



e-Business & Its Implications for International Marketing

Lecture Notes for MII Students of International Marketing Management & Strategy (Stage 3)

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1. Setting Up and Managing Your E-Business Site.

1: 1 Introduction.

In the era of modern marketing, it is essential that the international marketer understands how to go about setting up and managing an E-Business operation.

1:2 Two Common Misunderstandings About e-Business

The two most common misunderstandings about e-Business are:

- (1) e-Business is only about making sales via the Internet
- (2) Anyone who can set up a website can operate an e-Business.

1:3 e-Business is more than selling on the net.

e-Business (e-commerce) has been defined as follows: “ Sales, purchase or exchange of goods, services or information over the Internet or other telecommunications networks”. (‘International Marketing & Export Management’ Albaum, Strandkov and Duerr, 4th Edition, p.648.)

This is an excellent definition from the international marketer’s point of view because it emphasizes that e-business is more than just about sales and the Internet and has much to do with using communications technology to establish and maintain competitive advantage.

While Internet sales is one of the most prominent and obvious manifestations of e-Business, a very substantial amount of perfectly legitimate commercial activity is carried out via Intranets – operating at internal organizational levels - and Extranets - operating at supply and distribution chain levels ⁽¹⁾.

No matter how extensive the actual communications network, the objective must be to use technology as a means of leveraging competitive advantage.

The benefits of an effective Intranet e-Business platform is that it allows the enterprise to establish and sustain strategic and competitive advantage in the marketplace through more efficient internal communications leading to more speedy and effective customer care.

The benefits of an effective Extranet e-Business platform is that it allows the business to establish and sustain strategic competitive advantage as the result of faster, more cost effective and more efficient supply chain management matched by high levels of distribution efficiency.

1:4 e-Business is not a DIY Exercise.

A second and quite dangerous misunderstanding about e-Business is that it is possible to set up a successful website at little cost and with very little technical expertise. This belief is widespread and will always lead to poor e-business effectiveness.

Companies have set out to put their sites on the NET by simply registering a domain name and using off the shelf software such as Microsoft Front Page (www.microsoft.com), Macromedia Dreamweaver (www.macromedia.com) or programmes that offer all sorts of site design and content management features for site development.

This approach may be possible if a simple on-line catalogue is required but not if a full e-Business site is the intention. This off the shelf approach certainly fails to recognize the need to treat e-Business as an

integral part of the total marketing effort and not just as an additional channel of promotion that – hopefully – results in increased sales.

It certainly fails to take into account the considerable levels of internal integration and communications between company functions and departments that is required in order to make e-Business effective.

1:5 Emerging use of Content Management Systems.

Having emphasized the dangers of the off the shelf/DIY approach to e-Business, it is important to recognize the recent growth in the sophistication and user-friendliness of various types of website content management systems.

These systems are designed to provide the marketer with a ‘skeleton’ website in which the standard components – headers, banners, logos, page structures, etc. – are ‘hard wired’ into the system. The actual content of various pages which make up the site is, however, left to the marketer. This means that text can be edited and graphics such as diagrams, photographs, catalogue information, etc. can be changed, edited inserted or deleted locally by personnel who are authorized to do so. Pages can be added or deleted and content can be updated without the need for technical expertise or expensive external intervention. Special announcements, newsletters and all sorts of special communications can be carried out via the site again without the need for expert external intervention.

Of particular importance is the fact that good versions of these systems provide on-going and excellent monitoring and reporting of visitor and site activity and excellent interactivity between the company and customers/visitors.

The better CMS (Content Management System) programmes – particularly when the users are well supported by the suppliers - work excellently well with all sizes of company but are of excellent value to the small or medium sizes marketing enterprise.

For an example of one CMS see www.ewrite.ie

No matter what approach is taken to setting up and managing an e-Business operation, it is important to properly plan the project properly. A systematic approach to setting up the e-Business project is set out in Section 2 of this reading.

2 Planning the e-Business Process.

2:1 Setting Up an e-Business Site

The following steps constitute a fairly comprehensive approach to planning and setting up the e-Business site.

- 1. Strategic Planning – deciding clearly what the site will accomplish in business terms, the target markets it will be aimed at and how it will compete for attention in an increasingly competitive and crowded on-line environment, how the e-Business operation will integrate with all other aspects of the enterprise’s marketing efforts.**
- 2. Site Development – designing the site so that it attracts potential customers/users and encourages them to use it to good effect.**
- 3. Internal Integration – integrating the activities of the various departments within the organization to support e-Business conducted via the site**
- 4. Implementation & Management – the planning and development of the site are only initial steps in the e-Business process: once in operation, the site will need constant appraisal, updating and on-going management**
- 5. Monitoring Results – the site is only as effective as the extent to which it accomplishes the objectives set for it: the results of site activity in terms of the number of visitors, their behaviour while on site, the amount of business generated, etc. must be continuously monitored**

In order to manage the e-Business dimension of the marketing operation, the marketer needs to understand each of these steps in turn.

3 Strategic Planning.

3:1 Three Basic Decisions

At least three decisions make up the strategic planning stage of setting up the site.

- 1. What objectives will the e-Business dimension of the enterprise's activity achieve?**
- 2. What are the target markets to be reached by the e-Business website?**
- 3. How will the enterprise compete with rivals and competitors in cyberspace?**

3:2 What objectives will the e-Business dimension of the enterprise's activity are designed to achieve?

The following are typical objectives that the marketer seeks to achieve through the setting up of an e-Business site.

- (1) To launch and establish a new enterprise which will operate only on an e-Business platform**
- (2) To extend existing markets and increase the turnover of a traditional off-line enterprise**
- (3) To enhance product purchase and delivery options for existing and new customers**
- (4) To enhance customer service by providing catalogue, technical service or technical support options to customers and intermediaries**
- (5) To act as an additional medium to promote the company and its products**
- (6) To reinforce the brand**
- (7) To enhance product order, purchase and delivery options for existing and new customers: customers - especially multinationals - cannot deal with a supplier whose order handling systems don't operate totally on-line and, therefore, cannot be integrated with their supply chain management systems.**

(Note: To supplement the above list, more detailed information on the applications and benefits of e-Business are given in Appendix A).

3:3 What are the target markets to be reached by the e-Business website?

A clear definition of target markets is fundamental to all strategic business planning and, in the case of e-Business, the traditional market segmentation processes will prove quite effective.

A precise definition of whether the enterprise is in B2B or B2C markets or both is fundamental to the effectiveness of the segmentation process.

Whether the enterprise is in the B2B or B2C markets will radically affect the scope structure, level of business integration, resource allocation, cost and complexity of the planning process as well as the implementation of the plan.

Otherwise, although it may be necessary to include availability of access to broadband and other technical factors, the traditional process of market segmentation and the use the normal segmentation bases - geographic, demographic, psychographic and behavioural - will prove useful. ⁽²⁾

It is important to understand that the vast majority of businesses do not have the resources to 'go global': rather what they will be trying to do is to establish themselves in sustainable niches in the global marketplace (more correctly in e-Business jargon 'global marketspace'). ⁽³⁾

3:4 How Will the Enterprise Compete with Rivals and Competitors in Cyberspace?

The concepts of drawing up a sustainable and effective strategy and providing quality products and services, backed by the highest standard of customer care are fundamental to ensuring success for the enterprise. Chaston⁽⁴⁾ makes the point that this is as much the case with e-Business as it is with the traditional enterprise.

However, in the case of e-Business it is the site that must compete head to head with the sites of other on-line competitors for on-line customers.

Even quite well known enterprises with established brand names will not succeed in the e-Business arena unless their WEB sites function effectively. Sometimes, even extremely successful on-line enterprises do not make it easy for their customers to actually do business with them because their sites do not function effectively in ALL respects. (Try establishing on-line the price of a 100gig hard drive from Dell one of the most famous e-Business dedicated enterprises. (www.dell.ie)

Another interesting example of two well-known enterprises with highly comparable brand names and market presence are Ryanair and Aer Lingus. While one of these two companies has what is probably one of the most effective WEB operations in cyberspace, the other company's site is sadly deficient in its ease of navigation/operation and – therefore – its capacity to compete with its rival for on-line business. Decide for yourself which site is most effective by booking a flight on both – exit out just before giving payment information. (www.ryanair.com) (www.aerlingus.com).

It is obvious that a good deal of thought and planning has to go into design and organizational support for the site. Getting the site right and being able to support it properly through internal organizational integration and the highest standards of customer service will be one of the main differences between success and failure.

In the world of e-Business, it is vital that the role and mission of the WEB site is clearly spelled out and that the mission influences all aspects of the WEB's design and management. Somehow, the business USP must be incorporated into the WEB site and its operations. (www.kennys.ie) is a very good example of a business effectively incorporating its USP into its site design).

3:5 Some Basic Concepts Underlying Site Design.

The actual design of the site will be looked at in the next section of this paper. However, from a conceptual point of view, getting the site right means setting it up so that it:

- (1) Stand up effectively to the sites of competitors (Compare Coca-Cola, Pepsi and 7-up sites – be sure to download the Coca-Cola site first)**
- (2) Engages and satisfies the visitor at every stage of the usage purchasing process**

This means that the **Intranet** site must work effectively as a tool for internal integration and communications while the **Extranet** site must function effectively for intermediaries in the supply and distribution chains. The temptation to overload intranet and extranet sites with irrelevant information is usually impossible to overcome. An external audit of one major Government intranet site resulted in the deletion of over 1,000 web pages.

Whether the Intranet or Extranet site will be effective or not will depend on the site designer understanding clearly:

1. **The purposes for which visitors will use the site**
2. **How they feel about the ‘look and feel’ of the site**
3. **The criteria which they apply to judging the effectiveness and functionality of the system (twenty-four seven reliability, ease of navigation, supplementary e-mail and direct access communications, security, order and payment options, flexibility are typical evaluation criteria)**
4. **How the system must evolve to meet the changing needs of the visitors**

The criteria which the designer applies to the design of Intranets and Extranet sites will apply equally to the design of an Internet site.

However, while Intranets and Extranets are ‘closed’ systems with access limited to approved users who, in most cases have no choice but to use the systems anyway, an Internet site is an ‘open’ market space where the visitor has almost unlimited choice about which sites to download and use.

Research has shown that consumers and businesses buy on line for three basic reasons:

1. Convenience – purchases can be made on-line any time 24x7x365 from anywhere
2. Information – purchasers can obtain more information and more relevant information on-line
3. Price – purchasers feel they get a better deal on line and that price comparisons are more easily made on-line

(The international marketer should carry out regular assessments of his/her site against these three criteria).

The typical steps in an Internet customer’s purchase decision are:

1. **Which sites thrown up by the search engine promise to satisfy their purchase requirements:**
2. **Which of the downloaded sites to explore at some length and which sites to abandon immediately because they don’t download properly or are unattractive in appearance**
3. **Which sites offer products, services, information, payment and security systems that best match needs**
4. **Whether, having chosen a site, it enables them to make purchase in a simple and user-friendly way**
5. **Whether the site offers secure and trustworthy payment options**
6. **Whether the site closes the transaction satisfactorily by confirming the order and specifying delivery arrangements**

(Try shopping for a bathroom shower on the WEB and give yourself time to compare the extent to which different suppliers understand their customer’s buying processes. Before getting into the buying process, check quickly through the first 10 sites for twenty-four seven reliability, i.e. how many of the sites are actually functioning and available when you visit them).

Except for computer software, music, video and some service products most purchases cannot be downloaded directly from the WEB. For most products, the physical delivery of customer’s order calls for the setting up of a fairly sophisticated backend warehousing and physical delivery system to support the operations of the e-Business site.

This is very often where the entire e-Business system falls down.

International Marketing Managers must, by the nature of their job functions, pay particular attention to this aspect of the e-Business operation.

The normal challenges of warehousing, dispatch and transportation posed by the traditional internationally trading enterprise are made even more difficult when the enterprise operates on an e-Business basis.

This is particularly so when suppliers to the enterprise and service providers such as banks, freight forwarders, airlines and shipping companies may themselves be operating on an online basis. In this case, the challenges for the International Marketing Manager is to co-ordinate and integrate the activities of each participant in the system in the interests of generating customer satisfaction through fast and trouble free delivery of orders.



Amazon.com has a 200,000-square-foot high-security warehouse where the "Harry Potter" books are kept before being sent out. Staff are "carefully hand-picked," according to an Amazon spokeswoman, and the company is legally bound by an agreement with publisher Bloomsbury to keep many of the details surrounding the release a closely guarded secret.

CASE. One of the world's largest producers of Internet entertainment products decided to place its entire freight forwarding and customer delivery system in the hands of one of the world's largest freight forwarding and delivery companies in the search for greater economies and improved customer service. Despite considerable pre-testing, it was found that the manufacturer's software could not always 'talk' to the freight forwarder's software. Result, over 100,000 deliveries of the manufacturer's best selling product failed to reach customers in time for Christmas. No-one realized that the manufacturer's previous freight forwarder had had a team of a dozen people employed full time ironing out bugs in the manufacturer's software to ensure that the system worked properly.

The concepts of customer loyalty and repeat purchase are, of course, just as critical to commercial success in an E-Business environment as they are in a traditional business environment.

4. e-Business Site Development

4:1 Basic Decisions in Site Development.

The following are among the major decisions involved in site development are:

- 1. Intranet, Extranet, Internet or combined platforms**
- 2. Hosted externally or internally**
- 3. Choice of domain name**
- 4. Site design**
- 5. technical maintenance and support issues**

4:2 Intranet, Extranet or Internet.

The Intranet, designed to increase efficiency, reduce costs, improve customer service, enhance inter-functional and inter-departmental relationships, is a basic but still very effective approach to e-Business.

The Extranet will give the enterprise the capacity for better **supply chain** and **distribution chain** management as well as providing highly effective systems of internal integration, communication and efficiency which can be leveraged into strategic advantage in the marketplace.

Intranets and Extranets frequently use the INTERNET as a communications platform on which to mount and operate their systems. Many Intranets and Extranets are built almost totally around INTERNET software and IT technologies and many use the WEB itself as the communications link between the various locations making up the system.

However, the Internet can also be used as a total e-Business platform in its own right. For example, www.knives.com has no business or market presence other than on the Internet. It is not unusual for this site to achieve 20,000 hits per 24-hour period.

However, it is essential to remember that e-Business is not just an Internet phenomenon and that many businesses are effectively combining elements of all three approaches – Intranet, Extranet and Internet – into an effective total e-Business operation.

4:3 Mass and Selective Markets

The marketer should consider the website as serving two distinct market segments:

1. Mass (non-targeted) markets
2. Selected (carefully targeted) markets

Thus, to the mass market visitor, the website must attract and appeal to casual semi-interested visitors who have only an unsubstantiated reason for believing that the site will satisfy their needs: in this case the site acts like a super advertisement

The selected market visitor has visited the site because he/she has a substantiated reason for believing the site can satisfy their needs either because of the nature of the content or because he/she has previously done business with the company or because the company has targeted the visitor with a previous market communication as part of a Web marketing campaign.

The trick is to ensure that the site satisfies both types of visitor.

4:4 Hosted Internally or Externally

A major decision for the international marketer is whether to set up e-Business operations via an externally hosted site or via a site that is developed and maintained in house. There are advantages and disadvantages to either system.

	Advantages	Disadvantages
Hosted	<ul style="list-style-type: none"> • Fast and affordable to set up • You do not need technological expertise in house • Regular updating of security systems 	<ul style="list-style-type: none"> • Can offer limited flexibility with regard to site features and graphics content • Offers limited customization • Can give rise to security worries • Host can have a lot of control over future developments and expansions of a successful site - especially cost control • Limited reporting of customer information and site effectiveness
Internal	<ul style="list-style-type: none"> • Easy to update • Gives control over customization - flexible • Greater control of security • Facilitates internal integration • Gives much better tracking of customer information and site effectiveness. • Avoids payment of monthly fees 	<ul style="list-style-type: none"> • Requires time and money to set up • Needs in-house technological expertise • Needs suitable hardware and software resources

4:5 Choice of Domain name.

The choice of a domain name for the e-Business is very similar to choosing a brand name for a product.

The domain name is not just an Internet address: the right domain name enables;

- (1) **Customers to find your site on the search engines**
- (2) **Conveys information on who you are and what you do**
- (3) **Convinces the customer that you can meet the customer's purchasing requirements**
- (4) **Enables you stand out from competitors**
- (5) **Determines how well visitors to your site remember you and your URL.**

Amazon.com (www.amazon.com) is now synonymous with book selling. It could be argued that the recognition of the Amazon name is due to the fact that the enterprise was the first e-Business book e-tailer of its type and scope. Possibly, the sheer amount of publicity surrounding estimates of the company's commercial effectiveness over the years has also helped highlight the domain name. However, what cannot be argued is that Amazon has one great advantage as a domain name - it is easy to remember. So are ryanair.com, and britishairways.com. Not so flycontinental.com

4:5 Choice of Domain name (continued).

A domain name is more than just a WEB address and for most enterprises the principles underlying choice of a domain name will be very similar to the principles underlying choice of a brand name.

More importantly for the international marketer, choice of the domain name will pose the same challenges, suffer from the same restrictions and require the same development approaches as the choice of a brand name for international or global markets. ⁽⁵⁾

4:6 Site Design.

The site must:

- 1. Be easy to locate**
- 2. Be easy to visit**
- 3. Download quickly**
- 4. Convince the visitor that it is worthy of exploration**
- 5. Be easy to navigate**
- 6. Be easy to make purchases (A good Shopping Cart/ Shopping Basket is essential)**
- 7. Convey assurances of security and trustworthiness**
- 8. Offer alternative payment systems**
- 9. Offer plenty of personal sales assistance**
- 10. Offer follow-up facilities**
- 11. Encourage return visits**

In a bricks and mortar business, customers participate in transactions in a face-to-face or over the telephone with real people.

Even in the self-service supermarket situation, there is some level of interpersonal communication at the checkout which influences customer loyalty and repeat purchase. Also, in a self-service situation, the customer will undertake some major level of exploration before making a purchase or abandoning the purchase procedure.

This is not so in the face-to-screen situation. The customer – particularly when comparison shopping - has much less commitment and much more control. This means that customers will quickly terminate the exploration of a site and abandon the purchase procedure if anything is not to their liking. ⁽⁶⁾ Your site has about three seconds to convince the mass audience visitor that your company can deliver their expectations.

4:7 Your Home Page

Your home page is your site's face to the world and the starting point for most user visits: improving your home page multiplies the entire web site's business value.

This lack of customer commitment and high level of control poses many challenges for the designer of the e-Business site. The e-Business site is in some respects similar to a conventional retail site and many of the factors that are necessary for the success of a conventional retail site will also apply to the e-Business site.

Some rules for home page design.

Rule 1 – Tagline (slogan)

Start your page with a tagline that summarizes what the site or company does, especially if you are new or less than famous. (Autotrader.com tells us to 'Search the largest inventory of cars and trucks on the Internet. More than 1.5 million listings, updated daily')

Rule 2 – Show priority tasks clearly

Your home page should offer a clear starting point for the tasks they are most likely to undertake when visiting your site. Avoid clutter. Less information rather than more must be the rule. (See www.oxfordcity.co.uk)

Rule 3 – Include a search box

Not everyone wants to navigate your site in just the way you have designed it. Some users will want to ‘cut straight to the chase’. These users will scan your home page for a search box and – if they don’t find it – they are gone. Your search box should be a minimum of 27 characters wide so that it can accommodate multiple words without obscuring parts of the user’s query.

Rule 4 – Link names should contain the most important descriptive word.

Links are the action points on the home page and users scan the home page looking for the links that will best serve their current goals. The words on your links are vitally important and should make it easy for scanning eyes to differentiate each link from the others on the page. (Again see www.oxfordcity.co.uk)

Rule 5 – Don’t over format critical content on the home page.

Your home page simply does not require elaborate illustrations, graphics, fancy fonts and colours. Don’t over do it when it comes to presenting the critical content on the home page. A book’s index is designed to allow the reader to locate content easily and accurately – no more than that. Ensure that any illustrations are there only because they enhance usefulness.

Rule 6 – Use only meaningful graphics

Graphics or images are powerful communicators but only if they are relevant to users. Show real people, real situations and real locations but use them sparingly. They may be perceived as advertisements and – if so – are likely to be ignored by users.

Rule 7 – Provide a human contact

Visitors to your home page like to know that there is a real life organization and an actual person at the other end of the Website if they run into trouble. Give all relevant contact information (physical address, telephone numbers, fax numbers and e-mail address. By doing this you are creating a sense of security for the visitor. Many will wish to contact you other than via the web. (Many charitable and aid organizations fail to give this information clearly on the home page and throughout the site: yet many donors wish to remain anonymous and wish simply to send cheques via the mail)

4:8 Direct (Database) Marketing via the Web

Direct marketing is the use of personalized messages addresses directly to a chosen list (database) of customers.

Web marketing works best when this approach is adopted – when the marketer compiles lists of existing and potential clients who can be contacted as part of a carefully designed and carefully targeted Web campaign.

The marketer must make every effort to gather lists of existing and potential customers together with marketing relevant information about them including names and addresses, contact history, purchase history, communications history and – possibly – demographics.

However, two types of issue arise when the international marketer adopts this approach:

1. **Legal issues**
2. **Technological issues**

Legal issues

Data protection legislation places the responsibility for not annoying individuals with Internet delivered unsolicited communications. If there is a 'history of previous commercial communications or transactions' the web marketer can feel reasonably confident that email contact is legal and ethical in practice at least (the content and legitimacy of any offers is a different matter). However, individuals or companies must otherwise be 'invited' by normal 'snail' mail to submit their email addresses or URLs to the marketer for the purpose of receiving future email communications and given the option of easily and readily 'delisting' themselves if they wish. The marketer cannot just email at will without risking legal action and some severe penalties.

Technological issues

Databases must be extremely carefully designed using industry standard software which undergoes the very minimum of 'customization'. Databases don't always talk to one another and it may not be easy to transfer information from one database to another. This can cause serious problems for the database marketer. For example, hotel groups who recently (2006) purchased hotels belonging to the excellent Great Southern Hotels group found that database information could not be transferred to their own database systems without serious problems and major expense.

4:9 Location.

To ensure that your target audience can find your store:

- a. Register your site with all major search engines**
- b. Use key words and metatags (words which are nested inside the head of a web page – invisible to the reader – but used by servers, browsers and search engines) so that search engines can find your site easily**
- c. Request links from other WEB sites that are likely to be used by your target audience.**

The trick for the web designer is to try to ensure that all the popular search engines can pick up your website.

Also, your website must be designed, written and coded so as to ensure that there is a good chance your site will appear near the top of the search engine's query list.

This calls for a level of expertise that not all designers possess. However, there are designers who specialize in web site optimization somewhat in the same way as the media specialist in the advertising agency specializes in media choice and bookings. This person is skilled in using the correct meta tags, key words and phrases to help ensure a priority listing on a search engine.

4:10 Download Time.

Nothing irritates a visitor to your site as much as excruciatingly long page download times.

The time it takes the page to come down is mostly a factor of the speed of access of the visitor's system and the type of connection employed by the visitor to access the Internet – (wireless, broadband, dialup, etc.) The marketer does not have a lot of control over these things.

However, download time is also a factor of the web page file size and file size of graphical elements on a particular page. Put very simply, download time is a factor of how many "whistles and bells" the designer puts on a particular page. And this is something the site designer and the marketer does have control over.

Solid black backgrounds, jazzy animations, lots of graphics may look good to you and will provide your WEB designer with lots of opportunities to show off, but they will play havoc with download times. So don't overload your site with programming, graphics or fancy plug-ins. (20k is the recommended maximum file size for a graphic).

The commercial website site is meant to serve not entertain.

As a basic approach to evaluating proposals from your site designer about the design of your site, make sure you view it via the WEB and not from a CD-ROM or your web designer's computer hard drive. Don't view it on broadband or ISDN. Only when you have viewed it on a very basic dial-up connection can you be sure that the nice graphic doesn't take an age to come down to the visitor's desktop when the site goes into operation.

In Ireland, especially broadband access is extremely limited – in fact, broadband access lags far behind most other developed countries and many less developed economies. Also, the speed and costs of broadband are completely out of kilter with most other developed countries.

4:11 Visitor Exploration

You have only seconds to convince the visitor to stay with your site and explore it. Therefore, the whole 'look and feel' of your site must 'engage' the visitor immediately. The visitor must want to stay in your site and explore their way through it.

Keep the structure simple and intuitive so that the visitor will want to do this.

Provide 'clickable' lists on the home page from which visitors can visit different parts of the site. Avoid clutter. If you have a good brand name highlight it. Identify yourself – company logo, brief company information, some simple product information. It is worth considering Flash animating your banner – i.e. having it revolve, change content, fade and re-appear or otherwise give it a 'lift'. See <http://www.flashtalking.com/>

Think about enabling your visitors to navigate through your site on a page by page basis rather than asking them to scroll down a long page. This will make the learning and familiarization process easier. (Visit www.fas.net-college.com and make your own judgments about site design).

4:12 Navigation.

Provide a good navigation bar and search facility and make sure it works. Make sure that the 'click throughs' take the visitor to where he/she wishes to go and that each one works effectively.

Try to anticipate what the visitor will want to do next. There are some very well presented sites out there that are real navigation nightmares. (What do you think of www.usableweb.com – it provides great information on how to design and how not to design WEB sites, but what do you think of the navigation on this site?)

4:13 Convincing your visitor to make a purchase.

It goes without saying that you must present your products or services properly so that the customer will want to buy. When thinking about the presentation of your products and services on the WEB, think about how your salespeople use the materials in their sales presenters. Very few sales representatives will use product catalogues 'raw' in the course of a personal sales presentation to a prospect. Usually they will make up their own catalogue and presentation materials and use the standard catalogues with discretion.

Product catalogues are usually designed to provide information about the products not convince the customer to buy. Adopt the same approach as the sales representative when it comes to designing your WEB site. Don't turn it into an on-line catalogue if you wish to sell on line – turn it into a really good 'features & benefits' sales presentation.

However, even the best presentation will not prove effective unless you have a good shopping cart or shopping basket.

The shopping basket is a piece of software that displays a range of products, that lets the visitor browse and, if the visitor decides to buy, allows them to put the chosen item into the shopping basket. Choose the wrong shopping cart software and, not only will your customers have a difficult and cumbersome shopping experience, but your own databases and back of house processes can be consigned to the wastebasket.

4:14 Security & Trustworthiness.

The main security system used in e-Business is the SSL (Secure Socket Layer) which you will want to install on your site. The SSL scrambles all data flowing between the customer's computer and your WEB site, thus ensuring some level of security to each transaction. Its great advantage is that it is installed on your own server or at the service provider's server so it does not involve the customer in any additional work.

However, one of the main concerns of the on-line shopper is security especially with regard to credit card information and other personal details you may require from them. So you must remind them early and with impact about your security policies and re-assure them that any information they provide is safe.

Your site should post a comprehensive privacy policy assuring visitors about the confidentiality of the information they provide. (Have a look at www.amazon.com – you'll have to go to bottom of home page to small print to find out about security policies initially. Then try <http://www.buy4now.ie/superquinn/privacy.aspx>

4:15 Payment Systems.

This is a rapidly evolving area but, at the moment, the most common forms of payment used in e-Business are credit cards or debit cards. You will need to set up this system. To do so you will need:

- (1) The services of a credit card processing company**
- (2) An Internet Merchant Account from your bank**

Remember, that the traditional forms of payment – including the use of INCOTERMS with their consequent effects on payment systems - especially those used for transactions between principal and intermediaries in international trade where credit and extended credit facilities are a normal part of the transaction process, do not change when contracts or consignments are negotiated on an e-Business basis.

4:16 Interpersonal Communications

Customers like to feel they can, if they wish, contact the e-Business vendor personally. Therefore, as well as e-mail, the call-center or in house telephone link capable of being accessed directly from each page of your WEB site may be essential facility.

However, the cost of this facility can be quite expensive in labour terms – especially as the facility must be available on a twenty-four seven basis.

It is essential, therefore, to try to ensure that direct communications facilities are used productively. So, back up this service with an FAQ facility. And, it is important to remember that according to a recent survey carried out in the US 74% of customers who e-mailed vendors did not receive a reply within acceptable time limit and 21% did not receive any reply at all.

4:17 Follow-Up Facilities

A significant proportion of all transactions on the WEB result in delivery problems for the customer. This means it is necessary to provide the customer with automated facilities to:

- (a) Receive confirmation that the order has been accepted and, if possible, a promised delivery date**
- (b) An inquiry facility for the customer to inquire about the status of an order that may have been delayed for one reason or another.**

While these two features are theoretically fairly simple to build into a site, the reality is that it is quite difficult to set up the back-of-house integration necessary to turn theory into reality. Furthermore, the ideal system will enable the customers to do their own tracking and only in the last resort have to contact someone in the vendor company by face-to-face means.

The set-up cost of a fully automated system by which the customer does his or her own on-line tracking as opposed to a face-to-face system is quite high. However, the costs associated with operating the system once it has become operational are substantially lower.

4:18 Encouraging Return Visits

Any normal e-Business site has built into it quite a number of features to track visits and the level of visitor interaction with various aspects of the site as well as – of course – the level of business generated measured by volume and value. See <http://www.comscore.com/>

However, one of the criticisms now being leveled at e-Business is that too much emphasis has been placed on tracing and monitoring activity on the site and little or no effort has been put into measuring and monitoring customer satisfaction on the part of actual visitors to the site.

The fact that there are now quite a number of quite inexpensive software programmes which allow the marketer to conduct on-line market research which can produce fully tabulated results without any need to manually enter or scan data in the traditional manner does not seem to have been taken on board by e-Business entrepreneurs. (See www.mercator.co.uk). Mercator provides some of the world's best market research software. Check especially Mercator's release of new on-line research software).

5. Internal Integration

5:1 Importance of Internal Integration to Support E-Business.

There have been innumerable reports in recent times on the shakeout that has taken place in the world of e-Business and especially in the B2B arena.

Many of these reports have stressed that the problems have not been so much a failure of the marketplace to respond to e-Business as a failure on the part of the various e-Enterprises to set up effective e-Business operations.

In many instances it appears that the failures have come about as a result of inadequate internal integration/co-ordination between functions (Marketing, Finance, Production, H.R., and IT) and between departments. (For up to date news on e-Business subscribe – FREE - on-line to E-Commerce News www.ecommercetimes.com)

5:2 Intranets For Small Enterprises.

An intranet is a computerized system within a company to allow rapid electronic communication between all employees ⁽⁷⁾.

A small company Intranet is really a local area network (LAN) and would typically be situated in one physical location and would rely on fairly simple hardware and software systems.

Provided that each function and department within the organization uses compatible software – it is easy enough to ensure that this is the case in a small organization - the system could be relied on to function reliably and effectively.

While the Intranet operates internally within the firm, a properly organized Intranet provides the organization with the inter-functional and inter-departmental communications systems that can quickly be turned into enhanced customer relationships.

Thus, even in the case of the small firm, the Intranet can be a legitimate e-Business operation, the benefits of which can be applied externally to give the company strategic or competitive advantages in the market place. ⁽⁸⁾

5:3 Intranets For Large Enterprises – The Problem of Data Integration.

An Intranet for the larger organization is a wide area network (WAN) linking together different departments, some of which may be physically and geographically quite remote from each other.

The hardware and software issues become a good deal more difficult in a large organization with a number of different locations and they become majorly complex when the organization is a multinational or global one.

In the early 1990s, large companies with diversified manufacturing, distribution or retailing operations found themselves frustrated in their efforts to take advantage of e-Business opportunities because of the difficulties involved in keeping track of cross-functional communications i.e. information flows between different functions and different departments.

This was not by any means an uncommon problem and it gave rise to the development of integrated software systems that came to be known generically as ERP or **enterprise resource planning** systems. SAP, PeopleSoft (www.peoplesoft.com) and Oracle (www.oracle.com) are two major ERP systems suppliers.

5:3 Intranets For Large Enterprises – The Problem of Data Integration. (continued)

An example of an enterprise which uses an Intranet together with SAP based ERP systems is Colgate-Palmolive. In recent years the employment of their Intranet has helped the company to cut order to shipment times in half and dramatically reduce finished goods inventories throughout its world-wide operations.

Only when effective ERP systems were put in place to collect, process, integrate and continuously update data, could the job of putting in place a technology structure for distributing the information and delivering a commercial advantage be tackled.

For these global marketers, the cost of developing their e-commerce operations runs into tens of millions of dollars. However, the commercial and competitive advantages that result from applying e-commerce technologies make the costs well worth while.

5:4 Case – Cyberdex

(Note: The Name of this enterprise has been disguised but the company exists and all information given in the case is substantially what happened in the company)

At the end of the 1990s, Cyberdex Corporation, a major electronics manufacturer with plants located in the United States, Ireland, France, Sweden, and Japan needed real time monitoring of operations in each of the manufacturing sites. It was decided that an Intranet would serve the purpose admirably.

When setting up their Intranet, Cyberdex found that the main difficulties that arose did not relate to any major extent to physical communications.

Once the Intranet was ready for launch, it took the company's IT personnel less than four weeks to establish the world-wide communications net – except in France. In France, it took almost six months to overcome the problems posed by the technical and commercial complexity of dealing with the bureaucratic French national telecommunications system.

The greatest problems by far in setting up the system related to internal data collection, integration, updating and manipulation within the Cyberdex organization itself. In this respect the Cyberdex experience was not unusual.

Cyberdex decided to use a specially – and very expensively - tailored SAP system and this turned out to be an extremely good decision. The system continues to require modification but is the backbone of today's Cyberdex e-Business system.

How did the E-commerce experience work out for Cyberdex?

The enterprise was able to enhance internal communications, streamline internal operations and make more effective decisions, the benefits of which were applied in the marketplace.

The enterprise was able to bring about major reductions in manufacturing and inventory costs, as well as improving customer service, quality control, new product development and speed to market to an extent that gave the firm almost a monopoly in its specialized market space.

5:5 Internal Integration and Internet E-Business.

In almost all respects the problems of internal integration described above for B2B markets will apply to Internet e-Business.

From an international marketing perspective, the importance of getting this product/place aspect of the e-Business marketing mix right is very obvious. What may not be appreciated, however, are the cost, time and effort required to get this part of the e-Business operation right.

6. Implementation & Management Issues

6:1 The Virtual Store Never Closes.

The virtual store is a “twenty four seven” store, i.e. it is open 24 hours each day, seven days each week, 365 days each year. Your customer or potential customer will take a very dim view indeed of the fact that for some reason he/she cannot access your store. Downtime is not allowed either for technical reasons or because you are changing your presentation.

Therefore, your store must use reliable technical platforms.

Once your store opens you cannot close it for ‘renovations or alterations’. Amendments and alterations to your merchandise or presentation must be carried out in real time. And, you must remember that your customer service must also be available on a “twenty-four seven” basis.

6:2 Payment Processing.

There is not much point in setting up an e-Business operation unless adequate and trouble free procedures are put in place to deal with payments. It is still quite possible to use traditional methods of payment for transactions conducted on an e-Business platform.

However, most payments in B2C and many payments in B2B markets are made by credit card.

This means that in order to process payment you will need:

- 1. The services of a credit card processing company**
- 2. An Internet Merchant Account from your bank**

There are many companies that can provide you with credit card processing services. (See www.securetrading.com or www.datacash.com)

One of the most important factors to take into account when choosing a service provider is to ensure that they provide fast and efficient credit card approval of the proposed transaction and timely and detailed information on each transaction so you can keep your own accounting system up to date.

It is also vital that the service provider can integrate and work with your chosen shopping cart software.

The merchant account from your bank will enable you to actually receive the payments into your own commercial account via the credit card processing company from your customer’s credit card company.

You will need a separate merchant account if you want your customers to pay by American Express. It takes up to 6 weeks to arrange a merchant account.

6:3 Single Byte and Double Byte Systems.

An enterprise that deals with the Far East or proposes to do so will have to ensure that the internal e-Business systems can cope with double byte software.

Most languages can be dealt with quite adequately by **single byte** software systems since the maximum number of characters is limited to those found on the normal computer keyboard – around 120 characters in the case of most languages.

6:3 Single Byte and Double Byte Systems (continued)

However, oriental languages have many more characters than normal and **double byte** software is required in order to deal with them.

Most servers are quite capable of dealing with double byte software, but the international marketer's in-house systems may not be capable of doing so.

(Don't forget also that all the normal international marketing rules for cultural coherence apply to the design and presentation on the site – especially important when dealing with high context cultures such as those found in Near and Far Eastern markets).

6:4 Promoting your E-Business WEB site.

The old adage about the man who built a better mousetrap is as true of E-Business as it is of traditional marketing.

It is essential that you promote your site properly. Here is a checklist:

- **Change advertising and stationary to include your WEB site address**
- **Include your WEB site address on all e-mails**
- **Tell your key customers**
- **Make sure your 'front of house staff' knows your address – especially your receptionists**
- **Use the address in all conventional advertising**
- **Include the address on all business cards, catalogues, price lists, etc.**
- **Make sure all sales persons can quote the address immediately**

These activities are, of course quite separate to on-line promotion of your site. ⁽⁹⁾

6:5 Site Maintenance.

Once an e-Business WEB site is in operation, it must be kept up to date in order to ensure effective performance. This is an on-going process and it has been estimated that the cost of annual maintenance of the average site is around three times the development cost of the site in the first place.

Therefore, it is important to construct the site so that up dating is likely to involve **content revision** rather than **structural revision**. Construct the site so that changes in content can be carried out easily without having to carry out major re-structuring.

It is vital to ensure that if external contractors or service providers are used to design and set up the site in the first place that the same contractors/providers do not retain any legal rights to the site or its contents. If they do, the enterprise can find itself locked into a situation where the costs of up dating and redesign can be intolerable.

Quite a number of sites now use software and systems which allow local up-dating of site content without the need for expertise in web technologies or HTML/XML capability. (See previous comments about content management systems).

This means that text can be prepared in WORD or similar word-processing software and graphics can be taken directly from camera or other sources and 'pasted' into the appropriate position on the site. The saving in time and the capacity to quickly update site information can be of vital importance in many marketplaces.

7. Monitoring Results.

7:1 Server Information Gathering Programmes

It is important to include a server information gathering programme on an internal server or to ensure that, where an external service provider hosts the WEB site, that an adequate server information gathering programme of some sort is included in the servers software suite.

These server programmes gather data about the site, statistics on visitor numbers, visitor navigation and behaviour while on the site, transaction information and, if required, visitor profiles.

Hit counts on individual pages are monitored and this provides information on the number of visitors to the site, how often they visit and their preferred pages.

The SIGP will also monitor the integrity of links and pages to ensure that 'click throughs' and navigation buttons actually carry visitors to where they want to go.

7:2 Customer Feedback.

Customer feedback is vital if the site is to deliver effective levels of customer service.

Customer feedback can be obtained by normal questionnaire and survey methods, preferably carried out on -line. Newsgroups and message boards can also be used to gather feedback that can be used to enhance customer services.

It is well worth considering giving an incentive free product trial, free offer, prize draws to encourage customers to provide feedback. It is also important to acknowledge feedback to encourage customers to return to the site and, possibly, provide further feedback.

It is not as easy as it sounds to record collected data, tabulate and process it to generate statistics and information and then feed it back to sales, marketing, IT and site management personnel. Even when the information has been generated, the differing priorities of those involved in the work of updating and managing the site means that problems can arise about how the information should best be translated into action on the site itself.

7:3 FAQs

One of the most valuable insights into the performance of the site from the customer's perspective can be obtained by efficient analysis of the Frequently Asked Questions facility.

It is vital that FAQs be monitored and analyzed for what they can tell site management about the interactions which are taking place between the customer and the site.

FAQs give immediate and insightful information into how products and customer services can be improved.

7:4 Archiving

Archiving previous versions of the site is good practice for two reasons:

- 1. It provides information on how the site has evolved and the reasons why changes were made**

2. **It provides back up versions of the site in cases of emergency - e.g. an invasion by hackers or a corruption of software**

8. Emerging Issues in Modern e-Business

Probably few aspects of business and marketing are evolving as quickly as those resulting from technological change.

This applies particularly to the evolutions taking place in the world of e-Business and the marketer needs to be aware of both the threats and opportunities brought about by changes in ICT technologies.

8.1 Security

The level of security required to ensure the integrity of e-Business systems is increasing day by day. The Internet has recently been compared to a large city's most dangerous neighbourhood.

Systems designers are faced with having to deal with more frequent, more intrusive, more technologically advanced and more vicious intrusion into their systems. In response, designers are forced to use ever more sophisticated firewalls, anti-virus guards, data encryption methods and intrusion detection systems to try to protect systems against intrusion. And, there cannot be any such thing as a 100% secure system – apart from anything else intruders go around security systems not through them.

Users – who are surprisingly aware of but unconcerned about the dangers of using the Internet for the transmission of personal information - are faced with the prospect of intrusions which range in terms of annoyance from the simple irritation of SPAM, through the outright annoyance of spoof mails and phishing, to the terror of identity theft.

Phishers attempt to fraudulently acquire sensitive information such as passwords and credit card details by masquerading as a trustworthy person or business. Phishers often use e-mail or messaging systems to do this. Identity theft occurs when someone wrongfully acquires another person's personal data and uses it for their own financial gain or other nefarious uses.

Note: Actively discourage your friends from using 'smileys' in their text messages. If you receive a text message with a 'smiley' in it from someone you don't know, dump it without opening it. Smileys are the most popular transport systems for viruses.

From the point of view of e-Business, the importance of designing security into the system is obvious, but what is not always obvious is the cost of doing this and of maintaining the security system once it has been set up.

However, a system that is not adequately secure is a much bigger threat to marketing success than the absence of the e-business system altogether.

8.2 Converged systems - Messaging, voice and video.

Modern e-Business and ICT systems are said to be 'converged' in the sense that they provide messaging, voice and video facilities that can be applied across a wide range of business functions and a large variety of organizational communications procedures.

It is probably fair to say that few businesses could survive today without email, most businesses could not survive without VOIP (Voice Over Internet Protocol) or Internet borne telephony and voice messaging (SKYPE is one of the best known examples) and many businesses are increasingly turning to the use of streamed video for all sorts of commercial applications.

In essence, what is happening is that messaging, voice and video are being blended together on an Internet platform in the interests of commercial effectiveness.

The challenge for the marketer – and particularly the international marketer – is to blend these resources together in the interests of enhancing customer service, reducing operating costs, reducing time to market and increasing competitive advantage.

There are no easy answers to how this can be done and the extent to which deploying these new technologies is justified can only be measured against enhanced business effectiveness for the individual firm at the end of the day.

8.3 Wireless Mobility

From a marketing perspective, one of the most important advances is the extent to which ICT and e-business technologies are available in an increasingly wireless environment.

Wireless means that the ability to connect to the e-business system is much more readily available to people throughout the organization; in fact, one of the problems for the systems designers is to ensure that access is sufficiently restricted as not to compromise security. And, there is some question as to whether wireless systems can ever be made as secure as their ‘hard-wired’ alternatives.

However, the wireless system means that staff, customers and intermediaries can make contact regardless of time or location. Home, car, when traveling – wireless means that essentially contact can be made at any time, in any place and wherever a person happens to be. The implications for the management of key accounts by the marketer are obvious.

One of the major advantages being experienced by business is that the expertise of key personnel is retained through changes in personal circumstances. Many key people want to work from home and can now do so and, where travel to the workplace is required, this can be arranged for times that avoid rush hour traffic. Many key people wish to work part time or with more flexibility regarding times and length of work periods. Often, through the use of wireless and mobile technologies, this is now much more possible than before.

Please go to http://www.cisco.com/global/UK/about/about_home.shtml and you should find at the top of the page under the heading ‘About Cisco’ the opportunity to play a video which shows just what wireless can do. When you have played the video, you might like to explore the site further or go to <http://www.blackberry.com/products/blackberry/> for a look at the devices that this company has available for the business commercial marketplace.

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Appendix A

Applications & Benefits of E-Business

A. E-Commerce- Applications & Benefits

A:1 Introduction.

From the perspective of these notes, **applications** are the uses to which an enterprise can **apply** E-Business technologies.

From the perspective of these notes, **benefits** are the **advantages** that accrue to the organization as the result of applying E-commerce technologies to various operations and functions.

This section will not go to any great efforts to spell out the advantages of E-Commerce in international marketing. The Student will readily recognize how E-Commerce applications and benefits translate into competitive and strategic advantage in the international marketplace.

A:2 Applications.

From a marketing perspective, it may be useful to consider E-Commerce as having four general but quite distinct applications ⁽¹⁾.

These are:

- 1. Intra-organizational – within the business**
- 2. Inter-organizational – business to business**
- 3. Business to Customer – business to markets**
- 4. Customer to Business – markets to business**

A particular application - or a combination of applications - can potentially provide the International Marketer with a range of operational benefits – particularly cost and efficiency benefits – as well as potential strategic and competitive advantages.

A:3 Intra-Organizational E- Commerce.

The purpose of intra-organizational applications of E-Commerce is to help the company maintain the internal organizational relationships that are critical to the delivery of superior customer value. This is done mainly by bringing about closer integration among the various functions⁽²⁾ – production, finance, human resources, marketing, IT and information – within the company.

The following business procedures can be particularly facilitated through the application of E –Commerce facilities:

Workgroup Communications: E-mail, video conferencing and bulletin boards enable managers to communicate faster, more widely, more reliably and with greater accuracy with staff.

Internal Publications: Using on-line publishing systems the company can organize, publish and disseminate information such as product specification, pricing and discount policies, performance figures, new product information, sales manuals, sales support data, shipping data, internal catalogues, project management data and other information which allows better and faster strategic and tactical decision making throughout the firm. Where such information is sensitive, password systems can be used to restrict access and tracking systems can be used to monitor and track recipients of information.

Sales Force Productivity: Improved integration of the sales force into other activities and of the firm means that the flow of communications between the Sales operation and the Marketing, Production and Financial functions can be considerably enhanced. This means that the company has greater access to

market, competitor and customer information which in turn can be funnelled into better and more timely strategic and tactical decision making.

The Corporate Intranet is the E-Commerce vehicle most often used for these types of intra-organizational applications.

A:4 Inter-Organizational Applications of E-Commerce.

The application by an enterprise of E-Commerce resources to inter-organizational activities can bring about major **improvements in the quality** of these activities as well as considerable **reduction in the costs** of those activities both for the enterprise itself and the other organizations with which it deals.

This is especially the case in the areas of supply chain and distribution chain management.

Supplier Management: E-Commerce applications can help the company to reduce purchasing order processing costs, purchase cycle times and even the number of suppliers used by the firm. In addition, where compatible and integrated software and hardware systems are used, the symbiotic partnership dimension of the relationship between both parties can be very much enhanced.

Inventory Management: The speed of e-communications means that order shipping cycle can be shortened and the process made more controllable through the use of document and message tracking systems. In addition, inventory levels can be reduced, stock/inventory turn improved and out of date stock occurrences eliminated bringing about a very favourable impact on costs.

Shipping & Physical Distribution Management: E-applications improve the preparation and transmission of shipping documents such as bills of lading, air-way bills, commercial invoices, pro-forma invoices, consignment notes etc. In addition, good document and systems design can sometimes mean more information is contained on the documents, the time and cost involved in the preparation of the documents can be reduced, and the data can be made more accurate. Tracking of the documents - as well as of the consignments themselves – can be made much easier.

Channel Management: E-applications can make the dissemination of information to intermediaries and trading partners more comprehensive, much faster and more accurate a procedure than has ever been possible before. Technical, product, pricing, inventory, shipping, supply and service information which traditionally required many hours of telephone or fax contact can now be posted either on electronic bulletin boards or by e-mail.

Payment Management: Electronic applications link companies with suppliers and distributors so that payments can be made and received electronically. This results in three improvements. The time and cost involved in the preparation of invoices is reduced, clerical errors are reduced, and speed of payment is increased. The net result can be a considerable reduction in transaction processing costs.

The Corporate Extranet is the E-Commerce vehicle most often used for these types of inter-organizational applications.

A:5 Business to Customer Applications of E-Commerce.

The enterprise that applies E-technologies to transactions with customers – regardless of whether these customers belong to industrial, re-seller or consumer markets -will have the potential to enjoy a number of key competitive advantages. At the same time many of the advantages that E-technologies confer on the enterprise that uses them, will also apply as benefits to customers of the enterprise.

Lower Purchasing Costs: The use of e-technologies in the purchasing function reduces labour, printing, mailing, telephone and fax costs. However, one of the main benefits may be that staff are freed of routine aspects of their workloads and can concentrate on dealing with the more important relationship maintenance and strategic elements of their work.

More Manageable Inventory: It becomes possible for the enterprise to maintain smaller inventories with consequent impact on interest, storage, handling, security and labour costs. In addition, inventories can be more customer driven and less contingency focused. Delivery times can be shortened and more provision can be made for fast response times. Problems can be responded to faster and more efficiently.

Lower Product Cycle Times: Cycle time is the time between the inception of a product and its shipment. E-commerce technologies allow cycle times to be shortened enabling the enterprise to produce larger volumes of product in a given time thus reducing unit costs.

Improved Customer Service: Having on-line product, inventory, technical support, order and shipping information enables the enterprise to considerably enhance the quality, quantity and efficiency of customer service. In addition on-line billing, provision for on-line payment, on line e-mail and audio messaging systems are all customer service facilities that are appreciated by business customers.

Lower Sales & Marketing Costs: Real time ordering procedures using lap top or palm top technologies automate the order taking process for the sales force. This means that the sales representative can concentrate on the more important job of relationship building, identification of customer needs, provision of customer service and enhancement of customer satisfaction. On line catalogues provide customers with much more information and make navigation through the 5 stage order cycle (purchase decision) much easier and more efficient. On-line cataloguing makes the up dating of information for the customer much easier and reduces the overall costs of preparing and disseminating the information.

New Sales Opportunities: The global reach of e-technologies enables a business to reach new markets and new customers in ways that would never be possible using traditional sales force, advertising and marketing technologies. One of the more important issues for the marketer is that the small enterprise can now establish a commercial relationship with customers anywhere in the world and compete head to head with larger competitors in a way that would never be possible without the application of e-technologies.

The enterprise may employ an Extranet, the Internet or, indeed, a combination of both systems, to implement any of these applications of E-commerce.

A:6 Customer to Business Applications of E-Commerce.

Many proponents of E-Commerce cite the substantial advantages to the **business**, of employing e-technologies and there is no doubt that properly organized e-commerce companies enjoy many cost and scope benefits that can be turned into substantial strategic and competitive advantage.

However, it is easy for the enterprise to overlook the fact that **customers**, are also seeking benefits from the application of e-technologies to their purchasing behaviour.

Long term sustainable market advantage for the business is, therefore, a reflection of the enterprise's ability to create a match between vendor e-technology applications and customer e-technology expectations.

Customers – industrial, re-seller or consumer – apply and seek receive a range of specific benefits from e-purchasing as follows.

Choice: Through the use of e-technologies, customers seek to enjoy a level of product and supplier choice that has never been available to them before. Customers can and do shop in **virtual stores** located anywhere in the world. Choice for the customer is no longer confined to local stores or catalogue purchase.

Convenience: Using e-technologies for shopping provides customers with a level of convenience that is influencing purchasing behaviour and driving e-shopping all over the world. Industrial and re-seller customers are becoming less and less dependent on trade fairs and exhibitions as a source of products, agencies and trading partnerships. Trade directories are being replaced by global e-directory of the Internet. Consumer customers are no longer confined to making purchases during store hours or, indeed, to having to travel to the store. Purchases can now be made in customer's own time, in their own place and at their own pace.

Information: On-line shoppers have access to more information than their off line counterparts.

Lower prices: On-line customers often enjoy lower prices than their off-line counterparts. The lower transaction costs that apply to trading operations between supplier and channel intermediary can lower the purchasing prices for wholesalers, distributors and retailers. The elimination of middleman charges and the costs associated with traditional channels of distribution can enable the supplier to make substantial savings which can, in turn, be passed on to consumer customers.

Customisation: On-line customers can enjoy a substantial level of personalized customization of what they buy. Dell specialize in supplying computers configured precisely to customers specifications and recorded music companies are now beginning to amalgamate tracks from different CDs to the exact requirements of the customer.

Most of these benefits are made available to customers through the application of Internet technologies to their trading and purchasing procedures.

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Appendix B
Intranets & Extranets

Intranets & Extranets.

B:1 Intranets For Small Enterprises.

An intranet is a computerized system within a company to allow rapid electronic communication between all employees⁽¹⁾

The purpose of the Intranet is to help a company maintain the relationships that are critical to the delivery of superior customer value.⁽²⁾

Within the enterprise, the Intranet enhances:

- 1. Workgroup communications**
- 2. Dissemination of information**
- 3. Sales force productivity**

A small company Intranet would typically be situated in one physical location and would rely on fairly simple hardware and software systems.

The hardware configuration would typically consist of a centralized server, linked by a fibreoptic 'backbone' connected to a dynamic hub located in each major department connected by twisted pair lines to each PC within the department.

Provided that each function and department within the organization uses compatible software – it is easy enough to ensure that this is the case in a small organization - the system could be relied on to function reliably and effectively.

A:2 Intranets For Large Enterprises – The Problem of Data Integration.

The hardware and software issues become a good deal more difficult in a large organization with a number of different locations and they become majorly complex when the organization is a multinational or global one. The difficulties arise not in terms of communications hardware or software but in terms of internal data collection, integration, updating and manipulation.

In the 1990s, large companies with diversified manufacturing, distribution or retailing operations found themselves frustrated in their efforts to take advantage of E-Business opportunities because of the difficulties involved in keeping track of cross-functional communications i.e. information flows between different functions and different departments.

This was not by any means an uncommon problem and it gave rise to the development of integrated software systems that came to be known generically as ERP or **enterprise resource planning** systems. SAP, PeopleSoft (www.peoplesoft.com) and Oracle (www.oracle.com) are two major ERP systems suppliers.

An example of an enterprise which uses an intranet and SAP based ERP systems is Colgate-Palmolive. In recent years the employment of their Intranets has helped the company to half order to shipment times and dramatically reduce finished goods inventories throughout its world-wide operations.

Only when effective ERP systems were put in place to collect, process, integrate and continuously update data, could the job of putting in place a technology structure for distributing the information and delivering a commercial advantage be tackled.

A:3 Extranets.

The intranet is a communications system internal to the organization, **the Extranet is a communications system which is external to the organization.**

The Extranet allows permits authorized users on the organization's intranet to communicate with authorized users of the organization's Extranet and vice versa.

The Extranet enhances:

- 1. Supplier management**
- 2. Inventory management**
- 3. Distribution management**
- 4. Channel management**
- 5. Payment management.**

This means that the marketing department can communicate directly with agents and distributors in the channel system as can inventory and shipping, credit control, billing and accounts. The reverse will also apply and it is becoming more and more common for distributors to check supplier's inventories, place their own orders, provide on line documentation and arrange their own shipping.

Obviously, there will be limits imposed on the level of access granted to all users of the Extranet. Distributors will not have access to accounts other than their own and will not be able to alter information on these accounts.

Because Extranets have increasingly become more open and use the Internet more and more, the hardware implications for the enterprise wishing to set up such systems are not great. Most of the issues are still concerned with systems design and software - especially ERP software - issues.

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