

The Greeting Card Industry and their entry into the E-Business-to-Business Solution

Exercise 1: Supply Chain

The traditional supply chain in the greeting card industry generally consisted of the following:

Supply Chain Management Activities	
External	Internal
Printing resources supplier	
	Greeting Card Co <ul style="list-style-type: none"> ◆ Sourcing ◆ Forecasting ◆ Scheduling ◆ Inventory Management ◆ Production Planning and Control ◆ Transportation Planning and Control
Printing	
	Marketing/Sales Personnel
Transportation	
Street sales	
Customer	

By nature, greeting cards are primarily a seasonal product. This requires the greeting card vendor to be vary aware of the changing taste of the consumer and incorporating a plan that integrates all of the aspects of the supply chain.

"Increasingly, companies are finding that functional excellence does not equate to business excellence, which is achieved through superior business coordination (Copacino, 1997). **By becoming an Integrated Enterprise, or even better, by becoming a Virtual Enterprise, companies can achieve this superior business coordination.** Today, most companies are trying to achieve the Integrated Enterprise stage, closing links with trading partners such as suppliers, marketing and sales channels, allies and outsourcers. By 2000, companies will start to migrate to the Virtual

Enterprise stage. Both of these stages would be enabled by the Extranets and support the concept of value networks."¹

Innovators of the traditional greeting cards hierarchical supply chain include integrators such as J.D. Edwards and BEA Systems with their Weblogic as suppliers of IT technology.

J.D Edwards with its One World strategy will take Gibson Greeting Cards' current supply chain and create a web based Business-to-Business infrastructure. OneWorld is a network-centric, multinational software package that enables customers to change technology or business practices while reducing costs and business interruptions.²

BEA System's WebLogic will support both Sparks.com, is the world's largest paper greeting card store retail, e-commerce front-end as well as and its back office Enterprise Resource Planning (ERP) operations. The BEA software runs applications that let customers view thousands of real paper greeting cards on the Web and purchase them online. Many back office applications such as accounting and order fulfillment also run on BEA software. Sparks.com chose BEA WebLogic Server as its enterprise-wide application server standard chiefly because of its industry-leading support for the latest **Java** technologies, including the Enterprise **JavaBeans** (EJB) component architecture.³

Integrators such as J.D Edwards and BEA Systems with their full corporate solutions are positioning themselves as market leaders in not only Business-to-Consumer solutions but also in Business-to-Business solutions.

Exercise 2: Channels

Going to your consumer base directly via e-commerce bates the hook of alienation from your traditional key retailers. Cutting your long time partners out of the picture during a bull market can come back to bite you when the bear decides to take a nap. You must find a mechanism to include them in your plans to embrace an e-commerce storefront. Sega addressed this e-commerce issue by selling their wares at retail prices.

"Forrester Senior Analyst Kate Delhagen says Sega's decision to sell direct at retail price "eliminates the scary competition with their retailers." A few years down the line, if its Web site sales heat up, Sega retailers may start to gripe, since "some of the customers likely to buy online will be some of their largest customers." ¹

When Gibson Music Company set up their web site for direct sales "their dealers were irate," says Walter Carter, Web site manager and internal publications editor at Gibson, which canned the guitar cybersales effort after only a month. "We took them off the site before we sold any." So there is indeed the probability that any company planning on entering the e-commerce, direct sales market will have to deal with the backlash from their retailers.¹

Avon is developing a strategy to let reps (sales representatives) do business with the company via the Web and is exploring how reps might serve their own customers via the Web using templates that meet Avon's design and image standards.¹

References:

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2. Gibson Greetings Selects J.D. Edwards For Integrated ERP Solution, Nov. 23, 1998, <http://www.jdedwards.com/newsroom/archive/gibson.asp>.
3. Sparks.com Selects BEA WebLogic Server to Run Its Internet Storefront And Paper-Based Greeting Card, September 14, 1999, 09:00 AM, <http://industry.java.sun.com/javaneWS/stories/story2/0,1072,18658,00.html>
4. Conflict Resolution, Sari Kalin, CIO Magazine, Feb 1, 1998, http://www.cio.com/archive/webbusiness/020198_sales_print.html.