**E-Commerce: A New Paradigm in Business**

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# Abstract

The aim of this paper is to analyze how E-Commerce contributing its benefitsto the firms in increasing the value creation for their customers. This paper is divided into related sections: (1) The relevance of E-Commerce, (2) Factors that has influence E-Commerce Implementation, (3) E-Commerce Strategy and the Implementation, (4) Conclusion and Recommendation. Marketing in the twenty first century has created the emergence of a power of new imperative for conducting business activities that has global implication for marketers and the marketing discipline. Now, transactions are made direct and on-line through a wide variety of electronic platforms such as the Internet and world wide web (www), Electronic Data Interchange (EDI), Fax, E- Mail, ATM, and a smart Card to facilitate payment and obtain instant cash. E-Commerce involves doing business in a market space as compared to a physical marketplace (Rayport & Sviokla, 1994). It embodies the entire business process from purchasing, manufacturing, marketing through sales, ordering, distribution, customer service, after sales support, management of inventory. The Internet placed on the forefront of the interactive multimedia format of the E-commerce, beside other the electronic platforms. The explosion of communication and information technology (CIT) as the practical implementation of electronic knowledge has not only profound impact on the rate of change in E-Commerce, but also in every sphere of our life the way we live, work, learn, and communicate. In the emerging digital economy, technology becomes the dominant force (Aldrich, 1999). CIT is the key to success in a numbers of industries. It is the driver of value and wealth creation.

Keywords: Capitalizing on new opportunities in marketing system crated by E-Commerce.

**THE RELEVANCE OF E-COMMERCE**

The greatest opportunity for marketers in the use of E-Commerce lies on its potential for creating time, place, form, and possession utilities for customers, thereby providing superior customer value delivery. However, The basic task of E-Commerce occurs in every different setting. In the market space, the provision of information of offering is possible from marketers anywhere to customer everywhere at anytime because there are no geographical constraint or temporal limit in the operating hours.

The revolutionary change in marketing opportunities made possible through E-Commerce has captured the attention and the imagination of marketers because of the innovative ways value can be created for customers in an electronic relational exchange environment. Marketers are increasingly using means to research, communicate and deliver products and services to target customers at incredible speed. This indicate that the relational exchange as the vital concept in marketing is transacted in electronic markets (websites) of value, among members of a network, so that it is better of after the trade, is conducted on a virtual market-space.

The relevance of E-Commerce to customers, marketers, and marketing can be expanded as follows: (1) potential customers are provided with several benefits, such as convenience in purchasing, because customers can place an order around the clock with fewer hassle. Better information flow can be easily obtained about nearly anything the customers would like to know with lesser search time. Customers can access to marketers are improved while disseminating full, accurate, and immediate customized information. Large number of customers could be accessed to remote markets. Middlemen would be “disintermediated” by on-line services and “ re-intermediation” will take place in the form of new on-line intermediaries ( infomediaries) who helps consumers shop more easily and obtain lower prices (Kotler,2003).(2) Marketers can carry out their role more efficiently and effectively using interactive media to resolve problem relating to information needs and communication. This enables to respond rapidly to changing market conditions by adjusting their offerings. Gummesson (1999), argues that marketing is a relationship management. In this context, marketers can Create, develop, and maintain long-term interactive relationship with their customers.

**FACTORS INFLUENCING E-COMMERCE IMPLEMENTATION**

The advance of information technology now, popularly by Internet, was able to replace the existing of transportation modes and accommodation without constraints, time and space (the borderless world). This technology is able to erase the image that not only the big firms able to do the global distribution, but also the cyber firms were able to develop the image as a big firms ( the amazon.com) because of its skill to marketing their products and services by electronic platforms(E-Commerce)

Zwass (1996) in Javalgi and Ramsey (2001), defined the business activities through E-Commerce is as follow: Internet Commerce is the sharing of business information, maintaining business relationships, and conducting business transaction by means of Internet technology.

E-Commerce was a new phenomenon in Indonesia, and no one expected that this technology would be developed at the economy crisis blunders experienced by their society. But, nowadays, there were 400.000 Internet users,and when one user divided into 3 other users, there were 1.200.000 Internet users effectively. Continuously, the development of Internet in Asia would be projected in getting advantages than America, and Europe ( Pawitra,Teddy, 2000)

The development of Internet in several developing and developed countries depended on the key of infrastructures. These constellations of infrastructures need for supporting the E-Commerce growth and another of strategic value of the global impacts. These factors are:

a. The infrastructure of information technology and communication (telephone-lines, television ownership, cable subscriber per capita). Without supported by enough infrastructures, the growth of the Global E-Commerce in developing countries was not as speed as in developed countries. By the way, telephone network technology Personal Computer (PC) were the keys of relationship inter society. Approximately, there were 71 % telephone networks in the world that existed in countries with 15 % of world population (Parker, 1998) in (the Javalgi and Ramsey, 2001). Continuously, in Industrial Countries there were telephone networks for two persons, meanwhile, in the sub Saharan in Africa, there were 11 networks for 1.000 people. In India there were 13 networks for 1.000 people, and in Indonesia there were 15 networks for 1.000 people. The other factors that impact of Internet users was the ownership of Personal Computers. In Europe 24 % of households have computer, and in Japan only 17 %. It is not mean that this country poor information technology,but the allocation of their time more in the office or their company that has related to global Internet networks.

b. Social/Cultural Infrastructure.

Included the element of cultural like as language, education, custom, and the value system, impact to information technology in innovation and the spirit of entrepreneurship. An example, the Indonesian culture, sent information by a formal letter, but when they receive e-mail, they do not reply as soon as possible, but wait for several days. But in foreign countries e-mail could be replied not more than 3 hours. ( Marketing Tabloid, July 2000 )

c. Commercial Infrastructure

Is the infrastructure related with funding, the transaction system , management networks, also the security of on-line shopping system. Included to this categories was availability of financial facilities, hardware and software firms.

d. The legal and government Infrastructures

Is the supporting infrastructures from government, that has given this facilities for E-Commerce operational, such as taxes, financial and legal market access, and electronic payment system.

**E-COMMERCE STRATEGY AND IMPLEMENTATION**

Start by creating a long time vision about what on organization will look like in next 5 years. What product and services will be marketed? Who will be the customers ? How will E-Commerce be used to run the organization ? Based on the core value, E-commerce center on on-line customers and their buying behavior. Consequently, the E-Commerce strategy should be designed to make easy for customers to do business with an organization. First, and for most, marketers have to identify their target customers, Who are they, and what do they buy ? Why do they choose to buy products and services is determined by the following questions:

• When the customer wants it (time)

• Where the customers want it (location)

• How the customer want it (form)

• In a manner guaranted to satisfy the customers (perfect delivery)

From a marketing perspective, the buying process can be defined in three basic step :

• Pre-purchase information gathering

• The purchase itself

• Post purchase support

E- Commerce can be used to support each of this areas dependine on the in-dustry, type of offerings, and capabilities as well as characteristics of the customers.

On-line customers differ from the general population. They own or have access to computers, they are better educated, younger and more affluent, which make them an attractive market. Researches about on-line customer purchase behavior in the market space have detected the most frequently products and services bought on-line. These are computers, consumer electronics, books, CDs, software, travel reservation, brokerage service, food, gift, grocery products, insurance, apparel, toys, etc. Additionally, they are buying based on experience and not on perception of certain offering.

Customer prefers to shop and buy on-line in the market space, because of value creation possibilities. These are six reasons why customer buy on-line (6 Cs) : Convenience, cost, choice, customization, communication, and control (Barkowitz, et.al, 2000). It is imperative that an organization, establishes a customer data base. The richness of data base will increase the sales and ultimately the profitability of the organization. Modern purchasing agents are now adding E-Commerce to enhance the purchasing capability. E-commerce provides them with more information and they can easily find the best supplier. Information middlemen providers ( metamediaries ) will emerge on the Internet who will assemble and other evaluation of different suppliers for a small change (Kotler, 1999).

There is no one E-Commerce strategy to excellence. An organization need to weave its on robust strategy to outperform its competitors with strong point of difference compared by competitor strategies. So marketer increasingly need to find ways to speak to customers individually or in smaller groups (Zyman, 1999). This indicates an E-Commerce strategy that concentrate on customization of the company’s products and services, more convenience, faster service, customer training, special customer guarantee, hardware and software for customers, and membership program. An organization can build a stronger relationship with it customers by following the customization strategy. This E-commerce strategy can be adopted in retailing, sales promotion, pricing and other aspect of relationship marketing.

The choice of electronic platforms as powerful tools in facilitates relational exchange is part of E-Commerce strategy. Marketer can adopt a variety of digital tools (Bishop, 1998).

The implementation of E-Commerce strategies depend heavily on the competence of marketers involved. Their knowledge and skill about E-Commerce obtain through training are imperative.

**CONCLUSION**

E-Commerce stimulates changes in marketing practices that will make marketing redundant. E-Commerce initiatives involve the use of multifarious

Interactive electronic platforms such as the tools and enablers in facilitating and expediting relational exchanges of products and services. It is a new phase of conducting business in pursuit of obtaining customer satisfaction and sustainable competitive advantage from providing superior or customer value at a profit. Marketer have to fundamentally rethink the process by which the identity, create, communicate, and deliver customer value.

Conducting E-Commerce marketing as a pivotal part of E-Commerce is now considered a competitive necessity. Otherwise, business is confronted to the issue of long-term survival. Also the relevance of E-Commerce marketing for customers, marketers, and marketing is recognize, its adaptation faces some hurdles which to have to be sub-mounted by executives.

E-Commerce marketing is a good investment that pays in the promising of business environment. A clear E-Commerce marketing strategy

And its implementation are needed to allow the organization to gain stated its goal.

The success of E-Commerce marketing as the business imperative will depend very much on the actions and reactions of marketer as practitioners and academicians as thinkers to meet the challenges and opportunities in the

market-space.

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