

BUSINESS MARKETING - TECHNOLOGY FOCUS
Prof. Jayanta Chatterjee
Department of Management
Indian Institute of Technology, Kanpur

Lecture 24 : E-Market Place

Hello, I am Jayanta Chatterjee from IIT Kanpur. We are continuing to discuss B2B marketing with technology focus. In the previous session, when we discussed about marketing communication. We discussed about sales promotion. We discussed about B2B e-marketing.

At that stage, we looked at mainly corporate websites and their roles. And then I mentioned about e-marketplaces. In this session, I am going to discuss a little bit more about e-marketing and e-marketplaces.

e- Marketing

- Marketing through the use of electronic communications technology such as Internet, e-mail, e-books and database.
- e-marketing classified as B2B and B2C.
- e-marketing through:
 - Own websites
 - e-marketplaces

Now, e-marketing is easy to understand. It means marketing through the use of electronic communications technology such as internet, email, e-books, databases, electronic databases and so on, search engines and all kinds of advanced tools that make it possible for transfer of information packages, knowledge nuggets from the seller to the buyer. E-marketing obviously is there in business to consumer domain. Our focus will be on B2B or business to business. As we saw in case of JCB in the previous discussion, e-marketing

can happen through own websites and as we will discuss in this session, e-marketing can also happen through e-marketplaces.

B2B Company sites

- Tata Steel
 - e-Procurement
 - FAQ, Auctions, Process owners, Site demo, New vendors
 - e-sales
 - Information access through SAP R/3
 - Order status, delivery status, invoices, credit notes, payment dues and credit status.
 - <http://www.tatasteel.co.in/enprocurement/>

So, for example, if you take the website of Tata Steel, Tata Steel uses their website for bidirectional B2B. That means they use the website to reach out to their customers. They also use the website for e-procurement. They use the website for various kinds of frequently asked questions or FAQs as they are called.

They use the websites to conduct auctions of scraps for example. They use it for various kinds of process owners who may be associated with Tata Steel. They use it to attract new vendors as well as they use it to reach out to possible new buyers. This kind of processes on the web will also be quite closely connected at the back end through their ERP system like SAP R3. And Tata Steel customers can get their order status, delivery status, their invoices, credit note all kinds of B2B transaction information through the website.

B2C Company sites

- ICICI Bank
 - FAQs, Demo, Benefits
 - Caters to corporate users, retail users, young stars
 - Services offered
 - Bill payment, shopping, ticket booking, prepaid mobile recharge, share trading, charity, card to card transfer
- http://www.icicibank.com/pfsuser/icicibank/online/online_index.htm

Now you can compare this B2B website of Tata Steel with a B2C website of ICICI bank for example. Now there you will see that it is in a way in many ways quite similar. But B2C websites like the ICICI will have a higher degree of focus on making banking transactions automated available through the web. In case of B2B, the actual order process may still have some person-to-person interactions.

So, the final stage may be offline in many cases. Of course, for various kinds of routine elements or for example, for scrap auction, etc., it can all happen electronically. But in a B2C website, various kinds of associated activities, to that extent, it becomes some kind of B2B activity also.

Associated activities like shopping or ticket booking or payment of mobile services or even electronic services, share trading, charity donations, credit card, debit card transactions, all that can also happen in the B2C. But in many cases my purpose of pointing out to you both kinds of websites are that many of these websites now become two-sided so they have both B2B and B2C characteristics.

e-market Basics

- e-Market Services uses the following definition of an e-market:
 - it is open to several buyers and several sellers
 - it is a trading platform, the e-market itself does not sell nor buy goods or services traded on the platform
 - it has at least one **trading function**
 - Auctions, Reverse auctions, catalogue, RFQ, RFP, tendering system ,integration

I will discuss this both sides blending a little bit more a little later. So, e-market services use the following definition of an e-market place or e-market as it is called. E-market is open to several buyers and several sellers.

It is a trading platform. That means the platform itself does not sell or buy goods or services, but they provide to others the facility to do that transaction on their electronic platform. So, an e-marketplace will have at least one trading function by way of auction, reverse auction, catalogue sale, RFQ, RFP, tendering system, integration, all that.

These later ones are related to B2B, but if you think of Amazon, for example, or Flipkart, those are e-marketplaces. As such, we are more familiar with the role of Amazon as a B2C marketplace. So, if you are looking for a computer, if you are looking for a mobile phone, you are looking for furniture, you are looking for some kind of upholstery, if you are looking for some kind of food item, for all of that, you will use Amazon. But Amazon has also a very powerful side to their website which relates to business.

So, if you are a small or medium manufacturer, So, as a small medium enterprise, you can use Amazon to make your sale happen and in that sense, all of your transactions with the Amazon site will be that of a B2B nature. We will see a little bit more as we go along.

Its not a e-market if it

- It is a website of a company selling its own products
- It is one seller acting as distributor, selling other companies goods and services.
- Its main focus is trade to or between customers.
- Its is only a provider of e-commerce solns.

Now, remember that it is not an e-marketplace if It is a website of a company selling its own products like the JCB website I was mentioning. It's not exactly an e-marketplace because it's mainly focused on JCB's products and services. So, it is one seller acting as distributor selling other company's goods and services that will not be the e-marketplace. So, in the there will be many B2B websites where you will get access to some associated products and services that does not make that website. So, the Tata Steel website is not exactly an e-marketplace website in that true sense. Its main focus is on trade to or between customers and it is only a provider of e-commerce solutions.

Why use e- markets?

- **The buyer's perspective:**
 - searching for new suppliers
 - posting your buying requests
 - searching for new or used investment goods.
- **The seller's perspective:**
 - finding new leads
 - offering new and used products for sale
 - searching through tender databases
 - getting market information about the competition

Now, why e-marketplaces are becoming more and more powerful and more popular? Because it provides a good efficient way for buyers to find new suppliers. It can help them to post their requirements, buying requests.

And it is also, e-marketplace is also quite useful for searching for new or used investment goods, capital goods. Large equipment are often actually offered online. on platforms like eBay or OLX or Quickr and so on. From the seller's perspective, the e-marketplace offers to find new leads, offer new and used products for sale. You can search for, so you will go to Amazon for new products.

You will go to OLX for used products. Or, of course, you can go to eBay for both. And there are many e-marketplaces which provide you to go through databases of tenders out in the market. So, that helps you to find new sales leads. And, of course, you can also get a lot of information about your competition from the e-marketplaces.

How to select an e-market?

- Checklist- Selecting an e-marketplace
 - Identify the e-marketplaces in your industry and targeted markets
 - Ownership and history
 - Liquidity
 - Membership and costs
 - Security and privacy
- Consider the most significant e-marketplaces
 - Export: www.exportersIndia.com
 - Commodity: www.tradendia.com
 - Multiple industry e-marketplaces: www.ariba.com-SAP
- Find one that you can trust

This is an interesting and useful slide to understand that how do you select an e-market. So, the checklist for selecting an e-marketplace is identify the e-marketplace in your industry and targeted market. So, if you are looking for metal, particularly steel and related iron and steel products, Metaljunction.com for example will become a very useful e-market site. It also helps to improve liquidity on both sides.

There are memberships and some costs associated that helps us to filter and qualify the participants from the independent platform owner. So, you can have some assurance of quality and genuineness when a particular vendor or a particular buyer has been qualified by the e-marketplace website. So, some of these websites which I have mentioned here you can explore and get the various functions that are increasingly available more and more on these websites.

So, you can go to exportersindia.com, you can go to tradeindia.com and you can go to ariba.com which is part of SAP now and you can find therefore both vendors as well as buyers through these e-marketplaces whom you can trust.

B2C	B2B
Caters to customers	Caters to both vendors and customers.
Stress on commodity sales	After sale services vital
More of transactional relationship	Collaborative relationship
Instant sales	Involves long procedures
Cost saving through discounts	Cost cutting through tenders and quotations.
Virtual simulation important	Specification and information sharing
Catalogues, lists, advertising, bids	Tenders, market integration, reverse auctions, quotations

So, this B2C versus B2B e-marketplace comparison is that in B2C caters to end customers and the B2B website will be mainly catering to a bidirectional transaction, so it will be useful for both vendors and customers. So, the B2B marketplaces are interesting for both categories of players, whereas Amazon will be mainly catering to customers.

The stress in B2C is on consumer product commodity sales. In B2B, after-sales service is actually a vital part. It does not end with the first transaction, but it is actually a continuing activity platform in a B2B complex sale. The B2C is more of a transactional relationship. So membership is often not insisted upon whereas in B2B the transactions will have will happen between recognized players.

So, to that extent membership, collaborative relationships are important on B2B e-marketplaces. So, B2B e-marketplaces will be suitable for long procedures as opposed to short transactions on B2C. So, it is the long drawn sales process, the multistage sales process in B2B will be facilitated on a B2B e-marketplace as opposed to instant sales in case of B2C. There is a huge cost reduction that has happened due to this B2B e-marketplaces because lot of these tenders and quotation documents which earlier were printed and there were actually tender publications, big fat publications which people had to search through.

Today in the electronic world that whole searching for your tenders of your interest will be much easier because of the intelligence that are embedded there. And also the B2B marketplaces are excellent for latest technical specification and information sharing. So, the market integration for both tenders as well as quotations, for both RFP, RFQs and proposals, for reverse auctions, for auctions, for all of that, the B2B websites are becoming more and more powerful and useful. So, with that, I end this short session, our add-on on e-marketplaces as a supplement to our discussion on e-marketing in the B2B context. I will go forward and have a detailed discussion on various aspects of B2B e-commerce in the coming sessions. Thank you.