**E-COMMERCE**

**UNIT-1**





**Supply chain**

supply chain is a system of organizations, people, activities, information, and resources involved in moving a product or service from supplier to customer. Supply chain activities involve the transformation of natural resources, raw materials, and components into a finished product that is delivered to the end customer, sophisticated supply chain systems, used products may re-enter the supply chain at any point where residual value is recyclable. Supply chains link value chains.

**What is a Value Chain Analysis?**

The value chain also known as Porter’s Value Chain Analysis is a business management concept that was developed by Michael Porter. In his book *Competitive Advantage* (1985)

**Value Creation** creates added value which leads to competitive advantage. Ultimately, added value also creates a higher profitability for an organization.

**What is the Porter’s Value Chain Analysis Model?**

The strength of the Porter’s Value Chain Analysis is its approach. The Porter’s Value Chain Analysis focuses on the systems and activities with customers as the central principle rather than on departments and accounting expense categories. This system links systems and activities to each other and demonstrates what effect this has on costs and profit. Consequently, it (Value Chain Analysis) makes clear where the sources of value and loss amounts can be found in the organization.



**What is the First Mover Advantage?**

The first-mover advantage refers to an advantage gained by a company that first introduces a product or service to the market. The first-mover advantage allows a company to establish strong brand recognition and product/service loyalty before other entrants.

**Advantages of Being a First Mover**

Companies that are first movers can often:

* Establish their product as the industry standard
* Be able to tap into consumers first and make a strong impression, which can lead to brand recognition and brand loyalty.
* May be able to control resources, such as basing themselves in a strategic location, establishing a premium contract with key suppliers, or hiring talented employees.
* Can gain an advantage when there is a high switching cost for consumers to switch to later entrants.

**Disadvantages of Being a First Mover**

* The first mover may invest heavily in persuading consumers to try a new product.
* Later entrants can avoid mistakes made by the first mover.
* If the first mover is unable to capture consumers with their products, later entrants can take advantage of it.
* Later entrants can reverse-engineer new products and make them better or cheaper.
* Later entrants can identify areas of improvement by the first mover and take advantage of it.

**Definition of Sustainable Competitive Advantage**

**Competitive advantage** exists when a particular company consistently outperforms other companies in the same industry. A company is considered to be outperforming others if profits are higher than the competition's profits. The competitive advantage is thought to be stronger when it lasts for a longer period of time. Those companies who are able to maintain a competitive advantage for many years are thought to have a **sustainable competitive advantage**.

**BUSINESS STRATEGY**

**Strategy Overview**

A good business plan, whether for eCommerce or any business should cover:

* Business & Personal Aims - what is your business's mission? What value are you seeking to provide?
* Business Objectives - what do you want to achieve?
* Business Model - how will you achieve those objectives?
* Marketing Requirements and Goals - how will you reach your target customers?
* Content Gathering and Management - Who will do this and how?
* Fulfilment and Logistics - Managing your inventory and getting it to customers
* Financial Management and Payments - including security managment
* Social Media - strategies to connect with your customers
* Platform & Technology - what requirements does your business have to achieve the goals above?

**Strategy Tasks**

* Multi/Omni-channel - What is important to your customers? Physical presence? eBay? Clicks and mortar?
* Integrate the shopping experience - customers what to feel they are dealing with you ?
* Content - creating it and keeping it up to date
* Pricing & inventory - regular updates and fresh inventory
* Logistics - getting your products to your customers
* Service & support - how do your customers get help from?
* Payment & refund/returns - what will be your policy?
* Security - how will you manage credit card and payment security?

**Business Environment**: The term Business Environment is composed of two words Business‘and Environment‘. In simple terms, the state in which a person remains busy is known as Business. The word Business in its economic sense means human activities like production, extraction or purchase or sales of goods that are performed for earning profits.

**Type of Environment**: Business Environment has two components:

1. Internal Environment

2. External Environment

1. **Internal Environment**: It includes 5 Ms i.e. man, material, money, machinery and management, usually within the control of business. Business can make changes in these factors according to the change in the functioning of enterprise.

2. **External Environment**: Those factors which are beyond the control of business enterprise are included in external environment. These factors are:

* Government and Legal factors,
* Geo- Physical Factors,
* Political Factors,
* Socio-Cultural Factors,
* Demo-Graphical factors etc. It is of two Types:

 1. Micro/Operating Environment

2. Macro/General Environment

**Business Capability**

A business capability, a key component of business architecture, is an expression of what business does and can do. A business capability denotes the “What” a business can do, whereas a business process outline how a particular activity gets done.

At an elemental level, a business capability is the encapsulation of the underlying functionality expressed abstractly.

**Strategic management:**

**Strategy Formulation**

The first step in forming a strategy is to review the information gleaned from completing the analysis. Determine what resources the business currently has that can help reach the defined goals and objectives. Identify any areas of which the business must seek external resources. The issues facing the company should be prioritized by their importance to your success. Once prioritized, begin formulating the strategy. Because business and economic situations are fluid, it is critical in this stage to develop alternative approaches that target each step of the plan.

**Strategy Implementation**

Successful strategy implementation is critical to the success of the business venture. This is the action stage of the strategic management process. If the overall strategy does not work with the business' current structure, a new structure should be installed at the beginning of this stage. Everyone within the organization must be made clear of their responsibilities and duties, and how that fits in with the overall goal. Additionally, any resources or funding for the venture must be secured at this point. Once the funding is in place and the employees are ready, execute the plan.

**E-Commerce Implementation**

Implementing an e-commerce shopping cart gives your business the ability to sell your products online day and night, reach new clients, target your ideal market, establish a strong brand, and build closer relationships with your customers by improving their purchasing experience.

Whether you’re setting up an online store for the first time or updating your current platform, platform implementation is one of the most complex aspects of launching an e-commerce site. Without the guidance of a consultant with years of e-commerce experience, programming expertise and deep knowledge, your efforts to set up an e-commerce solution can become plagued by cost overruns, programming errors, and delays resulting in poor sales performance and reduced profits.

**Advantages of e-Commerce implementation:**

* Allows you to sell products 365 days a year, 24 hours a day.
* Lowers your costs and raises your sales margins
* Creates cost-saving efficiencies
* Creates an automated cycle of repeat business
* Connects you to new customers previously unavailable to you due to distance and operating hours
* Collects customer data, demographics, and produces marketing leads
* Gives your customers control over how and when they’d like to shop