INTERNATIONAL JOURNAL OF ADVANCE RESEARCH AND DEVELOPMENT

IJARnD

(Volume3, Issue7)

Available online at: www.ijarnd.com

Study the role of intermediaries in electronic marketplace

Daw Myo Myo Khin

Lecturer, University of Computer Studies, Hinthada, Myanmar

ABSTRACT

The advent of e-commerce is now having the opportunity to bypass distributors and trade directly with customers via a destination website and it also has the opportunity to reach customers through new B2B marketplaces and B2C consumer transaction. There is the opportunity to market its products through online intermediaries. This paper provides an analysis of the role of intermediaries in an electronic marketplace.

Keywords—*Intermediaries, E-commerce, Marketplace*

1. INTRODUCTION

Intermediaries in the electronic market are various intermediate organizations, mainly exists in the market, regulating trade between producers, consumers and their information, products, services, thus making it become a more convenient and cheaper economic organization. In an age where it is easy for any company to set up shop with an e-commerce website, it may be tempting for a small business to eliminate intermediaries to maximize profit. For a scaling business, however, this can create a lot of work in logistics and customer support. Unless customers are buying a product directly from the company that makes it, sales are always facilitated by one or more marketing intermediaries, also known as middlemen. Traditional physical markets are often brokered by intermediaries that facilitate market transactions by providing intermediation service. For instance, the owner of a shopping mall typically provides many intermediation services in the physical world. Four types of traditional intermediaries include agents and brokers, wholesalers, distributors, and retailers.

2. FOUR TYPES OF TRADITIONAL INTERMEDIARIES

2.1 Agent and Brokers

Agent and brokers are nearly in their roles as intermediaries. In fact, when it comes to real estate transaction. However, agents serve as an intermediary and a permanents basis between buyers and sellers, while brokers do this on a temporary basis only. Both are paid in commission for each sale and do not take ownership of goods being sold.

2.2 Merchant wholesalers

Merchant wholesalers, which are also simply called wholesalers, buy products from manufacturers in bulk and then resell them, usually to retailers or other business. Some carry an extensive range of different products but carry a large assortment. They may operate cash-and-carry outlets, warehouses, mail order business or online inventories in trucks, and travel to their customers.

2.3 Distributors

Also called functional wholesalers, distributors do not buy a product from producers. Instead, they expedite sales between the manufacturer and retailers or other business. Like agents and brokers, they can be paid by commission, or they can pay in fees from the manufacturer.

2.4 Retailer

Whenever a consumer buys products from anyone other than the company that makes it, the consumer is dealing with a retailer. This includes corner stores, shopping mall and e-commerce website. Retailers may buy directly from the producers or from another intermediary. In some markets, they may stock items and pay for them only after they make a sale, which is common for most bookstores today.

3. E-COMMERCE

E-commerce means Electronics commerce or EC-is the buying and selling of goods and services, or the transmitting of funds of data, over an electronic network primarily the Internet.

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.

The main types of electronic commerce are: business-to-business (B2B); business- to-consumer (B2C); business-to-government (B2G); consumer-to-consumer (C2C); and mobile commerce (m-commerce).

- Business-to-Business (B2B): The commercial transaction between an organization and other organization.
- Business-to-Consumer (B2C): The commercial transaction between an organization and consumers.
- Business-to-Government (B2G): The business model that refers to business selling products, services or information to the government or government agencies.
- Consumer-to-Consumer (C2C): Information or financial transaction between consumers, but usually mediated through a business site.
- Mobile commerce (m-commerce): Electronic transactions and communications conducted using mobile devices such as laptops, PDAs, and mobile phones, and typically with a wireless connection.

4. TRADITIONAL MARKETPLACE AND ELECTRONIC MARKETPLACE

The marketplace is the interpreter of supply and demand. While traditional marketplace has a physical location, an internet-based market has no physical presence, it is a virtual marketplace. The new electronic marketplace has many alternative virtual locations where an organization needs to position itself to communicate and sell to its customers, managers need to understand the relative Importance of different types of site and consumer and business interaction and information flow.

4.1 Marketplace channel and distribution channel

Marketplace channel structures describe the way a manufacturer or selling organization delivers products and services to customers. Types of marketing channel are

- Manufacturer to customer
- Manufacturer to the retailer to consumer
- Manufacturer to wholesaler to customer
- Manufacturer to the agent to wholesaler to retailer to customer.

Marketplace channels are the ways that goods and services are made available for use by the consumers. All goods go through the channel of distribution. A distribution channel will consist of one or more intermediaries such as warehouse and retailers.

4.2 Situation of intermediaries in the electronic marketplace

The value of intermediation services may be reduced once a relationship moves to an electronic marketplace. In particular, electronic markets do not require services related to matching of customers and suppliers in the physical space. In fact, the information infrastructure makes it easy to match customer and suppliers that the role of intermediaries may be reduced eliminated. The relationship between the company and its channel partners (customers) shown in Figure (1) can be dramatically altered by the opportunities afforded by the Internet. This occurs because the Internet offers a means of bypassing some of the partners. This process is known as disintermediation or 'cutting out the middlemen'. Disintermediation means that the removal of intermediaries such as distributors or brokers that formerly linked a company to its customer.

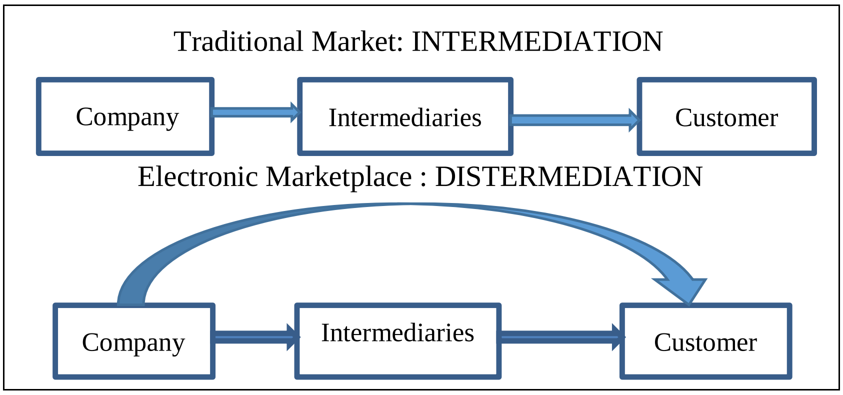

Fig. 1: Intermediation in the Traditional market and Electronic marketplace

Now, advanced use of Information Technology and the evolution of electronic marketplaces to reduce the transactions costs for procedures, thus enabling them to internalize activities purchased from intermediaries in the traditional market.

5. REVIEW THE NATURE OF DISINTERMEDIATION AND REINTERMEDIATION IN MARKETPLACE

In a Figure-2 show that the situation of disintermediation and reintermediation in the marketplace.

Figure 2(a) shows the traditional situation in which many sales were through brokers such as the Automobile Association (www.theaa.co.uk).

Figure 2(b) show that disintermediation situation. An electronic market without the need for intermediation facilities. There was the opportunity to sell directly initially via call centers with Direct Line (WWW.directline.co.uk) and them more recently by their transactional website.

Figure 2(c) show that reintermediation situation. Customer Purchases of products still needed assistance in the selection of products and this led to the creation of new intermediaries. New intermediation plays with an important part in a commercial transaction between producers and customers.

In the UK Screen trade (www.screentrade.com) and Confused (WWW.confused.com) is an example of new entrant brokers providing a service for people to find online insurance at a competitive price.

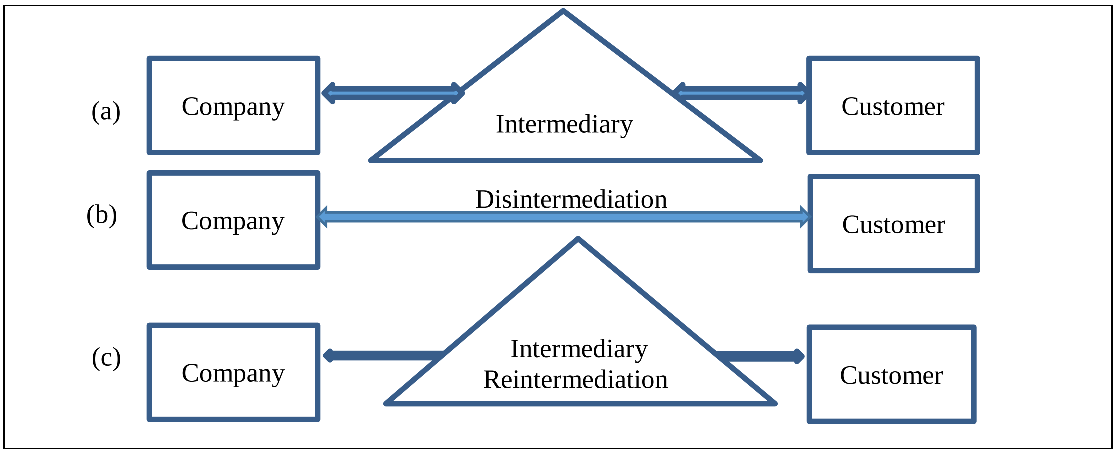

Fig. 2: Disintermediation and Reintermediation in the marketplace

5.1 Reintermediation process for the e-commerce manager in the electronic marketplace.
Reintermediation means that the creation of new intermediaries between customers and suppliers providing services such as supplier search and product evaluation.

First, it is necessary to make sure that company, as a supplier, is represented on the sites of the new intermediaries operating and chosen market sector.

Second, it is important to monitor the prices of other suppliers within this sector.

Third, it may be appropriate to create own intermediation.
Such tactics to counter or take advantage of reintermediation are sometimes known as counter medication. Center mediation means that the creation of a new intermediary by an established company.

6. ROLES OF MARKET INTERMEDIARIES

Brokers are important in markets because of search cost, lack of privacy, incomplete information, contracting risk, and pricing are better managed through brokers.

Thus four important roles of market intermediaries are:
- Aggregate buyer demand and seller products to achieve economic scale or scope.
- Protect buyer and seller from the opportunistic behavior of other participants in a market by becoming an agent of trust.
- Facilitate the market by reducing operating costs.
- Matching buyer and seller.

7. CONCLUSION

With new age, intermediaries may various adjustment and evaluation of form and function, but no matter how to change, the role of intermediary to function as a bridge connecting producer and consumers is always the same. The development of electronic commerce, new intermediaries refers to system set-up under the network environment connection of producers and consumers as the role of the bridge.

8. REFERENCES

[1] Chaffey, Dave, “E-business and e-commerce management: strategy, implementation and practice”, fifth edition.
[2] David Weedmark; “4 types Marketing Intermediaries”, Updated June 27, 2018, http://smallbusiness.chron.
[3] Dr.Shahid Amin Bhat, Prof: Keshav Kansana , “ Review Paper on E-commerce”, ITM University Gwalitor or, International Conference **a**t Gwailar,February,2016,https://www.researchgate.net.publication/304703920-A-Review-Paper-on-Ecommerce
[4] GeogeM.Giaglis, StefankleinandRobertM.O.Keefe, “Disintermediation, Reintemedaries or Cybermediation. The future of Intermediaries in Electronic Marketplaces”, Department Information Systems and Computing, Brunel University, Uxbridge, UK, Institute for Information Systems, UniversityofMunster, Gamany,https//www.wi-inf.uni-disburg-esen.de/giaglis-1999-Intermediation Electronic Marketplace.pdf.
[5] Joseph P. Bailey and Yannis Bakos, “The Exploratory Study of the Emerging Role of Electric Intermediaries”, International Journal of Electronic Commerce, Volume1, No.3. Spring 1997,pp 7-20.
[6] Wei Rong, “The evaluation of the intermediaries in the e-commerce environment”, School of Management Shanghai University of Engineering Science, International Journal of Business and Social Science Vol. (5).No.(1): April 2014.

BIOGRAPHY

Daw Myo Myo Khin
Lecturer
University of Computer Studies (Hinthada), Myanmar