Chapter 8

Conclusions & Recommendations

Based on the results obtained in the study, a discussion of theoretical and practical implications is presented in this chapter. Contribution of this study, its limitations, recommendations for future research and the final conclusions are also covered.

The objective of the research was to study the adoption of internet by the Indian low voltage switchgear manufacturers for enhancing operational effectiveness of their distribution channels and find answers to the following research issues.

a. What are the factors which have facilitated adoption of internet by the distributors?

b. What is the impact of adoption of internet on the operational parameters of the distributors?

8.1 Contribution to Theory

Literature survey has indicated that industry has widely adopted e-commerce as well as using internet as separate distribution channel for their products. But this practice appears to have been confined mostly to B2C scenarios and in western economies. Internet adoption behavior and perceptions of Indian industry differ from that of industry in western countries. It may be noted that Indian industry is rather cautious in adopting internet and hence overall adoption of e-commerce by Indian switchgear industry is still comparatively at a low level. The specific product-market characteristics of switchgear significantly differ from B2C scenario, which preclude use of e-commerce models. Hence Indian switchgear industry has confined adoption of internet for exchange of information and communication rather than for transactions.

This research has validated the basic concepts of TAM (Davis, 1989) by identifying the Enablers as the Perceived Ease of Use (PEOU) and Motivators as the
Perceived Usefulness (PU) for adoption of internet for distribution by Indian switchgear industry. It has further validated TAM2 (Venkatesh and Davis, 2000) by identifying the antecedents of PEOU and PU. Ease of connectivity and navigation are the antecedents of PEOU, while convenience of accessing the latest and accurate information are the antecedents of PU.

Aspects of relationship quality are trust, commitment, satisfaction and service quality (Papassapa et al, 2007). Improved order servicing improves the relationship quality between the manufacturer and the distributors. Distributors can regain the channel initiative by combining high-quality fulfillment and customer service with online information and ordering (Fein, 2007).

Operational parameters such as order execution capability, working capital management and responsiveness impact the quality of relationship, trust and commitment between the manufacturers and distributors. By validating the positive impact of adoption of internet on these operational parameters of distributors, this research has confirmed the theory that internet improves the relationship quality between manufacturers and distributors.

Mentzer (2004) argued that competitive advantage can be obtained not just through the products sold, but also through the way in which we manage the flows in a supply chain. For companies to take competitive advantages, prime requirement, among other things, is to have intra-organization and inter-organization information flows and all those activities which will create satisfaction to customers (Verma and Seth, 2010). According to a study of firms conducted by Teo and Pian (2007), the level of internet adoption had a positive relationship with competitive advantage.

The enhancement of the operational effectiveness of the distributors is an aspect of the increased competitiveness of the manufacturers, which validates the theory that information flows and level of internet adoption have a positive relationship with competitive edge.
8.2 Contribution to Practice

Indian low voltage switchgear industry is characterized by strong role played by the distributors in terms of relationship with the customer as well as manufacturers. Unlike commodities, switchgear products need technical selling based on features and require strong pre and after sales services. This calls for close personal contact between the distributors and customers. Hence disintermediation has not taken place in Indian switchgear industry. This is why the industry has not ventured into adopting e-commerce models or internet as distribution channels.

Adoption of internet by Indian switchgear industry is in an evolving stage. The experience of the three manufacturers covered in this research indicate that adoption of internet has enhanced the critical operational parameters of distributors viz. order execution capability, working capital management and responsiveness. Hence adoption of internet by more number of distributors would further enhance the channel effectiveness and the competitive edge of the manufacturers.

The research has given evidence to the factors influencing the adoption of internet by the distributors. By addressing these factors, manufacturers would be able to create proper systems and infrastructure to motivate the distributors to adopt internet.

Since information searching is the most popular reason why individuals go on Internet, it seems reasonable to expect that most consumers would have a more positive attitude toward adopting the Internet for the function of information searching than for ordering (Lin et al., 2006). One of the main objectives of connecting the distributors through internet was enabling online order entry by them. However this research indicates that distributors extensively use the internet to access information. Need for information has become the driver for his adoption of internet rather than for order entry, for which he has better alternatives like sending the order over email, telephoning the Customer Care Centre or visiting the manufacturer's office.

Distributors adopt new technology only if they perceive it to be superior to alternative options available to them. Manufacturers should make online order entry
simple to use for standard as well as project orders and also offer incentives to distributors. Increased adoption of online order entry by the distribution channel would benefit the manufacturers in terms of faster turnaround times and reduction in order processing costs.

There is a need for the manufacturers to publicize the benefits of adoption of internet amongst their distributors to increase adoption level. Other members of the Indian switchgear industry also can benefit from the experience of these pioneers.

8.3 Limitations

During the collection of literature the researcher found that there was lack of relevant information about the Indian scenario. The origins of information generally came from other countries. This may not accurately describe the situation in India because of the cultural as well as economic differences between these countries. This prompted the researcher to rely upon the case study of the industry to supplement the literature survey.

The total number of manufacturers of LV switchgear industry in India is around twelve which is a small number. Out of this only three manufacturers have adopted the internet for their distribution channels. This small population has limited the researcher’s scope to broad base the study.

Since the list of distributors who have adopted internet was not available from the manufacturers, the researcher has used his industry experience in identifying the sample for the questionnaire survey. Hence strict probability sampling could not be adopted for this research.

8.4 Recommendations for future research

Since the adoption of internet by Indian switchgear industry is still evolving, the findings of this research need further validation through a longitudinal study.

The relevance of the research findings for distribution of other industrial products need to be validated by taking up studies for other similar industries.
Research needs to be undertaken to explore the adoption of internet for e-commerce as well as independent distribution channel in the Indian switchgear industry, as this may offer opportunities for reducing cost of distribution and increasing market reach.

8.5 Conclusion

This research has enriched the knowledge and understanding of adoption of internet by the Indian switchgear industry for enhancing the operational effectiveness of their distribution channels.

The industry has adopted internet only for exchange of information and communication. It has neither used e-commerce models nor separate internet channels.

Ease of connectivity and navigation are the factors which facilitate adoption of internet, while continual adoption is driven by the convenience of accessing the latest and accurate information. Adoption of online order entry is still at a low level because it does not offer any advantage over the alternative options of order entry available for the distributors.

Order execution capability, management of working capital and responsiveness are the critical operational parameters of the distributors. By positively impacting these operational parameters of the distributors, adoption of internet has enabled the manufacturers to enhance the operational effectiveness of their distribution channels.