses should capture the opportunities to utilize the benefits of e-commerce in doing business locally and globally. Last, the businesses should address the issues of trust that is already known as the vital success in e-commerce transaction. They can gain the trust through the attractive products and services as well as high quality of customer service that concerns about the security and privacy of e-commerce transaction.

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