Web Strategies for Large Firms in an Established Industry

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Abstract: The World Wide Web has become increasingly important in helping businesses stay competitive. Hence, in the current business environment, it is essential for large firms in established industries to take advantage of the Web and all it has to offer in order to stay competitive. While the Web has transformed many industries, organizations need to make conscious and informed decisions on what aspects of the Web they believe will positively impact their organizations. Our goal is to provide a framework in addressing issues of how to use the Web as a platform to develop various strategies. This research will establish a foundation for understanding various web strategies that can be used by large organizations to support various business functions.

Keywords: Internet, Strategy, Web, Organizational Goals.

1 Introduction
Times are changing in the business world. The same things that made businesses competitive years ago will not work today because of the changing business environment, which is geared towards technology and technological advances. Large firms in established industries have additional challenges in staying competitive since players in the industry have most likely been competing for a long period of time, and know the industry well. These firms have a proven track record and have made smart moves in the past to allow them to stay established in the industry.

The World Wide Web has become increasingly important in helping businesses stay competitive. Hence, in the current business environment, it is essential for large firms in established industries to take advantage of the Web and all it has to offer in order to stay competitive. While the Web has transformed many industries, organizations need to make conscious and informed decisions on what aspects of the Web they believe will positively impact their organizations. Businesses are tasked with trying to find the best web strategies to help them stand out in their industry and give them a competitive edge. However, it is important for those in an established industry to evaluate how the Web may positively and negatively affect and change their business.

Large firms in established industries should have their own set of web strategies that may best improve their organizations. They will often struggle with their web strategy due to organizational inertia and the hesitation that comes from changing any system or process. Interestingly, companies with the most organizational discipline will be most effective with leveraging the Web to improve and enhance business processes. The effective coordination of the strategy along with organizational goals may have a positive impact on the web strategy.

The purpose of this study is to identify various web strategies that can be employed by large organizations to support various business functions. This study argues that the proper use of web based strategies in business can streamline operations and help stay competitive. However, the industry itself is a major factor in the determination of a web strategy. For example, a company's strategy will be drastically different if the company is a retail company, large manufacturing company, or a media company. Thus, the primary objective of this study is to identify and describe a set of web strategies that may be employed by large-scale firms in an established industry.

2 Background
The capabilities of the Web are relevant to all firms. No organization can afford to ignore it. According to Ken Harris, senior VP and CIO at Gap Inc, "Internet technology has changed things forever..." [13]. Such a statement points to the fact that businesses including firms which have operated
successfully for decades prior to the Web’s existence must evaluate how they can incorporate it into their strategic goals. As each industry and its customers have special needs, so will their use of the Web be special to their industry.

As stated by [8] “We are in the midst of a swiftly moving river of technology and business innovations that is transforming the global business landscape”. In this landscape, the Internet era has opened up many doors for the business world. Many organizations are now faced with this explosion of Internet based innovations and technologies and must decide which web-based strategy can be employed to make the best use of them as different solutions and strategies exist for each organization and business. What may work for some organizations may not be suited for others. Organization need to analyze which web strategies will help them succeed.

Having a well-defined objective of the web site for the company and an alignment of the company goals with the objective is also essential. As pointed out by [7], a company’s web strategy will do nothing for the company if it is not consistent with the organization’s business plan. In addition, keeping the core competency of the business in mind when implementing a web strategy may be a safe way to success in the world of the Internet.

Giving customers the option of accessing the information they need on their own and the ability to perform some tasks or function themselves has the added benefit of freeing up employees to interact with customers on higher-value activities [5].

The implementation of web based strategies should be used to streamline business processes, increase growth of the organization, and serve customers better. For example, according to a study done by [10], 53% of consumers polled said they would be less likely to shop at the merchant’s physical store due to the negative web experience they had. Along the same line, [9] suggests it’s about building new connections to customers not just developing a superb website.

3 Identifying Web Strategies for Large Firms

The web strategy of a company can be as varied as the products and services they provide. This strategy; however, must be well thought out from development to implementation. This is especially true when a company is one of the more established members within its industry. Furthermore, when a company is also large in size, installing newer web technology within the current infrastructure may prove to be a challenge within itself. For the most part, the challenge stems from the need to integrate a new system with the vast amounts of data already collected by the older information systems. The secondary challenge, which is also true for most companies, comes from the possibility of having to retrain employees on the new web technology. This of course means additional capital for employee training programs. The final challenge comes from the need to ensure that the web strategy employed matches the core competency of the business.

Web strategies can aid organizations to make full use of all the advantages that the internet has to offer. There are a multitude of web strategies available to large firms. These Web strategies can range from simple systems that affect one department to complex international solutions involving many other organizations. Many can be implemented to help organization’s internal, business-to-business (B2B), and business-to-consumer (B2C) operations. The Web allows for an organization’s knowledge and data to be sent to whoever needs it in real-time.

Large firms in established industries are likely to utilize the Web for several key strategies. The use of the Web spans all industries and it can be used internal to the company or for external purposes. For example, internally, a company may likely to use the Web mainly for the distribution of information to employees, as well as communications, business processes, and training. Externally, companies can also use the Web for distribution of information including marketing, advertising, corporate information and communications, as well as customer service, e-commerce and direct sales.

Senior management of a company must determine their intended web strategy. The decision will be based on the three essential areas: internal use, external use, and the industry focus (Figure 1). As a firm reviews each of these areas it must also be aware of the industry norms for web usage. It may be that the industry norms drive a primary web strategy, but the company may choose to offer specialized content or functionality which can provide a competitive advantage.
A significant portion of the operating inefficiencies in business today may be the result of difficulties in linking existing company goals with web strategies. As seen in figure 1, to successfully implement a web strategy, the organizations must first create a value in the site, and establish an alignment between the company goals and web strategies and their functionalities. One would suggest that this alignment will have a positive impact on the web strategy and the resulting return on investment.

In the following section, how various web strategies can be employed in three main areas is articulated.

3.1 Internal Web Strategies
The first method for any company to utilize the Web is internally to the company. This is the most rudimentary of all of the web functions that can be implemented by a particular company.

The internal use of web technology allows for increased communications and the sharing of information more easily across locations. Web conferencing and online video distribution make the use of the web crucial for wide-spread companies in today’s global economy. Such functionality as e-conferencing may allow for internal employees across locations to video conference and share files while editing them in real-time. This function can be used to have several off-site employees provide input to critical design reviews and enable them to edit and view the information being discussed.

Creating an employee access portal which contains employee information is another method of utilizing the web internally. A web site can easily and securely allow employees to access human resources information including benefits, job history, and other information that is common to all employees. In addition, the main function of a web site may be to provide employees with current information. For example, an effective company intranet acts as a central repository for all critical company or department information. In addition, there might be linked web pages to other industry news and upcoming company sponsored events. The web site could help ensure that all employees across the company’s many global locations are receiving common communications. Technology can also allow the use of the company web site for direct employee training. All employees may be required to take business ethics classes each year which may be taught online through video and text based courses.

Internal web sites can also be used for linking key business processes and providing standard information updates regarding company policies and operating procedures. By establishing these documents online, an employee can be sure that he is following the most recent version of a document, and all employees performing the same function can be sure that they are following the same procedure.

Another Web based system implemented by some organizations is to bring about reductions in the cost of data. This technology, also known as Central Workforce Management System technology, is a Web-based time and attendance, payroll, scheduling, and employee management system. When combined, central workforce management software helps firms to excel in all the functional areas of workforce management.

Business process information at a company can be linked by type such as system level procedures, operating procedures, and standard work. These procedures may all be accessible by employees across the globe from the company web site. The engineering standard work site ensures that any two
different engineers can perform the same design tasks simply by opening the website and selecting the proper task. This linkage helps ensure the elimination of design escapes and that the most recent lessons learned from previous design programs are incorporated into new designs.

3.2 External Web Strategies

The second method for a company to utilize the Web is externally to the company. Externally a company may choose among several types of web usage ranging from informational to functional [2].

A company's web strategy may be to only provide information to the public. Significant amounts of information are typically available online [1]. This information usually includes product information, marketing information, and advertising information [3]. This information is typically used by consumers to make purchase decisions. Another form of information is customer tracking services for package deliveries as provided by companies such as UPS, FedEx, and the USPS.

Another use of external web strategy is customer service. With a web site, a company can quickly provide answers to consumer's questions. Most product web sites have pages with Frequently Asked Questions (FAQ's) and other links to contact the company like web chats or even customer service phone numbers and email addresses. A web site will also allow for quickly posting product issues like recall information which may affect consumer safety.

The Internet has spawned the growth of online sites which do not have any physical retail locations, known as "click and mortar" stores. The establishment of sites like Amazon.com has driven change within the major retail stores. Most of the originally physical retail stores now have web sites which allow customers to buy products online and have them delivered directly to their home, or even pick them up in their stores. Even retail giant Wal-Mart now has a web site which offers online shopping. One critical web strategy is e-commerce. Through the internet a product manufacturer or retailer may establish a location where a consumer can buy a product and have it shipped to them without ever stepping foot in a store [4]. The proliferation of online purchases has changed the way that many companies do business [11].

External web site functions may also include secure sites intended for information sharing and communications between companies. With the global economy and companies partnering to create efficiencies and cost savings, it has become a requirement for many companies to be able to provide information between companies that may otherwise be competitors. This requires a separate web site to be established where specific information can be uploaded for use on the particular project, but other company private information is kept secure internally. For example, Pratt and Whitney (P&W) is working on a collaboration partnership with General Electric (GE) on the GP7000 engine. This engine is technically produced by the Engine Alliance (EA), which is a company established as a 50/50 partnership of P&W and GE. Typically these two companies are fierce competitors in the aircraft engine industry, but for the good of both companies this partnership was created. The cost savings with a collaborative project of this nature allowed for both companies to work together to develop a new engine for the Airbus A380 aircraft when they would otherwise not be in a financial position to do so. As a requirement for this partnership, P&W and GE had to establish a secure site where both companies could exchange design information while maintaining security for other critical business information [6].

External web sites can also be used by companies for linking supply chain functions. Through secure web portals a company can establish a central location where suppliers can receive requirements, schedules, purchase orders, and even bid on prospective contracts. These types of systems can be essential to lean operations and providing the most up to date information between the companies.

One of the most essential web strategies for large firms in an established industry would be a web strategy that will provide the firm cost savings. This strategy includes using the company website to save money, by doing things such as having a self-service option on the Website. Self-service options on websites allow firms to save money by having the customer do the work that a company associate would usually perform. Examples of self-service options include online credit card payments, online banking, and online class registration for students.

A company can utilize the Web to ensure excellent customer service. Customers are the life blood of large firms in established industries, so it makes sense for firms to do whatever they can to make their customers happy. This includes using the Web to quickly respond back to customers, having an easy to use site where information is readily available, using Customer Relationship Management systems to strengthen relationships between the firm and its customers, and using the Web to collect accurate and direct feedback from a
firm’s customers, and acting on that feedback to improve overall service levels.

One final external web strategy is to provide corporate information for shareholders and financial purposes. This information is used by financial institutions to determine expectations for the future company operations and a company’s stock price.

3.3 Industry Focus
Another factor in determining a web strategy is the industry in which the company operates. For some companies, the use of the Web is a requirement to stay in business.

In 2007, companies in industries that are linked to tourism are basically required to have a web site to advertise and promote their company. For example, hotels must have a web site that describes their property at a minimum. A web site that allows the visitor to make reservations directly online can also increase business. Airlines also must have a web site that includes their routes to help prospective customers to choose from among the many airline choices available. Restaurants may not need a Web site to promote their establishment, but it can be a method to increase customers. This is especially true for restaurants where they depend on tourists for business.

Another industry with specific web usage is the entertainment and news industries. Due to the established companies in these industries, any other companies are expected to have web sites that contain information at a minimum. Entertainment companies need to have information regarding current and upcoming television shows, movies, and other media. The intent of this information is to draw public attention and customers to their product.

The online content for these media outlets is a major contributor to the current Writer’s Guild of America (WGA) strike against the Alliance of Motion Picture and Television Producers (AMPTP). The striking writers are looking for compensation for new media distribution channels which include online replays of broadcast shows [12]. Many network and cable channels have recently begun a practice where they replay their shows on their web sites, or make them available for purchase on such sites as iTunes.com. It is expected that these types of distribution networks will become more mainstream as content users look to watch what they want.

News companies must include news stories and other information on their external web sites. This information is intended to lead users to watch the companies’ other news programs or purchase their magazine or newspaper. Web sites such as CNN.com and ESPN.com provide news stories, videos, and links to other sites. Both of these examples are also primarily known for their cable distribution networks, but also provide web sites. These companies generate revenue from their web sites by selling advertising space and in some cases charging subscriber fees for user access. Even companies which are primarily known for their print media like The New York Times (nytimes.com) and Sports Illustrated (SI.com) have web sites to provide their users with immediate online information as well as promote their print media.

4 Conclusion
The implementation of web based strategies for large organizations has an important impact on the relationships between the organization and customers. The Web allows companies the opportunity to use web based technologies such as EDI, supply chain management, intranets and extranets, labor and payroll reporting, data warehouses, company credit card processing, internal printing operations, and other services for the organization in an efficient and cost effective manner. These tools enable companies to focus on the specific areas of their business where they can be more competitive and profitable. Businesses are redesigning their business processes based on web based technology and making this technology a key component of their information technology infrastructure. This shows how Internet technology has made it possible to extend the value chain so it links all suppliers, customers and business partners into a value web. The Web also allows companies the ability to reduce transaction costs, transform traditional payment processes into a strategic payment practice, and have total insight into company-wide spending habits more efficiently and effectively. Companies can utilize web strategies to improve the coordination and communication among the supply chain process and generate significant cost savings when used effectively.

Companies will be successful with their web based strategies when they possess the necessary knowledge of how the business operates. Obtaining the needed support and backing from senior management is critical for ensuring that all web based strategies are adopted and correctly utilized by the entire organization. The proper education and training are essential for the employees to obtain the most benefit from the Web systems. The company
will realize cost savings and better quality information when employees understand and use the systems effectively and understand how it affects the overall organization.

References: