



Chapter Six

Business-to-Consumer eCommerce Implementation

Objectives

In this lesson, you will learn about:

- ↻ Critical tools and issues
- ↻ Building an on-line presence
- ↻ Internet based shopping
- ↻ Issues and challenges
- ↻ Consumer Adoption of Technologies

A review of the real challenges, including consumer adoption of technology, future trends and payment systems, is required to help determine what you can accomplish today, as well as what may be possible in the future. Whether you begin the process with better customer communication through your website or by selling products or services over the Internet, you must begin with the available tools and realistic expectations of risk, market erosion to more innovative competitors.



Critical Tools and Issues

To engage consumers in an ongoing dialogue and buying relationship, you will need to go through the process of building, maintaining and enhancing your Web presence in response to customer feedback and use.

Building a Web Site

To design a web site, you will need to answer a number of questions about how and why consumers will use your site. You will also need to acquire a number of design tools to build a consumer-ready site.

Questions you must answer are:

Basic Questions:

- Who is your target customer?
- What is the segmentation?
- What access modes are they comfortable with and what is available in that market
- What content will consumers find valuable?

Attract And Maintain Customer Attention

- How will you organize that content to make information easy to find?
- What kind of links, both within your site and to other sites, will be valuable to your target customers?
- What could you use as free incentives to encourage participation in your site?
- How much interactivity is required to compress the prospecting, qualifying, selling and buying process?
- What kind of appearance do you want to present to target customers?
- How will you collect data required to identify and respond to consumer preferences?

Identify the Product/Service Your Organization Can Provide

- Given your customer's content preferences, what are you willing and able to provide?
- What unique value can you provide to the customer
- What information functionality and assets can be re-purposed, created or leveraged
- What is your value proposition



Identify The Product/Service Your Organization Cannot Provide

- What are you willing to spend to meet the requirements you've identified by answering these questions?
- If you do not have a competence or asset to be provided, what partnerships can you form to acquire that capability?

Maintaining and Enhancing your Web Site

For eCommerce to succeed as a direct business-to-consumer shopping experience, your site must have the following characteristics:

- Meaningful products/services
- Easy comparative shopping
- Entertaining social experience
- Secure ordering with flexible payments
- Feedback about transactions and interaction
- Online support
- A wide variety of purchasing and payment options

Internet Shopping Network, a wholly owned subsidiary of Home Shopping Network, is a good example of a company that provides value-added services to consumers via the World Wide Web. ISN uses the Internet as the exclusive method for conducting retail business worldwide.

ISN began in 1994 and today handles more than 50,000 customers a day, offering more than 25,000 computer products and downloadable software from more than 600 companies. From the customer's viewpoint, ISN adds value because:

- **It's convenient.** ISN is more convenient than going to CompUSA or using the bureaucratic corporate purchasing process.
- **Targeted products.** Takes advantage of the demographics of the Web in targeting computer-savvy individuals who need PC hardware and software.
- **Competitive prices.** ISN's just-in-time inventory and low capital cost structure allows it to sell products on a very competitive price basis.



It's a winning business model for ISN as well:

- **No expensive real estate or leases.**
- **No inventory.** ISN uses 12 distributors to deliver products on a just-in-time basis.
- **Superior customer knowledge.** All information can be captured and used to refine and target customers on a one-to-one basis.

Consumer Adoption of Technology

Currently, the market for eCommerce among consumers is restricted to those with knowledge of and access to PCs. There are a number of other potential on-ramps to Internet-based commerce for home-based applications, including:

Televisions. Gaming systems have already been adopted by consumers as an interactive medium for entertainment. However, sales of the highly touted WebTV have been disappointing to date.

Telephone. Video as well as audio telecommunications is required to make this a viable on-ramp to eCommerce. However, the telephone is a device almost every consumer has and uses for commerce. Telcos are aggressively building and providing higher bandwidth capabilities.

Wireless. Pagers and cell phones are rapidly being adopted.

Payment/Transaction Systems

Financial institutions have been using electronic funds transfer to debit or credit accounts for more than 20 years. The emerging eCommerce industry demands new payment systems that complete the entire business and financial transaction over the Internet.

Some of the new systems include:

- **Electronic cash.** Based on "digital signature" cryptography, banks can enable customers to decode currency encoded with the bank's key. Customers need to set up an account and maintain enough balance in the account to back purchases.



- **Electronic checks.** Digital equivalent of the paper check process, including a signature (computed number that authenticates the check's owner), endorsement by payee, and payment.
- **Smart cards.** Handle multiple functions, such as storage of special marketing awards, access to multiple financial accounts, and other personal shopping and payment preferences.

Lesson Summary

You have learned about a number of the implementation strategies, issues and challenges for business-to-consumer eCommerce applications, including:

- planning and implementation guidelines for consumer shopping web sites
- organizational and process challenges
- network and bandwidth issues
- customer adoption of required technologies
- payment and transaction systems

Something to think about

So far, you have learned about how companies are implementing business-to-business and business-to-consumer Internet commerce applications? Which has the highest priority for your own business? Can you invent or re-invent your business with a new consumer offering? Are there some ways you can think of to integrate and link your business and consumer strategies to deliver a more valuable product to your customers better, faster and cheaper?