

Several limitations on the growth of ecommerce marketing essay



The early years of e-commerce is “ungoverned” (Laudon and Traver, 2009) while the today’s e-commerce is “stronger regulation and governance” (Laudon and Traver, 2009). When the e-commerce is just start to launch, the government was not set the rules and regulation for the e-commerce business and do not control over it. While today’s e-commerce is having “stronger regulation and governance” (Laudon and Traver, 2009) than early years of e-commerce, the e-commerce business was protecting by Internet rules and regulation worldwide and government was keeping an eye on it.

The early years of e-commerce is practice “pure online strategies” (Laudon and Traver, 2009) where the organizations are doing their business in the virtual world without having the physical store in real world. Whereas, today’s e-commerce is practice “mixed “bricks and clicks” strategies” (Laudon and Traver, 2009) that run their business in both way which are doing their transaction in the Internet and in the physical store. “There are a lot of dot com raised when the beginning of e-commerce, but there only a few that able to survive until today” (Laudon and Traver, 2009). The example for the organizational that using “pure online strategies” (Laudon and Traver, 2009) in the early years of e-commerce is Amazon. com while the organizational that using the “mixed “bricks and clicks” strategies” (Laudon and Traver, 2009) in today’s e-commerce is Tesco. com.

The early years of e-commerce is apply “disintermediation” (Laudon and Traver, 2009) while today’s e-commerce is “strengthening the process of intermediation” (Laudon and Traver, 2009). In the early years of e-commerce, the organizations prefer to “manage their market relationship directly with their customers” without the presence of the intermediary, they

<https://assignbuster.com/several-limitations-on-the-growth-of-ecommerce-marketing-essay/>

eliminate the intermediation process. But the “intense competition that result from disintermediation process” (Laudon and Traver, 2009), it encourage today’s e-commerce to do their business with the presence of intermediary.

In the early years of e-commerce, it was practice the “technology-driven” (Laudon and Traver, 2009) which the organizational need to put a lot of effort to develop their organizational web site in the Internet. They are more emphasis on the development of the information technologies that useful for their web site. In today’s e-commerce, the organization is more focus on the “business-driven” (Laudon and Traver, 2009) where they are more focus on the strategies that apply in their business.

For those organization that was the first enter to the market in the early years of e-commerce will enjoy the “benefit of being the first mover” (Laudon and Traver, 2009). As the first mover of the market, the organizations would “build their brand name easily, get a lot of customer quickly” (Laudon and Traver, 2009) and be the leader in the market. While for the today’s e-commerce, the organization is practice “strategic follower strength” (Laudon and Traver, 2009) which is they are found out and enjoy the advantages to become the follower in the market.

What are the major limitations on the growth of e-commerce? Which, in your opinion, is potentially the toughest to overcome?

The major limitations on the growth of e-commerce are categorized in two segments which are “technological limitations and non-technological limitations” (Turban et al. 2010).

<https://assignbuster.com/several-limitations-on-the-growth-of-ecommerce-marketing-essay/>

For the technological limitations, there are several limitations on the growth of e-commerce:

“ Software and tools for develop the web site is changing from time to time” (Turban et al. 2010). The organization need to up to date by using the software or tools in building their company web site so it show to consumer that they are able to follow the trend. For example: organization may use the old version of internet browser in the earlier year when build the web site but they need to change it to the latest version of internet browser when there is the movement of the technology.

“ Cost to access the Internet is expensive or inconvenient” (Turban et al. 2010) to some of the country. For the third world country such as Africa, the cost to access to the internet may be very costly to them and the people in that country may be is inconvenient to browse the internet. Many people in the Africa is not affordable to have internet service in their house even own a personal computer in their house is a luxury goods to them. When they are unable to afford to buy a computer and access to the internet, they also are not affording to buying products through the company’s web site.

For the non-technological limitations, there are several limitations on the growth of e-commerce:

“ People are not having enough confidence to trust the faceless and paperless transactions” (Turban et al. 2010). People especially the old-thinking generation will not trust to the buying and selling product or services through the Internet because they think the transactions in the

Internet mostly are fraud transactions and doing the transaction without
<https://assignbuster.com/several-limitations-on-the-growth-of-ecommerce-marketing-essay/>

face-to-face communication will bring a lot of problem and do not make them confidence to the transactions.

“ Security and privacy issues are stop customer to buying and selling in the Internet world” (Turban et al. 2010). Nowadays, there are a lot of fraudulent transactions and privacy information being stolen by other people when customers are doing transaction in the Internet, this situation will make customer lost their confidence toward buying and selling goods through the Internet. When customer is paying by using credit card in the Internet, they will feel worry whether their personal information will being use by other people unauthorized or getting them involved in the criminal.

In my opinion, the toughest limitation to be overcome would be the “ security and privacy issues” (Turban et al. 2010). A lot of intelligence criminal is embezzling consumer’s privacy information they have filled in the Internet and steal their identity with the aid of advanced technology and software. This is difficult to overcome since the rules and regulations for the Internet are incomplete and unclear and undefined. The punishment for the Internet criminal should be more rigorous to prevent the Internet criminal being increases in the future.

Task 1b:

What are some of the major advantages and disadvantages of being a first mover?

First mover is defined as “ the organizations that first enters the market and gather market share in a short period” (Laudon and Traver, 2009).

The advantages of being a first mover are:

Being a first mover, the firm can enjoy the “ technology leadership where firm was using the technological skills that were hard to copy by other companies (later entrance to the market)” (Ettington, 2010). As a technology leadership, firm also can enjoy the benefit of patent their product to prevent other competitor to copy their product. For example: “ Amazon. Com was the first company using the collaborative filtering-technologies that help them to analyze one customer’s purchase and suggest the customer other books that people with similar preferences have bought”(Mellahi and Johnson, 2000). By doing this, Amazon. Com could create brand loyalty among their customer since they are the first web sites that provide this feature. “ Amazon. Com have patent its “ affiliate programmes” and “ one-click” buying features” (Mellahi and Johnson, 2000) to protect the features being imitate by others.

Besides that, being a first mover achieves the benefit of “ preemption assets” (Lieberman and Montgomery, 1987) which is the ability of the firm to manage the better resources than late entrants. First mover was able to choose which resources that best meet their requirement such as in “ natural resources, geographical location and distribution channels” (Lieberman and Montgomery, 1987). For the first mover, the firm will have the dominant position to choose the natural resources that best suit to their firm’s product than the late entrants. Wal-Mart was the first retail shop that takes advantage in choosing to open a discount store in a small town.

Other than that, first mover can build the “ buyer switching cost” (Ettington, 2010) in order to prevent customer to switch to other brands or products.

<https://assignbuster.com/several-limitations-on-the-growth-of-ecommerce-marketing-essay/>

When there is a switching cost barrier, the customer would not simply switch to other brands or product due to inconvenient or cost issues. By build buyer switching cost, it may lead to repeat purchasing among the customer. As the first mover, company will have the priority in more understanding the customer's preference and produce the quality product to the customer. This may help the company to build the customer's loyalty toward the company's brand.

As the first mover in the market could experience the " high degree of consumer awareness" (Kerin, Varadarajan and Peterson, 1992). First mover firm will be the first firm entry to the market and it can make consumer pay high attention on the firm since it was the first in the market. With the successful market strategies and market positioning, it could help the firm to gain the consumer awareness toward the firm and the products. When the consumers have consumed the firm's product and satisfied with the product's performance, then it will leads to the repeat purchased behavior. Once the repeat purchase behavior was form, the consumer will unwilling to switch to other brand (late entrant). For example, when the first Apple's iPhone is launched to the market, it creates the consumer awareness toward it product and established repeat purchase of iPhone when there is the latest version of iPhone is launched in the market.

The disadvantages of being a first mover are:

The disadvantages that may bring to first mover is the "" free riding" by later entrance in the area of technology, employee training, infrastructure development and buyer education" (Lieberman and Montgomery, 1987). For

the first mover firm, they might be needed to invest a lot of capital into the product and develop a number of research and development toward the product they want to launch. While for the late entrants, they would like to imitate the first mover's product since the research and development process is costly than imitation. Besides that, " follower may also hire the staff from the first mover's firm to prevent the heavy training cost" (Lieberman and Montgomery, 1987). For example of infrastructure development, " Sony have to spending their time and money for first launched the VCR product in the US market because they need to pursue lawsuit to allow consumer in have the right to record TV programmes for their own use" (Lieberman and Montgomery, 1987).

First mover in the market may be face the disadvantages of apply " incorrect marketing strategies or technology" (Lieberman and Montgomery, 1987) for their product. " First mover firm in order to maintain their market leader position and dominate in the industry, the firm have to forecast the technology development and customer demand precisely" (Lieberman and Montgomery, 1987). The risk of the firm being failed in the industry may increase when the firm was wrongly anticipated the market and process of technology development. " The British Air Corporation has introduced the first commercial-jet -the DeHaviland Comet was failed when there is a mistake in the design. While Boeing has dominated the global aircraft industry after the failure of British Air Corporation by comes up with a superior design in the form 707" (Lieberman and Montgomery, 1987).

In addition, first mover may need to invest a huge amount of money and time into the development of their product. First mover may face a number
<https://assignbuster.com/several-limitations-on-the-growth-of-ecommerce-marketing-essay/>

of failures when in the product development stage while late entrant does not need to pass through this process. Late entrant may not need to invest such a huge amount in their product development because they may copy the first mover's product, marketing strategies and technology used to develop the product.

Besides that, first mover may also face the problem of market uncertainty and demand uncertainty. As the first mover firm, they need to clearly clarify the market uncertainty and demand uncertainty since these two factors may lead to the failure of the product. The firms need to exactly understand what the customer really need and produce the product that can meet the customer's need exactly. The firms also need to understand the market trend and produce the product that mostly suit to the market so that the firm will not failed although they was the first mover.