

CHAPTER 5

CAPITALIZED ON THE PROLIFERATION OF SOCIAL PLATFORM AND AUDIOVISUAL WEBLOG FADS

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KEYWORD ABSTRACT

VIDEO SERVICES, BROAD CASTERS, TELEVISION INDUSTRY, ONLINE MARKET

Clustering can be an exceedingly successful strategy if purchasers are homogenous and residual expenses for manufacturing are minimal. An approach for comprehending the emergence of multimedia collectors like as USA Today and Google!, as well as the increasing usage of subscription-based pricing in the knowledge items market encompassing companies like a report from Dow-Jones, and Netscape, is provided by assessment by Bakos and The research. although also provides a summary of the problem, graphically illustrates the impact of distribution/transaction pricing d as well as cost of entry c on the desirability of aggregating an extensive range of distinct services.

5.1 INTRODUCTION

Per Gereffi et al. (2005): 89, this governance method implies that the power asymmetry between suppliers and lead firms is minimal. For the purpose of researching chain governance at a macro level that goes beyond the actors' power dynamics and connection mechanics. Who controls the chain and establishes its The distinction between unipolar, bipolar, and multipolar chains is made by Ponte and Sturgeon. According to Ponte and Sturgeon (2014), multipolar networks have several centers of power and various sorts of links, whereas the first are substantially "driven," driven by a small number of influential individuals. Additional research is required to be certain about the polarity of the media supply chain.

At the moment, it appears to be bipolar, with media corporations and giants in IT together to steer its direction. But it's amazing how internet companies have grown so strong that they now hold a shared authority in this chain. Concerning Stevens' 2017 interview, they are no longer the epicenters of innovation and are finding it difficult to attract elite engineers who do not view them as IT businesses. Currently, regardless of distance (unless doing so is restricted by local regulations), the latter possesses the majority of the capabilities, skill set, and creativity. These initiatives must have room to grow. Another advantage that viewers enjoy is the wealth and diversity of content that is at their disposal.

The losers include small specialist suppliers and traditional broadcasters with outdated technology and expertise-

As the latter are mostly focused on serving domestic markets and have limited room for growth. As demonstrated by the declining market shares in the advertising industry and the attention-getting rivalry, they are also the previously mentioned Ofcom data. Some of the digital firms' shares are taken away by their video services. Record advertising revenue of US\$15.1 billion was reported for 2019 by YouTube's parent company, Alphabet (Foster, 2020). Reporters' perspectives Distance doesn't matter (unless local laws prohibit them).

The television industry now shares a supply base with other industries, which is the last way that the phenomena of industrial co-evolution has changed. But there argrowth.

Furthermore, the figures given by Ofcom suggest that they are losing the war for attention (prior to this), as well as market shares in the advertising sector. The video services offered by the digital companies take away a portion of their shares. The parent firm of YouTube, Alphabet, reported record advertising income for 2019 of US\$15.1 billion (Foster, 2020). As mentioned in Greenaway's 2019

Broadcasters acknowledged YouTube's position in their industry and shared their view of it as a direct competitor during the discussion -

Finally, the phenomenon of industrial co-evolution has evolved since the television sector now shares a supply base with other industries.

The television industry faces many intricate repercussions from sharing a same supply base. Media firms can offer additional material thanks to cross-sectoral research and development. e also losers: established broadcasters with out-of-date equipment and skill sets, and small, specialized suppliers. The latter mostly cater to domestic markets and have restricted ability to at a reduced expense. However, with the development of technology, corporations have lost some control and are now dependent on The video services offered by the IT corporations partially appropriate these shares. YouTube's parent company Alphabet announced that it

generated record-breaking \$15.1 billion in advertising income in 2019 (Foster, 2020). During the 2019 interview, Greenaway said that YouTube is seen by broadcasters as

Finally, the fact that the television industry now shares a supply base with other industries has given rise to the phenomena of industrial co-evolution.

The implications of a shared supply base are complex and have various ramifications for the television industry.

5.2 RESEARCH & DEVELOPMENT

Research & development across sectors enables media companies to provide more content at a lower cost. Nevertheless, as technology has advanced, businesses have lost some control and now have to rely on These shares are partially taken away by the tech corporations' video services.

With \$15.1 billion in revenue from advertising in 2019, Alphabet, the main company of YouTube, set a record (Foster, 2020). Greenaway's 2019 interview claims that broadcasters recognize YouTube as a direct rival in their market and view it as such.

Finally, the television industry now shares a supply base with other industries, giving rise to the phenomena of industrial co-evolution.

A common supply base has numerous complex ramifications for the television industry.

Cross-sectoral R&D allows media companies to provide more content at lower costs. But as technology has advanced, businesses have lost some autonomy and are now reliant on infrastructure provided by corporations. outside sources in order to spread knowledge.

For media companies, the transition to IP transmission includes advantages and disadvantages. In the fiercely competitive and quickly changing video market, one must stream in order to remain relevant. Although DTC platforms facilitate direct communication between media organizations and their audience, broadcasters and streamers need on the internet giants' infrastructure to run their businesses. These businesses' involvement in the distribution of media Traditional firms face significant competition from GVC. After realizing the advantages of having a worldwide infrastructure, the biggest internet companies started developing their own video services. Second, the scale of media companies and the tech giants differs greatly. Among commercial broadcasters, RTL and ITV are the biggest. are worth US\$5.83 on the stock market in Europe.

In the cloud computing and CDN industries, the three titans of Amazon, Microsoft, and Google's parent firm Alphabet are valued at US\$1.4 trillion, US\$1.3 trillion, and US\$990.7 billion, respectively (Google Finance, June 9, 2020). The advantages of scale in an increasingly worldwide economic environment cannot be overstated, and it may play a significant role in shifting the power dynamics in the internet giants' favor.

But more than only commercial actors will determine the fate of the unequal relationship. Internet companies, according to Cunningham and Craig (2019: 266), have benefited thus far from a loose and permissive worldwide regulatory framework. The legal landscape is evolving. Countries are aware of the significant impact on the economy and communities. Because of their scale and market domination, the large IT companies have been the focus of constant questions from local politicians. "We are subject to rising regulatory scrutiny as well as changes in laws governing a broad range of topics that may negatively affect our business," Alphabet admits in its most recent report (Alphabet, 2020: 15). Numerous regulatory bodies, the US Congress, and a number of attorneys have opened investigations into the company's business operations due to concerns about anything from possible antitrust violations to data processing (Del Rey, 2020; Nicas et al., 2019; Swartz, 2020).

Multinational companies' local income taxes will be a French government-implemented measures were the first in Europe. The planned levy, according to internet companies and a French lawmaker, is "just the tip of the iceberg in terms of new regulations that must be introduced internationally to deal with the powerful tech giants" (Chrisafis, 2020).

In order to employ digital technology in a way that upholds Europe's open societies, expresses their values, and fosters commercial progress, the European Commission is presently creating a comprehensive digital strategy.

The strong push for policy places digital transformation at the center of foreign policy, along with strengthening Europe's digital capabilities and regulating a wide range of technologies, including artificial intelligence and internet platforms. All things considered, the European Union is developing its own "key capacities" and cutting back to protect or reinstate its "technological sovereignty."

"Reliance on external regions," according to the European Commission (2020: 3).

The borders of several GVCs, including media distribution, may be redrawn if this significant policy effort is successful. The President of the European Commission, Ursula von der Leyen, does, however, issue a warning. According to von der Leyen (2019: 13), she accepts that "it may be too late to replicate hyperscalers" despite her desire to attain technical autonomy. But it's good that the EU plan shifts the discussion into a diplomatic venue and recognizes the influence that size has on the digital economy.

They've obtained Two primary purposes are served by them: first, they serve to connect buyers and sellers; second, they facilitate the exchange of goods, services, information, and money in the course of market transactions; and third, they provide the institutional framework, including laws and regulations, that ensures the market runs smoothly.

The first two functions are carried out by intermediaries, while governments are often in charge of an economy's institutional foundation. Electronic marketplaces that operate online use information technology to carry out these tasks more affordably and effectively, creating "friction-free" and productive marketplaces. connecting vendors and purchasers. "Clear" markets arise from the coincidence of supply and demand. Three crucial steps make up this process of connecting vendors' product offerings with customers' needs: finding product listings, running searches, and figuring out costs. The desire to maximize one's The actions Take on the first two responsibilities. Electronic markets that are accessed through the internet use information technology to carry out these tasks more effectively and economically, making the marketplaces "friction-free" and higher yielding.

Connecting sellers and purchasers. Supply and demand align to create "clear" markets. There are three key components to this process of connecting vendors' product offerings with customers' needs: finding product listings, searching, and figuring out costs. with the goal of maximizing The desire for personal benefit drives the actions of middlemen, buyers, and sellers.

In marketplaces with robust demand, productive resources are allocated effectively. Markets serve as the engine and steering system of the economy in this way.

Capital, labor, and technological resources can all be used by businesses to create goods that meet consumer desires thanks to markets, which give vendors having data about demand at their disposal. Vendors develop a schedule of products they believe will optimize their profitability based on data on product and service production and distribution, consumer demand, input costs, information technology available, and other transnational aspects.

5.3 EXPENSES RELATED TO MANAGING THE PRODUCTION PROCESS, DISTRIBUTION, AND REIMBURSEMENT

-Customers take into account many elements such as product attributes and pricing while deciding which of the numerous products to purchase.

- The costs of finding and evaluating this data are borne by the buyers through search fees.

-These expenses include the opportunity cost of the time spent looking as well as incidentals like phone calls, driving, magazine subscriptions, computer fees, and other expenses. Prices are regularly raised by sellers in an attempt to profit more from these search expenses. Likewise, sellers can be required to pay for search expenses needed to find suitable customers for their products, such as market research, advertising, and sales calls.

-Finding the prices at which supply and demand "clear" and trade takes place is a process known as price discovery, and it is one of the main roles that markets play in our economy.

-This is what drives some markets, such as the financial markets. Diverse methods are available to markets for investigating prices.

For example, several financial markets utilize one or more of the various price-setting auction formats, including the "call market" auction that starts the New York Stock Exchange's trading day and allows bids to be considered until a specific time and exchange occurs as soon as the marketplace opens. This is the cost at which it starts.

-This initiates a day of "everything market" transactions by being broadcast to the whole market via the stock ticker.

Other contexts—like a traditional car dealership—also involve negotiation.

until a mutually agreeable conclusion is reached between buyers and sellers. In larger markets, merchants offer attractive discounts that buyers can choose to accept or reject, just like in a conventional department store.

-Exchange capabilities are available. The synchronization of the market

-Function is the means by which relationships are mutually generated ,between the vendor and the buyer. Following a transaction, money must be sent to the supplier (remedy) and the sold item must be shipped to the buyer's stated address (logistics).

- Settlement and logistics procedures are common in markets: As soon as a travel agency make use of an airline reservation system to When you book a flight, the itinerary is generated by the system.

and the ticket, along with overseeing the purchase made with a credit card.

-Additionally, a certain degree of confidence needs to be developed in order to protect market transactions.from the cunning maneuvers of other market

participants, protecting purchasers, vendors, and middlemen. For example, credit reporting companies and banks that offer credit could both fulfill this trust role.

-Correspondence, customer reports, and Better Business Bureau rating agencies.

bureaus in charge of monitoring seller reputations and product data to prevent dishonest behavior.

-Lastly, markets offer the tangible structure needed for transactions to occur between purchasers and sellers. Real assets are included in this, include real-world frameworks and trade transportation systems, flooring, equipment, and communication systems.

5.4 INFRASTRUCTURE WITHIN INSTITUTIONS. THE ESTABLISHMENT

They regulate market interactions and offer instruments to enforce them; these instruments include dispute resolution, contract law, and intellectual property protection. Moreover, major antitrust concerns may arise due to the nature of electronic markets. Large economies of scale exist in distribution, for instance, as a single online retailer or middleman may cater to a vast market. Payment systems may enable demand-side economies of scale and programs. These could lead to a market structure where one or a small number of businesses own the whole market, known as a winner-take-all.

5.5 INTERNET-RELATED MARKET EFFECTS

The way that the previously discussed markets operate is significantly being impacted by electronic marketplaces, particularly those things are hosted online.

Products on Hand. Online marketplace products are distinguished from their traditional counterparts by two major growing trends: the first is the increased overspecialization and customization of product offers; the second is the gathering and analysis of information-based product components to satisfy customer demands and facilitate creative pricing strategies.

There are two ways that electronic markets enable customization and overspecialization:

- Some buyers can be identified thanks to consumer monitoring technology. To ascertain or estimate particular preferences, information about these purchasers can be utilized, such as pertinent demographics, consumer profiles, or comparison with the known preferences of similar consumers.

- Customizing products with a lot of information is simple and reasonably priced. Offering readers an electronic newspaper customized to their preferences, for example, doesn't always have to more than giving each subscription the exact same edition.

The overspecialization and customization options available today are either rule-based or dependent on systems, such as Broadvision norms of behavior, or collaborative filtering platforms such as Firefly Network (www.firefly.net), that leverage user input and experiences to match the preferences of the intended audience.

-This makes it possible to carry out "one-to-one marketing," which is predicated on getting to know specific customers. For example, fostering a feeling of community and communication among clients can be helpful as it facilitates the sharing of experiences, issues, and solutions as well as the gathering of crucial data on specific customers.

-The ultimate goal is to provide personalized services according to each person's indicated or expressed preferences.

-Enhanced sales efficiency stems from the ability to create products that satisfy specific client needs and to pinpoint the precise moment that a customer is likely to make a purchase, so when that time comes, be ready and ahead of the competition.

-Sellers must choose which features or product components to include in each product offering when figuring up their product mix. An operating system developer, for instance, must choose which features to include and how much to charge for them separately or combined.

5.5.1 THE RELATIVE COSTS OF VARIOUS PRODUCT BUNDLES, WHICH CONSIST OF THE FOLLOWING COST CATEGORIES, HAVE AN IMPACT ON THESE DECISIONS

- Production cost: the price of making extra units to be bundled after deducting processing, storage, and delivery expenses.
- Costs associated with transactions and distribution: the cost of sending out a product package and managing the associated duties, like making payment arrangements.
- Binding cost: the entire cost of combining the individual goods into a bundle for distribution; this includes any formatting adjustments required to incorporate news articles from wire services into a collection of newspapers, for example.
- Menu cost: the price of managing a large number of options. When a mixed bundling method is used, a set of n items (one for each subgroup of one or more g) may require up to $2n$ prices.

This is the outcome of the different ways that the accessible parts are offered for sale

5.6 THE LIMITATIONS IMPOSED BY THESE EXPENSES ARE BEING ALTERED BY ONLINE MARKET

-which is encouraging the emergence of new kinds of intermediaries who provide value by combining goods and services that were formerly provided by several businesses.,of three methods that provide value to clients. In typical marketplaces, a variety of industries supply these parts.

- A buyer may use test drives, recommendations from friends, and analysis from consumer reports and auto magazines to inform their decision while selecting a new vehicle.

-She would next determine the price, make an order with the dealer, wait for delivery, set up bank financing, and get insurance from an insurance provider. All of these goods and services—aside from a real test drive—can now be obtained through intermediaries like Microsoft's Carpoint (www.carpoint.com) or Auto-by-Tel (www.auto-by-tel.com), thanks to the Internet's ability to reduce binding and distribution costs.

-In different markets, middlemen similar to these are starting to appear. To For example, Expedia (www.expedia.com) and Travelocity (www.travelocity.com) are two ways that Microsoft aggregates travel services; also, the Boardwalk website of Microsoft offers a combination of real estate offerings.

The information goods case.

-Perfect replicas of digital information goods, like music, photos, or news articles, can be made and shared virtually for free via the Internet.

- Consequently, the Internet is sharply reducing these items' marginal costs of manufacturing and delivery, while micropayment technology is reducing the transaction costs associated with their business dealings. Bakos and Brynjolfsson claim that this opens up new avenues for material repackaging using techniques including subscribing, renting, bundling, site licensing, price breaks, and per-use charges.

These are all notions. This might be interpreted as classifying or dividing information products according to a particular dimension. Aggregation may occur across items, such as software suites that are sold for a single price or single-section fees that an online store charges for access to. Additionally, aggregates can occur across consumers—for example, when a site license is given to several users at a set price—or across time—for example, when a subscription is made.

-The only reason many information commodities have been integrated is to reduce costs associated with transactions, distribution, and menu items—all of which are significantly less expensive when carried out online. Software and other information can therefore be divided into increasingly smaller, more manageable pieces, such as individual news items, stock quotations or on-demand software applets.

- Despite the above mentioned cost constraints, Divided Bakos and Brynjolfsson [6] demonstrate that compiling a large number of information products can be a potent tactic that boosts seller earnings and distributes the commodities in a way that is more aesthetically pleasing to society. This is because aggregation has the ability to alter the sellers' demand curve's shape to one that is easier to manipulate.

5.7 WHEN PURCHASERS ARE UNIFORM AND MARGINAL PRODUCTION COSTS ARE LOW, AGGREGATION CAN BE A VERY EFFECTIVE TACTIC

The research by Brynjolfsson and Bakos offers a framework for comprehending the rise of online content aggregators like America Online and Yahoo! as well as the growing usage of subscription pricing. Businesses like Netscape, Dow Jones, and Reuters are in the information goods sector. An overview of the subject is given in which also graphically depicts how bundling a lot of information commodities affects their desirability in relation to marginal cost c and distribution/transaction cost. Seek out.

Electronic marketplaces reduce the expenses related to suppliers disclosing information about their prices as well as the expenses incurred in educating buyers and sellers on the characteristics and costs of each other's products. When purchasing a 400MHz Pentium II CPU, for instance, a customer can quickly evaluate the costs offered by various sellers by using specialized search engines such as ComputerESP (www.computeresp.com) or Pricewatch (www.pricewatch.com).

In the same way, by clicking on, comprehensive details about the features of links from the websites of the manufacturers to various laptop models. Economic efficiency is increased by electronic markets since they reduce the cost of purchasers' searches. Even with a wider selection of products, consumers still gain from being able to locate and buy items that are more appropriate for their requirements and because they can save money doing it.

Customer searches are made easier by a number of web technologies: Video, large bandwidth, and further product information are available on rated websites. Search

engines assist purchasers in locating offers from vendors that satisfy their requirements. Three categories of directories can be distinguished by search engines: hierarchical (like Yahoo!), generic (like AltaVista, early 1998), or specialized (like Pricewatch and ComputerESP for computer hardware and Expedia and Travelocity and others for airline tickets) that are optimized for a particular market. (other things linked to travel). Artificial intelligence has produced intelligent agents that can browse the Internet and evaluate product options for customers based on features or cost. These agents include, for instance, Bargainfinder (bf.cstar.ac.com/bf) and Jango (www.jango.com). Thanks to these technological advancements, the cost of searching for a buyer is decreasing. Reduced search expenses allow for the growth of new markets. For instance, Onsale.com (www.onsale.com) has created marketplaces for commodities like used cameras due of its broad reach and cheap costs associated with buyer searches. However, in a traditional market, the cost of searching would discourage connections between buyers and sellers.

In order to speed up the buyer-seller matching process, more middlemen are starting to appear.

Yahoo!, Pricewatch, and Google are a few instances of search engines, Web directories, and shopping agents. A handful of them include Jango from Netbot and many others. Moreover, companies who offer product knowledge, customisation, and recommendations are included (like CNet and trade magazines).

from websites like Bizrate and vendor data from platforms like Firefly Network.

Calculating the price. Innovative techniques for price discovery in a range of markets can be applied thanks to electronic marketplaces. Some airlines, for instance, auction off unsold tickets at the last minute to the highest bidder, while Onsale.com's online auctions have produced consumer products marketplaces that operate similarly to financial markets. Retail marketplaces are now working backwards since consumers can utilize intermediaries like Priceline (www.priceline.com) to express what they want and are ready to pay for an item. With cooperating vendors, Priceline then places bids.

Lastly, intermediaries like Tête-à-Tête (ecommerce.media.mit.edu) and Kasbah (ecommerce.media.mit.edu) that can negotiate purchases on behalf of buyers and sellers could change the process of determining prices in online marketplaces.

Sellers' access to a multitude of data about potential customers, including demographics, interests, and past purchasing patterns, is greatly enhancing their ability to customize anything in addition to their ability to differentiate prices, i.e., to group or separate information products based on a particular dimension. Aggregation may occur across items, for example, when software programs are sold as a suite or when an online store charges a single price for access to multiple

parts. Moreover, aggregation may occur across customers or across time (for subscriptions, for instance). As an illustration, consider offering a set price for a site license to numerous users.

Only in an attempt to reduce costs, many information commodities have been merged, as online transactions, delivery, and menu items are all far less expensive. It is therefore possible to divide content, including software, into more manageable, smaller pieces. Examples of this include stock quotes, individual news articles, and on-demand software applets. split apart

Gathering a lot of information products can be a potent tactic that boosts seller earnings and distributes the commodities in a way that is more aesthetically pleasing to society, despite the previously mentioned cost considerations, as demonstrated by Bakos and Brynjolfsson [6]. Aggregation can cause the sellers' demand curve to become one, which explains why. something more easily applied.

By reducing the expenses of informing vendors about their prices and product details, electronic marketplaces also provide expenses related to giving clients access to details regarding the characteristics and price of the seller's products. As demonstrated in Figure 2, a consumer looking to purchase a 400MHz Pentium II CPU, for instance, can quickly evaluate the costs offered by several vendors by using specialized search engines like Pricewatch (www.pricewatch.com) or ComputerESP (www.computeresp.com). Likewise, comprehensive information regarding the characteristics of the product can be obtained by clicking on links to the websites of the producers.

among several computers. The cost of buyers' searches is reduced via electronic markets, improving economic efficiency. In addition to saving money, consumers gain by being able to locate and buy items that are more appropriate for their needs, even when they are presented with a wider selection of options.

A number of web-based technologies enable consumer searches: Analyzing websites offers plenty of video, bandwidth, and product details. Search engines are used by buyers to locate offers from sellers that satisfy their needs. Three categories exist for search engines: general tools (AltaVista, early 1998), hierarchical directories (Yahoo!), or specialized tools that are most effective in a particular market context (e.g., Expedia and Travelocity for travel-related products, or Pricewatch and ComputerESP for systems and peripherals). Strong virtual assistants have been created to search the internet and evaluate product offers for customers based on features or price, such as Jango (www.jango.com) and Bargainfinder (bf.cstar.ac.com/bf). Buyer browsing is becoming more and more affordable thanks to these tools. Because it is less expensive to seek, new markets can flourish. For instance, Onsale.com's (www.onsale.com) efforts have made

marketplaces for used cameras possible.owing to ts low costs associated with buyer searches and global reach. However, the cost of searching would prevent buyers and sellers from making a connection in a traditional market.

(like Firefly Network) as well as vendor data from sites like Bizrate.

calculating the price. A range of markets can benefit from the use of creative approaches to price discovery thanks to electronic marketplaces.

For instance, consumer products marketplaces akin to financial markets have been established by Onsale.com's online auctions, and several airlines have resorted to selling unsold tickets at the last minute to the highest bidder. Retail marketplaces are functioning backwards now that consumers may utilize intermediaries like Priceline (www.priceline.com) to express what they want and how much they're willing to pay for a commodity. After that, Priceline places bids with the involved vendors. Lastly, the Brokers Prices can be discovered in online marketplaces in a different way thanks to Tête-à-Tête (ecommerce.media.mit.edu/) and Kasbah (ecommerce.media.mit.edu/kasbah), who can negotiate purchases on behalf of customers and sellers [11].

The ability to customize anything and the sellers' ability to gather a lot of information about possible buyers, such as demographics, preferences, and past purchase history, both significantly improve price discrimination, or charging different prices for different customers.

Vendors can boost their earnings by using price discrimination as a tactic, while purchasers' surplus from purchases is diminished. However, price discrimination boosts economic efficiency by allowing providers to provide services to customers who otherwise couldn't pay them.

These innovative techniques for price discovery are altering the "microstructure" of the consumer marketplaces. Let buyers submit electronic offers, and allow the buyer's and seller's agents to conduct phone talks. According to finance theory, both the efficiency of the market and the ability of participants to negotiate are impacted by market microstructure. The necessity of introducing this kind of research analysis into electronic marketplaces is highlighted by the growing significance of electronic commerce. Who will benefit from this tactic is unknown. Using different price discovery strategies could result in more efficient markets that help buyers and harm inefficient sellers. Sellers will cease establishing fixed prices and begin negotiating rates for extra products as menu expenses decrease.

Numerous excursions to car showrooms have shown that, despite the possible benefits, haggling over pricing may not be fun or result in a good deal. advantages for astute purchasers. Furthermore, more astute vendors are probably going to boost their earnings by charging various purchasers varied costs. According to economic

theory, people who are wealthier and have greater negotiating power will fare better in this scenario.

Assistance. Logistics is the process of moving goods from a supplier to a buyer; the cost of this process is thought to be greater than 10% of GDP [8]. Electronic marketplaces enable improved information exchange between buyers and sellers, reducing logistical costs and encouraging inventory reduction and prompt, just-in-time delivery. Infrastructure for information will likely take the role of actual distribution networks, drastically changing the way that information items are dispersed.

Print media, movies, music, and software, among others. Getting goods to consumers is usually the accountability of online marketplace businesses, who nearly often enter into agreements with other suppliers to manage direct delivery from the producer to the end user.

Customer, cutting expenses and delivery schedules. Due to their expertise in logistics and ability to take advantage of economies of scale in distribution, delivery companies such as FedEx and UPS are becoming more and more significant as middlemen on the Internet. In the meantime, more reputable middlemen like wholesalers and distributors are being replaced by direct vendors like Dell Computer.

Micropayment systems will reduce the cost of small transactions, opening doors for innovative pricing techniques like software metering. Electronic payment methods will dramatically reduce transaction costs in online markets.

The need to shield market participants from opportunistic traders is growing as in-person marketplaces give way to virtual ones. Protecting market participants from opportunistic traders is becoming more and more important as in-person marketplaces give way to virtual ones. conduct. While technologies like public key cryptography can encrypt and authenticate transactions, intermediaries like Bizrate (www.bizrate.com) monitor retailers' reputations by using customer data. Payment assurances and credit information may be given to customers by credit bureaus and credit card firms.

Not least of all, intermediaries such as Verisign (www.verisign.com) are gaining recognition as "certificate authorities" because they provide a connection between the ownership of public key infrastructure—a cryptographic key—and legal

identities.decreased influence of search costs on online marketplaces and rivalry.
The potential of online marketplaces to lower the cost of product searches

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