

Chapter 5

Examination of the Extent and Effects of Strategic Management on E-Commerce Companies

Zafer Adiguzel

Istanbul Medipol University, Turkey

ABSTRACT

Internet technology can be used not only in commercial applications but also in the implementation and distribution of public services like education and health, making e-commerce essential not only for the business world but also for all of society. Thus, companies can take advantage of internet opportunities in order to develop their strategies in e-commerce environment, creating working groups by bringing together employees in different geographical locations with tools such as newsgroups, communication rooms, etc., benefiting from customer suggestions. Therefore, it is important to examine and analyze the companies that have commercial activities in e-commerce environments in terms of strategic management. From a strategic point of view, the aim of companies should be to increase their activities by influencing their existing customers and continuously gaining new customers within the e-commerce environment.

INTRODUCTION

E-commerce is about the purchase and sale of products, services, and information through computer networks and is a very important phenomenon for both companies and consumers. E-commerce provides marketing platforms for products, services and information, enables customer support before and after the sale, and builds commercial communication between organizations and customers through computer networks. Furthermore, e-commerce enables instant access to information, products and services all over the world. The organisations with strong internet infrastructure can offer 24/7 e-commerce options, which eliminate ‘time problems’ that limit the shopping experiences of consumers/customers.

Due to ever-increasing competition and constantly evolving market conditions, society has created the concept of a new economy. When we say new economy, we think of a situation where people’s mental activities have adapted along with the formation of advanced technologies. This concept of a new economy

DOI: 10.4018/978-1-7998-0035-4.ch005

is also considered a creation of e-commerce organisations operating over the internet (Marangoz, 2014). Most importantly, e-commerce companies offer products and/or services in the internet environment to other regions, and they have to think fast and make swift strategic decisions in order to create value. In this new economic environment, the products and services of e-commerce companies depend on two different technologies (Marangoz, 2014):

- Information
- Communication

The tools of these technologies are computer software, telecommunications, and the internet. E-commerce companies benefit from the opportunities provided by the internet environment: keeping records and information on virtual platform, the ease of accessing information in an electronic environment any place and at any time without the need of another person.

Indeed, it is specifically because the Internet allows consumers to compare products/services according to their prices and quality before making decisions and purchase dependent on budgets and requirements that e-commerce companies must consider these factors before creating their strategy (Zwass, 2003). Internet technology offers access to information regardless of location and in the event of problems experienced by customers, the ability of e-commerce companies to use internet to reach information increases a company's responding to the needs of its customers (Dixon & Quinn 2004). In this way, customers value the service they received and remain as permanent customers. Thanks to ever-developing technology, the Internet provides an infrastructure for sharing data and enables the co-operation of employees. In terms of business strategies, there are two types of e-commerce companies: companies with no physical stores or those with physical stores (Erkan, 2012). At the same time, there are two types of operational dimensions within e-commerce: Narrow or Broad sense. A Narrow business strategy allows businesses to carry out their activities freely and offer their own products and services to consumers over web-based systems (Bozkurt, 2000). In the broad sense, an e-commerce business strategy is defined as the inclusion of special e-commerce systems in addition to the shopping experience of consumers/customers over the internet. In this article, the importance of e-commerce in terms of its advantages and disadvantages, as well as its effects on an organization will be examined within the framework of strategic management.

DEFINITION OF E-COMMERCE

E-commerce in the internet environment not only enables more efficient transactions, but also provides an opportunity for companies to take advantage of cost advantages and provide better service to customers. The internet provides opportunities to companies to reduce their costs while making it possible for most services to be carried out online (Lituchy & Rail, 2000). The rapid growth of the internet enables service and manufacturing companies to create a distribution channel at a low cost and to have easier access to global markets (O'Connor, 1999).

Nowadays, the quality of customer service can be evaluated according to the services companies offer through the Internet (Heung, 2003). With the emergence of the Internet and the continuous development of Internet technology, the search and purchase behaviour of consumers has changed significantly. The service and products of companies can be compared as there are many web portals publishing evalua-

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