

# E-COMMERCE STRATEGIES: THE ART OF DIGITAL WAR

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## *Abstract*

*The benefits and success of conducting business transactions electronically have been widely described and documented. E-commerce continues to grow as many established brick-and-mortar businesses incorporate online components for their marketing as well as other business strategies. Thus, the significant issue faced by managers today is one of transformation- how to transform the brick and mortar company of yesterday to the click and mortar economy to today to be competitive in the inevitable digital economy of tomorrow. Executives of e-commerce companies need to be strategic thinker focusing on customers, markets, and competitive positioning as well as internal operations. This begins with identification of opportunities and challenges, tracking the changing environment, understanding the customer groups, formulating strategies and planning their implementation. The present paper mainly aims to discuss the various strategies for successful implementation of e-commerce. An attempt has been made to suggest broadly two types of e-commerce strategies. First is directed towards the strategies which one should keep in mind before entering in the world of e-commerce and second is directed towards the strategies required after introduction of e-commerce in any organization.*

**Key Words:** E-Commerce, Implementation, Strategies, Market

**JEL Classifications:** O3, O4, M1, M3

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## **E-COMMERCE STRATEGIES: THE ART OF DIGITAL WAR**

Internet is becoming essential for every business activity. Moreover, at the beginning; no one thought that the Internet will be a source for conducting business. The Internet and its enabled technologies are just few years old and are already being viewed as the world's most revolutionary development. The growth of e-commerce<sup>1</sup> (see Table 1) as a business technology is the result of such Internet driven initiative. It has created a universal platform for buying and selling goods and services and driving important business process inside the organization. Various studies (Mukhopadhyay, 2002; Arora and Banwet, 2003; Sumanjeet, 2003; Liebowitz, 2003; Lichtenberg, 1995; Sichel, 1997; Brynjolfsson & Hitt, 1996; Bakos, 2001; Berndt *et al*, 1992; Sumanjeet, 2004; Arora, 1995; Sawhney and Kaul, 2001; Lakshmi, 2001; Pani, 2002; Singh and Singh, 2004; Sengupta, 2004) revealed that e-commerce offers huge business opportunities. Small and large companies are using the Internet to make their product information, ordering, and customer support immediately available to help buyers and sellers to make contact (Landon & Landon, 1999). Organizations are finding some of the greatest of this computer technology come from the E-Commerce application that significantly lower purchase transaction costs by eliminating middlemen in the distribution channels. In some categories such as information services and digital products, providers can decrease the financial cost of distribution to zero (Jones, 1995; Haffman; Novak and Chaterjee, 1995). Low cost and ease of use (Timmers, 1999) has resulted in widespread adoption, high degree of interconnectivity between many parties (Shapiro & Varian, 1995) and the richness of information that can be exchange between parties (Evan & Wurster, 1999). E-commerce provide effective and efficient ways in which corporate buyers can gather information rapidly about available P/S (products and services), evaluate and negotiate with suppliers, implement order fulfillment over communication links, and access post-sale services (Archer & Yuan, 2000). Apart from having lower purchasing costs, reduced inventory, efficient customer service, lower sales and marketing costs, their study adds that e-commerce gives new sales opportunities. Today, businesses on the web can reach new markets that they could not previously reach effectively with its sales force or advertising campaigns. Since ecommerce provides no bounds in terms of time, space and distance, firms are thus able to expand their target markets. Thus, the benefits of e-commerce technology is really very huge, as a result, organizations find it very difficult to ignore implementation of e-commerce in their organizations.

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<sup>1</sup> E-commerce is a generic term that describes the electronic mode of doing business with the help of electronic communication resources especially internet and its enabled technologies. The main objectives of e-commerce applications are boosting productivity, profitability, lower costs, increasing customer satisfaction and responsiveness. It uses a group of technologies with customers or other companies, to disseminate or gather business information, or to conduct business transactions. So, e-commerce is lot more than computer, Internet, software etc. In fact, it is a part of how you run your business.

**Table 1: Worldwide Growth of E-Commerce (in US \$ Billion)**

Countries	2000		2004			
	Level	%	Level	%	CAGR (%) 2000-04	%of total sales in 2004
<b>Total</b>	<b>657.0</b>	<b>100</b>	<b>6,789.8</b>	<b>100.0</b>	<b>58.4</b>	<b>8.6</b>
<b>North America</b>	509.3	77.5	3,456.4	50.9	47.9	12.8
United States	488.7	74.4	3,189.9	47.0	46.9	13.3
Canada	17.4	2.6	160.3	2.4	55.5	9.2
Mexico	3.2	0.5	107.0	1.6	87.7	8.4
<b>Asia Pacific</b>	53.7	8.2	1,649.8	24.3	85.6	8.0
Japan	31.9	4.9	880.3	13.0	82.9	8.4
Australia	5.6	0.9	207.6	3.1	90.3	16.4
Korea	5.6	0.9	205.7	3.0	90.1	16.4
Taiwan	4.1	0.6	175.8	2.6	94.0	16.4
All Other	6.5	1.0	197.1	2.9	85.3	2.7
<b>Western Europe</b>	87.4	13.3	1,533.3	22.6	71.6	6.0
Germany	20.6	3.1	386.5	5.7	73.3	6.5
UK	17.2	2.6	288.8	4.3	70.5	7.1
France	9.9	1.5	206.4	3.0	75.9	5.0
Italy	7.2	1.1	142.4	2.1	74.6	4.3
Netherlands	6.5	1.0	98.3	1.4	67.9	9.2
All Other	25.9	3.9	410.8	6.1	69.1	6.0
<b>Latin America</b>	3.6	0.5	81.8	1.2	78.1	2.4
<b>Rest World</b>	3.2	0.5	68.6	1.0	76.6	2.4

Source: Forrester, 2004

Note: Total may not equal sum of rows due to rounding

But, for all the opportunities there are challenges also. Today, business organizations are facing number of problems regarding successful implementation of e-commerce (Tassabehji, 2003). These challenges are more herculean in developing countries, where computing itself is taking roots gradually. For instance, one of the challenges for these countries in the development of e-commerce is the lack of proper commercial and legal system for conducting the business and commerce through the electronic means (Kaul and Singh, 2000). Added to this, there are many problems faced by enterprises using e-commerce in their operations. Some of the most important are: security, lack of trust, high cost, psychological barriers, poor telecommunication infrastructure, poor e-commerce strategy, lack of skilled manpower to handle

e-commerce technology, digital divide, privacy, etc. Further, Sumanjeet (2007)<sup>2</sup> conducted a survey and expressed two types of problems: (1) problems before and (2) after the introduction of e-commerce technology. Study identified following problems as a major barrier in the introduction of e-commerce technology in any organization:

1. *Companies were not convinced with the benefits of E-Commerce*
2. *It was difficult for you to change your mind for this change.*
3. *Financial burden*
4. *Enough advice was not available*
5. *Internal (Top/Middle/lower Management) and External (Government Policies, Legal Regime etc.) were not looking very supportive*

Study also revealed the problems after the introduction of e-commerce technology in any organization. These are:

1. *Lack of knowledge and poor understanding of e-commerce*
2. *Budgeting constrains viz. low investment in IT*
3. *High set up cost of e-commerce system*
4. *Low level of PC/Internet penetration*
5. *Security and privacy concern*
6. *Long implementation time*
7. *High cost of Internet usage*
8. *Poor legal regime for e-commerce*
9. *Difficulty in keeping pace up with changing technology*
10. *Difficulty in shifting mindset in using e-commerce technology*
11. *Wide gap between users and IT skills*
12. *Overall poor IT infrastructure*
13. *Not enough customers/suppliers have Internet access*
14. *Difficulty in assessing tangible benefits accrued by e-commerce mode of transactions*
15. *Low level of readiness of major e-commerce/EDI*

No doubt, these problems provide a very broad and logical assessment. Unless all these challenges are dealt with e-commerce can not really take off in any organization. Thus, to capitalize opportunities offered by e-commerce in any organization requires sound e-commerce strategy<sup>3</sup>, which may not be the same as the traditional business

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<sup>2</sup>Sumanjeet (2007) "E-Commerce: Business Applications, Strategies, Challenges and Opportunities in India", Ph.D Thesis Submitted to Department of Commerce, M.D.University, Rohtak, India. These parameter are developed by researcher by conducted a survey of 50 organizations. Some of these parameters are very common and many other studies revealed the same.

<sup>3</sup> Kalakota and Robinson map this dramatic paradigm shift by presenting the following as the rules governing e-commerce:

*Rule 1:* Technology is no longer an afterthought in formulating business strategy, but the actual cause and driver. *Rule 2:* The ability to streamline the structure, influence, and control of the flow of information is dramatically more powerful and cost-effective than moving and manufacturing physical products. *Rule 3:* Inability to overthrow the dominant, outdated business design often leads to business failure. *Rule 4:* The goal of new business designs is to create flexible outsourcing alliances between companies that not only off-load costs, but also make customers ecstatic. *Rule 5:* E-commerce is enabling companies to listen to their customers and become either "the cheapest," "the most familiar," or "the best." *Rule 6:* don't use technology just to create the product. Use technology to innovate, entertain, and enhance the entire experience surrounding the product, from selection, and ordering to receiving and service. *Rule 7:* The business design of the future increasingly uses reconfigurable e-business community models to best meet customer's needs and *Rule 8:* The tough task for management is to align business strategies, processes, and applications fast, right, and all at once. Strong leadership is imperative.

strategy and further its successful implementation in any organization. But, the successful implementation of e-commerce strategy is not an easy task. Between 2001-02 several thousand Indian dot com companies died, mainly because of the reason of poor implementation of e-commerce strategy and technology. The significant issue faced by managers today is one of transformation- how to transform the brick and mortar company of yesterday to the click and mortar economy to today to be competitive in the inevitable digital economy of tomorrow. Executives of e-commerce companies need to be strategic thinker focusing on customers, markets, and competitive positioning as well as internal operations. In the present paper an attempt has been made to suggest broadly two types of e-commerce strategies. First is directed towards the strategies which one should keep in mind before entering in the world of e-commerce and second is directed towards the successful implementation of e-commerce technology after its introduction in any organization. Some strategies, which one should keep in mind before entering in the world of e-commerce, are given as under:

### I

#### **Strategies before the Introduction of E-Commerce**

- The concept of electronic commerce has just arrived; therefore there is strong need to understand the concept of e-commerce in its real sense. To many firms e-commerce is just a technology. But in reality, e-commerce is lot more than Internet, software and hardware or other technologies. In fact, it is all about the way of conduction of any business with technologies. Remember that, e-commerce is a true modern business strategy-the web or other technologies has not changed the fundamental of business, but only expanded its scope. Therefore, it is suggested, that any firm that wants to start business online must remember that the e-commerce strategy is to use and expose existing systems and processes, rather than build an isolated e-business system to do business online. Traditional rules of commerce still apply and should be used within e-commerce, which should be integrated with traditional business processes and must be seen as technology helping to make the business more effective, efficient and easy to use.
- E-commerce can be more than technology, and if used as a strategic tool; it can provide organizational benefits though gains in productivity, marketshare or even bottom-line profitability. At the same time, if e-commerce is not suitable for a company and yet it decides to maintain a presence, it can lead the firm to financial ruin. Therefore before entering the e-commerce marketplace, a firm must considered what business value it holds. To ascertain just how the e-commerce technology fits, firms need to put in place sense making approaches that look beyond the simplistic views and strategies of bubble years. They need to be able to answer fundamental questions such as:
  1. Does the Internet suit<sup>4</sup> the nature of product and appeal?

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<sup>4</sup> for example the B2C model for e-commerce transaction is ideally suited for the following types of business:

1. goods can be easily transformed into digital format, such as books, music clips and videos and software packages.
2. items that follow standard specifications like printer ribbons, ink , cartridges etc.
3. relatively cheap items where saving outweigh risks.

2. Can the brand of firm attract customers to the website?
3. What are the savings in transaction cost?
4. What value added service and technologies can be used to encourage 'lock in'?
5. What is required relationship between offline and online activities?
6. How to minimize the conflicts with traditional value chain partners?
7. How to establish the appropriate internal incentives for the online businesses to flourish without damaging the existing business?

The crash of 2000 has provided welcome breathing space for established firms to work out their answers to these and many other questions of e-commerce strategy. In forming these strategies firms' must focus more on traditional rules and theories of business and pay less attention to traditional IT gurus and consultants.

- Slywotzky (2000) revealed that adoption of e-commerce is necessity for the future business. In fact, it is a change and it will surely come. It is immaterial to think that whether a firm likes it or not. It is necessary for the survival and growth of business in the future. Therefore, the firm want to introduce e-commerce should have a very positive attitude regarding the benefits of e-commerce even after its introduction. There are number of psychological barriers in the planning/introduction of e-commerce. Such types of barrier should be removed. This can easily be done by understanding the financial and non financial benefits of e-commerce; top management by convincing their employees about the advantages of e-commerce at their work and by motivating lectures to adopt new technology and above all by providing training<sup>5</sup> to use these technologies. Therefore, it is suggested for the firms to remove all the psychological barriers before introducing e-commerce. This problem looks simple, but the consequences are very real because unless you have faith you can not believe and unless you believe, you can not work for that.
- Today, the question for businesses is no longer whether or not to do e-commerce, but how to do e-commerce the right way. And what is the right way? The answer is a solid business planning. A crystal clear planning is needed for the success of e-commerce. Before introducing e-commerce, identify the need<sup>6</sup> for an online presence. Figure out the long-term goal<sup>7</sup> and always keep that in mind.

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4. highly rated branded items or items with return security: such as Dell and Compaq computers, electronic gadgets from Sony etc.
  5. items sold in packets that can't be opened even in physical stores, e.g. Kodak film rolls.
  6. items that can be experienced online, such as music, videos etc.

<sup>5</sup> Training is the best way to realize the employees about the advantage so e-commerce.

<sup>6</sup> Various studies revealed that businesses that lose track of the business, reasons behind an e-commerce strategy never have a fast or easy time going.

<sup>7</sup> The goals behind an e-commerce strategy should include some or all of the following.

- Expand geographical reach
- Expand into new markets
- Increase revenue and market share
- Improve customer services and interaction
- Increase brand awareness and awareness of the company
- Reduced operating costs
- Compete with bigger rivals

After the goal fixation, a firm needs to decide what are the available options? A company may decide: (1) not to go in for e-commerce, at least for the time of being (2) to use the web just as a means of advertising<sup>8</sup> (3) to open online web stores complement existing stores (4) to establish a separate online division within the company and (5) to dissolve their regular business and go for a full online business operation. The choice depends not only on the nature of business, but also on the environment it operates in, internal resources available and the company's position and initiatives. Thus, before introducing e-commerce, a firm should identify which of the five options best suited to the overall company vision. Thus, planning, clear thinking is important to the success of e-commerce initiative.

- Once the aims and objectives for e-commerce are clear, the company needs to carry out a feasibility study and analyze that is it possible for the organization to offer online services with the available resources. It is suggested for the firms that want to introduce e-commerce technology to examine the financial, human as well as technological aspects, looking at the benefits of e-commerce and analyzing the risks and pitfalls. Financial factors should be given due consideration as introduction of e-commerce technology require huge funds. Added to this, such high tech and innovative ideas are basically risky in nature (Sumanjeet, 2005). Therefore, a firm should think very cautiously before investing their funds in e-commerce. For this a company should carry out SWOT analysis. By mapping out the weakness and opportunities, risks can be identified and action planned to reduce the risks so that advantage can be taken of the opportunities.
- Coordination and integration is the key. It is complex and involves virtually every group with business from IT to marketing and sales to HR to accounting. To roll out an e-commerce strategy that is effective from the start, all internal functions of the business must be coordinated, both with respect to the process and timing. Companies must also decide whether to create a separate unit for e-commerce or try to infuse it into all company operations. Many companies are blending both approaches in order to build speed and agility while maintaining corporate unity. Thus, companies' with a bricks-and-mortar presence wanting to offer e-commerce must consider that it is not sufficient to have a world beating website<sup>9</sup>. Organizations must ensure the whole business functions in an integrated manner with the visible front end.

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- Be seen as innovative and progressive company though being an e-commerce leader.

<sup>8</sup> This option is quite popular as it involves low costs, no costs of security, payment web hosting etc.

<sup>9</sup> A good website should include some or all of the following qualities:

- Website should give professional appearance. Expert web development, striking graphics and logos, economic layout, planning colour schemes and professional web design add up to a motivating shopping experience for the online customers.
- Electronic payment system should be safe, secure and reliable.
- Slow loading web pages will derive online shoppers away in droves. Optimum pages for fast loads and choose state of the art hosting.
- Streamlined, intuitive navigation is essential. Solid design means clear business.
- From the mission statements to the product descriptions, compelling, clear professional written copy is utmost important.

## II

### Strategies after Introduction of E-Commerce Technology

Ideas, plans and strategies are one thing-implementation is something entirely different. In other words, a strategy is nothing without implementation. Implementation of e-commerce strategy is neither straightforward nor cheap, for example it comprises a complete rethinking of traditional modes of behaviour. There is need to involve internal staff and external suppliers and customers rights from the conceptual stage, need to re-evaluate a company's core competences and substantial investment in IT. Many of the advantages of e-commerce will be lost if it is implemented in isolation. On the basis of the problems identified by the present study, some suggestions towards the successful implementation of e-commerce are given as under:

- Studies (Danial, 2002; Turben et al 2004; Lawrence, 2000; Thyagarajan, et al, 2002 and Angeles. 2000) revealed that firms are not generating value from e-commerce investment that they could be. The companies that manage their e-commerce investments most successfully generate returns than those of their competitors. While a number of factors distinguish these top-performing companies, most important is the senior managers take a leadership role in a handful of e-commerce decisions. By, contrast when senior management abdicates responsibility for those decisions to e-commerce implementation, disaster often ensues. To help the senior managers avoid e-commerce disaster-and more important, to help them generate real value from their e-commerce investments, the researcher offer a list of six decisions for which they would be wise to take leadership responsibility. The first three have to do with e-commerce strategy; and last three relate to the execution. Each is a decision that IT people of people concerned with e-commerce should not making-because in the end it is not their job, it is the job of senior managers. These are:
  1. How much one should spend on e-commerce technology<sup>10</sup>
  2. Decisions regarding which e-commerce initiatives will and will not be funded<sup>11</sup>
  3. How good do e-commerce services really need to be
  4. What security and privacy risks will accept<sup>12</sup>
  5. What IT capabilities need to be company wide
  6. Whom to blame, if e-commerce initiative fails

Studies also revealed that, e-commerce firms are facing a talent crunch, the problems of lack of skilled manpower and experienced professionals, and high attrition. Best way to manage the knowledge workers is to provide them lots of freedom and same time load them with challenges and problems. Style of total transparency and knowledge transfer and social focus can ensure the knowledge workers to dedicate them to the organizational goals. Respect and provide the best to employees and colleagues (tech knowledge and financial benefits), create value for customers, create employment for the

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<sup>10</sup> The best strategy as some companies follows is that first they determine the strategic role that e-commerce will play in their organizations, as only then do they establish a company wide funding level that will enable technology to fulfill these objectives.

<sup>11</sup> A lack of focus overwhelms the IT unit, which tries to deliver many projects they may have little company wide value or can not be implemented well simultaneously.

<sup>12</sup> An overemphasis on security and privacy may inconveniencies customers, employees and suppliers; an underemphasize may make data vulnerable.

needy people and follow the rules and be ethical. It will make the employees more productive and their jobs more rewarding with immediate access to corporate customers and personal information and improved work process. To make the existing employees more loyal to the organization and to attract the skilled manpower, use the concept of employees' relationship management (ERM<sup>13</sup>). Further, follow socially motivated HR Policy to retain people and keep the attrition much lower than the industry standards.

- Trust is the essential for the successful implementation of e-commerce. A key reason for the people's lack of willingness to provide information or shop online is 'the fundamental lack of trust/faith between most businesses and customers on the web<sup>14</sup>'. Thus, trust is essential for 'online relationship exchanges' involving personal and financial information, which take place in a virtual environment characterized by uncertainty, lack of control and potential opportunism. Hence, a key question for e-commerce success from a human-computer interaction perspectives: How can e-commerce technology be engineered to inspire consumer trust? There are some suggestions to build trust among the companies and between companies and customers.

To build the trust, consumer satisfaction is utmost important. 'Consumer' concerns with payment security and information privacy are two key hurdles

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<sup>13</sup> Sharing and creating knowledge motivates employees to learn and think in terms of a learning community. Collective learning fosters coping skills and builds change-resilience skills in a fast changing new environment. ERM is a system and a collection of tools that:

- Strengthen corporate communication and culture
- Foster learning - about company products, services and customers in a single personalized and easily accessible format through an enterprise portal.
- Help customer-facing employees become more competent to handle customer interactions
- Establish new communication channels - mail, shared folders, mail filters, web mail, calendar and mailing lists.
- Newer communication methods like open talk forum management
- Enables efficient project management
- Smooth workflow management – Forms creation, process management that links applications and processes
- Real time access to company training
- Targets information to employees based on their interests and needs – User personalization
- Reduces time spent in searching for information – unified search tools
- Streamlines performance management
- Manages resources creatively
- Encourages loyalty and commitment from employees
- Frees HR department to concentrate on more strategic tasks
- Raises productivity
- Encourages innovation levels
- Reduces turnover

<sup>14</sup> Lack of trust is directly concerned with the problems of security and privacy. Not only present, but may other past studies (Hoffman *et al.*, 1999; Bhattacharjee, 2002 and Keen, 1997), revealed that directly or indirectly lack of trust between businesses and customers is the most significant long term barriers for the e-commerce.

identified by the present study<sup>15</sup>. To overcome these hurdles, website design should help to create and establish a climate of the trust. With regard to website content, the literature has highlighted guidelines that help foster consumer trust. These are:

1. Provide identity of company (Integrity)
  2. Disclose performance history (Competence)
  3. Post a clear Security and Privacy Policy (Integrity)
  4. Provide comprehensive and accurate information of product and pricing (Integrity)
  5. Disclose all aspects of customer relationship up-front (Integrity and Benevolence)
  6. Reliable and secure technology (Integrity)
  7. Timely and professional website design (Integrity and Competence)
  8. Use third party services (Integrity)
- Despite some renowned success stories, a lot of e-commerce firms and private clients are still very reluctant to venture into e-commerce. The present study identified the lack of apparent security as main barriers. It is important to mention that some of these security doubts are justified, others are exaggerated. For most of the e-commerce firms' security means technology, use of latest software and techniques. But, in reality security begins with the employees. Many of the attacks taking place today feed on employees and their lack of knowledge about security. Security should be a critical part of employees' education process. Employees should understand different methods of intrusion, what security risks they may be presented with, and how to eliminate the chance for intrusion. Existing security infrastructure must be severely scrutinized in order to prevent the infiltration of viruses and hacker intrusions into corporate networks. In addition, a well documented security procedures plan should be developed.
  - Keeping up pace with the changing technology is another most important challenges identified by the present study. There is need for a continuous upgrading of technology. It is necessary for the Indian firms to be aware of changing technology and methods. Such information sourced on the web should be addressed from specialist websites and portals, and should be specific to individual sectors. Use e-mail and the web to contact with the specialist organization. To keep pace with the changing technology, few companies, especially large scales can afford to develop internally all the technologies that might provide an advantage in the future. But, ideally, a mix strategy is needed. Some technologies can be purchased from other companies; others can be acquired from licenses, partnerships and alliances; and still other critical

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<sup>15</sup> These two hurdles are also identified as major problems in the successful implementation by the study of Cox, 1999; Ernst and Young, 2001 and Swaminathan, 1999.  
 Cox, B. (1999), "*Security, Privacy Remains Top Consumer Concerns*", Inter/News.com accessed on [http://www.internews.com/ec-news/article.php/4\\_95031](http://www.internews.com/ec-news/article.php/4_95031).  
 Ernst and Young (2001), "*E-Security and Privacy: The Role of Web Seals on the Internet*", accessed on <http://www.ey.com/global.vault.nsf/international/e-Security&Privacylowerslocked.co.Pdf>.

technologies should be developed internally. Getting the right balance is again very crucial for the success.

- With the large investments in e-commerce technology, and critical risks involved, there is growing necessity for the senior executives and boards of the directors to put e-commerce firmly on the boards' agenda. Boards and executive management need to explore governance to e-commerce technology. E-commerce governance<sup>16</sup> entails several activities for the board members and executive management, such as being informed of the role and impact of IT on enterprises assigning responsibilities, defining constraints within which to operate, measuring performance, managing risks and obtaining assurance. At its core, e-commerce is concerned about two responsibilities. First, e-commerce technology must deliver the value to the business and second, e-commerce risk should be mitigated. Both of these areas need measurement. The board must direct management to deliver measurable value through:

1. Delivering on time and in budget
2. Enhancing reputation, product leadership and cost efficiency
3. Providing customer trust and competitive time-to-time market.

The board should also drive business alignment by:

1. Ascertaining that e-commerce strategy is aligned with business strategy.
2. Ascertaining that e-commerce delivers against the strategy through clear expectations and measurement.
3. Directing e-commerce strategy to balance investments between systems that support the enterprise as is, transform the enterprise or create an infrastructure that enables the business to grow and compete in new arenas.
4. Making considered decisions about focus of e-commerce resources: break into new markets, drive competitive strategies, increase overall revenue generation, improved customer satisfaction, assure customer retention.

- There is big difference between spending money on customers and products making it all work<sup>17</sup>. As many businesses are shifting their marketing battle from traditional commerce to electronic commerce, certain issues of creating satisfied customers, retaining the customers and more importantly building the loyal customers are emerging. Therefore, every business, B2B or B2C must focus on the needs of its customers and practice effective customer relationship management. The e-CRM is just what the e-commerce business needs<sup>18</sup>. E-CRM is premised on the belief that developing the relationship with the customers is the best way to get them to become loyal and loyal customers are more profitable than the non-loyal customers. In fact, it is an

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<sup>16</sup> The objectives of the e-commerce governance are to help board and management understand the issues and strategic importance of e-commerce to ensure the enterprise can sustain its operations and to ascertain if they can implement the strategies required to extend the enterprise in future.

<sup>17</sup> Managing customer relationship effectively and efficiently boosts customer satisfaction and retention rates (Richheld, 1996; Jackson, 1994 and Levin, 1993)

<sup>18</sup> For details, please see, Sumanjeet (2005), "E-CRM: Building the Loyal Customers in the Age of Electronic Commerce", Pakistan Management Review, Vol. XLII, No. 3, pp 45-54.

excellent concept if implemented successfully. It is a part of e-commerce strategy and therefore requires the direction and engagement of the senior management to be successful. Senior management must have a broad understanding of the capabilities of these technologies and then translate them into specific opportunities that leverage the competitive advantage. Further, e-CRM can not be operated in an institutional vacuum, it requires development of a set of integrated software applications with all aspects of customer interaction i.e., e-mail management, interactive voice responses, knowledge management, instant online querying through chat, call centers etc. Indian e-commerce firms must carefully calculate and understand the benefits they will gain and must realize that CRM and e-CRM investments may not show quantifiable benefits in the short term. A healthy balance of hard and soft benefits is a sign of a well thought out justification for pursuing e-CRM.

- In this rapidly changing competitive scenario, where companies are fighting for a higher market share and margins, e-marketing is the frontline of any corporate strategy. Smith and Chaffey (2001)<sup>19</sup> found that internet technology can be used to identifying, anticipating and satisfying the customers' needs. Therefore it is suggested to have a sound e-marketing strategy. There are some suggestions one need to consider when market product or services online. There are:
  1. Study the online demand for the firm's product and where that demand lies. One can be pretty certain that specific demographic group can be easily located on the internet using the expertise developed over years of market research. In short, a firm should know their customers and give them the product they want.
  2. The most important e-marketing related issues are pricing. There are different models of pricing goods on the Internet. An interesting model of pricing for goods sold over Internet is through offers made by customers<sup>20</sup>. As the price is extremely important for e-commerce, firms engaged in e-commerce must also develop value based pricing strategies, which call for increasing perceived value and then setting the price at a level compatible with the value.
  3. Besides registering catchy and memorable domain names consider brand and visual image. Think about attractive logos, visual imagery, web design formatting, packaging, and business cards anything that can transmit a memorable message about your internet business presence.
  4. Once the company gets the customers to website keeps bringing them back with dynamic content, rotating product promotions, freebies and contest etc., and one owns content-rich company newsletter.

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<sup>19</sup> Smith, P.R. and Chaffey, D. (2001), *E-Marketing Excellence at the Heart of E-Business*, Butterworth: Oxford. Further, Smith and Chaffey also provide 5 Ss as a useful mnemonic for how the internet can be applied by all organizations or for different e-marketing tactics. The 5 Ss are: Save (Save the Costs); Sell (Grow Sale); Serve (Add Value); Speak (Get Closer to the Customers) and Sizzle (Extend the Brand Online).

<sup>20</sup> www.priceline.com allows buyers to request their own price for airline tickets, hotel reservations, cars and financing.

5. For e-marketing mix, a firm can think of six 'I's framework that summaries how IT can impact the marketing functions, and hence provides a basis for identifying opportunities and predicting future changes. These six 'I's shows the levers that are available for the e-marketing manager to pull through the use of IT. It may be necessary to pull all the levers in every situation. The six 'I's are: (1) Integration (2) Interactivity (3) Individualization (4) Independence of Location (5) Industry restructuring and (6) Intelligence.
- Creating the customers is the most important objective of the companies. In fact, customers are the most valuable assets of any company. Therefore, it is the responsibility of every company to protect their customers and make their online transactions safe and secure<sup>21</sup>. There are some guidelines for the e-commerce firms to make their online customer safest and happiest.
    1. Clear and sufficient information should be provided so that consumers can make an informed choice.
    2. Advertising should be clearly identifiable. Business should respect consumers' choice not to receive e-mail they don't want. Businesses should take special care when targeting children and others who may lack the capacity to understand the information as presented.
    3. Payment system needs to be secure and easy to use.
    4. Personal information of the customers should be protected.
    5. There should be access to fair, timely and affordable method to resolve transaction problems.
    6. No spam
    7. The confirmation process for a sale should give the consumer a chance to see what he/she has agreed to buy and to change his mind if he/she wants before the purchase is completed.
    8. Online disclosures should include complete and accurate information about the business, about the goods or services for sale and about how the transaction is made.

Last but not the least, honesty is the best policy; follow e-commerce ethics. Surely it will increase customer satisfaction and retention. Never cheat customers<sup>22</sup> or other parties involved in e-transactions. When dealing with ethics in a B2B company and B2C clients there is a major degree of trust and responsibility that is imparted to a person or group that maintains the virtual business (James, 2001). It is also very important from both an ethical values based e-business and legal B2B and B2C perspective to make sure that the written words and what is portrayed about a company are factual. Because issues arise involving marketing ethics and the importance of understanding a business for Internet marketing issues and advertising purposes, there are potential areas for revealing trade secrets or intellectual property if proper B2B ethical behavior is not followed

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<sup>21</sup> In the present study security and privacy factors are identified as major barriers in the successful implementation of e-commerce. Indian customers were least satisfied about this factor.

<sup>22</sup> Customer is always king for business, no matter the business is virtual or brick and mortar.

### **Concluding Remarks**

The rise of the information economy and the challenges of the global market have secured a strategic place in all organizations for e-commerce. New market conditions have created a fluid environment, where high rates of innovation require organizations to embrace a flexible strategy. Working to a rigid design is unlikely to succeed, as the terms of competition will surely have changed by the time the goal is realized. Therefore, change has to be viewed as the normal way of doing business. For the success of change, integration approach is desirable-there is little point in trying to change one element of an organization without changing the other supporting components. Therefore, it is very important to integrate people within the organization such as the employees, recruit new skills and define new roles within the organization, involve all departments, communicate with stakeholders, marketing people and ensure the integration of e-commerce projects. With the bursting of the dot.com bubble, investors have come to realize that fundamentals of strategy remain important for all organizations. The time has come to learn from the past mistake and not to repeat them same. The main reason behind the failure of dot com companies was to adopt the faulty business model (business model is the strategy by which a company plans to make and sustain its income) followed by users were not ready to buy online. In fact, in case of some dot com companies the second reason was the most important. Further various studies revealed that poor human resource management was one of the key reasons behind the failure of dot com companies. With lots of cash in their hands many dot com hired too many people, or even worse, hired unqualified staff. The hiring of friends and relatives returned no value on investment. Therefore, what is really important is to formulate a sound business strategy and adapt as the market changes, and give the customers what they really need. Organizations should focus on testing a range of ideas and attempting to ascertain which ones will suit the new market conditions. Management of human resources is again a critical success factor in the age of e-commerce. Further, the basics principles of business remain the same. Website alone can not create magic. If the fundamental business model is flawed, then going online will only compound the problem. There is also need to have solid business model prior to expanding online, there is good reasons the business will prosper through e-commerce. Ideas, plans and strategies are one thing-implementation is something entirely different. Many of the advantages of e-commerce will be lost if it is implemented in isolation. For the successful implementation of e-commerce companies need to be continually reviewed throughout the system life cycle and to keep pace with the developments on all fronts. All the more, companies using e-commerce technology should create a culture of using e-commerce technologies.

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