

## **E-commerce: There's some *good* news, too**

If ever there was a "half-full, half-empty" glass, it's E-commerce at mid-year 2000.

Every day, there's more bad news. One day, Forrester coins the term "Hollow.com," accusing most dot.com executives of "lacking depth, experience, and common business sense." Another day, it's a second-rank e-commerce site shutting its doors after burning through tens (or hundreds) of millions of dollars. The following week, Amazon shares tank. Every panacea seems to be followed by instant debunking, in Internet time: B2B repositioning, ASP models, personalization...

And yet...

Even the "given up for dead" B2C e-commerce sector soared to \$33.1 billion last year, and the latest research from Shop.Org and the Boston Computer Group projects 85% growth this year, to \$61+ billion. Forrester projects 11 million new U.S. online buying households this year, and expects them to increase their online spending by 17%, to \$1,366.

*Someone* ought to make a few bucks out of all that traffic... and someone *is*.

### **2/5 of online retailers are making a profit**

The same BCG report notes that 38% of the 221 online retailers surveyed are already making an operating profit. It's the pure play Internet retailers who've spent millions on customer acquisition, following the mantra of early market share and "first mover advantage" that are in the most trouble -- but they only represent 28% of last year's online revenues.

The B2C marketplace is far broader than many people realize: roughly 1,000 online retailers have sales over \$500,000 per year, and there are over 10,000 smaller niche players. Many of these companies can profit indefinitely, by carefully controlling costs, making the most of word-of-mouth -- and above all, by relying on unique products, site content, and expertise.

### **Delivering value -- in a form customers actually value**

To a greater or lesser extent, these strategies can help e-commerce sites of *any* size, in any industry. Because, with the exception of cost control, all these strategies come down to a single idea: delivering greater customer value -- in forms *your customer actually finds valuable*.

We're not talking about the faux customer-centricity that often accompanies discussions of personalization: on-the-fly clickstream tracking and pages (or even prices) that change in response. Your customers don't want *nearly* as much intimacy as you wish they did, and they're becoming far more skeptical of your motives than you wish they were. (You can have the best privacy policy on Earth, TRUSTe seals on every page -- but are you *following* those policies? Will your bankruptcy trustee?)

We *are* talking about putting yourself in your customer's shoes. (And, yes, it wouldn't hurt to talk to some of them, in depth. What did you like about the site? What did you hate? What took too long? Would you buy again? Do you even remember being here?)

## **Fast answers, fast solutions, fast transactions**

We're talking about understanding your customer's goals more clearly, and architecting your site so customers can achieve them as quickly and directly as possible. (How many pages can you squeeze out of the transaction process? (National Semiconductor has cut theirs from 7 pages from 2. Maybe you can't do quite as well, but you get the idea.)

Are your pages designed to reflect the way people actually *look* at Web pages? (According to fascinating recent research on news sites by Stanford Poynter, the typical web user's eyes are first drawn *not* to graphics or photos, but to small blocks of text, such as newsbriefs or captions -- and hey, that stuff loads quicker, too. Incidentally, Stanford Poynter *did* find users more willing to look at banner ads than expected, though the average viewing time is a whopping *one second*.)

Do your product information pages give people the answers they're most likely to want? How about your product support pages? (Hint: In general, the more information, the better. But you'd better assign someone to run some random search queries. You may be surprised at the results your customers have been getting.)

Does every page solve a problem (or tickle a fancy) your customers are likely to have? Are you providing any value through serendipity? (Many readers continue to resist customized content because "they might miss 'something important.'")

Which pages show up most often as exit pages -- the last page a visitor displays before they leave your site? (Have you really *satisfied* them? Or just *alienated* them?)

In her excellent *Customer-Effective Web Sites*, Gartner Consultant Jodie Dagleish identifies 17 "customer directives" every e-business site ought to follow. Some are obvious, if all-too-often ignored. For example, #1 is: "This better be worth the wait." Others are not so obvious. "Let me make a valid comparison." (Do you have mechanisms for helping customers compare similar products, or all the products in a line or family)? "Use what I give you." (Make sure every action a user takes has a logical consequence.)

Now that the days of wine and roses are over, it's clear that building a successful e-commerce site is a long-term proposition. But, here again, the glass is half full. There's so much mediocrity out there, you have a huge opportunity to achieve competitive advantage -- by simply delivering a quality user experience.

Everywhere you look, someone's making mistakes you can learn from. Let's just call it "last mover advantage."