

Evaluating E-Commerce Strategy Development  
Within Organizations

A Dissertation

## CHAPTER 1: INTRODUCTION

### Background

The news about the “New Economy” has triggered many entrepreneurial ventures to exploit on the electronic commerce (e-commerce) opportunities. Ventures such as Amazon and eBay have received significant media attention and investor optimism about the potential of e-commerce. Now that the smoke has settled, both management and academic researchers have become interested on the impact of e-commerce on those companies that have supplemented their brick-and-mortar outlets with e-commerce initiatives.

Several researches have emerged on effect of e-commerce on organizational strategy. Tapscott et al (1998) discusses the organizational changes created by B2B e-commerce and the benefits of deploying e-commerce within the organization. O’Connell (2000) discusses the effect of e-commerce in the organizational structure in light of the resource-based view and transaction cost theory. E-commerce has been seen as improving efficiency, communication and lowering costs across business processes (O’Connell, 2000; Krovi et al., 2003; Garicano and Kaplan, 2001).

In addition, researches have also shown the influence of e-commerce on brand management. Wind & Mahajan (2001). discuss how the competitive environment is changing with the increasing number of Internet users and how the new technology is redefining the marketplace. The research presented a conceptual framework delineating the drivers and outcomes of marketing strategy in the context of competing in both physical and electronic marketplace. Part of the emergence of an electronic marketplace is the ability of organizations to offer highly customized products to consumers, and the capability to build and to manage customer relationships (Brown, 2000).

The aim of the research is to investigate the way in which an organization develops its

electronic commerce strategy over time in light of existing strategic approaches and development found within related literature. The research particularly looks into Marks & Spencer e-commerce strategy as the case study for the research. The research looks into how Marks & Spencer has developed and implemented its e-commerce strategy.

Drawing from strategic management theories the research specifically focuses on the how an e-commerce strategy is grounded on reducing transaction costs within the organization and across the value chain. Furthermore, the research also looks into the importance of relationship marketing and how e-commerce is providing organizations with the necessary technology to achieve seamless exchange of information and reduced costs. Strategically the adoption of e-commerce within an organization hinges on these two important strategic management theories.

In addition, the research is confined within the business-to-consumer (B2C) market, since business-to-business (B2B) relations are frequently characterized by a small number of customers and a strong emphasis on personal contacts between customers and salespeople as their means of marketing communication. Therefore the research focuses on how consumers view their shopping experience within an e-commerce site, particularly Marks & Spencer.

#### The Overview of the Study

The remainder of this study is as following statement:

Chapter 2, Literature Review, will provide a concise concept and explanation of electronic commerce within retail organization. The review of related literature discusses the concept and application areas of e-commerce within organization. The review will also tackle the important strategic management concepts such as transaction cost theory and relationship marketing and how e-commerce is enabling organizations achieve increased efficiency, improved communication, and lower costs across its value chain...

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