

IMPACT OF E-COMMERCE IN MANAGING B2B CUSTOMERS IN SUPPLY CHAIN OF AUTOMOBILE INDUSTRY

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ABSTRACT:

Supply chain companies appear to work more closely with the marketing department than with their acquiring generations. Internet commerce and e-fulfillment procedures have endured the hype, boom, and bust phases before finally becoming into a significant and mature channel. Online consequence systems, active routing, distributed order management, and data about products management are a few of the well-established technology and procedures that support this e-channel. In a little over ten years, all of this has happened. In contrast to shops in the area of B2C, who concentrated on user experience and perfected the click-to-purchase feature, B2B companies have spent the previous ten years managing a variety of suppliers, manufacturers, buyers, and complex business procedures.

It seems only logical that, rather than diving in and designing intricate supply chains to the abilities of the current business platforms, human contact and lists remained the only means of addressing these problems among the intricacies of the supply chain at large.

KEY WORDS: E-commerce, B2 B Customers, Click-to-purchase, techno-economic, Buying process

INTRODUCTION:

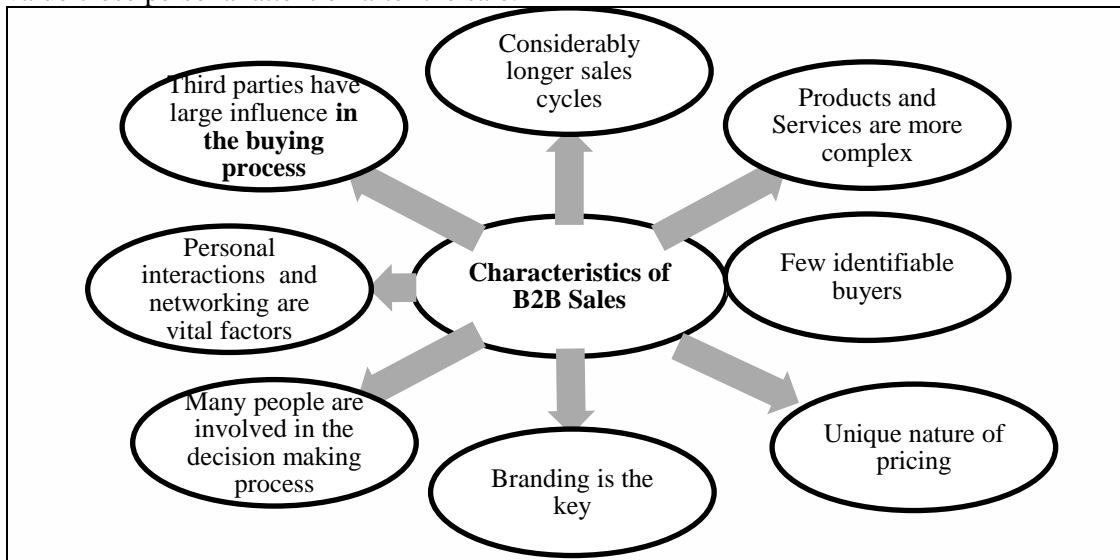
Trading between firms for relatively large volumes of goods with competitive and relatively stable pricing, with stipulated and often recurring delivery schedules and, many times accompanied with deferred payment terms is known as B2B trading.

The global B2B ecommerce market valuing US\$12.2 trillion in 2019 is over 6 times that of the B2C market. This report gives an overview of the market and main B2B countries, its trends, and the competitive landscape. Currently, Asia Pacific is leading the way with a market share of almost 80%, leaving North America and Europe far behind. Amazon Business and Alibaba are the two most prominent players on the market.

Twenty years ago—i.e. monochannel era—B2B sellers typically had one channel for all their customers. It might have been a face-to-face sales force or a call center, or they might have sold exclusively through distributors. As businesses grew and connectivity increased, these companies might have added a new channel; customers would have been clearly assigned to one or the other based on their segmentation. Then the internet changed everything. Multiple channels were available to customers in any segment. Monochannel became multichannel, and now we have Omni channel—a “multitouch” world. Today’s customers, regardless of segment, expect to engage with companies using the channel of their choice at any given moment in time and at all the different stages of the buying process. The majority of B2B customers want both human and digital interactions on their buying journey, according to a recent McKinsey survey.² Their specific preference at any given time is primarily correlated with the stage of

the buying journey. When customers are exploring a new product or a service, for example, two-thirds of those who lean more towards digital still want personal interface. As customers move into the evaluation and active-consideration stages, digital tools that provide information come into their own, especially when combined with a highly skilled sales force.

After the purchase, when discussions are about renewal, 85 percent of those who lean overall towards human interaction now prefer digital. Yet most B2B companies still reward reps more for spending time keeping customers loyal and repurchasing than for exploring new customer needs or driving demand, which is exactly where customers say they want face-to-face expertise. Companies that are digital from start to end today could see even higher growth if they reestablish the human touch to the start of the buying journey. On the other hand, if companies are definitely holding customers' hands via key-account managers or value-added resellers, they should be aware that customers are saying clearly that they don't value close personal attention after the sale.



BUYING PROCESS IN OEMS:

1. Define the requirements
- ↓
2. Screen Existing Supplier Base , Hunt for new if needed
- ↓
3. Send RFQ with expected volumes , timeline , critical parameters
- ↓
4. Discuss Technically
- ↓
5. Study quotes and settle commercials
- ↓
6. Get Development samples, Inspect , Test, Validate and approve for pilot lot
- ↓
7. Conduct Endurance and Field Tests on sample and pilot lots
- ↓
8. Start bulk purchasing against date wise schedules and feed line on time
- ↓

9. Maintain appropriate levels of stocks
↓
10. Monitor timely clearances from quality assurance departments
↓
11. Overlook bill clearing and payments to suppliers

Departments Involved in the process:

- a) Design and Development / Engineering Research Centres
- b) Sourcing Teams
- c) Purchase / Materials
- d) Testing – indoor + outdoor and Validation
- e) Toolings and Standard rooms + Test Labs
- f) Production Planning and Control
- g) Quality Assurance
- h) Finance and Accounts
- i) Service
- j) Marketing

Customers desire both a terrific personal interaction as an outstanding digital experience. But be cautious. When the question "What annoys you most?" was posed to the customers, an extensive variety of potential responses were presented to them, including price. "Too frequent contact" might represent one of the solutions—by far the most prevalent one. The key is to identify the sections whereby human interaction is most sought and make investment there, whether it's in expertise which can be accessed via a web chat, making sure requests for service are answered rapidly, or just have people answer the phone when a potential customer calls.

LITERATURE REVIEW:

Important drivers of the projected growth in B2B business, but are not limited to, competitive advantage, reduction of costs, increased profits, and customer satisfaction. If you are able to build an effective B2B channel, the payoff could be significant, resulting in improved economies of scale and productivity, reduction in overhead, improved information flows and processing, and increased operating efficiencies, to name a few.

In light of projected growth, we should expect evolutionary time in the development of dynamic B2B Internet channels, ultimately leading to robust extranets that consist of dynamic e-trading groups. Through the benefits of properly implemented B2B supply chains, enterprises can:

Reduce costs of goods and services and potentially lower customer prices. By connecting information systems directly with suppliers and distributors, organizations can realize more efficient processes.

- a. *Reduce overhead.* B2B channels can eliminate extraneous business functions and related infrastructures, resulting in the reduction of overhead costs.
- b. *Increase productivity.* By eliminating operational waste and the automation of inefficient business practices, organizations can realize productivity gains.
- c. *Enhance product and service offerings.* With economies of scale, reduction of overhead, operating efficiencies, and lower operating costs, such gains may be passed on to the customer through lower prices.
- d. *Customer satisfaction.* A strategic benefit of the successful implementation of dynamic B2B business models is improved customer perception of the transaction.

This metamorphosis will not occur unless companies undergo fundamental changes. Enterprises will begin with critical self-examination and complete process analysis to determine what internal operating functions, underlying infrastructures, and critical practices are necessary to transform into a B2B channel that is capable of leveraging the Internet. If companies are successful, they will strengthen their value chains, incorporate technology-driven processes that become the foundation for B2B, and increase transactions with customers.

E-COMMERCE INFLUENCES DEMAND PATTERNS:

Buyers and sellers are growing their connectivity and the speed with which they complete sales transactions as technology, e-commerce, and globalisation become increasingly entwined. The recent instability in the financial markets and several supply chain networks showed us that speeding up sales transactions may be a very advantageous trait when minor market corrections are occurring. A quicker response to sales transactions, however, can have cascading effects on the supply chain during a severe economic downturn like the one we saw during the Great Recession, leading to significant changes in orders, production, shipping, and inventory.

Thus, there are some potentially negative consequences to the rapid growth of e-commerce. In this volatile business environment, supply chain managers should consider developing strategies for dealing with the rapid swings that can result from increasing use of e-commerce in a globalized market.

ECONOMIC, BEHAVIOURAL CHANGES:

B2C e-commerce has perhaps had a greater impact on the economy and consumer behaviour than has B2B e-commerce. Consumers used to have to set aside time to shop at specific times of the day or browse catalogues that mail-order firms provided them in order to make purchases. Today, many consumers can simply shop online using their PCs, and even their smartphones or other portable electronic devices. In e-commerce retail trade, buyers and sellers are no longer constrained by store hours, geographic marketing regions, or catalogue mailing lists. They have access to a selection of products every day of the week with only a few easy clicks.

The characteristics of retail e-commerce merchandise also have changed significantly over the past decade. Back in 2000, computer hardware was the most common type of merchandise sold over the Internet. Today, the variety of merchandise is extremely diverse, and shoppers can buy almost anything online.

Online shoppers have benefited in other ways. The growth of e-commerce retail sales has reduced consumers' search cost, placed downward pressure on many consumer prices, and reduced price dispersion for many consumer goods. But this has led to a substantial decrease in the number of small companies operating in certain industries, as they tend to be less involved with e-commerce. Larger businesses, most notably retail book outlets, new automobile dealerships, and travel agents, are better able to compete in this new market environment.

Residential parcel delivery services have benefited greatly from the incredibly quick expansion of e-commerce retail sales. This is so that third-party vendors like FedEx, UPS, or the U.S. Postal Service may deliver purchased goods to customers' homes. Additionally, there appear to be significant synergies between B2C parcel and heavier freight volumes; insiders in the parcel manufacturing have noted that companies with strong e-commerce related B2C parcel shipment volumes frequently have stronger B2B shipment volumes than those who do not engage in B2C e-commerce.

OBJECTIVES OF THE STUDY:

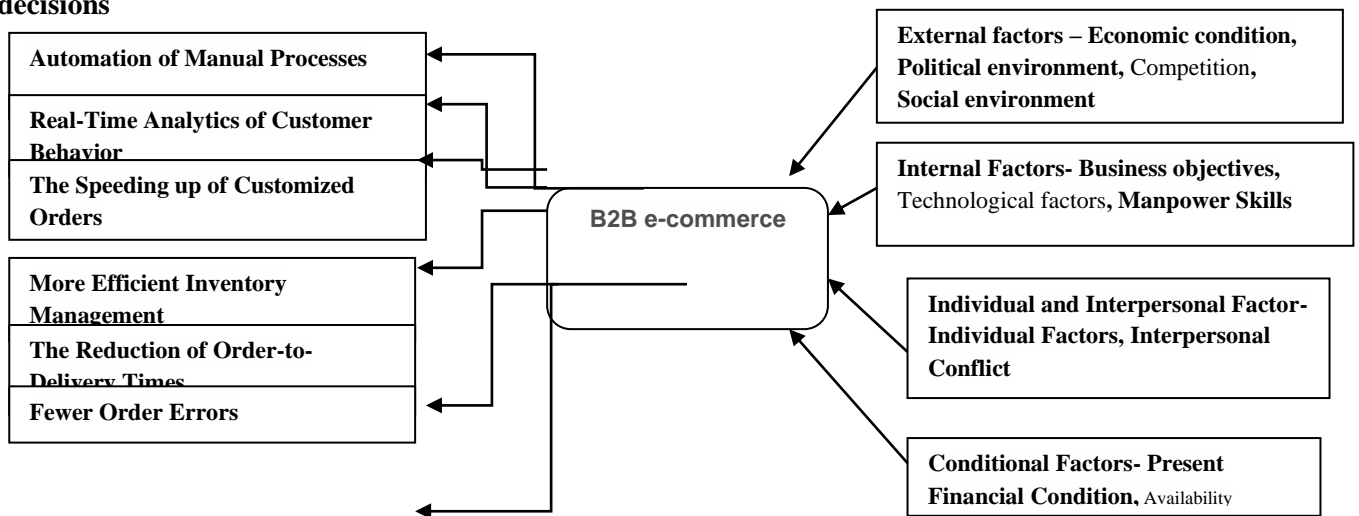
1. To study how E-Commerce is transforming the B2B process in the Automobile Industry on the techno-economic front (six ways B2B e-commerce simplifies the whole supply chain).
2. To analyse the changes seen in the factors influencing the B2B consumers buying decisions.

RESEARCH DESIGN:

Based on the literature review a research model, presented in Exhibit 3, was constructed which guided the research. An exploratory research approach was adopted for this study as this research approach is viewed as appropriate when a study has a clear purpose in lieu of a hypothesis or propositions (Yin, 2003).

1.1. Research Model:

Ways B2B e-commerce simplifies the supply chain
Factors influencing the B2B consumers buying decisions



3.2 DATA COLLECTION:

The study is exploratory in nature. The present study of 278 respondents (OEM= 9 , AU= 50) is based on Random Sampling method through self administered questionnaire adapted using 5-point Likert Scale to study the existing relationship between various ways in which B2B e-commerce simplifies the supply chain and various factors influencing B2B consumers buying decisions. There are 20 major Auto OEMs in the Passenger and Cargo segments and 400 major ancillaries supplying them from organized sector in Pune Region. Considering the number of officials from functional areas and the different levels from top, middle and junior management the estimated population is around 1000. The sampling plan as per the standard tabulation for this population with 95% confidence and 5 % margin error works to 278 number of respondents.

Distribution of officials targeted is 10 % from Top Management, 30 % from Senior Management and 60 % from Middle Management and Junior Management levels. Researcher has collected data personally through face to face interactions. The study period that has been taken into consideration for Secondary data is financial year 2009-10 to 2016-17. The study used standard measures of relationship between various ways in which B2B e-commerce simplifies the supply chain and various factors influencing the B2B consumers buying decisions with the five different statements each. According to Pavot, Diener, Colvin and Sandvik (1991), the satisfaction with Life Scale Method of stratified random sampling was

adopted and 278 respondents were administered with a suitable questionnaire and appropriated statistical tools were adopted to derive the results from the observations.

PRIMARY DATA SOURCES:

Questionnaire method: Data will be gathered through appropriately worded questionnaires targeting respondents at different levels and functional areas in the Automotive Industry. 50% of the minimum planned 20 questions will be in the ordinal form and rest in the statement form.

Secondary Data Sources:

1. Publications of SIAM and ACMA and ARAI and Chamber of Commerce.
2. Journals and Magazines related to the Automotive and Management Industry
3. References from the Government of India Websites of Trade and Industry

SCOPE OF THE STUDY:

Industry Scope

The study will be conducted focusing on Automotive OEMs in the cargo and passenger segment and their Tier-1, Tier-2 and Tier-3 suppliers. These auto ancillaries supplying Powertrain, Transmissions, Engine, Chasis, Body parts and accessories are surveyed for the study.

Geographical Scope

Organizations from 6 districts out of total 36 districts of Maharashtra state were surveyed. These six districts were selected according to the convenience of the researcher collection of data.

Sr. No.	Name of the Division (Headquarter)	Region	District selected
1.	Amravati Division (H.Q. Amravati)	Vidarbha	Amravati
2.	Aurangabad Division(H.Q. Aurangabad)	Marathwada	Aurangabad
3.	Konkan Division (H.Q. Mumbai)	Konkan	Mumbai
4.	Nagpur Division(H.Q. Nagpur	Vidarbha	Nagpur
5.	Nashik Division (H.Q. Nashik)	Khandesh	Ahmednagar
6.	Pune Division (H.Q. Pune)	Paschim Maharashtra	Pune

Data were analyzed on three different ways. Firstly, descriptive statistics of sixways in which B2B e-commerce simplifies the supply chain and four factors influencing the B2B consumers buying decisions were calculated. Secondly, bivariate correlation is calculated of these variables and finally, linear regression has been applied to predict the value of dependent variable DV (Automation of Manual Processes, Real-Time Analytics of Customer Behavior, The Speeding up of Customized Orders, More Efficient Inventory Management, The Reduction of Order-to-Delivery Times and Fewer Order Errors) by using independent variables (Traditional Competition and Technological factors).

CONCLUSION:

B2B business model provide progressive enterprises with ways to reinvent their organizations, streamline business processes, automate traditional business processes, and quickly adapt to new situations, opportunities, and market demands for tapping the untapped circumstances. With the help of e-business, organizations understand that new opportunities must be chased at the speed of information, which in turn is being permitted by large organizations but inherently apprehensive technologies of the Internet. Therefore, to be successful, you must show that Internet supply chains are reliable. Another opportunity is

that B2B channels must be more available than traditional competitors, which operate in the physical world for which your suppliers, distributors, and employees must perceive that the B2B online supply chain is secure enough to support the required level of transactions on an ongoing basis. These are the keys to success in the new business reality of B2B value chains.

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