

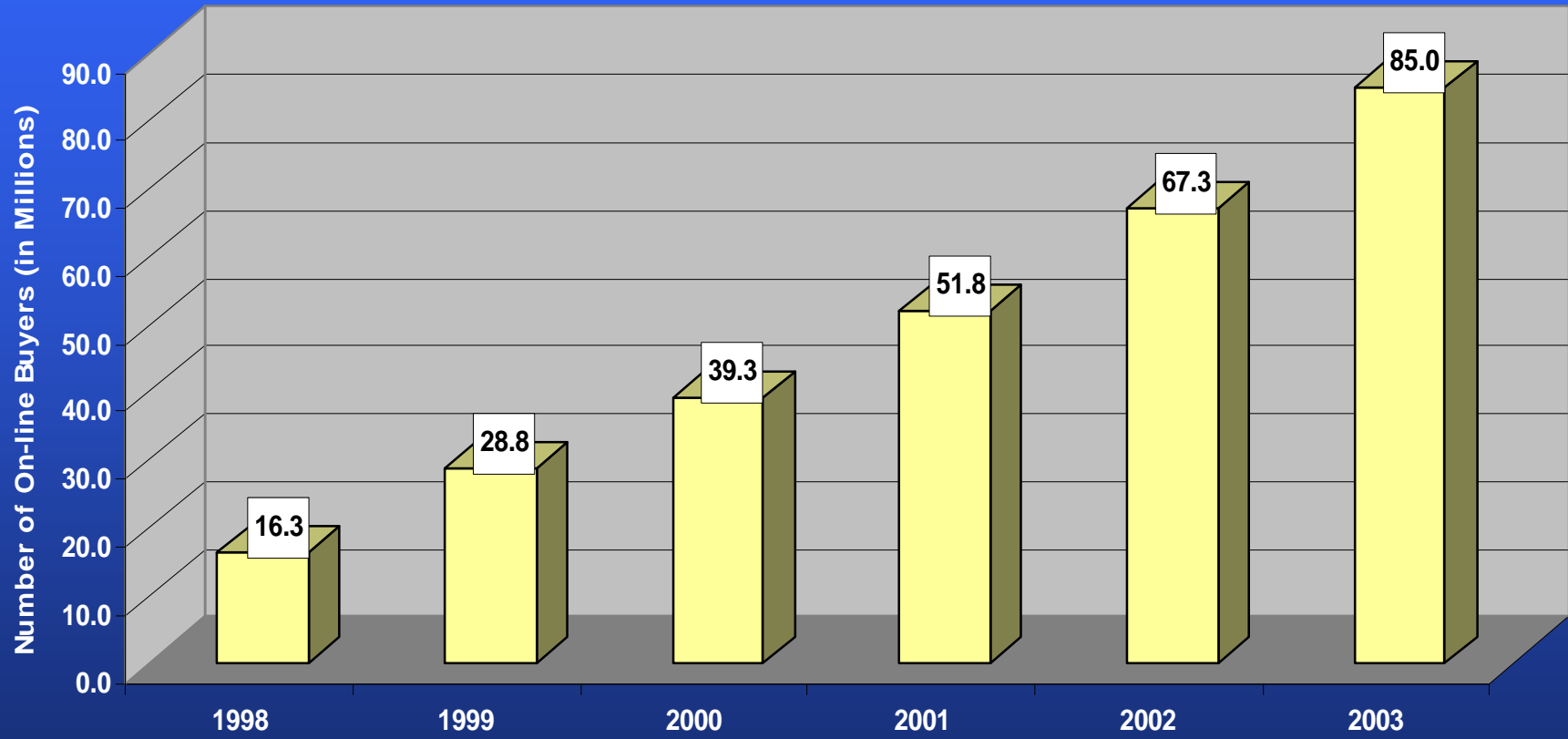
E-Commerce and the Entrepreneur



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.

On-line Buyers

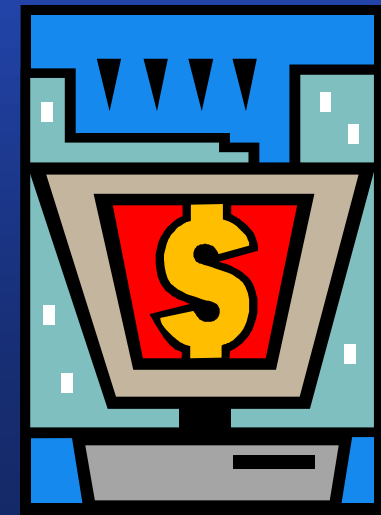


Benefits of Selling on the Web

- **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



E-Commerce

- **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.

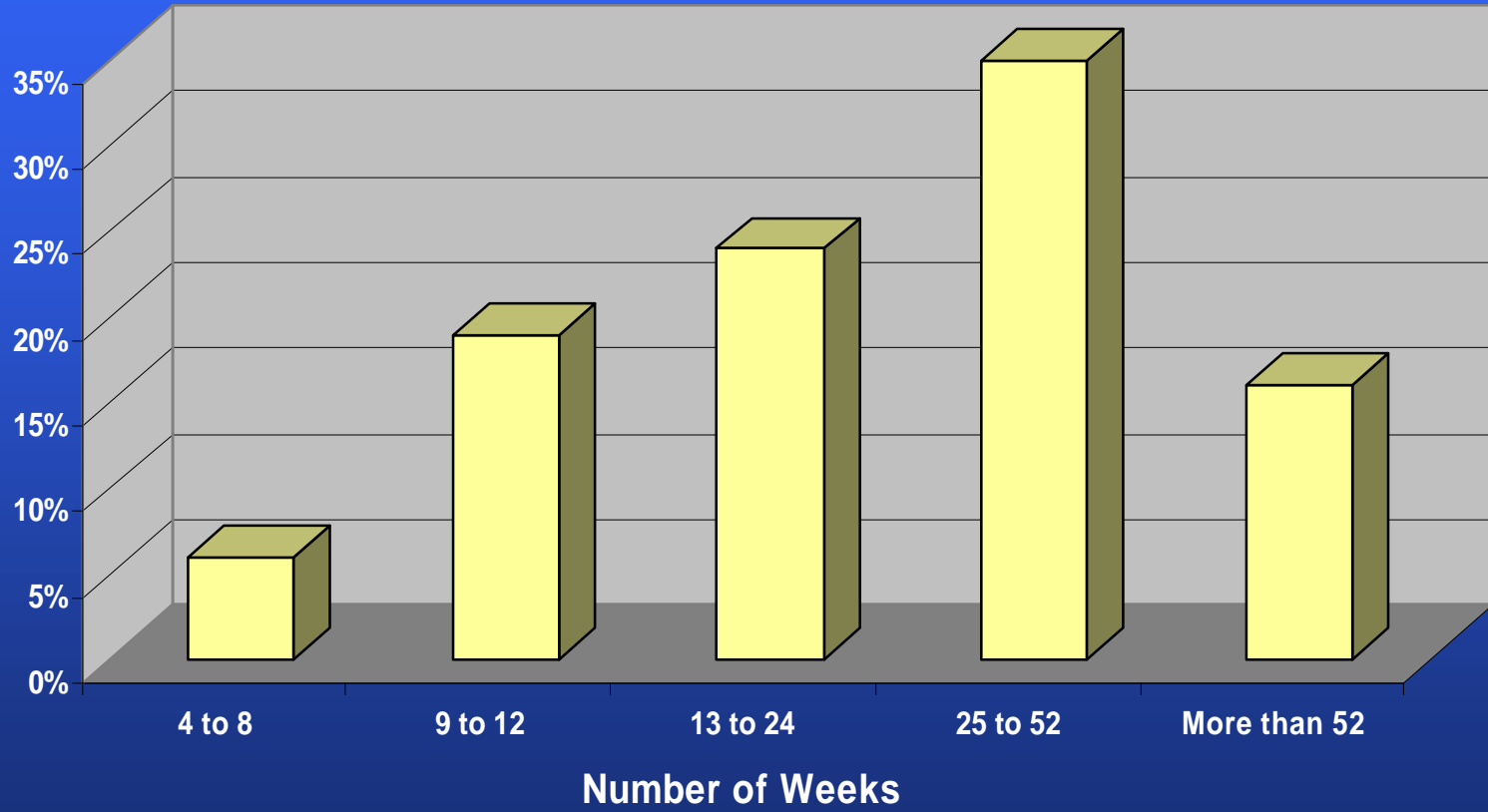
Factors to Consider Before Launching into E-Commerce

- **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.**

12 Myths of E-Commerce

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

Time Required to Develop an E-Commerce Site



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.

12 Myths of E-Commerce

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 on-line 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

Retail Customers	Business Customers
1. Competitive prices	1. On-time delivery
2. Well-designed presentation	2. Competitive prices
3. Good selection	3. Well-designed presentation
4. Reliable shipping	4. Good selection
5. On-time delivery	5. Easy ordering
6. Easy ordering	6. Valuable product info
7. Customer support	7. Customer support
8. Valuable product info	8. Reliable shipping
9. Posted privacy policy	9. Posted privacy policy
10. User-friendly navigation	10. User-friendly navigation

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

