Putting the Internet to Work

A Model for Business - Consumer Relations using the Internet

Introduction

Consider the Internet---not the constant hype but something far more practical. Sending computer files and messages around the world is now as easy as making a telephone call.

We now have "noncompatible" computer systems working together to provide seamless data communication which is less costly than voice communications. Just four years ago, this was not within the realm of discussion.

Despite these developments, we seem to have lost our focus. We are forever waiting for the next technological breakthrough, be it newer browser features, Java, full motion video, or greater bandwidth. In a rush to have the latest and greatest, we seem to have forgotten why we need the Internet.

The Promise

Instantaneous data communication has been a long sought after goal. From postal delivery to private courier to fax machines, daily business communication has become both faster and easier. The Internet now provides a reliable, inexpensive and fast delivery mechanism for information which exists in an electronic form. Since most information originates or resides on a computer, the Internet can reliably support over 90% of the country's non voice communication.

But the Internet is capable of much more. It allows for what I describe as dynamic interaction. Unlike television, radio and print media, the Internet offers the capability for two way communication. From sales, marketing and advertising to customer service, research and database marketing, businesses constantly strive to communicate with the customer. The Internet simplifies these communications while providing a mechanism for direct feedback. The technology is here. It is inexpensive and accessible to businesses of all sizes.

We must learn to use it.

(Perhaps technology has advanced too quickly. Security and data privacy, Internet vs. intranet, fee based services, and other distractions make it difficult to focus on the real issues.)

To be fair, there are a handful of success stories; Netscape, Amazon.com, Yahoo, Lycos, inquiry.com to name a few. Most organizations, however, do not yet understand the Internet, particularly what it can accomplish for them.

Websites are often developed because of some vague understanding of potential benefits rather than a sound communication plan. These Websites emulate the familiar.

Most often, corporate Internets exist for the sole purpose of putting out an electronic version of a corporate "brochure".

Other Websites attempt to generate income through the placement of advertisements.

Both approaches assume that consumers and businesses respond to what they see on the Internet much as they would a printed brochure or an advertisement in a magazine or newspaper.

These approaches fail to recognize two important differences. First, advertising through non-Internet channels is usually unobtrusive and without cost to the recipient.

On the Internet, individuals pay for time spent on-line. Many are justifiably sensitive to unsolicited advertising which slows down their access to a Website and the information they seek, and to unsolicited e-mail transmissions.

Websites that are simply advertisements for a company or its products are inappropriate in this business climate.

A New Model- Case Study

This paper presents a practical business model for sustainable implementation of Internet technology. The model is presented in the form of a case study for a fictional company named "Shoom-Mart". Shoom-Mart is a retailer, perhaps a supermarket or department store.

The shopping and purchasing habits of "Sharon Shopper", a hypothetical consumer, are analyzed as she makes use of the Shoom-Mart Website. The second part of this model reflects how Shoom-Mart's Internet successes are brought in-house in the form of an intranet.

The lessons learned from Shoom-Mart are relevant to most business organizations, more so to service organizations and those developing Internet-based businesses.

Shoom-Mart earns the business of Sharon Shopper

Sharon Shopper visits the Website for Shoom-Mart. She may have learned of Shoom-Mart's Website from an Internet search engine, a hyperlink listing at another Website or from Shoom-Mart's own marketing efforts.

Sharon likely has a good reason for visiting Shoom-Mart's Website. Perhaps she wants to contact the company, or a specific individual, and prefers to do so via the Internet. She may want to get a store address or its hours. To many, this is preferable to dealing with sophisticated corporate telephone systems and their often extended wait times.

Sharon may find the Internet faster and more economical than the telephone. Perhaps Sharon has no pressing need for information and inadvertently found the Website while surfing. Regardless, Shoom-Mart now has an opportunity to assist Sharon, encourage a sale and perhaps gain some valuable information that can aid in future contact with her.

Better still, Shoom-Mart can do all this in a productive manner which reduces its own costs. No long distance charges are incurred by

either party while assisting Sharon, and no staff time is required.

Assuming Sharon finds what she needs (which should be easy to do on a well designed Website), Shoom- Mart may also have reduced its print and postage charges plus the manpower required to prepare any mailing. In sufficient volume, these benefits are justification enough for Shoom-Mart's Website. But this is just the beginning of a long term, mutually beneficial relationship with Sharon.

Shoom-Mart desires to be Sharon's primary destination for products it carries. Its business is not about entertainment, and it has no interest in Internet surfers disinterested in its products. As such, Shoom- Mart has developed a Website which is practical, provides information often requested by telephone and mail, and is devoid of contests, games and "freebies".

The company has been most successful by focusing on bringing people into its stores. Once there, product selection, store layout and shelf presentation sell the products. Shoom-Mart's experience is that consumers are unwilling to purchase products through other channels.

Past catalog and telephone sales efforts have not been effective. Consequently, the Shoom-Mart Website does not attempt to sell any products or services through the Website.

Shoom-Mart has found that ongoing promotion of special offers is extremely popular, and has chosen to maintain this strategy on the Internet. It also views the Internet as a possible solution to one problem exposed during recent market research; consumer frustration at finding sale items out of stock.

Shoom-Mart's Website is designed to increase store traffic and assist consumers by identifying out of stock items. Sharon, or anyone visiting Shoom-Mart's Website, can register for a weekly e-mail service providing information on discounted products for the coming week.

Since hundreds of items may be discounted in any given week, each registrant can select those product types of interest to them. A second service allows visitors to determine if the product(s) they

require are in stock at the store location of their choice. After selecting a product category (from the list), then the product in question and store location, they are informed if the product is presently available or out of stock.

If unavailable, an estimated availability date is provided along with a list of alternate store locations with the product in stock.

Shoom-Mart also wants to know more about Sharon. Making use of the weekly e-mail service involves a registration process. Sharon is required to answer a series of questions including basic demographic information, her product type interests, and her opinions on Shoom-Mart and its products.

Sharon agrees to provide this information in order to receive the weekly e-mail notifications. Other than her e-mail address, Sharon remains unidentified. Sharon also agrees to allow Shoom-Mart to send her periodic email messages about special offers.

Shoom-Mart makes good use of this information. Each week, Sharon receives an electronic flyer, or "eflyer", detailing product specials in her region for the coming week. The items in her custom e-flyer are limited to product types listed in Sharon’s custom profile.

Periodically, Shoom-Mart will notify Sharon of special offers in those stores within her city. Sometimes, Sharon will receive discount coupons redeemable at her local store. Shoom-Mart also works closely with its suppliers. Product manufacturers allow Shoom-Mart to inform Sharon of special manufacturer discounts for those product types listed in Sharon’s custom profile.

Unlike a typical direct mail list, Sharon retains full control over this process. She can change her product interests, or discontinue the service, at any time.

It’s absolutely amazing. This Website has turned into a strategic competitive advantage for Shoom-Mart. With little more than 30 minutes of additional manpower each week and no other expenses, Shoom-Mart is able to attract Sharon Shopper and thousands of other people into their stores.

No added advertising or marketing costs. Just better use of pre-existing information from their databases. Shoom-Mart's competition, which either sees no value in having an Internet Website, or has developed an ineffective Website, sees Shoom-Mart growing at their expense and is unable to determine the reason for its success.

Summary

Though Shoom-Mart is a fictional organization, its internal and external communication requirements are real. The company's use of Internet technology to optimize its relationships among customer, and even staff and suppliers illustrates what can be achieved in today's competitive marketplace.

Nine Reasons Why Websites Fail

1. Lack of strategic planning involving corporate visionaries
2. Emphasis on technology over practicality
3. Website not valued as a strategic asset
4. Control of Website residing in the company's technology or MIS department(s)
5. Assuming that technology will market itself
6. Use of "bleeding edge" technology limits usefulness & value
7. Emphasis on appearance over functionality
8. Graphic intensive Websites too large for today's technology
9. Use of existing company literature instead of re-writing for the Internet.

About the Author

Perry Shoom is the founder of FranchiseFacts, a company that provides research services for the Franchise Industry. The company also publishes a Report incorporating the results from its National Franchisee Survey. The 2010 Annual Report, and the Franchisee Survey that is currently in progress, can both be found at www.FranchiseFactsUSA.com. The survey is open to all franchise owners and store managers. FranchiseFacts does not disclose identifying information that may be provided by survey respondents.

At the time this paper was written, Perry Shoom was an Internet and Business Consultant operating under the name of Information Retrieval Systems. Perry continues to provide business and information management services as an independent consultant at this time.