Chapter 4
Can Global Environment Influence B2B Relationships?

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ABSTRACT

The research examines whether the changes that have taken place in the global business environment have modulated the way firms do business or whether it is simply transient details that have caused such excitement. Should firms be wary of any proclamations of 'new' ways of doing business? Or should they ignore changes of the business environment? Semi-structured in-depth interviews were conducted in three focus groups of managers from three major firms operating in Greece. The influence of globalization, the intense competition and new technologies in B2B e-commerce are external factors that raise problems and complexities in the future direction of Greek firms. There is also a gap caused by the lack of an innovation culture between top and lesser management. Businesses are required to modernise their practices to move from their present situation at the level of the 2nd industrial revolution of "old economy" to the 3rd industrial revolution of "new era economy". The results of this research can be used to assist companies to move to e- business taking into consideration account the external and internal factors with regard to the ways in which e-relationships can be modulated.

INTRODUCTION

According to Philip et al. (1999) the business environment for most organizations is rarely a stable state. There is no certainty that the future will follow the pattern of the recent past. For B2B companies operating in a low-tech, low-scale environment, adaptation to change may be quite easy, but for a large organization which has to invest heavily for the future, the risks can be enormous.

The Internet is more than just another sales channel or marketing medium, it is also an entirely new business model. In order for B2B firms to be successful it is therefore essential for them appreciate the sea-change the Internet is bringing about in marketing strategy. It soon becomes apparent

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that B2B e-commerce itself represents an entirely new game-plan for the e-marketer to consider.

The structure and politics of an organization affect the manner in which it responds to environmental change. The internal culture of an organization, as Jones (1996) states, can greatly affect the way it responds to organizational change. Organizational culture can be shared in a number of ways, including the way the work is organized and experienced; how authority is exercised and delegated; how people are rewarded, organized and controlled; and the roles and expectations of staff and managers. Employees are the biggest cause of delay in responding to change, it therefore becomes apparent that having the right staff in the right place at the right time is more likely to enable to firm to share in the threats and opportunities which environmental change presents through the Internet. Consequently every organization can be considered to comprise an internal marketplace where employees engage in exchanges between each other making it possible for the organization to respond to environmental change in a rapid and coordinated manner.

Business-to-Business firms have received widespread attention by adopting an Internet marketing strategy, as it consists of one of the key drivers to face the changes of the business environment and in building and sustaining an organization's competitive advantage. Technology provides obvious benefits for organizations, such as the ability to carry out transactions around the clock, and also increase confidence of business partners due to their online transaction ability, and enhance relationships (Ratnasingam & Pavlou, 2003). It can also have a detrimental effect if the appropriate strategy is not applied. B2B Internet usage is growing in popularity for many reasons, ranging from cost savings to gaining benefits in the value within a supply chain. This allows businesses to extend their relationships with customers, suppliers, retailers, brokers, co-producers, employees and shareholders, and achieve a more personalized relationship with them. The development of such personalized relationships is a key goal of marketing, because they tend to be more sustainable (Kalacota & Robinson 1999).

Recently the European Information Technology Observatory (EITO) it has been estimated that the value of B2B e-commerce activities for the year 2007 will reach approximately $6.4 trillion US dollars, indicating that a third of all B2B purchases will have been carried out online and B2B markets are expected to dominate the world of online trading. As a result, (EITO) estimated that transactions would reach $3.4 trillion US dollars by the end of 2007. There is a growing trend for some companies to refuse to transact with companies that do not use web facilities in their operations, which shows the importance of using Internet facilities in Business-to-Business relationships (Furnell & Karwenti, 1999).

According to Bondra and Davis (1996) there are five marketing strategies that can lead to a sustainable competitive advantage in relation to e-commerce:

- Actively collaborating with supply chain partners
- Extending the company's reach up and down the supply chain
- Changing the supply chain flow path
- Growing revenue
- Transforming capabilities into new business.

Most of these elements involve benefits filtering to the supply chain and are therefore relevant when assessing B2B relationships.

The way in which a business adapts to the changes of the business environment and addresses each of these marketing strategies has an impact on its B2B relationships and it is therefore important that this is sufficiently assessed by the organization. These various changes have fundamentally reshaped marketing strategies due to globalization via the Internet. The present research tries to verify whether the structure of the business environment

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