

Through the Service Operations Looking Glass: An Empirical Model of B2B e-Marketplace Failures

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Abstract

Business to Business (B2B) e-marketplaces is capturing the imagination of business practitioners and scholars, as a myriad of these new entities have been launched over the past decade. B2B e-marketplaces leverage the Internet to facilitate commerce among businesses. Unfortunately, a substantial number failed in just a few short years. Although the body of literature surrounding B2B e-commerce has grown considerably over the past few years, much of the extant literature remains theoretical or narrowly focused on specific functional issues. Rigorous empirical work is scant, and we did not find any studies that applied a service operations lens to risk of failure in B2B marketplaces. In this paper, we subject to empirical scrutiny the failure rates of a sample of nearly one thousand B2B e-marketplaces in an attempt to discern key factors that enhance or decrease the odds of survival. We focus on three critical strategic issues that theory and practice suggest differentiate survivors from failures. Two key factors hypothesized to influence B2B e-marketplace survival are drawn from traditional service management literatures. We first classify and examine the nature of the industry (e.g. services versus product-based); and second, consider a schema of the B2B offerings based on their intended functionality (e.g. procurement, collaboration, etc.) In addition, based upon organizational ecology, our empirical model also considers ownership structure (e.g., independent, publicly traded, consortium). Our results offer strong empirical support for the importance of specific industry characteristics, service offering types and ownership structure in increasing the odds of B2B e-marketplace success.

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