ANALYSIS OF THE EFFECT OF E-SUPPLY CHAIN MANAGEMENT (E-SCM) ON RETAIL INDUSTRY

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ABSTRACT

The e-tailing industry development directs e-retailers and e-suppliers to investigate new methods in business, because they should manage effectively all activities from preparation to delivery in the supply chain of e-retailers. Nowadays, E-SCM (that is also called web-based E-SCM) is an important tool by which customers' needs are linked to raw material and/or spare parts, supplier, producer or assembly, logistics, product delivery and support services to make possible access to market share and higher profit. In this article, we analyze the role of E-SCM and the effects of E-SCM on e-tailing industry from suppliers' and e-retailers point of view. We analyze the impact of E-SCM on the structure of e-tailing industry with five forces including intensity of competition, power of supplier, power of buyer, threat for substitute goods and potential threat for newly arrived, which is called the analysis of Porter five forces. In the conclusion, the positive and negative impacts of E-SCM on the e-tailing industry is analyzed and represented, and some recommendations are given to E-SCM partners.

KEYWORDS: E-supply chain management (E-SCM), E-tailing industry, Porter five forces analysis

Internet, IT technology, and electronic communication, not only provides a competitive business environment, but also has made significant changes in business activities. Thus, in scientific texts, the letter E can be used in case of concept vocabulary if it requires using internet or it is electronic. In this study, abbreviation "E" is used for concepts related to internet to refer to e-commerce, e-retailers, e-customers etc. instead of using electronic commerce, electronic retailers, and electronic customers.

Nowadays, B2B, B2C and C2C electronic commerce and marketing have provided direct channel and new sale opportunities not only for customers but also for customers. e-tailers such as : dell.com -ebay.com - amazon.com, etc. have provided large markets to sell their products to customers directly that is done by double crossing traditional mediators not only in Turkey but also throughout the world. However, one of the most important challenges for e-retailers is to integrate the supply chain and the supply technology in the business. As the number of e-retailers entered into C2C or B2C e-commerce increases, the significance of supply chain activities also increases.

Internet, IT form of most of business activities from suppliers to customers and allow the suppliers, providers, logistics, service providers and customers in the electronic market to search, order and sell products and services or effectively communicate between members of supply chain. Therefore, the performance of each member (suppliers, producers, storekeepers, sellers and customers etc.) influence the performance of supply chain, one of the key points is that all steps and supply chain should be considered as a system. Thus, companies participating in the supply chain need a system to control the entire supply chain. Internet is one of the most effective tools to communicate between people, and E-SCM is one of the systems to supervise and control all activities of the supply chain. Thus, internet has changed all business activities.

The aim of this study is to analyze the issue how internet has influenced the e-tailing from the viewpoint of Porter's five forces. Accordingly, 1) the impact of internet on business activities, E-SCM, e-tailing industry and Porter's five analytic forces was explained comprehensively and 2) the impacts of E-SCM in E-Tailing industry were analyzed and discussed.

PAPER ANALYSIS

The Impact of Internet on Business Activities

Internet made necessary changes in most of business activities. On one side, internet facilitated the communication between the members of supply chain and provides inclusive communication infrastructures and great business opportunities. On the other hand, internet has influenced firm's power and their competitive advantage. Internet significantly influences the business activities, from communication to after-sale services. Especially, internet has transformed marketing activities,
retailing, purchasing and advertising products and services. Firms use internet technology to access suppliers, producers, logistics providers or their customers and the possibility of calling 24 hours a day and seven days a week. Samples of the recent advantages that firms have gained using internet and IT include: 1) answering and access to information quickly 2) better services for providers 3) increase in competition 4) reduction in data and the response of data input (Lie et al, 2005). As a result, internet has turned into a suitable and effective tool to communicate in real time with all members of supply chain (Lancaster et al, 2006). In addition, using internet enables e-customers to access information about products and services, public information (for example, comparing the product among all suppliers) with lowest cost which is properly shown on monitor and a low cost is determined for one of the specified items (Kolesar, Galbraith). In other words, some attractive features in internet exist in purchase among them are saving time, money, easy access, capability and the possibility of showing a wide spectrum of the selectable and alternative options for E-customers on the scene and accessibility of information for purchase and or order etc. the impact of internet on business activities can also be analyzed separately in commerce, marketing and retailing industry and SCM activities.

One of the main impacts of internet and IT in business activities are commerce and marketing areas. The emergence of internet and its application in commerce and marketing created a great interest among entrepreneurs, managers and academics. Therefore, internet has created e-commerce and e-marketing concepts. These new concepts are taken into consideration by retailers and or new entrepreneurs because it has potential for development in the market and influence business activities, advertisement, direct marketing, selling, buying, logistics and services not only in B2B and B2C markets, but also in C2C markets. Rapid growth of e-commerce is also seen in the emerging e-tailing industry. E-tailing can be defined as selling products and services by using internet. The recent trends in e-tailing industry have pressured retailers because e-tailing is a low-cost marketing opportunity. Thus, the retailing industry in 21 century has significantly changed. As it is expected the more competition between sellers and e-tailers is increased, the benefit margin gets more difficult. E-tailers consist of three main facilitators in consumption activities. Especially, among them are the possibility to search product (which it is often referred to as product evaluation and or facilitating data collection), an on-line buying function and the product of delivery capability (Kolesar, Galbraith, …). E-shops is defined as a commercial website in which consumer can purchase (Lim, Dubinsky, 2004). E-shops can go around traditional mediators, matchmakers and retailers and shorten the length of distribution channel. In addition, producers of services and products also use e-shops to connect to their e-customers directly, and go around wholesalers and retailers. Consequently, e-shop is an internet version of the shop that launch internet on the internet and earn income through direct selling of products to e-customers. For the efficiency of e-shops in the industry (E-Tailing), they need using IT and E-SCM.

Information Technology and SCM

The ability to predict, to become quickly familiar with customer needs and increase in customers' satisfaction to maintain a competitive advantage and is necessary for the survival of a company. One of the approaches to obtain effective competitive advantage is efficient SCNM which provides a major resource for competitive advantage (Hammant, 1995). Global association of supply chain introduces SCM as integrating key business processes from final customer to the major resource that provides materials, products, services and information which is useful for customers and other beneficiaries. Briefly, the aim of SCM is to produce value for all members of supply chain (Lambert et al, 1998).

SCM includes all activities such as finding raw materials, production plan, and physical distribution system (Kon et al, 2006). So, the aim of supply chain management should be to create a communication channel between target customers, distribution channels, production processes and logistic activities. However, firms should develop new approaches for doing business to access competitive advantage, and to improve efficiency of its supply chain in technology (Hammant, 1995). Besides, the complexity of SCM also forced companies to use IT systems because only the SCM system is not sufficient at the age of information. Accordingly, it has been recognized as an important tool to increase the competence for logistics and competition (Closs et al, 1997), because it greatly impacts achieving SCM (Gunasekaran, Ngai, 2004). The flow of the required data within and between firms and groups that enables us to such activity cannot be performed without
supporting the related information system (Lin & Tseng, 2006).

IT systems such as material needs of planning system (MRP), Manufacturing resource planning (MRPII), Enterprise resource planning (ERP), supply relation management (SRM), bar code, radio frequency identification (RFID), electronic data interchange (EDI), the Internet, e-commerce, E-supply chain software, etc. play an important role in logistics and SCM (Gunasekaran and Ngai, 2004, Koh et al., 2006; Barutsu, 2007. Ketikidis et al., 2008).

Thus, even if each system has its own specific goals and interests, these programs provide link for communication and information flow to maintain coordination of supply chain activities and help the integration of supply chain functions by creating access to databases and other information resources for the members of the supply chain.

There are numerous articles and researches in IT on the SCM. For example, Gunasekaran and Ngai (2004) has reviewed articles and provided a framework to identify concepts and applications of IT in SCM. A critical study of their articles helps identifying main strategies, empowering technology and critical factors of success in using IT in SCM. With regard to their researches, major issues that should be taken when trying to increase the role of IT in integrating the supply chain and analyzing it include: 1) strategic planning of IT in SCM, 2) cyber firms and SCM 3) e-commerce and SCM 4) IT infrastructure in SCM 5) knowledge management and IT in SCM and 6) implementing IT in SCM. In order to increase the role of IT in SCM, all companies should consider all issues explained. Briefly, IT is one of the most powerful tools in 21 century. Additionally, besides MRP I-II, IDE and ERP and some specific software and systems, IT continue to represent new tools in supply chain activities of firms such as E-SCM that manages and shares information flow among all supply chain partners.

ESCM and Logistics

As it was explained above, SCM is one of the most important concepts in the high competitive environment of business because it includes planning and management of all activities involved in finding resources and logistics, conversion and all activities related to logistic management. Another important point is that it also includes coordination and cooperation with channel partners that can be suppliers, mediators, third person service providers and customers. In fact, SCM integrates the management of supply and demand all around the country (The Council of supply chain management professionals, 2012).

Most of companies are in challenge with companies that how internet and e-business influence the activities of supply chain. This can be the effect of removing some of mediators (including wholesalers or retailers), but they also promote that their role is to accommodate traditional logistic chains with e-business necessities (Auromah et al, 2001). Internet in the supply chain has awarded executives the ability to be agile in his supply network management. This capability includes ability in: 1) quick adjustment of the available levels 2) adding or reducing careers at the time required, 3) increase in the rate of reaction to problems in providing services to customers, 4) management of effective remote equipment 5) reducing the amount of paperwork 6) adjusting the power of materials if necessary 7) More accurate tracking of cargo, 8) the strategy of purchase with suitable cost 9) improvement of production plan and 10) Reducing operational redundancy on the host system (Lancioni et al, 2003). In summary, E-SCM system enables supply chain firms to supervise their inventory, improve using transformation and properties in the stores and of the work and avoid parallel works and efforts in doing various logistics activities for their client companies (Lai et al, 2005).

E-SCM in form of information and material flow is defined as structural and infrastructure processes related to turning material into value added, production and delivery of final products through appropriate channels to customers and market to maximize the value and customer satisfaction (Narasimhan, 2001). E-SCM makes possible more information exchange within supply chain and companies can benefit from the profit of lower levels of inventory, quick reaction to problems, higher quality levels, more customer satisfaction, and representing a more various product. However, all benefits exist till all firms in the supply chain, ready to exchange that information and using electronic supply chain software (Lankester et al, 2006). In other words, shared infrastructures are used that is a combination of internet and activities of supply chain and manages all activities of supply chain from logistics to management and provides the platform of software infrastructures for managing all activities of supply chain.
The Role of Electronic Supply Chain and Logistic Management in E-tailing Industry

In 1990s, firms have recognized the necessity to look beyond the limits of their firms, suppliers and suppliers of suppliers and their customers to improve the total value of customer (Duclos et al, 2003). Suppliers, producers, wholesalers, distributors, customers and logistic service providers are part of supply chain. E-SCM looks at their relationship from the viewpoint of the methods of raising value added and or providing services through internet. Thus, internet and E-SCM that significantly provides all activities of supply chain have changed the conditions for competition in most industries including E-Tailing industry.

E-tailers should manage hundreds of distributors, wholesalers and e-customer relations. Very important elements for successful implementation of E-tailing strategies seem to be based on customers and logistics. Moreover, logistics is a driving force for beneficial E-tailing. For most E-tailors, the transformations in the ordered products cause two major problems. On the one hand, retailers should satisfy logistic duties such as picking, packing and load transformation by customers from physical stores. On the other hand, customers may do not accept delivery costs (Kotzab & Madlberger, 2001).

Logistic is related to meeting the customers' need and requires a marketing channel. For example, two main activities of logistic input and output in a marketing channel are to provide materials and spare parts from suppliers and physical distribution of the final product to customers (Svensson, 2002). Logistic management is part of SCM that is responsible for planning, implementing and effective control, effective forwarding and reverse flow and saving product, services and information that links the origin and consumption point to meet the customer's needs (The Council of supply chain management professionals, 2012).

E-SCM and the logistic system in e-Tailing industry is very important. E-shops use many information systems from website design to information flow. Information systems of E-shops allow customers to deliver their orders and suppliers can receive orders through websites. For example, when e-customers buy from e-shops such as Hepsiburada.com, the supply chain includes e-shop, supplier and logistic service providers. After selecting the product, customers tried to order and pay for the product. E-shops provide the order for their suppliers and logistic service providers. Customers may visit the website of e-shop to analyze the status of their order. It consists of information processes, products and financial flow at different levels of supply chain of e-Tailing industry.

Figure 1: The Relationship between Supply Chain of E-Tailing Industry, Suppliers, Wholesalers, Producers and Logistic Service Providers, E-Tailors, Cargo Barriers, Information Flow, Product Flow, Logistic and B2B Commerce Distributors

As it can be seen in figure 1, the importance of e-logistic management in e-commerce models is divided into B2B and B2C and C2C viewpoints. The E-tailing industry with a complex structure not only includes most of relations between suppliers, wholesalers, producers and provides hundreds of tons of products in B2B e-
commerce, but also includes most of relations between E-tailors and e-customers in B2C commerce and finally most relations among e-customers in C2C business. From all aspects, logistic service providers and providers of cargo transfer plays an important role among transactions. E-tailors of the products which are not transferred in digital forms (for example, software, music and etc.) are not transferred and should represent the orders in the final e-consumer's houses. This rather complex and costly service is probably considered as a great barrier to e-tailing.

Moreover, figure 1 shows the importance of proper information flow. In order to implement appropriately the flow of information from customers to suppliers, among customers and suppliers internet and all information is needed online. The success of e-tailers depends on the relationship between suppliers and logistic of service providers. The E-SCM system has the potential to create a better flow of information supply chain. For example, in the logistic operation of e-shops, a great deal of information flow is produced with regard to the wide domain of the product, broad base of supply and the need to monitor suppliers store of different products. Thus, integrating e-information system and especially cargo carriers are a bridge between producers, distributors, wholesalers, e-tailors and customers.

Analysis of Porters' Five Forces and Effects of Internet on E-Tailing Supply Chain

Porter (201) studied how the internet influences the structure of industry. With regard to his study, internet has positive and negative effects on most industries. For example, on one hand, internet can increase profitability of an industry in different ways and expand the size of the entire market by improving the firm situation compared to its traditional alternatives. On the other hand, internal technology for buyers provides easy access to information about the product and the suppliers, consequently, it promotes the bargaining power of the buyer and leads to gaining less profit. In this step, the articles about analysis of "how ESCM impacts the structure of e-Tailing industry" by analyzing "Porter's five forces" are studied.

Porter's Five Force Analysis

Porter (1980) analyzed the dynamic and concentrated structure of an industry in an article titled "the analysis of Porter five forces analysis". This analysis is a simple but powerful model to determine the level of competition in an industry. From the viewpoint of Porter five forces analysis, the power of a company is determined by its competitive situation under the five forces. Managers and academics can use Porter's five forces analysis to determine the level of competition and attraction of the analyzed industry, to evaluate the situation of industry and necessary strategies to obtain a competitive advantage.

The industry competition is under the influence of five forces and the collective power of these forces determines the total profit of an industry. If each force has a higher power, firms do not specify the price of products and easily receive more profit. In contrast, if each force has lower power, firms can determine the price of products and easily gain more profit (Thomson et al, 1995). In this sense, less power of each force is good for firms and their high power for the target customers and or final users is desirable. Five forces covered by this are: intensity of competition, the power of supplier, the buyer affordability, the alternative goods threat and the danger of new comers' potential.

The power of suppliers refers to suppliers' power in determining and leading the price of raw material, equipment, tools, and or your input. If suppliers could change the price of products and raise the price easily, they are capable. Suppliers control competition through their bargaining power. Some suppliers have no alternative for the above products and control the costs from the source of increase in the bargaining power of the suppliers.

Threat of new comers refers to new competitive firms which can easily enter into the market. New comers to the industry can threat the present competitors because they enter the extra capacity into the market. The key concept in the analysis of new comers is the barriers to enter. If a company has a problem or competitive weak point in entering into a new industry, there are barriers to enter. Each industry has its specific features that may confine the new entries or prevent their entrance. Some common problems in raising the barriers to enter include: long-term relationship with customers, the required capital, scale-derived economy, difference in the switching cost, and Government policy. If new competitors can quickly enter the industry, and the industry's growth rate is low, the companies' power will be weakened. In contrast, the high growth rate of industry
and obstacles to enter the industry is in favor of the companies in the industry.

The threat of substitute goods refers to the extent to which different products are used instead of your products and are represented by other industries. The number of alternative products and their replacement cost influences the replacement behavior. If the cost of switching to alternative products is low for the customer or the company, the risk of replacement will be very high. In contrast, if a replacement is not easy, it boosts the power of the company in this industry.

The threat of new entries, supplier's power, the intensity of competition, the strength of the buyer, the threat of substitute products.

The power of the buyer refers to customers' power in lowering your prices. The easiness to lower prices for shoppers shows the bargaining power of buyers. This power is handled by the number of individual buyers, the individual importance of each of the buyers in an industry, the cost of switching from one source to other suppliers, navigation etc. If a company is linked with a small number of powerful buyers, these powerful buyers will be able to impose their demands and control this company.

The power of the buyer increases with the purchasing power of buyers from the same source in large quantities, standard or non-differentiated products, low switching costs, declining integration risk and insignificance of the purchases for buyers.

The intensity of competition refers to competition Power in an industry. Of the main factors that cause increased competition in the industry can be referred to the number of competitors, the number of equivalent competitors, the high fixed costs of production, low distinction, low switch cost, diverse cultural competitors, slow growth in industry, concentration, brand identity, the complexity of information, the variety in competitors, the company's stock, and exit barriers. Therefore, these factors affect competition among existing companies in the industry.

**Results of the Analysis**

How E-SCM affects structure of E-Tailing industry can be analyzed in the five dimensions and is summarized as follows:

Bargaining power of suppliers: the power of the suppliers gets higher when the e-tailers (electronic retailers) have less alternatives for the preparation of them. However, many E-SCM have numerous options of suppliers. E-SCM, on the one hand, can give E-tailers (electronic retailers) the access to different suppliers and on the other hand, E-SCM tends to provide equal access to e-tailers (electronic retailers) for all suppliers, and creates a different channel for suppliers to achieve e-tailers (electronic retailers). Therefore, E-SCM reduces dependency on channels available for distribution, reduces the bargaining power of suppliers, and the desire to enhance the bargaining power of the e-tailers (electronic retailers) more than suppliers.

The threat of substitute products: the threat of alternative products or services in the electronic market is high, because there are a large number of alternatives suppliers and E-tailers (electronic retailers). The larger number and alternative of closer products increase the e-tailers trends (electronic retailers) to switch between suppliers. Therefore, E-SCM reduces the cost of switching resources. The progress of E-SCM creates new threats for alternative suppliers. This issue leads to boost of power of e-tailers (electronic retailers) in the industry of E-Tailing, but on the other hand weakens the power of electronic suppliers.

The risk of the e-tailers (electronic retailers) and a new e-suppliers entry: E-SCM reduces the entry barriers and makes market entry easier. Increase in suppliers makes the transmission of power to e-tailers (electronic retailers). There is no obstacle for entrance of providers to supply chain e-tailing. So, because of the convenience of the increasing number of e-tailers suppliers (electronic retailers), the level of competition between them increases at any time. E-SCM lowers the costs of suppliers' switching. E-SCM lowers difference among competitors. Keeping dedicated E-SCM applications for the newcomers is difficult. Therefore, the threat of e-suppliers' entry and new E-tailers (electronic retailers) will be high at all times.

Bargaining power of e-tailers (electronic retailers): the power of E-tailers (electronic retailers) is more than suppliers once that the e-tailers (electronic retailers) have more choices than the suppliers. In addition, E-tailers (electronic retailers) may lower themselves to work easily with suppliers. From the perspective of supply chain E-Tailing, E-SCM transfers
bargaining power to e-tailers (electronic retailers). E-SCM improves the bargaining power of E-tailers (electronic retailers) compared to traditional suppliers.

Intensity of competition's intensity: the intensity of competition's intensity is one of the major factors for the competitiveness of the E-Tailing industry. There are many electronic stores about the same size and with a small distinction between products and services. Due to the lack of any obstacle to market entry and the presence of a large number of suppliers and E-tailers (electronic retailers), there is a higher level of competition among them as well as with each other. E-SCM generally makes the industry more efficient.

In short, E-SCM makes market wider geographically, the attractiveness of E-Tailing industry increases, the size of the E-Tailing industry expands, and the number of suppliers and E-tailers (electronic retailers) increases. In a large number of national and global levels, there are hundreds of suppliers and E-tailers (electronic retailers). In the international arena, especially in the United States and European countries competition has also increased with respect to entering into E-Tailing industry. As a result, there are many competitors in the E-Tailing industry, and, of course, the market is highly competitive, because all suppliers must fight to achieve e-tailers (electronic retailers), and all e-tailers (electronic retailers) must fight to achieve joint customers. However, e-tailers (electronic retailers), at any time and with little or zero cost, can freely change their supplier, and it is a big challenge for suppliers to take e-tailers (electronic retailers). After analyzing the current state and future potential of the five competitive forces, suppliers' executives and E-tailers (electronic retailers) can search for the available options, in order to impress these forces for the benefit in their business.

**MANAGEMENT IMPLICATIONS**

The reflection of Porter's five forces analysis to develop barriers to switching between E-tailers (electronic retailers) and reduction of E-tailers' power (electronic retailers) results in what actions can cause increased competition of e-suppliers in order to establish a strategic alliance of SSA-suppliers (Stuart and McCutcheon, 1996; Maloni and Benton, 1997; Kannan and Tann, 2004) and expand the SRM suppliers relationship management (Gulledge 2002, Choy, et al. 2003).

SSA is the relationship formed among supply chain enterprises to achieve the goals and specific interests which is specified by cooperation mechanisms of buyer and seller for solving problems and sharing the benefits that is provided from the quality or efficiency resulted from joint efforts. The basic objectives of the strategic resources union increase in long-term competition with strategic partners in the supply chain and improvement in the operational performance of each member through the reduction of production, inventory, quality and control costs. Theoretically, within SSA, the traditional competitive barriers among members of the supply chain to create a mutually beneficial relationship, is reduced that consequently leads to an increased flow of information, reduction of uncertainty, and more profit in the supply chain. Instead of being related with each other just through price, companies are looking for suppliers who cooperate with them in many supply chain operations. In particular, the strategic resources union is a relationship in which the alliances are considered to represent competitive advantage to the buyer through greater flexibility, more technical input from the supplier, faster response and reduction in the total cost of the purchase are taken into account. A supplier benefits from the buyer through better information planning, more requested security, and more often, the technical assistance (Stuart and McCutcheon, 1996; Maloni and Benton, 1997). In this way, SSA amongst E-SCM emphasize on direct communication, long-term, encouraging mutual planning, solving problems, improving and sharing success in E-Tailing industry. Mutual problem solving can lead to win-win solutions among providers, e-tailers (electronic retailers) and logistics service providers. In addition to the SSA, the SRM supplier relationship management (Gulledge 2002, Choy, et al. 2003) as a new batch of supply chain applications lead to collaboration, communication, negotiation, and loyalty of suppliers, and thus increases a competitive advantage in the supply chain partners (Choy et al., 2003). SRM is the use of the latest technologies to build a network of collaborative relationships that brings about a joint interest for large companies and their suppliers. E-SRM can dramatically improve supply chain performance and promotes to a new level of supply database management, forgive (Herrmann and Hodgson, 2001) and common interest is achieved with suppliers (Gulledge, 2002). For example, supplier relationship management software my SAP (my SAP SRM) which is made to achieve sustainable savings, productive
relationships of the providers' value, and faster innovation in business, strategic practices for the circumstances, negotiations and management of the suppliers contract firm and more affordable with other performances of the company and integrates their suppliers' processes. Using this application, managers can (1) have simple and automatic logistics, (2) assess, empower and effectively strengthen their suppliers, (3) develop visitors who make (SAP SRM, 2012). As a result, among benefits of this application are costs reduction, profits increase, and better business performance and empowerment and loyalty of e-tailers (electronic retailers) and electronic suppliers.

**CONCLUSION**

Porter five forces is a model that its function is to analyze an industry in which the producer, firm and or system makes competitive advantage and is used to study the impact of competition and analysis of firm's attraction. With a perfect understanding of the impact of internet on SCM (E-SCM) and E-Tailing industry, the model of Porter 5 forces creates insight into E-Tailing industry that shows how the forces of power source, the power of the buyer, the threat of succession, the threat of e-tailers (electronic retailers) and new e-suppliers and the internal competitiveness on the surface of the complete E-tailing supply chain.

Compatible with Porter five forces Analysis Services, with a change in the competitive conditions in all industries, the internet in retail industry has also changed. These changes in traditional retailers have changed suppliers and their supply chain operations and in the E-SCM philosophy managing e-tailers purchase activities is necessary. However, E-SCM has a lot of positive and negative impacts on E-Tailing industry. Compatible with Porter five forces' analysis, by changing the competitive conditions of all industries, internet has changed retailing industry. These changes in traditional tailors have also changed suppliers and their supply chain operations and are necessary in the E-SCM philosophy of managing activities of E-tailers purchase. However, E-SCM has many negative and positive impacts on E-tailing industry.

E-SCM systems are useful for 1) easier start of new business 2) increase in the number of suppliers and E-tailers 3) easier management of supply chain activities 4) providing the possibility of effective relationship between e-suppliers, e-tailers, logistic service providers, 5) enabling supply chain partners to continuously trace goods and sharing information through internet in the supply chain 6) increase in the amount of suppliers' and E-tailers' accountability 8) coordinating information among suppliers, logistic service providers, e-tailers, customers and other partners, 9) automating all activities of supply chain to reduce purchase costs and profit increase and 10) enhancing E-tailers' power in e-tailing supply chain. However, E-SCM system may be influenced by e-suppliers. The negative impact of E-SCM in E-Tailing industry include 1) reducing competitive advantages of e-suppliers 2) providing the possibility of changing competition zone towards price 3) increasing pressure to lower the cost among suppliers and E-tailers 4) reducing costs of suppliers' and obstacles' switching and finally 5) reducing the power of bargaining of suppliers.

As a result, on the one hand, E-SCM expands the capacity of suppliers' business and promotes their business by opening e-shops. On the other hand, E-SCM cause increase at the competition level among e-suppliers, and reduction of power of their e-suppliers. In future researches 1) the way internet impacts the functions of supply chain from providing material, turning this material into medium products then final products and distributing these final products to customers can be separately analyzed and 2) how these e-suppliers recover their competitive advantage and their higher capability of bargaining can be analyzed compared to e-tailers.

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