

Chapter 16

The Rise of Digital Marketplace in Brunei Darussalam

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ABSTRACT

E-commerce has significantly changed the way businesses conduct transactions via the internet, which primarily associates the buying and selling of products or services. Through the internet, businesses can sell their products or services directly to their consumers or through a digital marketplace to attain a broader market. Digital marketplace firms are among the earliest e-commerce firms established, such as Amazon and eBay. With the rapid growth and adoption of the Internet and digital marketplace on a global scale and also at a regional level, implementation of digital marketplace is slowly rising in Brunei Darussalam throughout the last decade. This chapter aims to investigate the rise of digital marketplace in Brunei Darussalam. The chapter includes background theories of the digital marketplace, such as two-sided markets and digital platforms. Several cases of digital marketplace and governing bodies are explored, and factors contributing to the rise of digital marketplace will be discussed.

INTRODUCTION

With the rapid advancement of the Internet, digital technologies enable businesses to create new opportunities that generate values. Lumpkin & Gregory 2004 state that the Internet has a significant influence on the economy, which operates as a technology-driven initiative. The swift progress of the Internet is genuinely fast that it governs the growth patterns of other sectors in which businesses that carry out their operations through the Internet have suggested suitable propositions to succeed in the marketplace (Mahadevan, 2000).

The Internet has transformed the way businesses manage transactions, along with producing a new form of consumer interaction that leads to electronic commerce (e-commerce). Andam (2003) states that e-commerce relates to a wide range of business activities made online that include products and services. Online activities include any business transactions that comprise the interaction between parties that are made electronically instead of physical purchase or direct physical contact. Business transactions made can be B2B (business to business) e-commerce, a form of e-commerce between companies, that deals with the relationships between and among companies. Another type of e-commerce is B2C (business to consumer) e-commerce, which is e-commerce between companies and consumers. These involve consumers collecting information, buying physical products (furniture and consumer goods), or information goods (e-books or software) which received over an electronic network. In contrast, C2C (consumer to consumer) e-commerce refers to commerce between individuals or consumers, which are identified by the advancement of electronic marketplaces and online auctions (Andam, 2003).

Bakos (1991) states that the existence of a transaction method suggests typically the interaction between buyers and sellers of a market where products and services traded between consumers and suppliers. Traditional e-commerce is a digital marketplace consisting of the sell-side (enabling businesses to sell products to buyers), buy-side (allowing businesses to carry out purchasing tasks). A marketplace (electronic marketplaces brings various buyers and sellers together under one single web) that mediate transactions (Durfee & Chen, 2002). New technologies of e-commerce on the Internet have changed the range of ability in managing operations in the marketplace (Chircu & Kauffman, 2013).

In the current fast-growing and advanced environment, the presence of these technologies has allowed products and services to provide a new and improved way for consumers. Giaglis, Klein, and O'Keefe (2000) state that the role of electronic markets acts as digital intermediaries that bring buyers and sellers on a digital platform. One of the earliest digital intermediaries, eBay, is a platform that mediates transactions in which did not previously exist (Bailey & Bakos, 1997). According to Sarkar, Butler, & Steinfield (2006), the interactions between buyers and sellers are supported by almost every digital intermediary, functioning as a digital support role that focuses on the intermediation between buyer and seller. Bakos (1998) mentioned the rewards of digital intermediaries incorporates assurance that the transaction can provide professionalism on products and operations with informational assistance and ensuring successful completion of transactions.

Chircu & Kauffman (2013) state that digital intermediaries typically reflect the communication enhancing the ability of the Internet. Digital intermediaries can provide aggregation, support, expertise, search, and matching agreement possibilities into a virtual capacity of the new marketplace. Digital intermediaries are identical to a digital marketplace where they operate as platforms as a middle man between users and businesses. A digital marketplace needs a stable and rightly-managed IT-based system to update, innovate, and present a mass amount of digital services for the consumers. There are different types of digital marketplaces available in the world, commonly e-commerce, e-services, digital media,

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