

# B2B E-Commerce Development in Syria and Sudan

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## INTRODUCTION

There is a revolution transforming the global economy. Web technology is transforming all business activities into information-based. The rate of technological change is so rapid that electronic commerce (*eC*) is already making fundamental changes in the electronic landscape. *eC* over the Internet is a new way of conducting business. It has the potential to radically alter economic activities and social environment and it has already made a major impact on large sectors such as communications, finance, and retail-trade. *eC* has also been hailed as the promise land for small and medium sized enterprises. Therefore, it will no longer be possible, operationally or strategically, to ignore the information-based virtual value chain for any business. *eC* promises that smaller or larger companies as well as developed or developing countries can exploit the opportunities spawned by *eC* technologies and compete more effectively.

The introduction of the Internet for commercial use in 1991 had created the first real opportunity for electronic markets. It offered a truly global publicly available computer network infrastructure with easy and inexpensive access. After nearly three decades of not-for-profit operations, the network was transformed into a worldwide digital market place practically overnight. This shift from physical market place to a digital one had contributed a great deal to cost reductions, speeding up communication, and provision of users with more timely information (Shaw, Gardner, & Thomas, 1997; Timmers, 1999).

It is, then, clear that *eC* is still a phenomenon that is waiting to happen in any big way. Companies are optimistic about its future impact, as long as issues regarding skills development and technological and managerial constraints of existing systems can be alleviated. These are the conclusions of recent independent pieces of research which largely agree with each other that although the Internet is widely used for

finding information, it is still at an early stage in terms of real business benefits and has not started to make its mark on the bottom line through either reduced costs or increased sales as it has been indicated by McLean-Smith (2000).

The Internet is growing so fast to the extent that (although figures may differ in different studies) there were 150 million online users worldwide in 2001 and the number is expected to increase to 500 million by 2005 (Kamel & Hussein, 2001). Among those users are companies, which believe that the Internet is an attractive means to do business and attract customers.

Despite the failure of hundreds of *eC* businesses since the dot-com crash in 2000, companies are still investing and operating in digital economy. A recent study reported in Teo and Ranganathan (2004) expects that global B2B *eC* will reach \$2.77 (US) trillion by 2004. The main benefits identified by the research are the reduced costs, mentioned by 57% of the respondents in the study, with 66% crediting their Websites for bringing in new customers.

*eC* is the use of new information systems such as the Internet to conduct business. *eC* applications include new ways of conducting business between and across organizations (Applegate, Holsapple, Kalakota, Rademacher, & Whinston, 1996). However, *eC* requires advanced technology, management approaches and informed customers.

This chapter reports on the results of an exploratory study of B2C *eC* development in developing countries drawing on data collected from Syria and Sudan. It investigates the development and use of B2C *eC* applications in Syria and Sudan and reflects upon management approaches, employees' skills level, and problems that hinder *eC* development.

The study concludes with future strategies and directions of B2C eCommerce in the developing countries and suggestions for future research.

## BACKGROUND

B2C *eC* applies to any business that sells its products or services to consumers over the Internet. It includes remote (or home) shopping, banking, and stock brokerage, accompanied by (and in some cases, so far paid by) online advertising. The intended audience for this market has not reached a critical mass, although the immense potential of this segment is driving much of the interest in *eC*. B2C marketing is no longer driven by mass marketing but rather by target marketing and interactive dialogues with customers (Bradley & Nolan, 1998; Kowtha & Choon 2001). The opportunities that B2C *eC* promises may be realised in the following broad areas of business activities:

- **Target customers:** Obtaining a target audience through customer information.
- **Buyer values:** Understanding what the customers are really looking for.
- **Customers retention:** The value of customer retention and loyalty (lifetime value of a customer).
- **Customer equity:** Placing the emphasis on customer equity instead of brand equity.
- **Mass customisation:** The ability to customise products on a mass basis, requiring a one-to-one dialogue.

While companies are now required to know more about their customers and work to retain them, there are a number of challenges that make it even more difficult to win in a business to consumer sale. Those challenges are:

- The increasing number of consumers' choices.
- Competition for attracting and retaining customers.
- Consumers' and businesses' access to real-time information requiring faster decision-making.

Also the World Wide Web has changed the marketing/selling experience for businesses and their customers because of a number of unique characteristics, namely:

- Interactivity
- Fast response
- Global reach
- Tailored and targeted information
- Compressed marketing/sales cycle.

On the other hand *eC* is also changing the paradigms for pricing, buying and selling to consumer. New virtual companies like Virtual Vineyards and Amazon.com maintain zero inventories yet they successfully sell to consumers. They assemble a number of service pieces that are required to deliver the product to the customers. These service parts include:

- A Web site
- Just in-time inventory system
- Strategic alliances and partnerships
- Electronic payment options
- Delivery methods for the physical products.

## eC in Developing Countries

The business opportunities stemming from *eC* technologies are believed to be not far from reaching for developing countries (Molla & Licker, 2005). Several studies have been conducted to investigate the potential as well as the inhibitors of developing *eC* in developing countries (Archiburgi & Pietrobelli, 2003; Enns & Huff, 1999; Hempel & Kwong, 2001, James, 2005; Kamel & Hussein, 2001; Molla & Licker, 2005; Omole Wambogo, 2001; Oyelaran-Oyeyinka and Lal, 2005; Rosenbloom & Larsen, 2003; Travica, 2002). The belief that cost reduction benefits can be realised relatively easily leads business to consider Internet applications in order to offer their products and services and support their customer. Cost reduction is the main driver for *eC* in the developing countries as well. However, studies indicate that several barriers inhibit the diffusion of the Internet (Kiiski & Pohjola, 2002) and the full exploitation of *eC* potential (UNCTAD, 2003). Privacy issues and Communication channels (Clarke, 1999), as well as faster knowledge transmission does not automatically imply that developing countries benefit from technological advances (Archiburgi & Pietrobelli, 2003; James, 2006). The digital divide between developed and developing countries that can be measured in terms of the inequality in access to Internet uses and the necessary skills and resources that can be deployed for *eC* development (Oyelaran-Oyeyinka & Lal, 2005)

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