

Chapter 5

Examination of the Extent and Effects of Strategic Management on E-Commerce Companies

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ABSTRACT

Internet technology can be used not only in commercial applications but also in the implementation and distribution of public services like education and health, making e-commerce essential not only for the business world but also for all of society. Thus, companies can take advantage of internet opportunities in order to develop their strategies in e-commerce environment, creating working groups by bringing together employees in different geographical locations with tools such as newsgroups, communication rooms, etc., benefiting from customer suggestions. Therefore, it is important to examine and analyze the companies that have commercial activities in e-commerce environments in terms of strategic management. From a strategic point of view, the aim of companies should be to increase their activities by influencing their existing customers and continuously gaining new customers within the e-commerce environment.

INTRODUCTION

E-commerce is about the purchase and sale of products, services, and information through computer networks and is a very important phenomenon for both companies and consumers. E-commerce provides marketing platforms for products, services and information, enables customer support before and after the sale, and builds commercial communication between organizations and customers through computer networks. Furthermore, e-commerce enables instant access to information, products and services all over the world. The organisations with strong internet infrastructure can offer 24/7 e-commerce options, which eliminate ‘time problems’ that limit the shopping experiences of consumers/customers.

Due to ever-increasing competition and constantly evolving market conditions, society has created the concept of a new economy. When we say new economy, we think of a situation where people’s mental activities have adapted along with the formation of advanced technologies. This concept of a new economy

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is also considered a creation of e-commerce organisations operating over the internet (Marangoz, 2014). Most importantly, e-commerce companies offer products and/or services in the internet environment to other regions, and they have to think fast and make swift strategic decisions in order to create value. In this new economic environment, the products and services of e-commerce companies depend on two different technologies (Marangoz, 2014):

- Information
- Communication

The tools of these technologies are computer software, telecommunications, and the internet. E-commerce companies benefit from the opportunities provided by the internet environment: keeping records and information on virtual platform, the ease of accessing information in an electronic environment any place and at any time without the need of another person.

Indeed, it is specifically because the Internet allows consumers to compare products/services according to their prices and quality before making decisions and purchase dependent on budgets and requirements that e-commerce companies must consider these factors before creating their strategy (Zwass, 2003). Internet technology offers access to information regardless of location and in the event of problems experienced by customers, the ability of e-commerce companies to use internet to reach information increases a company's responding to the needs of its customers (Dixon & Quinn 2004). In this way, customers value the service they received and remain as permanent customers. Thanks to ever-developing technology, the Internet provides an infrastructure for sharing data and enables the co-operation of employees. In terms of business strategies, there are two types of e-commerce companies: companies with no physical stores or those with physical stores (Erkan, 2012). At the same time, there are two types of operational dimensions within e-commerce: Narrow or Broad sense. A Narrow business strategy allows businesses to carry out their activities freely and offer their own products and services to consumers over web-based systems (Bozkurt, 2000). In the broad sense, an e-commerce business strategy is defined as the inclusion of special e-commerce systems in addition to the shopping experience of consumers/customers over the internet. In this article, the importance of e-commerce in terms of its advantages and disadvantages, as well as its effects on an organization will be examined within the framework of strategic management.

DEFINITION OF E-COMMERCE

E-commerce in the internet environment not only enables more efficient transactions, but also provides an opportunity for companies to take advantage of cost advantages and provide better service to customers. The internet provides opportunities to companies to reduce their costs while making it possible for most services to be carried out online (Lituchy & Rail, 2000). The rapid growth of the internet enables service and manufacturing companies to create a distribution channel at a low cost and to have easier access to global markets (O'Connor, 1999).

Nowadays, the quality of customer service can be evaluated according to the services companies offer through the Internet (Heung, 2003). With the emergence of the Internet and the continuous development of Internet technology, the search and purchase behaviour of consumers has changed significantly. The service and products of companies can be compared as there are many web portals publishing evalua-

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tions, therefore it leads companies to provide products and services that are customer-oriented. The most important privilege offered by e-commerce is that customers use the opportunities offered by technology with devices such as smart phones, tablets, laptops, etc. (it may even be possible to make purchases from smart wristwatches), and they can now receive service whenever and wherever they want (Chung & Law, 2003). Customers who are interested in technology can also select parts according to their requirements and likings and create the product themselves. The opportunities provided in the e-commerce environment change the shopping habits of the customers, allowing them to order over the internet, save time, and get the products delivered to their prepared location instead of visiting stores. In this way, customers enjoy and value the shopping experience more fully.

Law (2000) explains that the internet allows direct communication with customers and suppliers by eliminating barriers. In particular, the fact that customers give more importance to the quality of service has led companies to start offering more personalized services to their customers through their website (Lituchy & Rail, 2000). Due to the faster growth of the services sector, the use of traditional indirect distribution channels has decreased and more direct channels have developed (Williams & Palmer, 1999). As consumers & customers gain more internet experience, the probability of them getting used to electronic shopping rises (Card, Chen, & Cole, 2003). Companies that understand the importance of e-commerce see their web sites as a tool that brings 80-90% of business from around the world, with the internet being the most important primary marketing tool (Eimer, 2000).

Since 1995, with the increase in internet usage, e-commerce has become more widespread and gained importance in terms of competition between companies (Wymer, & Regan 2005). During the years that the Internet was not an option or was not widespread, the companies would offer their goods and services to markets using tools such as radio, newspaper, and television. In today's world, the wide use of the Internet gradually caused an increase in virtual markets, both in terms of the number of e-commerce businesses and the number of products & services offered to customers. In terms of business strategies, there are two types of e-commerce companies:

- Companies without physical stores
- Companies with physical stores (Erkan 2012).

Narrow e-commerce refers businesses that operate freely, offering their own products and services in web-based systems (Bozkurt, 2000). Whereas, broad e-commerce is described as shopping on the internet, which includes special electronic commerce systems. Specifically, companies should consider some important elements during their decision-making process, before starting their activities in the e-commerce environment:

- Electronic Funds Transfer (EFT)
- Electronic Banking, Electronic Data Interchange (EDI)
- Electronic Message Sending and Receiving etc.

Electronic Funds Transfer (EFT): The EFT system is used as a transfer of money between two banks. Today, thanks to the internet banking offered by banks, payments can be made via smart phones, tablets, and laptops at any time with EFT (Coşkun, 2004).

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Electronic Data Interchange (EDI): EDI was first used in North America in the 1960s, and it is also called information exchange. The aim of the system is to reduce paper consumption, help commercial transactions between companies, and provide faster shipments (Sezgin, 2013).

Sending and Receiving Electronic Messages: From the 1970s until present, messages have been sent through the internet, and the most important tool for sending messages has been e-mail. One of the main objectives in the development of the e-mail system is to prevent the consumption of paper and to quickly communicate information (Çubukcu & Bayzan, 2013).

The New Economy: The concept of the new economy was created by businesses offering their products and services through their web pages (Marangoz, 2014). In particular, the new economy is a situation where people's mental activities increase in pace with the development of advanced technology opportunities. Thus, the emergence of the new economy concept is to increase customer potential by reaching more consumers, while improving thinking and decision making.

In the new economy, products and services are based on two different technologies (Marangoz, 2014):

- Information (structured and formatted data)
- Communication (transfer of information from sender to recipient)

The tools needed to these two technologies are computer software, telecommunications, and the internet. One of the most obvious advantages that the Internet provides is advertisement for e-commerce companies that costs less if at all (Rogers, Bennett, & Grewal, 2007). With the increasing number of social network users over the internet, e-commerce companies have started to display their ads on social networks primarily because smart phone users share information around their social networks, increasing ad visibility with their social media activities.

The Historical Development of E-Commerce

In 1950, the production of computers started with the advent of ARPANET, the name that represented a project between the army and university in 1969, and later became known as the Internet (Erkan, 2012). With the discovery of the Internet, people began to communicate more easily, and with the development of communication opportunities, this innovation led to the development of e-commerce (Zhu & Kraemer, 2002). And, through e-commerce, companies found new markets and started to increase their market share, starting with the company that made the first sale over the Internet an American restaurant in central Texas. Starting in 1990, with widespread internet use, e-commerce was one of the most innovative concepts in today's world. Just a couple years later, in 1994, a Pizza Hut restaurant accepted its first order via their web page, followed by the establishment of some of the most important companies of e-commerce: Amazon.com in 1994, and Ebay.com in 1995 (Worzala et al., 2002).

Marketing and trade have been reshaped through the development of the Internet (Yeşil, 2008), but within the e-commerce world, there are differences between concepts of marketing and trade. Trade is limited to the exchange of a product between seller and buyer; however, marketing is about providing product information, promotion, and after-sales activities. The gains achieved in trade and marketing are two important concepts in terms of strategic management, and on the Internet, trades between the buyer and the seller mean more marketing. The traditional marketing is very costly and takes time to reach people; whereas, internet marketing can reach millions of people, if not billions, in seconds using an effective marketing method (Hart, Doherty, & Ellis-Chadwick, 2000). Internet marketing has many

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advantages compared to traditional marketing methods, including the necessity of face-to-face contact with customers in business relations, a key disadvantage in traditional marketing (Schibrowsky, Peltier, & Nill, 2007).

As a whole, the modern e-marketing methods are strategically important, as they are faster, less costly, and do not require face-to-face contact with customers. Therefore, when we look at the characteristics of the development of internet marketing (Figure 1), there are important elements of e-commerce environment.

Before the internet, some international brands were providing distant sales in a diverse ways.

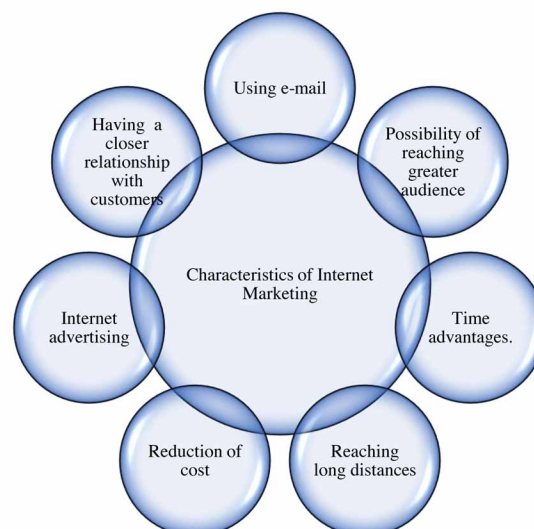
Companies such as Oriflame and Avon were performing their marketing activities in traditional ways prior to e-commerce (Erkan 2012). Similarly, there were companies such as Shopping TV and Top Shop which carried out marketing activities with TV programs. Nowadays, these companies still continue their activities, showing the importance of e-commerce.

Scope of E-Commerce

Information technologies, communication, and similar concepts are parts of e-commerce (Yeşil, 2008). Each activity within the commercial sector has results on the internet that are seen as e-commerce. Businesses want to keep in close contact with their suppliers in order to respond to the expectations of their customers more efficiently. It is possible to look at e-commerce from two perspectives: the commercial and service vantage point. The commercial aspect of e-commerce depends on technology; whereas, the service aspect of e-commerce is related to providing information, payments and similar services over the internet (Forman, Goldfarb, & Greenstein, 2005). In short, e-commerce is the sale of goods and services, carrying out transactions such as insurance, distribution, etc. over the internet.

When we consider e-commerce in a broader sense, there are several issues listed below that companies should give attention to in terms of strategic management and customer satisfaction (Marangoz, 2014):

Figure 1. Characteristics of Internet Marketing



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Scope of E-Commerce

- Production planning and production chain creation
- Electronic exchange of goods and services
- Bank operations in a virtual environment
- Electronic bank transactions and fund transfers
- Ordering
- Sending a bill of lading via the internet
- Customs clearance
- Public procurement on the internet
- E-mail related transactions
- E-share and stock market trading
- Transfer of intellectual property rights
- Making a deal
- Production planning
- Taxation on the internet
- Creating and transferring on-site information
- Marketing to consumers
- Keeping and monitoring of trade records
- Electronic signature and electronic notary

Scope of E-Commerce Summary

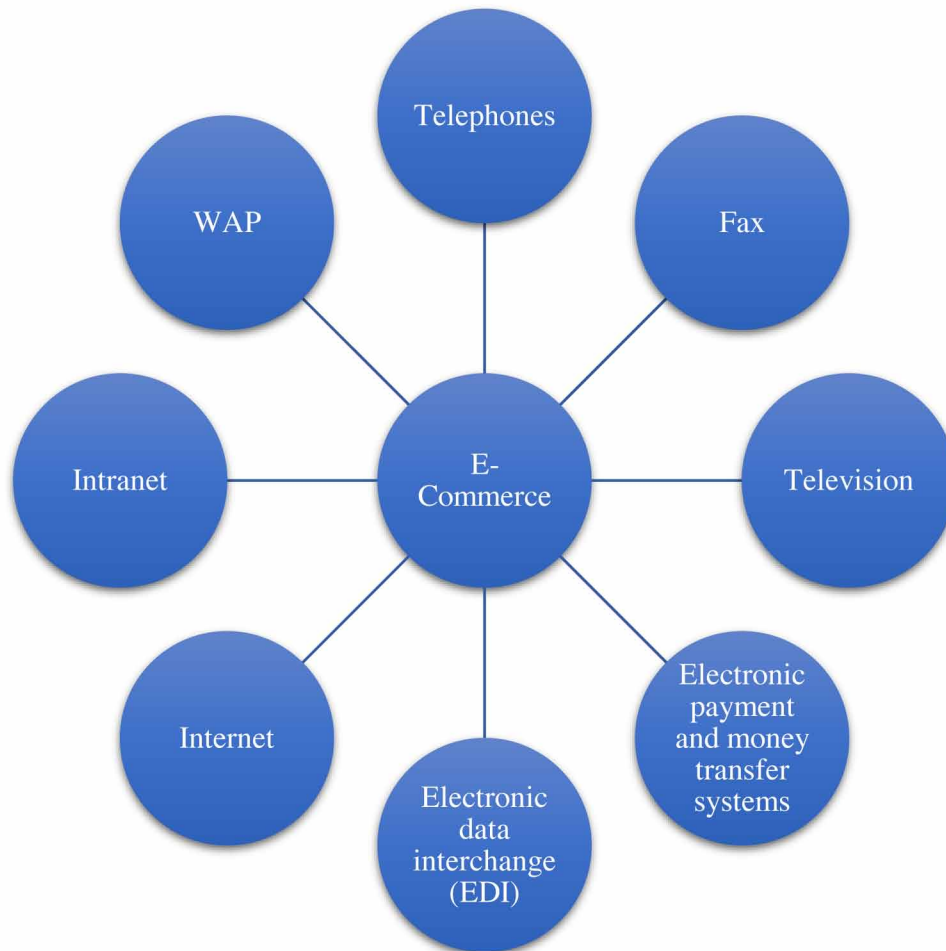
Carrying out business activities in the electronic environment is called e-commerce, which includes electronic processing and transmission of commercial transactions in text, audio, and video format. E-commerce includes all activities related to the design, production, promotion of products, commercial transactions and payments, as well as all types of activities through computer networks (King, Sen, & Xia, 2004). In summary, e-commerce covers all kinds of goods and services. In order to conduct e-commerce relations, it is necessary to have communication facilities with internet technology, and the most efficient and rapid development of the internet is definitely web pages where businesses with specialized e-commerce activities can be accessed using web search tools (Kaufmann, Cliquet, & Achabal, 2010).

Many IT companies continue their R & D activities through new e-commerce tools and environment, some of which are;

Electronic commerce has developed very rapidly because the Internet environment eliminates time and space limitations, providing low costs and commercial transactions that can be carried out by one or more people in an interactive platform. Additionally, the internet is more flexible than other e-commerce tools, resulting in the difficulties and barriers of the trading environment decreasing (Ene, 2002).

The important points of e-commerce can be listed as follows: (Dolanbay, 2000)

- E-commerce is the largest business gateway to the world.
- E-commerce may require radical decisions in all working methods.
- E-commerce addresses consumers through a different culture.
- In the e-commerce system, it is almost impossible to detect the mass of consumers and the market share in advance.

Examination of the Extent and Effects of Strategic Management on E-Commerce Companies*Figure 2. E-commerce Tools*

- The future position of the e-commerce business will be determined by planned services.
- E-commerce requires leaving the idea of regionalism.

E-commerce activity types can be examined according to their legal status (Arıkan, 1999).

Promotion activities on the market: The buyer and seller in the e-commerce environment without face-to-face contact;

- Sellers carry out market research, product planning, and advertising the product
- The buyer determines the best product by comparing them in an e-commerce environment.

Contractual activities: At the stage of contracting in an electronic environment;

- The buyer orders the product under the terms and conditions.

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- The seller can start the transaction according to the order.

Communication between the two sides about logistics operations:

- E-commerce can provide systems that show the location of the product, transfer, and delivery processes.

Activities related to the payments:

- Payment and billing are among the activities of e-commerce in an electronic environment.

E-Commerce Standards

Some of the standards that e-commerce companies must follow (Canpolat, 2001; Çakırer, 2013):

- E-commerce companies should develop the Frequently Asked Questions (FAQ) section.
- E-commerce companies should inform their customers about the amount of existing products, delivery times, and estimated delays.
- The customer should be able to see the product stock information about the product he or she wants to buy.
- E-commerce companies should inform the customers regarding the return procedures before the purchase of the product.
- The customer must be able to see all the billing information of the company before purchasing the product.
- E-commerce companies should specify the warranty conditions for each product to their customers.
- Customers must be informed about after-sales support and services.
- E-commerce companies should put “search engines” on their websites which enable their customers to easily search for products or services.
- E-commerce companies should announce that the customer information is secure and will not be shared with third parties.
- E-commerce companies cannot request information unrelated to business transactions (such as race, religion, sect) without the consent of customers, and if they get this information with the consent of their customers, they should take preventive measures to keep it confidential
- E-commerce companies should take measures to prevent brand age and protect their logo against any abuse.
- E-commerce companies are responsible for the security of all information regarding payment, financial information, and buyer identity.
- E-commerce companies should correct the missing and/or wrong information as soon as possible.
- E-commerce companies should provide payment facilities (Credit Card, Debit Card, EFT/Money Transfer etc.) for the customer who want to buy the product.
- E-commerce companies should get the payment of the product either during the online sale or when the product is delivered.
- E-commerce companies should indicate when the customer will be charged for the purchase of the products on the last transaction page.

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- E-commerce companies must notify the customer in advance of the delivery date of the product.
- E-commerce companies should notify the customers about the products they ordered by e-mail, fax, sms, or through web pages.
- E-commerce companies should ask the billing information of the customer.
- The customer should see the latest status of the product with internet-based reporting.
- E-commerce companies should insure the product against any damage that may occur during delivery.
- E-commerce companies should tell the customer how long it takes for the product to reach the customer.
- E-commerce companies should provide cargo information about the product by e-mail, fax or web page.
- E-commerce companies should provide customers the right to return the product in a pre-specified period and offer refunds as soon as possible.
- E-commerce companies should provide information about the return conditions and the refund policy regarding the product.
- E-commerce companies should provide information about the last return date with the refund conditions.
- The customer should easily be able to access the return conditions on the e-commerce company's website.
- E-commerce company's web page should display a link to customer services.
- E-commerce companies should review and respond to questions and complaints about products and/or services from customers.
- E-commerce companies should provide the customer with the opportunity to contact the manufacturer if they cannot solve the problem regarding the product and/or service.
- E-commerce companies should inform the customer after supplying a product that is not in stock.
- E-commerce companies should inform the customer if it cannot supply the requested product.
- E-commerce companies should inform customers about changes in the policies of the company.
- E-commerce companies should not collect specific information for themselves and third parties by taking advantage of the naivety and inexperience of children under 12 years of age without the direct knowledge and consent of parents.
- E-commerce Companies definitely should not take orders from children without the consent of parents (Canpolat, 2001; Çakırer, 2013).

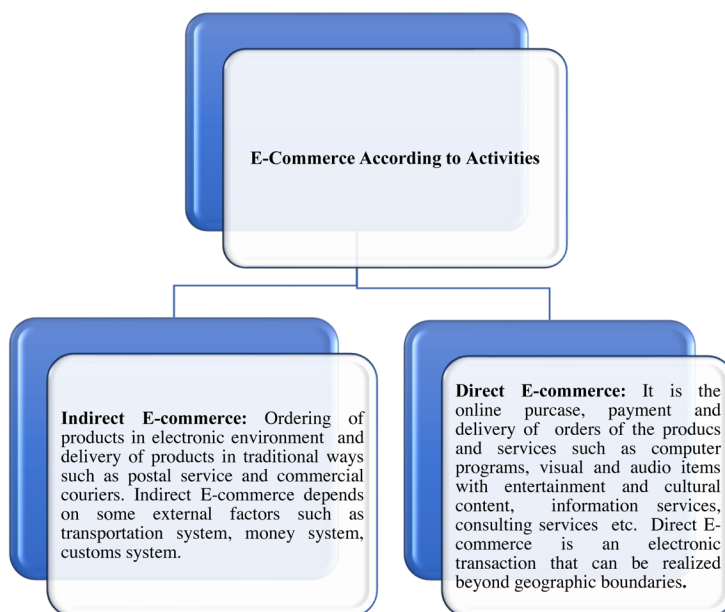
E-Commerce According to Activities

E-commerce activities can be examined in sections, according to their activities both indirect and direct (Ene 2002).

Indirect Parties to E-Commerce; The main indirect parties of e-commerce are buyers, sellers, manufacturers, banks, brokers, insurance companies, transport companies, non-governmental organizations, universities, customs offices, Foreign Trade Offices, and information technology companies. Networks that the parties communicate with are multiple: the Internet, Intranet and an Extranet (Özbay & Akyazı, 2004).

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Figure 3. E-commerce activities (Ene 2002)



Effects and Benefits of E-Commerce

E-commerce has caused some economic and social changes (Arpacı & Uluçay 2012).

- Through e-commerce, economic impacts are increasing.
- Through e-commerce, competition is increasing among organisations.
- Through e-commerce, the overall costs of organisations are decreasing
- Through e-commerce, the decrease in costs is reflected in the prices of the products.
- Through e-commerce, product options are increasing.
- Through e-commerce, market power is transferred to the consumer.
- Through e-commerce, 24/7 continuous trading and shopping opportunities are offered.
- Through e-commerce, ‘transparency’ and ‘openness’ are becoming widespread.
- Through e-commerce, the importance of being geographically close to the market is disappearing.
- Through e-commerce, the efficiency of web-based marketing and online order is increasing.
- Through e-commerce, the market structure is changing.

E-commerce has different effects on companies, societies, and individuals. E-commerce companies are more adaptive to the conditions in the markets and to customer expectations, thereby gaining competitive advantages against other companies (Ngai & Wat, 2002). With e-commerce, business processes are shortened, daily work tracking takes shorter time frames, costs decrease, and productivity increases. Thanks to e-commerce, companies can increase their product options on their web pages, the quality of the products increase as the buyers have the opportunity to make comparisons, payments can be made quickly and with different methods, and the product can be delivered faster (Molla & Licker, 2005).

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Furthermore, the entry of low-priced and high-quality products into the market leads to increased competition among manufacturers and reduces the cost of all business transactions. Thanks to e-commerce and the development of Internet technology this development starts from computers and goes up to the smart phones and smart wristwatches today, information provided to the customers about the products in the market from all over the world and new manufacturers are allowed to enter the world market (Wade & Nevo, 2005). It is almost impossible for us to imagine what technology will come up with in the next 10 years as it continues to develop. In fact, these developments push companies to make new strategic moves and to think with a technology-focused approach. E-commerce brings manufacturers and consumers together and eliminates commercial barriers and disadvantages: distance to the market, lack of information, and an inability to produce according to demand etc. If companies do not have any knowledge and experience in e-commerce, they are still able to use the Internet for the purpose of advertising or market research in the first stage (Becker, 2007). As they gain knowledge and experience, they can start to conduct more professional e-commerce activities. E-commerce is the best solution for companies that want to sell abroad but cannot open stores. Although the initial investment costs are high, it is still an economical alternative due to the fact that the company will have less expenses over time, in terms of location, sales services, and customer service.

The Effects of E-Commerce on Economic Life

E-commerce affects almost every field of economic life and causes great changes. However, some units of business life are more affected by this change.

Economic Life Activities Affected by E-Commerce

E-commerce activities that affect economic life (Korkmaz, 2002);

- Marketing, sales, and promotion
- Pre-sale and supply
- Financing and insurance
- Business transactions: order, delivery, and payment
- Service and maintenance
- Mutual product development and work
- Using public and private services
- Public transactions, taxes, customs etc.
- Delivery and logistics
- Public procurement
- Accounting
- Automated trading of electronic products
- Settlement of disputes.

Changes Brought by E-Commerce

Changes brought by e-commerce (Kepenek, 1999)

E-Commerce carries the marketplace from a physical place to a virtual platform. The latest reorganization of shopping activities and the maintenance of trade-related services will require the training of skilled manpower to carry out these functions.

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E-Commerce has an accelerating and disseminating effect on trading and related transactions. In particular, the process of the transactions change depending on the developing technological infrastructure of the organisations.

E-Commerce increases the operating density of the economy as economic relations between businesses and consumers are reinforced by e-commerce, enabling businesses and consumers to operate on a world scale.

Businesses should be transparent towards their customers and suppliers. As a whole, the most beneficial aspect of e-commerce is that it is expected to strengthen competition, and the most disadvantageous aspect is the need to protect private information against possible attacks.

E-Commerce changes the relative importance of time since there is a principal that the economic activities are realized in a short period of time, thereby shortening the processing times.

Benefits of E-Commerce

E-commerce enables the commercial transactions & activities between the buyer and seller to be realized over the internet. Companies can engage in marketing activities about their products and/or services through the internet network, and can respond to requests and complaints from their customers, provide after-sales services, and thus, have the chance to collect significant data regarding customer satisfaction (Young, Clark, & McIntyre, 2006). The most important advantage of e-commerce is that it breaks down the traditional trade concepts and enables the buyers and sellers from all over the world to meet 24/7 (Hoffman & Novak, 2000). Thanks to the internet, companies can expand their customer portfolio by crossing borders. E-commerce is not only a matter of concern to companies, but it also concerns all consumers and customers who benefit from the opportunities and advantages of E-commerce (Gibbs & Kraemer, 2004). There are definitely positive changes through e-commerce (Afra, 2014):

- Through e-commerce, companies are growing beyond the borders and competition is increasing.
- E-commerce reduces the costs of companies.
- Through e-commerce, consumers have the opportunity to buy quality and cheap products at any time.
- E-commerce systems reduce companies' inventory costs.
- Through e-commerce, consumers have the chance to compare products and prices.
- E-commerce facilitates the planning of production, and therefore, the efficiency of production increases.
- E-commerce allows companies to provide efficient and effective customer service.
- E-commerce reduces the costs of sales, marketing, and distribution.
- Through e-commerce, companies can quickly and effectively adapt to the changes that will occur in the market as well as the introduction of products.
- Through e-commerce, trade is made easier and more efficacious.
- Through e-commerce, companies develop their commercial activities and become global, gathering more shares from international trade.

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Effects of E-Commerce on Management

E-commerce has a positive effect on working areas of the companies and on the speed of communication with their customers (Korkmaz, 2002). Consumers and customers are able to make purchases in the e-commerce environment at any time for the products and/or services they want to buy. Buyers have the opportunity to make comparisons between products and/or services, while companies with intranet network have access to up-to-date promotional advertisements and prices for products and/or services (Porter & Michael; ilustraciones Gibbs, 2001). With the widespread use of the internet, it is possible to reach the requested information anywhere and at any time (Forman, 2005). With the increasing use of this opportunity, the e-commerce companies have developed online customer service operating from their web pages in order to provide better quality service to their customers (Kantarçı et al., 2017). The internet not only offers advantages to buyers, but also allows business people to access information about the production and sales numbers from web pages at any time (Luo, Hongxin, Zhao, & Du, 2005). It has become even more important for buyers and sellers to reach information comfortably, and in today's world, the companies with different locations can collect data from each location and create working groups with Internet technology. Data from different locations and working groups create a platform where new strategically ideas and opinions are generated.

STRATEGIC MANAGEMENT AND ITS ELEMENTS AS A CONCEPT

When examining the concept strategy, we see the term 'strategos', which Greek means 'General'. What is the strategy in literature? It is a question that does not have a mutual or clear answer. According to Mintzberg and colleagues, one of the famous strategy theorists, the concept of strategy refers to "army" and "governing" (Mintzberg et al., 2003). The reason behind Mintzberg's thinking is that the concept of "General" is related to both the army and the concept of governance. Naturally it was difficult to explain in a single concept. When we look at the concept of strategy in terms of business management, it is explained as the process that defines business goals and policies. However, since the concept of strategy includes very different ideas and opinions, it has been considered from different perspectives and different definitions in the literature.

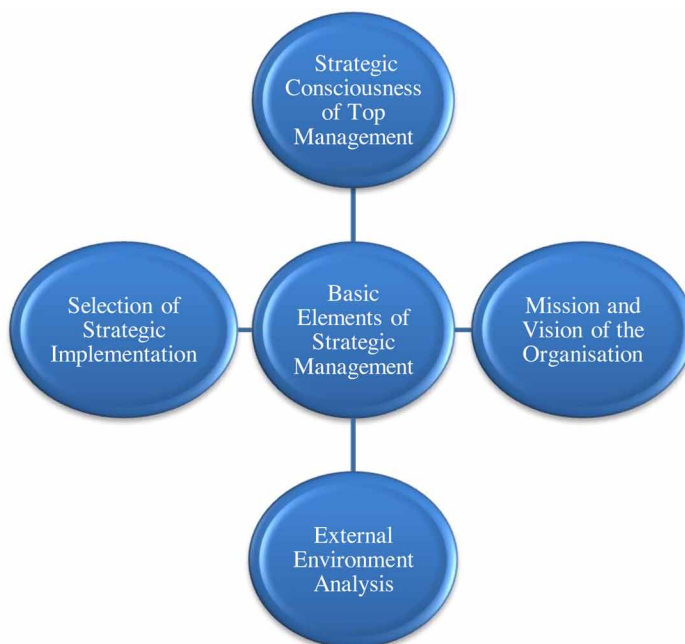
According to Eren (2010), it has been defined as a selection of elective decisions on how to optimize the operations of an organisation that has an important effect on the organization and general objectives of the business, helping a business to find solutions to complex business situations. Ülgen and Mirze (2010) define strategy as the whole of result-oriented and dynamic decisions, which are taken with a visionary perspective by analyzing the competitors, in order to reach the objectives of the business. In short, it can be explained as leaders and managers who analyze the external environment of the business, bring the resources together, and organise them effectively to achieve the long term aims of the organisation.

Basic Elements of Strategic Management

Strategic management begins with the strategic consciousness of an organisation. The initiation of strategic consciousness starts when the managers think about the various strategies of competitors, how they can develop counter moves against these strategies, and how they can benefit from opportunities and threats in the competitive environment (Hitt, Ireland, & Hoskisson, 2012). From this perspective,

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Figure 4. Basic Elements of Strategic Management



the basic elements of strategic management include important elements such as the mission and vision of the organisation, the strategic consciousness of top managers, strategic choices, and the analysis of the external environment.

If senior executives want to be successful architects and coordinators, they need to be global leaders with both intuitive and participatory aspects in analyzing and making decisions with the data they obtained (Dinçer, 2007).

Senior executives need to respond to two key questions in the strategic management process (Dinçer, 2007):

- a) What is our type of business and what is the work being done?

This question is entirely related to the mission of the business and how the organisation defines itself. For this reason, organisations have to define their missions to society in a clear, understandable, and open manner.

- b) Why are we doing this?

In order to define objectives, an organisation should answer the question of why it is carrying out the work. Companies wishing to operate in the field of e-commerce should strategically determine what they want to do, why they want to operate in this field, what their objectives are. After defining the mission, vision, goals and objectives, prospective e-commerce companies should be careful in terms of analysis, finding the right direction, determination of strategies, and the final steps of evaluation and implementation (Martin & Pénard, 2005). In terms of strategic management, e-commerce companies

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need to identify their vision. Today, vision is one of the most misunderstood and overused words. Vision means a picture shared by all employees about the organization's future; the place where the organization wants to be in the future its horizon. In other words, the vision is a cognitive design that combines the beliefs of how to reach a desired situation, how to be at a targeted place in the future (Güçlü, 2003).

In terms of strategic management, e-commerce companies need to analyze their external environment. If this analysis is not carried out, we cannot say that the life of the companies operating in the field of e-commerce will be very long because the changes and developments of the external environment are considered one of the most decisive elements of strategic management in terms of decision-making and implementation. The continuous changes in the environment and the long time horizon of strategic management increase the uncertainty and thus highlight the importance for the organisation (Mariz-Pérez & García-Álvarez, 2009). Therefore, for the decision-making mechanisms in strategic management, it is important for e-commerce companies to identify opportunities and threats through the analysis of the external environment. The external environment analysis is important for choosing the appropriate strategy for the success and development of the company in the long term (Üzün, 2000).

Types of Strategies

The selection of appropriate strategies is the most important phase of the strategic management process. However, prior to the selection, strategies should be defined and upper and lower strategies should be defined as well. We can classify strategies into two main categories (Ülgen & Mirze, 2010);

- Basic Strategies
- Strategies according to Management Levels.

Basic Strategies

Basic Strategies about the work and activities that organisations should or should not do in the future in order to sustain their lives and gain a competitive advantage (Porter 2008).

The first of the strategies is the **Growth Strategy** and refers to the numerical and qualitative development of organisations. The organisations can go further by building their existing assets and capabilities in order to improve their activities in the sector, thereby gaining more returns.

The second basic strategy is the **Downsizing Strategy** whereby organisations can withdraw from sectors where business is inefficient and focus on attracting more efficient areas: Organisations can consciously reduce some of their activities in order to generate more revenue.

The third basic strategy is **Stable Strategies**. Organisations can choose stable strategies if competition is very intense and if other strategies will not produce gains above average, or if there is no new opportunities in the market.

Finally, businesses can use any of the basic strategies simultaneously or consecutively. While implementing a stable strategy in one sector, it may turn to growth strategies in another sector. In such cases, the companies implement '**mixed strategies**'.

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Strategy According to the Management Levels

It is also necessary to classify the strategies according to responsible management levels. Strategies can be classified into three groups according to management levels, the purpose of implementation, and perspectives (Ülgen & Mirze, 2010). Corporate Governance Strategies are related to the issues that senior executives of an organisation are constantly thinking and seeking solutions to, such as what business areas to operate, how to implement activities in order to survive in the long term, and how to increase value by having a competitive advantage in the future. Therefore, this strategy is about the main areas of activity within organisations, and how they should implement their activities.

Functional Strategies are prepared and implemented at the middle or lower management levels and are functional or departmental strategies, such as marketing, production, finance, human resources, research and development, etc. which are usually dealt with at the middle management levels (Ülgen & Mirze, 2010).

The Strategic Use of E-Commerce

The first thing that comes to mind about e-commerce is the strategic threats and opportunities in business life. At the beginning of the list of strategic issues lies communication formed with business partners, competitors, and potential customers. It can be said that e-commerce is a structure that provides a new and powerful information system and communication channel to consumers and organisations with the help of information and communication technologies. This allows buyers and sellers to come together in more efficient ways and to create new markets and opportunities for the re-organization of economic processes, personalization of products, re-definition of distribution approaches to products and services (Ada et al., 2008). The strategic use of the Internet is evident by the fact that there is now 24 hours of uninterrupted communication and an unlimited flow of information. Another important issue in the use of e-commerce is the innovative change in the supply chain that are mainly made by using electronic channels with digital and electronic products, forcing the restructuring of the traditional supply chain rules (Sadowski et al., 2002). One of the most important issues here is the savings on stock costs. The acceleration of orders and their provisions leads to a remarkable reduction in inventory. Reducing inventory costs, especially in times of crisis, eliminates a huge burden for organisations and transfers resources from stock costs to more efficient areas in organisations (Bozkurt, 2000).

The third important issue in the strategic use of e-commerce is the cost issue, which can be great opportunity but also an important threat. However, this cost is not the cost of investment, it is the cost of learning and managing the technological infrastructure. For companies, transitioning to e-commerce requires the right timing. The use of this infrastructure solely for the purpose of reducing commercial costs can create a lower optimization hazard (Porter, 2002).

The effect of e-commerce on the competitiveness of companies is very robust leading to reduced costs, the elimination of barriers to access the market, ability of customers and producers to reach information easily, and more conscious consumers and changes in consumer habits causing competition to intensify (Phan, 2003). This situation forces companies to restructure and review market strategies. In addition, the fact that small, medium-sized, and large enterprises have equal conditions in terms of market entry conditions makes competition more ruthless. This point is already the most important feature that distinguishes the internet from other technological innovations. The adaptation of all economic actors to the transformation created by the internet and information technology, the development of new

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technologies, and the fact that everyone can reach these opportunities through less expensive technology increases everybody's chance to have a place in the global market (İşler, 2008).

The Driving Force And Scope Of E-Commerce Strategies

In previous studies, different perspectives of trade strategies have been shown. For example, many researchers have explored the ways in which the internet offers strategic opportunities as opposed to traditional trade (Levenburg, 2005; Pavitt, 1997). Another important research group examined the possible economic effects of trade on the internet and how internet-based e-commerce can affect pricing and competition (Wood et al., 2005). Furthermore, in terms of opportunities created by e-commerce, an important feature discovered was the power shift towards the consumer and the effect of changing power structures in the supply chain (Priluck, 2001). As the volume of shopping in the e-commerce environment grows, the internet has the potential to change physical retail transactions (Burt & Sparks, 2003).

The adoption of the internet among companies engaged in trade has so far varied. Although some companies are relatively aggressive, there are some aims to provide a wide range of product portfolios, to exist in the e-commerce environment, and to develop websites accordingly (Dholakia & Kshetri, 2004). Some small-scale companies that did not adopt the e-commerce environment preferred to continue their traditional trading practices and faced leaving the market. As a matter of fact, trading companies have seen the internet as a channel for reaching larger markets and have begun to invest continuously in their infrastructure on the Internet, which broadens and significantly affects trade volumes.

Success Of E-Commerce Strategies

The success of e-commerce strategies comes from the fact that it adopts a customer oriented method. In other words, the strategies identified in the e-commerce environment aim to measure the attitudes and reactions of the buyers and sellers and their strategic position in terms of various elements (Doherty, Ellis-Chadwick, & Hart, 2003). These attitudes and reactions may even cause changes in the design of web pages in the e-commerce environments of companies (Cliquet et al., 2007). The ease of use, quality of the web pages, the loyalty of the customers and their intention to continue shopping online, the perception of consumers, and the interaction and shopping pleasure are current strategic issues (Wolfenbarger & Gilly, 2003). In their study, Goode and Harris (2007) state that consumers place importance on the reputation, reliability, site design, and security provided by e-commerce companies. There are a reasonable number of studies about the success and failure of e-commerce initiatives (Lunce et al., 2006), with an important empirical study on the success of e-commerce companies having been conducted by Zhuang and Lederer (2003). However, this study only focused on the benefits of e-commerce and was not able to answer exactly what the cause of success was.

E-Commerce Strategies

The e-commerce strategy is the adoption of long-term activities in order to achieve a competitive advantage in a changing environment through the structuring of resources and skill of the organization to meet the expectations of stakeholders (Johnson, Scholes, & Whittington, 2008). The E-commerce strategy is vital for companies and provides a framework for operational planning, enhancing organizational efficiency,

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and clarifying the direction of organizational activities. In addition, e-commerce helps companies to achieve long-term benefits (Chang, Jackson, & Grover, 2003).

For e-commerce strategies, companies should consider their internal environment, including strategic investment logic and internal coordination capability (McAfee & Brynjolfsson, 2008). For the implementation of e-commerce strategies, the external environment should be taken into account, including market environment, market position of the organization in the value chain, and customer participation (El Sawy, Malhotra, Gosain, & Young, 1999; Urban, Sultan, & Qualls, 2000; Venkatesan & Kumar, 2004). The business transactions, application principles, and corresponding strategies can be developed considering the business environment and product characteristics for various e-commerce activities (Lee & Whang, 2001; Chatterjee, Grewal, & Sambamurthy, 2002). In addition, companies should develop approaches to evaluate the stages of e-commerce development and the implementation of e-commerce strategies (Barua, Konana, Whinston, & Yin, 2004; Hackbarth & Kettinger, 2004). The development of e-commerce strategies and the implementation of E-commerce provide frameworks for managing organizational changes in this process (Grandon & Pearson, 2004). For the successful implementation of e-commerce strategies, important factors are the use of technology and adaptive changes in business processes and in organizational structures (Benjamin & Levinson, 1993).

The lack of knowledge in the implementation of the e-commerce strategy will limit the skills of organizations in e-commerce initiatives because insufficient organizational skills block the organizational transformation processes (Gilbert, 2005). In particular, traditional companies that are not involved in e-commerce should understand the importance of acquiring information to overcome such obstacles. In order to overcome the difficulties arising from insufficient organizational skills, a successful e-commerce strategy should be implemented (Johnson, 1988).

The rapid change and development of technology and internet has also begun to change the consumer understanding of shopping. Thanks to smart phones and smart watches of the future, consumers will be able to take advantage of time saving advantages of online shopping (Levy & Weitz, 2004). Reasons for the activity of companies to participate in e-commerce field are multiple:

- A constantly expanding e-commerce market,
- Having a widespread consumer network in the field of e-commerce,
- Having ubiquitous access without any boundaries through internet technology
- Change of consumer habits due to the Internet and technology,
- Expectations of Companies to increase their revenues as a result of e-commerce activities where they can offer online purchases on their web pages.

Companies not only offer online shopping on their web pages in terms of selling products and/or services in the e-commerce environment, but also aim to provide satisfaction and loyalty for customers who buy from the company (Tek & Orel, 2008). Because, unlike traditional shopping methods, a variety of products and services can be provided without physical shelf limitation.

The power, scope, and interaction created by the Internet is considered to provide customers with a unique opportunity to experience shopping in the e-commerce environment (Doherty & Ellis-Chadwick, 2006). In particular, e-commerce provides an extremely rich and flexible new trade channel by providing information over the internet, making customer communication easier, enabling market research activities, allowing the collection of data over the internet for more swift strategic decisions, and introducing products and services through social networks (Basu & Muylle, 2003).

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From a strategic point of view, the Internet offers these opportunities to companies:

- Expansion of target markets
- Improving communication with customers
- Ensuring product diversity
- Ensuring cost efficiency
- Development of customer relations
- Offering personalized offers (Srinivasan et al., 2002).

Indeed, with the rapid growth of internet usage, there has been an increase in the volume of online shopping (Forsythe & Shi, 2003). In spite of the apparent commercial potential of the internet, many of the companies that did not have a visionary perspective and could not see that the future was technology-focused went bankrupt when the ‘.com’ exploded in 2001. Although e-commerce provides sustainable growth for companies, technology-oriented companies that develop technological infrastructure have become dominant in their sector (Min & Wolfenbarger, 2005; Evanschitzky et al., 2004).

SOLUTIONS AND RECOMMENDATIONS

There are still a number of issues that continue to be explored for companies that have operations in the field of e-commerce. Many factors such as management support, competitive pressures and technical infrastructure continue to be strategically examined. There is too much variation between studies and therefore further studies are needed in this area in terms of identifying and adopting new strategic approaches in e-commerce. Especially, it should not be forgotten that there are differences between Western culture and Eastern culture. Valid strategic management theories may cause the emergence of new theories due to cultural differences and Strategic approaches in the field of e-commerce should take cultural differences into consideration (Venkatesan & Kumar, 2004). For example, Japan might be a technology giant, but many Japanese people still use classic mobile phones which were used before smart phones. In this case, can companies that want to operate in the field of e-commerce and develop strategies offer online shopping through smart phones? Can they implement effective strategies that need to be realized through smart phones in this country? It is important to remember that this situation consists entirely of cultural differences. In the early days of the e-commerce market, many companies made a strategic mistake lagging behind the leading companies by not creating a web page on the Internet. However, companies should also offer good and secure web pages on the Internet because when consumers & customers find the web page very simple they may think the company is not reliable or secure (Rao & Frazer, 2006). At the same time, consumers see complaint portals as important reference points showing how reliable and high quality the work of e-commerce companies is.

Within this framework, there are important determinants to be considered in terms of the success of e-commerce strategies:

- Identify different factors in the e-commerce strategies that can be implemented against competitors for the success of the organisation.
- Analyze whether the identified factors are appropriate to the organizational structure of the firm
- Examine the composition of the strategic success arising from the identified factors

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- Evaluate the relationship between the scope of e-commerce strategy and its perceived success.

Opinions will always be needed regarding how e-commerce companies should approach strategy development. It is possible that today's strategies may not be valid tomorrow. When we want to criticize theoreticians in the field of strategic management, they want us to provide evidence, but the real evidence is that they forget the theories were examined in which country, in which market conditions, in which companies, in which sector. The general acceptance of a theory is determined by the extent to which it can be proven to be appropriate for every company, every sector, and every culture.

FUTURE RESEARCH DIRECTIONS

Although it is accepted that the determinants of the success of e-commerce strategies are cost and marketing, it is also strongly associated with resources. If e-commerce companies want to be successful, they should be able to distribute resources and skills to several internet transactions at the same time, and they should manage an efficient budget because the concerns over cost can have a negative impact on success. The underlying factor behind the success of e-commerce companies is the powerful management support and strategic adaptation to the e-commerce field. It is important to remember that there is a very strong and positive relationship between a visionary strategic perspective and e-commerce success. In e-commerce companies, managers must be aware of the slight differences between the determinants of success and the factors that influence the scope of a strategy. And, the management team must initiate strategic moves when they receive full organizational support in order to be successful in e-commerce. The scope and the success of e-commerce is related to a company's internet-oriented thinking, ability to carry out research activities for future use, and the steps to expand the number of users and carry out original activities.

Companies wishing to operate in the field of e-commerce should aim to benefit from sales but be cautious and adopt e-commerce models that actively involve the Web (internet) (Trice 2001). Furthermore, companies need to invest in the design, implementation, and advertising of a web site. This investment will vary according to the target audience and the organisation objectives. However, it is very important to provide a web site which generates the perception of a safe, quality, virtual environment. Investment in new technologies in the field of e-commerce will mean that the company can have more flexibility and better capacity against its competitors. The advantage of a web site is that it allows the realization of new developments and changes ahead of competitors, also forcing the organisation to rethink their business methods and processes. The most important benefit of e-commerce strategy is bringing a company ahead of competition and creating a positive impact on a firm's growth potential. Furthermore, the creation of a functional and useful web page is very important in the implementation phase. The length of time spent by consumers on the website is related to the user-friendliness and the product diversity of the web page.

CONCLUSION

From a strategic point of view, the key factors for success are the decisive steps of senior management (however, these decisive steps must definitely be future-oriented, and the data must be very well ana-

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lyzed), the realization of strategic cohesion, and the distribution of company resources and capabilities. The internet is an important, highly dynamic and global phenomenon, therefore it is important for the companies to follow their competitors, identify their weaknesses and plan counter strategic steps. In order to determine the mutual and different driving forces of e-commerce companies, it is important to analyze many factors. For example, as mentioned before, to perform similar studies in various sectors and in various countries. It is not acceptable to put forward acceptable theory from a study conducted in only one country since the theory has meaning when it is accepted by everyone. Also, the determinants of an e-commerce strategy may be related to the direction of managerial orientation or the intensity of competition. For example, companies in weak competitive markets may need greater incentives and encouragement to invest in an e-commerce strategy when the return on investment is uncertain. E-commerce companies should strategically measure the intensity of competition accurately or take into account the adoption of a specific e-commerce strategy. Therefore, in e-commerce strategy, it is useful to collect additional data about cost and performance, as well as about other multi-channel strategies (e.g. mobile commerce, social use) (Ayanso & Yoogalingam, 2009).

E-commerce companies start their activities by establishing their own websites for both communication and sales purposes. Before starting this activity, however, they should consider the multivariate concepts, such as brand value, brand image, reputation, customer satisfaction, accessibility, quality, performance, etc., which are good indicators of whether a company will stay in the market. The purpose of communication is to reach the widest audience possible and provide information about products and services. When the success of communication reflects on sales, a company starts to actively compete and take a share in the market. Finally, the companies with strong customer service may have to adopt special e-commerce strategies. Companies will have an opportunity to make comparisons between customer behaviour on the company's web site and in the store. This comparison can be related to product perceptions, shopping experiences and customer service (Jarvenpaa & Todd, 1996), customer satisfaction (Cao, Gruca, & Klemz, 2003), and behavioural loyalty (Huang, 2011). This information makes it possible to develop strategies in the e-commerce field by analyzing the reasons for different customer behaviours.

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