Case Boo.com: Poster Child for Dot.com?
Preparation

Samuel Coryn

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1 The difference between the online strategy of Boo.com versus conventional retail web shops

Conentional retail web shops used cut-rate prices. Boo however, charged full retail prices to customers. They were able to do this since the targeted customer segment was rich people who didn't want to spend much time shopping.

Additionally, their site featured an advanced search engine which allowed customers to search for very specific products. Furthermore, all items could be viewed in a 3D view.

2 Why investors were drawn to the approach in 1.

Investors were attracted to this approach because of the fact that the high retail prices that Boo charged, resulted in a much higher profit margin.

3 The problems that Boo.com encountered

3.1 Technical complications

Due to the fact that the development of the site wasn't completed as soon as planned and other technical difficulties, the launch of Boo had to be postponed.

3.2 Aftermath of the postonement of the launch

Because of the delayed launch, the advertisement was long over when the site finally launched. A lot of at the time interested customers were alienated from the site. This resulted in much less interest at the launch of Boo.

3.3 Poor site design

The final site of Boo was terrible. It had lots of errors, navigation was very slow if not on a strong internet connection, the layout was confusing, etc. Additionally, 40% of customers couldn't access the site, none of the Macintosh users could log in.

3.4 A poor board and resignation of members and investors

After the launch of the site, it became clear that the start-up was a failure. This made a J.P. Morgan advisor for Boo resign. Many of the board members had no experience in e-commerce and allegedly they barely attended meetings. This resulted in a lack of oversight from the board.