Spring Internet World

How to Do Business in the Internet: Developing a Business Strategy

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WEB EXAMPLE:

Electric-Pages

www.electric-pages.com

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Goals of the Tutorial

- To comprehend the role of the Internet in business
- To see successful Internet business strategies
- To learn the best practices in Internet commerce

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Morning

- Mindset
  - The Internet Culture
- Applications
  - What works...and what doesn't
- Audience
  - Web demographics

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Afternoon

- Web Site Strategy
  - Web profitability
  - Multimedia Design
- Management
  - Integrating the Internet into your business
- Marketing
  - Promoting your web site

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MINDSET
APPLICATIONS
AUDIENCE

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Adjusting Your Mindset

- Internet Business Culture
  - PUBLICATION   The Library
  - COMMUNICATION   The Café
  - TRANSACTION   The Shopping Mall
- One-to-one marketing
- Global reach

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The Library

- Information on demand
  - 24/7/365 presence
- Transparent business information
- Targeted media

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WEB EXAMPLE:

Lycos search engine

www.lycos.com

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Transparent environment

- No secrets
- Bill Gates' "friction-free" capitalism
- The Internet sucks the profit margin out of many businesses.

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WEB EXAMPLE:

Auto by Telephone

www.autobytel.com

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Targeted media

- Narrowcasting and niche marketing
- Algorithmic advertising and editorial
- "Disintermediation"
  — Advertisers reach their audiences directly

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WEB EXAMPLE:

Lycos search for "Paris Hotels"

www.lycos.com

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WEB EXAMPLE:

Hot Sauce Shop

www.hothothot.com

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The Café

- Two-way communication
- Networks of relationships
- The readers are active participants in advertising and selling.

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WEB EXAMPLE:

Amazon.com book catalog

www.amazon.com

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The Shopping Mall

- In North America, over 2 million users have purchased items on-line.
- The Internet Shopping Network sells $1 million per month on-line
- Dell Computer sells $1 million of PCs per day on-line
- Cisco Systems has sold $1 billion of computer equipment on-line

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Internet Culture

- One-to-one marketing
  — Database marketing
  — Relationship marketing
  — The computer gives "personal service" to each customer
- Global reach
  — 30% of U.S. web traffic is international
  — Internet commerce happens everywhere

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The Trust Factor

- The Internet Selling Environment
  — Direct, Fast, Global
- Sophisticated customers
  — High quality consumer market
  — Business-to-business market
- Automated sales pitches
  — "Self-selling"

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WEB EXAMPLE:

Internet Travel Network

www.itn.com

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Working Globally

- Working with suppliers (and customers) a half a world away
- Stores and offices are always open
- The biggest impediment to communications is time zone, not technology or cost

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Internet Acceleration

- The Speed of Technology versus The Speed of Human Beings
- Phone, courier, fax, email, web
- New business expectations

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WEB EXAMPLE:

Cnet News with time stamp

www.news.com

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Internet Acceleration

- American Airlines ticket auctions
- Federal Express package tracking
- Amazon.com book promotions
- American Airlines pilots strike site

- Newspaper web sites
- Corporate extranets

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What works

- Who is the Internet right for?
  - Wired consumers
  - Business customers
- Who is it NOT right for?
  - Un-wired markets
  - Customers better served by traditional media
  - Mass market brands

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Three kinds of web site

- Institutional
  - Company brochure on-line
  - Contact data and basic information
- Product-specific
  - Marketing, selling and supporting
- Intranet and extranet
  - Corporate communications

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Institutional web site

- Basic web presence
  - US: 20% of all companies, 37% of mid-size companies, 97% of big companies
- Annual report "shovelware"
- Contact data
  - Address, phone, fax, email
  - Regional offices

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Product-specific web site

- Sales brochure on-line
  - Sales representative's email
- Marketing communications on-line
  - Technical specifications, configurations, prices, availability
- Catalog on-line
  - Instant ordering

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Intranet and extranet

- Corporate communications center
  - Company newsletter
  - Email and bulletin boards
- Suppliers and customers on-line
  - "Just In Time" inventory data
  - Sales cycles and scheduling data
  - Customer service and support center

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Web demographics

- Young, well-educated, high salaried, male and female professionals
- Media rich
- Time poor

- Business users

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Identifying your audience

- Technologically
  - By hardware, software and training
- Strategically
  - By benefits
- Culturally
  - By inclination

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Technological issues

- Multimedia PC user with 28k modem and Internet access
- > 486 PC, Windows, color monitor
- Low cost, reliable Internet access
  - Internet Service Providers
  - Business Internet links

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Strategic issues

- How is the Internet better than traditional communications?
- Best Internet products to sell...
  — Can be bought without seeing them
  — Have recognizable brand identities
  — Are hard-to-find or hard-to-configure
  — "Fit" on a credit card
  — Can be delivered on-line

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Cultural issues

- Inclination to use high tech
- Acceptance of technology's flaws in return for its advantages
- Appetite for timeliness
- Global perspective

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