

Chapter 14

Examination of Effects of Competitive Strategies on the E-Commerce Companies in Terms of Achieving Sustainable Competitive Advantage

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ABSTRACT

E-commerce brings companies and customers together in an exchange market environment, beyond any physical, cultural, and legal boundaries, and on an unimaginable scale, which was considered to be technically impossible before. The companies' online facilities have been improved and become accessible to everyone through smart phones, tablets, etc. as the web pages and social networks started to direct individuals towards e-commerce. E-commerce not only raises economic concerns related to competition and pricing, but also reveals new social and environmental threats that can be quite widespread and viral. Several studies have been conducted to examine the transformation of traditional business models into e-businesses, the impact of e-commerce businesses on traditional business activities, or opportunities brought by technological innovations. For this reason, the effects of the competitive strategies will be explained in terms of ensuring sustainable competitive advantage within e-commerce companies.

INTRODUCTION

E-commerce is becoming increasingly important for companies due to increasing technological opportunities. The companies that want to reach more customers and present their product range can use their web pages to conduct marketing and sales activities and share corporate information. As a result, technological and managerial strategies are becoming increasingly widespread in the political, social, and regulatory environments of e-commerce. The growing development of e-commerce has caused an

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intensely competitive environment where only strong companies can survive and the weaker ones are eliminated. The power wars in a competitive environment can create new markets, increase or decrease existing legal regulations, create market entry barriers, affect prices, decrease or increase competition costs, and re-structure interactions between companies and customers (Chen, 2001). E-commerce brings companies and customers together in an exchange market environment, beyond any physical, cultural, and legal boundaries, and on an unimaginable scale, which was considered to be technically impossible before. Because of competition, consumers can make a selection by comparing products and/or services as they wish. E-commerce is defined as the transactions of financial, marketing, and human resources management or similar functional activities by means of information technologies and through web-based networks (Zhang & Gai, 2005).

E-commerce companies use IT and communication technologies to interact with their customers for commercial purposes in order to gain a competitive advantage. According to the definition of e-commerce, it includes sales activities by telephone or e-mail or through online shopping systems over the Internet. The most important factor behind the thrive of e-commerce is the accessibility of the thousands of networks by individuals around the world. E-commerce began to boom, especially after the development of the World-Wide-Web and establishments of sector networks. The companies' online facilities have been improved and become accessible to everyone through smart phones, tablets, etc. as the web pages and social networks started to direct individuals towards e-commerce. Furthermore, e-commerce companies have changed the market rules and the role of information technology (IT) in the sectors. Before, information technology was just another option within market strategy; however, in today's world, information technology has a power all its own since the Internet is accessible by everyone (Venkatraman & Henderson, 1998). Indeed, some companies established their market strategies based on information technology. When we look at today's successful e-commerce models, we see that marketing and technological activities interlock with each other in a competitive environment (Ghosh, 1998).

E-commerce not only raises economic concerns related to competition and pricing, but also reveals new social and environmental threats that can be quite widespread and viral. One of the advantages is that e-commerce reduces the cost of organising activities in every sector and this is an issue companies should give necessary importance to. In the last decade, significant studies have been carried out on e-commerce technologies and multi-dimensional applications. It is clear that ever-expanding and developing e-commerce opportunities affect the organizational management field; therefore, studies on new e-business technologies and e-business modelling have been carried out (Brynjolfsson & Hitt, 2003; Rust & Kannan, 2003; Yunus, Moingeon, & Lehmann-Ortega, 2010). Several studies have been conducted to examine the transformation of traditional business models into e-businesses, the impact of e-commerce businesses on traditional business activities, or opportunities brought by technological innovations. There are entangled applications such as Internet business models, web business models, e-commerce business models, and e-market business models (Koellinger, 2008).

The e-commerce concept can transform organisations and industries into virtual networks where customers and suppliers come together to create value-added processes, a concept that challenges long-accepted business models. Thus, it is important to analyse the transformational effects of e-commerce on the critical and fundamental processes of organizations (Fahey et al., 2001). E-business strategies, funding, and governance are considered critical issues that require efficient planning, and effective control of information technologies in private and public organizations (Gottschalk, 2006). For this reason, the effects of the competitive strategies will be explained in terms of ensuring sustainable competitive advantage within e-commerce companies.

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