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## Article

# A positive outlook on online business models

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## A Positive Outlook on Online Business Models

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### Abstract

*The potential of new technologies and the Internet is a key tool for developing and transforming the business process. Regarding our country, even though e-commerce is still at the beginning, the interest of the Romanian companies for online shopping is encouraging. There are now several companies active in both B2C and B2B, which represents an essential first step towards the complete development of e-commerce in Romania. The main conclusion of this study is that B2C and B2B e-commerce have significant differences, regardless of whether they are the target audience, the mode of transaction, the payment or the level of security.*

### Keywords

Managerial communication, organizational communication, managerial performance

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### 1. Introduction and literature review

Modern technologies and methods are combined to help companies increase their value, minimize costs and maximize as many customers as possible (Agha *et al.*, 2012; Taticchi *et al.*, 2010). Despite its generic nature, this definition presents electronic commerce as a means and practice through which business activities are conducted. The difference between e-commerce and other technologies and processes is that it is a means of entrepreneurship for both existing and new businesses (Tong & Arvey, 2015). In e-commerce, technology creates opportunities for entrepreneurship while entrepreneurship finds a way out and a way of applying it with the use of technology (Cameron & Quinn, 2011; Alhyari *et al.*, 2013).

Another term that has been widely used in recent times is the term e-business (e-business) which describes a concept that is broader than e-commerce (Yadav & Sagar, 2013; Li *et al.*, 2018). This term covers commissions and internal processes of a company, as well as those transactions and business processes that generate sales through the Internet. In other words, it is a combination of the basic activities of a company, the IT infrastructure and the services offered by the Internet. Its applications cover the entire business cycle, including third parties, such as banks and insurance companies (Orzan, 2001).

The main categories of e-commerce that are manifesting globally are: Business-to-Consumer (B2C): this category includes e-commerce transactions between a company and an end customer; Business-to-Business (B2B): this category includes e-commerce between companies active on the Internet. Clearly, the separation between B2C and B2B is not a privilege of the e-commerce space, but it started from the field of marketing (Tajeddini, 2015; Ben-Asher & Gonzalez, 2015; Kotler & Keller, 2015).

There are several different ways in which a business can have a commercial presence on the Internet (Davila, 2012; Alstete & Beutell, 2018). This section presents various existing e-business models, such as the Presentation Model, the Auction Model, the Portal Model and the Dynamic Price Model. An online business presence needs to be aware of e-business models and how they are implemented.

The Storefront model is probably the most widespread model. The merchant offers an online catalogue of his products, thus allowing the customer to place an order on the company's website. Combines security, transaction processing and storage of all information in the online store database. It is perhaps the most basic form of e-commerce in which the buyer and trader interact directly. One of the most important elements of the store model is the shopping cart. Shopping Cart is an order processing technology that allows the customer to add the products they want to purchase during a visit to an online

store. Upon completion of the order, the basket information is stored in a database along with the customer's personal information.

The auction model acts as a forum in which internet users play the role of either the person interested in selling or the person bidding. The way an item is sold or bought reminds you of the process of placing small ads, with the main difference being that the seller or buyer has complete control over the ad or the offer. The seller can see the item or all its items, along with the description, photo, initial price and availability period, and potential buyers can search through many categories, overview of sold items, monitoring of offers already submitted and bidding automatically.

Most people have combined portal words with search engines (Ahearne *et al.*, 2010; de Waal & Kourtit, 2013). Search engines are horizontal portals that contain general information about a very wide range of topics. The second category of portals is vertical portals, which contain more detailed information about a topic. In addition, many Internet portals also include the auction model as well as the store model, thus providing a more integrated e-commerce environment. Another very interesting and useful feature is the customization of the portal to the wishes of each visitor. That is, it is possible to customize the user, display and content of different web pages by adding or removing articles, depending on personal interests and preferences.

## 2. The benefits and Disadvantages of Online Business Models

Online business markets are one of the most important discoveries resulting from the development and widespread use of the Internet as a new means of entrepreneurship (Li *et al.*, 2018; Arsenault & Faerman, 2014). Looking at a general description of what constitutes an online marketplace; we can say that it is defined as a web site in which more buyers and suppliers operate online. Electronic markets developed in the recent past can be classified based on several factors that characterize their profile (Hartnell *et al.*, 2011).

The benefits of using IT can be summed up in one sentence: e-commerce can increase sales and reduce costs. As for consumers, we see the following benefits:

- because the Internet knows no geographical boundaries, it increases the ability to reach more companies than the traditional shopping mode;
- access to a wide range of real-time information and services is expanded to help make more rational decisions about the desired products. A typical example is the ability to compare prices and products, as well as the ability to track order status, via the online store's website or via email;
- some products such as software, photos, music and video files can be delivered directly to the Internet, without the customer having to wait for the mail;
- there is a mechanism for the purchase of products and services, which works 24 hours a day, 7 days a week, 365 days a year and can be accessed from anywhere the final consumer wants;
- how to adjust the level of information they receive about the products they want is easy. For example, some online stores can create personal pages so that each customer can only get information about it;
- there is a system for recording the actions taken by the customer during his visit to the online store, so next time when he visits it, suggestions for different products are made according to their interests but also by its previous markets. In this way, tracking customer buying trends allows for personalized marketing, resulting in a better sales strategy for the business;
- due to the reduction of the various types of costs created by traditional trading methods and always in combination with the competition created by the freedom of access to any market offered by the Internet, the products may have a lower price;

The B2B collaborative electronic community is the online meeting place for the need to transport products and provide transport services. The value-added tools that surround it completely automate the "closing" processes of a shipment and optimize the management of transportation resources. The electronic combined transport community offers the following services:

- Choosing transport/collaboration: the online community covers all possible modes of transport (air, road, transport/containers, courier). The user chooses how they want to transport their goods and is automatically "driven" to the respective online transport community. The user is also given the opportunity to choose a collaboration process (with permanent partners for certain areas, with partners with a specific contract, to choose a new partner each time, etc.).

- Finding the shipment: It is the basic service of the electronic market, where the shipping requests (with details of loading, destinations, kilograms, product specifications) are imported and sent electronically to the senders. Carriers are informed either by email or message on their mobile phone that there is a new transfer request in the system. They enter the system, look at it and respond by determining if they can carry it and at what price.
- Tariff management: it is an additional service of the task finding mechanism. It is an application that allows the carrier to manage the rates and calculate the rates automatically, for each customer or for each lot, including everything as an expense tax.
- Truck management: this is the so-called fleet management. It is an additional service for the basic service of the freight seeker. Within this service, transport companies can manage expenses and, in general, information about their drivers, their trucks, fuel and so on.
- Telematics: the digitalization of the system allows its customers to inspect, coordinate and evaluate the trucks on the road, for better productivity by installing the telematics unit, training, digital maps, tracking the trucks, analysis and reports on truck use.
- Routing: is a complete truck routing tool that completely manages and connects reservations, completing new customers, and routing trucks based on these loads.
- Send SMS messages on mobile phones for complete communication with truck drivers and customers of companies using specialized services.

A successful B2B marketplace should be based on a business concept that is both innovative and sustainable. The idea behind the creation of the electronic market is of importance, because it depends on the future financing of the project, but also on the result, and this will "bring money for the company". In addition, shareholders should include leading companies in their field and there should be widespread use of e-commerce solutions by shareholders and their suppliers. Regarding the technological solutions provided, they should be technologically sound, with immediate benefits.

Also important is the mass of buyers and suppliers who will be connected to the electronic market, because the revenue model of almost all electronic markets is based, if not exclusively, on the electronic market, at the subscriptions of the members of the online markets for the services offered to them. In addition, for the success of a market, there must be an appropriate balance between cost and revenue, without investing too much in technology and maintaining a rational investment-benefit ratio.

Regarding the disadvantages of e-commerce for consumers, we find that:

- Consumers, especially in Romania, still do not trust the Internet for their transactions and are mainly reluctant to send their credit card number through it. Although most security issues have been resolved through encryption and certification, that climate has not yet been created to convince consumers that their transactions are completely secure;
- Some types of business, such as clothing companies, delicate food, jewellery are almost impossible, at least for the moment, to adequately control the quality they offer. The most common products that go around the internet are small, lightweight items that are durable in the shipping process, such as books, music CDs, DVDs, computers, software, etc. There are very few online stores that sell large volumes and heavy goods, which cost a lot to deliver. In general, anything that requires our physical presence to buy it is very difficult, at least for now, to sell through the Internet;
- Because e-commerce in Romania has become prominent in recent years, there are not yet many shops that will create the necessary competition for such a trade;
- Until recently, high-speed internet connections were provided only through leased lines, which increased the cost of setting up an online store and made it prohibitive for a small and medium-sized business, which is also the main volume of Romanian companies. But despite the emergence, the Internet is still expensive, so the market size is small, especially regarding B2C e-commerce;
- as for Romanian buyers, we should also add that there is no familiarity with online shopping, while lifestyle and climate conditions push activities outside a space. closed, which are clearly not promoting the spread of the Internet as a means of managing any form of transaction;

As far as business is concerned, however, most of the disadvantages of e-commerce are today:

- from the ever-evolving technologies that come at the cost of setting up a simple online store, it can change dramatically, as new technologies are added daily to help implement it;

- every business should invest a large enough amount of money each year to maintain and optimize their online store;
- the difficulty of integrating the databases that companies use for traditional business transactions with their online store;
- finally, existing technologies, especially in the field of e-commerce B2B, are not always suitable for the implementation of the business model.

International experience and practice show that the survival and growth of online markets is not accidental, but the most successful markets are those that have studied and secured companies from the beginning: investment guarantee (direct or indirect); markers with experience in the field; guaranteed economies of scale; easy to use; the study of the behaviour of the end user; trade policy towards members/customers.

### 3. Results and discussions

The B2B market should also reflect customer history, recent choices, price specificity and, of course, should facilitate navigation and product selection. It should divide customers into levels, by turnover, and offer them special rates and discounts. It should also be synchronized with other sales channels (sellers, direct marketing, call center, etc.).

On the other hand, the B2B online market should not focus on a lower pricing policy, which is contrary to the practice of companies that have built relationships based on product customization. The entire production process, in real time (a simple translation would be "immediate service") and in multi-level service contracts. After all, these are the companies that want to attract an online marketplace that can meet its requirements. As a result, with few sellers (and most with less advanced goods, which have a low price as a sales weapon), the electronic market will not be able to "run" if it is based on the lower price, as the key component of the choice will be missing many suppliers of buyers. Finally, if B2B markets are undifferentiated and offer nothing but the traditional structure of the auction, their profitability is doomed. Other players can easily enter the field, creating B2B markets that will only be auction sites. For profitable investments in new B2B electronic markets, their architects must consider the specificity and requirements of potential clients and reflect on the structure and functioning of B2B markets.

The main areas that influence the creation of an inter-business market are: changes and impacts of online business markets on the internal functioning and internal relations of a company; the decisive factors that influence the structure of building an online market; how to determine the value of networks and understand the potential of independent stakeholders; considerations for creating mandatory services for retaining customers in the market; potential sources of income and income retention strategy; price versions and methodology for satisfying the needs of buyers and sellers.

The problems B2B trading sites are facing so far are:

1. Low diffusion rate of change. Businesses are sceptical of this new mode of trading, especially in Romania, where penetration of new technologies remains low, especially when compared to other European countries.
2. The limited number of companies that can integrate the online shopping process with integrated systems. For a company to get the full benefit of its transaction through a B2B website, it should be able to execute the entire electronic transaction process. This means the automatic updating of the accounting, warehouse, marketing and sales department of the company when making transactions through a B2B market. As it is known, the Romanian companies, of smaller size, have not achieved such a degree of computerization.
3. High initial costs of switching and adapting to the new B2B online market through investments in:
  - a. in software and hardware;
  - b. during staff training;
  - c. when installing systems;
  - d. to maintain a parallel shape until the command/command system is running.
4. Costly IT contracts that make it difficult to rationalize the allocation of financial resources between business activities and make it difficult for the online B2B market to survive. In addition, in many cases, the technology is rigid and unable to adequately meet the needs of specific business concepts;
5. Lack of IT companies with experience in creating platforms adapted to the needs of vertical B2B electronic markets (especially when this type of market started for the first time, there were almost exclusively technological start-ups in the market).

6. Creating many B2B websites for the same market (e.g. online auctions). As a result, there are not enough vendors on each website. Thus, the customer must visit several B2B shopping sites, losing the advantage of speed and instant comparison.

7. In addition, the Romanian market, due to its small size, can withstand a certain number of online purchases, which, according to the directors of the Romanian B2B companies, was completed (a company is absent in the pharmaceutical industry). Lack of support from the state for such forms of economic activity. Although there are programs for online networks, they did not bring the expected results, because the market was immature at the time of their acceptance, but also because they focused on improving the user of e-commerce services, rather than on the markets themselves, which would could attract companies to operate online.

Perhaps one of the most critical applications a successful B2B market has to offer is the ability to meet different buyers of the same customer. Also, while the site should treat each buyer as an individual, it should be able to incorporate it into the purchasing program of the organization it is a part of. The architects of the B2B market should have provided for each client the creation of a specific "space" on the market, where the orders will be collected until the final approval of the procurement manager.

#### 4. Conclusions

Although the initial forecasts made for electronic B2B in Romania do not correspond to the current image, all Romanian markets are satisfied with its progress. Their updated piece is characterized by a continuous increase, both in terms of participation and the level of transactions. More and more companies are ready to participate and grow their business through such applications.

The business market models at this time will be divided into highly vertically integrated markets, which have managed to overcome all stages of growth and stabilize and will continue to specialize more and more. More in separate trading groups, or in a small number of electronics markets that cover different sectors of the industry and focus mainly on indirect sales and consumables. The main source of income will come from the provision of high value-added services, with the evolution of the services already provided and the introduction of new service providers in the online business arena.

Despite adversity, inter-business e-commerce continues to grow, leaving consumer-oriented e-commerce (B2C) behind. In this approach, large companies, which can develop online ordering systems, will force their suppliers (small or larger) to harmonize their systems to reduce costs.

After all, e-business is currently an ongoing process. Undoubtedly, the stage in which it is located is transitional and volatile and, therefore, is characterized by some instability. However, there are a lot of positive signs for the future of e-business and e-business in general. To achieve this, e-commerce between companies faces several challenges that need to be overcome:

1. Online markets should provide enhanced value-added services as an alternative to those dominated by the traditional economy;
2. E-commerce involves new and high risks, as well as more complex and costly management procedures.

In conclusion, we find that e-commerce between companies may have lost much of its lustre but proving that it leads to a significant reduction of operating costs, simplifying and streamlining the entire production process and collaboration with suppliers, it still holds aces up its sleeve. Following the landing of B2B expectations are the characteristics of the online market that will create the conditions for the survival of the companies operating in it and their subsequent development.

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