Commerce in the textile and apparel: A future trend

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E-commerce is an exemplary concept in the future of textile and apparel industry. It is playing a major role in the present scenario of textile and apparel industry. It is also very significant that the future of textile and apparel industry is complete only with E-commerce. Diverse e-commerce applications are being implemented in the textile and apparel supply chain. Information and communication technologies (ICTs) have the capacity to make extravagant amounts of information available to users located in various parts of the world. ICTs also facilitate rapid communication between them. One application of these technologies is in the development of e-commerce to support electronic trading.

E-commerce a new concept and scope

E-commerce can be specified as any form of economic activity conducted through computer-mediated networks. The potential of e-commerce caught public's attention as a result of ventures such as the electronic bookshop. As a result there are a growing number of other Internet-based retailers in the business-to-consumer (B2C) e-commerce area.

However, business-to-business (B2B) ecommerce is growing much more quickly than B2C forms of electronic trading. E-commerce is a new and exciting technology, attracting much interest. It has the power of fundamentally changing the ways in which companies do business. It is having a profound effect on the management of the supply chain. Aspects of e-commerce are much diversified.

E-commerce has a large impact on industry as a whole, including aspects associated with Business-to-consumer (B2C) e-commerce, business-to- Business (B2B) e-commerce. In recent years there has been a dramatic increase in companies practicing electronic commerce. Two basic modes of organizing such companies have emerged. The first is a creating a "brick-and mortar" company, by installing an e-commerce division.

The second is initiation of an enterprise as an electronic commerce company (dot.com), without previous organizational links to a traditional "brick-and-mortar" organization. Both modes of corporate practice of electronic commerce require redesign, recalibration, and even restructuring of key organizational dimensions. In such companies, there is also a question of applicability of traditional organizational dimensions to this new format of conducting commerce. As electronic markets and electronic commerce proliferate, there has been a marked increase in scientific studies of this phenomenon.

The emerging conventional wisdom suggests that electronic commerce is different enough to warrant an in-depth examination of traditional organization design in the present global scenario; e-commerce and e-business have increasingly become a necessary component of business strategy. E-commerce also acts as a strong catalyst for economic development.

The integration of information and communications technology (ICT) in business has heavily improved inter organization relationships and intra organizational relationships. Specifically, the use of ICT in business has improved productivity, encouraged greater customer participation, and enabled mass customization and has also reduced costs. With the help of developments in the Internet and Web-based technologies, distinctions between traditional markets and the global electronic marketplace are gradually being narrowed down.

The strategic positioning, the ability of a company to determine emerging opportunities and utilize the necessary human capital skill is the main aim of each and every firm. To make the most of these opportunities through an e-business strategy that is simple, workable and practicable within the context of a global information milieu and new economic environment is the focus of e-commerce. E-commerce coupled with the appropriate strategy and policy approach enables small and medium scale enterprises to compete with large and capital-rich businesses.

E-commerce - the perception

Electronic commerce or e-commerce refers to a wide range of online business activities for products and services. It also pertains to "any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact". E-commerce is usually associated with buying and selling over the Internet, or conducting any transaction involving the transfer of ownership or rights to use goods or services through a computer-mediated network.

But this definition is not comprehensive enough to capture recent developments in this new and revolutionary business phenomenon. A more complete definition is: "E-commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organizations, and between organizations and individuals."

E-COMMERCE AS E-BUSINESS

E-commerce is an improved version of the existing traditional business without the involvement of human beings but only uses the electronic media. While some use e-commerce and e-business interchangeably, they are distinct concepts. In e-commerce, information and communications technology (ICT) is used in inter organizations or intra organizational transactions and in business-to-consumer transactions. In e-business, on the other hand, ICT is used to enhance one's business.

It includes any process that a business organization (either a for-profit, governmental or non-profit entity) conducts over a computer-mediated network. A more comprehensive definition of e-business is: "The transformation of an organization's processes to deliver additional customer value through the application of technologies, philosophies and computing paradigm of the new economy."

Three primary processes are enhanced in e-business

1. Production processes, which include planning of raw materials, ordering, procurement and replenishment of stocks from time to time; processing of payments; links with suppliers through e-media; and production control processes
2. Customer-focused processes, which include promotional and marketing efforts, selling over the Internet, processing of customers' purchase orders and payments, and customer support, among others, providing after sales support.
3. Internal management processes, which include employee services, training, internal information-sharing, video-conferencing, and recruiting. Electronic applications enhance information flow between production and sales forces to improve sales force productivity.

Categories of E-commerce

The major different types of e-commerce are:

- business-to-business (B2B);
- business to-consumer (B2C);
- business-to-government (B2G);
- consumer-to-consumer (C2C);
- Mobile commerce (m-commerce).

B2B e-commerce

B2B e-commerce is defined as e-commerce between companies. This is the type of e-commerce that deals with relationships between and among businesses. About 80% of e-commerce is of this type, and most experts predict that B2B ecommerce will continue to grow faster than the B2C segment. The B2B market has two primary components: e-infrastructure and e-markets. E infrastructure is the architecture of B2B, primarily consisting of the following:

- Logistics - transportation, warehousing and distribution.
- Application service providers - deployment, hosting and management of packaged software from a central facility.
- Outsourcing of functions in the process of e-commerce, such as Web-hosting, security and customer care solutions.
- Auction solutions software for the operation and maintenance of real-time auctions in the Internet.
- Content management software for the facilitation of Web site content management and delivery.
- Web-based commerce enablers.

E-markets are simply defined as Web sites where buyers and sellers interact with each other and conduct transactions.Most B2B applications are in the areas of supplier management (especially purchase order processing), inventory management (i.e., managing order-ship-bill cycles), distribution management (especially in the transmission of shipping documents), channel management (i.e., information dissemination on changes in operational conditions), and payment management (e.g., electronic payment systems or EPS).

B2C E-commerce

Business-to-consumer e-commerce, or commerce between companies and consumers, involves customers gathering information; purchasing physical goods (i.e., tangibles such as books or consumer products) or information goods (or goods of electronic material or digitized content, such as software, or e-books); and, for information goods, receiving products over an electronic network. It is the second largest and the earliest form of e-commerce. Its origins can be traced to online retailing (or e-tailing).B2C examples involving information goods are E-Trade and Travelocity. The more common applications of this type of e-commerce are in the areas of purchasing products and information, and personal finance management, which pertains to the management of personal investments and finances with the use of online banking tools

C2C E-commerce

Consumer-to-consumer e-commerce or C2C is simply commerce between private individuals or consumers. This type of e-commerce is characterized by the growth of electronic market places and online auctions, particularly in vertical industries where firms/businesses can bid for what they want from among multiple suppliers. This paves way for developing new markets.

This type of e-commerce comes in at least three forms:

- auctions facilitated at a portal;
- peer-to-peer systems, such as the Napster model (a protocol for sharing files between users used by chat forums similar to IRC) and other file exchange and later money exchange models;
- classified ads at portal sites

E-Business Models

The literature available on the subject of B2B e-commerce business models varies greatly. According to the article, "Examining E-Business Models: Applying a Holistic Approach in the Mobile Environment", "the business literature defines business models from different viewpoints, each focusing on different components. This leads to a fragmented and confusing picture regarding the shape and role of e-business models and the factors that distinguish successful business models."

Most journal articles on the subject focus on a specific category of e-business model. This section categorizes the business models represented in the literature. Based on these business models found in literature, taxonomy was developed containing the following seven categories:

- sourcing models,
- ownership models,
- service-based models,
- customer relationship management models,
- supply chain models
- interaction models, and
- Revenue models.

Sourcing Models

The first category of B2B e-business models is the sourcing model. The type of sourcing that is typical for a particular product or industry will often influence the choice of e-business model adopted by the organization. An article in Harvard Business Review specifies two sourcing methods that influence the e-business model.

The first is systematic sourcing. Systematic sourcing is adopted in industries where contracts are typically negotiated with qualified suppliers. The relationships are generally close, long term relationships. The second type of sourcing is spot sourcing. This generally is adopted for commodities or standardized products.

The customer wants to fulfill an immediate need at the lowest possible cost. The type of product being sold also makes a difference to the sourcing type. Manufacturing inputs are raw materials and components that go directly into a product and are usually purchased from an industry-specific, or vertical, supplier or distributor are generally sourced through the systematic sourcing method.

The operating inputs consist of maintenance, repair, and operating goods and these are generally sourced through the spot sourcing method. We will focus mainly on e-business models that support the systematic sourcing method, since this is the type of sourcing method most important in the textile industry.

Ownership Models

The basic e-market types can also be grouped in terms of the ownership of the website. The article "Online Distribution: A Taxonomy of Channel Structures, Determinants of Outcome, And Determinants of Strategy" states that online channel structures can be owned by one or more manufacturers or primary producers individually or in cooperation, or they can be owned by a new entrant third party.

Similarly, according to the article "B2B Benchmark: The State of Electronic Exchanges" in Strategy Business, e-commerce sites can be categorized as independent, consortia, or private networks, depending on their ownership. Independently-owned websites are "pure-play dotcoms financed by venture capital", industry consortia-owned websites are those backed by pooled funds, and private networks are websites that are created by individual companies.

Websites that are independently owned make up the majority of ownership models currently on the web, but are now risking extinction as few companies are finding clear ways to create value for the buyer or seller. They also have to deal with the greatest amount of competition. Independent models are at the risk of extinction, and must therefore look for ways to conserve cash while adding value to the customer.

In order to do this, they must find a niche market where they can develop a sustainable customer base whose business they can measurably benefit .Consortia-owned e-business models make up the smallest group of ownership models on the Internet today. Although this group may have the most potential impact on an industry, they must first overcome various there is a 45% failure rate of e-businesses according to the article "E-marketplace Survival Strategies". In order for companies to stay competitive online, they must add value to the consumer. The article "B2B Benchmark: The State of Electronic Exchanges" predicted that three groups will have the most at stake in the coming years – consortium participants, independently-owned models, and mid-sized corporate buyers and sellers.

The success of the consortium model depends on the creation of an integrated suite of services. This is the best way to add value to the industry and encourage participation in the e-marketplace. Second, a small group of companies must be committed to the survival of the consortium. Too many owners could lead to the downfall of the consortium if insufficient companies have invested, and those that have lose the desire to keep the consortium alive.

Privately-owned e-business websites are those developed and used by a private company to source goods and sell goods to their customers. These Internet ventures seek revenue growth and efficiency. This type of ownership model may consume resources that may otherwise support the consortia and independent models. This type of model is probably more resilient than the other two since it does not depend entirely on new business to survive. Companies can just transfer their existing business to the Internet, while cutting down on transaction costs and possibly attracting new customers.

Service-based Models

Another way to classify business-to-business e-business models is to group them according to the services that the site offers. The attributes and services include information exchange, digital catalogs, online auctions, logistics services and supply chain planning. The article "B2B Benchmark: The State of Electronic Exchanges" by Tim Laseter, Brian Long, and Chris Capers classifies this type of model into total procurement models, catalog buying models, auction houses, collaboration facilitators, full-service models, and specialty service models.

Auction houses focus primarily on matching buyers and sellers through online auctions, but do not offer digital catalogs. Strategy Business found that 27% of the companies surveyed were using this type of B2B e-business model.

Auctions have been around since the beginning of the Internet boom, and thus are a familiar and well-practiced way of doing business on the Internet, but with auction software becoming so inexpensive, these types of sites must find creative ways to add value to the customer to endure the competition. Auctions are a good way to make the price discovery process more efficient. Collaboration facilitators focus their website primarily on supply chain planning and design collaboration, to aid collaboration between buyers and sellers. This type of model is used by only 3% of the companies surveyed, but they seem to represent an emerging trend.

The full-service model offers all the services mentioned above on their website. This model accounts for only 5% of the companies surveyed, and is generally owned by a consortium, due to the large amount of revenue required to offer all of these services.

Customer Relationship Management Models

The article by Frank Dignum, "E-commerce in production: some experiences", categorizes e-business models according to the services offered to the customer. The categories comprise of customer and supplier management models, and sales support and online catalog models.

The customer and supplier management model relies on using information collected from the customer to improve their experiences with the company. Companies can use the Internet to get information from their customers on their products and the transaction performance. This allows the company to better serve the customer, and helps to build a closer relationship with the customer. In B2B transactions, this type of model can be used to form closer relationships with important clients by optimizing products and production planning in relation to customer orders.

This article identifies two variant types of relationships that can be generated between the supplier and the customer. The first type of relationship involves forming tight relationships with a few big customers/suppliers. This type of relationship usually occurs in markets with only a few companies or a few very dominant companies.

The second type is a looser relationship between customer and supplier of standardized products and many global suppliers, where suppliers are chosen on an order-by-order basis. The Internet can help these companies to attract customers by making information about products easily available online and by making order processing easy by means of online ordering.

This allows customers to accurately determine the product he wants by indicating a combination of values for all parameters. More customized products can also be sold via the Internet, but the selection process may not be so easy. Companies using this type of e-business model must decide how their catalog ordering will be supported.

The advantages of using a VAN to process orders are security of data and the reliability of the network, but these networks are closed and would only be available for existing customers. It is also important when developing an online catalog to determine what information to provide to the customer and how to set up the catalog so that it is easiest for the customer to find what they are looking for. Catalogs can also be customized for big customers so that they only see products that are of interest to them.

A Tanning Technology white paper emphasizes four parts of customer/relationship management, customer interactions, operational customer relationship management, analytical customer relationship management, and personalization. An efficient customer relationship e-business model will include all of these parts in order to differentiate itself, stay competitive, and maximize customer relations.

Sales, marketing and customer service should be integrated between the front and back office. Information obtained from customers should be analyzed in order to better serve the customer, and the web should facilitate greater communication between the customer and supplier.

Supply Chain Management Models

Supply chain management e-business models are not discussed in the literature as much as might be expected. Most e-business models spoke primarily about the management of parts of the supply chain and not the system as a whole.

Supply chain management, however, is the ultimate in e-business models, and it may be difficult for many companies to obtain complete control of their supply chain via the Internet. The Tanning white paper views three processes as instrumental in the development of an Interaction Models.

Business-to-business e-business models can also be characterized by the way that the website facilitates interactions between buyers and sellers. The article "E-commerce in production: Some experiences" by Frank Dignum classified these models as websites, sales portals, procurement portals, and exchanges.

Websites connect one supplier with one customer, sales portals connect many suppliers with one customer, procurement portals connect many customers with one supplier, and exchanges connect many suppliers with many customers. Websites connect suppliers and customers on a one-to-one basis. Sales portals connect many suppliers with one customer and are organized by the procurement department of the customer.

Only large companies with enough buying power to oblige suppliers to trade through its portal usually do this. Companies using this type of model can standardize supply information and have centralized control over procurement. Procurement portals connect many customers to one supplier. Several customers can use this type of model to bundle their procurement and establish leverage against suppliers.

Exchanges connect many suppliers with many customers and are usually not organized by the customer or the supplier, but by an independent third party. Electronic market places, according to an Industrial Management and Data Systems article, are similar to the eHubs discussed in the Harvard Business Review article.

The former article states that an electronic marketplace is an "inter-organizational information system through which multiple buyers and sellers interact to accomplish one or more of the following market-making activities:

- identifying potential trading partners;
- selecting a specific partner; and
- executing the transaction"

Revenue Models

The paper "Profitability on the Web: Business Models and Revenue Streams" characterizes e-business models according to how they generate value for the customer, and how they generate revenue for the company.

They characterize the value models as brokerage models, content models, search models, incentive models, freeware models, and communication models, control models, outsourcing models, entertainment models, transaction models, affiliate models and community models. All of these have been discussed in the introduction to this paper as Internet attributes, with the exception of the brokerage model. The article describes the brokerage model as a type of market-marker that brings together buyers & sellers and facilitates transactions.

This type of model is third-party owned, and generates revenue by collecting a transaction fee from participants, selling advertising, charging subscriptions, or through sponsorship. The benefits of this type of model for buyers are that they have direct access to broader supply sources, and procurement costs, intermediary transaction costs and markups are reduced.

The benefits for sellers are direct access to broader markets, reduced transaction and selling costs, improved operating efficiencies, and reduced working capital costs through better inventory and receivables management

Conclusion

E-COMMERCE is an improved and effective tool for business in the present automated world. It also plays a dominant role for communication both intra companies and inter companies and also between companies and consumers.

E-commerce has created an edge over the existing trend of manual related business. It also plays as a precious mechanism for disseminating information and facilitating collaboration between companies. E-commerce has also proved itself as a quick and effective medium to target new markets; Companies are able to target new markets both domestically and globally. Internet has a potentially infinite audience .This has enabled e-commerce to become a potential leader in today's e-world.

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Vietnam: Textile workers could abandon small firms over wages

Many workers in the garment and textile industry are expected to move from struggling small firms to larger ones as the economic downturn magnifies disparities in wages between the two categories, said Vu Ngoc Quyen of the Trade Union of Garment and Textile Workers. Until six months ago, workers at small firms could do a lot of overtime work, meaning their total income was close to the wages paid by larger companies. But now, with the industry hit hard by the global economic turmoil, small businesses are struggling to maintain sales and their workers can no longer work overtime.

With the gap in wages and bonuses gradually increasing, Quyen said it is likely that small companies would face a shortage of workers after Tet (Lunar New Year festival). Successful companies like Nha Be, Phong Phu and Viet Tien pay workers as much as VND2.6 million (US$148) a month on average while smaller firms pay around VND1.8 million (US $103).

Pham Xuan Hong, Deputy Chairman of the Vietnam Textile and Garment Association, said while some large firms received enough orders for the first half of this year, smaller ones are still trying to get enough contracts to avoid layoffs. The large companies will pay VND 5-6 million as Tet bonuses while the smaller ones are likely to pay just a month's wage or even less.