

PRINCIPLES OF ORGANIZATION AND FACTORS OF INTERNET COMMERCE DEVELOPMENT

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Abstract: The article provides the analysis of the factors influencing the dot-com company's web-site functioning directly or indirectly in the system of e-commerce as an innovative form of business activity as well as deals with the principles of e-commerce organization at the stage of contemporary information (innovative) economics development and e-commerce formation.

Both scientific literature and acts of law define business activity as innovative independent activity of natural and legal entities aimed at making profits or personal income and realized on one's own behalf and at one's own risk. Innovative business character brings about active implementation of the latest IT achievements as the basis of progressive management method. Any business activity is impossible without wide use of the latest IT achievements in management, manufacturing and marketing. Information technologies can be applied in all the business fields (including design, marketing, mass media, manufacturing enterprises, etc.), all the sections of the company management (from management to accounting) and all the economic fields or production stages (customer services, marketing research, products manufacturing, services, etc.).

Business activity on the Internet can be considered one of the most noteworthy achievements in IT development. Computer systems performance growth as well as network technologies development brought about the formation of a new kind of economic activity – e-commerce that is a peculiar business form realized mostly by implementing Internet-technologies into manufacturing, sales and distribution of products and services. Thus, when taking the decision on e-commerce implementation we should solve the following basic problems:

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- cardinal changes of business-processes that are characteristic of traditional activity;
- changes in the requirements for the products and services offered via Internet;
- changes in the attitude to the suppliers;
- changes in the business activity structure.

These tasks predetermine the basic principles of e-commerce formation including the following ones.

1. *System approach* in organizing e-commerce presupposes analyzing all the business processes as one unified functioning system. *As a system, e-commerce* represents a complex of equipment, software and means allowing to realize commercial activity on the Internet. All the e-commercial operations are closely related and when any of them is affected it brings about the whole commercial activity termination.

2. *Innovative character of the business activity* on the Internet is closely related to continuous studies of high-technology market and implementing the latest scientific achievements into the organization's business processes as Internet is an open structure with an extremely high competition level.

3. *The principle of business-idea tradability* is also of great importance: it includes setting specific and really achievable goals with taking financial, material and intellectual resources into consideration.

4. *The principle of operational efficiency and flexibility* means the organization's ability to respond to all the changes in innovative technology, law and world economic development tendencies immediately.

5. We consider observing *the customer-oriented principle* including all the customers' present needs and feeling their perspective needs to be an integral part of successful e-business. Any commercial organization's activity is aimed at meeting the needs of a certain group of potential customers of products and services. E-customers have their own specific features that make them different from customers in traditional physical markets and which you should take into consideration when organizing your e-commercial activity. The NPD Group marketing research proved that 51 % of e-customers mainly use the Internet as a tool for choosing and studying a product and then buy it at a real (traditional) shop; 40 % of the respondents are so-called "pure" e-buyers completing the whole purchase cycle on the Internet from the product choosing and to its receiving; 9 % of e-customers choose the products at a real store and buy it on the Internet [2]. Every company entering the e-market should take these peculiarities into consideration.

Only some companies function in the sphere of e-commerce. They differ from traditional companies and have their own specific characteristics including:

- specific form of the product (service) sold;
- innovative character of processes;
- specific structure of the company's expenses and assets;
- specific stages of commercial activity organization.

Dot-com companies function in their specific environment – on the Internet; thus, their basic products (services) are the ones the companies sell and then pass via telecommunication channels (digital products) as well as the ones that can be paid for via Internet and specialized payment systems.

The innovative character of dot-com companies' processes is predetermined by IT strategic role. In this case, innovations are new (Internet) "unique" products, new ways of the products manufacturing, finding new market segments and developing "unique commercial offers" consisting in the ability to present a new product (service) to the potential customers.

There's also one more specific dot-com companies' characteristic – a cost structure where research and development expenses take the first place due to the continuous IT market development. Material and equipment cost in most cases make a small part of the total company's expenses. A big share of intellectual assets including software, experts' qualification, trademark, the company's reputation, etc. prevails in the structure of the company's assets. Intellectual potential is probably the only factor that can be mobilized in the shortest possible time to win the stable position in the Russian market in the competition with world companies.

Domain names registration, using the electronic payment systems, organizing the products (services) delivery and providing sufficient information safety level for purchase and sale transactions become specific elements for dot-com companies when compared to traditional ones. In this case, purchase of the most possible number of domains in different zones as compared to the registration of the only domain name takes on enormous significance. It is directly associated with purchasing the competitive advantages of the company. A domain name has the same meaning like a trademark that is why when buying a domain name in one Internet zone the company provides a possibility for the other companies to take advantage of their products promotion using the domain name that has already been widely promoted.

You should take into account all the above mentioned peculiarities of dot-com companies functioning when creating the web-site that is the principal element for the dot-com company organization. E.V. Gruzdeva [3] when studying the dot-com companies' specific character defines them as the companies of innovative types implementing their business activity in the information Internet-environment with the main field of business lying in receiving, processing and distribution of information and applying equipment and software working on Internet-technology basis. But in her definition she did not specify the basis for the dot-company functioning, thus we think it necessary to complete this definition taking this fact into account.

The author's position is that one should consider a dot-com company as a company of innovative type with the basic commercial activity realized on the Internet and based on their own web-site.

Dot-com companies function in a specific Internet-environment; thus, the factors affecting the dot-com companies' activity is closely connected with specific features of the Internet as a telecommunication system. The author discriminates between direct factors influencing the dot-com company's web-site functioning and general factors having indirect influence.

The general indirect factors are:

- political influence;
- natural environmental influence;
- the level of people's financial solvency;
- the level of computer competence and Internet availability.

Up to the present, no Internet-based activity regulating legislative acts have been adopted; thus, the political influence factor cannot affect the dot-com company's web-site functioning directly. Natural environment (climate) can have both positive and negative influence. In the first instance, under unfavorable weather conditions, it is much easier for potential customers to place their order on the Internet without leaving their homes. The negative influence of this factor lies in the fact that unfavorable climate conditions can affect switchboards electrical network and bring about unstable connection or absolute dot-com company's web-site failure. The people's financial solvency does not influence the dot-com company's web-site functioning directly but it affects the company's profits. The higher is the level of computer competence the quicker are the purchase and sale transactions on the Internet.

According to the author, the factors that influence the dot-com company's web-site functioning directly include:

- web-site visitors' behavior;
- search engines behavior;
- competitors' behavior on the Internet;
- IT development.

The research results say that about 70 % of Internet-users find all the necessary information via search engines, so this information source and its characteristics influence the dot-com company's web-site functioning greatly. Competitors' dot-com companies can pursue the market takeover policy by purchasing domain names of the well-known company thus promoting the web-sites that are out of line with the theme. Internet-users' behavior and aspirations are difficult to predict; thus, it's necessary to analyze the target market on the regular basis. As you can find the basic data for analyzing the dot-com company's efficiency in its web-site, you should regularly follow IT development to find new software products integrated into the dot-com company's web-site and expanding the information that is available for analysis.

Thus, when taking the decision on introducing e-commerce you should take into consideration such principles of e-commercial activity organization as system approach, innovative character of this activity, business idea marketability and customer-oriented character. The dot-com company's functioning specific features are determined by the form of the products sold that mostly includes digital products, specific structure of the company's expenses and organization stages. When organizing e-commerce you should first evaluate the business readiness for its transfer to the Internet and then pass on to selecting the business model for your future web-site that is the basis for the dot-com company functioning. For their successful functioning, dot-com companies should take into consideration the factors directly or indirectly influencing the web-site that is the e-commerce nucleus.

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Принципы организации и факторы развития Интернет-коммерции

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Ключевые слова и фразы: Интернет-коммерция; Интернет-компании; информационные технологии; системный подход; предпринимательская деятельность; цифровые товары.

Аннотация: Рассмотрены принципы организации Интернет-коммерции как инновационной формы предпринимательства, специфические особенности Интернет-компаний, а также проведен анализ факторов, оказывающих влияние на эффективное функционирование Интернет-компаний в системе Интернет-коммерции.

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