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COLLEGE OF TECHNOLOGY LONDON

MBA TERM 2

E-Business Strategy

ASSIGNMENT 1

Review Paper

**Impact and Opportunities of E-Business and E-Commerce on
Trouser world, a manufacturing company**

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Digital Convergence, E-Business, E-Commerce, Supply Chain Management, Customer Relationship Management, Internet,

Executive Summary

This paper is addressed to the Managing Director of the Trouser World, a manufacturing company. It show the potential areas of the company to grow with integrating E-Business strategies in the business and help in the overall growth of the organisation and taking the global initiative and gaining a sustainable competitive advantage against the competitors. In the paper it recommends the different models of E-Business Strategy such as Supply Chain Management, Customer Relationship Management, use of Information and Communication Technology, E-Marketing and thus doing E-Commerce.

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Introduction

Trouser World is a trouser manufacturing company based in India. It's an SME started in 2001 and growing after that by expanding its business in India and now in Sri Lanka. The company has the potential to expand its growth with the help of digital convergence and implementing and integrating E-Business strategies into its different departments and processes. As Trouser world is a manufacturing company, it has production operations, suppliers, customers, finance, human resources which are the areas in which E-Business strategies and effects of Digital Convergence can be used in order to grow, take a initiative in the global market, reduce direct costs, speed up the production, distribution, and delivery processes.

Digital Convergence and Trouser Industry

Digital Convergence is the priming of underlying digital technology components and features such as voice, texts, videos, pictures, broadcasts, presentation, streaming media, global connectivity and personalised services; the combination of all these features and abilities from multiple electronic systems into a simplified, converged and computer-mediated communication system to enable individuals interact, play, communicate, collaborate and share information in many new and different ways (Asonye). These days, Digital Convergence is more than just telephoning, faxing and emailing stuff. Digitalisation of business in day to day business is growing at its optimum. The globalization of businesses is the main factor behind it. To compete with the current competition, e-commerce leading to e-business has become a very important aspect. E-business is because of the effect of digital convergence.

E-commerce can take many forms which includes "electronic data interchange (EDI), mobile telephone, direct link-ups with suppliers, internet, intranet, extranet, electronic catalogue ordering and e-mail" (Quayle, 2002).

According to (Kalakota et al., 1997) e-commerce means buying, selling of goods and services on computer network which is mainly internet. Apart from the above function, e-commerce also involves sending e-mails, use of intranet and sharing information with company's internal and external stakeholders (Daniel et al., 2000).

World trade organisation (WTO) defines e-commerce as: “the production, distribution, marketing, sale or delivery of goods and services by electronic means” (Baker and McKenzie, 2001).

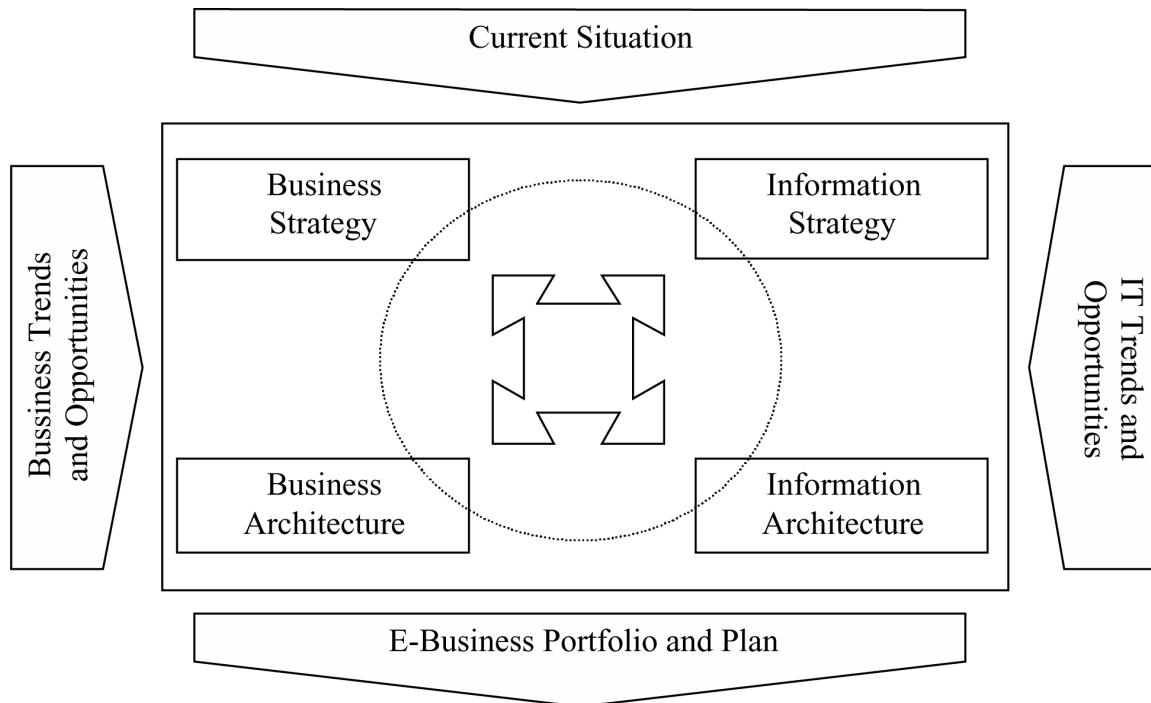


Figure I

(Source: Hooft; Stegwee, 2001)

Being a trouser manufacturing industry, the company has production operations, sales and marketing, finance department. As shown in Figure I, it needs to identify the business strategy, information strategy, business architecture and information architecture in context with Business Trends and opportunities and IT Trends and opportunities. By keeping the current situation in mind, an E-Business portfolio and plan should be developed. By implementing the applications of E-business such as supply chain management, e-marketing by developing a website where in the company can do the marketing of their products, customer relationship management and will increase the opportunities of B2B business and cutting the costs of middle agents used for marketing, as it is been practised now. By developing the website of their own, it will help in e-procurement in which the clients can see the products and give an online order, and the

sales will be 24x7 and as said earlier will reduce the cost of sales. As the sales will be 24x7, it will attract customers, improve customer service, thus implementing customer relationship management, by implementing the supply chain management can reduce the costs of delivery and storage, improve customer service by delivering the exact availability and delivery data.

By digitalizing the business, it will have impacts on many of the departments of the company and can create the opportunities and help in growth of business.

Impact of E-Business

E-Commerce/E-Business is any “net” business activity that transforms internal and external relationships to create value and exploit market opportunities driven by new rules of the connected economy (Damanpour, 2001). In these new world of digitalization the companies does not only “produce” but also offer services to the clients. There is no more a traditional way of doing business; it’s more planned and strategic in this new world of globalization.

E-Business allows for the extended organisation to be connected. This means that all employees, customers/clients, suppliers and other stake holders regardless of geographic region, are interconnected. E-Business facilitates data flows in business-to-business or system-to-system process (Rodgers; Yen; Chou, 2002).

Trouser World has its business mainly in India, and just started doing business in Sri Lanka, with the help of e-business can grow its business and gain a sustainable competitive advantage against the competitors. Being a manufacturing company, Trouser world is in constant need of raw materials through suppliers. If supply chain management is implemented, it will be helpful in maintaining stocks, tracking orders from suppliers. A supply chain is a network of facilities and distribution options that performs the functions of procurement of materials, transformation of these materials into intermediate and finished products, and the distribution of finished products to the customers. Supply chains exist in both service and manufacturing organisations, although the complexity of the chain may vary from industry and industry and firm to firm (Ganeshan; Harrison, 1995). By developing the website, it can display, market its products online directly to the B2B customers and thus do e-marketing. With e-marketing they can do business

24x7, cutting the costs of the middle sales agents, hence cutting the direct costs of sales. Applying the e-tools in the business will help in giving better services to the customers. Considering the current position of Trouser World and after implementing the E-Business in the organisation the TOWS analysis against PESTEL analysis which can give the idea of the internal and external analysis of the company is as follows:

	THREATS	OPPORTUNITIES	WEAKNESSES	STRENGTHS
POLITIC	-FDI becomes a threat for the domestic market	-India-Sri Lanka Free Trade pact on tariff rate quota -FDI open an opportunity for the domestic economy	-Poor infrastructure of Internet.	-Indian government emphasizing on e-business
ECONOMIC	-Large investment for starting E-Business. -Costly Internet Services.	-To target the foreign customers through website development	-India has an attractive market for the foreign retailers to enter	-Growth stage for local market -India has a complex market and great diversity.
SOCIAL	- International big brands have an eye for India market. -Lower penetration on usage of credit cards due to safety and security issue.	- Increase in the rate of technology use by people. - Improved customer Relationship - Improved supplier relationship	-Complex diversity needs a good understanding to benefited the market	- Segmenting young people as target market in the mature market
TECHNOLOGY	-Poor infrastructure of Internet and Broadband services	- Internet usage has increased in India.	-Low efficiency production system	-There a potentiality to improve the technology

				supported by government and FDI investments
ENVIRONMENT		-Global warming = comfortable material -Easy care and eco-friendly materials are under the spotlight.		
LEGAL	-Foreign multinational companies can set up wholesale cash and carry operations.	-Deregulation by government to open up the economy.		-Protectionism in Indian retail industry

Being a manufacturing company, Trouser world is in constant need of raw materials through suppliers. If supply chain management is implemented, it will be helpful in maintaining stocks, tracking orders from suppliers. Each department of Trouser World has the capability to expand in terms of E-Business.

Opportunities:

Supply chain management, Customer Relationship management, Information systems, marketing strategy are all the levels of e-business strategy. There are 3 levels of E-Business Strategy migration Experimentation, Integration and Transformation (Hackbarth; Kettinger, 2000). Trouser World can be considered in the Integration level, as they already have their corporate strategy and they have the scope to expand themselves. With the integration of E-business strategy with their current corporate strategy it will have scope to participate in the cross-functional departments. It can reduce cost, support business and enhancement of existing business practices and revenue enhancements. It will support process efficiency and effectiveness in the integration of information.

By doing e-business the company will be taking a global initiative. It will give the company a sustainable competitive advantage against the competitors. India is forwarding towards technology, and being known as the country of having talent in technology there is a huge scope of development with e-business. World is moving toward technology. India is an developing country and there is so much talent of IT and business in India that the multi-national companies like to invest in India. This is the stage for Trouser World to invest in Information and Technology Development to make there presence in the global world, by e-marketing and e-commerce acquiring international clients and customers and also can do B2C business along with B2B business by selling their brand as retail on the online website which can incur an extra income. While companies strive for e-business initiatives in order to experience cost savings, but many companies inclined to implement an e-business solution in order to operate more efficiently (Rodgers; Yen; Chou, 2002). With e-commerce it will give a 24x7 business and not just depend on the marketing agents to do marketing and just rely on that business only. Will help in acquiring new customers globally, receive feedback from the clients which will in turn help with improving the area needed. Sourcing is becoming global as suppliers all over the world sell on the Net. With website trading, the suppliers can interact directly to the organisation without any middleman or agent.

Justification:

If e-business strategy is being implemented in the organization, it will affect all the areas in terms of Quality, Time, Cost and Efficiency.

Quality:

Quality of the service being offered to the clients will improve. The overall improvement in the flow of operation at the organisation.

Time:

With the help of supply chain, the inventory will be updated regularly saving time and speed up distribution process. Marketing on website will reduce the time interacting with the agents employed for marketing, e-procurement will speed up and co-ordinate processes of supply delivery and speed-up return of investment. With website it will be 24x7 selling directly to the business customers.

Cost:

Supply chain management will reduce delivery and storage costs. E-commerce will reduce the direct costs of sales and thus increasing profit. E-procurement will minimize the initial provision costs.

Efficiency:

Supply chain management will improve customer service by exact availability of delivery data thus improve customer service, intensify the customer loyalty and help in acquiring in new customers. Overall implementation of E-business will increase the productivity and efficiency of employees.

Recommendations

Trouser World is going through a stage of continuous and stable growth of its business now. So it can take the risk of implementing the E-business strategies in the potential areas by identifying them clearly. Not to start, in each area at once but step by step. For recommendation, it can start first with integrating supply chain management with the suppliers which in 2-3 months time give them a idea of how potential they are in the delivering data and goods to the clients and after that they can go for website development, taking into consideration of brick and mortar approach, and do business online and see the response from the clients for initial 6 months and check the performance and the feedback provided by the customers and than can plan the future.

Conclusion

Trouser World has the potential to expand in terms of E-business but we haven't consider the financial factors in it, that how much capital will require to invest in E-business, how much skill and expertise they will need to employ to start E-business but it can think to move forward to take the step in the world of technology and information.

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Primary Data Gathered from the discussion with the company owner and the company background provided by the owner.