E-Commerce Strategy and Business Growth

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Abstract: This paper examines the relationship between e-commerce strategy and business growth. The paper used the qualitative approach applying survey design. descriptive research design was used because it is a research design that allows easy manipulation of independent variables or randomly assign subjects to group. In addition, respondents were not asked to identify themselves so as to reduce possibility of response bias. The population of this study consist of sixteen (16) entrepreneurs and business owners in Bayelsa state. The instrument for data collection used for this study was the close ended (a likert-5) questionnaire consisting of a set of questions designed to gather information necessary for analysis. It was concluded that the advent of the Internet, the world has become a much smaller place. The internet has made it possible for individuals and businesses to communicate with customers, suppliers, investors, developers, and other company owners worldwide. A platform for purchasing and selling things without the hassle of face-to-face interaction has been developed by e-commerce. For small and medium-sized firms, it has unlocked a wealth of benefits. The analysis makes it very evident that e-commerce has given the company the ability to cut expenses. In order to raise the company's revenue, it will also be wise for management to look at further ways that e-commerce might result in further reductions in operating expenses.

Keywords: E-Commerce Strategy, Electronic Payment, Business Growth.

Introduction

One of the most important electronic media that may bring about big changes in many commercial organizations is the internet. This is made feasible by the internet's capacity to help businesses drastically cut down on real transaction costs and the time it takes to complete different transactions inside an organization (Archer and Yuan, 2000).

The internet also makes sure that product details and other pertinent data are accessible to interested parties worldwide online. Hence, the availability of the internet has allowed the majority of businesses to introduce an aspect of business known as electronic commerce, which has shown to be both an efficient way to save operating costs and a high potential way to generate money for company organizations. The widespread use of the web and the accessibility of browsers on many systems offer a common foundation upon which electronic commerce solutions, particularly at the corporate level, may be constructed (Archer & Yuan, 2000).

Nowadays, the majority of businesses worldwide rely heavily on electronic trade. So, electronic commerce opens up new avenues for the selling of physical commodities on a worldwide scale and creates prospects for the establishment of new companies that offer information and other knowledge-based intangible products. While the majority of EC presently takes place at the inter-corporate and inter-organizational level, services geared at specific consumers are emerging quickly. The most prominent illustration of this is the Internet, which has played a significant role in the spread of EC by creating a standard environment for all types of electronic transactions (OECD, 1997).

The term "electronic commerce" refers to the process when commercial organizations or people use electronic methods of conducting business with the express intention of achieving organizational or personal goals, according to Wakid, Barkley, and Skall (1999). Kalakota and Whinston (1997) provide another definition of electronic commerce by looking at the idea from four distinct angles.

The first viewpoint on e-commerce is the communication viewpoint, which views it as the delivery of information, goods, or services—or the receipt of payments—over telephone lines, computer networks, or any other type of electronic medium. The second viewpoint on e-commerce is the business process perspective, which defines it as the use of technology to automate labor flows and commercial transactions. The third and last viewpoint is the service viewpoint, which sees e- commerce as a tool to fulfill the demand of businesses, customers, and management to reduce service costs while enhancing the quality of goods and speeding up service delivery.

E-commerce, according to Gunasekaran (2002), is a mix of a number of different technologies and practices that are currently accessible to enhance the efficacy of trade partnerships. The telephone, fax, electronic data interchange (EDI), which involves computer to computer exchange of business documents without human intervention, electronic mail (Email), which is the relaying of computer created and computer stored messages via a telecommunications network, electronic funds transfer (EFT), and the Internet, more specifically the Web, are the most fundamental and significant technologies that make e-commerce a reality at the application level.

Gunasekaran (2002), stated that there is evidence that business-to-business electronic commerce generates significantly more revenue than business-to-consumer electronic commerce in the current business climate. Most businesses functioning in the global market may not have many options aside from adopting electronic commerce if they want to stay competitive and increase their income. The global economy depends heavily on this platform. Businesses must embrace e-commerce because it has the potential to increase economic efficiency by shortening travel times and distances, reducing transaction and distribution costs, accelerating product development, supplying buyers and sellers with more information, and broadening customer and supplier options.

By engaging in e-commerce, firms may transition from being local entities to ones with a worldwide presence and the globe as a possible marketplace while also benefiting from a cheap form of promotion.

A company can put up a website shop front that can conduct sales transactions directly with customers and replace or complement the retail function by methodically evaluating their business processes and replicating them in online platforms. Businesses have shown success in growing their sales, market presence, and financial performance when the IT expenditures required to provide a business an online presence are combined with a strong e-commerce business plan. A successful company plan is offering customers a good enough product or service that they will be prepared to take the risk of making an online purchase.

Hence, an efficient online customer care capacity should be integrated into the company's online work flow operations to encourage repeat business from current customers.

Statement of the Problem

The use of electronic commerce has completely changed how firms do business. The approach has made it possible for the majority of businesses to market their goods outside of their native markets, promoting business globalization and internationalization. E-commerce has made it possible for businesses to quickly and affordably obtain and pay for goods and services from other nations. As foreign direct investment is no longer required in several areas of international trade, e-commerce has also allowed the majority of businesses to lower their cost of doing business. Because it offers a platform for reaching a larger market, electronic commerce is a technique that may help a business increase sales and income.

Despite the numerous advantages initiated by e-commerce in business growth in Nigeria, it is evident that the required ICT and internet facilities to fully utilized these benefits is not available. Nigeria has four major telecommunication company in the 36 states of the Federation and in 778 L.G.A, which is still not enough to serve the entire nation with uninterrupted internet network. This telecommunication companies have not been able to serve the entire nation but there has been successful available in the urban cities, while the rural communities (like across the river villages in Bayelsa state) have been kept in darkness. Also, the cost of internet has limited the actualization of e-commerce in Nigeria, potential customers are unable to data and browse through the trending goods and services advertised by businesses. However, this limitation has restricted the success adoption of e-commerce strategies for business growth among small and medium scale enterprise (SMEs) in Bayelsa state.

Objective of the Study

This study is set out to examine the relationship between e-commerce strategy and business growth.

Research question

What is the relationship between e-commerce strategy and business growth?

Research Hypotheses

H_0: There is no significant relationship between e-commerce strategy and business growth.
H_1: There is no significant relationship between e-commerce strategy and business growth.

Literature Review

Electronic commerce, according to Business Website, is the purchasing and selling of goods and services through the Internet. Electronic commerce, often known as e-commerce, distinguishes itself from traditional business by extending sales and advertising horizons and accelerating corporate procedures. To function properly, e-commerce company strategies and models must take these disparities into account.

Electronic trade is not created equally. Brokerage, advertising, merchant, manufacturer direct, affiliate, subscription, community, infomediary, and utility models are only a few of the models that apply to online companies. Selling goods directly to clients is profitable for merchant and manufacturer direct models. By connecting buyers and sellers, brokers develop a market. Infomediaries offer unbiased market research on consumers' purchasing patterns as well as on manufacturers and goods. The digital advertising business, according to Digital Enterprise, "is an extension of the traditional media broadcast paradigm."

Affiliate companies are "inherently well-suited to the web, which explains its success" since they "guide customers to merchants and benefit when consumers make purchases." Due to the increased popularity of social networking sites, community models, which depend on user loyalty to the platform, have experienced rapid development. Consumers who subscribe to online companies pay a monthly price in exchange for access to content, just like they would for magazines or newspapers. Lastly, firms that use the utility model or are "on-demand" are pay-as-you-go and base revenues and costs on the actual consumer consumption.

Ecommerce Strategy Components

Supply chain management, customer relationship management, tactical operations, and the integration of inventory and service management are key components of e-commerce strategy. An efficient e-commerce firm must have a strong supply chain because it ensures clear communication between wholesalers, retailers, and customers throughout the whole process. Focus on ensuring that the client experience is as positive as possible by delivering items on schedule. Company owners sometimes overlook customer service in online partnerships. Create detailed strategies for integrating inventory and service management to stop unauthorized purchases and increased costs. Strategic planning's long-term objectives are advanced through the short-term objectives of tactical operations.

E-Commerce Strategy and Business Growth

According to Heng (2003), firms can be impacted by e-commerce in a variety of ways. The consumer purchasing process is significantly impacted by electronic marketplaces in two ways. The second includes the circulation of digital information goods (Turban et al. 2000).

The core of these two impacts is the desire to boost profits, reduce the expenses made by the company in producing different products and services, as well as do away with the requirement for inventory that must be physically sent to customers (Turban, Lee, King & Chung, 2000).

Insuring that labor and capital resources are liberated and directed toward the development of other commodities and services is another highly important function of electronic commerce. Due to the laws of supply and demand, there are now more items on the market. As a result, there will be a decreasing tendency in the pricing of the goods. Also, the long-standing problem of transaction costs for businesses has been helped by the internet.

For instance, Wallis and North (1986) calculated the amount of transaction costs that are incurred in the market in the U.S. economy, including those related to banking, insurance, finance, wholesale, and retail trade, as well as costs associated with specific occupations like accountants and lawyers. Their research showed that transactions accounted for more than 45% of the nation's income. The same principles that apply to American company apply to international business. Contemporary multinational company demonstrates a great degree of variety in its production, manufacturing methods, and markets. So, it is necessary to use e-commerce to reduce transaction costs.

Methodology

In this study, descriptive research design was used because it is a research design that allows easy manipulation of independent variables or randomly assign subjects to group. In addition, respondents were not asked to identify themselves so as to reduce possibility of response bias. The population of this study consist of sixteen (16) entrepreneurs and business owners in Bayelsa state. The instrument for data collection used for this study was the close ended (a likert-5) questionnaire consisting of a set of questions designed to gather information necessary for analysis. The data collected from sampled participants with the issue of questionnaires were analyzed inferentially using the Spearman Rank Correlation Coefficient to examine the relationship between e-commerce strategy and business growth with the aid of SPSS.

Result and Discussion

This section deals essentially with statistical testing of the hypotheses formulated for this study and also interpreting the result making use of Spearman Rank Correlation Coefficient.

H_0: There is no significant relationship between e-commerce strategy and business growth.

H_1: There is a significant relationship between e-commerce strategy and business growth.

Table 1: There is no significant relationship between e-commerce strategy and business growth.

Correlations

			E-commerce Strategy	Business Growth
Spearman's rho	E-commerce Strategy	Correlation Coefficient	1.000	.837**
		Sig. (2-tailed)	.	.000
		N	16	16
	Business Growth	Correlation Coefficient	.837**	1.000
		Sig. (2-tailed)	.000	.
		N	16	16

**. Correlation is significant at the 0.01 level (2-tailed).

From the result in table above, with rho = .837, it shows a positive relationship between e-commerce strategy and business growth. It is also significant @ [p = 0.00 < 0.01]. This implies that the null hypothesis stated above is rejected. This means that there is a significant relationship between e-commerce strategy and business growth. The findings is in conformity with Geoffrey (2013), who stated that E-commerce has also made it possible for the company to make electronic payments for its products. The company also utilizes e-commerce to make customers aware of its products. This is mainly done through advertisements in specific websites. The adoption of e-commerce strategy by business has had a number of effects on its business operations.

Conclusion and Recommendations

With the advent of the Internet, the world has become a much smaller place. The internet has made it possible for individuals and businesses to communicate with customers, suppliers, investors, developers, and other company owners worldwide. A platform for purchasing and selling things without the hassle of face-to-face interaction has been developed by e-commerce. For small and medium-sized firms, it has unlocked a wealth of benefits.

Yet, some rural company owners have been successful in selling and attracting potential clients to acquire their goods and services by using an e-commerce strategy. These data support the analysis's empirical finding that e-commerce significantly affects SMEs' ability to develop their businesses in Bayelsa State.

The analysis makes it very evident that e-commerce has given the company the ability to cut expenses. In order to raise the company's revenue, it will also be wise for management to look at further ways that e-commerce might result in further reductions in operating expenses. It's crucial for the company to look into other ways to use an e-commerce strategy to boost sales.

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