

## Competitive Advantages: the E-commerce as a Strategy for Competitiveness in the Retail Market

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**Abstract :-** The objective of this paper is to analyze the strategic changes and competitive advantages afforded by the practice of e-commerce through a case study. The practice of e-commerce is gaining notoriety in the globalized world market. Some companies in the retail sector are already part of this new model of commerce and are reaping good fruits of this model of trade that grows annually at double-digit rates. Some reasons for this success of this new model are a wide variety of products offered, reaching new markets and niche markets, and the concept of "endless supply" that guarantees an edge in cost competitiveness. The company studied in this work was the Magazine Luiza has that as a guideline strategic investment and the constant evolution of e-commerce. Today Magazine Luiza operates with its portal, virtual stores, lounges and telesales channels as electronics sales, representing 12% of total company sales in 2006. Gauges then that such opportunities created by e-commerce, when handled strategically by organizations, generate a significant competitive advantage in the global market today.

**Keywords:-** E-commerce. Competitive Strategy. Retail Market.

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### I. INTRODUCTION

Brazil has been characterized by having a growing number of retailers on the list of largest companies in the country. From the growing technological advancement, these companies have begun to adopt new information technologies and management, which, in turn, became a decisive factor in placing them in relation to market share.

From the years 1980, the world began to come across such changes as both trade and communications were characterized by a wave of extremely dynamic transformations. The news all the time, especially technological, were appearing and breaking paradigms slogan "no lack invent anything." Were so with inventions such as the microprocessor, the computer network, the popularization of the Internet, fiber optics and computer staff that definitely marked the beginning of the Information Age (also known as Digital Era) and the end of the Industrial Age, at least in terms of chronology. The transition from one to another was important not happen suddenly, from day to night. The transition takes place from the succession of events ranging changing society and its philosophy, as raised earlier. It's really easy to see that we live in a time of many changes, where more and more knowledge is valued and the information is to us as objective as is the accumulation of capital and equity was in the Industrial Age. Many models are already outdated industrial age, for example, the current working model that values customized and professional looking much the same with little mechanical form was adopted in the previous Taylor. Another example, which will be the main focus of this work is the setting of trade.

In the industrial age, the trade setup was guided by the traditional model of economy of scale, which [1] defines as that which organizes the production process so as to achieve, through the pursuit of optimal size, falling production costs and increase in goods and services, and the almost exclusive attention of mass markets for which [2], "the mass market, the seller produces, distributes and promotes mass one product for all buyers. [...] The argument of the mass market is that companies should have costs and lower prices and create the largest potential market possible".

This scenario changes then this age in which we live. Trade in the information age has created a new and successful business model from the growth of the internet and the virtual marketplace with the concepts of was like, eg, personalized, tailored service, diversity and niche markets, and this finally for as a specialized compound [2].

These new features are observed especially in commerce b2c (business to consumer), the negotiation of a company to the end consumer at retail, the large number of small orders, the high diversity of items for sale and unstable demand has forced companies adept at e-commerce to adopt a strategic process of differentiated service, fully renovated and with greater control and logistics stocks (mainly by having to meet these niche markets). Logistics is a differential in business competitiveness and service to niche markets requires a great deal of attention in the strategic model adopted, and how both are modified in this new model of e-commerce, it becomes become an important competitive strategy in action modifier [3]. Before all context presented, was delimited the following research problem: how the practice of e-commerce can change the competitive strategy and the competitiveness of a company? The objective of the research problem derived seek to analyze the changes and strategic competitive advantages afforded by the practice of e-commerce through a case study. In the quest for customer acquisition, adoption of the practice of e-commerce today is one of the greatest competitive weapons industry. But why? This research will result in the removal of most variables possible strategic change and evidenced by the practice of e-commerce, explaining it as a great strategy in the current market.

## **II. METHODOLOGY AND MATERIALS**

Research methodologies can be classified as experimental, survey (survey); historical, analysis of information files (documents) and case study. Each of these strategies can be used for purposes: exploratory, descriptive, explanatory (causal). This means that the case study can be: exploratory, descriptive or explanatory (causal), and most of the case studies with exploratory and descriptive purposes [4]. The study deals with the problem: how the practice of e-commerce can change the competitive strategy and the competitiveness of a company? From this definition was adopted as research objective: To analyze changes strategic and competitive advantages offered by the practice of e-commerce through a case study. In order to achieve the set goal, this section aims to describe the methodology chosen for the proposed study, which in this case is the Case Study. The essence of a case study, or central tendency of all types of case study is that they try to clarify "a decision or set of decisions: why they were taken, how they were implemented and what results. The purpose of research that will be presented in this paper classifies as an Exploratory Research, which aims to provide greater familiarity with the problem in order to make it explicit or build hypotheses [5]. Involves literature review, interviews with people who have had practical experience with problem analysis and researched examples that encourage understanding.

This research is classified as a qualitative research by considering the dynamic relationship between the real world and the subject of research. The interpretation of the phenomena and the allocation of basic meanings are in the process of qualitative research and is considered descriptive [6], therefore, a brief review of theoretical study will be necessary to understand the problems with research on the strategies, competitive advantage, e-commerce, retail and long-tail effect. Thus, the research methodology defined for this work will be the case study, a qualitative, exploratory objective of the research where the actors will be responsible for adopting the practice of e-commerce and strategy as evidenced by the study of the problem and Long-Tail theory, confronting a company engaged in the retail market, whose interviews with officials in the company and research / observation of the variables affected by the proposed work, research steps are to be supplemented after the theoretical context of study. Thus, we adopt a qualitative approach in this study, whose premises the open interviews, observation and analysis that enable holistic market hydrous ethanol. Because it is an open interview, this technique has its purpose exploratory aiming detailing the concepts related to the differentiation in the price of ethanol and sugarcane industry. The technique of open interviews suits exploratory purposes, in which the interviewer introduces the topic, and the respondent is free to discuss the topic suggested [7]. The interference of the interviewer should be kept to a minimum, this should take a stance predominantly listener, not establishing a formal application questionnaires. That is, the questions should be answered in an informal conversation.

## **III. LITERATURE REVIEW**

To start the literature review of this work, nothing more conducive to a more didactic theme that begin with the broader concept presented in the title of this paper, the concept of strategy. The word strategy comes from Greek and means "the art of the general" and it was precisely in this context that the military concept was worked for the first time. Sun Tzu was the strategist who in the fourth century BC wrote a treatise named "The Art of War" that addressed comprehensively military strategies. The formulation of a strategy must satisfy four basic principles [8]:

Principle of choice of place of battle: selection of markets where the company will compete; principle of concentration of forces: organization of company resources; Principle of the attack: the implementation of the company's competitive actions; Principle forces direct and indirect: management of contingencies .

Thereafter, many analogous concepts have been developed. The use of strategic philosophy gained momentum in other sciences, especially in science business since concern about the future and the pattern of past actions has gained importance in the planning of the companies from the 50s, motivated by changes in the market that now spent focusing on the clients and their needs as director of production. The definitions of strategy are almost as numerous as the authors refer to the existing, though, convergence in some aspects that underlie the concept, content and processes of strategy formation.

The strategy as a mediating force between the organization and its environment, a standard in the process of decision making to tackle the organizational environment [9]. Even before this definition, [9] believes the strategy a very difficult concept for a single definition, if it exists. The strategy brings together a vision of the past, represented by the extraction of a pattern and consistency of work over time, and a vision for the future exploration of the figurative way to go to get from where you are and where to go want to go. The author names these visions as intended strategy and realized strategy, respectively. It is noteworthy that both strategies are classified based on the time, an intended strategy today in an upcoming planning will be considered a strategy performed. The intended strategy starts the process of designing the strategy of a company and it comprises all actions and philosophies at first prospected by the organization. With the development of walking, they begin to identify what are the deliberate strategies (achievable) within the proposed the first time and which are not achievable. Other strategies appear as important to the strategic process and eventually be added to the process, called emergent strategies. Finally, summarizes the perspectives of the concept of strategy in five P's, namely [9]:

- a) Strategy and Plan: how to win a game with pre-established rules through a formal process, with strong analytical and somehow deterministic;
- b) Strategy as default: consistency of behavior, play between internal and external actors, learning process, incrementalism and constructivism model of evolutionary adaptation;
- c) Strategy as Position: adjustment between the outside and inside the company, defining what to do and what not to do;
- d) Strategy as Perspective: the company's own way to see the world, acting in accordance with this vision, imbued with a collective spirit;
- e) Strategy as ruse: maneuver intentional or unintentional, mode of action determined or pre-emergent. This aspect may include the degrees of freedom that the company can take advantage and holding weapons in order to play the game of survival and sustenance.

Competitive strategy is a set of offensive or defensive actions to create a defendable position in an industry, to successfully face the competitive forces and thus get a higher return on investment [10].

The term "competitive strategy" refers to how a company decides to compete in a market in response to the strategies and positions of their competitors in order to gain a sustainable competitive advantage.

The concept of competitive advantage, consists in finding profitability by companies undergoing basic strategies for creating value for their customers and differentiates itself from its competitors, thus becoming the first choice or figure the relevant field [10]. The ways of creating this advantage can occur in three ways [10]:

1st. Pure strategies, that is the strategy of differentiation, whereby a company offering products and services perceived as superior compared to its competitors;

2nd. Strategy costs low, in this case the noticed difference is associated with lower rates perceived by consumers.

3rd. Competitive strategy of focus that means choosing a target restricted, in which, through differentiation or cost, the company will specialize in serving specific segments or niches.

Although not impossible, the simultaneous adoption of strategies to lower cost and differentiation is difficult because getting a performance, excellent quality and service are more expensive, in most cases, what you want to be only comparable to competitors in such attributes [10].

Retail activity is the final step needed to make the goods made in the hands of the consumer or to provide services to the consumer. This definition suggests a basic activity, but also dynamic and subject to great competition. Retailers that control, rather than competition, costs incurred after the merchandise is acquired achieve better performance. They relate to a number of external environmental variables to be monitored by the retailer, including the socio-economic environment, the state of technology, the ethical and legal system, the behavior of competition, consumer behavior and the behavior of the distribution channel [11].

Just like any other process, the retailer suffers constant changes influenced by changes in the environments in which it operates. Such changes occur as a result of changes arising in the external and internal environment of business and, in this paper, the focus will be setting influences external to the process of change as a factor in the strategies of the same.

The classical concept used to explain the changes associated with the operational configurations of institutions that retailers is the concept of the wheel representing retail stages of the transformation process in ways operation of companies [11]. The cycle starts with retailers attracting customers with low prices and offers little service. Over time, these retailers want to expand their market and begin to stockpile goods more expensive, provide more services and open stores in locations more accessible. This exchange process increases costs and retail prices of their goods, creating opportunities for new retailers to enter the market at low prices.

The e-commerce refers to transact business through data transport, or by a device such as personal computer or other device connected to a communication network. It is the realization of the entire value chain of business processes in an electronic environment, meeting the goals of buying and selling of information, products and services. Since the commercial use of the Internet in the United States was authorized in 1995, e-commerce has been touted as a radical innovation of the Information Age, can revolutionize markets and organizations [12].

Thus, it is understood that e-commerce provides an opportunity for a potential new strategies and business opportunities, both within organizations with cost reduction and process improvement, as the customer relationship with new sales channels, new products and services, new forms of relationships, and even new opportunities in new business scopes.

E-commerce is the main responsible for the successful commerce sites, which now are considered traditional, such as Amazon.com and Ebay [13]. The ease in demand and especially the ease of access to a range of products ever offered before, have become an important competitive tool for these new models and stores recently been getting the same competitive importance in traditional stores. Besides the ease of information flow-end product, the e-commerce provided other improvements to the actors involved in this process.

However, it is worth noting that there are some limitations observed today in the practice of e-commerce that can negatively contribute to achieving the objectives of commercial projects, then requiring special attention to this practice that can not yet be considered a success formula right. The trend is that with the passage of time limitations, mainly of a technical nature, will be reduced or overcome. For this, the alignment and proper planning strategies can minimize the possibility of failure in practice. The main areas of e-commerce [14]:

Collaborative commerce (c-commerce): In this type of commerce, business partners collaborate electronically. This collaboration occurs frequently among business partners in the same supply chain (means for supply chain flow of materials, information, payments and services from suppliers of raw materials to factories, warehouses, and consumer), Business-to-business (B2B): Two or more companies make transactions or collaborate electronically. He is currently the main type of electronic commerce; Business-to-Consumers (B2C): The sellers are organizations and buyers are individuals; Consumers-to-business (C2B): Customers have a need for particular product or service, and organizations compete to provide the product or service to customers; Consumer-to-consumer (C2C): An individual sells products or services to others; Intra-company (intra-organizational): An organization uses e-commerce to enhance their operations; Government-to-citizen (G2C) and to others: Government delivers services to its citizens through technology and electronic commerce. Governments can negotiate with other governments (G2G) and businesses (G2B), Mobile Commerce (m-commerce): When e-commerce occurs in a wireless communication environment, such as using cell phones for internet access.

The B2B e-commerce is growing at a rate much higher than B2C, on billing numbers representing an increase of U.S. \$ 109 billion in 1999 to \$ 1.33 trillion in 2003 [15]. While offering a smaller increment, e-commerce B2C also reached numbers attractive growth, and \$ 18 billion in 1999 and should reach the sum of \$ 108 billion in 2003 (almost ten times in a period of four years) . For the author, the success of sales provided by e-commerce, for example, Amazon.com and Ebay, attracted the attention of other companies, not yet adept worldwide, the potential for this new retail concept, making that arose numerous new initiatives and B2C e-commerce, as a direct result of these initiatives, there has been rapid growth of this new practice in all countries of the world influenced by technology and globalization [15].

One can see the aspects mentioned above that the reality of retail is constantly changing and that the pursuit of creating a competitive advantage over competitors should be a constant concern. Strategies may appear in an integrated print and sometimes competitive pressure of such magnitude that institutions that fail to incorporate this change, eventually disappear. In general, large companies grow to the extent that develop operational efficiency as a function of mass activities. With the growth, many companies have such low prices strategy and this causes the widespread forms of customer relationships.

The way of small businesses survive is not trying to compete on price but must compete by offering a differentiated experience, specializing in specific market segments or market niches, for example, in making clothes for people of higher weight. This would be an alternative that would give small business a competitive advantage [16]. Even to the author, the trend most evident change in the competitive retail market will be increasingly expanded use of information technology, which is a fundamental tool in the strategic management of businesses, it allows using practically an extensive data content and information about various subjects, such as the behavior of customers and potential customers through clouds preferably CRM (customer relationship management) and BI (Business Intelligence).

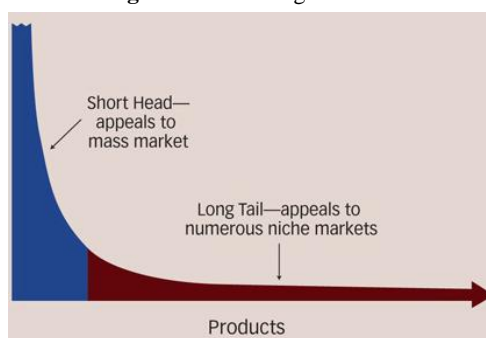
Another trend, which actually will be a driving force behind the use of e-commerce, will be the consolidation of the middle class in Brazil. This trend, set in the socioeconomic status of the country, aims to expand the already growing Brazilian middle class and thus promote increased educational level of the consumer himself, which require a more professional profile retailer and quality aspects in service delivery and sale of products, linking up once again the Information Age and its use as a deciding factor for purchase. The multichannel by companies that reconcile and coexist in offering physical stores and virtual retail, and multi-format, ie, chain stores that offer different formats to meet potential regions or different markets, like other boosters practice of e-commerce [16].

The increased globalization will continue in a reasonably intense and reach the mass is no longer the best alternative. Companies can earn as much or more with the niche markets than with the mass and to reach this market, Anderson developed the theory of the Long Tail-end aligned to the practice of e-commerce [13].

To understand the effect Long-Tail in this study, we adopted the concept of Pareto 80-20. The sociologist-economist Vilfredo Pareto in 1897, studying English and income distribution reaches a concentration of about 80% of income held by only 20% of the population and the remaining 20% of the income generated can in the majority of 80% population. Pareto, in order to better understand this relationship and to verify the validity of the ratio obtained, expand their study to other countries in Europe, such a surprise, reaches the same ratio of income distribution. Later, in the 40s, the quality guru Joseph Duran expanded relationship Pareto environmental quality, when the position posits that the few causes lead most of the losses, ie, few things are vital and the others are trivial. With this relationship Duran went from an exact number to become a philosophy applied to numerous areas of study. Other examples of application of the philosophy is the 80-20 Pareto Curve ABC in the economy, planning and projects in the area of personal motivation in the area of people management [13].

In this study, the area that is in vogue is the competitive strategy, closely linked with the relationship changes with the market practice of e-commerce, then it is at this point that fits the exposure of Long-Tail concept that is nothing more than the expansion of the marketing philosophy of Pareto. The Long-Tail is a concept exposed by editor in chief Chris Anderson of Wired Magazine in 2004, which graphically explains the concentration of sales of mass, and therefore a higher apparent turnover, and long stretch of sales opportunities through markets niche, which he calls the Long Tail, as shown in Figure 1.

Figure 1 - The Long-Tail



According to the figure [13], seeks to defend the possibility of achieving this sum, considered mathematically infinite niche markets through the use of e-commerce. The main advantage of e-commerce and also desmontadora the chance of achieving the impossible utopian niche is no limitation of stock, which would result in the real possibility of providing any product / customization through the virtual shelves, which is currently done by renowned companies like Google and Ebay and has been gaining strength in the retail world as, for example, Grupo Pao de Acucar and Casas Bahia in Brazil.

In short, the Long-Tail effect a paradigm breaking the old retail system that when space is limited on the shelves, the most logical is to fill it with what will sell more and presents a new paradigm proposed by the invisible economy shelves Digital distribution where shelf space is infinite, the masses may be the case, at least limited businesses face. The technology then converts mass markets into millions of niches. To better explain how the practice of e-commerce to effect line-Long Tail reaches such features, the next topic will demonstrate the performance of the themes raised effect and forces that promote a factor of strategic change. The Long-Tail is contextualized among six themes [13]:

i. In virtually all markets, there are more niche than mass. This disparity increases at exponential rates, as production tools become cheaper and more pervasive.

ii. The costs of reaching those niches are falling dramatically. Thanks to a combination of forces, such as digital distribution, powerful search technologies and critical mass in the diffusion of broadband, online markets are reshaping the retail economy. Thus, in many markets, you can now offer a much wider range of products.

iii. Simply offering more variety, however, is not enough to offset the demand. Consumers must have ways to find niches that suit their needs and interests. A wide range of tools and techniques - such as ratings and recommendations - are effective for this purpose. These "filters" are able to boost demand along the tail.

iv. When you combine this major expansion of remarkable variety and effectiveness of filters that facilitate the selection, the demand curve becomes flatter and longer. There are still niches and masses, but the masses are becoming relatively less popular, while the niches become increasingly popular.

v. All these niches together may form a market as large as the mass, if not greater. Although none of niche selling large quantities, there are so many niche products that, as a whole, one can compose a market rivaling the mass.

vi. With the free activity of all these factors, the natural shape of the demand curve is revealed in its fullness, without the distortions resulting from distribution bottlenecks, the lack of information and limited choices on the shelves. Moreover, this form is much less influenced by the masses than we supposed. Rather, it is as diverse as the population itself.

Now with regard to the three great forces of Long-Tail, which make it a new paradigm for competitive advantage, especially for the electronic market, we have [13]:

i. Democratization of the tools of production: This force represents the opening of the concept of producer, which was previously restricted to trained professional in a specific way to produce a particular end product, and that then understand all that they feel able to search and also generate these products. The prime example is the personal computer, which has given millions to production capacity previously restricted to a tiny elite. The result is that the amount of content available today is growing faster than ever before.

ii. Democratization of distribution tools: The personal computer turned on all producers, but the network was that we became distributors. The cost of distribution via the Internet is absurdly lower than what is spent with other media such as airplanes, trucks, warehouses and shelves. Even for physical goods decreased the net cost to reach the consumer, but it's a logistics issue not fitting the scope of this work. This effectively increases the market liquidity of the tail (the niche), which translates into higher consumption, raising the level of online sales and expanding the area under the curve, whose main outcomes of this force are the aggregators, cost distribution of digital goods x materials, stock on order and elimination of inventories.

iii. Connection between supply and demand: When increasing the supply of niche products (i strength) and facilitates and reduces the cost of distribution (strength ii) an ideal sales environment is created, but consumers need to be submitted to the goods niche now available. This work can be done by search engines, intelligent software recommendations identified by word of mouth or through blogs and customer reviews. All this reduces the cost of search to find something that meets the specific interest of the client. We are living in a period where the quest itself is not only more differential. We left the scene "look I know" scenario for the differential that is "please tell me what to look for and help me to find." The main outcomes of this force are the new trainers preferably, collective intelligence, filtering rules and quantity x quality x taste.

There is today in Brazil a movement of large retail companies for the virtual marketplace, with the goal of creating more competitive in the current market and provides another opportunity for direct contact and computerized with current and new customers.

In 2008 Brazil had more than 63 million people with Internet access, and of these, 25% frequently accessed sites and virtual shopping these, just over half performed effectively purchases (approximately 9 million people). The reality of this situation has some justification, as the technological development of Brazil (when considering the 62% of the population without access to the internet) and mainly issues of cybersecurity and critical factors in the choice of purchase (the real contact and negotiation, by example) are the greatest "villains" for this market model does not assume the same positions as the physical stores [17].

Still to this organization, despite the virtual marketplace still be less than the conventional retail, this sales model has grown exponentially in the country. In 2001 revenues from this model was only \$ 540 million. In 2009, this figure jumped to almost \$ 11 billion, an increase which represents 20 times the value of 2001 in 10 years.

As discussed in this study, one of the main forces of virtual commerce is the diversity of products / services offered. The availability of these products in a virtual makes the search for virtual commerce becomes a great option for the purchase of more customized products (or more specific) and purchases of various types of products / services in a single purchase or virtual location. The marriage of these options aligned to the tools of information technology companies warrant the drawing of the profile of their customers and the market. That means a new and important set of information for the design of corporate strategies such as product differentiation, diversification or focus, shopping suggestions, disclosure of trade model, marketings assertive emails, etc.

The joint analysis of strategic opportunities created by e-commerce and diversity of products / services sought and acquired by commerce model has made the practice of e-commerce was rapidly absorbed by large retail companies operating in the country. The Table 1 below shows a ranking of the 22 retailers that sell more virtual by the market in the country.

**Table 1** Retail Sales Rankings of the virtual

Top 20 Retail Virtual	
1. Americanas	12. Fastshop
2. Submarino	13. Sacks
3. Saraiva	14. Fnac
4. Netshoes	15. Kalunga

5. Magazine Luiza	16. Ricardo Eletro
6. Shoptime	17. Colombo
7. Ponto Frio	18. Polishop
8. Extra	19. Marisa
9. Casas Bahia	20. Tok&Stok
10. Comprafacil	21. Onofre
11. Walmart	22. Varejao

Note in Table 1 that some of these companies have changed their strategic products and services offered mainly by the trend of diversity glimpsed through e-commerce, as is the case of the old bookstores only Saraiva and Fnac. Observe that the top five are placed four department stores (being American, Submarine source and Magazine Luiza pure in this branch) and 1 specialized in sporting goods, once again representing the concepts open for e-commerce with diversity the "endless supply" and profitable niche market as much as the mass markets illustrate well beyond the Figure 1, previously seen, in terms of x billing demand.

#### IV. CASE STUDY - MAGAZINE LUIZA

Magazine Luiza is a Brazilian company founded more than 50 years by Luiza Trajano Donato, its current president, and based in Franca, Sao Paulo. Your network has approximately 450 stores located in the states of São Paulo, Minas Gerais, Paraná, Mato Grosso do Sul, Goiás, Santa Catarina and Rio Grande do Sul and some cities of the northeast. It is currently the third retail chain in Brazil, behind Grupo Pao de Acucar - owner of flags Casas Bahia and Ponto Frio, and Machine Sales - owner of brands Insinuante and Ricardo Eletro. The case studied in Magazine Luiza showed some peculiarities with respect to the widespread concept of e-commerce in the world, first by its vanguard in electronic commerce in Brazil and second by the use of multi-channels and its performance for this type of trade.

A virtual history of Magazine Luiza begins in 1992, when he decided to invest in electronics sales model inaugurating the country's first Electronic Store. This model, even then, had no inventory and no products on display, since the service was done totally through catalogs and video-cassette demonstrated by the seller, ie, the products were filmed and presented to customers in unusual ways to season. Since 1994, we implemented the multimedia system where a computer terminal displayed the images and content of the products. Later, in 1999, entered with all the strength in Internet sales, instituting then one of the largest shopping portals on the web of Brazil. In the same year, was also created Telemarketing Magazine Luiza, a channel where the customer can purchase or ask questions in real time about the products sold by the company. In 2000, Magazine Luiza began a long process of structuring your sales portal, consolidating in 2002, most "store" and the biggest source of revenue on a virtual industry. The idea of entering the virtual market by Magazine Luiza was the result of an equation written by the crisis in Brazil in 1992: "How to grow in crisis, with low investment and leveraging existing resources in a short time?" Back then, when there was no internet and multimedia broadcast or concepts, Magazine Luiza invested in the concept of "Electronic Store", a model that required only 20% of the cost of a conventional store, less space, fewer employees and an income attributed fast and extremely satisfying for the company, assuming the first time the role of the actor changes and strategic values of the company. In 2001, the concept "Electronic Store" was replaced and modernized, becoming then "Magazine Luiza - Shop". Regarding the main channels used by the company today as virtual media, include:

- a) Virtual Stores - Physical structures sales with 20% the size of a conventional store running a virtual sales and no inventory on site;
- b) Telesales - Canal phone where the customer can purchase or ask questions in real time about the products;
- c) Lounge - small physical structures in order to promote the brand Magazine Luiz and provide access to virtual shopping;
- d) Site [magazineluiza.com](http://magazineluiza.com) - Virtual Magazine on the internet that allows purchases in various industries and is considered one of the largest shopping portals in the country.

According to the company all these four virtual operations today represents 15% of total sales, which means somewhere around U.S. \$ 0.57 billion, led by [magazineluiza.com](http://magazineluiza.com) site that its sales grew about 90% over last year, is visited on average by only 12 million people annually. As a result of this range of options electronic (or virtual), Magazine Luiza has expanded its market. An example is the electronic model in service today, through the portal, strongly Class A while the focus of the public's conventional stores B, C and D. Another example is the Virtual Stores, that have a different approach to geographical position. The focus is on small cities and neighborhoods with high populations in large cities, where a conventional store would not be appropriate for installation, due to the high investments required. In comparative figures the physical point of a conventional store is approximately 1,000 square feet, while a Shop needs only around 150, with values of approximately 20% smaller investment, plus an online store that requires an amount of 10 employees, against 30 of a point-of-sale conventional, becoming an important factor for competitive pricing policy of the company. Even with company data, in terms of revenue, Virtual stores represent a gain of 50% more per square meter compared to conventional stores and virtual average ticket is \$ 450.00 while the ticket in a conventional store is R \$ 310.00. Currently Magazine Luiza has 53 Virtual Stores across the country, where sales are made in cells of care and assisted by a salesman who presents images and product information on the latest generation computers. Following the trend of Brazilian e-commerce sales, distribution of goods sold at the market of virtual Magazine Luiza is led by white goods (appliances), electronics and computing.

Closing this section of information from the company's case study, it is worth noting that the delivery of purchased products is done at the customer's residence with the added convenience and safety, providing a high level of satisfaction.

The storage is made in the center of distributions before supplying only the physical stores. Even with no product out of stock of the city of origin, the company returns the equivalent ICM for the city, making a note of transfer. This model ensures a better utilization of physical resources, increasing the diversity of products offered and therefore the output stream on inventories and sales.

## V. CONCLUSION

From the theoretical study for knowledge of the concepts surrounding the formulation of a competitive strategy variables, approaches and applications, the characteristics and behaviors of the retail market in Brazil, and the main points of advantages and disadvantages of the model of e-commerce in its various contact channels, applied to the work presented in the case study company generates Magazine Luiza conclusions and answers to the problem proposed research.

The entry of Magazine Luiza e-commerce emerges as an innovative and cutting-edge response to a crisis or stop growing for a retailer of this size, would create a significant competitive disadvantage, ie, e-commerce has acted as an important actor for the design of a new competitiveness strategy. The main features of this new model of virtual trade that contributed to its acceptance amid the ambience created by the crisis were to use a smaller space with higher profitability per square meter and better use of available space on products and existing stocks (centers distributions), translating into an optimization and revenue increase company sales.

The company's sales were not only leveraged by these physical factors that moment of crisis represented direct results for the company. The results of adopting the practice of e-commerce also met globalization and evolution of the consumer market, increasing the scope and reach of final consumers. Before the public only B, C and D were considered focus through conventional stores and now, through virtual channels, public class A became another important responsible for product sales and responders demands customized (niches). The most popular products sold and the virtual channels by Magazine Luiza reflect the most sought after and sold in general retail trade in Brazil, concluding that despite being an innovative channel, e-commerce also represents the fulfillment of needs conventional. Very still discusses factors that discourage the purchase by virtual means when compared to conventional, but the main ones are the lack of contact in the act of buying and virtual security. Despite being the biggest "villains" are not impossible to be "defeated". Increasingly companies are investing in innovations in virtual channels to combat these problems, such as the chat for sales and Webvideos explanation about the products, as well as seals and safety certifications in the shopping environment.

It was observed that for the retail network the virtual market is a promising market and the need for innovation, practicality and conviction of this new culture are routine challenges those companies that invest in this model. Even in the face of such challenges, the model of e-commerce gains more importance every day and illustrate increasingly representative and a solid source of revenue in the retail sector.

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