E-Commerce: How Well Does It Fit?

by Mary Bold, Ph.D., CFLE

Department of Family Sciences

Texas Woman's University

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e-commerce

u-commerce

e-commerce

       broad concept of electronic commerce

       variations: B2B (wholesaling and internal biz, such as GE's)

                       B2C (e-tailing)

                       P2P (from Napster to gnutella)

       why is it? because in 2001 there are about 300 million Internet users

u-commerce

       universal commerce

       ability to conduct secure commerce

             anywhere, anytime, w/ any type of device

       addresses 1 - security issues

                     (for both e-tailer + customer)

                2 - accessibility issues

                     (from your PC, PDA, cell phone, &c.)

Revenues

1999 $ 26.8 billion

2000 $ 44.5 billion

2001 $ 65.1 billion

E-commerce revenues in the U.S.

May 2001 study

"The State of Online Retailing 4.0"

conducted by the industry group Shop.org and The Boston Consulting Group.

% of total retail

1.7 %

E-commerce's percentage of total retail revenue in the U.S.

May 2001 study

"The State of Online Retailing 4.0"

conducted by the industry group Shop.org and The Boston Consulting Group.

in certain sectors

[computer product, book and travel]

> 10%

In certain sectors of the U.S. market, e-commerce has made a major inroad into capturing market share, accounting for more than 10% of the U.S. retail revenue in the computer product, book and travel sectors.

May 2001 study

"The State of Online Retailing 4.0"

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hpshopping.com
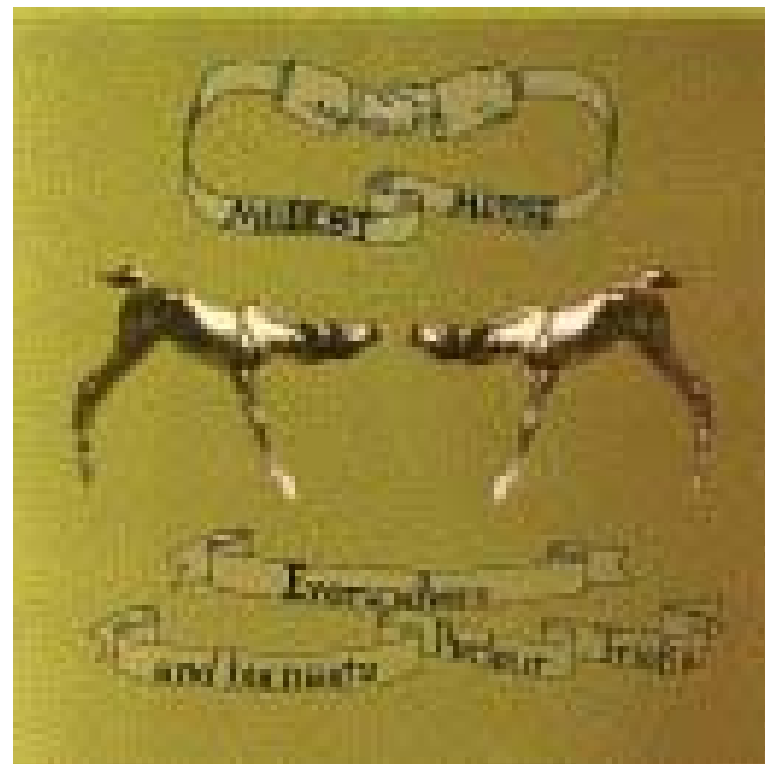
hpshopping.com

mini roll-outs since 1998
    (rather than a launch)

began w/ refurbished eqpt

best advertising:
    word-of-mouth

Dear Mary Bold,

As someone who has purchased albums by Modest Mouse, you might like to know that *Everywhere & His Nasty Parlor* is now available. You can order your copy by following the link below.

My account at amazon.com includes an e-mail notification service that keeps me up to date on new offerings from artists I have ordered before. Or someone has, using my profile and credit card.

travelocity.com
5 years to profit

Travelocity - Ft. Worth

First profit was spring 2001
Took 5 years
Started as an online travel agency
Moved to selling other products
To 27 million in its database

L. L. Bean

Victoria's Secret

Eddie Bauer

Successful catalog retailers had faster profits because they already knew shipping.

Eddie Bauer's Bricks & Mortar strategy
EB permits return of online purchases
to any brick & mortar store.

Promotes customers using either or both channels
No channel conflict!
Online channel has been profitable since 2000.

sharperimage
.com
infinite shelf space

Sharper Image

1995 saw sales of $200,000
2000 saw sales of $60 million

Online store has more items than the B&M store, and more than the catalog ... taking advantage of the "infinite shelf space" of the Internet

bluelight.com

August 21, 2001 – Kmart Corporation's Bluelight.com subsidiary signed an

e-commerce agreement with Global Sports to manage certain aspects

of Kmart's overall e-commerce business,

including fulfillment, technology and customer service.

ALSO THIS SUMMER : Discontinuation of Free 12-Hour Basic Service of Bluelight.com ISP

Starting August 29, 2001, our free 12-hour BlueLight Basic Internet service will no longer be available.

If you are currently a Basic Service user, your My BlueLight.com email account will be permanently deactivated on October 6. (Yahoo! email accounts will not be affected.)

Please use another Internet service provider to check your email between August 29 and October 6. To maintain your My BlueLight.com email account and continue to receive Internet service from BlueLight.com, sign up for BlueLight Unlimited, our newest service that provides unlimited time online for just $8.95 a month.

No banner ads (coming soon)

Exclusive in-store savings

Compatibility with most popular instant-messaging programs, such as AOL, ICQ, MSN and Yahoo!

Dec. 26, 1999 big delivery day for ToysRUs

ToysRUs found out that shipping is a big deal.

Missed a lot of their Xmas deadlines in 1999.

Just this year, ToysRUs is partnering with amazon.com, presumably easing the pain for both of them as they await profits.

1999

Jack Welch

destroyyourbusiness.com

Jack Welch told GE executives to
"embrace the Internet"
after he watched his family doing
online Xmas shopping in 1999.

Welch put it this way to the execs:
"destroyyourbusiness.com"
is what awaits you.

gnutella

the gNet

An open networking protocol — decentralized

Napster was a file-sharing system with a hub, a central server (a centralized P2P network)

Gnutella: no one owns it; no one monitors it

Each computer puts a folder on its own hard drive

200,000 computers on 2/20/01

No webpages, no websites

Each computer is a servent, or combination server and client

TTL = a request's "time to live" or # of hops it takes

Request for a file travels through the network until a servent with that file is found.

A "found" message travels back through the network to the requesting servent.

Then a direct connection is made between the requester and the provider and the file is transferred.

Any digital file can be transferred.

My check on September 26, 2001: lots of avi files ... meaning video ... with titles like Charlie's Angels, Shrek, The Wedding Planner, Princess Bride, Tomb Raider, and Finding Forrester. In other words, a lot of movies are in "general distribution."

Origin — AOL subsidiary Nullsoft created it and put it on the Internet for a few hours. By the time they removed it, several thousand people had downloaded the program. They then reverse-engineered the software and started sharing it.

Opt - out

http://
www.networkadvertising.org/
optout_nonpii_verify.asp

Opt - out (online privacy issues)
Internet advertisers' preference
(as opposed to allowing surfers to
opt-in, since < 10% would)

National Association Initiative
wep-page to verify if your system
has cookies from 5 big advertising
firms (such as "24/7")
and then opt-out, if you like.