



Putra Business School

GSM 5170 Management Information System

Dr. Rusli Haji Abdullah

Lecture 4

Case Study 1: When you're Big, You can be your Own B2B E-Marketplace

Case Study 2: The mobile commerce explosion

11th March 2014

Uma Devi Muniyandi:

GM04926

Case Study 1: When you're Big, You can be your Own B2B E-Marketplace

QUESTION 1

Volkswagen operates its own proprietary B2B e-Marketplace in which its suppliers participate. What are the disadvantages to Volkswagen of not using generic B2B e – marketplace with even more suppliers? What are the advantages to Volkswagen of developing and using its own proprietary B2B e-marketplace?

ANSWER

The disadvantages of Volkswagen not using generic B2B e-marketplace selling is that it faces a much smaller buying pool than businesses selling to consumers. The total number of prospective buyers may top out in the low thousands, rather than the potential millions of customers for consumer products. These limited numbers make every lead and every existing customer more valuable and the loss of a single, large customer can devastate the bottom line.

The majority of consumer purchase decisions involve one or perhaps two decision makers and the total time for a purchase decision tends to run on the short side. The B2B sales cycle involves a complicated set of factors, involving multiple stakeholders and decision-makers, with total decision times that can stretch out for months. B2B sellers cannot depend on a fast turnaround with new clients for an influx of working capital and must maintain the financial solvency to operate with long gaps between sales.

The advantages to Volkswagen of developing and using its own proprietary B2B e-marketplace because they spend the money with suppliers, so that its can open and run their own B2B e-marketplace. Volkswagen handles 90% of Volkswagen global purchases. Almost all request for quotes, contract negotiations, catalogue updating and buying, purchase-order management, vehicle program managements, and payment are handled electronically and online through VWgroupsupply.com. Volkswagen Ag offers eight brands of automobiles Volkswagen (passenger), Volkswagen Commercial Vehicles, Audi, Bentley, Bugatti, Lamborghini, Seat, and Skoda. Volkswagen spent almost 60billion euro, or approximately \$77billion, on components, automotive parts, and MRO materials for its manufacturing operations.

QUESTION 2

When Volkswagen needs a new part design, it uses VWsupplygroup.com to get its suppliers involved in the design process early. This creates a tremendous amount of interorganization collaboration. What are the advantages to the suppliers and to Volkswagen in doing so?

ANSWER :

The advantages of interorganization collaboration is Volkswagen can establish valuable contacts across the supply chain, gain insights into current organizational practices; and is also capable of identifying opportunities for joint projects among supply chain members. The suppliers receive the advantages of working closely with one of their biggest buyers. That way, they can be sure to develop the part exactly as Volkswagen wants it. As well, the suppliers receive the benefit of completely understanding what Volkswagen wants and why it wants it. Volkswagen benefits in similar fashions. It can work closely with its most trusted suppliers. It can get the suppliers to design the exact product needed. And it can utilize the expertise of the supplier organizations in designing a new part.

QUESTION 3

How is Volkswagen's VWgroupsupply.com B2B e-marketplace implementation? How is it an example of a horizontal e-marketplace implementation? Why is it necessary that Volkswagen combine both of this e-marketplace? What would be the drawbacks to creating two different e-marketplaces- one for suppliers of MRO materials?

ANSWER

Volkswagen's e-marketplace is a vertical e-marketplace because it is only for it and suppliers in the automotive industry and Volkswagen's e-marketplace is a horizontal e-marketplace because it also includes suppliers to MRO materials that Volkswagen needs. Both of these must be combined because Volkswagen only participates in this e-marketplace and needs both direct and MRO materials. By creating two different e-marketplaces, Volkswagen would be duplicating many processes and have redundant information. This would be necessary – but not beneficial – to run both e-marketplaces.

QUESTION 4

To make effective purchasing decisions, Volkswagen's purchasing agents need business intelligence. What kind of business intelligence does iPAD provide to purchasing agents for carrying out their tasks? What additional kinds of business intelligence not discussed in this case could Volkswagen's purchasing agents take advantage of to make effective decisions?

ANSWER

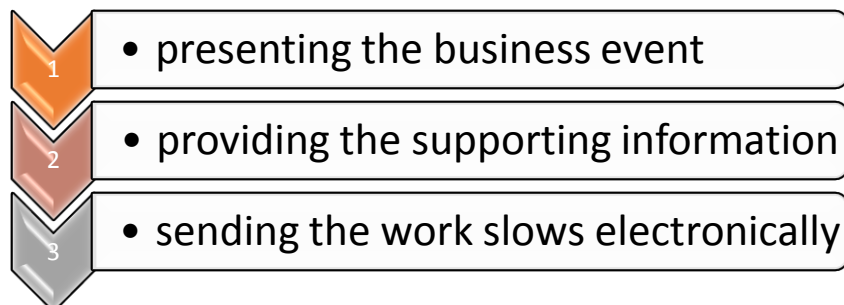
iPAD provides a variety of business intelligence including the need for inventory parts, lists of potential suppliers, and the costs of the parts for each supplier. The iPAD system could include other forms of business intelligence (and it may very well) including suppliers according to their number of defective parts per million and suppliers according to how long they take to deliver their parts.

QUESTION 5

iPAD manages the workflow for purchasing agents. Describe how iPAD manages this process including information provided, steps to be executed, and the presentation of information.

ANSWER

iPAD manages the workflow process in many ways. It provides the necessary information such as in the native language of the purchasing agent (which is the presentation of information through a Web browser) – including the needed inventory, the list of potential suppliers, and the costs associated with each supplier. The steps in the workflow process includes :



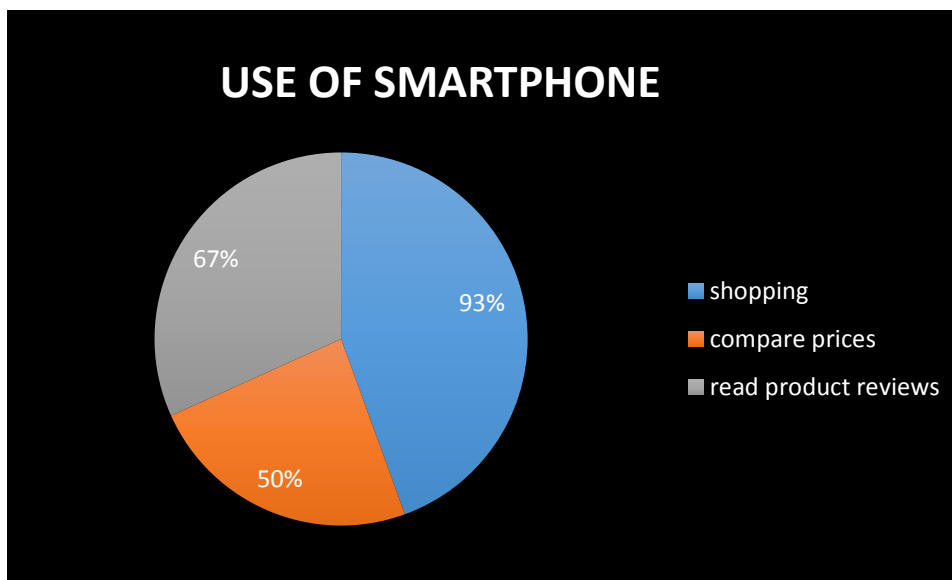
Case Study 2: The mobile commerce explosion

QUESTION 1

Take a survey in one of your classes. What percentage of students own smartphones? Gather some data regarding how they use their smartphones for shopping. Do they use a smartphones for shopping? Do they use a smartphone to compare prices? Do they use a smartphone to read product reviews? For what other shopping related activities do they use smartphones?

ANSWER

A survey was conducted in the Marketing class which consist of 30 students. 100% of the students answered that they own smartphones. The pie chart below depicts the use of smartphones among the students.



Besides the use mentioned in the questions students also stated that they also use smartphones to search information, use social networks such as facebook, twitter, Instagram and even blogging. Students also state that they use smartphones to read online articles such as journals and newspapers. As for shopping uses some students state that they use their mobile phone to promote their business online. For an example a student mentioned that she promotes her online head scarf (*tudung*) via facebook.

QUESTION 2

How do you think large brick and mortar retailers like Best Buy and Walmart can compete in a world quickly moving to smartphone-enhanced shopping? Do you think smartphone-enhanced shopping will outrageously transform brick and mortar retail, perhaps putting many retail chains out of business? Why or why not?

ANSWER

Large brick and mortar retailers like Best Buy and Walmart can compete in a world quickly moving to smartphone-enhanced shopping Smart businesses by embracing mobile commerce and developing strategies to make it an integral part of their store experience. Ebay and Amazon.com is one good example of how online is taking over brick and mortar business. Some businesses, however, will go out of business because of mobile commerce. For example the second-largest bookstore chain in the nation, Borders is the latest casualty of online shopping. On July 18, the company announced it will be going out of business, closing hundreds of stores, and laying off nearly 11,000 employees. The inability to compete with online bookseller Amazon.com is a major reason for Borders' demise, experts say. Books-A-Million, the nation's third-largest bookstore chain, is in talks to acquire a small number of Borders stores, so perhaps at least some of those being laid off will be able to keep their jobs as Books-A-Million employees

QUESTION 3

Many retailers are creating proprietary in-store apps for shoppers. Some of these apps help shoppers find the location of products in the store, while others recommend complementary products based on the product searches. For an in-store app, say, for a Best Buy store, identify and describe three additional features that you believe shoppers would benefit from and encourage them to make purchases in the store?

ANSWER

Three additional features shoppers would benefit if attractive promotions and discounts are provided in the in store apps. Think of your customers as friends and build trust and a strong relationship with your clientele, send handwritten notes or individualized email responses that make a huge difference

and one last feature that can be added is product bundling whereby several products are combined as a product.

QUESTION 4

Esurance (www.esurance.com) has a slogan that states, "People when you want them, technology when you don't." This speaks very much to the increasing role of technology in customer service. What do you think about this? Can (and should) technology take over the primary customer-facing role for an organization, especially a retail store? Will stores like Nordstrom lose their competitive advantage based on superior customer service?

ANSWER

Nothing speaks of the role that technology plays in customer service as well as these advertisements from Esurance. It's absolutely amazing to me how perfectly they have tapped into the gestalt of our society with their trademarked tag line of "People When You Want Them, Technology When You Don't". The slogan suggests that there is an increase in technology, however in certain areas such as retail outlets there is still a need for traditional interaction and communication. Retail outlets still need the traditional methods especially in decision making. At the current moment we feel that increase in mobile apps will not really hinder success of traditional retail outlets if the retail outlets are capable in providing first class services.

QUESTION 5

What about people who can't afford a smartphone? Will they disadvantage while shopping? When do you think smartphones will become affordable to all, say in the price range of \$40 to \$50?

ANSWER

People who can't afford smartphones will face disadvantage while shopping as they can't compare price easily or purchase online via their smartphones. In our opinion smartphones will be affordable on years to come when new technology is developed, smart phones that run with old technology will be sold in must cheaper price.