

Question: Do you think that the internet can be a source of advantage for one firm over then other firm? Do you think that if it is a necessity just to compete?

What Really Matters?

In the midst of the phenomenal growth of the Internet in the past few years it has been taken as a given by many that any business not on the web would be left behind as the world of business transformed into the world of e-business. However, in the wake of the crash of the high-flying “dotcom” stocks this rush to cyberspace seems to have paused as business managers and researchers reassess the true value of e-commerce through the Internet. There are legitimate questions being raised as to whether or how the Internet will benefit small businesses. Although research is beginning to emerge, there is really very little known to date.

Sir, I have identify that the Internet, business firms, and the marketplace to identify the true sources of potential competitive advantage inherent in the Internet with a particular emphasis on small businesses in the rural communities of the northwestern United States. *I have listed the two main finding these are as follows:*

Findings: Predictions and Promises:

As the dust has begun to settle following the dotcom boom and bust, it is useful to consider the predictions and promises of the “Internet Revolution.” The following is a representative summary of these predictions and promises:

1. A revolution is here. “Clicks” will substitute for “bricks” in such as way that previous business fundamentals no longer apply in the virtual world of the Internet.
2. Profits don’t matter. Astronomical stock prices are justified based on future promise on any dotcom even without evidence of the ability to capture profit.
3. Size doesn’t matter. The Internet levels the playing field in such a way that a Web presence puts even a very small firm on equal footing with corporate giants.
4. Place doesn’t matter. The global reach of the Internet renders geographic location irrelevant.
5. Proprietary economies of scale don’t matter. Revenues and profits can be dramatically increased with little effort or cost through the “network effect.”
6. Barriers to entry don’t matter. Entry to the e-commerce world is easy and virtually costless.
7. Customization does matter. The Internet allows for ultimate market segmentation--“one-to-one” marketing.
8. Middlemen no longer matter in procurement and distribution channels. Disintermediation is the norm in which traditional supply and distribution channels are by-passed by the Internet-based applications.
9. Business strategy (model) doesn’t matter. The “gold rush” mentality of getting there first is all that matters.

Points I find:

What do the research findings and anecdotal evidence to date suggest about the potential and promises of the Internet? To date it appears that the changes taking place are more evolutionary than revolutionary. However, the digital revolution in general will continue to have wide-ranging impacts on all aspects of business. Not surprising, most research to date has focused on either pure-play dotcoms, or the use of the Internet by large corporations in e-commerce applications.

1. Business fundamentals do still matter. The demise of the dotcom boom and the subsequent disappearance of many pure-play Internet companies provide ample evidence that profits are still important. In addition, many large, established corporations have lost enormous sums in ill-conceived forays into e-commerce.
2. "Clicks" have not substituted for "bricks" to the extent envisioned. While pure-play dotcoms such as eBay, Yahoo, Amazon.com, and America Online have experienced varying degrees of success, one prominent trend currently emerging is the increasing incidence of "hybrid" retailers that are successfully combining bricks and clicks. BestBuy, for example, is finding that some customers prefer to order from their website online, but pick up the order at the store.
3. Size does seem to matter. While first-mover advantages have not been as great as originally thought, achieving a critical mass for create dominant market position such as eBay has, does still produce a competitive advantage.
4. Disintermediation has not occurred to the extent projected. There is evidence that the Dell Computer business model is still the exception rather than the rule.
5. Place does still matter, but there is evidence that the Internet does make geographic distance less relevant, especially for certain industries. In addition, because websites are available 24 hours a day, time becomes less important.
6. Increased customization is definitely possible. Cost effective one-to-one marketing is still an unfulfilled dream in most cases, but the creation of customer value through increased customization is real. In addition, it is clear that the Internet is serving to reduce customer search costs.
7. The potential for economies and synergies to be realized through the network effect is real although it is difficult to assess the true impact at this time.
8. There is no consistent evidence or consensus regarding the impact of the Internet on strategy or viable business models. To date the effective use of the Internet has been primarily to supplement the existing value chain rather than to transform or replace it.