

Abstract

Keywords: E-Commerce; M-Commerce; Digital Commerce Transformation; Innovation;

JEL Classification: D83; L21; M21; M31; M37; O31; O33

According to McKinsey & Company (2023), within their digital commerce transformation sellers keep at steadily to appeal to more customers and earn more profits, by optimizing e-commerce (understood as the buying and selling of goods online), shopping being

revolutionized by it, and being expected that one-fourth of all global sales to be made on the internet by 2025. For SMEs, there is an enormous opportunity to valorize e-commerce (not only for large retailers), McKinsey's practice offering important recommendations with regard to special challenges faced by the just coming into existence e-commerce businesses, such as: harmonizing operations and channel management with the focus on technology, ensuring the proper technology stack for launch (based on the right technology architecture defined on the longer-term), investing funds and capabilities so as to prevent setbacks, understanding the key drivers of growth and profitability without interrupting the run (based on profit and loss), harmonizing the new e-commerce business with the core businesses (based on the right internal policies, and agile ways of working on the new path).

With regard to larger retailers McKinsey's practice offered two very interesting examples:

- Lessons learned as a result of its working with a European retail chain (having around 1,000 brick-and-mortar retail stores globally) that involved in an e-commerce business and obtained successful results in just 13 weeks: be focused on one region and direct customer impact; launching at speed based on clearly designated teams (responsible for technology and design, operations, product assortment, and marketing); installing during the start of this process the right key performance indicators (KPIs) so as to track e-commerce business process evolution, and adapt accordingly, ensuring constant improvement;

- The advantages offered to many large retailers (such as Amazon and Target) in the USA and UK by their already built and scaled retail media networks (RMNs) enabling e-commerce innovation driven by the high-margin business built by valorizing RMNs (profound customers' knowledge via advertising opportunities, first-party data, and seamless, digitally frictionless omnichannel shopping experience).

McKinsey's practice also underlined the significant value driven by e-commerce for brands (via DTC e-commerce, live commerce and social commerce), for CPG manufacturers (based on e-commerce metrics, marketing investment, revenue growth management tactics, and omnichannel supply chain actions), and for B2B companies (by valorizing e-commerce channel, digital marketplaces and so on).

According to SaleCycle (Ward, 2023), a necessary part of managing an ecommerce business are the lost sales, regaining them and turning them into valuable conversions being a real challenge. To recover from these unwanted situations (determined by cart abandonment, website malfunctions, or customers' choice paralysis), e-commerce businesses need to implement effective strategies (like abandoned cart recovery, optimized checkout experience, personalized retargeting campaigns, excellent customer support etc.), so as to maximize ecommerce business's revenue potential.

E-commerce capabilities, innovation and economic development

According to Fuller et al. (2022), to maintain a benefit on sales performance companies need to adopt e-commerce capabilities (which are disproportional in their general effects on different performance metrics) ahead of time and frequently, considering both performance expectations of capability adoption, and the timing of adoption, setting realistic goals and expectations, and allocating e-commerce operating budgets efficiently. It is very important not only to distinguish each capability's specific contribution to e-commerce outcomes, but also to determine when the e-commerce outcomes may be achieved after adoption, making difference between some new digital capabilities providing advantages to the early adopting companies, and other capabilities offering even after widespread capability adoption lasting benefits to early adopters, because an increase in companies' performance metrics can be obtained even by later-adopting companies. Fuller et al. showed that e-commerce capabilities' influence on performance can be lasting only a short time, delayed, or sustained (beyond the contribution of these capabilities to the creation of business value), these capabilities operating as part of a larger system, where the possible synergistic effects resulting from different combinations of capabilities.

Skare et al. (2023) demonstrated that there are low e-commerce outputs when there are low innovation outputs, innovation being positively related to e-commerce output (B2C, B2B, and B2G being considered as one variable in the quantitative research), that is why a positive effect on e-commerce can be obtained through a higher innovation rate, a higher rate of e-commerce being associated with a higher rate of countries' economic development. Their quantitative analysis was based on annual data from all (27) EU member from 2013 to 2021, the 12 e-commerce companies' indicators being classified according to company size (B2C Large enterprises; B2C medium enterprises; B2C Small enterprises; B2B, B2G Large enterprises; B2B, B2G medium enterprises; B2B, B2G Small enterprises; B2C Small turnover; B2C Medium turnover; B2C Large turnover; B2B, B2G Small turnover; B2B, B2G medium turnover; B2B, B2G Large turnover). They quantified the relations (see the below figure) in the countries' trajectory of innovation activity (considering the Global Innovation Index – GII), the outputs of companies' B2C, B2B, and B2G e-commerce (considering sales characteristics), and the EU member countries' economic development (considering both: the human development index – HDI, from the social point of view; and GDP from the the economic point of view). Skare et al. took into account the following research questions: RQ 1, the relationship between companies' innovative activity and EU countries' outcomes of e-commerce; RQ 2, the relationship between e-commerce outcomes and EU countries' economic development; RQ 3, the differences in the B2C, B2B, and B2G businesses' outcomes among EU countries explored concerning the companies carefully watched with innovation and economic development.

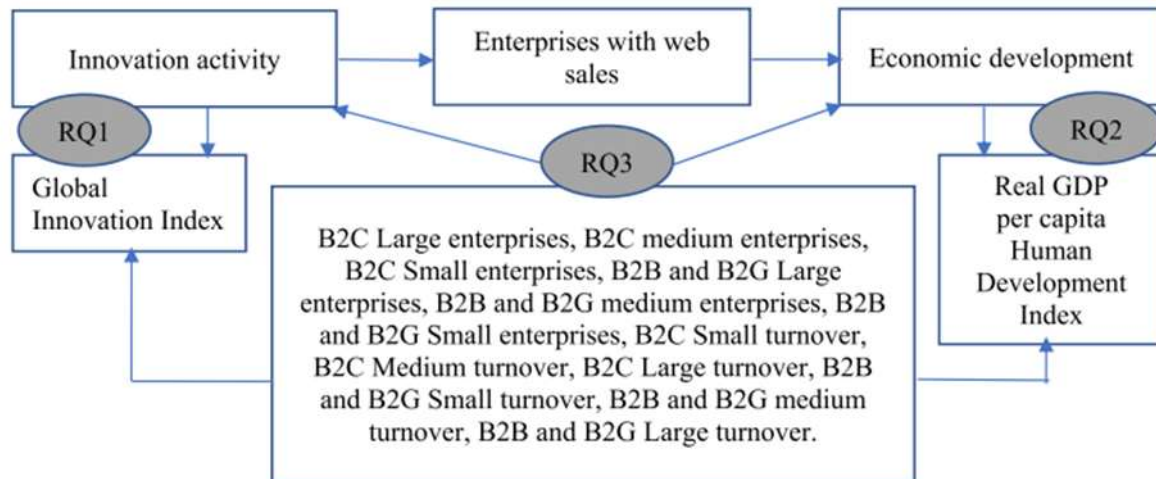


Figure no. 1: Relations between the explored components and the research question

Source: Skare, M., Gavurova, B., Martin Rigelsky, M., 2023. Innovation activity and the outcomes of B2C, B2B, and B2G E-Commerce in EU countries, *Journal of Business Research*, Volume 163, 113874, p. 4 (work cited)

The above-mentioned explored relationships (RQ 1, RQ 2, and RQ 3) were confirmed by their research (which considered the specifics of B2C and B2B with B2G). It is also worth mentioning that among the countries needing to give close and thoughtful attention to these highlighted relationships are Bulgaria and Romania, according to the cluster analysis made within this framework.

In our last RDC Magazine issue (Purcarea, 2023), we made reference, among other aspects, to the well-known wise words of Peter Drucker: *“Follow effective action with quiet reflection. From the quiet reflection will come even more effective action”*; *“The entrepreneur always searches for change, responds to it, and exploits it as an opportunity”*.

Instead of conclusions: *Better understanding what really matters in e-commerce and its subset m-commerce*

Nine years ago (Negricea & Purcarea, 2014) we highlighted how increasingly critical is to understand what really matters in mobile, mobile being a critical channel for engaging customers, and the mobile screen targeting to be the primary screen. We also showed that marketing strategies have to keep pace with the consumer-related changes in the today's fast-moving world of online retail.

According to Lucas et al. (2023), one of the fastest growing forms globally of e-commerce is m-commerce (a subset of e-commerce that is popularized mainly by the mobile applications stimulating consumer engagement), being important to better understand the

relationship between e-commerce, m-commerce and consumers' intention to continually using e-commerce access platforms, starting from the so-called VAM (value-based adoption) model proposed by Kim et al. (2007), who allowed measuring the perception of value by the consumer of technology, by combining the theory of consumer choice and decision making (from economics and marketing research). The VAM model offered a cognitive trade-off between perceived benefits (as constructs of usefulness and enjoyment) and sacrifices (as technicality and perceived fee), the perceived benefits being divided into extrinsic (perceived usefulness of the platform) and intrinsic (satisfaction or pleasure in using the platform). Lucas et al. (who examined the user's experience with different access platforms from e-commerce to m-commerce), made also reference to by Wang et al. (2019) underlined perceived promotions (together with product quality, perceived price, and eWOM) as another extrinsic benefit present in the e-commerce system. The research findings of Lucas et al. showed (after identifying perceived usefulness, enjoyment, and perceived promotions as important influencers of using an online platform) that the main predictor of the consumer's perceived value (in all by them tested platforms) is the perceived usefulness, while the main barriers or disadvantages faced in the online business environment are some different perceived sacrifices (perceived privacy risk, technicality, and navigation and design) which are not having influence in all tested platforms.

And as we underlined last year (Purcarea, 2022), within the context of the evolution of digital commerce and e-commerce platform, there is no doubt about the need of a frictionless commerce, better understanding that now it is the real time to enter the path to NeXT Commerce.

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