E-Commerce and the Entrepreneur
The Internet: Changing the Face of Business

- The most successful companies embrace the Internet as a mechanism for transforming their companies and for changing everything about the way they do business.

- In the world of e-commerce, size matters less than speed and flexibility.

- High-volume, low-margin commodity products are best suited for selling on the Web.
Benefits of Selling on the Web

- Opportunity to increase revenues
- Ability to expand into global markets
- Ability to remain open 24 hours a day, seven days a week
- Capacity to use the Web’s interactive nature to enhance customer service
Benefits of Selling on the Web

- Power to educate and inform
- Ability to lower the cost of doing business
- Ability to spot new business opportunities and capitalize on them
- Power to track sales results
Survey: 3 out of 4 small businesses do not yet have a Web site.

Small companies account for more than 50% of all retail sales in the U.S., but they generate only 9% of online retail sales.

By 2003, small companies will generate just 6% of online retail sales.

Why?
Factors to Consider Before Launching into E-Commerce

- How a company exploits the Web’s interconnectivity and the opportunities it creates to transform relationships with suppliers, customers, and others is crucial to its success.

- Web success requires a company to develop a plan for integrating the Web into its overall strategy.
Factors to Consider Before Launching into E-Commerce

- Developing a deep, lasting relationship with customers takes on even greater importance on the Web.
- Creating a meaningful presence on the Web requires an ongoing investment of resources – time, money, energy, and talent.
- Measuring the success of a Web-based sales effort is essential to remaining relevant to customers whose tastes, needs, and preferences constantly change.
Myth 1: Setting up a business on the Web is easy and inexpensive.
Time Required to Develop an E-Commerce Site

Number of Weeks

- 4 to 8 weeks: 10%
- 9 to 12 weeks: 20%
- 13 to 24 weeks: 25%
- 25 to 52 weeks: 35%
- More than 52 weeks: 10%
12 Myths of E-Commerce

Myth 1: Setting up a business on the Web is easy and inexpensive.

Myth 2: If I launch a site, customers will flock to it.

Myth 3: Making money on the Web is easy.

Myth 4: Privacy is not an important issue on the Web.
Myth 5: The most important part of any e-commerce effort is technology.

Myth 6: Strategy? I don’t need a strategy to sell on the Web! Just give me a Web site and the rest will take care of itself.

Myth 7: On the Web, customer service is not as important as it is in a traditional retail store.
The Importance of Service on the Web

- Study: 75% of Web shoppers who fill their online shopping carts become frustrated and leave the site before checking out.

- Reasons:
  - Site too slow
  - Site looks unprofessional
  - Site does not take credit cards
  - Checkout area too hard to find
  - No return policy posted
### What Web Shoppers Want

<table>
<thead>
<tr>
<th>Retail Customers</th>
<th>Business Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Competitive prices</td>
<td>1. On-time delivery</td>
</tr>
<tr>
<td>2. Well-designed presentation</td>
<td>2. Competitive prices</td>
</tr>
<tr>
<td>3. Good selection</td>
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</tr>
<tr>
<td>4. Reliable shipping</td>
<td>4. Good selection</td>
</tr>
<tr>
<td>5. On-time delivery</td>
<td>5. Easy ordering</td>
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<tr>
<td>7. Customer support</td>
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</tr>
<tr>
<td>8. Valuable product info</td>
<td>8. Reliable shipping</td>
</tr>
</tbody>
</table>
12 Myths of E-Commerce

Myth 8: Flash makes a Web site better.
Myth 9: It’s what’s up front that counts.
Myth 10: E-commerce will cause brick-and-mortar retail stores to disappear.
Myth 11: The greatest opportunity for e-commerce lies in the retail sector.
Myth 12: It’s too late to get on the Web.
Approaches to E-Commerce

- Online shopping malls
- Storefront building services
- Internet service providers (ISPs)
- Hiring professionals to design a custom site
- Building a site in-house
Online Shopping Malls

- Advantages:
  - Simplicity
  - Low cost

- Disadvantages:
  - Lack of prominence
  - Lack of control over site
Storefront-Building Services

- **Advantages:**
  - Simplicity
  - Low cost – as little as $100 to $500 per month

- **Disadvantages**
  - Cookie-cutter approach
  - Handle only a limited number of products
Internet Service Providers

- Provide many of the same features as store-front design services but offer more flexibility and customized designs.
- Can grow with a company as its online sales volume grows.
- What to consider when choosing:
  - Cost
  - Downtime
  - Quality of backup systems
  - Capacity for hosting sites
Hiring Professionals

- **Key advantage: Ability to customize a site, making it anything an entrepreneur wants.**
- **Major disadvantage: Cost**
  - A custom-designed site can cost between $10,000 and $30,000
  - A site with complete front-office and back-office integration can cost more than $500,000!
Building a Site in-House

- **Key advantage:** Complete control over the site and its design, operation, and maintenance.

- **Major disadvantage:** Cost of hiring staff.
  - Cost can reach $250,000 to $500,000
Strategies for E-Success

- Consider focusing on a market niche.
- Develop a community.
- Attract visitors by giving away “freebies.”
- Make creative use of e-mail, but avoid becoming a “spammer.”
Strategies for E-Success

- Make sure your Web site says “credibility.”
- Consider forming strategic alliances.
- Make the most of the Web’s global reach.
- Promote your site online and offline.
Designing a Killer Web Site

- Select a domain name that is consistent with the image you want to create for your company and register it.
  - Short
  - Memorable
  - Indicative of a company’s business
  - Easy to spell
Designing a Killer Web Site

- Be easy to find.
- Give customers what they want.
- Establish hyperlinks with other businesses, preferably those selling complementary products.
- Include an e-mail option and a telephone number in your site.
Designing a Killer Web Site

- Give shoppers the ability to track their orders online.
- Offer Web shoppers a special all their own.
- Follow a simple design.
Designing a Killer Web Site

- Assure customers that their online transactions are secure.
- Keep your site updated.
- Consider hiring a professional to design your site.
Tracking Web Results

- Counter
- Log-analysis software
- Clustering
- Collaborative filtering
- Profiling systems
- Artificial intelligence
Ensuring Web Privacy

- Take an inventory of the customer data collected.
- Develop a company policy for the information you collect.
- Post your company’s privacy policy prominently on your Web site and follow it.
Ensuring Web Security

- Virus detection software
- Intrusion detection software
- Firewall