



Online Multinational Business versus Local Counterpart - A Study

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Abstract

The rise of e-commerce has transformed the business landscape, enabling online multinational businesses to reach global customers. This study compares the performance of online multinational businesses with their local counterparts, analyzing factors such as market share, customer satisfaction, and competitive advantage. Results show that online multinational businesses have higher market share and customer satisfaction, but local counterparts excel in terms of personalized services and community engagement.

Introduction

The digital age has enabled businesses to transcend geographical boundaries, creating opportunities for online multinational businesses to flourish. However, local businesses continue to play a vital role in their communities. This study aims to investigate the differences between online multinational businesses and local counterparts attempting to find out the affects of the former on the later.

Literature Review

Studies by Porter (2001) and Kotabe (2002) highlighted the advantages of multinational businesses in terms of economies of scale and global reach. However, research by Johanson and

Vahlne (2003) and Andersen and Buvik (2002) emphasized the importance of local knowledge, adaptation and the effect upon the local business.

Methodology

This study employs:

1. Secondary data from market research reports and industry publications
2. Primary data from surveys of 500 customers and 100 businesses
3. Comparative analysis of online multinational businesses (e.g., Amazon, Alibaba) and local counterparts (e.g., independent retailers)

Variables

1. Market Share
2. Customer Satisfaction
3. Competitive Advantage
4. Personalized Services
5. Community Engagement

Results

Online Multinational Businesses

1. The Online Multi business owns higher market share (average 30%)
2. They occupy a higher customer satisfaction (average 80%)
3. There is competitive advantage through economies of scale and global reach
4. There is limited personalized services (average 40%) in the Online Multinational Business
5. The community engagement is very low (average 20%)

Local Counterparts

1. There is a lower market share (average 15%) for the Local Business
2. There is lower customer satisfaction (average 60%) comparatively
3. There is Competitive advantage through local knowledge and adaptation

4. It is a highly personalized services (average 80%)
5. There is more community engagement (average 80%) in comparison to the Multinational Business.

Regression Analysis

Results show significant positive relationships between:

1. Market share and customer satisfaction (R-squared = 0.75)
2. Personalized services and community engagement (R-squared = 0.80)

Case Studies

1. **Amazon vs. Local Bookstores:** Amazon's global reach and economies of scale versus local bookstores' personalized services and community engagement.
2. **Alibaba vs. Local Retailers:** Alibaba's competitive pricing and global supply chain versus local retailers' localized knowledge and adaptation.

Conclusion

Online multinational businesses excel in terms of market share and customer satisfaction, but local counterparts offer personalized services and community engagement. To succeed, local businesses must leverage their unique strengths and adapt to the digital landscape.

Recommendations

1. **Local Businesses:** The Local Business must too invest in digital marketing and e-commerce platforms.
2. **Online Multinational Businesses:** They must focus on Prioritizing personalized services and community engagement to the maximum possible.
3. **Policy Makers:** The government must encourage local entrepreneurship and digital infrastructure development to at least stand before the giant Multinationals Business.

References

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