

Department of Management Studies  
University of Rajshahi  
Master of Business Administration (Evening)  
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**8<sup>th</sup> Lecture**

## **Information Technology in International Business**

Globalization has brought in many changes in the business scenario with the whole world inching towards one big market place. Communication between the buyers and sellers has become critical as each can opt to explore a greater number of alternatives than ever before. E-commerce through Internet, e-mails, websites, and other facilities, enables a businessman to be linked with every corner of the world, and thus opens up greater opportunities in the world market.

Another important factor is the time required for completing a business transaction. As markets are becoming competitive and information is more readily available, a quick, reliable and replicable transaction implies availing of prevailing opportunities. On the contrary, delays in processing a transaction might become synonymous to wasting an opportunity. Therefore, a fast and alternative mechanism of communication, contract, and payment is an integral part of a globally competitive business organization.

## **Some Important ICT Based Business Concept**

### **e- Business**

The term “e- Business” has a very broad application. It can describe companies operating in the ICT producing sectors as well as new emerging sectors and industries such as in the area of digital content. However, at a more fundamental level, the term e-Business also describes the application of information and communication technologies to business processes in all sectors of the economy to reduce costs, to improve customer value and to find new markets for products and services.

### **e- Tailing**

Internet Retailing or ‘e-Tailing’ as is usually referred to as covers retailing using a variety of different technologies or media. It may be broadly be a combination of two elements.

- a. Combining new technologies with elements of traditional stores and direct mail models.
- b. Using new technologies to replace elements of store or direct mail retail.

**B2C:** Business to Consumer communication is the one type of e-Business communication where selling takes place to members of the public. This enables consumers log onto the Internet to buy and enjoy a product, and allows business of all sizes to reach consumers all over the world. It encompasses Internet commerce, Interactive TV, Electronic Mail Order and Phone Sales etc.

**B2B:** Business to Business communication is the electronic transaction between the manufacturer and its intermediaries come under to B2B e-commerce communication. It is usually suggested that there is some form of negotiated relationship between supplier and company and it is mainly used for corporate procurement. Trading information and communication between parties is being exchanged electronically using agreed upon protocols implemented through specific commerce solutions put in place to facilitate this interchange. It comprises transactions tendering on Internet, Intranet, Extranet or EDI etc. Yet, the B2B application already exists in the export sector of Bangladesh, especially in the Ready Made Garments (RMG) industry.

**C2B :** Consumer to Business is the another type of e-commerce which allows prospective organization, manufacturer and even service center to visit their website and offers to buy on hand products at the requested price. When the organization accepts their offer, the consumer is then obligated to sell that product to that organization. www price line is the good example of this type of e-commerce communication.

**B2G:** Business to Government communication is a new type of communication, which involves electronic transaction between government and business organization. It contains public tenders, trade procedures e.g. customers etc.

**C2C:** Without any involvement of business and middleman 'Consumer to Consumer' e-commerce takes place as the last type of e-commerce communication on the internet. When receiving announcement of selling a particular product from any consumer through consumer exchange website, one can acquire that product by bidding against each offer for their own interest of the both parties.

## Some Generic Reasons for Going Online

- 1. Expand market reach:** This is one of the major advantages of doing business online. A little company now has the ability to reach markets far beyond its traditional vicinity while also gaining access to markets beyond its current customer base.
- 2. Visibility:** The Internet gives the small and medium sized company a chance to level the playing field to some extent. On the Internet each company is reduced to the common size of the customer's browser window. While creating the original web presence may not be inexpensive, the cost of subsequent maintenance is minimal. The Internet provides cost advantages for businesses in being able to update information, post features, and simply maintain a site that is perennially current at a minimal cost and time lag. These features combine to generate a greater presence within the present target market while gaining a greater component of their mind share.
- 3. Enhance responsiveness:** One of the greatest benefits of doing business online rests in its ability promote relationship building with its customers and partners. The Internet is unmatched in its ability to increase responsiveness. Examples of this responsiveness are clearly visible in companies such as Dell UPS and FedEx that now allow both partners and consumers to check various facets of their transactions directly by logging onto their web sites. This interconnectedness comes at a lower cost and on demand thus, providing a more efficient method to respond to customer needs/ wants.
- 4. New services:** Introducing new services in traditional markets is difficult and expensive. The Internet provides the option of introducing new services for customers, partners, and employees at a minimal incremental cost.
- 5. Strengthening business relationships:** The ability to enhance business-to-business communications has a huge potential. In the past companies were using EDI electronic data interchange to streamline business processes and enhance communications. Through EDI suppliers, manufacturers, distributors and retailers were able to share information and enhance the flow of information and goods through the supply chain. While the concept of EDI was good implementation was lagged because the technology cost a considerable amount and hence was affordable only for the large organizations that could afford the accompanying infrastructure cost. The www changed all this.

Now the benefits of shared information can be enjoyed by organizations of all sizes big or small at a fraction of the cost.

Access to real-time data enhances efficiency, which improves productivity and profitability, further the nature and content of information that can be shared has broadened in scope. The multimedia nature and real time capabilities of the Internet are fostering an environment that is conducive for relationship building.

**6. Cost Reduction:** This feature has been realized and well understood by the organizations of the 21<sup>st</sup> century. The blossoming and adoption of the Internet has seen businesses realize enormous cost savings by moving a myriad of services online. From customer service centers, to online tracking of packages, to online brokerages the list is endless. The ability to digitize offerings and provide products/services on demand has lead business to realize two allied goals of enhanced service at a reduced cost of product, support, and service.

### **Potential Benefits Associated With e-Business**

**Global accessibility and sales reach:** The online community is on around the world 24 hours a day seven days a week. Businesses now have the opportunity to expand their customer base, and in some instances even their product line.

**Closer relationships:** The Internet is structured to facilitate two-way communications that is ideal for bridging the spatial gap between an organization and its customers. The open standards inherently associated with the Internet translate into interoperability between companies and their web sites.

**Reduced costs:** As mentioned in the discussion earlier businesses have recognized that this new technology can be effectively deployed for the dual purpose of enhancing customer service while lowering costs. Numerous examples of deploying the Web for providing services such as customer service, customer information centers, software download centers, have become mainstream and are here to stay.

**Tailor made offers and customer loyalty:** Today's software developments give businesses the ability to customize the entire web site for each single user with no incremental costs. Mass-customizations allow the marketer the ability to create web pages, products, and services that suit the requirements of the user. A customized web encounter does not end with a preferred page layout, but on the other hand extends to a pre-selection of goods and services.

## Six C's of Web Service

1. **Convenience:** Online buying is convenient. The consumer has access to an endless array of product and services all from the convenience of home.
2. **Costs:** Cost comparisons are easily done on the WWW. This process had been further improved with the deployment of programs called bots. These are electronic shopping agents or robots that comb Web sites, to compare prices and product service features. Factor in search costs and the consumer now has the ability to minimize both the search cost and monetary cost of the product without ever leaving home.
3. **Choice:** As mentioned above the array of products and services that are offered on the WWW is enormous and growing each day.
4. **Customization:** This has been a major coup for online marketers. Visit a company such as (<http://www.bluedfly.com>) and you now have the ability to customize your shopping experience. Merchants now allow consumers to define their entire shopping experience. Bluedfly a clothes retailer on the WWW allows visitors to customize an individualized catalogue, which is updated each time a customer log on. Customers specify product categories of interest and hence are exposed to only those only products that interest them.
5. **Communication (Interactive):** With the growing diffusion of a wider bandwidth this promise of the Web is finally being realized. It is currently possible to engage in an electronic dialogue with a Web merchant and as bandwidth is enhanced the capabilities will be enhanced to include audio and video formats. Some merchants such as Landsend. com have already incorporated these features into their Web strategy.
6. **Control:** The Web empowers individuals by giving them access to information. This information translates into the consumer gaining control in all facets of the exchange. The automobile industry has just begun experiencing the implications of this realignment. It is now reported that in excess of fifty percent of all auto purchases were preceded by information searches on the WWW. (Singh).