

Listen hard to your achieve e-com



If you want to be successful in e-commerce, you will need to fulfil the expectations of your customers. If you fail to achieve this basic goal, then you cannot expect to thrive in the online marketplace. Research that we at the Consumers' Association (CA) have conducted shows that the average online purchaser will visit only 14 sites per month, which is not a particularly grand total. If a person comes to your online shop front and has a bad experience or a difficult time, could you expect that person to return? The chances are your company will lose that potential customer for good.

What do consumers want from a business-to-consumer (b2c) internet site? In short, they want convenience, ease of use and security. The reason why people visit a website that sells goods and services is because they generally believe it will be cheaper, or at least easier, to make the transaction online than to visit a physical shop. In addition, your customers will want to be sure that their personal details and credit or debit card numbers will not be vulnerable to interlopers.

Demanding consumers

Consumers shopping on the Web are becoming increasingly demanding. They can be easily put off by a number of factors, such as:

- Slow download times: customers will go to another site if nothing appears after five seconds
- Confusing navigation features: these include links hidden under images and the lack of a quick order button, for example
- Fulfilment problems: contrary to popular belief, many people are dissatisfied by service on the Web

The most effective way to test your site for these discrepancies is by using real consumers. It is imperative to watch them closely in action, and listen and make notes on their comments. Adding detailed instructions to the site is not the answer.

At the CA we have sat with e-tailors through a number of usability tests, and some companies were unwilling to learn from the observations and criticisms levelled by

Issues » The Web Trader scheme



The Web Trader logo means the operator has agreed and been proven to follow the Which? code of practice for online traders. The Which? guarantee says: "We believe giving your credit card details to our traders over the internet is safe. But if you lose out because someone misuses your card, we'll reimburse the first £50 of your loss. Legally, the credit card issuer must repay the rest".

The Consumers' Association checks that companies with the logo are keeping to the code. If there are deviations, the firm will be asked to rectify the problem; if they don't, endorsement will be withdrawn. Any complaint made by a Which? Online subscriber will be investigated and backed by the organisation's Legal Service, if necessary.

Some of the biggest names on the high street and the Internet have signed up to the Web Trader scheme, such as Direct Line (www.directline.com), Comet (www.comet.com), the low fare airline Go (www.go-fly.com) and flower specialist Interflora (www.interflora.co.uk).

customers to merce success



Alan Stevens, head of digital services, has been with the Consumers' Association for 19 years. He was launch editor of Which? Online and part of the UK ministerial delegation to an OECD e-commerce conference.

consumers testing their Web services. One Web developer even had the gall to wonder where we had dug up such dumb shoppers! Such posturing and inattention to consumer issues does not represent a recipe for success.

The aim of a b2c commerce site is to provide a simple, intuitive way of allowing your customers to buy your products. After all, that is why they arrived at your website in the first place.

To help traders and consumers alike, the CA has initiated the Web Trader scheme, which e-tailers can carry on their sites as a logo if they comply with the Which? code of practice (see box, left).

Approaching e-commerce

Companies should approach e-commerce slowly and carefully. A tremendous panic factor is at work here – many companies feel they will lose out to the dot.coms if a Web presence is not established quickly. Yet the traditional businesses have a bigger advantage over these startups: they already have a proven infrastructure for dealing with customer enquiries, deliveries and follow-on business.

By far the greatest number of complaints regarding b2c e-commerce relate to fulfilment of orders, followed closely by communication with customers. In our latest research, published as the *Which? Online* yearly report,

67 per cent of internet users disagreed with the proposition that shopping via the Net offers better customer service, with only 11 per cent believing that e-tailers provide better service than the High Street outlets.

Outsourcing your e-commerce operation may appear to be an attractive option, particularly when it is just being established. Yet this can create an extra interface to deal with between you and the outsourcing service provider. Most importantly, taking this route means imposing your own high

having the appropriate plug-in installed. Animated graphics can also be off-putting to many consumers. In fact, around 20 per cent of Web users turn off all graphical elements on the sites they visit, to speed up their surfing. So it is important to ensure that your site will work well if a user turns off the images – alternative text links should also be in place.

Keep it simple

An effective e-commerce presence need not be difficult to achieve – if you keep it simple.

Consumers want convenience, ease of use and security from a b2c internet site. They also believe that it will be cheaper to make a transaction online

standards of customer care on this third party.

It is also important to guarantee that your company has control and, more crucially, ownership of the e-commerce systems developed on your behalf. Things like good documentation, proper management and secure encryption techniques are essential.

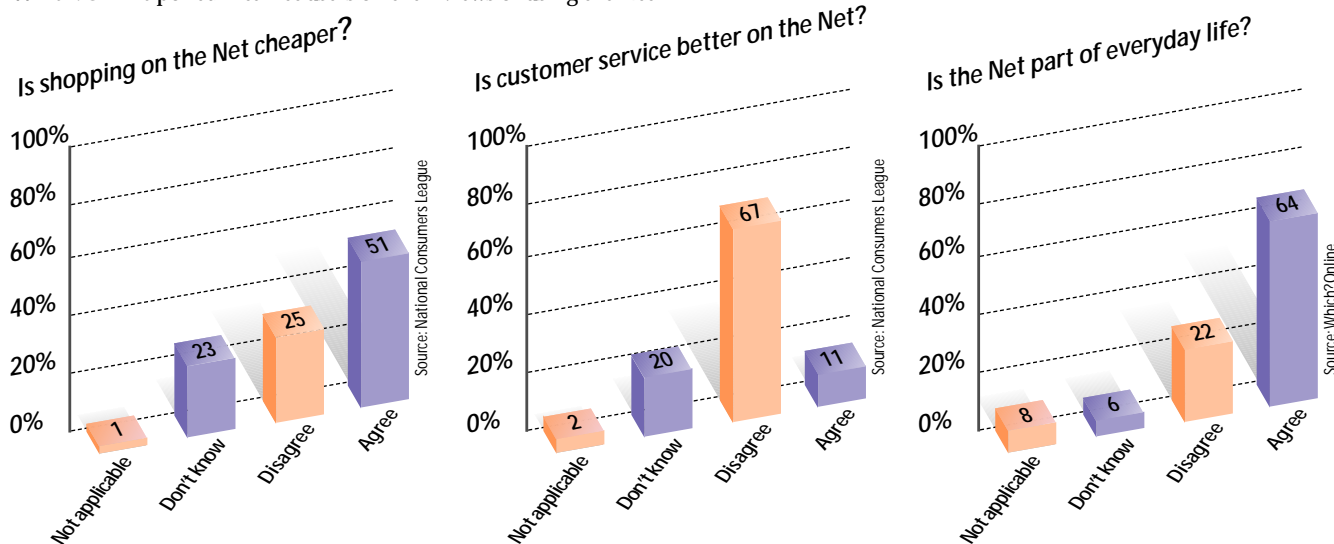
Do not innovate just for the sake of it, such as occurred at the ill-fated boo.com. In fact, many consumers are discouraged by technology such as Flash, with few not even

You can always make a simple system more complex later, but you'll never get a complex system to work at the outset. As they say in Silicon Valley, if you are ahead of the game, you are probably sitting in an empty stadium.

Most of your traditional business model can be applied to the online medium, but you will need to improve the speed of your response to customer queries – for some reason, email users tend to be very impatient.

Do not send out spam mail – consumers

Which?Online polled internet users on their views of using the Net



Issues » What makes a successful business-to-consumer company?

AUTHOR: David Wilkinson, head of entrepreneurial services, Ernst & Young. Wilkinson's Group provides leading edge advice and support to companies engaged in entrepreneurial activities, backed by the resources of a major European consultancy.

Many attributes of a successful b2c company are those of any successful venture: quality of leadership is key. Entrepreneurs need the drive to overcome obstacles and the determination to keep going, even when the odds are stacked against them. Ernst & Young has developed 'eXcelerate to Win', a strategic tool for new economy entrepreneurs to help them maximise future wealth for their businesses and stakeholders. EXcelerate to Win is based on considerable knowledge and experience of working with b2c and b2b companies, both in the US and UK. Successful entrepreneurs have distilled their secrets of success down to five key factors:

1 GO-TO-MARKET STRATEGY Having a first mover advantage brings the benefits of getting to market with a new or re-invented business model, such as Freeserve. It helps to build barriers to entry by creating alliances with key players. An example is lastminute.com, which has more than 20,000 alliances with travel, hotel, entertainment and gift providers. Alternatively, gain secure intellectual property protection. Amazon.com, for instance, has patented its 1-click easy-shopping technology.

Market creation/capture using a combined strategy of one-to-many through advertising/PR, with one-to-one-to-many marketing also covered. This utilises relationships with other product and service providers to reduce the expenditure required and builds the brand (the Amazon Commerce Network had, at one point, 15 budding e-tailers participating in this scheme). Use connectivity with customers to understand their needs, through open direct selling and building brand power. Dell is a good example, where specifications originating from customers are key to its value proposition.

2 INFRASTRUCTURE Make sure you have a scalable architecture. Building both a physical and a virtual environment with the right systems and processes that can grow with the business will stand you in good stead. Use technology and communication platforms that can either be easily built in-house or integrated smoothly if outsourced. Customer interface systems and logistics/supply chain arrangements must be secure. Ebay lost a third of its market value when its site went offline for 24 hours. You must be able to cope with the growth curve. Ultimately, the quality of your infrastructure can create an associated competitive advantage if it works.

3 ALLIANCES & ACQUISITIONS You can use alliances and acquisitions to build credibility at the start. Consider beenz.com, which has three key technology partnerships that power its e-currency loyalty offering. Critical mass is also important, such as lastminute.com acquiring Degri4four, France's largest online travel retailer. Then you can develop real synergies. Good examples include

Excite's acquisition of Chello, or the alliance between Amazon.com and Toys R Us, which are launching a co-branded website for toy sales for Christmas 2000. Ultimately, the right alliances/acquisitions can create a quantum leap for a b2c company. Look at Thomas Cook signing an agreement with Sonera SmartTrust, the provider of secure wireless solution platforms, to deliver global travel services through mobile phones and wireless devices.

4 TALENT Build the dream team by attracting serious players with proven industry experience, as lastminute.com did when it recruited the European CEO of Amazon.com. Jungle.com has changed its entire board in the past 18 months to bring in heavyweights, such as the former managing director of a GEC division. Inevitably, entrepreneurs are giving up significant chunks of equity to hire and retain the best people. Backing by 'brand' advisors (accountants, lawyers and investment bankers, among others) also brings credibility to the venture, while providing a higher degree of added value.

5 CAPITAL Capital has a brand just as b2c companies do. The most successful b2c companies have capital, which brings more than cash to the table. The quality of the 'names' of early stage VCs, corporate venturers or business angels can make it much easier to raise money later. Think about Atlas Ventures investing \$7 million (£5 million) into OneSwoop in June 1999 and then helping the company raise a further \$50 million (£35 million) to roll out across Europe. The right backers can provide expertise, introductions and global connections, as well as further funding for expansion.

Entrepreneurs also have to balance between adequate funding and losing value. The movement in value from idea to execution and from successful execution to market leadership is significant. VCs have a general rule of thumb that successful companies will seek funding three times before IPO. The first round may result in selling about a third of the company for a year's worth of funding, the second will sell around 25 per cent of the remainder and the final pre-IPO round will dispose of some 15 to 20 per cent of what is left.

» hate it. However, encouraging your users to receive a regular email update is a good idea and is a successful way to enhance your brand's awareness among consumers. You should also encourage customer feedback. If you have the resources and are prepared to take on a big commitment, then set up a system to allow customers to post messages on your site. Setting up a registration process will help you keep control of this service.

Features for success

Your brand image is very important for e-commerce. Consumers expect your site to reflect that image, not to create a new corporate identity.

Pricing is obviously very important. But

service is becoming more significant as an issue overall. Consumers have had bad experiences with the 'stack it high, sell it cheap' type of e-commerce site. Remember that CA's research shows that only one in 10 of internet users actually feel service is better online. Interestingly, 51 per cent of the people surveyed agreed that shopping online is cheaper than using traditional channels, although a quarter disagreed with this.

Potential security weaknesses on the internet are causing serious concern among consumers. In fact, our findings show that 51 per cent of people do not believe it is safe to use a credit or debit card over the Web. Trying to inform people about the level of security used on your site will not work, because

generally, consumers will find it hard to understand the technical details. It is better to tell customers that your site is secure and reassure them that, should anything go wrong, you guarantee to make good any losses incurred. Kite mark schemes are useful. We found that 87 per cent of internet users in the UK would be reassured by an independent certification of websites.

Test, re-test and test again if any changes are made to your online system, particularly if an upgrade is introduced. It is inevitable that something will go awry when changes are made, but hopefully it will be only a minor problem. Always make sure you have a smooth and graceful return path to the previous working version of your system – just in case. ●